

keyfacts[®]

KEY FEATURES OF MAX

The Financial Services Authority is the independent financial services regulator. It requires us, LV=, to give you this important information to help you to decide whether MAX is right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.

 **LIVERPOOL VICTORIA**

KEY FEATURES OF MAX

You can get this and other documents from us in Braille, large print or on audiotape by contacting your financial adviser.

This Key Features document has important information which you should read in conjunction with your personal illustration.

With this Key Features you will find enclosed a booklet called **“Your guide to how we manage our with-profits fund”**. This booklet contains useful information to help you understand how we manage your investments in our with-profits fund. We strongly recommend you take a few minutes to read this.

If you are in any doubt as to whether this policy is suitable for your needs, please contact your financial adviser.

Its aims

- to provide a way for you to invest in stocks, shares, property and other assets without the day to day ups and downs of investing directly in the stockmarket
- to provide smoothed growth
- to provide a tax free cash sum after 10 years (or later if you wish)
- to provide a small amount of life and terminal illness cover

Your commitment

- to invest at least £50 a month or £600 a year for 10 years (with an option to extend)

Risks

- the investment growth of MAX is not guaranteed as this is a stockmarket investment and is dependent on the future performance of our with-profits fund, and on our charges – both of which may be higher or lower than those shown in your personal illustration. You are not certain to make a profit, and you may get back less than the amount invested
- your circumstances may change forcing you to stop investing or to cash in before MAX matures. If this happens, you could get back less than you have paid in, especially in the early years
- if you cash in MAX before it matures, we reserve the right to apply a Market Value Reduction which could reduce the amount we pay out, (see **“When could a Market Value Reduction be applied?”**)
- if the Government changes the way this product is taxed, this could change the amount you get back or the amount of tax you pay
- if you stop investing or cash in MAX before the end of the term, you may have to pay income tax on some or all of the money we pay you

Questions and answers

What returns can I expect from MAX?

The amount you receive will depend on the actual performance of our with-profits fund and the bonuses yet to be declared. The bonuses will depend on the profits we make and how we choose to distribute them.

Your financial adviser will give you a personal illustration which shows what MAX might be worth at different times in the future, based on three different growth rates – 4%, 6%, 8% a year.

What is MAX?

MAX is a regular premium, unitised with-profits, qualifying endowment policy, issued by Liverpool Victoria Friendly Society Limited.

Can anyone take out MAX?

You must be aged 17 to 74 years, and a UK resident.

Can I take out a joint MAX with my partner?

Yes. MAX can be jointly owned.

Your financial adviser will help you to decide which option is most appropriate for your needs.

How much can I invest on a regular basis?

You can invest from £50 a month or £600 a year by Direct Debit. You can choose which day of the month you would like us to collect your payments, from the 1st to 28th.

Where Waiver of Premium option is not selected there is no maximum premium.

Where Waiver of Premium option is selected the maximum premium is £1,000 a month or £12,000 a year.

Can I cancel MAX if I change my mind about investing?

Yes, you can cancel your policy within 30 days of getting your documents. If you want to do this, just let us know. You can:

call us on 0845 640 5723

write to us at

LV=, Pynes Hill House, Rydon Lane, Exeter, EX2 5SP

contact us through our website at www.LV.com

As long as you contact us within 30 days of receiving your policy documents, we will refund any premiums you have paid. You can cancel your policy anytime after 30 days, but there is a risk that you may get back less than you paid in.

What happens to the money I invest in MAX?

A percentage of the money you invest in MAX will be allocated to units in our with-profits fund.

The number of units you receive will depend on the amount of money being invested and the price of units at that time. The ongoing value of your investment depends on the number and value of the units held in MAX. When MAX matures, provided premiums have been maintained, we will pay you a cash sum – with no tax to pay.

Tax is paid by the fund MAX invests in.

How your number of units may change

- units will be cancelled from MAX to pay our charges
- units will be added to MAX in line with the regular investments you make (see “**When could a Market Value Reduction be applied?**”)

How the price of units may change

- the price of the units will go up when bonuses are added
- the price of units can never go down, but a Market Value Reduction may be applied
- we calculate the unit price at least once a month and usually weekly

What can I expect from your with-profits fund?

Our with-profits fund holds a wide range of carefully chosen investments that we manage on behalf of our members. To provide stability over time, we hold back some of the investment returns in good years to offset returns when investment performance isn't so good. This smoothing effect allows the investment performance to be cushioned from the daily fluctuations, either upwards or downwards, of the stock market. Investors in funds that don't smooth returns could see the value of their investments rise or fall faster than those in a smoothed fund. Our aim is to achieve smooth and competitive growth over the longer term (at least 10 years) by investing in:

- shares of UK and overseas companies
- fixed interest securities including Government stocks and bonds
- property
- a small selection of other securities
- some cash

The proportion of these investments may vary to reflect changes in market conditions and our view of future investment prospects. Some of the profits we make are added as regular bonuses, which increase the price of the units; other profits may be paid out as a final bonus when you cash in MAX.

To add a regular bonus, we increase the unit price. The price is worked out at least once each month. We change the rate at which we add bonuses from time to time to take account of expected future returns from investments in our with-profits fund and its current and projected financial strength. The aim is to provide a 'smooth' rate of increase in unit prices by ironing-out extreme ups and downs in the returns from investments.

We may also add a final bonus when you cash in your policy. This has the effect of increasing the amount we pay out. The final bonus is applied to ensure you receive your fair share of our investment returns. It is added when the actual investment returns applicable to your policy are higher than the regular bonuses previously added and therefore the amount of any final bonus added will vary.

The bonuses will depend on the profits we make and how we choose to distribute them. A Market Value Reduction can be applied which would reduce the amount paid to you.

What is a Market Value Reduction?

A Market Value Reduction reduces the value of your units, which has the effect of reducing the amount we pay out. Its purpose is to ensure you receive your fair share of our investment returns. For example, we could apply a Market Value Reduction:

- if our regular bonus rates have been higher than actual investment returns applied to your policy, and
- the impact from withdrawals from the Fund could unfairly reduce the value of the Fund for those who remain.

When could a Market Value Reduction be applied?

We reserve the right to apply a Market Value Reduction on any surrender. If applied this may reduce the value to less than the amount paid in.

When do we guarantee not to apply a Market Value Reduction?

We will not apply a Market Value Reduction on a death or terminal illness claim or at maturity.

How will I know what my MAX is worth in the future?

You can check the latest unit price by looking in the Insurance Funds section of the Financial Times or on our website at www.LV.com. We will also send you an annual statement for your MAX.

Can I invest more money later on?

No. You will have to take out an additional MAX under the terms we are offering at that time.

What cover will I have in the event of death or terminal illness before my MAX matures?

Your MAX provides a tax free cash lump sum in the event of your death or suffering a terminal illness (as defined in the disability section of the policy conditions) provided premiums have been maintained.

You can arrange cover for both you and your partner. Please contact your financial adviser who will be able to help you choose from the range of options.

How much is paid in the event of death or terminal illness?

In the event of death or a terminal illness we will pay out the higher of these two amounts:

- the amount of your life cover (the guaranteed minimum death benefit in force)
- the value of your MAX

What is waiver of premium?

At outset you can choose to include a Waiver of Premium provided you are less than age 60. If you choose waiver your premiums will be waived if you are incapacitated for more than 26 weeks.

When the term of the policy extends beyond age 65 the Waiver of Premium will cease when you reach aged 65 exactly.

Your premium will continue to be waived until; you are no longer incapacitated, until your MAX terminates, until you reach the age of 65 or you die, whichever is the earlier.

If you take this policy out on someone else's life, Waiver of Premium will only pay out if they are incapacitated and unable to work.

You can only have Waiver of Premium for one person.

Can I invest for longer than 10 years?

Yes. You can extend the term of your MAX by a further 10 years from any MAX anniversary. For example, if you do this on the 2nd MAX anniversary the total investment term will be 12 years. There is no limit to the number of times you can extend your MAX. In certain circumstances this option cannot be exercised if you are incapacitated. See the Policy Conditions, section 9.3 and 10.2 for full details.

Can I cash in part or all of my MAX before 10 years?

Whilst you can cash in part or all of your MAX at any time there may be tax implications (see **“Will I have to pay tax on MAX?”**).

We will pay out the value of your MAX. This will be the value of your units plus any final bonus. Alternatively, a Market Value Reduction could apply which would reduce the amount we pay out.

If you cash in part of your MAX the life cover will reduce.

If you need to cash in your MAX at any time, please contact your financial adviser, who will tell you how your policy will be affected.

What happens if I stop investing before 10 years?

If your MAX has no value it will stop and you will not receive any money back.

If your MAX has a value we will make it 'paid-up'. This means:

- your life cover and the charge for it will stop
- any Waiver of Premium will stop
- we will continue to take our charges which will reduce the value of your policy.
- the money will stay invested in your MAX and, provided the growth is more than our charges, it will continue to grow

If you need to stop investing at any time, please contact your financial adviser, who will tell you how your policy will be affected.

What happens if I want to restart my investment later on?

You can restart your investments within 13 months of stopping them, provided you pay in all the investment amounts you have missed and subject to satisfactory evidence of good health in certain circumstances.

Will I have to pay tax on MAX?

We pay tax on income and gains earned on the assets held in the with-profits fund (you cannot recover this even if you are a non-taxpayer).

Money paid to you will be tax free, provided that premiums have been paid for at least three quarters of the term (or, where the extension option has been exercised, the extended term) or 10 years if this is a shorter period of time. For a 10 year plan this means keeping it going for at least 7 years & 6 months. If you stop investing or cash in before this, you may have to pay income tax on some or all of the money we pay you. If you qualify for age allowance or Government Tax credits, these could be affected.

If the plan pays out on death, the benefit will normally be paid to your estate and may subsequently be liable to Inheritance Tax.

Tax treatment depends on your personal circumstances.

Any references to taxation are based on our understanding of current legislation and HM Revenue & Customs practice, which is subject to change.

If you have any queries about taxation please contact your financial adviser.

FURTHER INFORMATION

Retail Clients

We are required by our regulator, the Financial Services Authority, to categorise our customers to determine the level of protection they will receive. If you invest in MAX described in this Key Features document, we will treat you as a retail client. This gives you the highest level of protection available under the Financial Services Authority Rules.

Advice

If you need advice about whether or not MAX is suitable for your needs, please contact your financial adviser

Law

The policy is governed by the law of England and Wales, and the courts for that part of the UK where you live. We will always communicate in English.

Queries and complaints

If you have a complaint about any part of the service you receive from us, it's important that we know about it, so we can help put things right. You can let us know by calling us on 01202 292333 (for textphone, dial 18001 first). Or, you can write to us at: Box 2, LV=, County Gates, Bournemouth. BH1 2NF. Your complaint will be dealt with promptly and fairly and in line with the Financial Services Authority's requirements, and if you want more information on how we handle complaints, please contact us.

We hope that we will be able to resolve any complaint that you have, but if you aren't happy with the outcome you can refer your complaint to the Financial Ombudsman Service. If you make a complaint it won't affect your right to take legal action.

Compensation

We've been in business since 1843, and take great care to manage our affairs sensibly. If we ever did get into financial trouble and couldn't honour our commitments, you would be entitled to compensation from the Financial Services Compensation Scheme.

The compensation you could get depends on the type of product you have. For this type of plan, the scheme covers the first £2,000 and at least 90% of the rest. For more information go to www.fscs.org.uk or call 020 7892 7300.

From 1 January 2010 this will change to 90% of the claim