



Occasional withdrawal request form Flexible Guarantee Bond / All-In-1 Investment Bond / Flexi-Guarantee Plan / Guaranteed Capital Bond

Bondholder Name(s):

Bondholder Address(es):

.....

Bond Number:

Withdrawal Requirements

Fixed amount: £..... (Whole £'s only - A minimum of £500 must remain in the bond and a minimum of £250 must be withdrawn.)

We would recommend that you consider the potential tax consequences with your financial adviser before returning the completed form.

Information about making an occasional withdrawal from your bond

Your bond was issued as a series of individual bonds which gives you flexibility to cash in individual bonds and also has tax planning advantages. Each year up to 5% of the amount you invested can be taken out and you won't have to pay any additional income tax at that time. We call this your 5% allowance and if you don't use it in any year it is carried forward.

Please note any existing regular withdrawals are included in the 5% yearly allowance.

If you're a higher rate tax payer, or you become a higher rate tax payer because of the gain on your bond, you'll have to pay more income tax:

- on any gain when you finally cash in your bond, or
- if you take out more than your 5% allowance in any year.

When you request an occasional withdrawal we'll try to administer it in such a way as to reduce your immediate tax liability. We can process occasional withdrawals in two different ways, depending on the current value of the bond and the amount of the withdrawal:

- equally split the full amount of the withdrawal across all individual bonds leaving the number of individual bonds the same; or
- fully encash a number of individual bonds, with any remaining amount taken across all remaining individual bonds.

If there is a gain on which you might need to pay tax we'll send you details at that time. Where withdrawals are split across the individual bonds the potential tax liability occurs at the end of the policy year not the time you receive the money. The policy year is set by the start date of your bond – for example if the start date was 1 July 2014 the first policy year would end on 30 June 2015, the second on 30 June 2016 and so on.

If you qualify for government tax credits you could lose some or all of these benefits if you make a profit when you cash in your bond or more than your 5% allowance is taken out. Your Personal Allowance could also be impacted if your income, including the profit from the bond, exceeds £100,000.

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

If you have purchased the guarantee option on your bond please be aware:

- all withdrawals, including adviser charges, will be deducted from the guaranteed amount.
- the guarantee will continue until the current renewal date or until your bond ends.
- If the withdrawals mean that the value of your bond reduces to zero both your bond and the guarantee will end.

On page 2 there are the options for you to select from. On page 3 there are some examples of the options described above so you can see the impact of possible chargeable events.

Options

Please select one of the three withdrawal options below by ticking the relevant box. If you would like a different option please contact us.

- 1) I have no preference - please use the method which would normally reduce any immediate potential income tax liability. This is the default option we'll take unless you tick either box 2) or box 3). 1)
- 2) Take the withdrawal equally across all individual bonds. 2)
- 3) Take the withdrawal by full encashment of individual bonds as needed, and take the remaining amount equally across the remaining bonds. 3)

Payment Details

I would like the withdrawal amount paid as I have detailed below (please tick) -

- A) **Direct Credit** – You'll usually receive payment within 10 working days of us receiving this form. Please complete your bank details below and send original proof of account ownership (i.e. copy of bank statement less than 3 months old).

Account Name:

Sort Code:

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Account Number:

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- B) **Cheque - payable to the bondholder(s)** – You should normally receive your cheque within 7 working days of us receiving your form. For jointly owned bonds, the cheque will be made payable to the 1st bondholder shown in the declaration section below.

Your declaration

- 1) I promise that I will repay LV= any money mistakenly or inadvertently paid to me for this withdrawal or paid to me as a result of (and which a reasonable person would consider to be the probable result of) any untrue, misleading or inaccurate information carelessly or deliberately given by me, or on my behalf in respect of the bond.
- 2) I promise that I will be responsible for all and any losses and/or expenses incurred by LV= which are as a result of (and which a reasonable person would consider to be the probable result of) any untrue, misleading or inaccurate information carelessly or deliberately given by me, or on my behalf in relation to the bond.
- 3) I confirm that the details of my claim and those provided on this form are true and complete.

| | | | | | | | | | | | |
|---|--|---|--|--|--|--|--|--|--|--|--|
| <p>1st Bondholder / Print Name</p> <p>1st Trustee</p> <p>Signature</p> | | <p>Date</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <tr> <td style="width: 20px; height: 20px;"></td> </tr> </table> | | | | | | | | | |
| | | | | | | | | | | | |
| <p>2nd Bondholder / Print Name</p> <p>2nd Trustee</p> <p>Signature</p> | | <p>Date</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <tr> <td style="width: 20px; height: 20px;"></td> </tr> </table> | | | | | | | | | |
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A second signature is only needed if the bond is jointly owned. If there are more than 2 trustees please sign and print on a separate page.

Further Information about making occasional withdrawals from your bond

Both examples are based on 2017/18 tax rate values.

Example 1

Esmerelda took out a Flexible Guarantee Bond for £50,000 in October 2011. The bond was issued as 50 individual bonds worth £1,000 each. For the purpose of this example the bond has no growth and there are no charges.

In June 2016, Esmerelda requested an occasional withdrawal of £25,000. She has had no previous withdrawals. If we processed the withdrawal equally across all the individual bonds this would create a chargeable gain of £12,500 in October 2016.

The gain is calculated based on the full amount of money withdrawn within the policy year and the total cumulative 5% allowance. In this case, the total withdrawals is £25,000, less the 5% allowance of £12,500 (5 years x 5% x £50,000). In October 2016, this could lead to a potential higher rate income tax liability of £2,500 if Esmerelda is a higher rate taxpayer. This is calculated as £12,500 x 40% less £2,500 (20% basic rate tax already deemed paid in the fund).

However, if the occasional withdrawal had been processed by fully encashing 25 individual bonds there would be no chargeable gain and no potential income tax liability, as the gain here is calculated based on each individual bonds premium and value. Please note that if the individual policy had grown in value then the growth would be subject to higher rate income tax.

Example 2

Fred took out a Flexible Guarantee Bond for £100,000 in June 2015. The bond was issued as 50 individual bonds worth £2,000 each. For the purpose of this example the bond has no charges.

In February 2017, Fred's bond has a value of £120,000, so individual bonds are now worth £2,400. Fred requests an occasional withdrawal of £9,600. If this was administered by a withdrawal across all the individual bonds then there would be no gain. The 5% allowance for 2 years is £10,000 for the entire bond or £500 for each bond.

However, if the request had been fulfilled by full encashment of 4 individual bonds there would have been an immediate gain of £1,600. This is calculated by withdrawal of £9,600 less the premium of the 4 individual bonds of £8,000. If Fred was a higher rate taxpayer, this would result in an immediate potential higher rate income tax liability of £320. This is calculated as £1,600 x 40% less £320 (20% basic rate tax already deemed paid in the fund).

Personal Savings Allowance

From 6 April 2016 the Government introduced a tax-free Personal Savings Allowance. This may benefit you if you are currently a higher rate taxpayer or become one if the gain brings your income into the higher rate tax bracket, as it could reduce your liability to higher rate tax. For further details please contact HM Revenue & Customs or see the information on their website.

<https://www.gov.uk/government/publications/personal-savings-allowance-factsheet/personal-savings-allowance>

You can get this and other documents from us in Braille, large print or on audio by contacting us.