



Countrywide Assured

Your guide to how we manage the Countrywide Assured With-Profits Fund (S&P Series)

Version 6 – January 2014



About this guide

This guide refers to the With-Profits business originally issued by Save & Prosper Insurance Limited. It is intended to help you understand:

- how Countrywide Assured conducts its with-profits business;
- how our with-profits insurance policies work;
- how we invest your premiums; and
- how the benefits under these policies are calculated.

The guide should also help you to discuss your with-profits investment with your financial adviser and to determine if it is still suitable for you.

Please keep this guide with your other plan documents.

IMPORTANT NOTE: The S&P With-Profits Fund was re-named the Countrywide Assured With-Profits Fund (S&P Series) following the merger of Countrywide Assured plc with Save & Prosper Insurance Limited in December 2011. This guide provides only a high-level summary of how we conduct this part of the Countrywide Assured with-profits business. For a full explanation it is essential that you consult the more detailed explanation in a separate document called the Principles and Practices of Financial Management. A copy of this document is available on our website at www.countrywideassured.co.uk or by calling our Customer Services Team on 0845 3000144.





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Countrywide Assured

1. What does this guide cover?

This guide covers:

- investing in the Countrywide Assured Insurance With-Profits fund through our Guarantee Plus Whole Life Plan, Guarantee Plus Savings Plan, Guarantee Plus Protection Plan, Personal Protection Account, Mortgage Plus Policy, Family Savings Plan or Options For Life Plan;
- how our approach to managing the With-Profits fund affects the amount of benefits you might receive from your policy.

Our approach can change from time to time to respond to both shorter and longer term changes in business and economic circumstances. We will notify you if any such changes significantly affect your policy.

2. What is a with-profits investment?

Investment in the Countrywide Assured Insurance With-Profits Fund provides:

- a guarantee of the minimum value of your investment at your maturity date, if applicable, or in the event of your earlier death;
- the possibility of a bonus depending on the performance of the underlying investments of the fund;
- some smoothing of the up and down fluctuations of the stock market (see Section 5).

Provided that you pay all the premiums when they are due, the *Guarantee Plus Savings Plan*, *Family Savings Plan* and *Mortgage Plus Policy* guarantee a minimum amount payable at maturity or on earlier death.

Provided that you pay all the premiums when they are due, the *Guarantee Plus Whole Life Plan*, *Guarantee Plus Protection Plan*, *Personal Protection Account* and *Options For Life Plan* guarantee a lump sum amount payable on death.

In addition, subject to the level of cover you selected, we may pay a bonus. How we determine the amount of bonus we pay is described in the later sections of this Guide.

The guarantee does not apply if you surrender your policy.

3. How does the With - Profits Fund work?

Pooling of Assets

After deducting our charges to cover expenses and the cost of life assurance and any other benefits you may have selected, we pool together the balance of your premiums with those of other policyholders in the Countrywide Assured Insurance With-Profits Fund. We attribute a share of these pooled policyholder assets to each with-profits policy. The share attributable to your policy(ies) depends on the amount of the premiums you have paid and when you paid them.



Charges and deductions

The assets of the pooled fund are subject to an annual management charge of 1.25% per annum.

We may also make a further deduction of up to 1.5% per annum to meet the cost of providing minimum benefit guarantees on all with-profits policies.

Currently there is no such deduction being applied (previously with effect from 1 July 2010 a deduction of 0.25% was applied which was reduced to zero with effect from 19 December 2013).

Investment

Investments may be made in the UK or overseas and the different types include:

- company shares, commonly known as equities;
- gilts and corporate bonds, which are effectively loans to the government and companies;
- property;
- cash deposits;
- investment products that are a combination of different investment types, commonly known as "hybrid" products.

We may invest in collective investment arrangements such as OEICs (Open Ended Investment Companies) and unit trusts. A collective investment arrangement is a vehicle that pools together the assets of a number of investors to purchase any of the investment types listed.

The proportion of each investment type in the fund (which can vary from time to time) is determined having regard to the primary objective of the fund, which is to meet the guaranteed minimum benefits promised to each policyholder.

4. How do we calculate the benefits payable under your policy?

We value the policyholder assets in the With-Profits Fund each week, and determine the share attributable to each with-profits policy. We also calculate a "smoothed" value (see "The ups and downs of the stock market" below).

We use the smoothed value to calculate the amount of benefits payable at your policy's maturity date (if applicable) or in the event of your death before then. In either case, the amount of benefits we pay will not be less than that guaranteed under your policy.

If you surrender your policy we use the lower of the smoothed and unsmoothed value to calculate the amount, if any, payable to you.

If the amount payable at the date of claim is greater than the guaranteed minimum benefit at that date the amount paid out in excess of the guaranteed amount is the bonus. This is calculated individually for each policy.

There are no annual bonuses; we only pay a bonus at the date of a claim except:

A bonus *may* be declared under a Personal Protection Account or Options For Life Plan at the review date (as specified in the policy document) dependent upon investment performance and the cost of providing the guaranteed benefits.

5. What affects the benefits payable under your policy?

Many factors affect the benefits payable under your policy. The following are the main ones:

Investment performance

The most important factor that will affect the amount of benefit is the amount of gains or losses made on the investments of the fund. This depends on many things including how much we invest in different types of investments. To achieve potentially higher returns the fund invests some money in higher-risk investments, such as company shares and property. The remainder is invested in lower-risk investments, such as fixed-interest bonds issued by the Government and by companies, and cash deposits.

The performance of different types of investment can vary considerably over time. We regularly monitor this and change the proportion we invest in each type with the aim of improving the total long-term performance. A primary aim is to ensure that we always meet at least the guarantees.

Charges and expenses

We make charges in the form of a deduction from your premiums and an annual management charge on the value of the fund.

Countrywide Assured plc (the Company) is owned by shareholders. The Company keeps the charges made on the policies but the Company then pays all the expenses for looking after the policies and meets the cost of any additional life assurance or other benefits payable under the policies, except for the costs of the management of direct property investments which are reflected in the investment performance of the fund.

The ups and downs of the stock market

To avoid significant short-term fluctuations in the value of benefits payable caused by movements in the value of investments we use a process known as smoothing.

We use a formula to determine the smoothed value of assets attributable to policyholders in the fund. We blend together the actual movement in asset values each week and the expected movement over the long-term. This produces a weekly movement in the smoothed value that is closer to the longer-term trend than short-term fluctuations.

We can change the smoothing formula at any time if we think it is necessary to be fair to all policyholders.

Cost of guarantees

Previously, in addition to the charges, with effect from 1 July 2010 we deducted 0.25% per year of the value of the pooled policyholder assets in the With-Profits Fund to meet the future cost of guarantees of all policies. With effect from 19 December 2013, this deduction was reviewed and no deduction is currently applied. This money is set aside and used to make up any shortfall between the share of assets in the fund attributable to a policy and the cost of the minimum guaranteed benefits payable under that policy. We can increase this deduction up to 1.5% per annum if required. No excess is kept by shareholders. All the money set aside is attributed to the remaining policyholders in the Fund and will be returned to them if we decide it is no longer needed to pay for the future cost of guarantees. We review the position once every year.



6. How do we manage risk?

The fund is exposed to a number of risks. The biggest risks come from the need to pay all the guarantees when due and the possibility of big falls in shares and property values.

We manage risks to the fund and our business by regularly reviewing and changing our investment strategy as necessary.

The fund is not exposed to any significant new risks as it is closed to new business.

7. How can I find out more?

If you are not clear about any point regarding the Countrywide Assured Insurance With-Profits Fund, please contact your financial adviser if you have one. Alternatively, please contact our Customer Services Team on **0845 3000 144** between 9:00 am and 5:30 pm, Monday to Friday.

If you would like a more detailed guide to how we manage the Countrywide Assured Insurance With-Profits Fund, you can obtain a copy of the *Principles and Practices of Financial Management* from our website at www.countrywideassured.co.uk or by calling the above number.

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