

Making changes to your

Flexible Options Bond

- (a) to make additional payments
- (b) to cash in all or part of your Bond
- (c) to switch between funds
- (d) to arrange regular withdrawals

A. Request to make additional payments cont'd

2. What is your occupation?

3. Employer's name

Address

Postcode

4. What is your current annual income? £ £

5. Source of Wealth – Please indicate where the money for this investment has come from:

Income from Employment	<input type="checkbox"/>	Income from Employment	<input type="checkbox"/>
House Sale	<input type="checkbox"/>	House Sale	<input type="checkbox"/>
Company sale	<input type="checkbox"/>	Company sale	<input type="checkbox"/>
Inheritance	<input type="checkbox"/>	Inheritance	<input type="checkbox"/>
Gift	<input type="checkbox"/>	Gift	<input type="checkbox"/>
Divorce Settlement	<input type="checkbox"/>	Divorce Settlement	<input type="checkbox"/>
Other (Please specify)	<input type="checkbox"/>	Other (Please specify)	<input type="checkbox"/>

Scottish Widows reserves the right to request further documentary evidence of source of wealth should it be considered necessary. Please note that missing information may delay the processing of the application or settlement monies.

B. Request to cash in all or part of your Bond

Cashing in your Bond completely

Do you want to cash in all the policies within your Bond?
If no, please complete the following section.

Yes No

Cashing in part of your Bond

You can either choose to cash in some of your policies or else choose an amount to be taken from your Bond.

NOTES TO SECTION B

- (3) The minimum amount you can cash in is £500. You must leave at least £100 invested in each of the Bond's remaining policies. These figures can change.
- (4) Please note that if there is a balance remaining after full policies are encashed, it will be raised by cancelling an equal number of units over the remaining policies.

(a) Number of policies to be cashed in? (see Note 3)

or

(b) How much do you want to take from your Bond? £ (see Note 3)

I would like to cash in full policies as far as possible. (see Note 4)

or

I would like to cash in an equal number of units from each of the policies held within my Bond.

Which funds would you like to cash in units from?

I would like to cash in units from all the funds I invest in proportionately.

or

I would like to cash in units from specific funds.

Please specify fund(s) here:

The same number of units will normally be cancelled from each of the Bond's policies to provide the amount required.

Payment details

Which Bank or Building Society account would you like the encashment to be paid into?

All payments must be made direct to a Bank/Building Society in the United Kingdom.

Name and address of your
Bank/Building Society

Postcode

Name(s) of account holder(s)

Branch Sort Code

(from the top right hand corner of your cheque)

 - -

Bank Account Number

Building Society Roll Number

You should complete this section if:

- you want to start taking regular withdrawals from your Flexible Options Bond, or
 - you are already taking regular withdrawals but you want to make changes to your existing instruction.
- Instruction given here will cancel any previous instruction given. Unless we allow otherwise, the cancellation will take effect within two weeks of us receiving your instruction to cancel at our main administrative office.

D. Request to arrange regular withdrawals

Type of Withdrawals

Please request ONE option by ticking the appropriate box.

I would like to set up or alter Fixed Withdrawals from my Bond. Please complete (a) to (e).

OR

I would like to take or alter Natural Income Withdrawals from the With-Profits Income Fund.

Please complete (a), (e) & (f).

Please see the important notes for further details.

Withdrawal details

This section can also be used to make changes to your existing regular withdrawals.

(a) How often would you like to make a withdrawal?

Yearly Half-yearly Quarterly Monthly (see Note 6)

(b) Amount of each Fixed Withdrawal? (see Note 7)

or

(c) Percentage of original investment % (see Note 7)

If all or part of your Bond is invested in either the With-Profits Growth Fund or With-Profits Income Fund you can only take a maximum of 5% per annum of the amount invested into the Bond.

For Bonds taken out before 11th December 2006, and any increments made to these, you can only take a maximum of 5% per annum of the amount invested into the Bond.

(d) How would you like the Fixed Withdrawals to be made?

By cancelling units in all the funds you invest in proportionately?

OR

By cancelling units in the fund(s) detailed in the box below. (see Note 8)

Please specify fund(s) below:

Fund(s)

NOTES TO SECTION D

(6) **Monthly Fixed Withdrawals are only available if you invest £7,200 or more.**

(7) Fixed Withdrawals must be for a minimum of £30. Total Fixed Withdrawals, in any Bond year, must not exceed 7.5% (or 5% if applicable) of the payments into your Bond. The amount of each withdrawal will remain unchanged until we are advised otherwise. Each Fixed Withdrawal will be paid for by cancelling an equal number of units in each of the policies which make up your Bond.

(8) Please note that you can't take regular withdrawals only from either or both of the With-Profits Growth Fund and the With-Profits Income Fund unless those are the only funds that your Bond is invested in. This is because the percentage of each withdrawal that comes from each of those with-profits funds is limited. It can't be more than the percentage of the value of your Bond that is invested in that fund. We may review that percentage at the time of each withdrawal using the values then.

D. Request to arrange regular withdrawals cont'd

NOTES TO SECTION D cont'd

(9) All regular withdrawals will be paid in arrears. For example, if you have chosen half-yearly withdrawals, you will receive your first withdrawal 6 months after the date your instructions are received.

(e) When would you like your first withdrawal? (DD MM YYYY) (see Note 9)

or

(f) Which Bank or Building Society account would you like the withdrawals to be paid into?

All payments must be made direct to a Bank/Building Society in the United Kingdom.

Name and address of your
Bank/Building Society

Postcode

Name(s) of account holder(s)

Branch Sort Code

 - -

(from the top right hand corner of your cheque)

Bank Account Number

Building Society Roll Number

Money Laundering Regulations

Under current regulations we are required to verify the identity of our customers. In order to meet this requirement and for the prevention and detection of fraud, we will access information from a credit reference agency* to confirm your identity. They will authenticate your name and address, which involves checking the details you supply against those held on any databases that the company carrying out the checks on our behalf (or any similar company) has access to. This includes information from the Electoral Register. We will use scoring methods to authenticate your identity. Our search will not be used by lenders or insurers when assessing lending or insurance risks. We may also pass information to financial and other organisations involved in money laundering and fraud prevention to protect ourselves and our customers from theft and fraud. If you give us false or inaccurate information and we suspect fraud, we will record this and share this information with other organisations.

If you provide us with information about another person, we will treat this as confirmation that they have appointed you to act for them to consent to the processing of their personal data. This means that you have informed them of our identity and the purpose for which their personal data will be processed, namely to verify their name and address.

Where Scottish Widows receives notification affecting the legal ownership of the plan, or the appointment of an Attorney under a Power of Attorney or other circumstances where there are new parties associated with the contract, the same process as set out above will apply.

Please note that if we cannot confirm your name and address by using a credit reference agency we may contact you to ask you to supply certain documents to verify your name and address.

If you ask, we will tell you which credit reference agency we have used so you can get a copy of your details from them.

* Please note we only use this agency to verify identity to fulfil anti-money laundering regulations and not to check credit worthiness.

Data Protection Act

The information you provide on the Application will be used by Scottish Widows to set up and administer your Bond. We may also use it for market research, statistical purposes and the prevention and detection of fraud. In cases where it is considered necessary for the prevention and detection of fraud or other financial crime, your information may be shared with other financial companies. If necessary a copy of the application form and any other supporting information may be given to a reinsurance company who will share the risk with us. We will keep the information you have supplied confidential and will not share it with others without your agreement, except where the law permits when it may be disclosed to law enforcement agencies, Ombudsman and Regulators and except in the circumstances that follow. Your information may be shared with financial advisers or people acting on your behalf. It may also be shared with our agents and others in connection with administering your policies and services for you. In addition, it may be shared among Scottish Widows and Lloyds TSB Group companies to: provide the service you applied for, to update our records and to identify other products and services which may interest you. If you would prefer not to receive details of other products and services, please tick this box.

Other Lloyds TSB Group companies will not make marketing approaches to you unless you already have a relationship with them. Under the terms of the Data Protection Act 1998 you are entitled to request a copy of information we hold relating to you. A small charge will be payable.

We may administer your policy, any existing policies you may have with Scottish Widows and provide other services from centres in countries outside the European Union (such as India and the USA) that do not always have the same standard of data protection laws as the UK. However, there will be a contract in place to ensure that your information is adequately protected, and we will remain bound by our obligations under the Data Protection Act even when your personal information is processed outside the European Union.

We may record and monitor telephone calls with you in case we need to check we have carried out your instructions correctly and to help improve our quality of service.

Contracts (Rights of Third Parties) Act 1999

Please note that when a policy is taken out the contract is between the applicant(s) and Scottish Widows. The terms of the Contracts (Rights of Third Parties) Act 1999 and any other legal third party rights are specifically excluded. This means that only the parties to the contract (or their legal successor(s)), will have contractual rights.

Declaration

I/We have read this form in conjunction with the Key Features, the product brochure, the fund choice booklet and relevant With-Profits guide(s), and am/are aware that I/we can obtain an extra copy of my/our policy provisions on request.

I/We understand that this form will only be accepted if signed by all interested parties.

I/We have read and understood the attached Important notes. (Please see pages 9, 10 & 11).

I/We agree that this application forms part of the contract between myself/us and Scottish Widows.

Request to make additional payments

By requesting to make additional payments within this form, I/we understand and consent to the following: The Flexible Options Bond is made up of a number of individual policies. By completing the "Request to make additional payments" section of this form, I/we am/are applying for each of them.

Request to cash in all or part of your Bond

By requesting to cash in all or part of my/our Bond within this form, I/we understand and consent to the following: The "Request to cash in all or part of your Bond" will operate as my/our receipt and discharge in respect of the encashment as soon as payment is made to the bank/building society account of the person(s) specified. I/We declare that this Bond is held by me/us as sole owner(s) for my/our own use absolutely and free from any other claim and interest. I/We also declare that at no time has a Receiving Order or Sequestration Award been made against me/us either as an individual or as a partner in any firm of which I/we have been a member. I/We or any such firm has/have not compounded with or executed any deed for the benefit of my/our creditors or committed any act of bankruptcy.

Request to switch between funds

By requesting to switch between funds, I/we understand that this declaration applies to me/us.

Request for regular withdrawals

By a request for regular withdrawals within this form, I/we understand and consent to the following: The instructions given in the "Request to arrange regular withdrawals" section of this form cancel any previous regular withdrawals instructions given, and this authority will operate as my/our receipt and discharge to you in respect of any payments due to me/us under the policy or policies as soon as the payments are made to the bank/building society account (specified in that section).

Your Financial Adviser's name and address (if applicable)

Policyholder(s) signature(s)

If the Bond isn't held in trust

(i.e. original applicant(s) or subsequent assignee(s))

1	Date
2	Date
Agent Number	

Trustee(s) signature(s)

If the Bond is held in trust

Trustee 1	Date
Trustee 2	Date
Trustee 3	Date
Trustee 4	Date

If you need more information, please contact your Financial Adviser or Scottish Widows representative.

Important notes – for switching between funds

1. The Bond is made up of a number of identical policies. The instructions given for one or more of the policies which make up the Bond will normally also be applied to all other identical policies included in that Bond unless you specify otherwise.
2. At present, exchanges are normally done using prices calculated on the first available business day after this form is received at one of the Scottish Widows offices.
3. There is no charge for the first twelve switches in any policy year. For subsequent switches in the same policy year there is a charge. Currently the charge is 0.5% of the value of the units cancelled but with a lower limit of £15 and a higher limit of £35. This charge will be deducted before allocating the units in the chosen fund(s). A phased switch counts as one switch.
4. This form must be completed by the legal owner(s) of the Bond.
5. If you switch out of either of the With-Profits funds, a Market Value Reduction to allow for current market conditions may apply. Please refer to the With-Profits guide(s) for details.
6. We may change the selection of funds that we make available. There may be restrictions on the amount you can invest in certain funds, for example:
 - if your Bond started before 23 March 2005 you can't switch into the With-Profits Growth Fund or With-Profits Income Fund
 - you will not be able to switch into either of the With-Profits funds while an instruction for fixed withdrawals of more than 5% per year is in placePlease contact us for details of any other restrictions that apply.
7. There are some restrictions on switching into or out of the With-Profits funds. Any switches into or out of a with-profits fund cannot be reversed within 12 months of the switch date. Please refer to the relevant With-Profits guide(s) for full details.
8. In some instances there may be a delay of up to a month for switching units between funds. If you invest in any fund that invests in property, this delay could be up to 6 months. Property and land can be difficult to sell and you may not be able to cash-in when you like. We may have to delay acting on your instructions to sell your investment. The value of property is generally a matter of a valuer's opinion rather than facts.
9. If a partial switch is made out of the With-Profits Income Fund while Natural Income Withdrawals are being taken, future Natural Income Withdrawals will be affected. The next withdrawal following the switch may be reduced by much more than the later withdrawals (or cancelled altogether).
10. Please note that the total number of funds your Bond can be invested in at any one time is ten.
11. Phased switching will normally take place on the same day each month with exchanges normally done using that day's prices.

1. If you choose to take Natural Income Withdrawals, the amount of 'income' you receive will change in line with the Regular Bonus Rate (less any charges). The bonus units which are added to your Bond on a monthly basis will be cashed in to provide this income.

Natural Income Withdrawals are only possible from the With-Profits Income Fund. If they are chosen you won't be able to take Fixed Withdrawals from any other funds in which your Bond is invested – including unit-linked funds. For more information on Natural Income Withdrawals, please refer to the guide to investing in the With-Profits Income Fund.

2. Please note that if you set up or alter Fixed Withdrawals, Market Value Reductions (MVRs) may apply to withdrawals from either of the with-profits funds. Market Value Reductions reduce the value of your Bond to make sure that you don't get more than fair value. Please see the With-Profits Guide(s) for further information on how MVRs work.

3. Tax

Cash withdrawals and any profit made on the Bond are free from any personal liability to starting and basic rate income tax and capital gains tax.

Any liability to higher rate income tax can be deferred provided that for each policy, withdrawals in each policy year do not exceed 5% of the amount you invested. This tax deferred allowance is subject to a maximum of 100% of your total investment in the Bond.

You may have to pay some income tax:

- once you have used 100% of these 5% allowances, and you continue to take withdrawals,
- if any withdrawal payments to you in a Bond year are more than the available allowance,
- when you finally encash your Bond, as we will take into account all the withdrawals you have made when we work out your overall return.

Income tax will only be due if you are, or become, a higher rate taxpayer, taking the above into account in the tax year they occur.

In addition, you may lose some or all of your entitlement to age allowance (if you are over 65), child tax credit and/or working tax credit.

If your Bond is held in trust, please contact your Financial Adviser or Scottish Widows representative for further information on tax.

This information is based on Scottish Widows' understanding of current tax legislation and Revenue practices. These matters are subject to change at any time and any tax advantage applicable will be dependant on your personal circumstances.

4. Your regular withdrawal payments

- (a) Where the person(s) signing this form are Trustees, Executors, Administrators or Assignees, payment must be made to an account in the name of all of them jointly.
- (b) Where two people own the Bond, payment must be made to an account in the name of both legal owners of the Bond.
- (c) Scottish Widows is not permitted to pay a third party* so all payments must be made to an account in the name of the legal owner(s) of the Bond.

*A third party is anyone who is not legally entitled to the proceeds from the encashment.

Important notes – for cashing in all or part of your Bond

1. Market Value Reductions (MVRs)

If you cash in with-profits units we may apply MVRs to them. Please see the with-profits guide(s) for more details. MVRs reduce the value of your Bond to make sure that you don't get more than your fair value.

2. Tax

Cash withdrawals and any profit made on the Bond are free from any personal liability to starting and basic rate income tax and capital gains tax.

Any liability for higher rate income tax payers can be deferred provided that for each policy, withdrawals in each policy year do not exceed 5% of the amount you invested. This tax deferred allowance is subject to a maximum of 100% of your total investment in the Bond.

You may have to pay some income tax:

- once you have used 100% of these 5% allowances, and you continue to take withdrawals,
- if any withdrawal payments to you in a Bond year are more than the available allowance,
- when you finally encash your Bond, as we will take into account all the withdrawals you have made when we work out your overall return.

Income tax will only be due if you are, or become, a higher rate taxpayer, taking the above into account in the tax year they occur.

In addition, if any of the above applies you may lose some or all of your entitlement to age allowance (if you are over 65), child tax credit and/or working tax credit.

If your Bond is held in trust, please contact your Financial Adviser or Scottish Widows representative for further information on tax.

3. Partial encashment – cashing in parts of policies

Partial encashments are normally spread equally over all the policies which make up your Bond. All the policies will remain in force, however the value of each one will be reduced.

4. Full encashment – cashing in complete policies

The 5% allowance does not apply when policies are fully cashed in.

The chargeable gain in this case will be the 'profit' made, which is calculated as follows:

(cash-in value + any previous withdrawals) less (amount invested + any previous chargeable gain)

It is possible to take a mixture of full and partial encashments at the same time. As this is a very complex area, Scottish Widows recommends that you consult your Financial Adviser or Scottish Widows representative.

5. Cash-in Charges

If you decide to cash in all or part of your Bond within five years of making an investment, we will reduce the cash-in value by applying a charge. Please see the product brochure for more details.

6. Your encashment(s)

- (a) Where the person(s) signing this form are Trustees, Executors, Administrators or Assignees, payment must be made to an account in the name of all of them jointly.
- (b) Where two people own the Bond, payment must be made to an account in the name of both legal owners of the Bond.
- (c) Scottish Widows is not permitted to pay a third party*, so all payments must be made to an account in the name of the legal owner(s) of the Bond.

*A third party is anyone who is not legally entitled to the proceeds from the encashment.

This information is based on Scottish Widows' understanding of current tax legislation and HM Revenue and Customs practices. These matters are subject to change at any time.