



# Key Features of the HSBC Onshore Investment Bond – Select

Important information you need to read

The Financial Conduct Authority (FCA) is a financial services regulator. It requires us, HSBC Life (UK) Limited, to give you this important information to help you decide whether our Onshore Investment Bond – Select 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.

**Aims of the Onshore Investment Bond – Select**

- ◆ To invest a lump sum for capital growth over the medium to long-term.
- ◆ To allow you, working with your adviser, to select and manage your own funds held directly within your bond.
- ◆ To allow you to make tax efficient occasional or regular withdrawals which can be used to generate income. Please refer to the product brochure for details.

**Your commitment**

- ◆ To invest a lump sum of at least £5,000.
- ◆ To view the investment as medium to long-term (at least five years). If you cash in early you may not get back as much as you originally invested.
- ◆ To keep at least 3% of the value of your bond in cash at all times.
- ◆ To keep us informed about any changes to your personal details.

**Risk factors**

- ◆ Investment performance is not guaranteed. The value of your bond will rise and fall according to the value of the underlying funds in your investment portfolio. You may not get back the amount you originally invested.
- ◆ The charges may fluctuate and turn out to be higher than expected, reducing the value of your bond.
- ◆ Funds invested in newer markets, smaller companies and less frequently traded assets may involve a higher degree of risk and/or delays in realising your investment. Please refer to your adviser for guidance.
- ◆ Some funds may invest using currencies other than sterling and therefore carry the extra risk of exchange rate fluctuations.
- ◆ Please note that the funds are selected at your own risk and as recommended by your financial adviser. It is your responsibility to ensure that any funds you invest in meet your criteria for ethical or sustainable investing. Only you or your financial adviser can decide which funds to select for your bond.
- ◆ In exceptional circumstances, there may be a delay in carrying out your instructions if any of the funds in your portfolio have applied trading restrictions (see Clause 18 of the Terms and Conditions).
- ◆ If you make withdrawals which exceed your bond's growth, the value of your investment will be reduced.
- ◆ If you switch your investment between funds you will be uninvested whilst the trades are being settled (see 'Can I move my investment between funds?' on page 4).
- ◆ Tax rules and rates may change in the future affecting the tax liability on your bond.
- ◆ There may be tax implications if adviser charges are taken from your bond (see 'What about tax?' on page 5).

# Questions and answers

## What is the HSBC Onshore Investment Bond – Select?

- ◆ It is a lump sum investment which enables you to hold your funds within an insurance bond for flexibility and tax planning purposes.
- ◆ Working with your adviser, you can choose from a market range of funds. For details of the current fund range and charges, please speak to your adviser.
- ◆ Each fund is a collective investment which holds a spread of assets according to its investment objective(s) and whose fund price will rise or fall according to the value of the assets it holds.

## Who is it suitable for?

- ◆ Whilst your adviser will guide you, you can find information about suitability on page 3 of the product brochure.

## Who can apply for the Bond?

- ◆ You can apply either alone or jointly with up to nine other applicants. All of the applicants must be UK resident and aged 18 or over. You must notify us of any subsequent change in residency.
- ◆ Your bond will be set up on the life/lives of the people named in your application. Up to ten lives insured can be covered. The minimum age for a life insured is three months. There is no maximum age limit.
- ◆ Trustees can apply for the Bond as an investment to be held under a trust arrangement.

## How can I open an HSBC Onshore Investment Bond – Select?

- ◆ The minimum initial investment is £5,000 which is payable by cheque drawn on a UK bank or building society account or by electronic transfer from a UK bank account. The account must be held in the name of one of the applicants for the bond.
- ◆ Applications can be submitted by your adviser:
  - online – via the HSBC extranet,
  - by phone – by contacting our Administration Office, or
  - by post – paper applications can be downloaded from the HSBC extranet.
- ◆ In some cases we may need to ask for additional documentation from you, to meet regulatory requirements, before we can accept your application.

## How flexible is it?

- ◆ Your bond has no fixed investment period so it will continue until death of the last surviving life insured or until it is surrendered in full.
- ◆ You can make an additional investment (top-up) at any time. The minimum additional amount is £500.
- ◆ For maximum flexibility your bond will be divided into a number of separate and identical policies. You choose the number of policies you wish to hold, subject to a maximum of 1,200, and to a minimum investment of £1,000 in each.

## How is my payment invested?

- ◆ Your payment will be credited to the cash account and used to purchase holdings in the funds you have selected. Cash and fund holdings are divided equally across the policies in your bond.
- ◆ There is no maximum to the number of funds you can hold in your portfolio at any one time. However, each fund will apply a minimum investment limit (please refer to your adviser for guidance).
- ◆ If you wish you can instruct us, for an additional one-off charge of £25, to phase your initial investment into your selected funds over a three, six or 12 month period. Please refer to Clause 10 of the Terms and Conditions for more details of this option.
- ◆ The number of shares or units purchased for any fund will depend on how much you invest and the buying price of those shares or units on the date of purchase. Transaction periods for processing trades vary between funds and a fund holding will not be available on your portfolio until the trade is settled; please refer to your adviser for guidance.
- ◆ Your adviser will provide you with a Key Information Document and accompanying investment documents. These documents are also available via [www.life.hsbc.co.uk/oib](http://www.life.hsbc.co.uk/oib)
- ◆ The value of your bond will depend on the value of the shares or units which make up your fund holdings, and the value of the cash account, in your portfolio.

## How does the cash account operate?

- ◆ You are required to maintain a cash balance, apportioned equally across the policies in your bond, of 3% of your bond value. This is held in a cash account which is used to manage transactions, including income receipts, tax payments, regular withdrawals and charge deductions, as well as fund sales and purchases for your portfolio.
- ◆ Interest is added to your cash account on a monthly basis. This is calculated daily on your cash balance, based on the UK Bank of England Base Rate less 0.20%.
- ◆ If your cash account falls below 0.5% of your bond value we will make sales from your largest fund holding, equally across all policies, to restore the cash balance to 3% of your bond value. Please refer to Clause 8 of the Terms and Conditions for details.

### What is Family Linking?

- ◆ Family Linking means we will add together the initial investment amounts from qualifying family members' Bonds to calculate the Annual Management Charge that will apply to your investment. For more information on what family members qualify, please refer to the Terms and Conditions.

### How can I manage my investment portfolio?

- ◆ You should regularly review and adjust your portfolio with your adviser to ensure that the asset allocation of your portfolio remains in line with your requirements.
- ◆ When you apply for the bond, you can pre-set an allocation between funds in your portfolio and instruct us to automatically rebalance your portfolio to that allocation on portfolio rebalancing dates. Portfolio rebalancing is not available on top-up investments. A £25 charge will be applied at each portfolio rebalancing date. Please refer to Clause 12 of the Terms and Conditions for more details of this option.

### Can I move my investment between funds?

- ◆ Yes. Subject to the minimum investment limits for each fund you can instruct us to trade between funds at any time.
- ◆ Each instruction will be treated as separate 'sell' and 'buy' transactions, undertaken through your cash account. This means that you will be uninvested for a time if the 'sell' instruction needs to be processed and the proceeds credited to your cash account before the 'buy' instruction can be made.
- ◆ On occasion, funds may be automatically converted to newer share class versions. Where this happens you will not be uninvested during the conversion exercise. We will write to inform you of any conversion exercises applying to funds you hold (please refer to Clause 19 of the Terms and Conditions).

### Can I access my money at any time?

- ◆ Yes. You can surrender part or all of your bond at any time. Part surrenders are subject to any minimum limits applicable to your fund holdings.
- ◆ Unless we receive instructions to the contrary, we will take part surrenders from all policies, in equal proportion, by utilising your unused 5% allowances (please refer to the 'What about tax?' section on page 5). Your remaining bond must have an investment value of at least £2,000 for you to make a part surrender.
- ◆ For full surrenders you will receive the cash in value of all your fund holdings, less any tax deductions and charges, plus the balance of your cash account. A further payment will be made after 11 weeks for any residual income received.
- ◆ Fund sales will be actioned, sufficient to meet your instructions, and the proceeds credited to your cash account on the settlement date(s) for payment to you. Payments are made by cheque or direct credit to the policy owner(s).
- ◆ In exceptional circumstances, some funds may defer surrender or withdrawal payments. Where this affects a surrender instruction, the sale of any unaffected holdings will be treated as a part surrender whilst waiting for the proceeds from any funds subject to trading restrictions. Please refer to Clause 18 of the Terms and Conditions for details.

### Can I take regular withdrawals from my bond?

- ◆ Yes. You can take withdrawals (minimum £100, maximum 10% yearly of your initial investment) on a monthly, bi-monthly (every other month), quarterly, termly (every four months), half-yearly or yearly basis from your cash account to provide a regular income. Fund sales will be made, in accordance with your instructions, and credited to your cash account to cover these payments.
- ◆ Unless we receive instructions to the contrary, a proportionate part of each withdrawal payment will be taken from each policy you hold.
- ◆ You can commence regular withdrawals from your bond from outset or from a later date, and you can stop the payments at any time. Payments will be made in arrears from the income start date to your nominated account on the 15th day (or next business day) of each month in which payment is due. However, you cannot take withdrawals whilst undertaking phased investment or portfolio rebalancing on your bond.
- ◆ If you make withdrawals which exceed your bond's growth, the value of your investment will be reduced.

### What are the charges?

The following charges apply to your bond but the impact on your investment will vary depending on a number of factors including the amount you invest, the terms you have agreed with your adviser and the funds you select. Further details about the effects of charges will be shown in your personal illustration.

- ◆ **Adviser charges.** Adviser charges may be paid from your bond, if you have agreed this with your adviser. Where you have consented to charges being taken from your bond, we will deduct initial and/or regular charges from your cash account. **Please note that there may be tax implications for deduction of initial, on-going and any ad-hoc adviser charges from your bond** (please refer to 'What about tax?' on page 5).
- ◆ **Fund charges.** Each fund has its own charges which are deducted within that fund or, where a fund has different buying and selling prices, are reflected in the fund prices for purchase and sale. Current fund charges for your selected funds are set out on your personal illustration.
- ◆ **Annual management charge.** To cover our administration costs, there is an annual management charge which is calculated daily based on cash, shares and units held, and deducted from your cash account on a monthly basis. The level of this charge depends upon your initial investment amount as follows:

Initial investment	Annual management charge
Up to £149,999	0.35% yearly of bond value
£150,000 – £249,999	0.30%
£250,000 and above	0.25%

For top-up investments the level of the charge will take into account the previous amounts you have invested. For example, if you originally invested £100,000 and are now adding a further £75,000 to your bond, an annual management charge of 0.30% would apply to the top-up investment, irrespective of any withdrawals or part surrenders you had already taken from your bond. The level of charge being applied to your original investment would not change.

For bonds that qualify for family linking, we will add together the initial investment amount of all bonds when calculating the Annual Management Charge.

- ◆ **Phased investment charge.** If you request this facility, we will deduct a one-off charge of £25 from your cash account.
- ◆ **Portfolio rebalancing charge.** If you request this facility we will deduct £25 from your cash account at each portfolio rebalancing date.
- ◆ Any of these charges may vary in the future (please refer to Clause 14 of the Terms and Conditions).

#### What about tax?

- ◆ HSBC Life (UK) Limited deducts corporation tax on the investment income and capital gains from your bond. The tax rates we apply vary by fund but we calculate the tax amount on a daily basis and make a monthly deduction from your cash account. This process effectively takes care of your basic rate tax liability but cannot be reclaimed if you are a non-taxpayer or a taxpayer with savings income taxed at the starting rate for savings. For a more detailed explanation of the tax treatment please refer to the product brochure.
- ◆ You may have to pay additional tax on the gain (the profit made on your bond) if you are a higher-rate or additional rate taxpayer or if the gain causes some of your income to be taxed at a higher rate or additional rate at the time you cash in, or assign, some or all of your bond. However, each policy year, you can make part surrenders or regular withdrawals of up to 5% of the amount you invested into the policy (up to 20 years from investment) without any immediate liability to tax. Any unused 5% allowances can be carried forward.

- ◆ To utilise your unused 5% allowances we will take:

- for regular withdrawals, a proportionate part of each withdrawal payment from each policy you hold, and
- for part surrenders, a proportionate part of the payment from each policy you hold, plus the surrender of individual policies for any balance of the payment which exceeds your unused 5% allowances.

- ◆ The amount of any adviser charges deducted from your bond will count towards your yearly 5% allowance.
- ◆ Personal allowances could be reduced by any taxable gain you make. Personal allowances may be affected if you have income exceeding £100,000 or if the chargeable event gain takes your income above £100,000.
- ◆ It may be possible to offset chargeable event gains (up to £500 for the tax year) against your Personal Savings Allowance if you are a higher rate taxpayer at the time the taxable event occurs.
- ◆ If you die the bond value may form part of your estate for inheritance tax purposes. However, you can set up your bond in trust to assist with inheritance tax planning.
- ◆ If a bond is owned by trustees, gains may be subject to UK income tax. Please refer to your adviser for guidance.
- ◆ The value of any tax benefits described depends on your individual circumstances. Tax rules and rates may change in the future.

#### Is there a death benefit?

- ◆ We will pay 100.1% of the value of your bond following death (for joint life policies on death of the last surviving life insured). Payment will be based on the cash value of your portfolio following sale of your fund holdings less any residual deductions and charges which apply.
- ◆ In the event of accidental death (as defined in the Terms and Conditions) before age 80 this death benefit will be increased to 120% of bond value, subject to a maximum increase in payout of £500,000 across all bonds, and any other policies held with us.
- ◆ Before we can pay out, we will need to see the original death certificate, policy schedule and, where applicable, proof of title from your legal personal representatives.

#### How am I kept informed?

- ◆ You will receive a full statement on a six monthly basis. This will contain a valuation of your bond and details of all transactions since the last statement date.
- ◆ We will issue you with contract notes for each transaction made on your portfolio.
- ◆ For personal investors, if any of your transactions give rise to a potential tax liability, we will send you a Chargeable Event Certificate within three months of the event.

#### Can my bond be set up under a trust?

- ◆ Yes. A range of trust options is available. Please refer to your adviser for guidance.

## Other information

### Cancellation rights

After you make an investment we will send you your bond documents. You will then have 30 days in which you can change your mind by writing or by email to our Administration Office (see 'Contact us').

If you cancel within this period your investment (less any adviser charges already paid to your adviser) will be returned to you. However, if market conditions have moved against you in the meantime, you may get back less than the original value of your investment.

If you choose not to exercise your right to cancel and later surrender your bond, the surrender value will be subject to fluctuating investment performance and charges as detailed in this document.

If a Bond that is linked to one or more other bonds as part of family linking is cancelled, we will review the Annual Management Charge on the remaining Bond(s) to determine the Annual Management Charge that should apply.

If the total of the remaining premiums means a higher Annual Management Charge applies to the remaining Bond(s) they will be moved to that Annual Management Charge.

### Example:

Mr Smith opens a Bond for £100,000. The Annual Management Charge for this would be 0.35%.

Mrs Jones (Daughter) opens a Bond for £150,000. The Annual Management Charge for this would be 0.30%.

When Family Linked together the combined premium would be £250,000. Therefore, making the Annual Management Charge 0.25% for each Bond.

If Mrs Jones cancels her bond then Mr Smith's Annual Management Charge will increase from 0.25% to 0.35%.

### Customer service

If you are not entirely satisfied with the products and the service you receive from us please let us know. You can ask for our leaflet 'Listening to Your Comments' to help you in presenting any concerns to us.

### How to complain

If you ever need to complain, please speak to your adviser in the first instance or contact us (see 'Contact us'). A copy of our complaints procedure is available on request.

HSBC Life (UK) Limited is covered by the Financial Ombudsman Service, so if you are not satisfied with our response, you can contact:

**Financial Ombudsman Service**  
**Exchange Tower**  
**1 Harbour Exchange Square**  
**London E14 9SR**

Telephone: **0800 0234 567**

Email: **complaint.info@financial-ombudsman.org.uk**

Further details are available on their website:  
**www.financial-ombudsman.org.uk**

Complaining to the Ombudsman will not affect your legal rights.

### Compensation

HSBC Life (UK) Limited is covered by the Financial Services Compensation Scheme. If HSBC Life (UK) Limited is unable to meet its obligations, you may be able to claim compensation. This is limited to transferring your policy to another insurer providing a new policy. If this is not possible then the FSCS will provide cover for 100% of the claim with no upper limit.

Further details are available on request or from the FSCS at:

**Financial Services Compensation Scheme**  
**PO Box 300**  
**Micheldean**  
**GL17 1DY**

Telephone: **0800 678 1100**

Email: **enquiries@fscs.org.uk**

Further information about compensation scheme arrangements is available from the FSCS: **www.fscs.org.uk**

### Terms and Conditions

These Key Features only give a summary of the Onshore Investment Bond – Select. Full details of the Terms and Conditions can be found in the Policy Document which will be issued with your bond documents when you apply. Please ask your adviser for a copy.

We may make changes to the Terms and Conditions (please see Clause 4). If so, we will notify you in advance and we will also send you a copy of anything that is changing.

### Law and Language

This bond is governed by the laws of England and Wales and the Terms and Conditions will be issued to you in English. We will always communicate with you in English.

### Important note

The HSBC Onshore Investment Bond – Select is provided by HSBC Life (UK) Limited whose main business is writing life policies.

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## Contact us

**HSBC Life (UK ) Limited**  
**Administration Office**  
**PO Box 1053**  
**St Albans**  
**AL1 9QG**

Email: [servicing@bond.hsbc.co.uk](mailto:servicing@bond.hsbc.co.uk)

Telephone: **0345 603 9164**

Fax: **0845 603 9186**

Lines are open 9am to 5.30pm Monday to Friday (excluding public holidays). To help us continually improve our service and in the interests of security, we may monitor and/or record your communications with us.

# Accessibility

To find out more about our accessible services please visit [hsbc.co.uk/accessibility](https://www.hsbc.co.uk/accessibility) or ask at any of our branches.

**If you'd like this in another format such as large print, Braille or audio, please contact us.**

A textphone service is available for customers with hearing and/or speech impairments. If you use your own textphone you can call us on **03457 125 563 (+44 207 088 2077** from outside the UK).

BSL Video Relay Service is also available (Monday-Friday 8am-6pm, excluding Bank and Public Holidays) at [hsbc.co.uk/accessibility](https://www.hsbc.co.uk/accessibility).

## **hsbc.co.uk**

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**Issued by HSBC Life (UK) Limited** Administration Office: PO Box 1053, St Albans, Hertfordshire AL1 9QG

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