A GUIDE

Your policy surrender explained

Helping you weigh up the pros and cons

Countrywide Assured

The purpose of this guide

The purpose of this guide is to help you weigh up the pros and cons of surrendering your policy and what to do should you decide to go ahead. You'll find warnings and information highlighted along the way with the help of icons – see the key below – and key words underlined, which feature on page 3 in the section 'Definition of key terms'. Details about your particular policy can be found on your Surrender Statement.

If you have any questions or need any help with understanding the pros and cons, your statement or the surrender process, please call us using the telephone number shown at the top of the letter accompanying this guide. Or visit our website **countrywideassured.co.uk**

Before you get started, we want to highlight the importance of getting independent financial advice before taking any action. Details on how to find an adviser are on page 3.

Contents

Key:

A key to the icons used throughout this guide.

Important information

Warning

Reasons to surrender your policy

Weighing up the pros and cons

We recognise that surrendering a policy isn't an easy decision to make, particularly if you have extra benefits and guarantees. Based on calls to our customer helpline, here are just a few examples of the reasons why some of our customers surrender their policy.

"I can't keep up the payments anymore."

"I'm moving home to downsize."

"I need some money now."

"I can get better investment performance elsewhere."

"I don't have a mortgage anymore."

"I'm taking my money because I'm unhappy with your service."

"My friend said I could do better elsewhere."

So we want to help you weigh up the pros and cons to make sure you're fully informed before taking any action.

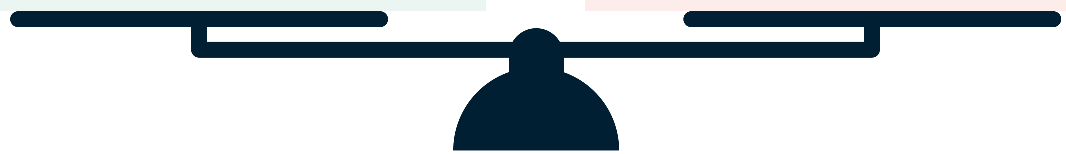
Take a moment to look at our lists of the pros and cons of surrendering your policy:

Pros

- Save money by stopping payments into your policy.
- You will get some cash back.
- For Unit Linked policyholders, avoid the risk of a potential future drop in value and take any gains now.
- Stop paying for any benefits you no longer need.
- Your policy may have reached the amount needed to pay off a debt.

Cons

- Losing any potential guarantees.
- Lose all the benefits of your policy, such as death and critical illness benefits.
- Losing out on potential future bonuses and future growth.
- Potentially being charged for taking your money early.
- Maybe getting back less than you put in.



Were you planning to pay-off your mortgage with this policy? Do you have an alternative policy in place? Will surrendering your policy leave you unable to pay off your mortgage? Talk to us about possible alternatives to surrendering your policy.

Once you surrender your policy, there's no going back. We strongly recommend you get independent financial advice. For details on how to find an adviser in your area, see page 3.

Alternative solutions

Exploring other options

There may be alternatives to surrendering your policy depending on the type of policy you have with us.

Take a payment holiday

You may be able to take a break from your regular payments.

If you start paying into your policy later on, you may be asked to pay all outstanding premiums.

Withdraw part of your policy

Referred to as a 'partial surrender' or 'partial withdrawal.' This way, you can have the money you need now and keep your policy going.

This option may reduce the level of benefits your policy offers and you may have to pay tax on any money you withdraw.

Sell your policy

Some policies can be auctioned off or sold through a specialist dealer. With Profits policies tend to be more popular with buyers.

Switch your investment funds

If your current fund is no longer right for you, have you thought about switching to a different fund(s)? For the latest investment information, visit our website.

Reduce your regular payments

Depending on the type of policy you have with us, you may be able to reduce your regular payment and/or the benefits of your policy. It does mean the level of your benefits, such as life cover, will reduce and you'll get less at your policy's maturity date.

Do bear in mind that it may not be possible to restore your premiums and/or benefits to their current levels later on.

If your policy is what's known as 'qualifying', any change may lead to it becoming a 'non-qualifying' one. In short, it could mean paying more tax on the money paid out to you or loved ones on, or before, your policy's maturity date. See page 3 for more details.

Stop paying into your policy

If you no longer need your policy, for example, you've sold your home or paid off your mortgage another way, you could stop paying premiums and let your policy run until the maturity date.

This option offers you a way to save money by no longer paying premiums while continuing to have some level of protection. It's referred to as making your policy 'paid up'.

A paid-up policy may mean a lower level of life cover and benefits. Why? Because we have to find another way to cover the cost of providing protection once your payments stop. We'll keep your policy going until the maturity date or it runs out of money, whichever happens first.

Your current policy drives which of these options, if any, will be available to you. So call us to help you find an outcome that works for you – use the telephone number shown on the top of the letter accompanying this guide.

Definition of key terms

Must-do checks before taking action

It's important to check you have all the facts before surrendering your policy.

Guarantees

If your policy has a guarantee, we strongly recommend you get independent financial advice. It's a valuable benefit which you don't want to lose. Your statement will tell you if your policy has one.

Charges

You need to think about all the charges involved when surrendering your policy, including a potential surrender charge. For more details about all charges, see the section 'Your policy – charges' on your Surrender Statement.

BETTER WEIGH UP THE PROS AND CONS BEFORE I DO ANYTHING.

Financial advice

You could lose out in many ways by surrendering your policy especially if you have any guarantees or bonuses built in. So we can't stress enough the importance of getting independent financial advice before taking any action.

To find an independent financial adviser in your area visit **unbiased.co.uk**

unbiased

Connecting millions to great advice

Non-qualifying policy

This type of policy doesn't have the same tax advantages as a 'qualifying' one. It means there may be additional tax to pay on the investment gains from your policy, no matter when you (or your loved ones) receive your money. If you're a higher rate tax payer or these gains take you into the higher rate tax bracket, you may have to pay more tax.

Paid up

This is an industry term which is used to describe a policy where the premiums are no longer being paid.

Partial surrender/partial withdrawal

A partial surrender means taking some money out of a policy by cashing in the number of units needed for the amount requested. If a policy has units in more than one fund, an equal number of units is deducted from each fund.

Qualifying policy

Put simply, a qualifying policy follows particular rules as set out by HM Revenue & Customs, some of which make this type of policy tax efficient. This means you may not be liable for any income tax on your money when it's paid to you, or your loved ones, either before or at your policy's maturity date. But if any changes are made to the policy, what was once a qualifying policy can become a non-qualifying one, i.e. you may have to pay additional tax.

For definition of other key terms, see **countrywideassured.co.uk**

What's next?

Consider your options

Alternative options

To discuss the alternatives available to you, please call us using the telephone number shown on the top of the letter accompanying this guide.

Surrender your policy

If you wish to go ahead with your surrender please see the 'Next steps' outlined in the accompanying letter.

> i We can't stress enough the importance of weighing up the pros and cons before making a decision, because once the surrender is complete, there's no going back.

Any questions?

Call us using the telephone number shown on the top of the letter accompanying this guide.

Or go to **countrywideassured.co.uk**

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