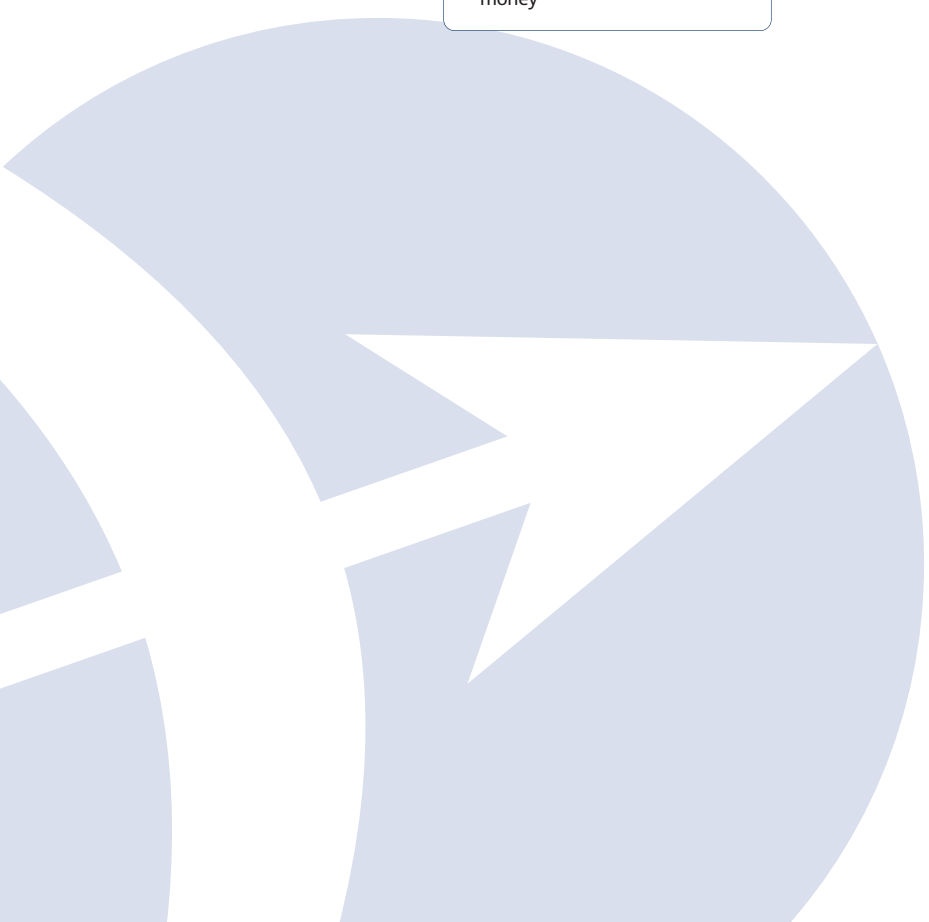


What

- Outlines the Key Features and terms and conditions of our 50+ Life Cover policy

Why

- To help explain the 50+ Life Cover policy - how it works, its aims, terms and conditions
- To give you the main features of the product to help you decide if it is suitable for you
- Includes information on your bonuses and how we invest, manage, protect and grow your money



The Financial Services Authority is the independent financial services regulator. It requires us, Foresters Friendly Society, to give you this important information to help you to decide whether our 50+ Life Cover policy 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.

Foresters Friendly Society 50+ Life Cover Key Features

Information, including a copy of this Key Features document is available in large print, audio and Braille upon request.

Its aims

Foresters Friendly Society 50+ Life Cover policy aims to provide:

- Your basic sum assured if you die after the policy has been going for two years.
- The basic sum assured if you die in the first two years as the result of an accident.
- A return of the premiums paid plus bonuses to date if you die from a non accidental cause in the first two years.
- The addition of with profits bonuses to the basic sum assured.

Your commitment

- To pay the regular monthly premium you choose at the outset of the policy, for the rest of your life.

Risks

- Bonuses will depend on the future investment performance of the with profits fund, as well as any deductions and how Foresters Friendly Society decide to distribute any profit.
- The addition of bonuses is not guaranteed and therefore it is possible that the 50+ Life Cover policy might not receive any annual and/or final bonus from the with profits fund.
- The sum payable on death will depend upon the bonuses added during the term of the policy.
- Your circumstances may change, forcing you to stop paying premiums. If this happens the death benefit will end or be greatly reduced and you may not get back as much as you have paid in.
- This is not a funeral plan. There is no guarantee that the benefit paid will cover the cost of a funeral.
- Depending on how long you live, the total

premiums paid may be greater than the amount payable on death and you must continue to pay premiums to maintain the cover.

Your Questions Answered

What is the 50+ Life Cover policy?

The 50+ Life Cover policy is a with profits whole of life policy under which the basic sum assured, plus all bonuses added, is payable upon the death of the life assured to the estate of the deceased.

Alternatively, you can choose to have up to £5,000 of the final payout paid to a nominated beneficiary.

Who can have a 50+ Life Cover policy?

As long as you are aged between 50 and 80, you are eligible to take advantage of the benefits of the 50+ Life Cover policy.

Does everyone pay the same monthly premiums?

The monthly premiums you pay depend upon your sex and age at the start of the policy and the amount of cover you require.

What will my policy cost?

The minimum premium you can pay is £10 a month, the maximum is £30 a month. Your Application Form provides a rate table showing the basic sums assured you would get depending on your age and the premium paid.

An example of how the 50+ Life Cover policy could work out:

The example shown is for a man aged 60 on commencement of the 50+ Life Cover policy and assumes that monthly premiums of £25 are received until the man reaches age 75. His basic sum assured would be £4,674.

What might the policy pay out at age 75	If cashed in?	On death?
If investments grew at 4% a year the amount payable would be	£3,410	£6,290
If investments grew at 6% a year the amount payable would be	£4,310	£7,280
If investments grew at 8% a year the amount payable would be	£5,330	£8,410

- These figures are only examples and are not guaranteed. They are not minimum or maximum amounts. What will be paid depends on how your investments grow, when death

occurs and on the tax treatment of your investment.

- You could get back more or less than this. The absolute guarantee is that the amount paid on death after two years or on death by accident at any time will be at least the basic sum assured.
- All Friendly Societies use the same rates of growth for projections but their charges vary.
- Do not forget that inflation will reduce what you could buy in the future with the amounts shown.
- The amount paid on death may be subject to Inheritance Tax. Tax rules may change in the future.

What happens on early encashment?

WARNING - If you cash-in your policy during the early years you will be unlikely to get back as much as you have paid in. The last two columns assume that investments will grow at 6%.

The Early Years

At end of year	Total paid in to date	Effect of deductions to date	What you might get back
1	£300	£309	£0
2	£600	£637	£0
3	£900	£500	£485
4	£1,200	£602	£752
5	£1,500	£716	£1,020

The Later Years

At end of year	Total paid in to date	Effect of deductions to date	What you might get back
10	£3,000	£1,530	£2,550
15	£4,500	£2,890	£4,310

What are the deductions for?

- The deductions include the cost of life cover, expenses, charges, any surrender penalties and other adjustments.
- The charges, expenses and other deductions used in this guide are best estimates based on current experience. They could vary in future.
- The bottom line in the table shows that over the term shown the effect of the total deductions could amount to £2,890.
- Putting it another way, leaving out the cost of life cover, this would have the same effect as bringing investment growth from 6.0% a year down to 3.3% a year.

Will my policy work out exactly as in the examples?

The examples are a guide for the age and sex shown. The full value of your policy at death will depend on what bonuses may have been added. The addition of bonuses is not guaranteed and it is possible that no annual and/or terminal bonus will be paid from the with profits fund.

What about the life cover?

Provided you maintain the premiums, and assuming there are no errors in the information you have given to Foresters Friendly Society, the basic sum assured plus bonuses to date will be paid on death due to any cause after two years, or on death due to accident in the first two years. In the first two years the benefit on death from causes other than accident is limited to the sum of the premiums paid plus bonuses to date.

Why is life cover limited to accidental death for two years?

Because there are no medical questions or examinations, this is necessary to protect the interest of the majority of policyholders.

Are there any policy restrictions which would result in non payment of the benefit?

Yes, in the first two years of cover the policy will only pay out the benefit if you die as a result of an accident. There are restrictions on the payment of this accidental death benefit. It will not pay out where death is caused directly or indirectly by:

- Intentional self inflicted injury.
- The taking of drugs, alcohol or poisonous substances including the inhalation of gases or fumes.
- Active participation in any criminal act.
- Active participation in any riot, civil commotion, insurrection or war (whether war has been declared or not) or any incident thereto.
- Engaging in any form of racing (including time trials).
- Participation in any form of aviation other than as a passenger on a regular fare paying airline.
- Any accident incurred while the life assured is resident outside the United Kingdom.
- Illness or disease of any kind.

Please note that if death results from any of the above in the first two years you will receive a refund of the premiums paid plus any bonuses to date.

Can I choose who my beneficiary is?

Yes, you will find a beneficiary nomination form on your Application Form. The nominated beneficiary can claim the policy benefit up to £5,000 without

waiting for probate. Any excess would become part of your remaining estate and have to wait for probate.

Where is the money invested?

Any money paid into the 50+ Life Cover policy is invested in Foresters Friendly Society's with profits fund. By spreading the money paid into the fund across a number of different types of investments you benefit from the exposure to a range of asset classes which may include stocks and shares, property and cash. A further advantage of this approach is that if the return of any one particular asset type is very poor, your investment may be protected from the full impact of this fall as the other assets forming part of the overall investment may perform better. Thus the fall in value of one asset class (e.g. shares) may be cushioned by the potential better performance in another asset class (e.g. property).

Can I use this as a savings plan?

The 50+ Life Cover policy is designed to provide life assurance cover so it is not suitable as a savings plan. The addition of bonuses is not guaranteed and therefore it is possible that the 50+ Life Cover policy might not receive any annual and/or final bonus from the with profits fund. In the case of a cash surrender the amount you receive would be considerably less than the death benefit at that time.

How are bonuses decided?

Depending on how the underlying assets in the fund perform and the costs incurred, at the end of each year we aim to declare an annual bonus. In addition, when your Foresters Friendly Society 50+ Life Cover policy is eventually claimed upon we may add a final bonus depending on the overall investment growth that has been achieved and expenses incurred. The addition of bonuses is not guaranteed and it is possible that no annual and/or final bonus will be paid from the with profits fund.

What happens if I stop paying my premiums?

During the first two years your policy has no cash in value. The life cover will cease immediately. After two years you can cash in your policy, but the value of it is unlikely to be as much as you have paid in. Alternatively, after two years, you can apply for a paid-up policy with reduced benefits.

Further Information

Cancellation rights

After your application is accepted you will receive a statutory notice of your right to cancel. You will then have 30 days from the commencement date of the policy, or the date the notice is received whichever is later, in which to change your mind. If you choose to change your mind a full refund of all monies paid will be made. You can do this by completing and returning the cancellation form to us at Foresters Friendly Society, Foresters House, 29-33 Shirley Road, Southampton SO15 3EW.

Advice

We do not offer financial advice. You should contact an Independent Financial Adviser if you have any doubts about the policy's suitability. You may have to pay a fee for this advice.

Premiums

Premiums are payable by monthly Direct Debit. Missed premiums could mean that your policy would lapse with no life cover or cash in value.

Tax

The fund in which your premiums are invested is taxed on growth but these taxes are paid by Foresters Friendly Society. Any money paid as a result of a claim on the policy will be free of basic rate Income Tax. There may be a charge to Income Tax if the receipt of any money from the policy, including any chargeable gain under the policy, makes you liable for the higher rate of Income Tax. The payment on death may be subject to Inheritance Tax. Tax legislation may change in the future.

Paid-up values

If you stop paying premiums after two years you can make the policy paid-up. The basic sum assured and bonuses already added will be reduced. Bonuses may continue to be added, but will be calculated according to the reduced basic sum assured.

Law

The law applicable to the formation and performance of this policy is that of England and Wales. The language of the policy is English. We will communicate with you in English. Our Head Office is in the United Kingdom.

Legislation

All or any of the benefits, the premium or the Policy Conditions may be adjusted as deemed appropriate:

- If there is any change in law or taxation affecting the policy.

- If any levy is imposed on Foresters Friendly Society under statute or statutory authority.

Notice would be given of any such adjustment.

Queries and complaints

For further information or queries on Foresters Friendly Society products or services please contact the Member Services Department, by tel: 0800 783 4162, email: memberservices@forestersfriendlysociety.co.uk or at the address at the back of this document.

If you wish to complain about any aspect of the service you have received, please contact Foresters Friendly Society. If a complaint is not dealt with to your satisfaction you can then complain to the Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall, London, E14 9SR. Tel: 0845 080 1800. Making a complaint will not prejudice your right to take legal proceedings.

Compensation

The Financial Services Compensation Scheme (FSCS) covers this policy. You may qualify for compensation from the Scheme if we are unable to meet our obligations. You can get further information from us or from the FSCS.

Client categorisation

We are required under the Financial Services Authority (FSA) rules to categorise our clients/members. All of our clients/members are categorised as 'Retail Clients', which affords our clients/members the highest level of protection under the FSA Rules.

A guide to how we manage our with profits fund

Foresters Friendly Society manages a range of with profits funds. This guide covers our Order Insurance Fund (OIF), Pure Endowment Fund (PEF), Tunstall Fund (TF) and Leek Fund (LF) only.

We manage the funds by following:

- Guiding Principles
- Principles and Practices of Financial Management (PPFM)

What are our Guiding Principles?

Put simply, our Guiding Principles are the philosophy on which we base our management of the funds.

In following our Guiding Principles:

- We will manage our entire business in a lawful, sound and prudent manner. We will

also manage the fund to make sure we can pay all guarantees and with the aim of giving fair treatment to all our members.

- In good years, we may hold back some of the profits made by the funds and use them to pay out more in years where the funds perform less well. This is known as 'smoothing'. Smoothing will not be used to cushion payouts during periods of prolonged poor investment returns.
- If we think there is not enough money in the funds to enable us to manage the funds properly, we may add some money - temporarily or permanently - from our other funds. Normally we will not use the OIF, PEF, TF or LF to support our other funds unless exceptional circumstances arise. If we do have to do this, we will try to minimise any financial disadvantage to members in the funds.
- We will aim to make sure that all the money in the funds is distributed over the remaining lifetime of the with profits policies in the funds.

Normally we won't change the approach we use when managing the funds. However, we might consider making such a change if, for example, we need to:

- protect the financial position of the fund in adverse circumstances
- improve the accuracy of our methods
- correct any major errors
- ensure we follow changes in taxation or regulation guidance
- deal with unforeseen events

If you would like a more detailed technical description of how we manage our with profit funds, please request a copy of our Principles and Practices of Financial Management (PPFM).

What are the Principles and Practices of Financial Management (PPFM)

The PPFM is a document describing, in detail, how we run our with profits business. It is split into two areas:

- **Principles.** High-level statements that describe our long-term approach to managing the fund.
- **Practices.** Specific statements on how we intend to put the Principles in place.

Naturally, we do not expect to change the Principles often, but will do so if we think they could lead to members being treated unfairly or if they could stop us managing the funds properly. If changes are to happen, we must tell you at least three months in advance. In this way, you will know how our long-term approach will be changing.

Practices change more often because we need to be able to respond to how the economy is performing, new rules and regulations, and new methods in the life insurance industry. We will publish any changes to Practices on our website and tell you about them in our next letter to you. In this way, you will be kept informed of how our approach has changed.

Because the PPFM is a long and very detailed document, this guide only highlights its key points.

How we decide how much you receive

The amount you receive depends on the type of with profits policy you have. Your policy contract should state clearly that you have a with profits policy. If you lose your policy, please phone us on 0800 783 4162.

Under with profits policies, in return for your contributions/premiums, we pay a guaranteed amount which may be:

- one lump sum payment (called a basic sum assured or basic maturity amount)
or
- a series of payments (called an annuity or pension)

We aim to increase the guaranteed amount by adding bonuses. Guaranteed amounts from your policy will be paid on the set event or date stated in your policy contract. The set event may be the end of the policy's term, as agreed when you took it out. This date is called the "maturity date". The set date may be when you retire.

Different amounts may be paid out on other events, such as deaths, and your policy contract will tell you what these amounts are. If you leave your policy early, we may reduce the amount paid out.

How we decide bonuses

In most cases we announce bonuses at least once a year. When deciding whether we should pay bonuses, we look at the current financial position of the fund and forecast how we expect this to change in the future.

If we think profits are not or will not be enough, we may not pay any bonuses. If the guaranteed benefits for the group are higher than the value of investments held, bonuses may be small or nothing. We may pay different bonuses for different groups

of policies to reflect the nature of the policies.

Annual bonuses

We aim to pay annual bonuses once a year to our with profits policies.

Annual bonuses are set by taking into account what the fund can afford to pay now and in the future.

This approach enables us to make sure we can meet all guaranteed amounts when they have to be paid.

We aim to not significantly vary the amount of annual bonuses from year to year. Once an annual bonus has been added, this increases the guaranteed amount on a policy and so can't be taken away.

Interim bonuses

Interim bonuses may be paid to with profits policies between annual bonuses. If you make a claim between dates on which we've paid an annual bonus, we may add an interim bonus too. This makes up for some or the entire expected annual bonus earned in the year.

Final bonuses

Final bonuses may be paid to some policies when they end. We pay them to make sure your total pay out fairly reflects the amount due to you in the light of how the fund has performed over the term of your policies. This will take into account a number of factors such as investment performance, allowing for any tax and deductions for expenses and the cost of any options and guarantees. The level of final bonus will also take into consideration an element of smoothing that is described in the section that follows on how we cushion you from the ups and downs of the stock market.

WARNING: The addition of bonuses from the with profits fund is not guaranteed and therefore it is possible that any Foresters Friendly Society with profits policy might not receive any annual and/or final bonus.

What happens if you exit (or surrender) your policy early?

If you exit your policy early (surrender your policy), we work out how much to pay you with the aim of being fair to members leaving the fund and those staying. If there is any conflict between the interests of members who are leaving and those who are staying, we normally give priority to those staying.

What is a Market Value Reduction (MVR)?

We may reduce the surrender value of some policies by applying a Market Value Reduction (MVR). Its purpose is to ensure that:

- the surrender value is not unfairly higher than

- the market value of the policy's assets; and
- a fair share is left for the remaining members

The size of a MVR will change from time to time. A MVR only applies to Bonds, Individual Savings Accounts (ISAs), Child Trust Fund and Ethical Child Trust Fund in the OIF and TF. Your policy contract will tell you if you have one of these policies.

It's worth noting that MVRs are not applied to payouts on maturity or death.

How we aim to protect you from the ups and downs of the Stock Market

Historically, the value of shares and property has risen more than government bonds and cash over long periods such as 20 years. However, the return has also been more unpredictable and volatile. One year an investment may do very well, the next it could fall in value.

We aim to protect members against periods of poor investment return by 'smoothing' bonuses from year to year.

So we may hold back some of the profit earned during good years. This 'smoothing' is one of the main ways in which the with profits fund aims to be fair to all its members. It also keeps the fund strong.

In adverse or unusual circumstances, we may apply a lesser degree of 'smoothing' than normal to protect the fund's financial strength. We may smooth regular premium policies that continue until maturity more than we smooth surrendered policies and single premium policies.

How we invest the with profits fund

We decide what to invest in and how much to invest by looking at:

- the fund's current and future financial position and the need to make sure there is enough money in it
- the level of guarantees in the fund
- members' reasonable investment expectations, including any specific promises we have made to you about how your money is invested

The fund invests in a mix of equities (shares), property, fixed-interest type assets (such as government bonds and corporate bonds), and cash. These different investment types are called assets. Normally we do not use derivatives (which are the rights to buy or sell assets at a particular price at a particular time), but may decide to use them in certain circumstances as an efficient way of quickly changing the investments in the fund.

We control the risks that come with investing by choosing assets of good quality and by setting limits

on the amounts we invest in any one asset or our exposure to any third party.

If we think it is right to do so, we may allocate certain assets to specific policies in the fund. For example, we may do this to reflect the type, the amount and the timing of guarantees.

We review our investment strategy at least annually but may need to do so more often if market conditions change quickly.

Ethical investment

Foresters Friendly Society offers an Ethical Child Trust Fund. Contributions are invested into the ethical section of Foresters Friendly Society's with profits fund.

How we manage potential risks

The fund is exposed to a number of risks. Our biggest risks come from the need to pay all guarantees when they are due and the possibility of falls in share or property values.

We aim to reduce our exposure to risk by changing our investment strategy as market conditions dictate.

Currently, we aim to spread risk over the fund as a whole.

However, if a risk arises which is related closely to a particular policy type, we may apply some or all of the cost of this risk to the policies in question as long as this is consistent with the plan conditions and the law.

Except for normal levels of investment risk resulting from managing the fund's assets, the fund will not take on any significant new risks.

More about charges and expenses

All charges for administration, expenses and commission are based on what we calculate to be the fair share of the costs we incur. The charges we make to manage individual funds are based on a fair share of the total investment management costs of Foresters Friendly Society.

This calculation takes into account costs of holding different types of assets and the fund's investment activity (i.e. the costs of buying and selling assets).

How to get in touch

Write to:

Foresters Friendly Society
Foresters House
29/33 Shirley Road
Southampton
SO15 3EW

Tel:

0800 783 4162

Fax:

023 8022 9657

Visit: www.forestersfriendlysociety.co.uk

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Foresters Friendly Society is the trading name of The Ancient Order of Foresters Friendly Society Limited.

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Foresters Friendly Society is an incorporated branch society registered in the United Kingdom.