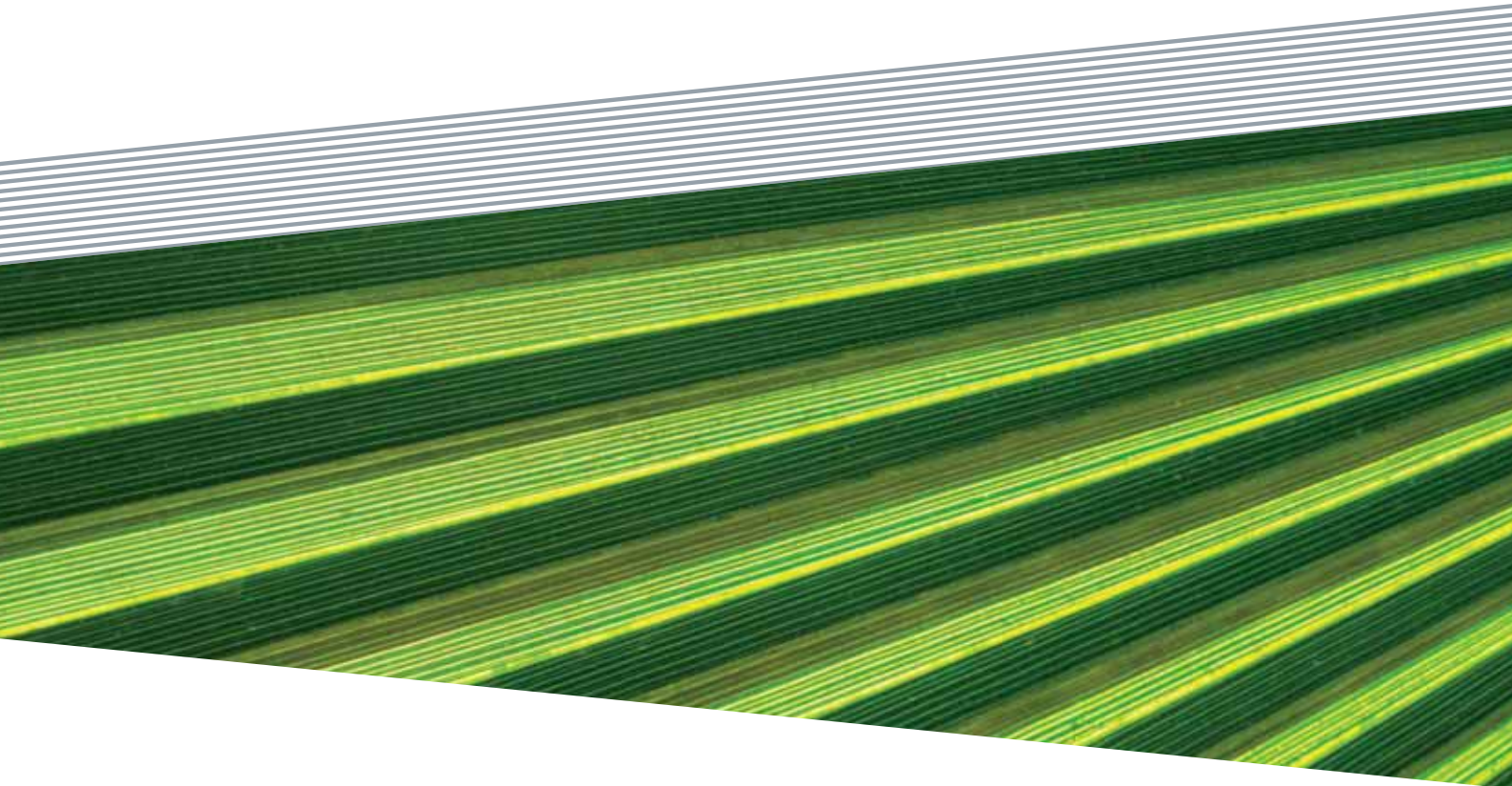


International Discounted Gift Scheme

Product Details

Incorporating the Discounted Gift International Portfolio Bond



Inheritance Tax Planning





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Glossary

Definitions of commonly used words. For ease of reference these terms have been given capital initial letters wherever they appear.

Beneficiaries

The individual(s) or charitable organisation(s) who may or will receive benefits from the Trust other than yourself.

Bond

The Discounted Gift International Portfolio Bond.

Bond Assets

Allowable assets held within the Bond.

Bond Currency

The selected currency from the three acceptable currencies.

Discount

The actuarial calculation of the present value of your Retained Rights, as set out in the Trust, to be paid to you during your lifetime.

Discounted Gift Valuation

The written communication to you, based on the information provided in the Settlor/Donor Questionnaire and any other medical evidence required, that includes a personal valuation of the Discounted Value of the Investment.

Discounted Value of the Investment

The discounted or reduced value of the gift for Inheritance Tax purposes. This will be the value of the cash sum given to the Trustees less the Discount.

Donor

This is the person (or persons) creating the Absolute Trust. There may be one or joint Donors. Joint Donors must be married or registered civil partners.

GPR

General Practitioner's Report. A private report on your medical history prepared by your doctor.

HMRC

HM Revenue & Customs who are responsible for collecting tax in the UK.

Inheritance Tax

A tax that can be charged on lifetime gifts and on death.

Initial Amount

The cash sum gifted by you to the Trustees.

Legal & General International

Legal & General International (Ireland) Limited, part of the Legal & General group of companies.

Lives Assured

The persons on whose lives the Bond depends, each of whom is a 'Life Assured'. The death benefits are payable on the death of the last Life Assured.

Nil Rate Band

An amount you can transfer to your Beneficiaries either during your lifetime or after your death, without paying any Inheritance Tax.

Policy (Policies)

The contract between the policyholder and Legal & General International. The Bond comprises a series of identical insurance contracts represented by individual Policies. Each Policy is represented by its own unique number. References to the 'Policy' or 'Policies' shall be deemed to include all in force policies within the Bond unless the context requires otherwise.

Regular Withdrawals

Regular partial surrenders from the Bond that are normally free of a surrender charge and used to provide regular payments to you (the Retained Rights) under the Scheme rules, or subject to the agreement of the Trustees, regular payments to the Beneficiaries after your death.

Retained Rights

Your right to receive fixed Regular Withdrawals at specified intervals for life from the Policy taken out by the Trustees or until the value of the Policy is exhausted, whichever comes first.

Scheme

The International Discounted Gift Scheme.

Scheme Adviser

The person advising the Settlor/Donor and/or Trustees on the Scheme.

Scheme Illustration

The individual illustration of the potential investment returns that may be achieved under the Scheme as well as the charges that may apply.

Settlor

This is the person (or persons) creating the Discretionary Trust. There may be one or joint Settlers. Joint Settlers must be married or registered civil partners.

Trust

The International Discounted Gift Scheme Absolute or Discretionary Trust. This is the legal arrangement whereby money is held by the Trustees for the benefit of the Beneficiaries and which pays you your Retained Rights throughout your lifetime, or until the value of the Policy is exhausted, if earlier.

Trust Fund

The Trust Fund means the Initial Amount, the Policy, the monies, investments and property, from time to time, representing it.

Trustees

The Trustees are the legal owners of the Trust Fund. They are responsible for managing the Trust for the benefit of you and the Beneficiaries.

Valuation Certificate

The document provided to you after the Scheme has been set up, stating the Discounted Value of the Investment.

Valuation Point

This is the time of day and day of the month that an asset is valued. This may be on a daily basis, but an asset can be valued less frequently. The Scheme Adviser will provide details of the Valuation Point, where this applies, for the assets that have been selected.

1. Introduction

This document describes the technical features of the Legal & General International Discounted Gift Scheme in conjunction with the Discounted Gift International Portfolio Bond. Although we try to avoid using jargon in documents such as this, there are some technical terms with specific meanings that are explained in the glossary at the beginning of this document.

2. Product description

The Discounted Gift International Portfolio Bond is a single premium whole of life investment bond with no fixed term issued by Legal & General International. It provides a tax efficient framework for investing in assets from a wide choice of different investment managers and deposit account providers. The Bond is only available in conjunction with a Legal & General International Discounted Gift Trust. Together, they form the International Discounted Gift Scheme.

The Bond is set up as a series of identical contracts (called Policies) to give the Trustees greater choice as to how the Trustees take money from the Bond and potentially to increase its tax efficiency. The Trustees can choose how many individual Policies they want when they apply for the Bond (minimum of 1, maximum of 500). If the Trustees do not make a selection, 100 individual Policies will be issued.

3. Eligibility

The Scheme is available to individuals aged 18 to 89 years inclusive. There can be single or joint Settlers/Donors (maximum two). Joint Settlers/Donors must be married or registered civil partners.

The International Discounted Gift Scheme has been designed to help mitigate the effects of UK Inheritance Tax. This being the case, the Scheme is only suitable for Settlers/Donors who are currently domiciled/deemed domicile in the UK for Inheritance Tax purposes and whose estates' will, or are likely to be, subject to this tax.

To be eligible for the Scheme, you must comply with the following residency notes:

- the Settlers/Donors must be resident in one of the territories in which Legal & General International is licenced to operate; and
- the majority of the Trustees must be resident in and the Trust must be administered in one of the territories in which Legal & General International is licenced to operate; and
- the Scheme Adviser must be based and provide advice in one of the territories in which Legal & General International is licenced to operate; and
- none of the Trustees or Settlers/Donors can be resident in the Republic of Ireland; and
- none of the Trustees or Settlers/Donors can be citizens of the United States of America.

Currently, the territories from which we will accept applications for the Scheme include the United Kingdom, the Channel Islands and the Isle of Man.

Lives Assured

The Lives Assured may be any named individuals.

- Minimum number of lives: Two.
- Maximum number of lives: Six.

Life Assured age limits.

- No minimum age limit.
- No maximum age as long as at least one life is aged 89 or under and at least one life is younger than the Settlor/Donor and whose age and health is such that they are likely to survive the Settlor/Donor (or youngest Settlor/Donor where this applies).
- The Settlor/Donor, or the Settlor/Donor's spouse or registered civil partner, cannot be included amongst the Lives Assured.

Assessing the Settlor/Donor's life expectancy

- a short health and lifestyle questionnaire, which includes questions on height, weight, smoker status, alcohol consumption and HIV, is required for each Settlor/Donor; and
- a GPR is also required for each Settlor/Donor. The Settlor/Donor Questionnaire requests consent from the Settlor/Donor to obtain the report. Further additional medical information may also be requested.

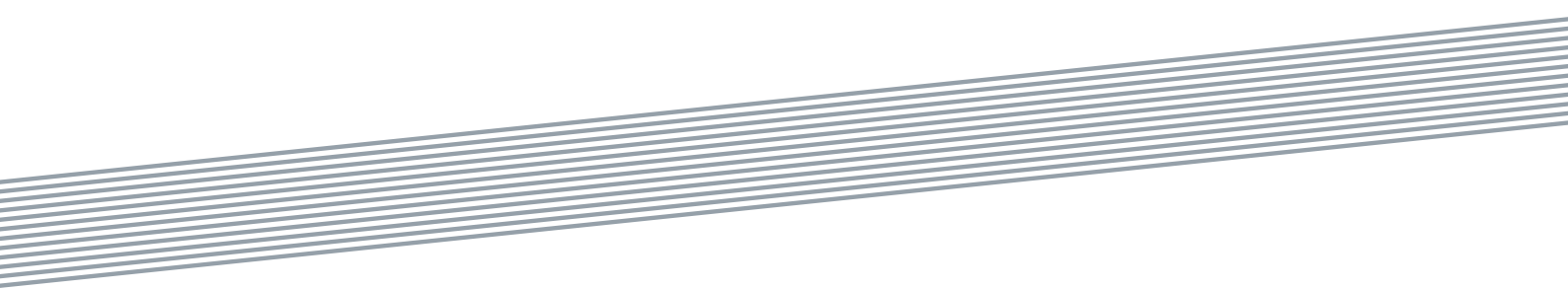
4. Current investment limits

The Bond can be set up in one of three currencies (the Bond Currency) – British Pound, Euro or US Dollar. The current investment limits are as set out in the following table.

Bond Currency	£	€	\$
Minimum new investment	£75,000	€112,500	\$150,000
Maximum new investment	No limit	No limit	No limit

Investment in the Bond can be made in any freely convertible currency, which will be converted into the Bond Currency and the cost of conversion deducted from the amount to be invested.

For the purpose of monetary limits, currently, the Euro and US Dollar equivalent figures are 1.5 times and 2 times the British Pound figure respectively. These factors may change dependent upon foreign currency exchange rate fluctuations.



It is not possible to make additional investments into an existing Discounted Gift International Portfolio Bond. A new Discounted Gift International Portfolio Bond and International Discounted Gift Scheme needs to be set up for any additional investments.

Payment can be made by cheque or telegraphic transfer. Premiums in excess of £750,000 must be made via telegraphic transfer.

Where you are the only Settlor/Donor, you must be the only person to provide the money. Payment from a joint account is not acceptable. Where there are two Settlers/Donors, payment can be made from a joint bank account in the name of both Settlers/Donors or in equal amounts from individual accounts. If funds are provided in equal amounts from individual accounts, it needs to be clear that the accounts are in the sole names of the respective Settlers/Donors. Alternatively, payment can be made from a Trustee bank account set up for the purpose.

5. Allowable assets

The Bond Assets may include funds offered by Legal & General International, unit trusts, investment trusts, open ended investment companies (OEICs), overseas collective investments and deposit accounts. Please note that not all types of the different kinds of investment described above will be acceptable to Legal & General International and so will not qualify to be held as Bond Assets.

The minimum investment in each asset will be £2,500 (or the equivalent in the other acceptable Bond Currencies), or the minimum allowed by the asset provider, whichever is the greater.

Details of the Legal & General International funds currently offered, including the fund aims and the fund specific risks, are described in the International Funds Key Features.

Alternatively, the Trustees can choose externally managed assets from any number of investment managers and deposit account providers acceptable to Legal & General International. The Scheme Adviser will provide the Trustees with details.

Some externally managed investment funds, known as the Portfolio Select and Portfolio Select Plus Funds are available on special terms and details can be obtained from the Scheme Adviser.

Following receipt of a completed application and payment at Legal & General International's office in Dublin, Ireland, instructions to purchase assets will be given on the next working day after the date of receipt. The time taken to complete the purchase or sale of an externally managed asset will depend upon the Valuation Point of the asset.



When deciding where to invest Trustees should bear in mind that:

- past performance is not a guide to future performance;
- the value of the Bond may go down as well as up;
- the returns Trustees may receive are not guaranteed and they could get back less than the investment;
- for assets that are not priced in the chosen Bond Currency, fluctuations in foreign currency exchange rates will affect the value of the Bond; and
- unless the performance of the Bond Assets meets the rate of inflation, the real value of the Bond will reduce.

The performance of the assets in which the Trustees choose to invest is not Legal & General International's responsibility. They do not have the right to claim compensation against Legal & General International in relation to the poor performance of any asset. Also, the Trustees do not have the right to claim compensation against Legal & General International in relation to the default of any external investment managers or deposit account providers.

Legal & General International's rights to recover losses in connection with any breaches by the external investment or deposit account provider or the assets managed by them may not be as extensive as those of individuals investing directly in the relevant asset.

6. Transaction account(s)

The Main and Additional transaction accounts

The Bond will hold a cash transaction account in the Bond Currency from which payments will be made and through which investment income and the proceeds of investment transactions will be managed. This is known as the Main transaction account.

Additional transaction accounts can be created in the other two acceptable currencies to facilitate the management of Bond Assets priced in these currencies. Purchases of Bond Assets priced in other currencies than the Bond Currency will suffer exchange rate charges on conversion to or from the Bond Currency. If a Bond Asset is held in one of the other two acceptable currencies, this need not occur until final disposal or conversion to an asset in another currency.

All sums held in the transaction accounts will form part of the overall value of the Bond for the purposes of calculation of charges.

The initial balance in the Main transaction account should be set at a level that takes into account any initial charge that may apply. The ongoing balance should be set at a level that takes into account any establishment and administration charges, plus any imminent Regular Withdrawals.

Interest while the transaction account is in credit will be paid as follows:

- British Pound – 1.25% below Bank of England base rate per year;
- Euro – 1.25% below European Central Bank base rate per year; and
- US Dollar – 1.25% below Federal Reserve base rate per year.

Should base interest rates equal or fall below 1.25% per year, then no interest will be paid on a credit balance.

Interest will be charged on a negative balance currently at 3% per year above the relevant bank base rates illustrated above.

Interest is worked out daily and is credited to or debited from the balance in the transaction account quarterly on 31 March, 30 June, 30 September and 31 December.

Liquidity policy

At any stage Legal & General International reserves the right to sell Bond Assets and apply the monies to the transaction account to cover an overdrawn balance.

The Trustees can select a generic order to sell assets for this purpose after the Bond has been set up. This should be reviewed after any of the assets have been varied. This choice can be changed subsequently by instructing Legal & General International in writing. If the Trustees do not notify us we will sell assets in accordance with our liquidity policy, which is available on request. We will not take account of the prevailing market conditions when selling assets.

To avoid unnecessary dealing charges, we will not sell assets until the account is overdrawn by at least 2% of the value of the Bond. Where we sell assets in accordance with our liquidity policy, we will sell assets equivalent to 4% of the Bond value.

7. Investment variation

The Trustees can vary Bond Assets at any time, subject to the criteria described in section 5. In exceptional circumstances, it may not be possible to redeem a Bond Asset quickly. If this happened at a time the Trustees want to withdraw money from the Bond by selling a specific Bond Asset, it could become necessary to delay paying the Trustees.

There is, currently, a charge for dealing in externally managed assets, which is described in section 9.

We reserve the right not to buy or sell an asset if it would result in a holding in any asset being less than £2,500 (or equivalent in other acceptable currencies) or the minimum allowed by the asset provider, whichever is the greater.

All correctly completed investment variation instructions received at Legal & General International's office in Dublin, Ireland, will be carried out on the next working day after the date of receipt.

. Valuing the Bond

Bond Assets

The value of the Bond at any time will depend on the total value of the assets held, including any transaction accounts.

The value of the Bond will always be shown in the Bond Currency.

Transaction statements

Transaction statements, shown in the Bond Currency, will be issued twice a year in January and July, giving:

- a breakdown of types of asset held including amounts held in cash;
- an up to date value of the assets;
- a value on death;
- a surrender value; and
- a summary and detailed breakdown of all transactions since the last statement (or from the Bond start date if the first statement).

Additional transaction statements or current valuations are available direct from Legal & General International on request. The first 10 additional transaction statements in a year will be free, but there will be a charge for any subsequent requests. Please see section 9 for details.

9. Charges

There are five different charging structures for the Trustees to choose from and the Scheme Adviser will help the Trustees decide which is best for their circumstances. The different structures allow the Trustees to achieve the right balance between an immediate initial charge and/or charges spread over a longer period of time. The charges applicable to your Bond will be listed in the Scheme Illustration.

Charging structure one and five have an initial charge.

Charging structures two, three and four each carry a surrender charge that may apply if part or the whole of the Bond is surrendered.

Charging structure four has a reduced allocation rate if Regular Withdrawals are greater than 2.5% of the investment per year.

Charging structure one

Initial charge version

This option carries a one-off charge, which is deducted from the Initial Amount. The initial charge is a percentage of the Initial Amount. If you agree to pay a fee to the Scheme Adviser for the advice you receive, the charges listed are the maximum initial charges that you will pay. If you agree that the Scheme Adviser will receive commission to cover the cost of the advice given, the initial charge will increase by 1% for every 1% of initial commission the Scheme Adviser receives. We have capped the maximum initial commission an adviser can receive at 6% of the Initial Amount.

Initial charge		Early surrender charge
Initial Amount	Charge	
£75,000 – £124,999	2.75%	None
£125,000 – £249,999	2.00%	
£250,000 – £999,999	1.20%	
£1 million and over	1.00%	

Charging structure two

Five year charge version

This option carries a quarterly establishment charge for the first five years the Bond is in force. The establishment charge is a percentage of the Initial Amount. If you agree to pay a fee to the Scheme Adviser for the advice you receive, the charges listed are the maximum establishment charges that you will pay. If you agree that the Scheme Adviser will receive commission to cover the cost of the advice given, the establishment charge will increase by 0.061% for every 1% of initial commission the Scheme Adviser receives. We have capped the maximum initial commission an adviser can receive at 6% of the Initial Amount.

Quarterly establishment charge		Early surrender charge (Based on the Initial Amount and no initial commission)	
Initial Amount	Charge	Start of year	Maximum charge
£75,000 – £124,999	0.1813%	1	3.7%
£125,000 – £249,999	0.1340%	2	2.9%
£250,000 – £999,999	0.0990%	3	2.2%
£1 million and over	0.0900%	4	1.5%
Deducted three months after the start of the Bond and thereafter quarterly on the corresponding day.		5	0.8%
		6	0.0%

The early surrender charge is equal to the outstanding establishment charges for the remaining term of the establishment charge. It is a percentage of the Initial Amount. The surrender charges shown have been rounded up in some cases. Where you surrender part way through a year these figures can be greater than those shown, as the establishment charge is taken quarterly in arrears. The maximum surrender charges will be greater than those shown in the table if your adviser receives initial commission.

Charging structure three

Eight year charge version

This option carries a quarterly establishment charge for the first eight years the Bond is in force. The establishment charge is a percentage of the Initial Amount. If you agree to pay a fee to the Scheme Adviser for the advice you receive, the charges listed are the maximum establishment charges that you will pay. If you agree that the Scheme Adviser will receive commission to cover the cost of the advice given, the establishment charge will increase by 0.0375% for every 1% of initial commission the Scheme Adviser receives. We have capped the maximum initial commission an adviser can receive at 6% of the Initial Amount.

Quarterly establishment charge		Early surrender charge (Based on the Initial Amount and no initial commission)	
Initial Amount	Charge	Start of year	Maximum charge
£75,000 – £124,999	0.1250%	1	4.0%
£125,000 – £249,999	0.0950%	2	3.5%
£250,000 – £999,999	0.0790%	3	3.0%
£1 million and over	0.0750%	4	2.5%
Deducted three months after the start of the Bond and thereafter quarterly on the corresponding day.		5	2.0%
		6	1.5%
		7	1.0%
		8	0.5%
		9	0.0%

The early surrender charge is equal to the outstanding establishment charges for the remaining term of the establishment charge. It is a percentage of the Initial Amount. The surrender charges shown have been rounded up in some cases. Where you surrender part way through a year these figures can be greater than those shown, as the establishment charge is taken quarterly in arrears. The maximum surrender charges will be greater than those shown in the table if your adviser receives initial commission.

Charging structure four

Throughout life charge version

This option carries a quarterly establishment charge for as long as the Bond remains in force. The establishment charge is a percentage of the prevailing value of the Bond. If you agree to pay a fee to the Scheme Adviser for the advice you receive, the charges listed are the maximum establishment charges that you will pay. If you agree that the Scheme Adviser will receive commission to cover the cost of the advice given, the establishment charge will increase by 0.025% for every 1% of initial commission the Scheme Adviser receives. We have capped the maximum initial commission an adviser can receive at 6% of the Initial Amount. The early surrender charge will increase in proportion to the amount of initial commission paid to the Scheme Adviser and could apply for a maximum of 8 years.

Quarterly establishment charge <small>(The rate of charge is based on the Initial Amount. It is deducted as a percentage of the prevailing value of your Bond)</small>		Early surrender charge <small>(Based on the prevailing Bond value and no initial commission)</small>		Level of Regular Withdrawal	Allocation rate
Initial Amount	Charge	During year	Charge		
£75,000 – £124,999	0.1400%	1	2.5%	From 1% – 2.5% Over 2.5% – 5% Over 5% – 10%	100% 99% 97.5%
£125,000 – £249,999	0.0650%	2	2.0%		
£250,000 – £999,999	0.0530%	3	1.0%		
£1 million and over	0.0500%	4	0.0%		
Deducted three months after the start of the Bond and thereafter quarterly on the corresponding day.					

Charging structure five

Initial and ongoing charge version

This option carries a one-off initial charge and a quarterly ongoing charge. The initial charge is a percentage of the Initial Amount and is a one-off charge, which will be deducted from the transaction account on the day the Bond is set up. The ongoing charge is a percentage of the greater of the Initial Amount or the prevailing value of the Bond and it is deducted for as long as the Bond remains in force.

Initial Amount	Initial charge	Quarterly ongoing charge <small>(The rate of charge is based on the Initial Amount. It is deducted as a percentage of the greater of the prevailing value of the Bond or the Initial Amount).</small>	Early surrender charge
£75,000 – £149,999	6%	1.25%	Nil
£150,000 – £249,999		0.40%	
£250,000 – £499,999		0.30%	
£500,000 – £999,999		0.20%	
£1 million and over		0.15%	
Deducted three months after the start of the Bond and thereafter quarterly on the corresponding day.			

The charges listed above are the maximum charges that you will pay. If you agree that the Scheme Adviser will receive a fee to cover the cost of the advice given or that they are giving up an element of commission, the Initial Charge will reduce by 1% for every 1% of initial commission the Scheme Adviser gives up. We have capped the maximum initial commission an adviser can receive at 6% of the

initial investment. Legal & General International reserves the right to vary the ongoing charge, at any time after the Bond is set up. The charge may be varied to reflect increases in the overall cost and/or changes in the assumptions about future expenses. If we intend to increase the ongoing charge we will give you 30 days prior written notice before the charge becomes effective.

In addition to the charges outlined above some of the following charges apply to all five options above.

Administration charge

There is a policy administration charge (currently £89.25) deducted three months after the start of the Bond and, thereafter, quarterly in arrears on the corresponding day. The policy administration charge does not apply to charging structure five. Where it does apply, the current charge will be shown in the Scheme Illustration and, once the Bond has been set up, the transaction statement.

Asset administration charge

An Asset administration charge applies to certain assets, which can be invested in through your Bond, and is intended to cover the costs we incur when dealing with certain asset providers. Where an asset administration charge applies to a particular asset, it is calculated by applying the rate of the asset administration charge for that asset to the value of the asset calculated on the day the charge is deducted.

If an asset administration charge applies to any of your selected assets, this charge will be shown on the Scheme Illustration and will be deducted from the transaction account. You can find a table showing the current charges, and the assets to which the charges apply, in the Charges Guide. The latest version of the Charges Guide can be located on the Legal & General International website at: www.legalandgeneralinternational.com/literature

Maintenance charge

A maintenance charge of up to 1% a year of the prevailing Bond value may apply if the Trustees have agreed this with the Scheme Adviser.

Charges on Legal & General International funds

The annual fund charge is a recurring charge taken on a monthly basis and reflects Legal & General International's investment costs and expenses. The annual fund charges for these funds are shown in the Scheme Illustration. The Scheme Adviser will be able to provide more details about these funds. These funds bear additional expenses but they are not included in the annual fund charge. The amount of these expenses is variable and cannot be accurately predicted in advance. If and when they become due, they are applied by making a deduction from the value of the relevant investment fund. An appropriate allowance for them is made when calculating the assumed benefits shown in an Illustration.

Charges on assets managed by investment managers and deposit account providers other than Legal & General International

Depending on assets selected, there may be an initial charge and ongoing annual charges and expenses. The Scheme Adviser will provide details of the charges that apply.

It is not possible to identify the exact costs associated with every asset purchased, but the cost of acquiring the asset will be attributed to the Bond. The prices quoted for each asset are normally already adjusted to reflect the relevant charge. The Scheme Adviser will explain these charges.

Dealing charge

Currently, we do not make any dealing charge for investments between Legal & General International funds, Portfolio Select or Portfolio Select Plus funds. Information about all of these investment funds can be obtained from the Scheme Adviser.

There will be a charge (currently £26.25) for disposals or acquisitions of other investments including bank deposits. Please contact the Scheme Adviser for further details regarding the dealing charge.

Legal & General International reserves the right to impose a charge and/or increase the charge to cover the cost of administering an investment variation. This is likely to be applied if the number of trades is deemed to be excessive.

Transaction statement charge

The first 10 transaction statement requests in any 12 month period will be free of charge; however, requests in excess of this may be subject to a charge (currently £26.25). Please contact the Scheme Adviser for further details regarding the transaction statement charge.

Currency charges

If Trustees buy assets within the Bond that are not in the Bond Currency, it may be necessary to carry out a foreign exchange conversion before the assets are purchased.

Electronic transfer fees

Payment made to or from the Bond by same day electronic transfer may attract a charge that the Trustees will have to pay. The charges we apply will be at the rate charged by our bankers.

Other information about charges

Legal & General International may vary all charges on giving one month's notice subject to the following:

- charges may be increased to reflect increases in the overall costs and/or changes in the assumptions about future expenses;
- if we vary or introduce a charge we will notify the Trustees in advance of the date from which the charge will be introduced or the charge will become effective; and
- the initial charge, the establishment charge, the maintenance charge and the surrender charge for previous investments into the Bond will not be varied.

The administration charge, the dealing charge and the transaction statement charge will be increased on 1 January of each year to reflect any increase in the UK RPI. If there has been no increase in the UK RPI, we may still increase the charge, subject to the above.

The charges on externally managed assets may be varied from time to time.

If the value of the Bond falls dramatically the Trustees may have to cover any outstanding charges from the other property held within the Trust. If there is insufficient value remaining in the Bond to cover any outstanding charges, Legal & General International reserves the right to cancel the Bond.

The Trustees may incur professional charges in setting up and running the Trust.

10. On death of a Settlor/Donor

Death of the first of joint Settlers/Donors

The Bond remains unchanged. The amount of the Regular Withdrawals chosen at the start of the Bond will continue to be paid unaltered to the surviving Settlor/Donor.

Death of a sole Settlor/Donor, or second Settlor/Donor

- The Trustees must inform Legal & General International immediately as your right to receive the regular payments as required by the Trust ceases on death. If any Regular Withdrawals are paid after the date of death but prior to Legal & General International receiving notification, it is the Trustees' responsibility to recover the payments where appropriate.
- The Bond can continue until the death of the last Life Assured.
- The Trustees will have increased flexibility over what they can do with the investment. Their options will include, amongst others:
 - surrender all or part of the Bond to enable the Trustees to distribute or reinvest trust capital for the benefit of a Beneficiary; or
 - make regular payments to the Beneficiaries at a rate determined by the Trustees. It is possible to alter the Regular Withdrawals in amount and frequency after your death.

11. On death of a Life Assured

Death of a Life Assured while others still alive

The investment will continue on the life of the surviving life (lives).

Death of the last surviving Life Assured

On the death of the last Life Assured we will pay the Trustees the death benefit.

The amount of this benefit is determined by multiplying the surrender value of the in-force Policies by 100.1%. If the last surviving Life Assured dies within the surrender charge period, a surrender charge will be deducted before the death benefit is calculated, on charging structures two, three and four.

The death benefit can only be calculated once the sale of all the assets has been completed and all cash resides in the transaction account.

If the last Life Assured dies whilst the Settlor/Donor is still alive, the death benefit can be re-invested in a new Discounted Gift International Portfolio Bond subject to:

- Legal & General International still offering the Bond for new investment generally.
- The product terms that apply to re-investment at the time. The Trustees of the International Discounted Gift Trust must provide details of the new Lives Assured for the replacement Bond.

12. Surrendering all or part of the Bond

Options available during the Settlor/Donor's lifetime

Partial surrender

- One or more of the Policies or a proportion of all of the Policies can be surrendered to provide the Trustees with sufficient money to cover payments such as:
 - an Inheritance or Income Tax demand that may become due as a result of operating the Trust,
 - a professional Trustee's fees where the Trustees appointed agree to pay such fees.
- Legal & General International requires confirmation of any tax or fee due before a partial surrender is paid. A partial surrender to provide the Trustees with sufficient money to cover the payment of any tax or fee due, may cause a surrender charge to be incurred.
- The minimum amount that can be taken by partial surrender is £200.
 - Following a partial surrender made by surrendering individual Policies, during your lifetime, the Regular Withdrawals will be maintained at the same amount as before the surrender. To do this Legal & General International will increase the rate of Regular Withdrawals on the remaining Policies. If the value of an individual Policy is less than £200, sufficient Policies to cover this amount will need to be surrendered.
 - The Trustees should be aware that:
 - taking the same amount of Regular Withdrawals will increase the chances of the Bond's value being exhausted;
 - there may be significant tax implications if the partial surrender and/or Regular Withdrawals are above the tax efficient limits; and
 - a full surrender of a Policy or Policies may cause a surrender charge to be incurred on future Regular Withdrawals and other partial surrenders.

Full surrender

The option to fully surrender the Bond is not available while your Retained Rights remain to be satisfied. The full surrender of the Bond, after your Retained Rights have been satisfied, could have a significant impact on the amount of income tax that may become payable. The Trustees should obtain professional tax and legal advice before they consider this course of action.

Options available after the Settlor/Donor's death

- The Trustees can:
 - surrender some or all of the Policies at any time, and
 - stop or change Regular Withdrawals and the recipient of the withdrawals.

Surrender charge

- A surrender charge may be deducted from surrenders, depending on the charging structure chosen. A surrender charge will not be incurred to provide Regular Withdrawals during your lifetime provided that a Policy or Policies have not been previously surrendered. The amount that may apply to an individual Scheme and an example of the effect of this is shown in the International Discounted Gift Scheme Illustration.

13. Regular Withdrawals

Regular Withdrawals are regular partial surrenders used to satisfy your Retained Rights while you are still alive or, after your death and once your Retained Rights have ceased, they can be used to provide the Beneficiaries with regular payments. Regular Withdrawals are taken by surrendering a proportion of all Policies and, provided Policies have not been previously surrendered, no surrender charge is deducted. They must be set up at the start of the Bond. They cannot be altered until you die (or the second of you to die if there are joint Settlers/Donors).

Regular Withdrawals apply to the whole Bond, that is partial surrenders are made from all Policies. They can be made by selling selected Bond Assets. The Trustees should consider the possibility of delays in selling Bond Assets when using this option.

Limits:

- Minimum: 1% each year of the Initial Amount (subject to the restriction stated below).
- Maximum: 10% each year of the Initial Amount

If one or more Policies are fully surrendered during your lifetime the percentage payable from the remaining Policies is increased to maintain the amount of the payments. Under these circumstances, the maximum above does not apply.

The minimum amount of a Regular Withdrawal is £200 per month or £2,400 per policy year for other frequencies (or equivalent in whichever currency the Bond is held).

Frequency of payment:

- Payments can be made monthly, quarterly, half yearly or yearly during your lifetime.
- The amount and frequency of payments must always correspond to that stated in the Trust.
- It is not possible to alter the amount, the frequency or the payment date of your Retained Rights during your lifetime.

After the Settlor/Donor's death:

Regular Withdrawals must stop. The Trustees can ask for new Regular Withdrawal payments to the Beneficiaries to start, which can be altered at any time and as often as required.

14. Cooling Off

A cancellation notice will be sent to the Trustees after the Bond has been set up. If the Trustees exercise the right to cancel within 30 days of receipt of the cancellation notice a refund will be made. The amount of the refund will be the value of the Bond having deducted any dealing or currency charges on disposal of the assets, after the cancellation notice is received at our office in Dublin, Ireland. The payment will be as follows:

- if the total value of the Bond as described above is equal to or greater than the Initial Amount, a full refund of the Initial Amount will be made; or
- if the value of the Bond as described above has fallen below the Initial Amount, the refund amount will be the value of the Bond.

If the Trustees decide to cancel within this 30 day period, the Trust will no longer exist. The refund will be returned to the payee responsible for the Initial Amount.

15. Taxation

The details given here are based upon Legal & General International's understanding and interpretation of current legislation in the United Kingdom and Ireland and UK HMRC and Irish Revenue practice, which may change. We recommend that the Trustees consult the Scheme Adviser.

Legal & General International

Legal & General International does not pay any capital gains tax, income tax or corporation tax in Ireland on investments held on behalf of its investors. Therefore, investment gains accumulate free of these taxes.

Some income arising from the underlying investments of Bond Assets may be liable to withholding tax. This tax is deducted from dividends and other income from overseas based investments. It is deducted at source and cannot be reclaimed by the policyholder. A fund manager may be able to reclaim the withholding tax deducted at source in respect of dividends or other income generated by the underlying investments of Bond Assets.

Where withholding tax has been reclaimed, the fund manager may reinvest the amount, pay a dividend or make an interest distribution. Where a fund manager elects to pay a dividend or make an interest distribution, you will see the relevant entry on your transaction statement. If the amount has been reinvested into the fund, this will be reflected in the value of your holding in that fund.

The tax efficiency of this Bond depends upon how the Bond is used. We recommend that the Trustees seek advice on all aspects of taxation and to help to maximise the tax advantages that the Scheme offers.

The Settlor/Donor and the Trustees

Income tax

- Where the Scheme has joint Settlers/Donors the gift is calculated on a 50:50 basis for income tax purposes in respect of the total of Regular Withdrawals and partial surrenders.
- When money is taken from the Bond income tax may become payable in the following circumstances:
 - if Regular Withdrawals in any policy year exceed 5% of the Initial Amount;
 - on the partial surrender across all Policies in any policy year which exceeds 5% of the Initial Amount;
 - any combination of these types of withdrawal which, in any policy year, exceed 5% of the Initial amount: or
 - on the full surrender of one or any number of the individual Policies making up the Bond.

The 5% 'allowance' enables the Trustees to withdraw up to 1/20th of the Initial Amount during the policy year in which the investment is made, and in the following 19 years without triggering any immediate assessment to income tax. By making use of the 'allowance' in this way, the Trustees would be able to withdraw 100% of the Initial Amount over 20 years without suffering any income tax on the withdrawals at the time they were made.

The 5% per policy year tax deferred 'allowance' is cumulative. For example, if you elect to take Regular Withdrawals at 4% of the Initial Amount then payments could continue to be made for 25 years without any immediate income tax liability arising.

- A chargeable event will occur when Regular Withdrawals and/or partial surrenders across all in force policies exceed the relevant cumulative 'allowance'. The 5% 'allowance' does not apply to any withdrawal that is paid by means of fully surrendering one or more individual policies.

If, following a chargeable event, a chargeable gain arises, the person(s) on whom the gain will be assessed and will be liable for any income tax, will depend upon the type of Trust – Absolute or Discretionary – that the Bond is held under. The calculation and taxation of any chargeable gain arising in respect of a Bond held under Trust is a complicated matter and if such a gain should arise, the Trustees should seek professional tax advice.

- Legal & General International will advise the Trustees and HMRC where a chargeable gain exceeds certain limits.

Inheritance Tax

Before the Bond starts, the Discounted Value of the Investment is calculated. The Discounted Value of the Investment represents the Initial Amount as stated in the Trust, less the Discount. The Discount is the actuarial value Legal & General International places on the Retained Rights to be paid to you during your lifetime and is calculated taking into account:

- your age and gender;
- your state of health, following your completion of a Settlor/Donor Questionnaire and a report from your general practitioner (and in some circumstances a medical examination); and
- the monetary amount of the Regular Withdrawals you select.

A Valuation Certificate showing the Discounted Value of the Investment will be issued on completion of the processing of the Scheme application. HMRC will use the Discounted Value of the Investment rather than the amount actually invested in the Bond to determine if there is any immediate Inheritance Tax liability.

Where there are joint Settlers/Donors, the Valuation Certificate includes a breakdown of the amounts apportioned to each Settlor/Donor. The value placed on each Settlor/Donor's share is calculated by taking into account the factors in the list above. Each Settlor/Donor makes their own gift to the Scheme, which allows for individual submissions to HMRC, where necessary. However, only one payment will be made in respect of the Retained Rights and this will continue until the death of the second Settlor/Donor or until the value of the Bond is exhausted, if earlier.

The treatment of the investment for Inheritance Tax purposes will depend upon which type of Trust is chosen.

Discretionary Trust

- At the date of making the gift, there could be an immediate charge to Inheritance Tax. This will be the case where the value of the Discounted Value of the Investment, when combined with your cumulative total of chargeable lifetime transfers in the immediately preceding seven years, exceeds the Nil Rate Band applicable at the time the Scheme is established. In such circumstances it will also be necessary to report the gift to HMRC.
- If you elect to pay any Inheritance Tax due on an immediately chargeable gift, this means that the value of your estate will be reduced by both the amount of the gift and the tax due thereon. Consequently, it will be necessary to gross-up the value of the gift in excess of the Nil Rate Band by the rate of tax due (currently 20%) so as to reflect the overall loss to your estate. This is because it is on this amount that HMRC will calculate the tax due where you have elected to pay the tax. The Scheme Adviser will provide information about the HMRC forms that need to be completed and when they should be submitted.

For example, if Inheritance Tax is due on the whole value of a gift of £100,000, the gift is grossed-up using the lifetime rate of tax (currently 20%) to £125,000. You will then be liable for £25,000 tax (being 20% of £125,000), which must be paid no later than between six and 12 months after the end of the month in which the gift was made.

You and the Trustees need to agree who will pay the tax and who ever is chosen, is then responsible for paying it:

- If you die within seven years of the date of the gift there could be a further assessment to tax, based on the value of the gift at the time it was made and the Nil Rate Band in force at the time of your death. Any tax due would be chargeable at the death rate (currently 40%), although taper relief would apply if you have survived for at least three years, which will help reduce the amount of tax payable. Any tax payable on entry at the lifetime rate (currently 20%) is then deducted.
- There will be a periodic charge at each 10 year anniversary of the Trust whilst it remains in force. This could result in tax, at a maximum rate of (currently) 6%, being charged on the value of the Bond, minus the actuarial value of your Retained Rights (if any) at that time, which is above the Trust's available Nil Rate Band at the tenth anniversary. It will be necessary to take account of any chargeable transfers made by you in the seven years immediately before the Trust was established, in order to determine the available Nil Rate Band.
- The Settlor's rights end when you or the last Settlor dies. Subsequently, a proportionate charge to Inheritance Tax could arise where trust capital is distributed to Beneficiaries of the Trust or when the Trust comes to an end. Trustees should obtain professional tax advice prior to making any such distribution or prior to bringing the Trust to an end.

This will mean the Trustees will need to know the actuarial value of your Retained Rights at each 10 year anniversary whilst you are alive.

Absolute Trust

- The gift you make is classed as a potentially exempt transfer (PET). This means that, irrespective of the amount transferred, there will be no immediate Inheritance Tax liability on the gift at the time the Scheme is established.

Provided that you survive for seven complete years after the date of the PET, it becomes fully exempt and so would not be subject to Inheritance Tax on your death.

However, should you die within seven years, the PET becomes a chargeable transfer and an Inheritance Tax calculation will need to be undertaken. A tax liability will arise where the Discounted Value of the Investment at the time it was made, together with any other chargeable transfers made by the Donor in the seven years immediately prior to the gift (including any earlier 'failed' PETs), exceeds the Inheritance Tax Nil Rate Band applicable in the tax year of your death. The rate of Inheritance Tax charged on any resulting excess value of the gift will be at the death rate (currently 40%). However, if you survive for at least three complete years after making the gift, taper relief will be available to reduce the rate of tax actually charged on the excess.

It is important to note that irrespective of whether there is any Inheritance Tax due on the gift itself, the full amount of any chargeable lifetime transfer or PET that becomes chargeable – by virtue of your death – will have to be taken into account when assessing the Inheritance Tax liability on your estate should you die within seven years of making such transfers.

Other notes on tax

Your Scheme Adviser can provide further information on the tax treatment of the Bond.

Note: Whilst there can be no guarantee that HM Revenue & Customs (HMRC) will not challenge the Discounted Value of the Investment shown in the Valuation Certificate, Legal & General International is committed to ensuring that its procedures are robust enough to protect its customers expectations and defend the Scheme Adviser's position as far as possible. Legal & General International believes that obtaining a GPR for each Settlor/Donor is the best method to ensure this.

16. Other information

About Legal & General International (Ireland) Limited

Legal & General International (Ireland) Limited is a subsidiary of the Legal & General Group Plc. It is based in Dublin and writes tax efficient life insurance policies for UK investors.

The Legal & General Group, established in 1836, is one of the UK's leading financial services companies. Over 6.5 million people rely on us for life assurance, pensions, investments and general insurance plans. The Legal & General Group is responsible for investing £287 billion worldwide (as at 30 June 2009) on behalf of investors, policyholders and shareholders.

The regulator

Legal & General International (Ireland) Limited is authorised by the Financial Regulator in Ireland.

How to contact Legal & General International

- For further information before deciding to invest or about a new application the Scheme Adviser should be contacted.
- For information after completion of the Bond, either contact the Scheme Adviser; or
- Telephone: 0845 674 0803

Call charges will vary. We may record and monitor calls.

Or write to:

Legal & General International (Ireland) Limited
Beaux Lane House
Lower Mercer Street
Dublin 2
Ireland.

How to complain

If the Trustees would like to complain about any aspect of the service provided by Legal & General International (Ireland) Limited, they can call or write using the details set out in the 'How to contact Legal & General International' section. A copy of the complaints handling procedures is available on request. If they are not satisfied with the response, they may be able to complain to:

Financial Services Ombudsman's Bureau
3rd Floor
Lincoln House
Lincoln Place
Dublin 2
Telephone: + 353 1 6620899

The final decision of the Ombudsman is binding on both parties subject only to appeal to the Irish High Court.

Compensation

If Legal & General International (Ireland) Limited is unable to meet its obligations, the Trustees may be entitled to compensation under the UK Financial Services Compensation Scheme (FSCS). This depends on the type of business and the circumstances of the claim. Currently 90% of the value of the valid claim is covered by the scheme. The Trustees can get further information from the FSCS on their website at www.fscs.org.uk.

The Trustees should understand that the performance of the assets in which they choose to invest is not Legal & General International's responsibility. They do not have the right to claim compensation against Legal & General International in relation to the poor performance of any Bond Asset. Also, they do not have the right to claim compensation against Legal & General International in relation to the default of any external investment managers and deposit account providers.

Legal & General International's rights to recover losses in connection with any breaches by the external investment manager or deposit account provider or the assets managed by them may not be as extensive as those of individuals investing directly in the relevant asset.

Law

- Unless otherwise stated in writing, the law that applies to the Bond is the law of England and Wales.
- The Terms and Conditions and all our customer communications will only be available in English.
- All communications from us will normally be by letter or telephone.

Legal & General International (Ireland) Limited

Registered in Ireland number: 440141
Registered office: Beaux Lane House,
Lower Mercer Street, Dublin 2, Ireland
www.legalandgeneralinternational.com

Legal & General International (Ireland) Limited is
authorised by the Financial Regulator in Ireland

A member of the Association of International Life Offices

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