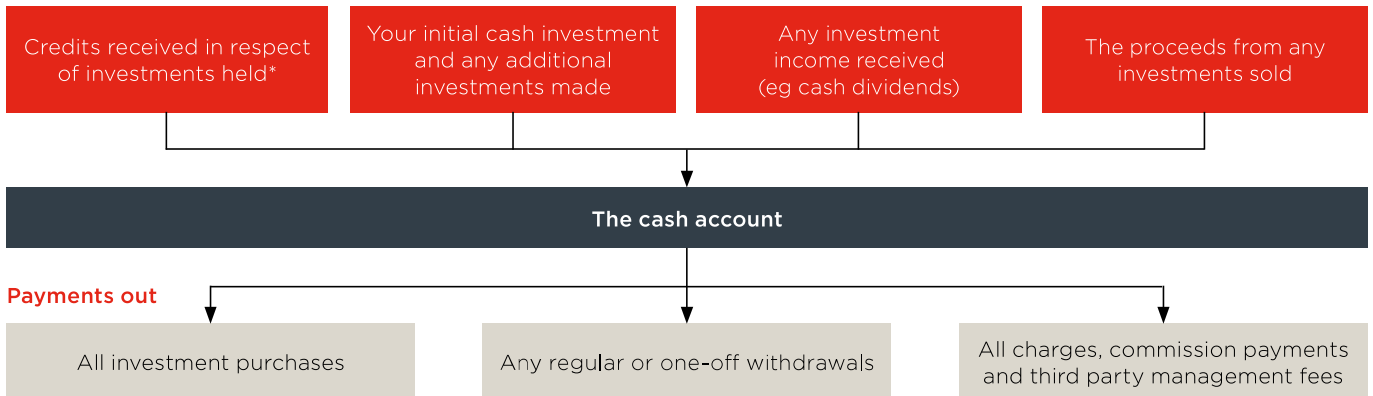


## Management of cash accounts

The cash account is an integral part of your bond and is designed to facilitate payments in and out of your bond (see diagram below) and works in a similar way to a bank account. This leaflet contains important information in respect of cash accounts and should be read along with the brochure, the key features document and the policy provisions you were given when you took out your bond or made an additional investment.

### Payments in



\* Credit payments received from the investments held by the bond, usually either trail commission or rebates of annual management charges (AMCs), ie not income.

### How do you get a cash account?

A cash account was set up when you took out your bond. It will have been in the same currency that you chose for the bond. All charges and fees (eg quarterly bond charge, administration charge, dealing charges, trail commission etc) are paid from the cash account.

### Can you have more than one cash account?

Additional cash accounts are set up if there are transactions in currencies other than your chosen bond currency, eg investments into a fund in another currency or regular withdrawals or partial encashments requested in another currency. A cash account will be set up for each new currency.

Please note that investments paid into a currency cash account aren't automatically converted into the bond currency cash account.

### Why is managing each cash account important?

All your bond transactions go through the cash account(s), so it's important that you or your appointed investment adviser make sure each account remains in credit and that there's always enough cash to cover any transactions. Interest is charged if a cash account is overdrawn at 4% above the base rate for the account's currency. Similarly, you should ensure that each cash account is not over funded since it is not intended to be an investment option and you won't be entitled to individual depositor protection in respect of cash account balances (see the section 'Cash account risks' on page 2).

## Withdrawing money from your bond via the cash account

All regular or partial withdrawals from your bond will be processed via your cash account(s). Asset sales to fund a withdrawal will be settled into the cash account(s). When a sufficient balance (assets sale proceeds and any existing cash account balance) is created in the cash account(s) to fund the withdrawal, the cash is then paid out to you.

Details of how to make withdrawals are contained in the product literature you received when you took out your plan. If you would like a copy, please contact us using the details on the back page.

## Do credit balances receive interest?

Credit balances currently receive interest which is paid at 2% below the base rate of each currency. There is no interest paid if the base rate is 2% or lower.

Please note: As stated above, the cash account(s) is not designed as an investment option under your bond, and this is reflected in the level of interest payable on cash account balances. Whilst it is an asset of the bond for the purpose of valuing the bond it simply facilitates the movement of money into, out of and within the bond. For 'true' cash-based investments, such as deposit accounts, there's a wide range of investment funds available.

## What happens if a cash account goes overdrawn?

If a cash account goes overdrawn, you might not be able to make new transactions or buy new assets. All overdrafts will be charged interest at each month end. This is why it's so important you monitor the balance of each cash account regularly.

If a cash account remains overdrawn for more than three months, we may sell assets to clear the overdrawn balance.

## Maintaining a credit balance

Overdrawn accounts usually happen because of the deduction of fees, charges and regular withdrawals. There are several ways you can maintain a credit balance:

### 1. Closely monitor and manage cash balance(s)

Your cash account(s) balance(s) details are shown in your quarterly valuation statements. You can ask for additional valuation statements at any time but there will be a charge. If you have more than one cash account, you need to make sure there's enough cash in each account, as there's no automatic transfer between accounts to cover overdrawn balances. Please let us know in writing using the contact details on the back page if you want to transfer cash between cash accounts. This transaction will be subject to a currency conversion charge.

### 2. Sell some assets

You can sell assets at any time. You'll need to make sure you specify the required settlement currency in your instructions. Please note that in some circumstances there may be a delay in selling assets.

### 3. Choose investments which pay an income

Some investments offer a choice of either paying income in the form of cash dividends to the relevant cash account(s), or reinvesting income into the fund for additional units. Choosing the cash dividend option can help you manage the cash account(s) and maintain a credit balance.

If you choose this option, you'll need to make sure that income payment dates are before the dates when charges, withdrawals etc are due. Please note that levels of income from investments can fall as well as rise.

### 4. Allocate part of the initial cash investment to the cash account(s)

Any part of the initial or additional investment not used for investment purchases will automatically default to the cash account for the relevant currency.

### 5. Appropriate choice of cash account to fund an investment purchase

If you're using a cash account to fund an investment purchase, you don't need to choose the cash account in the same currency as the investment you are buying. You can fund the purchase from cash accounts in other currencies that have a better credit balance. Please note the transaction will be subject to a currency conversion charge.

### 6. Pay the proceeds from investment sales to other currency cash accounts

You can choose to have the proceeds from the sale of, say, a dollar based investment paid into a sterling cash account. This transaction will be subject to a currency conversion charge.

Please remember that currency exchange movements can have an effect on the value of your investment.

## Cash account risks

The cash assigned to your and other bond holders' cash accounts is pooled by RL360 Life Insurance Company Limited (RL360° Services) and placed in a number of deposit accounts held in RL360° Services' name. RL360° Services aims to spread the credit risk in respect of the sums by placing the pooled cash account monies with a number of different banks which meet RL360° Services's credit risk criteria. However, this credit risk sits with bondholders and RL360° Services does not accept any liability in respect of such risk.

RL360° Services' valuation of your cash account (and, as a consequence, the value of your bond) therefore may be impacted by credit risk attaching to these institutions. Where RL360° Services anticipates that it will not be able to recover pooled cash account monies, a reduction will be applied on a pro-rata basis across all bonds with cash account credit balances.

As there is no direct relationship between you and any deposit taking institution holding pooled cash account monies, if any such institution becomes insolvent you won't be able to claim under the relevant compensation scheme. RL360° Services will pursue a claim under the relevant scheme to the extent it is able to do so, however any recovery will be shared pro-rata between all policyholders. Please see the 'Important information' section overleaf.

Please speak to your adviser or contact us using the details on the back page for details of the banks used by RL360° Services for the deposit of cash account funds.

## In summary

Cash accounts are an integral part of the administration of your bond and are included when valuing your bond. They are needed in order to:

- fund investment purchases and any withdrawals
- receive investment income and sale proceeds
- pay charges and any other expenses.

### Please note:

- Like all assets linked to your bond, cash accounts involve investment risks. They are not intended as a long-term investment option.
- You or your appointed investment adviser must manage the cash accounts to make sure that whilst they stay in credit they are not over funded in light of these risks.
- Positive credit balances may earn interest.
- Overdrawn cash balances will be charged overdraft interest.
- We may sell assets to clear an overdrawn cash account.
- Overdrawn cash balances may prevent your bond from buying assets.
- Overdrawn accounts usually happen because of the deduction of fees and regular withdrawals if they are not closely monitored.
- Regular information on the cash accounts is provided in the quarterly statements.

Owners of policies issued by RL360° Services receive the protection of the Isle of Man Compensation of Policyholders protection scheme, which covers an amount equal to 90% (subject to the provisions of the scheme) of RL360° Services liability where it is unable to meet its financial obligations. RL360° Services reserves the right to adjust the returns to cater for any levy or charge made on it under the regulations or similar legislation.

If a fund manager or deposit-taking institution based in the Isle of Man, chosen by an investor, advisers or RL360° Services for its pooled cash account monies, becomes insolvent, the above scheme will not apply.

RL360° Services, as the legal and beneficial owner of any deposits (including pooled cash account monies) held within its products which are placed with a bank licensed under the Isle of Man Banking Act, can claim under the Isle of Man Depositors' Compensation Scheme Regulations 2010. Under this scheme RL360° Services can only make one claim. The claim may be up to a maximum of £50,000 for all deposits held at an individual bank and which would be spread proportionately across all bonds with deposits with that particular deposit taker.

This may mean in practice that individual policyholders receive very little benefit from the scheme.

If deposits are placed with a bank which is not licensed under the Isle of Man Banking Act, (eg banks based in the UK, Ireland, Jersey, Guernsey, Europe etc) and that bank should become insolvent, then RL360° Services will not be able to claim compensation under the Isle of Man Depositors' Compensation Scheme Regulations 2010. In this case, RL360° Services would seek compensation under any equivalent compensation scheme in the bank's home country.

Most types of UK based investment business (including OEICs and unit trusts) and cash deposits are covered by the UK's Financial Services Compensation Scheme (FSCS). Where your bond invests in UK based investments or pooled cash account monies are placed with UK institutions, those assets will not be covered by the FSCS. This is because the FSCS is designed to protect individual investors and, therefore, it does not apply to investments placed by institutional investors like RL360 Life Insurance Company Limited.

## How to contact us

Call us on **+44 (0)1624 638888**.

We may record and monitor calls to help us to improve our service.

Fax number: **+44 (0)1624 625900**

Office address: International House, Cooil Road, Douglas, Isle of Man IM2 2SP, British Isles.

## Important information

Holding cash as a speculative investment could result in the bond being regarded as a personal portfolio bond, which will have tax consequences for UK residents. Holding cash in the bond currency for normal day-to-day dealings does not present any tax issues.