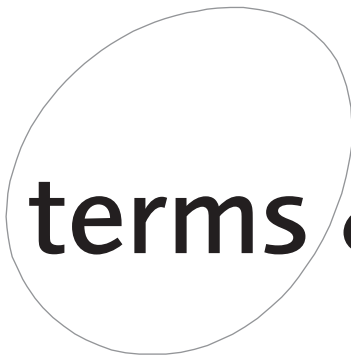


# Signature 2 Bond

Form: SIG2SAA/SIG2LAA

TC 1018 (REV 05-07)



## terms & conditions booklet

This is the terms and conditions booklet for your Signature 2 Bond. Please keep it safe in your welcome pack, as you will need it again in the future.

## Introduction

We (Irish Life Assurance plc) are providing this investment for you (the investor or investors named in the investment schedule) based on the application form you signed.

Our contract with you for this investment is made up of:

- the schedule;
- this terms and conditions booklet;
- the application form;
- the fund rules (we will send these to you if you ask for them); and
- any extra rules added by authorised Irish Life staff. (we will tell you if we need to add any extra rules.)

We pay benefits in return for the money you pay us – the amount is shown on your schedule. We will normally pay all benefits from this investment in euro.

We will pay benefits only from the assets that we hold to make payments to customers.

In legal disputes Irish law will apply. The only rules, terms or conditions that are legally binding are those set out in our contract with you.

You will find more detailed information on all these matters in the relevant sections of these terms and conditions.

## Who receives the money we pay out?

We will normally pay any benefits due under the investment to you. If you die, we will pay the person who deals with your estate. If you transfer the investment to someone else (for example, if you pass it to a financial institution as security for a loan), we will pay the proceeds to them. You must tell us if you transfer your investment to someone else.

If there are two people making the investment, we will pay you jointly. If one of you dies, we pass the full value of the investment to the other, and the investment will continue.

## Writing to us

If you need to write to us about this investment, please send your letter to:

Irish Life Centre  
Lower Abbey Street  
Dublin 1.

## Cooling-off period

If, after taking out this investment, you feel that it is not suitable, you may cancel it by writing to us at the address shown above. If you do this within 30 days from the date we send you your welcome pack (or a copy), we will refund your money. However, we will take off an amount to reflect any fall in investment values over the period. We strongly recommend that you consult your financial adviser before you cancel your investment.

## Complaints

We will do our best to sort out complaints fairly and quickly through our internal complaints procedure. If you are not satisfied after complaining to us, you can take your complaint to the Financial Services Ombudsman of Ireland. You can get more information from:

Financial Services Ombudsman's Bureau  
3rd Floor  
Lincoln House  
Lincoln Place  
Dublin 2.

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# Definitions

## Section 1

Certain words and phrases used in this terms and conditions booklet have specific meanings, which might be different from the meaning they would have in general use. These words are shown in **bold** and listed below, together with an explanation of their meanings in relation to this investment.

### **Allocation amount**

This is the amount you invest multiplied by the allocation percentage shown in the investment schedule.

### **Fund**

Any of the Signature 2 funds.

### **Fund value**

At any date, this is the value defined in section 2.

### **Investment price**

The price of a unit of a fund, which we use to work out the value of your investment. This is the price we use when buying and selling units in the fund. The investment price on any given date is the price which we have set for that date.

### **Signature 2 funds**

Consensus Fund  
Global Indexed Fund  
Indexed Cash Fund  
Indexed US Fund  
Indexed UK Fund  
Indexed Europe Fund  
Indexed Japan Fund

Indexed Ireland Fund  
Indexed Telecommunications Fund  
Indexed Technology Fund  
Indexed European Gilts Fund  
Indexed Bank Fund  
Indexed Ethical Global Fund  
Indexed Pacific Equity Fund  
Active Managed Fund  
Global Opportunities Fund  
Corporate Long Bond Fund  
PI International Share Fund  
Fidelity Managed International Fund  
Fidelity India China Fund  
Fidelity Portfolio Select Growth Fund  
Fidelity European Opportunities Fund  
Fidelity Global Property Shares Fund  
Fidelity Global Special Situations Fund  
Bloxham High Yield Fund  
Bloxham Contrarian Fund  
Bloxham Intrinsic Value Fund  
Bloxham Global Alpha Fund  
Bloxham Logic Fund  
Property Portfolio Fund  
UK Property Fund  
Commodities Index Fund  
Diversified Assets Fund

In the future we may increase or reduce the number of Signature 2 funds.

You can ask us to send you a copy of the rules creating these funds and describing how they work.

### **Start date**

This is the date when we invest your money. If you make extra investments, they will have different start dates.

### Units

Each fund in the panel of funds contains a number of identical units. We will work out the value of each unit by referring to the value of the assets of the fund after we make deductions. We set aside a number of these units for the plan so we can work out its value.

### We, us

Irish Life Assurance plc.

### You, your

The person (or people) named as the owner in the schedule. You are legally entitled to the investment benefits as long as they have not been transferred to someone else.

## Unit-linking

### Section 2

This type of investment is known as a unit-linked investment. We invest your money on the start date of your investment. We place units in your investment from each of the Signature 2 funds you have chosen. (You will find the number of units on your schedule.) The value of your investment is linked to the value of these units.

If you have chosen to invest in the Property Portfolio Fund or the UK Property Fund there may be a maximum amount that you are allowed to invest in the fund.

If you have chosen to invest in a fund that invests in equities, the equities within that fund may be used for the purpose of securities lending in order to earn an additional return for the fund. While securities lending increases the level of risk within a fund it provides an opportunity to increase the investment return.

Unit-linking is simply a way of working out the value of your investment on any particular date. You do not own the units.

The value of a unit (known as the investment price) will rise or fall over time, depending on how the assets in the fund perform. We work out the investment price of units in all of the funds by using the market value of the assets of the fund and taking off the fund charge.

You will find exact details of how we work out the price of units in the rules that control the fund. You can get a copy of these rules by writing to us and asking for them.

Your fund value on any particular date will be equal to:

- the number of units we have placed in your investment from each fund; multiplied by
- the investment price for units of that fund on that date; and
- added together for each of the funds in your investment.

As a result, this fund value will rise and fall over time as the investment prices change to reflect the value of the assets in the funds.

## Charges and Investment

### Section 3

If we have invested less than 100% of your money on the start date of your investment, the amount not invested is a charge. The amount we do not invest is equal to the difference between the money you paid us and the allocation amount (see the definitions section).

Each month we make a charge of  $\frac{1}{12}$  of the yearly fund charge for each of your chosen funds. We take this charge from the investment price evenly over the month. This charge goes towards the costs of:

- setting up and administering the investment;
- paying sales and commission costs (if these apply); and
- the expenses of managing your investment.

The yearly fund charges on the Signature 2 funds are as follows.

Signature 2 funds	Fund charge
Consensus Fund	1.5%
Global Indexed Fund	1.5%
Indexed Cash Fund	1.5%
Indexed US Fund	1.5%
Indexed UK Fund	1.5%
Indexed Europe Fund	1.5%
Indexed Japan Fund	1.5%
Indexed Ireland Fund	1.5%
Indexed Telecommunications Fund	1.5%
Indexed Technology Fund	1.5%
Indexed European Gilts Fund	1.5%
Indexed Bank Fund	1.5%
Indexed Ethical Global Equity Fund	1.5%
Indexed Pacific Equity Fund	1.5%
Active Managed Fund	1.5%
Global Opportunities Fund	1.5%
Corporate Long Bond Fund	1.5%
PI International Share Fund	1.75%
Fidelity Managed International Fund	2.25%
Fidelity India China Fund	2.25%
Fidelity Portfolio Select Growth Fund	2.25%
Fidelity European Opportunities Fund	2.25%
Fidelity Global Property Shares Fund	2.25%
Fidelity Global Special Situations Fund	2.25%
Bloxham High Yield Fund	1.75%
Bloxham Contrarian Fund	1.75%
Bloxham Intrinsic Value Fund	1.75%
Bloxham Global Alpha Fund	2.5%

In the following Signature 2 funds, part of the fund charge can vary. The following table shows, where relevant, the Irish Life charge, the expected additional average level of the charge that can vary, and the total expected fund charge:

	Irish Life charge
Property Portfolio Fund	1.3%
UK Property Fund	1.75%
Commodities Index Fund	1.3%
Diversified Assets Fund	1.3%
	Expected average level of variable charge
Property Portfolio Fund	1.1%
UK Property Fund	0.375%
Commodities Index Fund	0.53%
Diversified Assets Fund	0.4%
	Total expected fund charge
Property Portfolio Fund	2.4%
UK Property Fund	2.125%
Commodities Index Fund	1.83%
Diversified Assets Fund	1.7%
Bloxham Logic Fund	1.95%

The expected average levels of variable charges indicated above are those expected over the long-term. The actual level of charges may be higher or lower than this. The section on variable charges below explains the reasons for this.

We take the fund charge as shown above but then add back units to your investment each month to reduce the effect of the charge. The amount by

which we reduce your fund charge each year is shown on your investment schedule. Your effective fund charge each year is the charge shown in the table less the reduction shown on your schedule.

### Variable Charges

The charge on a number of funds can vary and therefore is not fixed throughout the lifetime of your policy. There are various reasons why this might be the case, and we explain below the reasons for this.

The charge noted in the above table reflects our best estimate of the total charges we expect will be incurred by the fund over the long-term. However, the actual charges you incur may vary for the reasons given below.

#### 1. Property Portfolio Fund, UK Property Fund, Diversified Assets Fund and Commodities Index Fund

These funds are managed at an overall level by Irish Life. Within these funds, a part of the assets are managed by companies (external fund managers) other than Irish Life. Within the Commodities Index Fund all of the assets are managed by companies (external fund managers) other than Irish Life. The commodities part of the Diversified Assets Fund is also managed by external managers. There are charges taken from these funds by both Irish Life and these external fund managers. For example, the Property Portfolio Fund invests in property in Ireland, the UK and Europe. Whilst the Irish properties are managed by Irish Life Investment Managers (ILIM), some of the UK property investments, and currently all of the European property investments, are invested with external fund managers, rather than through holding the properties involved directly.

The external fund managers take their costs and charges from the assets they manage. These charges are reflected in how the fund performs. The level of the charges, as a percentage of the overall fund, can vary for three reasons.

- The first reason is the fact that the percentage of the fund that is managed by external managers will change over time. This split will change depending on the availability of property and also the level of money coming into and out of the fund.
- The second reason is that the level of the charges can vary according to the fund manager we choose in the future. We may also pay the managers an incentive fee if they achieve better investment returns on the funds they manage than we expected. For incentive fees to be paid, the investment returns would have to exceed a certain level each year (currently at least 8% a year).
- The third reason is that the funds managed by external fund managers may borrow to increase the amount of property that the funds can invest in. Borrowing increases the chance of achieving improved returns if the properties perform well. However, it also increases the level of risk of the investment. The external managers' charges are based on the total value of the properties held rather than on the funds they manage. The level of these charges as a percentage of the funds managed will depend on the amount of borrowing relative to the value of the properties held.

If the level of borrowing increases by more than the value of properties, the level of charges as a percentage of funds managed would increase. For example, a significant fall in property values could result in a significant increase in the average level of



this charge as a percentage of funds managed. This is because a fall in property values means that the amounts borrowed would represent a higher percentage of the property value.

Equally, if the level of borrowing falls by more than the value of properties, the level of charges as a percentage of funds managed would also reduce. For example, a significant rise in property values could result in a significant reduction in the average level of this charge as a percentage of funds managed. This is because a rise in property values means that the amounts borrowed would represent a lower percentage of the property value.

Taking account of these factors, we estimate that the expected average level of charges on the funds will be split as follows:

	<b>Irish Life charge</b>
Property Portfolio Fund	1.3%
UK Property Fund	1.75%
Diversified Assets Fund	1.3%
Commodities Index Fund	1.3%
	<b>Expected external manager charge (variable)</b>
Property Portfolio Fund	1.1%
UK Property Fund	0.375%
Diversified Assets Fund	0.4%
Commodities Index Fund	0.53%
	<b>Total expected charge</b>
Property Portfolio Fund	2.4%
UK Property Fund	2.125%
Diversified Assets Fund	1.7%
Commodities Index Fund	1.83%

The actual level of the external manager variable charge, and therefore the total expected charge, may be higher or lower than this depending on the factors outlined above.

## 2. Bloxham Logic Fund

This fund is managed by an external manager (Bloxham). It invests in a range of Signature funds and the proportion invested in each fund will vary over time. Since the fund charge varies between each fund, the overall fund charge on the Logic Fund will vary depending on the weighting of investments in each fund. For example, if the Logic Fund increases its weighting in externally-managed funds, the overall charge on the Logic Fund is likely to increase.

Also, some of the funds the Bloxham Logic Fund can invest in have variable charges as described above. If these charges vary, the overall fund charge on the Logic Fund may vary as a result.

Taking account of these factors, we estimate that the expected average level of charges on the Bloxham Logic Fund will be 1.95%. This is based on an assumed mix of the Logic fund. The actual level of the charges may be higher or lower than this and will depend on the underlying mix of funds in the Logic fund over the period of your investment.

The fee for the Logic Fund is fixed each quarter at a level that equals the weighted average fee of the underlying funds at that time. It will be rebalanced quarterly to reflect any movements in the underlying mix.

## Additional points to note

### Increase in charges

We will only increase the charges given above, for one of the following reasons:

- there is an increase in the costs of dealing with the investment. If this happens, we will give you notice of the increase.
- the charges vary for one of the reasons given above in the section on variable charges.

### Funds containing property

When more customers are cashing in their investments than making new investments in any fund that invests in property, the value of the units will undergo a reduction to reflect a proportion of the costs associated with buying and selling property.

We take the costs of maintaining and valuing the properties in these funds and the costs of collecting rent off the funds before we take any charges.

## Extra investments

### Section 4

At any time, you can pay an extra amount into your investment as long as this amount is at least € 1000.

In rare circumstances, we may refuse to allow you to do this. However, if we do, we will tell you why.

Assuming we accept your extra payment, we will invest it in the fund or funds that you have chosen. We will place units in your investment from each of your chosen funds. We will use the investment price of those units on the day we receive your money. Your fund value will increase by the amount of your extra investment multiplied by the allocation percentage that we will tell you about at the time.

# Switches between funds

## Section 5

At any time, you may ask us in writing to switch some or all of your money from one Signature 2 fund to another.

If you do this, we will reduce the amount of money in one fund and increase another fund by the same amount. As a result, your total fund value will be the same immediately before and immediately after the switch. However, the number of units we place in your investment from each of the two funds will change. The investment prices we use for your switch will be those on the same working day we receive your request. We do not charge for this service.

Before you switch from your original fund choice or choices, please remember that the funds in Signature 2 have different levels of risk and possible returns and they may also have different yearly fund charges.

At any stage, we can change the range of fund options that are available. For example, we may add new ones or close existing ones. You can only switch into a fund if it is open for switches at the time we receive your request.

### Delay Periods

In rare circumstances, we may delay switches. These circumstances can include the following.

- If a large number of customers want to switch out of the same fund at the same time.

- If there are practical problems selling the assets in which the fund is invested.

In particular, we may delay switches to or from the Property Portfolio Fund and the UK Property Fund for up to six months from the time we receive your request. We may delay switches to or from the Diversified Assets Fund for up to three months from the time we receive your request. We need this notice period because of the high cost and the time involved in selling properties.

When there are more customers cashing in their investments than making new investments in the Property Portfolio Fund, the UK Property Fund or the Diversified Assets Fund, we will reduce the value of units in the fund to reflect the percentage of the costs associated with buying and selling properties. If that reduction was to take place today, there would be a fall of about 7% in the value of the Property Portfolio Fund and UK Property Fund or 1.75% in the value of the Diversified Assets Fund. This reduction may change in the future. The reduction for the part of the fund invested with external fund managers may happen at a different time to the reduction for the rest of the fund.

A portion of the Bloxham Logic Fund may be invested in the Property Portfolio Fund, the UK Property Fund or the Diversified Assets Fund. As described above, when more customers are cashing in their investments than making new investments in these funds, the value of the units will undergo a reduction to reflect a proportion of the costs associated with buying and selling property. This in turn will lead to a reduction in the value of units in the Bloxham Logic Fund. Currently, the reduction in the value is likely to be in the region of 0.7%.

If we do delay a switch, it will be based on the value of units at the end of the period.

Once you have given us notice that you wish to switch between funds you cannot change your mind during any notice period.

## Death benefit

### Section 6

On the date we are told about the death of the life assured or the second of the lives assured (if there are two shown on the investment schedule), we will switch the fund value to the Indexed Cash Fund based on the investment price on that day.

We do not charge for this switch.

The death benefit we pay will be 101% of the value of the Indexed Cash Fund based on the investment price on the day we receive all the documents we need. We will take off any tax that is due. We describe tax in section 13.

The investment will end after we have paid the death benefit.

## Section 7

Before we can pay the death benefit, we will need:

- a filled-in claim form (you can get this form from any of our offices);
- proof that you are entitled to claim the investment's proceeds (including these terms and conditions and the schedule); and
- proof of death - a death certificate and any other proof that we may reasonably need.

To protect your entitlements, we may need other proof that the person claiming is entitled to the proceeds of the investment. For example, we may need to see deeds of assignment (if you have passed your investment to a building society as security for a loan), power of attorney, a grant of probate or a grant of representation (a legal document that authorises the personal representatives of someone who has died to handle their estate).

## Cashing in your investment

### Section 8

You may cash in your investment at any time, if the funds that you have invested in do not contain property (see section 9), by writing to us at the address given in the introduction to this document.

Once you have given us notice that you wish to cash in your investment you cannot change your mind.

If you take your money out, we will pay you the full fund value, reduced by the amount of tax that we pay on the amount you withdraw. We explain this in the tax section (section 13).

The investment will end after you have cashed it in.

Before we can pay you money from your investment, we will need:

- a filled-in claim form (you can get this form from any of our offices); and
- proof that you are entitled to claim the investment's proceeds (including these terms and conditions and the schedule).

The investment prices we use to work out the value due to you will be those that apply on the day we receive your filled-in claim form and any other documents we need.

## Section 9

In rare circumstances, we may delay total or part withdrawals. These circumstances can include the following:

- If a large number of customers want to take money out of the same fund at the same time.
- If there are practical problems selling the assets in which the fund is invested.
- If the funds you have invested in contain property.

In particular, if you are invested in the Property Portfolio Fund or the UK Property Fund, it is possible that you may have to give us up to six months' notice in writing before you can cash in any part of your investment that is invested in these funds. If you are invested in the Diversified Assets Fund, it is possible that you may have to give us up to three months notice in writing before you can cash in any part of your investment that is invested in this fund. We need this notice period because of the high cost and the time involved in selling properties. The cash-in value you receive would be based on the value of units in your fund at the end of the notice period.

### **Funds containing property**

When more customers are cashing in their investments than making new investments in any fund that invests in property, the value of the units will undergo a reduction to reflect a proportion of the costs associated with buying and selling property. Currently, the reduction in the value of the affected assets is likely to be in the region of 7% for those funds that invest completely in property. The

reduction will be proportionately less where only some of the fund's assets invest in property. This reduction may change in the future. The reduction for the part of the fund invested with external fund managers may happen at a different time to the reduction for the rest of the fund.

If we delay a withdrawal, it will be based on the value of units at the end of the period.

# Cashing in part of your investment

## Section 10

You may take money out of your investment at any time, if the funds that you have invested in do not contain property (see section 9), by writing and asking us, as long as:

- the amount of money you are taking out is not less than €350 after tax; and
- you have at least €5000 left in your fund after the withdrawal.

We may delay the withdrawal date in certain circumstances (see section 9).

Once you have given us notice us notice that you wish to cash in part of your investment you cannot change your mind.

If you withdraw part of your investment, the fund value you have left will be the fund value less:

- the amount you ask for;
- a withdrawal fee of 1% of the amount you ask for (the fee will be at least €15 and no more than €30); and
- the amount of tax that we will pay on the amount you withdraw. We explain this in the tax section (section 13).

We may increase the withdrawal fee or the limits in the future to allow for inflation or changes in our administrative expenses.

If you do not say from which fund or funds you would like to withdraw your money, we will cash in units in each fund. We will take a percentage from each fund. This will be based on the value of the units we have placed in your investment from each fund at the date you make your withdrawal. The total value of the units we cash in (including the charge and tax mentioned above) will be equal to the difference in your fund value before and after your withdrawal.

# Taking a regular income

## Section 11

If you have asked to receive a regular income from your investment, the details will be shown on your schedule.

We will pay you an income of the amount shown in the schedule. We will pay this income on the dates given in the schedule as if you were cashing in part of your investment on each date. We will not take off any withdrawal charges on these payments.

If you have chosen to receive a fixed amount, the amount we take from your fund will be this fixed income amount plus any tax we have to pay, and the amount you receive will be the fixed income amount.

If you have chosen to receive a percentage amount, the amount we take from your fund will be this percentage amount, and the amount you receive will be the percentage amount less any tax we have to pay. We will use the fund value on the date the income is due when working out how much income we should pay. This means the level of your income will change each year depending on the fund value at that time.

You should understand that the amount of income you take could be greater than the growth on your investment. This means that the cash-in value of your investment could be lower than the amount you have invested.

If you want to change either the amount of your income or how often you receive it, you must give us three months' notice in writing. We may charge a fee for this change to cover our administrative costs.

You may cancel the regular income arrangement by giving us three months' notice in writing. If you then want to restart this arrangement, we may charge a fee to cover the administrative cost of making this change.



## Single-life or joint-life option

### Section 12

#### a) Joint-life option

You may change a single-life investment to a joint-life investment. We have the right not to allow you to make this change.

#### b) Single-life option

If both of the lives assured (as shown on the schedule) write and ask, we can change the investment from joint life to single life. We have the right not to allow you to make this change.

For both these options we will ask you to provide a 'Deed of Assignment' (a legal document which transfers ownership of the investment) before we can make this change. You may have to pay stamp duty on this deed. This will be your responsibility. We may also have to take off tax (see section 13).

## Tax

### Section 13

#### Irish tax

Under current Irish tax law (April 2007), tax is payable on returns made on this investment. We will pay tax at the rate which applies for customers of life-assurance companies (currently 23%). This tax rate is equal to the standard rate of income tax (currently 20%) plus 3%. Where the charge applies, Irish Life will deduct any tax due from the value of your investment and pay it to the Irish Revenue. We will pay you the after tax amount.

We must pay Irish tax on investment returns:

- if you make a withdrawal (full or partial) from your investment;
- if you take an income from your investment;
- if we pay the death benefit;
- on every eighth anniversary (as outlined below); and
- if you transfer all or part of your investment to somebody else. There are some exceptions to this however you must inform us if you transfer the investment.

The tax you pay on each eighth anniversary will reduce the amount invested in the fund from that date onwards. Where tax is deducted from your fund on each eighth anniversary, this tax can be offset against any tax that is payable on a subsequent full encashment.

In some circumstances, more tax may be due after you die. For example, if the benefit is paid to your estate, your beneficiaries may have to pay inheritance tax. There is no inheritance tax due on an inheritance between a married couple. In certain circumstances, inheritance tax due under this investment may be reduced by any tax paid if you die.

If payments are made by anyone other than the legal owner of the investment, for example from a company or business account, there may be other tax implications.

## **UK and European tax**

### **Property Portfolio Fund, UK Property Fund, Diversified Assets Fund, Bloxham Logic Fund**

Parts of these funds may invest in overseas property (currently in the UK and in Europe). For the investments in UK property, any UK rental profit is subject to the UK basic rate of tax (currently 22%) according to current United Kingdom tax law. Any tax due will be taken from the fund and the fund performance will reflect this.

For the investments in European property, we will take income tax on rental profit if this is needed under the tax rules of the relevant European country. In some cases, depending on the tax rules of the European country concerned, we may also have to pay capital gains tax on capital gains made within the fund. Any tax due will be taken from the fund and the fund performance will reflect this.

If tax laws or any other relevant laws change after

the start date, we will change the terms and conditions of the investment if we need to do this to keep the investment in line with those changes. We will write and tell you about any changes in the terms and conditions.

Under current tax law, we must take off the correct amount of tax. We make the final decision (in line with all relevant laws and guidelines) on what tax applies to this investment.



# Law

## Section 14

This investment is governed by the laws of the Republic of Ireland and the Irish courts are the only courts that are entitled to hear any dispute.

