protected consensus bond series 2

Form: PCB2SAA/PCB2LAA TC 1190 (NPI 03-06)

terms & conditions
booklet

This is the terms and conditions booklet for your personal investment. Please keep it safe in your welcome pack, as you will need to refer to it in the future.

Introduction

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

Our contract with you is this investment. It is made up of:

- the Protected Consensus Bond Series 2 investment 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 that we may add in the future with your approval. (Only authorised staff at our head office may add these rules, in writing.)

We pay benefits in return for the money you paid us – the amount you paid in is shown on your investment schedule. All benefits under this investment will normally be paid in euro.

We will pay out money only from the assets that we hold to make payments to investors.

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 has died, the full value of the investment passes to the remaining investor, and the investment continues.

Writing to us

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

Irish Life Assurance plc
Irish Life Centre
Lower Abbey Street
Dublin 1.

Cooling-off period

If, after starting 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 broker or Irish Life adviser before you cancel your investment.

Complaints

We will do our best to sort out any complaint you might have. If you are not satisfied after complaining to us, you can take your complaint to the Financial Services Ombudsman. You can get more information from:

> Financial Services Ombudsman's Bureau,
> 32 Upper Merrion Street,
> Dublin 2.

Contents

Definitions

Section 1

Benefit amount
The amount we pay on the capital protection date, before tax has been taken off.

Capital protection
Capital protection means that at the end of the six year term, the amount you will get back will be at least the original amount invested, provided you do not withdraw money during the term. The capital protection applies on the capital protection date. Irish Life has contracted with JP Morgan Chase Bank NA to provide the capital protection in this fund. Where we refer to 'capital protection' we mean the amount JP Morgan Chase Bank NA offers us. We will pass on the value of the capital protection relating to your investment to you. We will pay you only the investment proceeds we receive under the contract from JP Morgan Chase Bank NA. JP Morgan Chase Bank NA is regulated by the United Kingdom's Financial Services Authority. You do not have a contract with JP Morgan Chase Bank NA, or any recourse to them.

Capital protection date
This is the date on which the capital protection applies. Your capital protection date is shown on your investment schedule.

Fund
The Protected Consensus Fund or any other fund we may add in the future.

You can ask us to send you a copy of the rules creating this fund and describing how it works.

Fund value
At any date this is the value defined in section 2. It is the total number of units in your fund multiplied by the investment price on a given date.

Investment price
The value of a unit in the fund. This will rise or fall over time depending on how the assets in the fund perform. You can ask us for a copy of the rules that set out how we work out the value of a unit. The investment price on any given date is the price which Irish Life has determined for that date.

Investment units
The fund mentioned above contains a number of identical units. We will work out the value of each unit by referring to the net value of the assets of the fund after deductions. We set aside a number of these units for your investment to work out its value.

Life covered or lives covered
The person or people named in the investment schedule as the investor or investors. The benefits of the investment depend on the lives of these people.

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

Start date
The start date of the investment is shown on your investment schedule. This is the date when we invest your money.

We, us
Irish Life Assurance plc.

You

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

Investment – how the Protected Consensus Bond Series 2 is invested

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 from your investment in the Protected Consensus Fund. (You will find the number of units on your schedule.) The value of your investment is linked to the value of these units.

The assets in the Protected Consensus Fund will be invested with JP Morgan Chase Bank NA (the issuer).

JP Morgan Chase Bank NA invests the Protected Consensus Fund assets in a mix of assets linked to the Irish Life Consensus Fund and fixed interest bonds. The asset mix of the Protected Consensus Fund will change over the term of the contract, depending mainly on the performance of the Irish Life Consensus Fund. At the start date 80% of the fund will be linked to the Irish Life Consensus Fund returns with the remaining 20% linked to the return from fixed interest bonds. In general the returns from the Irish Life Consensus Fund are used to provide the growth potential for your investment while the returns from the fixed interest bonds are used to support the capital protection at the end of the investment period.

Generally, the better the Irish Life Consensus Fund performs, the higher the percentage of your investment that will be linked to the Irish Life Consensus Fund returns, up to a maximum of 100% Conversely, when the Irish Life Consensus Fund performs poorly, a lower percentage of your investment will be linked to the Irish Life Consensus Fund, to a minimum of 15%. You should note that it is possible that, if the Consensus Fund were to fall significantly in value, up to 85% of your fund could be linked to returns from fixed interest bonds. This would be necessary to provide your capital protection on the sixth anniversary of your investment start date. However because you would only have 15% exposure to the returns from the Consensus Fund you would also have a much lower overall growth potential.

We have contracted with JP Morgan Chase Bank NA to provide the investment returns and the capital protection on the Protected Consensus Fund. Under this contract JP Morgan Chase Bank NA will determine the split of assets between the Consensus Fund and fixed interest bonds in accordance with a methodology agreed at the outset with Irish Life. The details of how this methodology operates are available from Irish Life on request.

JP Morgan Chase Bank NA will calculate the value of the assets in the Protected Consensus Fund on a daily basis and we will use this to work out the investment price. 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.

You can ask us for a copy of the rules that set out how the value of a unit is worked out. You do not own the units. Unit-linking is simply a way of working out the value of your investment on any particular date.

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

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

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 fund.

Charges

Section 3

Each month we make a charge of 1/12th of 1.75% of the investment price of the units in your fund. We take this charge 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.

We will not increase these charges unless we need to do this because of an increase in the costs of dealing with the investment. If this happens, we will give you notice of the increase.

Early exit charges will apply in the first six years (see Section 7).

Death benefit

Section 4

On the date we are notified of the death of the life covered or the second of the lives covered (where there are two shown on the investment schedule) we will switch the fund value to the Life Claims Cash Fund based on the unit prices on that date. These prices will normally be available within three working days.

We do not charge for this switch.

The death benefit we pay will be 100.1% of the value of your investment after it has been transferred to the Life Claims Cash Fund based on the investment price on the date we receive all the required documentation as described below. We will deduct any exit tax due as described in section 11.

The capital protected amount on the capital protection date does not apply on death.

The death benefit will not be payable if the investment has been cashed in before the date of death.

If we pay the death benefit, the investment will end and no other amounts will be payable.

Death benefit and cashing in your investment - what we need before paying benefits

Section 5

Before we can pay the death benefit or the value of 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); and
- proof of death, if you are making a death claim – a death certificate and any other proof that we may reasonably need.

So we can protect what you are entitled to, we may need other proof that the person claiming is entitled to the investment's proceeds. To make sure that we pay the death benefit to the correct person, we may also need the person who is claiming to produce more documents to show who is entitled to it. 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), or grant of representation (a legal document that authorises the personal representatives of someone who has died to handle their estate).

Paying the death benefit or the value of your investment - who receives the money we pay out?

Section 6

There are a number of instances where someone other than you will receive the payment. We may pay:

- you (the customer);
- trustees;
- executors or administrators; or
- assignees (people who you have legally transferred the investment to).

If you are the only customer, we will normally pay you. If you die, we will pay the executors or administrators who deal with your estate.

If you have transferred the investment to someone else, we will pay them. If the investment is under trust, we will pay the trustee who is responsible to the people who will benefit from the trust. The right to receive the investment's benefits may also pass to other people, such as an attorney (a person who is legally appointed to carry out business on your behalf).

If there are two customers, we will pay you both jointly. If one of you has died, the full value of the investment passes to the remaining investor, and the investment continues. If you have both died, we will pay the executors or administrators who are dealing with the estate of the last person to die, the person who the investment was transferred to, or the trustees, if appropriate.

Cashing in your investment

Section 7

You may cash in your investment at any time by writing to us at the address given in the introduction to this document.

If you take your money out more than six years after you put it in, we will pay you the full fund value, less the amount of tax due. We explain this in the tax section (section 11).

However, if you want to cash in your investment less than six years after your investment started, we will also reduce your fund value by taking off our 'early withdrawal' charge. This charge is a percentage of your fund value which depends on the number of years (or part of a year) between the date that you take your money out and the sixth anniversary of the start of your investment. We don't make this charge if you cancel during the cooling-off period which we refer to in the introduction. The percentages are as follows.

Number of years (or part years) to sixth anniversary	Withdrawal charge percentage
1	1%
2	1%
3	2%
4	3%
5	4%
6	5%

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 on the date we receive your filled-in claim form and any other documents we need. These prices will normally be available within three working days.

In very 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 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 8

You may take money out of your investment at any time 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 €1,250 left in your fund after the withdrawal.

These limits may change from time to time to reflect inflation or changes in our expenses.

If you cash in part of your investment, the fund value you have left will be the fund value before you cashed in part of your investment less:

- the amount you ask for;
- an early withdrawal charge as described in section 7 (if you are withdrawing money before the sixth anniversary of starting your investment); and
- the amount of exit tax that we will pay on the amount you cash in (see Section 11).

The benefit amount on the capital protection date reduces each time you cash in part of your investment. We reduce the benefit amount in proportion to the number of units cashed in. See section 9 for more details on the benefit amount on the capital protection date.

At the moment we do not make an administration charge, other than the early withdrawal charge, if you want to cash in part of your investment. However, we have the right to charge you if we have extra costs in altering the investment. If we are going to introduce this kind of charge, we will write and tell you when we receive your request to cash in part of your investment.

Benefit amount on the capital protection date

Section 9

The benefit amount on the capital protection date will be the highest of:

- the original amount invested (adjusted for any withdrawals you have taken);
- 80% of the highest value of your Protected Consensus Bond Series 2 during the investment (adjusted for any withdrawals you have taken);
- the cash-in value of your investment at that stage.

The benefit amount on the capital protection date (subject to the next paragraph "Capital Protection explained") cannot be lower than the original amount invested, reduced for any withdrawals you have taken. The benefit amount on the capital protection date reduces if you cash in any part of your investment. We reduce the benefit amount in proportion to the number of units cashed in.

The benefit amount defined here is before tax has been taken off. Section 11 gives details on the exit tax that may be due.

The investment will end following the payment of a benefit under this paragraph.

Capital Protection explained
Your contract is with Irish Life. Separately Irish Life has contracted with JP Morgan Chase Bank NA to provide the investment returns and capital protection to Irish Life in relation to the fund in which we invest your money. Irish Life's commitment to you is to pass on the full value of the underlying fund, including the value of the capital protection it receives from JP Morgan Chase Bank NA under the terms of the contract with them. Our commitment to you is restricted to the investment returns and capital protection we actually receive from JP Morgan Chase Bank NA under the contract. No other assets of Irish Life will be used to meet these commitments. JP Morgan Chase Bank NA's commitment is restricted to its contract with Irish Life. You do not have a contract with JP Morgan Chase Bank NA or any recourse to them.

What happens on the capital protection date?
As long as your investment is still in force on the capital protection date, you can cash in your investment at any time after this date and we will then pay you the benefit amount (less any exit tax due). The cash-in value we pay will be the fund value of the units in the investment (less any exit tax due). The investment prices we use to work out your cash-in value will be those on the day we receive your filled-in claim form and any other documents we need.

If you do not cash in your investment on the capital protection date, we will invest the benefit amount in the Life Claims Cash Fund or another equivalent fund which may be available at that time. The number of units placed in your investment from the Life Claims Cash Fund will be such that the total fund value in the cash fund on that date equals the benefit amount.

You may cash in your investment at any time after the capital protection date. The cash-in value we pay will be the fund value of the units in the investment (less any exit tax due). The investment prices we use to work out your cash-in value will be those on the date we receive your filled-in claim form and any other documents we need.

The investment will end when you cash it in.

We will work out prices for the Life Claims Cash Fund, taking account of our fund charge. As at 1 January 2006, this is 0.5% of the fund value for the Life Claims Cash Fund each year. We may increase this fund management charge to reflect increases in our expenses for this type of investment and to reflect inflation. We will not increase this charge beyond that which is necessary to meet the then current expense levels.

Single or joint life option

Section 10

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 covered (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 11).

Tax

Section 11

We must pay tax on investment returns when:

- you cash in all or part of your investment before the capital protection date;
- you cash in all or part of your investment on or after the capital protection date;
- we pay the death benefit; or
- you transfer all or part of your investment to somebody else. (There are some exceptions to this.)

If your benefit amount is not cashed in on the capital protection date, it will be transferred to the Life Claims Cash Fund (see Section 9). If your policy is still invested on the eighth anniversary of the start of your investment, exit tax will be payable (subject to new tax legislation to be enacted in April 2006).

We will take off tax on any part you withdraw which is made up of investment profits. We will work this out using the rules set out in law. We will pay tax at the exit tax rate which applies for customers of life-assurance companies (currently 23%). The exit tax rate is equal to the standard rate of income tax plus 3%.

For example:

11 April 2006	Money you invest	€75,000
11 April 2012	Example cash-in value (before tax)	€90,000
	Investment profits	€15,000
	Tax on investment profits 23% of €15,000	-€3,450
	Amount we pay you	€86,550

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

Notices - where to send correspondence

Section 12

You must send all correspondence affecting this investment to:

Irish Life Assurance plc.
Irish Life Centre
Lower Abbey Street
Dublin 1

Law

Section 13

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

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.