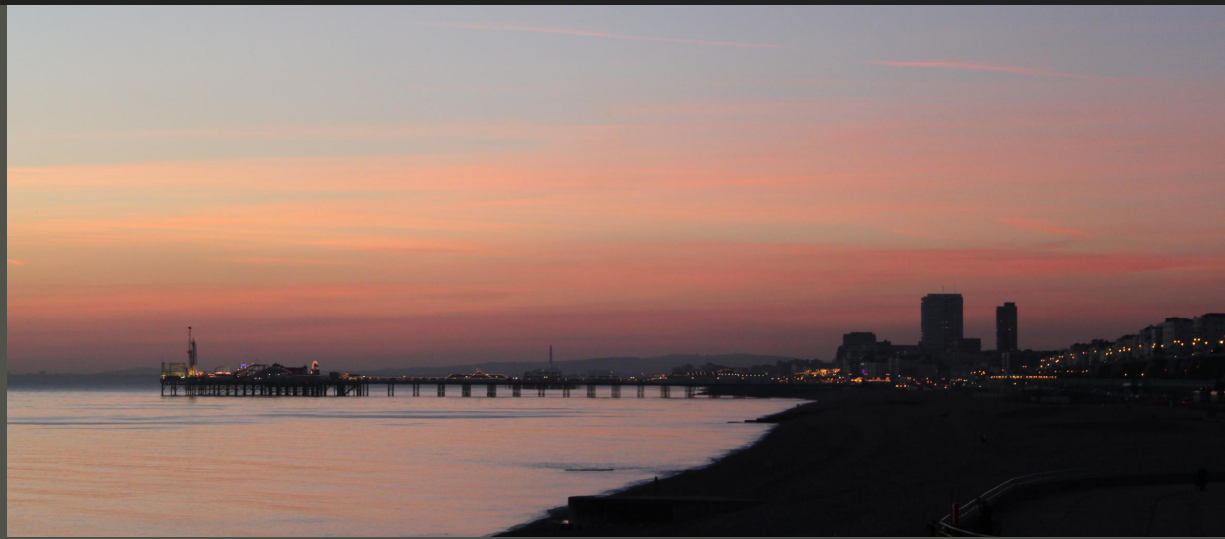


NEW OPEN
ANNUITY

BROCHURE

The annuity that allows personal choice



LONDON &
COLONIAL

INNOVATION YOU CAN TRUST

www.londoncolonial.com

New Open Annuity

Take control of your pension

Please note that the New Open Annuity is not appropriate for everybody and it is essential for prospective annuitants to receive independent financial advice before entering into one.

It is a condition of the New Open Annuity that throughout the duration of the contract the annuitant has access to an adviser who is appropriately authorised to give advice in relation to the contract.

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or visit our website:

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1 Do you wish to have control and choice over your annuity investments?

Conventional annuities offer guaranteed income for life but over the long term the returns from their underlying investments have historically been lower than equity based investments. Also there is no option for you to have any input into the investment strategy of your funds.

The New Open Annuity from London & Colonial Assurance PLC is a different type of annuity that allows you (*or your adviser*) to select investments of your choice.

2 Are you looking for flexibility with your annual income?

The New Open Annuity allows you the flexibility to choose the level of your annual income payments, within specified limits, and to opt for monthly, quarterly, half yearly or annual payments. It also allows you to receive additional payments during any year if you are not already in receipt of the maximum income allowed for that year.

3 Do you want to keep your options open to have a guaranteed income?

You have the option to decide whether to remain invested or to change to a guaranteed income basis at any time.

The New Open Annuity may be the right choice for you if:

- You have a fund of over £100,000
- You wish to have the freedom to choose investments other than those managed by the Insurer
- You or your financial adviser have an understanding of investment strategy and you wish to direct the management of your own fund
- You are prepared to accept some volatility in the value of your income and pension capital in return for the opportunity to produce greater returns than those available to you via a conventional annuity
- On your death you want the value of your fund to be used to provide an income to your spouse, civil partner, financial or other dependant

You choose where to invest

Your investments can be as safe or as risky as you and your investment adviser choose. Your fund may remain in cash or be invested in a range of investments - please see our permitted investments leaflet for further details. Please also note that London & Colonial Assurance PLC reserves the right to refuse any investment request that we consider would not comply with any relevant regulation. We may also refuse an investment if it would be likely to carry unacceptable risks for us as owner or if it would require unduly complex administration.

It works like this:

You instruct a payment of all or part of the pension fund that you have accumulated in a UK Registered Pension Scheme (either a personal pension arrangement or an occupational pension scheme) into the New Open Annuity.

London & Colonial Assurance Plc will identify a fund that relates specifically to the payments received from your pension arrangement(s).

You choose the investments

Although the assets legally belong to London & Colonial Assurance Plc you or your adviser may choose the investments of your fund and change them at any time.

At any time, the value of your fund can be readily determined. Your fund value will reflect the income, gains and losses from the investments that you have chosen, the income payments made to you and the fund charges.

You choose your income

As with any other annuity, you will receive payments each year until your death. However, unlike most other annuities, you may choose both the amount and frequency of your income from your New Open Annuity.

You may vary your regular income payments and request additional payments at any time.

The total of the payments that you receive in any one year are subject to maximum and minimum limits that are calculated in accordance with relevant UK regulations.

The maximum will be 120% of the amount of income that could be provided based on an average of 3 annuity rates available in the market at the time. The minimum will be 50% of that income. The limits are reviewed from time to time. The limits may go up or down and reviews will take place at intervals not exceeding three years.

Taxation

Under current law the investments made with your New Open Annuity are exempt from Gibraltar taxes on income and capital gains.

Your income will be subject to income tax under normal UK PAYE arrangements.

The residual fund on your death

When you die we will pay a lump sum from your fund as a cash benefit up to a maximum amount. You may nominate who you would like this payment to be made to. Under current law the payment would be subject to a 55% tax deduction.

The maximum allowed as a cash sum will be the difference between the amount that was originally received into your New Open Annuity less the total of all the (gross) income payments that have been paid to you. If the value of your fund is more than this maximum, the excess can be used to provide an income for your spouse, civil partner, financial or other dependant. They will have the choice either to continue with the New Open Annuity (subject to revised income limits) or to purchase a conventional annuity.

You may change the chosen second life at any time.

If you should want a guaranteed income

You will have the option to change at any time to a conventional annuity basis to provide you with a guaranteed level of income for life. This may be provided subject to a charge (see separate charges leaflet) by an alternative insurer of your choice.



Guarantee period

You may select a guarantee period of up to a maximum of 10 years. This means that if you die within 10 years of the commencement of the contract the income will continue to be paid for the remainder of the 10 year period. The "Guarantee period" represents a guarantee to pay income for a set length of time but does NOT guarantee to pay income at a set level during that period. The income during the period will fluctuate in line with prevailing annuity rates and the fund value at the time.

Lifetime Annuities and the UK Finance Act 2004

The New Open Annuity is a Lifetime Annuity as defined by the UK Finance Act 2004 and by regulations given under that Act. It takes advantage of the new flexibilities introduced by the Act.

Risk Factors

- The New Open Annuity cannot be cashed in at any time
- The value of your New Open Annuity depends on the success or otherwise of the underlying investments. The value of your investments and your income payments can fluctuate and are not guaranteed
- The investment of your fund will be the responsibility of the manager that you nominate (subject to our consent). We have no responsibility for any investment decisions or for the performance of the investments that are made
- If income is to be continued to a dependant after your death, dependency will be assessed at the date of death. An income may be paid to a spouse or civil partner regardless of dependency
- We cannot guarantee the future tax treatment of your investments or your income

page 4 Compensation

The New Open Annuity is covered by the UK Financial Services Compensation Scheme when sold to UK residents.

Gibraltar's strengths

London & Colonial Assurance PLC is resident in Gibraltar and is regulated by the Financial Services Commission. When the New Open Annuity is issued to UK residents the requirements of the UK Financial Services Authority also apply.

Gibraltar has one of the best-regulated financial centres in the world and is widely regarded in Europe and the USA as a benchmark jurisdiction in terms of supervisory infrastructure.

It has implemented all EU Directives relating to the insurance business and its regulatory and supervisory infrastructure matches all relevant UK standards.

The regulation of Gibraltar's financial services has the full endorsement of the International Monetary Fund (*IMF*), following a rigorous examination by their commissioned team of independent experts. Gibraltar is only the third jurisdiction to volunteer for such internationally recognised regulation.

Enquiries and correspondence

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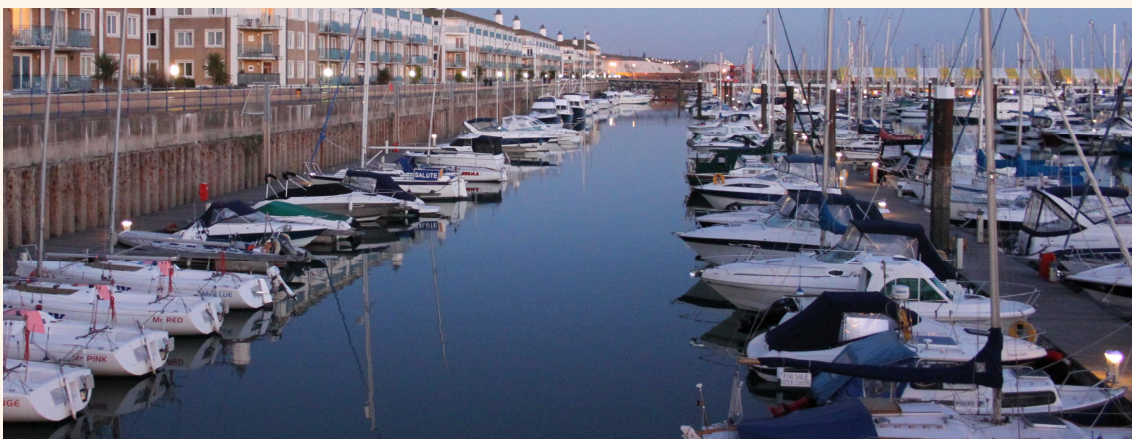
The information in this guide is based on our understanding of current legislation which may change in the future.

Do you need further information?

Please do not hesitate to contact us if you require any further information.

This document should be read in conjunction with our Key Features document, this includes details of our complaints handling procedure and our policy charges leaflet.

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