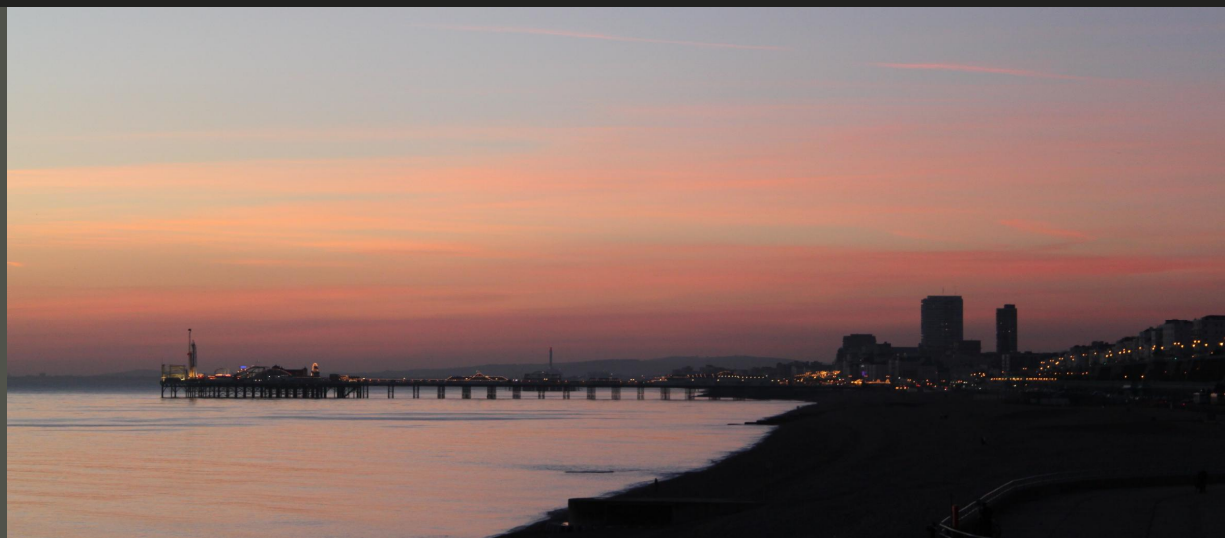


NEW OPEN
ANNUITY

KEY FEATURES OF THE NEW OPEN ANNUITY



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.

UK: 0870 7566696

Gibraltar: +350 46600

or visit our website:

www.londoncolonial.com



1. Introduction

Once a member of a UK Registered Pension Scheme reaches the Minimum Pension Age (usually 55 but can be earlier if the member is in ill health) the fund that has been built up may be used to buy an annuity from an insurance company to provide a lifetime income.

The New Open Annuity takes advantage of the opportunities in the current legislation to offer more flexibility than has been available previously.

Conventional annuities offer guarantees of income levels but the annuity rates offered are widely regarded as unattractive. There is no facility for you to control the investment of the funds backing your annuity and the charges are not transparent.

The New Open Annuity has been designed to address these drawbacks but it is not suitable for everybody. Please read these notes carefully. It is essential that you obtain financial advice on whether the New Open Annuity is suitable for you.

In these Key Features “We” means London & Colonial Assurance PLC and “our” and “us” have corresponding meanings – see section 9.

2. Its Aims

- To enable you to choose the level of your income each year
- To enable you to control the investments from which your income will be paid
- To enable you to provide an income to your surviving spouse, civil partner, financial or other dependant after your death

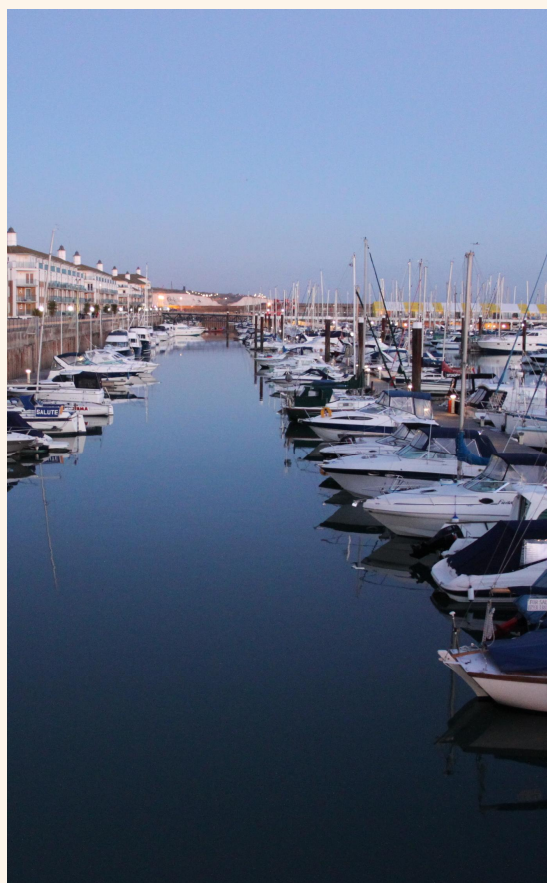
3. Your Commitment

- To instruct a payment of your pension fund from a UK Registered Pension Scheme into the New Open Annuity
- To continue to receive income payments for the rest of your life – you will have an initial period of 30 days in which you can change your mind – see section 10. After this you cannot alter the terms of the New Open Annuity except as allowed in the policy conditions

4. Risks

- 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 - see section 5.3

- The investment of your fund will be the responsibility of the investment adviser 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 annuity for a spouse or civil partner may be paid regardless of dependency
- We cannot guarantee the future tax treatment of your investments or your income



5. Questions and answers

5.1. Who can have a New Open Annuity?

The New Open Annuity is available to anyone who has accrued benefits in a pension scheme registered in the UK under the provisions of the UK Finance Act 2004. By exercising your right to an Open Market Option, you can request that your pension fund be used to buy a New Open Annuity.

Please note that the New Open Annuity can only accept money from a pension scheme registered in the UK as described above.

5.2. What about investments?

You choose a person or firm (who must be suitably authorised under the UK Financial Services and Markets Act 2000) to advise on the investments. You and your chosen investment adviser will agree the strategy and basis upon which investments are to be made.

The investments are as safe or as risky as you or your nominated investment adviser choose. You decide whether to keep your fund in cash or invest in other permitted investments. Please see our permitted investments leaflet for further details.

Some investments and transactions that are not allowed:

- Loans to you or any other person
- Individual equities or stocks not quoted on any Stock Exchange
- Personal chattels such as paintings
- Assets where you can control or influence the price

We reserve the right to refuse any investment request if we consider that it would be likely to carry unacceptable risks for us as owner or require unduly complex administration or if we consider that it would not comply with any relevant legislation. A minimum cash balance must be maintained to enable up to one year's maximum income to be paid if needed. Please also refer to our investment notes for more details on investment procedures.

5.3. What are my income options?

You may choose the level of your income payments between maximum and minimum amounts that we will calculate. The basis of this calculation is laid down in 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. On each policy anniversary we will send you details of the revised income levels that would apply if a review were to take place at that time. You may request a review at any time but it will be subject to an extra charge if not carried out on the policy anniversary (*see separate policy charges leaflet*).

You may choose to have your income paid monthly, quarterly, half-yearly or annually. You may also choose to receive additional payments during any year if you are not already in receipt of income of the maximum permitted for that year.

Income payments will normally be paid net of UK income tax under PAYE procedures - see section 5.10.

5.4. Can I transfer to a guaranteed annuity?

Yes. You have the option at any time to request that the New Open Annuity be transferred to a guaranteed annuity. You may choose another insurer on whatever terms may be offered at that time.

5.5. What lump sum death benefits are available?

If you die we will pay from your fund a cash payment up to a maximum amount. You may nominate who you would like to receive this payment. 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.

The following example shows the possible cash payments and any subsequent fund remaining if you should die after 5 years.

Annuity purchase price	£250,000
Annual income	£20,000

Total gross income payments made would be £100,000 (5 x £20,000). The maximum amount permitted to be paid to your nominated beneficiary would therefore be £250,000 - £100,000 = £150,000 (less 55% tax)

1. If the remaining fund on your death is less than £150,000 then the value of your fund can be paid out in full as a cash payment (subject to 55% tax)
2. If the remaining fund on your death is equal to £150,000 then £150,000 can be paid out in full as a cash payment (subject to 55% tax)
3. If the remaining fund on your death is greater than £150,000 then £150,000 can be paid out in full as a cash payment (subject to 55% tax) and the excess over this amount will be used to provide an income for your chosen dependant (spouse, civil partner, financial or other dependant).

That person's income will be subject to new maximum and minimum amounts.

No further income payments will be made after that person's death.

5.6. Can the fund be used to provide an income to a dependant on my death?

Yes. When you die, the value of your fund can be applied to provide an income to your surviving spouse, civil partner, financial or other dependant.

5.7. What does a guarantee period entitle me to?

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.

5.8. What tax applies?

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.

If you live or retire abroad your pension will still be taxable in the UK unless there is a 'double taxation agreement' (covering pensions) with the country where you live. If there is an agreement, you will usually pay tax in that country. To find out whether you can have your pension paid without the deduction of UK tax you should contact HM Revenue & Customs (www.hmrc.gov.uk) who will be able to provide you with further information. If your application is successful they will authorise us to make payments to you gross.

5.9. What are the costs?

Details of our charges are set out in our policy charges leaflet.

The charges will be deducted from that part of your fund that is held in cash as and when they become due. If insufficient cash is held, your investment adviser will be asked to arrange for sufficient investments to be encashed to cover the charges due.

Any charges levied by any bank holding funds attributable to the policy and all charges made by custodians and investment managers will be payable in addition and will be deducted from the funds held.

5.10. What should I do now?

You should ensure that you have read this document carefully so that you understand what you are buying, and then keep it in a safe place for future reference.

6. Compliance with regulations

The New Open Annuity complies with the regulations relating to lifetime annuities made under the provisions of the UK Finance Act 2004.

7. Information

You will receive a statement of your New Open Annuity account every year, showing all transactions and charges. A valuation of the assets held will also be included.

8. Advice

It is a requirement before we issue your New Open Annuity that you obtain advice and that you continue to receive advice from a person appropriately authorised under the UK Financial Services and Markets Act 2000.

We do not give advice ourselves on whether a New Open Annuity would be suitable for you or on the merits of any investment, whether proposed or currently held. Decisions on whether any particular investment may be purchased are the responsibility of the authorised person appointed. We reserve the right to reject an investment as explained in section 5.2.

9. Insurer

The New Open Annuity Insurer is London & Colonial Assurance Plc, PO Box 371, 85 Main Street, Gibraltar EU – Tel: +350 46600 Fax +350 46601. The Insurer is licensed by the Gibraltar Financial Services Commission under the Insurance Companies Ordinance 1987.

Annuity payments are made in the UK by London & Colonial Services Limited, 38-42 Perrymount Road, Haywards Heath, West Sussex RH16 3DN Tel: 0870 7566696 Fax: 0870 7566697.

All enquiries or correspondence should be sent to London & Colonial at the address given



10. Your right to change your mind

You will normally have 30 days to change your mind about any payments made to the New Open Annuity.

On acceptance of your application we will send you a cancellation notice giving you 30 days in which to change your mind about continuing with your New Open Annuity.

If you wish to cancel simply complete the cancellation notice and return it to us.

If you do not wish to cancel your New Open Annuity, please ignore the cancellation notice.

If you change your mind within the cancellation period we will return any payments received to the relevant Registered Pension Scheme.

Please note that it may not be possible to return the payments received to the original Registered Pension Scheme. In this case you would need to arrange for an alternative insurer to provide you with a lifetime annuity.

Any money that we have received will be returned but if any of this money has been invested it is possible that the amount returned will be less than we received due to fluctuations in the market value.

11. Law

The New Open Annuity is subject to Gibraltar law.

12. Gibraltar's strengths

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. The latest IMF report can be accessed from the Gibraltar Financial Services website, please use the following link, <http://www.fsc.gi/international/imf.htm> Gibraltar is only the third jurisdiction to volunteer for such internationally recognised regulation.

13. Complaints

We are committed to providing a high quality of service in accordance with best industry practice.

We hope you should never need to complain, but if you do please contact us in the first instance. Copies of our complaints handling procedure are available on request.

You can also obtain help and guidance from The Pensions Advisory Service (TPAS) who can advise you how to complain and may be able to resolve the complaint. Their address is as follows:

The Pensions Advisory Service (TPAS)
11 Belgrave Road
London
SW1V 1RB
Telephone 0845 601 2923

Complaints concerning the underlying investments of your fund should be made directly to the investment provider concerned in accordance with their complaint procedure.

14. UK Compensation Scheme

If you are resident in the United Kingdom you will be covered by the Financial Services Compensation Scheme established under the UK Financial Services & Markets Act 2000.

You should refer to the FSCS for further information:

Financial Services Compensation Scheme
7th floor,
Lloyds Chambers
1 Portsoken Street
London
E1 8BN

Web: www.fscs.org.uk

Tel: 0800 678 1100

Please note:

This is a summary only; the full terms of the New Open Annuity are contained in the Policy Conditions.

Further information is available on our website at www.londoncolonial.com

Your financial adviser will be pleased to provide any additional explanations or information that you may need. You may also obtain information from London & Colonial – address as shown in section 9.

KEY FEATURES

The annuity that allows personal choice



For more information about any
London & Colonial product please contact:

London & Colonial
38-42 Perrymount Road
Haywards Heath
West Sussex
RH16 3DN

t: 0870 7566696
f: 0870 7566697
e: info@londoncolonial.com
w: www.londoncolonial.com

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