

optus

Group Savings Scheme
Product Profile & Technical Guide



FRIENDS PROVIDENT
INTERNATIONAL

Key Features & Benefits

- Schemes administered via a secure website by Employer and/or Adviser
- Choice of more than 120 top-class funds
- No Bid/Offer spread
- Automated allocation of contributions
- All switches completed via 'self-service online' are free of charge
- Each member can invest in up to ten funds at any one time
- Lifestyle Investment Options
- No software installation required
- Straight through processing
- Real-time member statements
- Online payment history

Technical Details

Type of Policy

Optus is an insured group savings and retirement benefits scheme issued by Friends Provident International Limited (FPIL).

The Scheme can accept regular and ad hoc contributions from both employers and scheme members.

Minimum Contribution

The minimum annual contribution per scheme is USD60,000 (or currency equivalent). Across the scheme as a whole, the minimum average contribution per member is USD200 per month or USD2,400 per year.

Currency

The plan currency is determined at set-up of the scheme and cannot subsequently be changed.

Contributions can be paid in a variety of currencies. We would expect these to be principally US dollars (USD), UAE dirham (AED), UK sterling (GBP) and euro (EUR).

Contributions must be paid in the scheme currency.

The following rates of exchange apply to all currency payments:

Currency Conversion	
Currency	Exchange Rate
USD	1.00
AED	3.66
GBP	0.50
EUR	0.75

If the exchange rate of any of these currencies changes by more than 20% we may, by giving three months' notice in writing, amend the conversion rate or rates to reflect exchange rates then current.

Contributions

The following types of contribution are accepted via the employer:

- Employer's Regular Contribution
- Employer's Single Contribution
- Member's Regular Contribution
- Member's Single Contribution
- Member's Additional Voluntary Contribution

Scheme members have an account in their own name within the overall policy into which contributions are paid. Should they elect to, they can also have an AVC account, into which Additional Voluntary Contributions can be paid.

It is important therefore that the employer advises FPIL how much of each contribution (if any) is to be applied to the individual member's AVC account.

Payment of Contributions

Regular and single contribution payments will be accepted by Telegraphic Transfer, via the employer. The cost of any transfers will be borne by the employer.

Maturity Age

The employer can decide on the maximum maturity age for members of their scheme at outset, subject to a maximum age of 75.

Funds

Schemes can invest in any of the funds available from the Optus fund range.

If they wish, employers/trustees may select a limited range of funds, from those available, to be offered under the scheme.

The maximum number of funds a member can invest in at one time is ten, including any Lifestyle Investment Option.

For each of the funds managed by external fund managers FPIL has set up its own fund which invests exclusively in the underlying fund, apart from a proportionately small amount maintained as a cash balance.

This means that the price of the Optus fund will be different from the corresponding underlying fund but will move broadly in line with it.

Technical Details

Units

Each of the Optus funds available is divided into units. Each contribution paid is allocated to units in the chosen funds, after the appropriate allocation rate has been applied.

Fund Prices

The unit prices of the Optus funds – and other fund information – are available on our website www.fpinternational.com

Lifestyling

There are three standard Lifestyle options, which comprise a three-, five- or ten-year automatic switching strategy.

These options allow scheme members to automatically combine exposure to funds with greater growth potential – and consequently higher risk – in the early years, with funds that operate to a more risk averse mandate in the years leading up to maturity age.

Switching

Fund switches are usually transacted online via the scheme website. All switches into and out of the Optus funds are free of charge (although we do reserve the right to charge for switches not completed online).

If an employer allows a member to manage their own investment, when a member requests a switch either online or by writing to head office, it will be processed using the next appropriate fund price.

Redirection of Future Contributions

Contributions can be wholly or partially redirected to alternative Optus funds at any time – either online via the scheme website or by submitting a written request to FPIL head office. Any changes to investment instructions for future contributions will be effective immediately, and the next contribution will be invested according to the revised instructions.

The maximum of ten funds per member applies.

Partial Withdrawals

Depending on the scheme rules determined by the employer and/or trustees at outset, partial withdrawals can be taken from a member's account(s).

The minimum partial withdrawal is USD1,000.

The minimum remaining value of a member's account following any partial withdrawal is USD6,000.

Individual Surrenders

Depending on scheme rules, an individual member's account can be fully surrendered at any time, without penalty. The surrender value is calculated by multiplying the number of units held, by the next available unit price following receipt of the surrender request.

If the surrender of an individual member's account results in more than 25% of the scheme value being cancelled within the first three years, a scheme surrender penalty may apply. Please refer to the Summary of Charges section in this document.

The sum payable on a member's death is 101% of the value of units held – in respect of all employer and employee contributions and any AVCs – based on the next available unit price following receipt of notification of death, and the documentation required to process the claim.

Online Access

Employers decide on the level of access their appointed scheme administrators (typically the Human Resources and/or Payroll functions) have to the secure online scheme administration system.

The access levels include:

- Full site access
- Member administration only
- Contribution administration only (with submission authority)
- Contribution administration only (without submission authority)
- View contribution history only

In addition, employers can grant online access to individual scheme members to their own personal account within the scheme. There are three levels of member access:

1. View member statement online
2. Update personal information
3. Update investment criteria

Level 2 access includes level 1 access. Level 3 access includes both level 1 and level 2 access.

Corporate Taxation

Friends Provident International Limited is not liable to income tax, capital gains tax or corporation tax on its policyholders' funds. Some dividends may be received net of withholding tax, deducted at source in the country of origin, but once inside Optus they can accumulate free of tax.

Personal Taxation

The personal taxation consequences of investing in Optus will depend on many factors. Scheme members may have a personal tax liability in respect of the proceeds of their account, largely dependent upon their country of residence.

Scheme Rules and Trust

Whilst it is not a requirement, setting up Optus in trust provides an additional level of protection for scheme members, in the event that the company setting up the scheme ceases trading.

A trust ensures that the benefits built up in the scheme are 'ring-fenced' and cannot be claimed by creditors of the company in the event of insolvency.

Friends Provident International can provide draft scheme rules and trust declarations if required.

Law

The Optus Group Savings Scheme is issued under the law of the Isle of Man.

Important Notice for Residents of the United Arab Emirates

If you effect a Scheme whilst resident in the United Arab Emirates (UAE), all disputes regarding the Scheme will be subject to the jurisdiction of the UAE courts whilst you remain resident in the UAE.

Gratuity Scheme

Under UAE Law No.8 of 1980, as amended by Law No.12 of 1986 (the "Labour Law") Article 140, where scheme rules provide that whatever payments the employer makes into the member's account are in respect of their statutory obligation to provide severance pay to employees, the member will be entitled to the value of their account **or** statutory severance pay, whichever is greater.

Where no such scheme rule exists, the scheme member will be entitled to the value of their account **and** statutory severance pay.

Employers are advised to take appropriate advice to ensure their employees' contracts of employment reflect appropriate terms and conditions.

Summary of Charges

Initial Charge

Nil

Bid/Offer Spread

Nil

Allocation Rate

This is determined at scheme set up and is the rate at which contributions are applied to purchase units in the members' accounts.

Member Fee

The Member Fee is based on the average monthly member contribution to the scheme at outset:

Average Member Contribution	Member Fee
USD200 to USD499.99	USD8 per month
USD500 to USD999.99	USD4 per month
USD1000 +	Nil

The Fee established at outset will be that charged throughout the duration of the scheme.

Alternatively, at scheme set up and subject to scheme rules, the employer can choose to pay the members' plan fees, in which case they will be charged separately and invoiced annually.

Scheme Fee

A one-off scheme fee of USD4,000 will be charged where the total anticipated annual contribution at outset is less than USD150,000.

For schemes with a total annual contribution greater than USD150,000 no scheme fee applies.

If a scheme fee does apply, this will be charged directly to the employer in advance of scheme set up.

Annual Administration Charge

An annual administration charge of 1.2%pa of the funds under management in the scheme will apply and is taken monthly by unit deduction across all members' accounts.

External Fund Charges

Between 0.1% and 3.35% each year, dependent upon the fund chosen.

Switch Fee

Nil. All switches completed online via the scheme website are free of charge.

We do reserve the right to charge if a member requests a switch by other methods.

Withdrawal Penalty

Nil. However a payment fee of USD50 will be applied to any ad hoc withdrawals from individual member's accounts, to cover the cost of telegraphic transfer.

Individual Member Surrender Penalty

Nil. Refer to *Scheme Surrender Penalty*.

Scheme Surrender Penalty

A surrender penalty will apply at scheme level if more than 25% of the funds under management within the scheme is surrendered in the first three years.

Duration	Charge	Charge Cap
0-1 year	6%	USD60,000
1-2 years	4%	USD40,000
2-3 years	2%	USD20,000

Scheme level surrender penalties will be charged to the employer and will be taken from the employer contribution element in the first instance.

Administration Fee

In certain circumstances, there may be an ad hoc charge for non-standard scheme administration. Any such charge will be invoiced to the Employer/Trustee(s).



Important Information

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The information given in this document is based on the understanding of Friends Provident International Limited of current Isle of Man law and taxation practice which may change in the future.

No liability can be accepted for any personal tax consequences of this scheme or for the effect of future tax or legislative changes.

Past performance should not be viewed as an indication of future performance, fund prices may go up and down depending upon investment performance and are not guaranteed. You may get back less than you paid in.

All fund performance quoted is net of annual charges. Please note that securities held within a fund may not be denominated in the currency of that fund and, as a result, fund prices may rise and fall purely on account of exchange rate fluctuations.

The rules and regulations made by the Financial Services Authority for the protection of investors will not normally apply to persons resident outside the United Kingdom

All policyholders will receive the protection of the Life Assurance (Compensation of Policyholders) Regulations 1991 of the Isle of Man, wherever their place of residence.

Complaints we cannot settle can be referred to the Financial Services Ombudsman Scheme for the Isle of Man or the Financial Ombudsman Service in the UK, depending on the parties involved.

Some telephone communications with the Company are recorded and may be randomly monitored or intruded into.

United Arab Emirates

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Registered in the United Arab Emirates as an insurance company (Registration No.76) and as a foreign company (Registration No. 2013).

Authorised by the United Arab Emirates Ministry of Economy to conduct life insurance and savings business.

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Authorised by the Isle of Man Insurance & Pensions Authority and regulated by the Financial Services Authority for the conduct of investment business in the UK.

Provider of life assurance and investment products.

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