

savings & investments

# Capital Protected Double Asset Bond

Intermediary Issue 23

The opportunity for real growth  
and a great return



# Take advantage of the FTSE 100, with no risk to your capital

**What matters to you when it comes to your savings? The reassurance of knowing your capital is protected?**

If you like the idea of a return linked to FTSE 100 growth, but are concerned by the unpredictability of the markets, our Capital Protected Double Asset Bond may offer you a solution.

Capital protected† means that as it's a building society account, your capital will be repaid to you on maturity and is not at risk from market volatility enabling you to invest without the risk of investing directly in stocks and shares. However, you could benefit from a return linked to the growth in the FTSE 100.

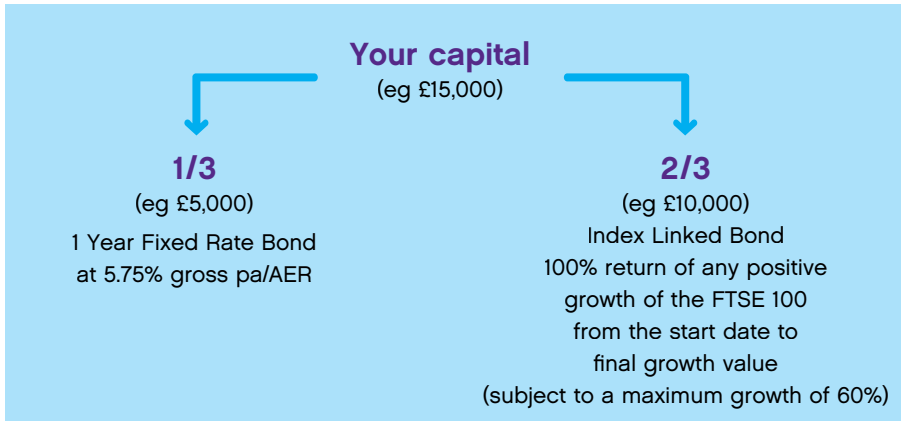
## What is the FTSE 100 index?

The FTSE 100 index is a benchmark index, tracking the performance of the London Stock Exchange. The full name is the Financial Times Stock Exchange 100, but it is commonly called the Footsie. The FTSE 100 Index is comprised of the 100 largest companies trading on the Exchange.

As your money is not invested directly in the companies that make up the FTSE 100 index, you do not receive a dividend income. The potential return of this element of the bond is linked to the performance of the index as a whole. Whilst the potential return is lower when compared to a direct stock market investment, your capital is protected. With a direct stock market investment there is no guarantee that you would receive your original investment back.

† Your money is protected in the same way as any other bank or building society deposit. Skipton Building Society is a participant in the Financial Services Compensation Scheme in the event of default. See our general Investment Account Terms and Conditions and [www.FSCS.org.uk](http://www.FSCS.org.uk) for more details.

## How the bond works – a simple guide



### Investment requirements

Minimum investment: £3,000, by cheque or transfer

- **£1,000 in the 1 Year Fixed Rate Bond**
- **£2,000 in the Index Linked Bond**

Maximum investment: £250,000.

Investments can be made up until 5 July 2010 when the product is made a closed issue.

### Our bonds in detail

As the name suggests, our Capital Protected Double Asset Bond is split into two parts. When you initially invest into this product a fixed rate of 2.00% gross pa/AER will apply until midnight 19 July 2010. Then your capital plus any interest will be invested as detailed in the following two sections.

#### 1 The 1 Year Fixed Rate Bond

One third of your capital is invested into a 1 Year Fixed Rate Bond with a guaranteed interest rate of 5.75% gross pa/AER for 12 months, which will be added to your bond at maturity.

**Start Date:** 20 July 2010

**Maturity Date:** Midnight 20 July 2011 (we'll remind you nearer the maturity date).

For added flexibility during the one year term, you can withdraw up to 50% of your initial investment from the 1 Year Fixed Rate Bond, should the need arise. However, once you make a withdrawal, please remember that funds cannot be replaced.

## 2 The Index Linked Bond – FTSE

Two thirds of your capital is invested into an Index Linked Bond, which offers a return of 100% of any positive growth dependent on the performance of the FTSE 100 index over a five and a half year period. Please note that the maximum growth you can receive on your investment is 60%.

- The initial reading is the closing level of the FTSE 100 Index on 20 July 2010.
- The final growth value will be based on the average of the readings from and including 17 January 2015, up to and including 15 January 2016.

The effect of averaging may affect the final level of the Index used to calculate the benefits. The final reading is compared to the initial reading and you will receive 100% return of any positive growth of the FTSE 100 index, subject to the maximum growth of 60%.

**Maturity Date:** Midnight 20 January 2016 (we'll remind you nearer the maturity date).

### Index Linked Bond – further information

The Index Linked Bond will mature at midnight on 20 January 2016. Following the final readings, we require further time to calculate any growth in the FTSE 100 Index. During these last few days, no growth will accrue and there will be no interest payable.

In the event that the Index performs badly and there is no growth, or there is a reduction in the overall value of the Index, on maturity you will receive your original capital, plus the interest earned up to 20 July 2010.

Due to the nature of our Index Linked Bond, we don't allow withdrawals before the bond matures.

### What will happen when my investment matures?

As the Capital Protected Double Asset Bond has the two elements there are two maturity dates to make a note of:

- **The 1 Year Fixed Rate Bond matures at midnight, 20 July 2011**
- **The Index Linked Bond matures at midnight, 20 January 2016.**

To make life easier, your funds (minus any withdrawals you have made), plus the interest you have earned, will be automatically transferred into a variable rate access account – giving you time to plan your next move. We'll also send you details of other products you may be interested in.

With the Index Linked Bond, you will have access to your capital and any return, no later than 14 days after the maturity date. During this time we calculate any interest payment and your investment earns a variable rate of interest equivalent to that of the Maturity Account (or equivalent account applicable at that time). We'll send you full details of this account shortly before each maturity date.

# Frequently asked questions

## **When will my funds be transferred into the Capital Protected Double Asset Bond?**

Your funds will be transferred into the bond on 20 July 2010. Until this date you'll receive an attractive fixed interest rate of 2.00% gross pa/AER on your investment.

## **Can I top up my bond?**

You can make additional investments into your bond up until close of business on 5 July 2010, or until the bond becomes closed to new customers, whichever comes first.

## **Can I withdraw my investment before the maturity date?**

You may withdraw up to 50% of your initial investment from the 1 Year Fixed Rate Bond element during the one year term. For the Index Linked Bond no withdrawals are allowed prior to maturity. You should make sure you have other funds available.

## **Is my capital at risk?**

No, your capital is protected and will be returned to you when your bond matures.

## **What about Tax?**

Although the return from both elements of the bond is subject to Income Tax, it is free from Capital Gains Tax. Interest will be paid net of basic rate income tax unless you are eligible to register for gross interest. You may have to pay more tax if you are a higher rate tax payer when each part of the bond matures. Any age allowances may also be affected.

## **Will I receive annual statements or passbooks?**

No. However, within 14 days of 20 July 2010, we'll send you a Certificate of Investment confirming your total investment as at 20 July 2010 including interest earned at the fixed rate of 2.00% gross pa/AER. Please keep this in a safe place.

## **Something to remember**

At Skipton we continually monitor the market to make sure we offer great rates of interest. However, things can change quickly – and sometimes we have to stop offering products sooner than we expected. That's why we recommend that if you're interested in a particular product, you act as soon as you can.

# Ready to open a Capital Protected Double Asset Bond?

For more information please refer to your Financial Adviser.

If you are a new customer please provide your Financial Adviser with some form of identification and verification of address as detailed in the Proving Your Identity leaflet.

## Canceling your Investment

If within 14 days of opening your account you are not happy about your choice of account we will, on your written request, transfer (if there is a suitable alternative account) or close your account.

## Please note

Before opening an account, please ensure that you read:

- **this leaflet in full including the further terms and conditions on the reverse; and**
- **the separate Investment Account Terms & Conditions leaflet.**

These contain important information about our accounts.

We are covered by the Financial Services Compensation Scheme (FSCS). The FSCS can pay compensation to depositors if a building society is unable to meet its financial obligations. Most depositors – including most individuals and small businesses – are covered by the scheme.

In respect of deposits, an eligible depositor is entitled to claim up to £50,000. For joint accounts each account holder is treated as having a claim in respect of their share so, for a joint account held by two eligible depositors, the maximum amount that could be claimed would be £50,000 each (making a total of £100,000). The £50,000 limit relates to the **combined** amount in all the eligible depositors accounts with the building society, including their share of any joint account, and not to each separate account.

For further information about the scheme (including any amounts covered and eligibility to claim) please ask at your local branch, refer to the FSCS website, which is [www.FSCS.org.uk](http://www.FSCS.org.uk) or call 020 78927300.

## Further terms and conditions for the Intermediary Capital Protected Double Asset Bond

1. All transactions must be made by cheque or transfer.
  2. All transfers to and from other Skipton accounts (where applicable) are subject to the terms and conditions of those other accounts.
  3. The Intermediary Capital Protected Double Asset Bond is not in any way sponsored, endorsed, sold or promoted by FTSE International Limited ('FTSE') or by the London Stock Exchange Plc ('the Exchange') or by the Financial Times Limited ('FT') and neither FTSE nor the Exchange nor FT makes any warranty or representation whatsoever, expressly or implied, either as to the results to be obtained from the use of the FTSE 100 Index ('the Index') and/or the figure at which the said Index stands at any particular time on any particular day or otherwise. The Index is compiled and calculated solely by FTSE. However, neither FTSE nor Exchange nor FT shall be liable (whether in negligence or otherwise) to any person for any error in the Index and neither FTSE nor the Exchange nor FT shall be under any obligation to advise any person of any errors therein.
  4. If on any individual date or number of dates which are used as part of the FTSE reading there shall occur (i) any disruption in the trading in such securities which compromises the FTSE 100 Index (ii) a failure to calculate or announce the FTSE 100 Index, or (iii) if there is no closing price for the initial FTSE reading, then the Society may be entitled to take the level of the next available closing price. If there is no closing price for any business day which falls during the calculation for the final FTSE reading, the Society will omit that closing price from the averaging period.
  5. If the FTSE 100 Index published rates shall be corrected during the course of the next succeeding business date, then and only then the corrective rate shall apply, unless that business day is after the maturity date, then the last index closing price would be used.
  6. 'FTSE®', 'FT-SE®' and 'Footsie®' are trademarks of the London Stock Exchange Plc and the Financial Times Limited and are used by FTSE International Limited under Licence. 'All-World', 'All-Share', 'All-Small' and 'FTSE4Good' are trademarks of FTSE International Limited.
  7. In the event that the FTSE 100 Index ceases to exist, the Society will, at its complete discretion, determine a new method of calculation for the Index Linked Bond.
  8. If an investor dies prior to maturity of the Bond the Society will, if requested to do so by either the executor/administrator or the person entitled to the beneficial interest in the Intermediary Capital Protected Double Asset Bond Issue 23 on receipt of appropriate evidence, return the original investment in full with interest equivalent to the rate on our Branch Access Account, without bonus (a variable rate access account) to the date of death.
  9. Commission of 2.75% to Intermediary, 0.25% to the Network or Mortgage Club (if any) will be paid on the initial investment only, following the expiry of the 14 day cancellation period. Total commission payable on the sum invested is up to 3.00% of the sum invested. The amount will depend on the sum of the investment. For example, for an investment of £10,000 it would be up to £300. The payment of this commission by Skipton Building Society will not affect the returns quoted.
  10. Intermediary Capital Protected Double Asset Bond Issue 23 is a share account which confers membership rights and is subject to the Rules of the Society. Copies of the Rules can be obtained from any branch or from our Principal Office.
  11. This product may only be opened by an individual aged 16 or over.
  12. This account is not a Payment Account for the purposes of the Payment Services Regulations 2009. Because your account is not a Payment Account, the provisions relating to changes to interest rates stated to apply to Payment Accounts, which appear in Part F of our Investment Account Terms and Conditions, will not apply to your account.
- AER stands for Annual Equivalent Rate and illustrates what the interest rate would be if interest was paid and added each year.
- Gross means the interest paid before the deduction of income tax at basic rate.

Your tax treatment will depend on your individual circumstances and may be subject to change in future.

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[skipton-intermediaries.co.uk](http://skipton-intermediaries.co.uk)

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Skipton Building Society is a member of the Building Societies Association. Authorised and regulated by the Financial Services Authority (FSA) under registration number 153706 for accepting deposits, advising on and arranging mortgages and insurance.

\*To help maintain quality and service some telephone calls may be recorded.