

Key Information Document

In accordance with EU legislation relating to Packaged Retail and Insurance-based Investment Products (PRIIPs), Acorn Life DAC are required to provide you with the Key Information Document (KID) in respect of the Acorn Life Managed Equity & Bond Fund.

The KID is included below; it contains important information such as the fund objectives, risks, potential rewards and costs.

Please ensure that you take the time to read the KID before your policy begins. If you have any questions about the content please do not hesitate to contact your Acorn Life Financial Advisor.

Purpose

This document provides you with key information about this product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

Product

Product name: **Acorn Life Flexible Life Protection Plan invested in the Acorn Life Managed Equity & Bond Fund**
 Insurance company: Acorn Life DAC
 Contact Details: www.acornlife.ie ; call 091 535 700 for more information
 Competent Authority: Acorn Life is regulated by the Central Bank of Ireland
 This key information document is accurate as at 01 January 2018

What is this product?

Type: This product is a regular premium Unit Linked Life Assurance Policy issued by Acorn Life. The product is primarily intended to provide protection benefits and not an investment return. Policies are issued under Irish law, which will govern all the terms of the contract between you and us.

Objectives: Each month, or less regularly if you choose, you pay us the premium due under the policy. There is an initial period, during which the premium is not invested but goes to meet our costs incurred in selling, setting up and administering the policy. After the initial period, we invest the premium on your behalf in the Acorn Life Managed Equity & Bond Fund. This fund is managed by HSBC Global Asset Management (UK) Limited. The premiums are invested in the Managed Equity & Bond Fund in order to support the provision of the protection benefits.

The Managed Equity & Bond Fund is invested in equities, equity related and bond securities. The Managed Equity & Bond Fund is for the investor who is looking for a spread of investment and long term growth. Through a carefully managed selection of equities and securities the fund aims to outperform returns from banks and building societies.

The fund is divided into a number of units of equal value, which are allocated to each policy. Each month some of the units allocated to your policy are used to pay for the protection benefits which you have chosen. Units are also deducted to cover the cost of our continuing to look after your policy. The remaining fund is there to provide cash benefits if you choose to surrender your policy in full or in part. You can surrender the policy at any time. We will pay you the value of units less any tax due. The value will be calculated the next business day following receipt of the written request to surrender and any other documents we may require. We review your fund from time to time to ensure it is adequate to meet the costs of the protection benefits you are receiving under the policy. Should this not be the case, we will inform you. You then have the option of increasing premiums, reducing benefits or allowing the policy to lapse if the benefits are no longer required. You can also make lump sum extra payments into your policy if you wish. This will enhance your fund and provide extra benefits or sustain these benefits for a longer period.

Term: Your policy has no specific period for which it remains in force. It is designed to last for as long as you want it. Depending on the level of benefits selected by you, it may be necessary to increase premiums in future if you wish the benefits to continue to be available. Regular policy reviews are carried out in this regard and further detail on this process can be found in the Policy Provisions. We have no right to cancel the policy, except as a result of your failure to disclose material facts at the application stage. As long as you continue to pay the premiums required under the policy, it will continue in force and the protection benefits will remain. This is the case no matter what your state of health in future. You will not be required to provide any evidence of health once the policy has been issued, unless you wish to increase benefits beyond the annual increase.

Insurance benefits and typical customers: This is a protection product that is designed primarily to provide a lump sum benefit for those who require protection for their family and or dependants in the event of their death or diagnosis of a critical illness. In particular it can be used to protect income, to repay outstanding mortgages or loans, to cover education costs and/or to cover immediate expenses/bills on either of those events.

It is also designed for those who place value in a product that provides flexibility to vary the level of cover provided as their circumstances changes. This product can also provide other protection benefits, such as accidental death, hospital cash, surgical cash, personal accident, accidental injury and premium protection benefits, if chosen by you.

Each year, the benefits and the premium will increase by 5% or the rate of inflation if greater, unless you decide you do not wish these increases to take effect. The regular premium can be further varied if you wish and additional lump sum premiums may be paid at any time. For the benefits to continue indefinitely, the premium may need to be increased at some time in future, otherwise benefits may have to be reduced or cease.

This product is aimed mainly at those in the 18-70 age group who are willing to commit to holding a policy for at least 10 years.

It is not designed for those who wish to build up a fund to meet future savings needs.

It is a long-term policy with premiums being paid throughout the term. You should not therefore enter into such a commitment unless you are fully satisfied that you can continue to pay premiums for such a period and that the policy, suitably modified as necessary to meet your changing needs, will continue to be appropriate for you.

The amount of your benefits will be specified in your Policy Schedule and the exact terms for the benefits are provided in the Policy Provisions.

In Tables 1-2 below we illustrate the potential benefits payable and costs of this product. These figures are based on the following details:

Life Assured: Non-smoker, aged 35
 Premium: €1,000 per annum increasing by 5% each year

Benefits:

Life Cover	€240,000	Accidental Death	€200,000
Comprehensive Critical Illness	€120,000	Accidental Injury	€4,000
Hospital Cash	€100 per day	Personal Accident	€250 per week

What are the investment risks and what could I get in return?

Investment Risk Indicator

The EU regulations governing the production of this Key Information Document require an Investment Risk Indicator to be assigned to investment products. Since this product is primarily designed to provide protection benefits we do not specify an Investment Risk Indicator.

Performance Scenarios

The form and figures shown in the table below have been developed in compliance with the applicable regulation. All calculations are based on assumptions (age of the life assured, holding period, costs, etc). These assumptions are only a possible example among many others.

This table shows the money you could get back on surrendering a policy over the next 10 years (before Exit Tax), under different scenarios, assuming that you pay €1,000 in the first year with the benefits and the premium increasing by 5% each year thereafter.

TABLE 1 – Performance Scenarios

Investment €1,000 per year increasing by 5% each year					
Survival Scenarios			1 year	5 years	10 years
Stress scenario	What you might get back after costs		€0	€0	€247
Unfavourable scenario	What you might get back after costs		€0	€0	€274
Moderate scenario	What you might get back after costs		€0	€0	€283
Favourable scenario	What you might get back after costs		€0	€0	€292
Accumulated Invested Amount			€1,000	€5,526	€12,578
Insurance Scenario			1 year	5 years	10 years
If the life insured dies	What might your beneficiaries get back after costs		€240,000	€291,722	€372,319
Accumulated Insurance Premium			€490	€2,836	€7,503

The scenarios shown illustrate how your investment could perform. You can compare them with the scenarios of other products. The scenarios presented are an estimate of future performance based on evidence from the past, and are not an exact indicator. What you get will vary depending on how the market performs and how long you keep the product. The stress scenario shows what you might get back in extreme market circumstances, and it does not take into account the situation where we are not able to pay you.

Based on the assumptions used for these illustrations, premiums will be sufficient to provide cover for approximately 14.5 years, at which point the premium would need to be increased from €1,980 per year to approximately €4,844 per year in order to sustain cover for a further 10 years.

The figures shown include all the costs of the product itself and includes the costs of your advisor or distributor. The performance scenarios and costs assume that the highest level of commission has been paid to the person selling this product to you.

Your insurance premium will depend on your age, your cover type and amount and the annual rate of increase of your cover.

The performance figures do not include a deduction for Exit Tax but do include a deduction for the government levy.

The premium payable for your protection policy is liable to a 1% government levy. This levy is collected by Acorn Life and passed to Revenue on your behalf.

Under current Irish Law, there is no liability to tax on any of the protection benefits payable under this policy, whether they are life assurance, accidental death, critical illness (core or comprehensive), hospital cash, surgical cash, personal accident or accidental injury benefits.

The fund in which your policy is invested will grow free of tax. Your Policy Value will be subject to a potential tax liability every eight years and upon surrender for cash at any time. The tax payable will be based on the amount by which the policy value payable exceeds the premiums which have been paid into the plan at that time, allowing for any tax already paid.

The current (January 2018) tax rate is 41%. However this can be altered by the Government and thus it is the rate applying at the date of payment of tax which determined the tax which will be payable. If you are an Irish resident, we will deduct the tax and pay it to Revenue.

What happens if Acorn Life DAC is unable to pay out?

All policyholder assets are held separately from Acorn Life's other assets and cannot be used by Acorn Life for our own purposes. Policyholder assets that are invested in managed unit linked funds are set aside and held in trust by an independent custodian, HSBC Securities Services, for the policyholder's benefit at all times and cannot be used by the fund manager or custodian for other activities.

Returns from unit linked funds will vary depending on the type of fund you choose, the geographical region the fund is investing and what type of assets the fund invests in. The value of these funds will reflect the performance of the underlying assets, which will be adversely affected in the event of asset default should any of the institutions with whom money is placed suffer insolvency issues or other financial difficulties. Acorn Life are committed to passing on to you the full value of the amount that we receive from HSBC in respect of your assets.

In accordance with EU solvency legislation, Acorn Life are required to maintain adequate levels of solvency to ensure we can meet our obligations to policyholders at all times. This is monitored internally and reported to the Central Bank of Ireland on a regular basis.

In the unlikely event that Acorn Life suffers insolvency issues, there is a risk that Acorn Life may not be able to honour in full any claim made by you in respect of your protection benefits. However there are mechanisms in place with the Central Bank of Ireland to minimise this risk to the largest extent possible.

Our Advisors are members of the Investor Compensation Scheme operated by the Investor Compensation Company Limited. Therefore, in the event of asset default eligible policyholders may be entitled to claim some of the money they have lost from this scheme.

What are the costs?

The total costs take into account one-off, ongoing and incidental costs. The amounts shown here are the cumulative costs of the product itself, for three different holding periods. The figures assume you invest €1,000 per year increasing by 5% each year. The figures are estimates and may change in the future. The costs are consistent with those reflected in the moderate scenario in the table of performance scenarios.

The table is constructed assuming that the charges for protection benefits remain at current levels, premiums and benefits increase by 5% per annum and policy fees are raised in line with inflation.

TABLE 2 – Costs over time

Investment €1,000 per year increasing by 5% each year			
Moderate scenario	If you cash in after 1 year	If you cash in after 5 years	If you cash in after 10 years
Projected cost of protection benefits to date	€490	€2,824	€7,429
Projected other costs to date	€510	€2,702	€4,885
Total costs	€1,000	€5,526	€12,314

What happens if I want to cash in the policy early?

Your policy has no specific period for which it remains in force. It is designed to last for as long as you want it but to get good value from the policy, you should expect to keep it for at least 10 years.

The policy may acquire a surrender value but not until premiums have been paid for at least four years. Even after that period, the surrender value, if any, may remain below the level of premiums paid under the policy, given that the policy is primarily intended to provide protection benefits and not an investment return.

Once units have been allocated to your policy, you may choose to withdraw some of the value at any time. This will mean that other benefits will not be able to be sustained for as long a period as otherwise and of course any ultimate cash value will be reduced.

When we issue you with your policy, you will have a period of thirty days to decide if the policy is exactly what you want. If you have any queries during this period, please contact us at either our local or Head Office address. If you decide you do not wish to proceed with the policy, you can simply inform us of the fact in writing, returning the policy documents and you will receive a full refund of any premium you have paid. Subsequently, you have the right to cancel your policy at any stage, simply by informing us in writing and returning the policy documents. You will then receive the value of your fund, although note that this could be low or even nil in the early years.

How can I complain?

- You can complain online through <http://www.acornlife.ie/contact-us.html/>
- You can call us on 091-535700. We're open Monday to Friday from 9am to 5pm.
- You can write to us at – Client Services Department, Acorn Life DAC, St. Augustine Street, Galway.
- You can email our Client Services Department at clientservices@acornlife.ie

To help us deal with your complaint, please tell us your policy number and contact details.

Other relevant information

Before signing an application for your Protection Plan, you will also receive a copy of the Life Plan Policy Provisions. These set out the terms and conditions for your plan in detail. The Policy Schedule which will be issued to you with your policy documents will also confirm further details of your policy. We will inform you if, at any time, we change our name, address, or our legal form. We will also inform you of any significant change to the charges made under the policy. We will confirm any change to your policy as a result of endorsements, premium reviews etc. We will contact you annually to confirm the premium due for the following year, the benefits then in force and the current surrender value under the policy.

We review and republish this Key Information Document each year; you can find the latest version on our website www.acornlife.ie.