



## Before you cash in your policy – Consider your options

**Surrendering your policy means that you are cancelling it in return for a cash sum. Obviously the decision whether to surrender or not is yours and we cannot advise you on the most suitable course of action. However, before making a final decision it is worth taking into account the following points.**

### What might the long term impact be of surrendering your policy?

- You and your family would lose the valuable protection benefits. These are likely to include life assurance cover and may also include the payment of a lump sum if you were to suffer a critical illness. Some policies include a provision whereby we pay the premiums for you if you are unable to work due to long term illness.
- If you surrender your policy and then decide you need to replace it with another, you need to take into account the costs associated with setting up a new policy. These may include a new set of initial charges and the cost of the cover may well be higher as you will be older than when you took out the original policy.
- In certain circumstances there may be a tax charge or other tax implications involved in surrendering your policy.
- If your policy is for saving purposes, surrendering the policy early may mean that you lose any bonuses that would have been paid at maturity.
- If you took out your policy to cover a mortgage or loan, you may be in a position where the mortgage or loan has been left uncovered.
- The surrender value could be less than the total of the premiums you have paid.

### Are there alternatives to surrendering your policy?

You may be able to:

- Take a partial surrender i.e. take a cash sum up to 95% of the policy value whilst keeping the policy going.
- Reduce your premium – If you want to reduce your outgoings this may be an option. (The level of cover on your policy may be reduced in line with any premium reduction).
- Make your policy paid up ie stop paying the premiums. There may be an option to retain the life cover, depending on the type of policy you have.
- Take a Premium Holiday – If you are unable to work as a result of recent redundancy you may be able to take a premium holiday. Premium payments are waived for up to 12 months and the life cover continues. However, policy charges will continue to be deducted.
- Sell it on the second hand market if there is a market for your policy. The principal companies operating in this market are members of The Association of Policy Market Makers (telephone number 0845 011 9406). Typically there is a market for with profits endowment and whole of life policies. Selling your policy in this way may result in you receiving a higher cash sum for your policy than surrendering it.
- Take Waiver of Premium – If you have been unable to work as a result of incapacity for a number of consecutive months please contact us.

**If you would like further information about the options available on your policy or wish to discuss the factors that may affect your decision please call our Client Line now on 0845 9600 900.**

### Alternatively you can write to us at the following address:

Client Services Division  
Abbey Life Assurance Company Limited  
100 Holdenhurst Road, Bournemouth, Dorset BH8 8AL

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