

your collective investment bond key features

This Key Features document gives you the main points about the Collective Investment Bond you're buying. Please read it carefully and keep it with your policy documents.

its aims

- To increase the value of the money you invest.
- To let you choose from many tax-efficient funds to match your investment objectives.
- To let you make tax-efficient regular withdrawals.
- To give you easy access to your money.

your commitment

- You invest a lump sum premium of at least £25,000 (or currency equivalent).
- You can make further payments of at least £2,500 (or currency equivalent) whenever you like.
- You should consider the bond as a medium- to long-term investment.

risk factors

We cannot guarantee the amount you will get back when you cash in your bond, which may be less than you have invested:

- if you take cash withdrawals within a defined period of making a payment you may incur charges. However, you can withdraw a certain amount each year without an Early Withdrawal Charge
- depending on the charging structure chosen, surrender penalties may apply if you take money out soon after you pay a premium
- prices of units in the funds change from day to day. You might choose to cash in the bond when prices are low
- you take withdrawals from the bond that exceed the growth.

You may get back less than the enclosed illustration shows. This could happen for several reasons, for example because:

- charges may be higher than illustrated
- where a new fund doesn't reach its intended size, you may have to bear greater costs, adversely affecting your investment
- you choose to invest in high risk funds
- you cancel your bond within the first 30 days (please see [can I change my mind?](#) for further details)
- where a fund holds investments in another currency, there may be additional risks because of exchange rate fluctuations
- some fund links may carry specific risks. Further details of the investment objectives are available from your financial adviser or our Head Office. If you have any doubts surrounding the suitability of this transaction and you have not already received investment advice, please contact your financial adviser.

how does the Collective Investment Bond work?

It's a single premium unit-linked whole of life policy.

The bond can cover a single life, joint or multiple lives.

how flexible is it?

The investment term is not fixed.

You can cash in all or part of your bond whenever you wish.

You can choose to take regular payments, one-off withdrawals, or both.

You can switch your investment into different funds at any time.

what might I get back?

When you cash in all or part of your bond, charges may apply.

The amount you get back will depend on:

- how much you have invested
- how long your premiums have been invested
- the investment performance of your chosen fund or funds
- how much you have previously withdrawn
- the charges that we have taken.

There are examples in the enclosed tables of how the value may increase.

can I take money out?

You can take money out of your bond whenever you wish.

You can take regular cash withdrawals depending on any restrictions of the funds you have chosen to invest in at monthly, quarterly, half-yearly or yearly intervals. We will partially cash in the policies which make up your bond.

A charge may be made when you cash in your bond.

where is my payment invested?

Your payment will be allocated to units in a fund linked to investments chosen by you.

You can choose to invest in Royal Skandia's internal funds. The money invested in these funds is professionally managed in a wide spread of UK and/or overseas investments. Depending on which funds you choose this could include shares, government stocks, fixed interest securities and commercial property. Most of our funds invest through unit trusts.

In addition you may also choose to invest directly in other funds managed by an extensive list of top investment groups.

You can get further information about the funds from your financial adviser or from us.

Your financial adviser can help you choose the most suitable funds for your circumstances and needs.

You are required to choose that a certain amount of your payment is invested in the Royal Skandia Deposit Fund in order to provide liquid assets to meet ongoing charges. You are also advised to have sufficient monies invested above this minimum to meet any regular withdrawals. The current minimum is 2%.

If there are insufficient liquid assets to meet charges or withdrawals then investments will be sold from the largest holdings. There may, therefore, be delays in paying any withdrawals until the proceeds have been realised.

You can find more information about the fund(s) you have chosen in the enclosed document.

Each fund is made up of 'units'.

- We use your contributions to allocate notional units in the funds you choose.
- The price of units in each fund depends on the value of the investments which make up that fund.
- We work out the value of your bond based on the total number of units you have in each fund. If the unit prices rise or fall, so will the value of your bond.

You can change your choice of funds whenever you wish. This applies to your existing investment, or any new payments. Currently, we do not make an administrative charge for this.

what happens to the Collective Investment Bond if I die?

We will pay a death benefit of 101% of the surrender value of your bond after notification of death of the last life assured.

The bond will stop at this time.

For an increased cost, you can arrange for a higher amount to be payable.

If you have put your bond under trust, we will pay the benefit to the trustees.

what about tax?

The funds in which you invest are not currently liable to Isle of Man taxes. However, investment income accruing to any fund may be subject to a tax deduction at source withheld in the country of origin.

Your personal tax situation will depend on your country of residence.

If you are subject to UK income tax:

- you may withdraw up to 5% each year of your original investment for at least 20 years without any immediate liability to income tax. If you withdraw more than 5% a year, or withdraw a total of more than your original investment, you may be liable to tax.
- On the death of the life or last of the lives assured, your bond is treated for tax purposes as though you had fully cashed it in just before the death.

Your financial adviser can give you further information on trusts and on your personal tax situation.

Your bond is divided into ten separate policies. This can have tax advantages when you make withdrawals.

You may be subject to additional taxes or costs which are not accounted for within the contract. Please refer to your financial adviser for further details.

The tax position may change in the future.

can I change my mind?

After your application has been accepted, you will receive a notice of your right to cancel. Once you have received all appropriate documentation and the notice, you will then have 30 days to change your mind and cancel your application. You can do this by either completing and returning the notice referred to above or by letter to the Customer Service Centre department at the address shown under [how to contact us](#).

We will return any money you have paid. If the value has fallen since you made the payment, you will get back the value of the units in the bond. It may be less than you paid in. This reduction could be significant for higher risk investment funds.

how to contact us

Your financial adviser will normally be your first point of contact.

If you have any questions, you can contact us in the following ways:

- phone +44 (0)1624 655 555
- fax +44 (0)1624 611 715
- write to:
Royal Skandia Life Assurance Limited
Skandia House, King Edward Road,
Onchan, Isle of Man, IM99 1NU.

If you wish to pay additional premiums, make one-off withdrawals, fund switches, or cash in your bond, either contact your financial adviser or write to us at our Head Office address.

You can cash in your bond at any time by writing to us at our Head Office, enclosing your policy documents. You should talk to your financial adviser first.

other information

How to make payments

You can pay by cheque or telegraphic transfer in most major currencies.

Terms and Conditions

These Key Features give a summary of the Collective Investment Bond. They do not include all the definitions, exclusions, or terms and conditions.

For a copy of the policy terms, please ask your financial adviser or contact us direct.

We reserve the right to amend certain contractual terms, some without prior notice, as explained in the policy terms, which are available from your financial adviser or from us. If we do this you may, if you wish, cash in your bond.

Law

The contract you are applying for is subject to Manx Law. If your application is accepted, we will send you Policy Terms. These will confirm the law applying to the contract.

All our literature and future communications to you will be in English.

We provide all disclosure documents in accordance with the pre-contract disclosure requirements applying in the United Kingdom.

Complaints

If you wish to complain about any aspect of the service you have received, please contact Risk and Regulation at Royal Skandia's Head Office at the address shown.

If your complaint is not dealt with to your satisfaction, you may refer the matter to:

- Financial Ombudsman Service,
South Quay Plaza,
183 Marsh Wall,
London E14 9SR.

Making a complaint will not prejudice your right to take legal proceedings.

Investor protection

Holder of policies issued by Royal Skandia will not be protected by the UK Financial Services Compensation Scheme should the company become unable to meet its liabilities. The Isle of Man Life Assurance (Compensation of Policyholders) Regulations 1991 protects investors whose policies are affected on or after 1 February 1991. This ensures that compensation of up to 90% of the value of their policies would be received in the unlikely event that their insurer became unable to meet its liabilities. There is no upper limit to the amount of compensation available. Further details on the scheme can be obtained from Royal Skandia on request.

About Royal Skandia

Royal Skandia is part of Skandia Insurance Company Limited, which is one of Europe's oldest and largest insurance groups, with operations in over 20 countries and assets under management of over £50 billion as at 30 June 2004.

Skandia's products are available only through professional financial advisers.

Royal Skandia Life Assurance Limited is a provider of long-term life assurance.

Royal Skandia is authorised under the Manx Insurance Act 1986 and is a member of the Association of International Life Offices. Royal Skandia is authorised to carry out investment business in the UK and is authorised by the FSA, the regulatory body governing life assurance business in the UK, under the Financial Services and Markets Act 2000.

The rules and regulations made by the FSA under the Financial Services and Markets Act 2000 for the protection of investors may not apply to persons outside the UK.

This document is based on Royal Skandia's interpretation of Isle of Man law and UK Board of Inland Revenue and Isle of Man Treasury practice at October 2004. While this interpretation is believed to be correct, Royal Skandia can give no guarantee in this respect or that tax reliefs and the tax treatment of investment funds will remain the same in the future.

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Calls may be monitored and recorded for training purposes and to avoid misunderstandings.

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