

your high investment bond key features

special offer until 31 December 2004 (unless extended)

This Key Features document gives you the main points about the High Investment Bond you're buying. It includes an illustration which shows the amount you may get in the future, information about charges and fund descriptions. 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 funds to match your investment objectives.

To let you make tax-efficient regular withdrawals.

To give you easy access to your money.

To pay up to 101% of the value of units in your bond at their selling price on death.

To give you the choice of adding extra life cover.

your commitment

You invest a lump sum premium of at least £5,000.

You can make further payments of at least £1,000 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:

- we may make a charge if you cash in or die during the early years
- 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
- if, at a later date, you have chosen to invest in a distribution fund(s), you take withdrawals from the bond that exceed the income declared in the fund.

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

- investment growth fluctuates, so it may be lower than shown
- charges are higher than illustrated
- surrender penalties may apply if you take money out soon after you pay a premium
- 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).

Some funds have higher levels of risk. Your financial adviser can give you further details.

what is a High Investment Bond?

It's a single premium whole of life policy.

The bond can cover a single life, joint lives or the life of another.

You can choose to add extra life cover, as long as you can show an insurable interest in the life or lives assured.

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 from Skandia's range at any time.

what might I get back?

When you cash in all or part of your bond, charges may apply (see [what charges apply to my bond?](#) in the enclosed document).

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. This will lower its value, and may affect your life cover.

You can take regular cash withdrawals at monthly, quarterly, half-yearly or yearly intervals. We will partially cash in the policies which make up your bond.

If you withdraw more than 10% of the premium during the first four years, we may make a charge. You can find more details in the enclosed documents.

The minimum withdrawal is £50, and your bond must be worth at least £500 after each withdrawal.

where is my payment invested?

During the special offer period we invest 108% of each premium you pay. After the special offer period this reduces to 105%.

We currently have over 320 funds for you to choose from. You can choose from a range of unit-linked funds.

The money invested in the 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.

Initially, you can invest in up to ten funds.

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

Each of the funds 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. We don't currently make an administrative charge for this.

what happens to the High Investment Bond if I die?

We will pay a death benefit of 101% of the value of units in your bond at their selling price. This may be reduced by an Early Encashment Charge if you have made payments when any of the lives assured are aged 75 or over.

See [what are the charges?](#) for details of how and when the Early Encashment Charge applies.

If you set up your bond on a joint life first death basis, we will pay on the first death. On a joint life last death basis, we will pay on the last death.

If you have added more life cover, we will pay the greater of your sum assured and the death benefit otherwise payable.

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

what are the charges?

We charge for managing your bond and investments.

The enclosed document gives more details about the charges and the effect they could have on your bond value.

The Early Encashment Charge referred to in that document is detailed below.

1. For payments you make during the special offer period.

Number of complete years since payment made	Early Encashment Charge (% of value of units deducted)
Less than 1	8%
1	5.25%
2	2.5%
3	0.75%
4 or more	Nil

2. For payments you make after the special offer period.

Number of complete years since payment made	Early Encashment Charge (% of value of units deducted)
Less than 1	3%
1	2.25%
2	1.5%
3	0.75%
4 or more	Nil

This Early Encashment Charge applies if the Bond is cashed in. It also applies on death for any payments you make:

- when the sole life assured is aged 75 or over, or
- for bonds set up on a joint life first death basis - when any of the lives assured are aged 75 or over, or
- for bonds set up on a joint life last death basis - when all of the lives assured are aged 75 or over.

Note: The Early Encashment Charge is higher in the early years during the special offer period because of the higher allocation to units.

what about tax?

The underlying funds to which the bond is linked are subject to life assurance company taxation, currently at a rate between the lower and basic rate of income tax. Unit prices will vary to take account of this tax, any change in corporation and income tax rates, the policyholders' proportion of the life assurance fund and also the timing of payments.

You will not normally have to pay any lower or basic rate income tax or capital gains tax in connection with your bond.

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.

When you finally cash in your bond, you may have to pay higher rate income tax on the gain you have made. This could also affect your right to age-related personal reliefs and any entitlement to children's tax credit.

On the death of the life or lives assured, your bond is treated for tax purposes as though you had fully cashed it in just before the death.

When you set up a bond under trust, any liability to income tax will depend on several factors, including the type of trust and when the bond is cashed in. If you have set your bond up under trust, you should speak to your financial adviser if you are thinking of cashing it in, as there may be a potential liability to income tax.

Your financial adviser can give you further information on trusts.

Your bond is divided into between ten and 100 separate policies. This can have tax advantages when you make withdrawals.

The tax position may change in the future.

can I change my mind?

You can change your mind within 30 days from when you receive your bond documents.

We will return any money you have paid. If the value of your fund 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 will I know how my High Investment Bond is doing?

There are several ways you can find out, including:

- ask your financial adviser
- call our valuation line on 0800 181396

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 023 8033 4411
- fax 023 8022 0464
- write to:
Skandia Life Assurance Company Limited
PO Box 37, Skandia House
Portland Terrace, Southampton
SO14 7AY

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 must pay all premiums by cheque.

How to complain

If you have a complaint, please write first to the Compliance Officer at the address shown (please see [how to contact us](#)).

If you are not satisfied with our response, you can complain to:

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

Complaining to the Ombudsman will not affect your legal rights.

Terms and Conditions

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

For a copy of the policy terms, the technical guide, the special offer terms or for more information about the available funds, 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

English law applies to the High Investment Bond.

Compensation

Your financial adviser will recommend products suitable for you. If you later feel that you bought a plan that was not suitable for your needs at the time you bought it, you should make a complaint to your financial adviser. They must then investigate in line with Financial Ombudsman Service rules. You have a legal right to compensation if your complaint is upheld.

Skandia

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Compensation (continued)

The Financial Services Compensation Scheme covers your bond. This means that if we were ever unable to meet our financial responsibilities, you will be covered for at least 90% of the value of your bond.

We will provide full details on request.

About Skandia

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 31 March 2004.

Skandia's products are available only through financial advisers.