


# investing in the collective investment bond



enabling intelligent investment choice

create and manage  
your own portfolio  
of funds



## At Skandia we like to help people prosper. That is why we offer the Collective Investment Bond – a flexible whole of life lump sum investment policy.

The Collective Investment Bond is offered through one of the world's leading offshore insurance companies – Royal Skandia – giving you access to a wide range of investment opportunities.

Committed to innovation, value, flexibility and quality service, we are dedicated to helping you achieve your financial goals.

With the Collective Investment Bond, we offer you the flexibility of creating your own tailor-made portfolio of funds, combining this with the additional benefits of a life policy.

You can start your Collective Investment Bond with a minimum lump sum of £25,000 (€37,500/US\$37,500 or currency equivalent). You have total control over your investments so you can take advantage of market opportunities by changing your investment portfolio at any time.

# increase the value of the money you invest

The Collective Investment Bond could be the perfect opportunity for you to invest in a wide range of funds to maximise your prospects of capital growth.

You can build your own investment portfolio held within a life assurance policy, tailored to suit your financial goals and your attitude to risk.

And, thanks to Royal Skandia's buying power and excellent relationship with fund managers, you can benefit from substantial initial discounts on fund management fees.

## at a glance

- Available to investors aged between 18 and 89 (inclusive)
- Choice of any major currency
- Available on a single, joint or multiple lives assured last death basis
- Convenience of holding all your funds in one portfolio
- Freedom to choose from thousands of investment funds
- Ability to transfer in and consolidate existing acceptable fund holdings
- Option to pay additional lump sum premiums at any time
- Easy access to your capital
  - total or part surrender at any time
  - optional regular withdrawals to provide an 'income'\*
  - use of an offshore bank account through Lloyds TSB or Singer & Friedlander
- Issued by an Isle of Man based life assurance company
- Opportunities for greater tax-efficiency
- 101% of the surrender value as Death Benefit, at no extra charge
- Award winning administrative support - paperwork and record keeping done on your behalf
- Option to use third parties to administer and manage your portfolio
- Choice of charging structures to suit your circumstances
- Comprehensive range of trust facilities for estate planning and asset protection

*\* For part surrenders, the higher of 25% of premiums paid or £10,000/€15,000/US\$15,000 (or currency equivalent) must remain within the policy. For further details refer to **access your capital at any time later** in this brochure.*

# administration and paperwork made easier for you

Paperwork and record keeping can be tedious and time-consuming when managing a diverse portfolio of assets.

With the Collective Investment Bond, Royal Skandia takes care of all this and manages the paperwork on your behalf. We create a unit-linked portfolio fund which holds only the funds you select.

We keep you regularly informed about the value of your portfolio by sending a valuation statement each quarter. This shows the opening and closing value of your portfolio for each quarter, plus any premiums and benefits paid and the charges we have deducted.

# build your portfolio with the expertise of a professional fund adviser

Structuring your own investment portfolio involves time, careful planning, prudent stock selection and in-depth knowledge of the world's investment markets

With the Collective Investment Bond you have the option of appointing a professional to help you with this.

All you have to do is appoint a professional fund adviser to help you design and monitor your portfolio.

They will then deal directly with us or an authorised custodian on your behalf. Alternatively, you may wish to do this for yourself. The choice is yours.

# choose the selected custodian facility

If you already have a custodial arrangement that you are happy with, you can keep your existing arrangement and hold your assets within the Collective Investment Bond.

Alternatively you can choose a custodian when you start your policy. Your choice of custodian is subject to our approval.

Through this facility, you or your fund adviser can issue dealing instructions directly to the selected custodian who will implement them and hold the assets on our behalf.

In certain jurisdictions it may be more advantageous for you to delegate fund management to a fund adviser.

# investment excellence

At Royal Skandia, we aim to secure the best possible dealing charges.

Our size, buying power and excellent relationships with fund managers means you can benefit from Royal Skandia's ability to negotiate substantial initial discounts from fund management groups.

And, as we help manage the paperwork on your behalf, you will be free to concentrate on identifying and exploiting investment opportunities, or simply enjoying the benefits of your investment.

## a world of investment opportunities

Through the Collective Investment Bond, you can enjoy significant investment freedom by spreading your capital across a wide range of different funds from many of the world's leading fund managers.

You have access to an extensive choice of internal and external collective investment funds, allowing you to build a portfolio that precisely suits your needs.

You can choose to invest in any of the following:

- any external collective investment fund or unit trust agreed by Royal Skandia
- any collective investment fund or unit trust that Royal Skandia links to.
- bank deposits
- our own range of managed, sector and specialist funds which are managed by some of the world's most prestigious fund management groups.

You can also select the Royal Skandia Deposit Fund which may be used to secure any gains or to adopt a more cautious approach.

## transfer and consolidate your existing assets

We recommend that you maintain a cash holding in the deposit fund or a bank deposit in your chosen policy currency so that money is readily available to meet charges or part surrenders. If there are insufficient cash holdings in the deposit fund, we will sell your investments in line with the policy terms.

To make it even easier for you to set up your portfolio and to reduce dealing costs, you can transfer your existing fund holdings to your policy.

This will normally be by in-specie transfer, which means your assets are transferred from one account to another rather than bought and sold. The minimum premium for bonds with additional funds transferred in increases to a total of £50,000.

### investment excellence from the Collective Investment Bond

- Extensive choice of collective investment funds from many of the world's leading fund managers
- Flexibility to change your portfolio at any time
- Significant savings on some initial fund charges compared with investing directly in funds
- Lower stockbroking fees
- Option to delegate fund management responsibilities by appointing a fund adviser
- Ability to transfer existing fund holdings into your bond
- Option to select your choice of custodian by using the selected custodian facility

# access your capital at any time

## total or part surrender

With the Collective Investment Bond, you have the flexibility to access your capital whenever you need by surrendering part, or all, of your policy/ies. This is subject to a combined minimum surrender of £500/€750/US\$750 (or currency equivalent). The benefit can be paid in any major currency of your choice (subject to normal transfer costs).

Your investment is automatically split into ten separate policies (unless a higher or lower number is requested in your application and agreed by us). You can then partially or completely surrender policies without cancelling the entire bond.

*Please note: we may decline a part surrender request (or limit the amount available) if the value of units remaining in your policy/ies would fall below the higher of 25% of premiums paid or £10,000/€15,000/US\$15,000 (or currency equivalent). We reserve the right to vary the minimum level at any time.*

Depending on which charging structure you choose, an early surrender charge may be made if you surrender any of your policies. Please refer to the charges section of the policy terms for further details.

You can also access your capital with our Fixed Account option. You can normally take any amount of your choice from your investment, without encashment charges, providing your account retains the minimum amount required to maintain a bond. For further information, please refer to the Account Terms available from your regional Skandia office.

## regular withdrawals

You can use your Collective Investment Bond to provide you with a regular 'income', by taking regular withdrawals either yearly, half-yearly, quarterly or monthly\*. This is subject to the above monetary limits. Your adviser will be able to advise you on the suitability of this option.

*\* Regular monthly withdrawals can be taken provided the initial premium is at least £100,000/€150,000/US\$150,000 (or currency equivalent).*

## offshore bank account

You can choose to make your regular withdrawals into an offshore bank account provided through Lloyds TSB or Singer & Friedlander\*. This gives you worldwide access to your money using a VISA debit card.

Alternatively you can make a lump sum withdrawal into your account and, when your balance drops below a certain amount specified by you, we will sell some of the assets held within your bond to top up the cash.

An early withdrawal charge may apply to any withdrawal taken from your bond.

*\* Singer & Friedlander also offer this facility to corporate bond holders.*

# competitive choice of charges

You can choose from a wide range of competitive charging structures allowing you to tailor the Collective Investment Bond to suit your individual needs.

Your adviser can help you select the charging structure best suited to you.

You can ask your adviser for one of our standard charging structure sheets that reflects our most common structures.

# minimum investment

You can set up your policy with a lump sum investment and invest additional lump sum premiums at any time, subject to our acceptance.

Minimum Investment			Minimum Additional Investment		
£,	€,	US\$	£,	€,	US\$
£25,000,	€37,500,	US\$37,500*	£2,500,	€3,750,	US\$3,750*

*\*(or currency equivalent)*

You can denominate your policy in one of a range of the world's major currencies, plus you can hold assets in any of these currencies - no matter what denomination you have chosen for your policy.

# tax-efficient policy

We like to make sure you keep as much of the money from your investment as possible and structure our products to maximise potential tax advantages for you.

As Royal Skandia is located in the politically stable and tax-efficient offshore centre of the Isle of Man, your investment will grow virtually tax-free. Royal Skandia does not pay income and capital gains tax on policyholders' investment funds. However, certain investment income may be subject to withholding tax which cannot be reclaimed. This depends on the country in which the underlying investments are based.

You can set up your Collective Investment Bond as a cluster of ten identical policies (unless a higher or lower number is requested by you and agreed by us). Depending on your country of residence there may be tax advantages to having a cluster of policies.

Your premiums and benefits are spread equally across the policy/ies at all times.

The tax treatment of your policy/ies will depend upon the tax rules that apply in the country where you are resident for tax purposes. It is therefore important that you check your position with your adviser before proceeding with your investments.

We can give no guarantee that tax reliefs and the tax treatment of funds will remain the same in the future. The value of any reliefs will depend on your individual financial circumstances.

# stability and security

The Collective Investment Bond is designed to give your investment every opportunity for growth in a secure and tax-efficient environment.

## unique policyholder protection

Of all the major offshore centres, including Jersey, Guernsey, Dublin and Luxembourg, only the Isle of Man has a statutory compensation scheme for offshore life assurance companies. The scheme operates globally, covering you no matter where you reside. This means that you will benefit from unrivalled protection.

Policyholders will not be protected by the UK Financial Services Compensation Scheme. The Isle of Man Life Assurance (Compensation of Policyholders) Regulations 1991 protects investors whose policies are effected on or after 1 February 1991. 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.

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

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.

# benefit from the strength and reputation of a world leader

Royal Skandia is part of the Skandia UK Group; a dynamic life assurance, pensions and investment group with extensive experience in international financial services.

Our parent company, Skandia Insurance Company Limited based in Sweden, is a world leader. Established in 1855, it is one of Europe's oldest and largest financial services companies with operations in over 20 countries.

You can be confident that you are investing with a company that understands the needs of international investors. At Skandia we also continue to set new, higher standards to deliver ever-improving products and a wider investment choice.

# further information

For full contractual terms of the Collective Investment Bond, please refer to the Policy Terms, **about your collective investment bond, ref CIB2**, available from any Skandia Regional office.

Investors must make their own investment decisions, in conjunction with their professional financial adviser. Royal Skandia will accept no responsibility for the performance of assets chosen.

The tax treatment of cash withdrawals and profits made from your bond will depend upon the tax rules that apply in the country where you are resident for tax purposes. You should check your position with your professional financial adviser.

This brochure is based on Royal Skandia's interpretation of the law and Board of Inland Revenue practice at September 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. The value of any tax reliefs will depend on individual financial circumstances.

Before proceeding, you should discuss your personal tax position with your professional financial adviser to ensure that investment into a Collective Investment Bond suits your circumstances. The transfer of existing assets in the bond may have taxation consequences.

Past performance is not a guide to future performance, and the value of unit-linked contracts is not guaranteed as the prices of units may fall as well as rise. The value of funds that hold assets designated in a different currency to the fund may rise and fall purely as a result of exchange rate fluctuations.

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Skandia International is the divisional name for the international companies within the Skandia UK Group.

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Out of our concern for the environment this item of Skandia literature is printed on recycled paper. We only use two types of paper: '9 Lives 80', which is made up of 80% recovered fibre and 20% fibre sourced from sustainable forests or '9 Lives Offset', which is manufactured from 100% recycled fibre and is totally chlorine-free.

