

Managed Savings Account



Get off to a flying start
FREE 5% extra allocation

Your guide

The leader in MultiManager investment

Royal  Skandia

Managed Savings Account

Invest in your own future

Whatever your investment objectives - for example, providing for your children's future, or accumulating a capital sum to repay a mortgage - the Managed Savings Account can help you achieve and exceed them, tax-efficiently.

Designed to encourage medium to long term regular savings, the Managed Savings Account offers the opportunity to combine the potential for superior investment returns, with the flexibility of a tax-efficient, offshore savings account.

Making the right choice

Choose Royal Skandia

Choosing Royal Skandia gives you the confidence you have invested your money wisely.

Royal Skandia is part of Skandia Insurance Company Limited which is the second largest unit-linked company in the world. With Skandia's corporate strength you know your money is in safe hands. Add to this Skandia's experience in the unit-linked market and your money has an excellent opportunity for capital growth.

Understanding and meeting the needs of investors like yourself is a top priority at Royal Skandia. With this in mind Royal Skandia's range of tax-efficient investment plans provide you with an unbeatable combination of excellent capital growth opportunities, value for money, flexibility and first class service.

Skandia was established in 1855 and has grown rapidly worldwide. Today it has operations in over 20 different countries and has assets in excess of £70 billion. This success is reflected by Royal Skandia which has over £3.3 billion assets under management clearly showing the confidence investors worldwide have in choosing Royal Skandia.

Maximising investment opportunities

Achieving higher levels of reward during your working life gives you an ideal opportunity to increase your savings and create considerable personal wealth. To meet your investment objectives requires a disciplined and regular approach to saving. And, the earlier you start this discipline, the more likely you are to create a secure financial future for you and your family.

The Managed Savings Account has been designed for expatriate and international investors only to maximise the use of regular income. By combining tax-efficiency and flexibility with the potential for superior investment performance, the Managed Savings Account can potentially build up a capital sum for you that can be used as required.

If you start saving now, take a look at how quickly your capital can accumulate. For example, if you begin to save US\$300 a month for 15 years you could expect a return of US\$94,841*. You may also be surprised to know that the money you save in the first five years of an account makes up 45.83% of the total value of the account. So the earlier you start investing the more time your money has to grow.

Money invested in years	Maturity value of money invested	Percentage of maturity value
1 to 5	US\$43,466	45.83%
6 to 10	US\$30,394	32.05%
11 to 15	US\$20,981	22.12%
Total maturity value after 15 years	US\$94,841	100%

*based on 9% growth, including all charges, except external fund annual management charge.



Investing for growth

Royal Skandia has worked closely with professional financial advisers experienced in the recommendation of offshore savings plans, to identify the key requirements of today's international investor.

The Managed Savings Account seeks to satisfy these needs by offering:

- superior investment opportunities from an extensive range of funds
- access to many of the world's leading fund managers
- unlimited switching between investment funds, currently free of administration charge
- tax-efficient growth for your investment
- access to your capital via the Fixed Account
- discounted fund initial charges
- additional protection benefits available
- award-winning administrative support

First class investment choice

Balancing opportunity with security

By enabling regular investment in a choice of Royal Skandia's award-winning range of tax-efficient funds, you can tailor an investment strategy to best meet your investment objectives. Recognising the specialist nature of world-class investment management, Royal Skandia offers access to the leading fund management groups, carefully selected on the basis of their performance and expertise in specific investment markets.

Most international investors recognise the great rewards that are available from the world's equity investment markets but are equally aware of the need to shelter part of their capital in relatively secure vehicles, such as bank deposits and government securities. Royal Skandia provides the potential to balance these opportunities.

Through the Managed Savings Account you have access to an impressive range of funds with a wide choice of investment objectives and strategies. These funds are continually monitored by investment professionals:

- Risk-Graded Managed Funds
 - Cautious
 - Balanced
 - Aggressive
- Single Sector Funds
- Specialist Funds.

Royal Skandia also provide Deposit funds which may be used to consolidate gains or to adopt a more cautious investment strategy.

Investment flexibility

You and your professional adviser simply need to select the funds which match your own personal objectives and attitude to risk. Any investment needs to be flexible to take maximum advantage of changing circumstances as and when they arise. With Royal Skandia, the choice of fund management groups or strategy selected at outset is not final. As investment conditions or your individual circumstances change, you can change your investment choice, currently free of administration charges, or redirect future contributions.

Tax efficient growth

As Royal Skandia is based on the Isle of Man, it is not currently liable to any form of tax in respect of the income and gains on policyholder funds. This means that, with the exception of certain investment income that may be subject to a tax deduction in its country of origin, the Managed Savings Account will grow tax-free.

A selection of the world's finest fund managers

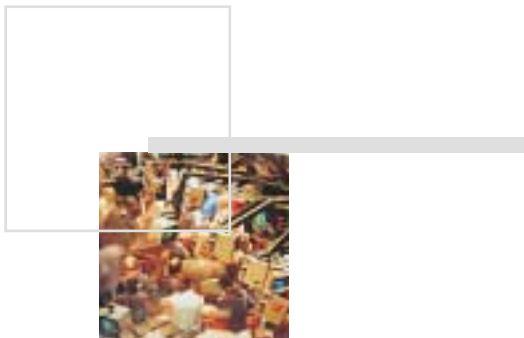
Recognising the specialist nature of investment management, Royal Skandia offers you access to over 25 prestigious and internationally recognised fund management groups, who implement the decisions necessary to follow a range of investment strategies.

This top list of fund managers includes names such as Fidelity, INVESTEC, HSBC, JPMorgan Fleming and M&G.

Each of the fund management groups has been carefully selected by Royal Skandia to manage chosen asset classes on the basis of their award-winning performance and expertise in particular investment markets.

You can also benefit from Royal Skandia's long standing and successful relationships with these fund management groups, which has resulted in substantial discounts on initial charges which are then passed on to Royal Skandia investors like yourself.

Details of Royal Skandia's full range of investment funds and fund managers are available in the brochure 'Superior Offshore Investment', the monthly 'Fund Performance Summary' publication or on our web site at www.royalskandia.com.



Flexibility, value & choice

Ease of payment

The Managed Savings Account allows you to tailor the plan to meet your personal needs. At outset, you decide on the Account Term and how you would like to make contributions. Regular contributions can be made monthly, quarterly, half-yearly or yearly. In addition, you can also make lump sum contributions or a combination of both. Additional lump sum contributions can be made at any time after the first regular contribution. Depending on the contribution frequency, you can choose to pay by cheque, credit card, standing order or telegraphic transfer. You can only change the frequency at an Account anniversary.

Minimum contributions

Frequency	Contributions			Increase		
	£	US\$	€	£	US\$	€
Regular:						
Monthly	100	150	150	10	15	15
Quarterly	300	450	450	30	45	45
Half-yearly	600	900	900	60	90	90
Yearly	1000	1500	1500	100	150	150
Lump sum contributions	1000	1500	1500	1000	1500	1500

You can increase the level of contributions, whenever required, subject to the minimum levels of increase at that time. You can also reduce contributions, at any time, provided that the reduced level of contribution is more than or equal to the minimum level for establishing a new Account.

To help achieve your investment objectives, if you make your regular contributions by credit card you can select an automatic contribution escalation option which enables you to increase your contributions by 5% or 10% at each Account anniversary. This facility is not available if you have selected Waiver of Contribution.

While contributions can be reduced, you should be aware of any Contribution Servicing Charges that will apply in these circumstances and you should always select a level of contribution at outset that you feel able to maintain for the full Account Term.

Choice of currencies

The Managed Savings Account can currently be denominated in sterling, US dollar and euro.



Boost your savings from the first day to the last

To help you get your savings off to a flying start, Royal Skandia will enhance your Account by giving you an extra 5% allocation FREE on regular contributions paid in the first year. This means a total of 105% of your regular contributions will be allocated to units and 100% each year thereafter making it a perfect start to your investment.

In addition, at maturity Royal Skandia enhance your investment further by giving you a bonus. Currently this is 0.2% of the regular contribution fund value for each Account year (subject to a maximum of 5%).

Access to your capital

You may be able to access your investment at any time after a preliminary period (please refer to the Account Terms for details). There are two ways of accessing your investment before maturity:

- For smaller amounts, you can normally access your capital after the preliminary period without attracting an Early Encashment Charge. A 'Penalty-Free Allowance' builds up at 1% of the regular contribution fund value at each Account anniversary. If you do not use the Penalty-Free Allowance, we will automatically carry forward the allowance into the next Account year(s).
- For withdrawals of at least US\$7,500 (or currency equivalent), you can use the Fixed Account which enables you to take the lower of 50% of the fund value of your Account or 90% of the Encashment Value as an interest-free loan repayable at the end of the Account Term (or sooner if you wish).

Benefit options at maturity

As it is difficult to predict precisely what your future needs will be, the Managed Savings Account offers a range of options at the end of the Account Term. You may choose to take the accumulated capital as a single lump sum. Alternatively, it can remain invested to enjoy further capital growth – you can then take partial encashments when required, free of Early Encashment Charge.

Competitive charges

The Managed Savings Account aims to provide a full range of benefits with extremely competitive charges:

- 7% difference between unit offer prices (at which units are purchased) and bid price (at which units are encashed). The Account benefits are at the bid price
- US\$7.50/£5/€7.50 monthly maintenance charge taken by encashment from the Account value. This charge increases to US\$15 (or currently equivalent) in the event of the Fixed Account being used
- Annual Management Charge of 1% of the value of the selected fund(s) in addition to the normal Annual Management Charges and operational costs charged by the various investment fund managers
- additional charges may also apply for early encashment of the Account (either full or partial) or on the reduction or cessation of regular contributions before the Account maturity date.

Protection against the unexpected

Additional life cover

The Managed Savings Account offers important benefits that can help with changes in your personal circumstances over the Account Term.

Royal Skandia provides a Minimum Death Benefit of 101% of the value of the Account, in the event of death before the maturity date. However, in many circumstances a more substantial Sum Assured may be necessary to provide security and a lump sum payment for your dependants.

The Managed Savings Account enables you to build in additional life cover to suit your own requirements, providing extra peace of mind.



Protection during disability

At outset you can also select Waiver of Contribution Cover. Under this option, Royal Skandia will pay the Account contributions if you become totally incapacitated for a minimum of 26 weeks and not able to follow any occupation.

Waiver of Contribution Cover helps avoid the financial strain of continuing Account contributions through a period of illness or following an accident.

We recommend that you discuss these arrangements with a professional financial adviser in order to choose the most appropriate cover for your needs.

The Isle of Man

Tax efficiency and security

The Isle of Man is an established offshore investment centre with a stable and independent legal, political and regulatory framework.

From 1997 through to 2002 the Isle of Man was voted 'Best Offshore Centre' at the International Money Marketing Awards, showing that it is an excellent place for your money.

Unique policyholder protection

How does the Isle of Man compare?

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

This compensation scheme is as a result of the Life Assurance (Compensation of Policyholders) Regulations 1991, which protects all investors whose policies are effected on or after 1 February 1991.

How is the policyholder protected?

- Investors in policies issued by Isle of Man authorised life assurance companies are protected worldwide.
- In the unlikely event that a company is unable to meet its liabilities, the policyholder will be protected by this compensation scheme.
- The compensation scheme offers investors up to 90% of the value of their policies. There is no upper monetary limit.

Technical Information

Available to individual, corporate & trustee investors, the Managed Savings Account is a unit-linked regular contribution endowment life assurance contract that can also accept lump sum contributions. It has a fixed term, which you choose at outset, and it is issued as a group of ten identical policies. The minimum term for the Managed Savings Account is 5 years and the maximum term is normally to age 65.

How to apply

The Account is available to anyone aged at least 18, except for residents of the United Kingdom and Isle of Man. It is, however, advisable that you check that your country's laws allow you to invest in an offshore life assurance policy.

You may apply for the Account on your own or on a joint basis with another applicant. It may have a single, joint or multiple lives assured. Each life assured must normally be aged 65 or under at maturity.

Basis	Number of lives assured	Prior to the end of the Account term, the Account ceases and benefits are payable:
Single Life	One	On the death of the life assured
Joint Life First Death	Two	On the death of the first to die of the lives assured
Joint Life Last Death	Two	On the death of the last to die of the lives assured
Multiple Life*	Three to five	On the death of the last to die of the lives assured

* Protection benefits other than the 'Minimum Death Benefit' are not available for Accounts effected with Multiple Lives Assured.

Changing your investment choice

105% of the first year's regular contributions and the first year of any contribution increase (in excess of the previous highest contribution amount) are allocated to units at the offer price.

100% of all other contributions are allocated to units at the offer price.

The Account benefits are determined at the bid price.

Account contributions can be split between up to 10 funds denominated in the same currency as those contributions, provided a minimum of 1% of the total contributions is placed in any one fund.

You can switch existing investments to different funds, currently without any charge. You can make a different investment choice for new contributions at any time. Existing investments are switched at the bid prices applicable on the working day after the working day we receive written instructions at our Head Office.

Payment of contributions

Regular contributions can be paid monthly, quarterly, half-yearly or yearly, and lump sum contributions can also be added at any time after commencement of the Account.

Contributions must be paid from one source.

Changing your contributions

You may increase the contributions to your Account at any time, or, if you pay by credit card, automatically by either 5% or 10% each Account anniversary. You may reduce or miss contributions. In that case a Contribution Servicing Charge will be made by encashing units from your Account if contributions are not maintained at the highest committed level.

Your Account attracts a Penalty-Free Allowance on each Account anniversary. Reduced or missed contributions up to the value of the available Penalty-Free Allowance do not attract a Contribution Servicing Charge. In addition, contributions that are reduced or missed for up to a maximum of 3 months do not attract Contribution Servicing Charges provided the missed or reduced contributions are reinstated in full within that 3 month period.

You cannot reduce your contributions below our minimum acceptable amount at the time. If regular contributions cease, the value of Account units will continue to increase in line with investment growth subject to continuing Account Maintenance and Contribution Servicing Charges. However, if contributions cease within the preliminary period, the Account will lapse

without value (except to the extent of lump sum contributions). Following the preliminary period, 3 months are allowed for the payment of regular contributions, otherwise the Account is made paid-up.

Any protection benefits will cease or be reduced if regular contributions are not maintained at the level required by Royal Skandia. Regular contributions may, if we agree, be resumed if they were previously unpaid or reduced. The Contribution Servicing Charge made in respect of the period of reduction or non-payment will not be recredited.

Preliminary Period

Regular contribution units do not have an encashment value until after the preliminary period.

The preliminary period is one month for each complete year of the selected Account term. For example, a 10 year Account Term will attract a preliminary period of 10 months. The maximum preliminary period is 24 months.

Penalty-Free Allowance

The Account will attract a Penalty-Free Allowance at the first Account anniversary and at each subsequent Account anniversary during the Account Term. It will be 1% of the bid price of regular contribution units at the Account anniversary (except any units in the Fixed Account).

You may use the available Penalty-Free Allowance to take part or all of an encashment free of the Early Encashment Charge. Any available Penalty-Free Allowance remaining at the end of the Account year will automatically be carried forward for use in the following or later Account years.

Fixed Account

You may apply to access part of the value of your Account by switching units to a Fixed Account and then requesting an interest-free loan. The minimum loan value is currently US\$7,500 (or currency equivalent).

Your application must be after the preliminary period and satisfy our minimum value requirements at the time. At the time of any such request, then the maximum amount that may be switched to Fixed Account Units is the smaller of one half of the value of Allocated Units at their Bid Price or 90 per cent of the value of the Allocated Units at the Bid Price less the Early Encashment Charge.

The Fixed Account will run to the maturity date. However, you may repay all of the interest free loan at the maturity date (or sooner if you wish).

Investment Benefits

On the maturity date, the value of your Account units at the bid price is available as a lump sum to you. We will add a bonus to the value of the Account at the end of the Account Term provided all of your regular contributions have been paid.

The bonus is equal to 0.2% per year of the bid price of regular contribution fund value (except any units in the Fixed Account). There is a maximum bonus of 5%.

Early Encashment

You can totally or partially encash your Account policies before the end of the Account term (or 25th Account anniversary, if sooner), subject to an Early Encashment Charge, although the Penalty-Free Allowance may reduce it.

Encashment is not available until after the preliminary period (except to the extent of lump sum contributions), and all protection benefits under encashed policies will cease.

PROTECTION BENEFITS

Life Cover

Your Account provides a death benefit of 101% of the Account value. Alternatively, you may select a Sum Assured to give a higher level of cover. In that case the amount payable on death of the relevant life assured before the maturity date will be the Sum Assured or the value of allocated units at the bid price if greater.

The Sum Assured can be applied for on a single or joint life basis. It is not available where there are more than two lives assured.

Waiver of Contribution Cover

You can select Waiver of Contribution Cover at outset only. If you become totally disabled as a result of an accident or serious illness waiver of contribution cover provides that regular contributions due on your Account will be waived and the Account will continue as though contributions were still being paid by you during your period of incapacity.

The cover commences after you have been totally disabled and unable to work for 26 consecutive weeks.

If you decide to apply for Waiver of Contribution Cover, you should refer to the Account Terms which provide full details of the terms which apply including the definition of disability and circumstances in which benefit will not be payable.

THE CHARGES

1. Allocation rates

105% of the first year's regular contributions, and the first year of any contribution increase in excess of the previous highest contribution level, are allocated to units. 100% of all other contributions are allocated to units.

Units are allocated at their offer price which includes an initial management charge of 7%.

Benefits and Account Administration charges are determined at the bid price.

2. Maintenance Charge

A Maintenance Charge, the cost of which is currently US\$7.50/£5/HK\$60/€7.50 a month will be deducted by cancelling units. The charge will increase to US\$15 (or currency equivalent) in the event of the Fixed Account being used. We reserve the right to increase the Maintenance Charge at any time in circumstances explained in the Account Terms.

3. Annual Management Charge

An Annual Management Charge of 1% a year of the value of the fund(s) to which your Account is linked is deducted from the value of each fund and is reflected in the unit prices of the fund(s). This charge may increase in the future.

The underlying fund management group may also make a charge that is reflected in the unit prices. These charges range from 0% to 1.75% pa. For full details, please refer to the brochure entitled 'Royal Skandia Investment Funds'. The investment charges may increase in the future.

If you have allocated Units in the Fixed Account then the Annual Management Charge for that fund will be met by cancelling units in other funds to which your Account is linked.

4. Early Encashment Charge

If regular contribution units are encashed before maturity or the 25th Account anniversary, whichever is the sooner, an Early Encashment Charge will be made.

The amount of the charge will depend on:

- the Account Term
- the number of complete Account years since the Account started

The Early Encashment Charge will not apply if you extend your Account at the maturity date. Nor, if applicable, will it apply after the 25th account anniversary if your Account Term is longer. Lump sum contribution units do not attract an Early Encashment Charge.

At any time after the preliminary period, you may use the available Penalty-Free Allowance to take encashments free of or with a lesser Early Encashment Charge, provided the remaining fund value does not fall below the minimum amount for maintaining an Account.

Where the amount of any encashment is greater than the Penalty-Free Allowance, an Early Encashment Charge will apply to the excess. The Penalty-Free Allowance will be reduced to the extent of any encashments but will never fall below zero.

The following table shows the value of encashed units you will receive after Early Encashment Charges (expressed as a percentage).

No of complete years in force	Selected Account Term				
	5 years	10 years	15 years	20 years	25 years
1	75.6	39.6	0	0	0
2	87.9	63.8	38.5	29.4	19.1
3	95.8	73.6	55.1	41.4	32.6
4	99.4	83.2	65.4	50.8	42.2
5	100.0	88.5	71.4	58.0	49.4
6		92.6	76.1	63.0	54.3
7		95.1	80.0	67.7	58.2
8		97.5	82.7	71.0	62.0
9		99.4	85.5	74.3	64.8
10		100.0	89.1	77.0	67.5
11			92.4	79.6	70.0
12			95.4	81.7	72.0
13			97.8	84.6	74.5
14			99.4	87.7	76.7
15			100.0	90.0	79.0
16				92.6	80.9
17				95.5	82.7
18				97.8	85.2
19				99.4	87.4
20				100.0	90.0
21					92.8
22					95.5
23					97.7
24					99.4
25					100.0

As an example, if you encash your Account after 5 complete years of a 25 year term and the value of units is £5,000 you will receive an encashment value of £2,470.

You should select an Account Term you can commit to.

5. Contribution Servicing Charge

A Contribution Servicing Charge is applied if a contribution is partially or completely missed in any Account year. The charge is made each month during the following Account year and during any subsequent Account years until contributions are restored to their previous highest committed level (or until the end of the Account Term if earlier). Therefore, in any Account year the Contribution Servicing Charge is calculated only on the missed contributions in the previous Account year. Any reduction in a contribution will be treated as if the contribution had been partially missed. In the event that the total of regular contributions paid during the previous 12 months falls below the previous highest committed level, a Contribution Servicing Charge of 8% of the missed contributions will be payable monthly by cancelling allocated units. Deductions will be made from regular contribution units and if these are insufficient from lump sum contribution units.

At each Account anniversary reduced or missed contributions up to a maximum of the available Penalty-Free Allowance do not attract Contribution Servicing Charges. In addition, contributions that are outstanding for less than 3 months provided they are reinstated in full within the 3 months' period do not attract a Contribution Servicing Charge. We will notify you when contributions are reduced or missed, that a Contribution Servicing Charge is due to be applied.

The Contribution Servicing Charge will not apply if the Account is extended at the maturity date, regardless of the level of any contributions paid after that time. Royal Skandia reserves the right to increase the Contribution Servicing Charge in circumstances explained in the Account Terms.

6. Protection Benefit Charges

Charges are made to pay for the cost of any chosen Sum Assured or Waiver of Contribution Cover. We can provide you with a personal illustration, which will show the benefits you have selected and the effect of the charges on your Account value. The Account Terms also provide further information and details of circumstances in which the benefits will not be payable.

7. Switch Charge

Royal Skandia may deduct a switching charge from the value of units which are being cancelled for the purposes of switching between funds. However, Royal Skandia currently does not charge this fee and has no current intention of imposing the fee in the future.

Further Information

Royal Skandia's Managed Savings Account provides the opportunity to build up a substantial lump sum by paying regular contributions into a tax-efficient and flexible savings account. This brochure has introduced some of the Account's benefits. However, before making an application you should read and carefully consider the Technical Information section in this brochure.

When you are ready to proceed with your application, you should complete the necessary form, being careful to include all relevant information. Royal Skandia will issue an acceptance letter with Account Terms and Schedules, the formal record of your Account. Copies of the Terms are always available and a summary of the units allocated to your Account can be requested at any time. You may wish to trace movements in the value of units of your selected funds in the financial press - your professional financial adviser will explain how to do this.

This document is based on Royal Skandia's interpretation of the law and Board of Inland Revenue practice at 1 November 2002. 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.

Past performance is not necessarily 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. Where a fund holds investments in another currency, there may be additional risks because of exchange rate fluctuations.

www.royalskandia.com

This piece of literature is available on the Royal Skandia Web Site.

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