

# key features of the skandia plan

a flexible investment-linked life assurance plan  
which guarantees you cover throughout your life



## **keyfacts**®

The Financial Services Authority is the independent financial services regulator. It requires us, Skandia, to give you this important information to help you decide whether The Skandia Plan is right for you. You should read this document carefully so you understand what you are buying and then keep it safe for future reference.

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# please read this document carefully

The purpose of this Key Features Document is to give you a clear and balanced summary of the information you need to help you make a decision.

Reading financial literature can be daunting, so we try to make our brochures and other documents as clear as possible, with no 'small print'. Where we cannot avoid technical expressions, we have included an explanation in plain English. We test our literature regularly to make sure that it can be understood by our customers.

Please read this Key Features Document in conjunction with the enclosed Key Features Illustration.

*thank you*





## about Skandia

The Skandia Plan is provided by Skandia Life Assurance Company Limited, which is part of the Skandia UK Group of companies, and is owned by Old Mutual plc. Old Mutual is an international financial services group with headquarters in London. As a FTSE 100® Company, it is one of the 100 largest companies listed on the London Stock Exchange.

Having launched in the UK in 1979, Skandia UK Group now manages £39.5 billion of investors' money\* in pensions, tax-efficient investments and protection products.

*\* As at 30 June 2008.*

## enabling intelligent investment choice

If the name Skandia is not familiar to you, that's because we don't sell or promote our products directly to customers. Instead, we deal only through financial advisers. We believe that decisions about your financial future are so important that you should always seek expert financial advice.

We do all we can to make sure that the people who are advising you about our products fully understand them and the risks that they need to consider with their customers. We also try to make our product information as clear as possible, in order to ensure you have all the information you need to make an intelligent investment choice.




# aims


## The Skandia Plan and its benefits


The Skandia Plan is an investment-linked life assurance policy that is designed to pay out a guaranteed cash sum when you, or others covered by the plan, die.

Unlike 'fixed term' policies that only pay out if you die before a specified date, The Skandia Plan is a 'whole life' policy, which lasts throughout the life of the people insured.



The investment element of the policy means that we invest a proportion of your regular payments into unit-linked funds chosen by you. The growth from these funds helps to build up the value of your plan. We offer you a choice of more than 500 funds to invest in. 


The benefit of having a plan that links life assurance to investments is that the higher the value of your plan, the less you need to pay to keep the level of life cover you need. The investment growth in your plan can also increase the value of the final payout when you die.

You can choose the amount of cover you need and the regular payments you make for it, subject to minimum levels. As long as your cover remains unchanged, your payments are guaranteed to stay the same for the first ten years. 

A further advantage is that The Skandia Plan is one of the few life assurance policies recognised by HM Revenue & Customs as having 'qualifying status', which means that normally no tax is due on payouts from the plan. 

With The Skandia Plan you can also:

- choose options that mean that we will pay, or 'waive' your premiums if you are temporarily unable to work due to illness or accident, or pay a cash sum if you become totally and permanently disabled. 
- increase your cover to keep up with inflation. We will offer you this option every year even if you have declined the offer previously.
- increase your cover in the future, using our guaranteed increase options, available following certain specified events such as marriage or a birth. You can do this without giving us any more information about your health, even if it has got worse since your plan started. 

The Skandia Plan can be used by companies to cover key employees. The partners or shareholders of a business can use the plan to provide a cash sum on their death to buy their share of the business from their family. 

See Q9 'what funds can I invest in?' and Q10 'what are 'unit-linked' funds?'



See Q5 'will my regular premiums ever increase?'



See Q8 'what does 'qualifying status' mean?'



See Q4 'what options can I choose at an extra cost?'



See Q2 'how flexible is the cover?'



See Q11 'can I use The Skandia Plan to cover my business?'



# your commitment


## what you have to do as the policyholder


You must answer all the questions on the application form fully, accurately and comprehensively. If you do not do so, we may not be able to pay your claim.

You must pay a regular monthly or yearly premium throughout your life.

You need to choose the fund or funds in which we will invest your premiums. Your financial adviser will help you decide on a fund choice that matches your goals and your attitude to risk.

You will need to tell us about any future changes of address or contact details so we can keep our records accurate and communicate with you.


If you choose to include total disability or waiver of premium cover, you must tell us if you change your occupation. 


See Q4 'what options can I choose at an extra cost?' 




# risks

## factors that could affect your plan

After ten years, we will review your plan to make sure that the payments you are making are enough to keep your cover at the same level. If you have chosen to make the lowest possible payments, it is likely that you will need to increase them significantly at this point. After this ten-year review, we will make regular checks to ensure that your payments continue to support your level of cover. If they do not, you will need to increase your payments again to ensure that your cover lasts for as long as you need it. 

There are some circumstances in which we cannot accept a claim. 

During the early years your plan will have no cash-in value because we will take money out of it to pay the costs of setting it up. 

If you stop paying premiums, we will continue to take charges from your plan so your cover can continue. Once the value of your plan is used up, your insurance will end. This could happen immediately after your regular payments end. Any optional cover you have chosen will end immediately.

If you increase your cover, your premiums may rise by a higher percentage than the increase in cover, particularly as you get older.

The funds available for you to invest in all have specific risks, which differ according to the assets held within them. The **Key Features Illustration** with this document describes the risks relating to the funds you have chosen.

See Q5 'will my regular premiums ever increase?'



See Q7 'do you guarantee to pay my claims?'



See your personal 'Key Features Illustration'




# questions and answers


## Q1. could The Skandia Plan be right for me?

If you are looking for life assurance cover that can last throughout your life, will pay a lump sum when you die and has the flexibility to increase your cover and add some illness cover, then this could be the right plan for your needs.

Although this plan builds up a value using investments, its primary aim is to provide life assurance cover.

As part of your planning for the inheritance tax that might be due after you die, you can put your Skandia Plan into a suitable trust to ensure that the cash sum will not become part of your estate, and therefore not liable for inheritance tax. Your financial adviser can give you more information about how to do this. 

You can take out a Skandia Plan if you are aged between 18 and 80 and resident in Great Britain, including the Channel Islands and the Isle of Man.

 You can find more about putting your policy in trust in our brochure 'explaining The Skandia Plan'

## Q2. how flexible is the cover?


### INFLATION


Every year, we will offer you the opportunity to maintain the true value of your cover and offset the effects of inflation. You can increase your cover by up to 10% or by the current rate of inflation, if that is higher. The increase in your payments may be a higher percentage than the increase in your cover.

We will not ask you to tell us about any changes in your health since your plan started. Even if you decide you do not want to accept the increase option in one or more years, we will continue to offer it throughout your life.

When you set up your plan, you can choose to have these increases happen automatically each year.

### SPECIAL EVENTS

Whenever any of the events listed opposite happen in your life, you can increase your cover within certain limits, provided we accepted your application on our standard terms.  On such occasions we will not ask for any more information about your health, even if it has got worse since your plan started.

 See Q14 'what are 'standard terms?'

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The events are: 

- Marriage or civil partnership\*
- The birth or adoption of a child
- Moving house or increasing your mortgage
- When your liability to inheritance tax increases
- When the value of your business increases (if your plan has been taken out to cover your business)
- When you retire, and life cover included with your company pension scheme ends.


*\*As detailed in the Civil Partnership Act 2004*

When you ask us to increase your cover because of any of the first three events listed above, we will do so immediately but we will not increase your premiums until the next anniversary of the date your plan started.

If you want to increase your cover by a higher amount than we can offer through the inflation and special event increases, it may be possible but we will need full details of your state of health at that time.

### Q3. who can be insured?

- You alone, or
- you and another person – you then choose whether we will pay the benefits after the first or the second death, or
- other people, providing you have an ‘insurable interest’. This means that you would suffer financially from the other person’s death. For example, a husband and wife or civil partners have an insurable interest in each other’s lives.

A company can take out a plan covering the death of its key employees, and the partners or shareholders of a business can cover each other. 

### Q4. what options can I choose at an extra cost?


You can choose to add the following options to your plan, at an extra cost: 


#### TOTAL DISABILITY COVER


We will pay the full amount of cover (or the value of your plan if that is higher) if you become permanently disabled before age 60 and are unable to work again. Your plan will end if we pay this benefit.

#### WAIVER OF PREMIUM COVER


If you are ill or have an accident, and are unable to work for more than six months, we will pay your premiums until you recover, return to work, reach age 65 for men or age 60 for women, or die. If you have used the inflation option to increase your cover every year, we will continue to increase your cover while we pay the premiums.

 You can find full details of all the increase amounts in our brochure ‘explaining The Skandia Plan’.

 See Q11 ‘can I use The Skandia Plan to cover my business?’


 You can find full details of these covers in our brochure ‘explaining The Skandia Plan’


## Q5. will my regular premiums ever increase?


Throughout the life of your plan, if you ask us for more cover, you will need to increase your regular payments. The percentage increase in the premium is likely to be higher than the percentage increase in your cover, particularly as you get older. 

Your payments are guaranteed not to change for the first ten years unless you change your cover. After that, we will check your plan every year to make sure that the premiums you pay are enough to keep the same level of cover in the future. If they are too low, we will suggest that you increase them.


How much you pay will be affected by:


- the increasing cost of life cover, and any ill-health cover included such as disability and premium waiver cover
- charges, which may turn out to be higher than we expected
- how well your chosen investment funds perform. 

You can find more details about how we calculate your payments in our brochure 'explaining The Skandia Plan' 

See Q9 'what funds can I choose from?' 


## Q6. what level of premiums should I choose?


You can choose to pay any level of premiums at or above the minimum for your chosen level of cover. The level you choose will affect the potential value that can be built up in your plan and the likelihood of having to increase your regular payments in the future. 

You can find more details about the different levels of payments in our brochure 'explaining The Skandia Plan' 


## Q7. do you guarantee to pay my claims?


Yes, unless:

- you do not answer all the questions in the application form completely and accurately
- you add total disability or waiver of premium cover and
  - a claim was caused or accelerated by certain events, or
  - you change your occupation or are outside the UK for extended periods of time
- you commit suicide in the first two years after you take out or increase your cover. 

You can find full details of when we might not pay a claim in our brochure 'explaining The Skandia Plan' 

## Q8. what does 'qualifying status' mean?

It means that, if you are covered by the plan as an individual, rather than a company, no income or capital gains tax will be due on any benefits paid from the plan, provided that your plan meets certain criteria. 


You can find more details about qualifying status in our brochure 'explaining The Skandia Plan' 

## Q9. what funds can I choose from?


Your financial adviser will help you choose from over 500 unit-linked funds from more than 40 of the best fund management groups available. They cover a wide spread of UK and overseas investments, including shares, Government stocks, fixed interest securities, such as gilts, corporate bonds and Eurobonds and/or commercial property.

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Fund management groups are investment management companies that use the expertise of specialist fund managers to run their portfolio of funds on behalf of both private and institutional investors. Examples are: Fidelity, Black Rock and Invesco Perpetual.

We will invest each premium you pay into your chosen funds. 

You can change or add to your choice of funds whenever you wish, as long as you continue to pay premiums.

 You can find full details of the charges and allocation rates in our brochure 'explaining The Skandia Plan'

## Q10. what are 'unit-linked' funds?

Life assurance companies offer unit-linked funds to make a range of investment choices available to their customers within an insurance product, such as life assurance.

Our unit-linked funds invest on your behalf in a wide range of collective investment schemes, such as unit trust funds, and also directly into stocks and shares. These are known as the 'underlying funds' or 'underlying assets'.

We work out the value of your plan daily, based on the total number of units you have in each unit-linked fund. As the value of the underlying fund rises or falls, so will the value of our unit-linked funds and your plan.

The charges and tax applied to unit-linked funds are different from those applied to the underlying funds, which is why the prices quoted in the press will be different.

In spite of these differences, the value of your plan is directly linked to the performance of the underlying funds in which we have invested your money.

## Q11. can I use The Skandia Plan to cover my business?

If you own a company, you may wish to insure against the financial effects of losing one of your key people. Such a loss can affect profits and the availability of business loans. If you need cover for the business for more than a few years, The Skandia Plan may be suitable for you.

You can also use The Skandia Plan if you are a shareholder or partner in a business. If one of your fellow shareholders or partners dies, the plan can provide the cash to buy their share from their family.

Your financial adviser can give you more details of how The Skandia Plan might cover you and your business.

## Q12. how do I pay my premiums?

You can choose to pay your premiums either monthly or yearly. The minimum payments are £20 a month, or £200 a year. The minimum increases to premiums are £2 a month and £20 a year.

If you choose the monthly option, you must pay by direct debit. You can, however, pay the first premium by cheque if you wish. We normally collect the premiums on the first day of the month.

If you choose yearly payments, you can make them either by direct debit or by cheque.

## Q13. can I change my mind?

Yes. When we notify you that your application for The Skandia Plan has been accepted and send you the appropriate documentation, we will remind you that you have 30 days to change your mind and cancel your application. You can do this by writing to the customer service centre at the address shown on page 14. We will refund any money you have paid.

If you want to cancel your cover after this period, please send us your policy documents. We will not refund any of the premiums you have paid but, if your plan has a value at that time, we will pay it to you. If you stop paying premiums but do not cancel your cover, we will continue to take costs from your plan, so your life assurance will continue until your plan has no value.


## Q14. what are 'standard terms'?


They are the range of benefits and the premium levels that we offer to most people who are in good health and do not have a hazardous occupation or take part in any dangerous leisure activities.

If you do not meet our criteria for these, we may offer you 'non-standard terms', which means that we ask you to pay an increased premium. Alternatively, we may remove some benefits from your cover, or be unable to offer you total disability or waiver cover.

If you accept non-standard terms, any increases to your cover will also be more expensive, and you will not be able to use the increase options on special events. We will, however, still offer you inflation increases each year.

## Q15. where can I find out about charges for my plan?

You can find details of the charges which will apply to your plan in the **Key Features Illustration** with this document. We make a number of different charges each month, including the costs for life cover and administration. 

 You can find full details of the charges and allocation rates in our brochure 'explaining The Skandia Plan'

## Q16. what about tax?

The amount paid on a claim is normally free from UK income tax and capital gains tax. On death, inheritance tax may be due on these payments. You may be able to reduce the effects of inheritance tax by using an appropriate trust.

### TAX ON TRUSTS

If you have been advised to put your plan in trust, any liability to income tax will depend on several factors, including the type of trust and whether you cash in all or part of your plan.


If you are thinking of cashing in a plan you have put in trust, we strongly recommend that you speak to your financial adviser before making any decisions, as you may become liable to pay income tax.

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## TAX ON FUNDS

Income and capital gains tax is payable on the funds that your money is invested in. We pay this tax and it is reflected in the price quoted for each unit in the funds. This means that if you are a basic rate taxpayer, you will normally have no further tax to pay on the amount we pay on a claim.

If you are a higher rate taxpayer, and you cash in all or part of your plan or make a claim, income tax may be due. This would be the difference between the basic rate (which we pay) and the higher tax rate. In the 2008/9 tax year, this difference is 20%.

In certain circumstances any entitlement to higher age-related income tax allowances could be reduced or lost. Please ask your financial adviser for further details or contact us. 

The Government might change the tax position during the life of your plan

 See Q8 'what does 'qualifying status' mean?' and our brochure 'explaining The Skandia Plan'

## Q17. what will happen if I stop paying premiums?

If you miss paying a premium, you will have 30 days to make the payment. If you have not paid it by then, we will make your plan 'paid up'. This means that your life cover will continue until the plan has no remaining value, but any waiver of premium or total disability cover will end immediately.

# other information

## contact details

If you need any further information about The Skandia Plan, please contact your financial adviser in the first instance. If you wish to contact us directly, you can do so by:

Phone: 023 8033 4411 Fax: 023 8022 0464  
E-mail: info@skandia.co.uk  
Mail address: Skandia Life Assurance Company Limited  
PO Box 37, Skandia House, Portland Terrace, Southampton SO14 7AY

## complaint procedures

Customer satisfaction is very important to us at Skandia but, if you do have any cause to complain about the services provided, either by your financial adviser or by us, clear procedures are laid down by the Financial Services Authority to ensure that your complaint is dealt with fairly.

You should write in the first instance either to your financial adviser – if your complaint relates to the advice you have been given – or, if it concerns the service you have received from us, to our Compliance Officer at the address above, and we will do everything we can to resolve the problem.

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

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


Complaining to the Ombudsman will not affect your legal rights.

## about the terms and conditions

This Key Features Document and the accompanying information give a summary of The Skandia Plan. They do not include all the definitions, exclusions or plan terms and conditions.


For a copy of The Skandia Plan policy terms, or for more information about the fund range, please ask your financial adviser or contact us direct.

We reserve the right to change certain terms of the contract between us, without notice.

This is explained in the policy terms. 

The Skandia Plan is governed by the law of England and Wales. Your policy terms will confirm this.

All our literature, and any other communications with you will be in English.

 See section 20 of the policy terms 'Variation'

## policyholder protection

The Financial Services Compensation Scheme (FSCS) acts as a safety net for customers of financial services providers such as Skandia. If we cannot meet our liabilities, the FSCS may arrange to transfer your plan to another insurer, provide a new plan or, if these actions are not possible, provide compensation.

For long-term insurance (such as pension plans and life assurance), the level of compensation you can receive from the scheme is as follows:

- the first £2,000 of a claim is protected in full
- above this amount, the scheme covers payment to 90% of the value of a plan in liquidation.

Full details are available on request.

## classifying our investors

Under Financial Services Authority (FSA) rules, we classify all our investors as 'retail clients' which means you benefit from the highest level of regulatory protection.

Skandia Life Assurance Company Limited, which provides The Skandia Plan, is authorised and regulated by the Financial Services Authority.

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

[www.skandia.co.uk](http://www.skandia.co.uk)

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

Skandia Life Assurance Company Limited is registered in England & Wales under number 1363932. Registered Office at Skandia House, Portland Terrace, Southampton SO14 7EJ, United Kingdom. Authorised and regulated by the Financial Services Authority with FSA register number 110462. VAT number 386 1301 59.

Skandia fund platform gives you access to MultiSA and MultiFUND provided by Skandia MultiFUNDS Limited and to products provided by Skandia Life Assurance Company Limited.

**When printed by Skandia this item is produced on a mixed grade material, which uses a combination of recycled wood or paper fibre from controlled sources and virgin fibre sourced from well managed, sustainable forests.**

