

Switch Instruction Form

Please complete this form using BLOCK CAPITALS. We may return forms that have been incorrectly completed.

STEP 1 BOND DETAILS

Contract Type (tick one box only)

Investment Bond

Inheritance Plan

Universal Capital Account

Flexible Investment Plan

PLAN NUMBER

STEP 2 OWNERS OF THE BOND - PERSONAL INVESTORS ONLY

Owner 1

Title (please tick) Mr Mrs Ms Other (in full)

Surname

Forename(s) (in full)

Address (for correspondence)

Owner 2 (if any)

Title (please tick) Mr Mrs Ms Other (in full)

Surname

Forename(s) (in full)

Address (for correspondence)

Owner 3 (if any)

Title (please tick) Mr Mrs Ms Other (in full)

Surname

Forename(s) (in full)

Address (for correspondence)

Owner 4 (if any)

Title (please tick) Mr Mrs Ms Other (in full)

Surname

Forename(s) (in full)

Address (for correspondence)

If there is an additional owner of the bond, please copy Step 2, complete the corresponding details for the additional owner and attach the completed page to this Switch Instruction Form.

STEP 3 OWNERS OF THE BOND - TRUSTEE / CORPORATE INVESTORS ONLY

Name of Trust/Corporate Body

Address (for correspondence)

Please complete the details below for all of the Trustees / Authorised Signatories who are authorised to give instructions relating to this bond.

Name of Trustee/ Authorised Signatory 1

Name of Trustee/ Authorised Signatory 2 (if any)

Name of Trustee/ Authorised Signatory 3 (if any)

Name of Trustee/ Authorised Signatory 4 (if any)

If there is an additional trustee / authorised signatory of the bond, please copy Step 3, complete the corresponding details for the additional trustee / authorised signatory and attach the completed page to this Switch Instruction Form.



STEP 4 SWITCH DETAILS

I confirm that the investment should be switched as follows:

FROM the following Funds (for Safety Plus Funds include level of capital protection)

Name of Existing Funds	Amount	OR	% of the fund value to be switched*
<input type="text"/>	<input type="text"/>		<input type="text"/> %
<input type="text"/>	<input type="text"/>		<input type="text"/> %
<input type="text"/>	<input type="text"/>		<input type="text"/> %
<input type="text"/>	<input type="text"/>		<input type="text"/> %
<input type="text"/>	<input type="text"/>		<input type="text"/> %
<input type="text"/>	<input type="text"/>		<input type="text"/> %

INTO the following Funds (for Safety Plus Funds include level of capital protection required)

Name of Funds	Amount	OR	% of the total switch value*
<input type="text"/>	<input type="text"/>		<input type="text"/> %
<input type="text"/>	<input type="text"/>		<input type="text"/> %
<input type="text"/>	<input type="text"/>		<input type="text"/> %
<input type="text"/>	<input type="text"/>		<input type="text"/> %
<input type="text"/>	<input type="text"/>		<input type="text"/> %
<input type="text"/>	<input type="text"/>		<input type="text"/> %

* Whole percentages only

Total 100%

Note:

- Switch instructions will normally be carried out on the date as specified in Steps 5 or 6 using the unit prices available on that date. However, there may be circumstances in which the switch may be delayed - please see the Standard Provisions for more details.
- The minimum overall amount that can be switched is £1,000/€1,500/US\$1,500.
- Unless 100% is switched out of a fund, the minimum overall amount that can be left in that fund is £1,000/€1,500/US\$1,500.
- We will normally allow 12 free switches per year. However, we may apply a charge if we consider the number of switches in any period to be excessive.
- If you switch out of the With Profits Fund we will adjust the value to take account of any Market Value Reduction or Terminal Bonus that may apply. However, we may not allow switches out of the With Profits Fund unless units have been held for at least 5 years (the With Profits Fund is not available to the Flexible Investment Plan).
- If the bond consists of more than one policy, the alterations will be made to all policies.

STEP 5 DATE OF SWITCH (not involving Safety Plus Funds)

The switch instruction is to take place on:

The next working day following receipt of the request

OR

A later date (please specify)

STEP 6 DATE OF SWITCH (involving Safety Plus Funds)

Switches into or out of Safety Plus Funds can only be made on a Quarterly Dealing Date. These are on the 4th Wednesday of January, April, July and October. To guarantee that the switch will take place on the next Quarterly Dealing Date, this Switch Instruction Form should be received by SMI at least 8 working days earlier.

The switch instruction is to take place on:

The earliest possible Quarterly Dealing Date

OR

A later Quarterly Dealing Date next January next April next July next October

STEP 7 REGULAR WITHDRAWAL OPTION (involving Safety Plus Funds)

If you currently take monthly withdrawals and you are now investing in the Safety Plus Funds, these withdrawals can now only be taken at the Quarterly Dealing Dates i.e. each quarter, half yearly or yearly.

Please select when you now require your regular withdrawal to be paid:

Quarterly Half Yearly Yearly

STEP 8 DECLARATION

- I declare that I have the authority to give instructions in respect of the above numbered bond.
- I instruct Scottish Mutual International to carry out the switch in accordance with the details above.
- I have read and understood the enclosed information titled "With Profits Fund - How it works" (only applies if switching into the With Profits Fund).

Signature of Owner / Trustee / Authorised Signatory 1

Date

Signature of Owner / Trustee / Authorised Signatory 2 (if any)

Date

Signature of Owner / Trustee / Authorised Signatory 3 (if any)

Date

Signature of Owner / Trustee / Authorised Signatory 4 (if any)

Date

If there are additional owners / trustees / authorised signatories of the bond, please copy this page, complete the corresponding details for each additional owner / trustee / authorised signatory and attach the completed page to this Switch Instruction Form.

With Profits Fund

How it works

WHERE IS THE MONEY INVESTED?

You can invest your money in 1 or more of the following 3 series of unitised with profits funds:

- STG SMI With Profits
- USD SMI With Profits
- EUR SMI With Profits

Each unitised fund is held within the SMI With Profits Fund. This fund invests in a wide spread of stocks and shares, government securities, property and cash. The aim of this fund is to provide a return over the medium to long term which, as a result of smoothing, is less volatile than that which would be produced from a fund investing directly into stock market investments with no smoothing. However, investments held for only short periods of time (less than 5 years) should not expect to benefit from such smoothing. The fund, being broad based, allows our fund managers to take advantage of a full range of investment opportunities while offering some protection against fluctuations in values.

Please note:

- the funds are not designed for short term investments. Therefore we may not allow units to be switched to other funds until they have been held for at least 5 years.

HOW DOES THE WITH PROFITS FUND WORK?

Your money buys a number of units in the fund you choose. The units, which are of equal value, are allocated to your bond. Unlike an investment type unit linked contract the unit price and hence the value of your bond is not directly linked to the value of the underlying assets in the SMI With Profits Fund. Instead the value of the units will be reflected by the following:

Annual bonus

- we will declare an Annual Bonus rate once a year to reflect some of the investment profits.
- in times when investment conditions are particularly adverse, it is possible that the Annual Bonus rate declared may be 0%.
- the unit prices, calculated daily, will reflect the Annual Bonus rate. The unit price will not fall.
- we set the Annual Bonus rate in advance and guarantee that it will apply for a period of one year following the declaration and therefore not change at any time during that year.

Terminal Bonus

- we may add a Terminal Bonus from time to time by increasing the value of any units cancelled for amounts payable on:
 - one-off partial withdrawals
 - full surrender
 - death.
- the rate of Terminal Bonus will reflect any excess investment growth over the Annual Bonus rates declared over the period since the with profit units were allocated.
- Terminal Bonus is sensitive to changes in stock market conditions and may be varied or withdrawn without notice.

Market Value Reduction

- we may, after taking professional actuarial advice, reduce the value of units cancelled by applying a Market Value Reduction (MVR). This is to provide some protection for those who remain invested in the fund.
- to provide this protection, we will apply a MVR if:
 - the investment return of the SMI With Profits Fund has not achieved the growth needed to support the Annual Bonus rates declared over the period since the with profits units were allocated, and
 - we consider that the prospects for immediate improvement in the investment conditions are limited.
- applying a MVR also ensures a fair distribution of profits, e.g. between bonds which are cashed in early and bonds which remain invested in the fund.
- we will not apply a MVR to any amount payable:
 - on death
 - in any bond year up to the Annual MVR Allowance.
- we will inform you if we apply a MVR factor.

Please note:

- if a MVR applies at the time units are cancelled, those units will be worth less than they would if no MVR applies. Therefore, more units will need to be cancelled to meet any charge or payment due.

HOW DOES THE WITH PROFITS FUND WORK? (Continued)

Fund Charges

- we will apply the following charges:
 - an annual management charge, of 1.25% p.a. of the value of units, will be deducted from the SMI With Profits Fund to cover fund management and administration fees. The charge is taken daily and is allowed for in the unit price (and hence in the Annual Bonus rate).
 - other charges to cover the administrative and investment management expenses relating to the investment in the underlying SMI With Profits Fund.
- we may increase the fund charges in the future to cover any reasonable increase in our costs. We will take into account charges for similar funds offered by other insurers and any previous increases.

Please note:

- we will send you a statement each year detailing the value of the units allocated to your bond. You may also request a statement at any time.

HOW ARE PAY-OUTS DETERMINED?

Your bond will share only in the investment profits of the SMI With Profits Fund, taking into account factors such as:

- capital appreciation, dividends and interest earned on the investments
- the effect of any tax on the fund
- capital gains and losses on the sale and purchase of the investments
- any direct costs associated with the sale and purchase of the investments
- the Fund Charges.

We will not, in any one year, pass on the investment profits directly to the bond holder. Instead, our intention for pay-outs will be to use a strategy in which:

- bond holders, investing in the SMI With Profits Fund, will only share in the distribution of the investment profits from that fund.
- there will be no external funding provided to enhance the returns.
- we will declare Annual Bonus rates set with the aim of providing steady growth and reflecting an estimate of the average annual investment return in the future.
- there will be smoothing or averaging of pay-outs (this means we will declare lower bonuses than might be affordable in good years so that bonus rates can be subsidised in years when stock markets drop), although this will not remove all the volatility associated with equity investment, and short term investors (less than 5 years) should not expect to benefit from such smoothing.
- the aim is not to have sharp changes in pay-outs, an aim which may be affected after any particular sharp movements in stock markets.

Using this strategy:

- cash-in values normally progress relatively smoothly from year to year.
- the degree of caution to the affordable pay-outs on early withdrawals is likely to lead to a degree of bias in favour of those who remain invested in the longer term, at the expense of those who withdraw their money early.

To ensure that pay-outs represent a fair share of the investment returns actually earned we may declare a Terminal Bonus or apply a Market Value Reduction, as appropriate.

Therefore, for a unitised fund, the Annual Bonus rates we declare, the amount of MVR and the rates of Terminal Bonus will therefore depend on many factors which include:

- the period since the with profit units were allocated
- the actual investment return of the SMI With Profits Fund over that period
- the Annual Bonus rates declared for that fund over that period
- the fund currency
- our assessment of the likely future performance of the SMI With Profits Fund
- the effect of inflation and taxation
- the Fund Charges
- our strategy for distributing the investment returns.

Please note:

- we think that our general strategy and approach is robust. We have no immediate expectation of reviewing the underlying strategy.
- our strategy does call for regular review of the bonus rates. The Annual Bonus rate will continue to be reviewed annually, the Terminal Bonus rates at least twice a year. We may, however, review the Terminal Bonus rates more frequently if stock markets show significant changes in value.
- we expect to keep bond holders informed at least annually about any changes being made.
- future bonus rates will depend on future investment profits which cannot be forecast or guaranteed.

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MZE198/0109

