

NEWS RELEASE

CHILD TRUST FUND APPROVAL FOR SCOTTISH FRIENDLY

Scottish Friendly, one of the UK's leading friendly societies, has confirmed today it has received accreditation from Inland Revenue as an approved Child Trust Fund provider.

The Glasgow-based Society plans to offer a stakeholder Child Trust Fund account. Contributions to the Child Trust Fund (CTF) will be invested in Scottish Friendly's Managed Growth Fund, a Standard & Poor's 4 star rated OEIC launched in May 1999* and Scottish Friendly will manage all administration of the accounts.

As a successful provider of children's savings products for many years, Scottish Friendly is aiming to become the leading CTF provider north of the border but also intends to gain a share of the Child Trust market across the UK.

It is estimated that around 1.9 million children born between 1 September 2002** and April 2005 and a further 700,000 children born per year after that will be eligible for a CTF.

The following table below provides estimates in today's terms of what the fund could be worth at age 18 assuming an initial Government contribution of £250 at birth, also assuming a further Government contribution of £250 at age 7, and assuming an investment return of 4.42% after charges (6% before charges)***. It demonstrates the importance of additional contributions to the CTF account.

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Monthly contribution from family/friends	Amount saved at age 18 in today's terms	Value in today's terms if allowing for inflation at an annual rate of 2.5%
0	£951	£609
£10	£4,248	£2,724
£25	£9,194	£5,895
£50	£17,438	£11,181
£75	£25,682	£16,466
£100	£33,925	£21,752

Scottish Friendly, one of the UK's leading friendly societies, provides tax-free savings plans, ISAs, investment plans and term assurance. Scottish Friendly is authorised and regulated by the Financial Services Authority.

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Notes to Editors

Scottish Friendly also provides a friendly society tax-free**** savings plan for children from any age up to 16. Investments can be from £10 to £25 a month.

*Standard & Poor's star ratings are given to funds based on their volatility and performance over 3 years in relation to their peers. Five is best, one is worst. (Source: Standard & Poor's. 1 October 2004.)

** The date from which children automatically qualify for a CTF voucher from the Government

*** Source: Scottish Friendly

*** Tax-free means free of income tax and capital gains tax.

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