

Transfer of certain Standard Life policies to abrdrn Life and Pensions Limited (abrdrn Life)

This guide summarises the proposal to transfer a small number of Standard Life policies (provided by Phoenix Life Limited) to abrdrn Life.

This guide is for customers with a Phoenix Life, Phoenix Wealth, Phoenix Corporate Investment Services or SunLife branded policy. Your policy is not transferring and will remain with Phoenix Life.

There will be no change to your policy details, your terms and conditions, your premiums or the benefits payable on your policy as a result of the transfer.

This guide has been put together to help you understand the proposal and what you should do if you want more information or have any concerns.

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In this guide, 'Standard Life policies' refers to plans and policies in the Standard Life brand and provided by Phoenix Life Limited. The term 'Phoenix Life' is used to mean Phoenix Life Limited in this document and others related to this proposal.

We must follow a legal process, which involves the Court and our regulators who have also reviewed this proposal.

An Independent Expert has reviewed this proposal and their Summary report is on page 9.

More information about this proposal can be found online, including the option to submit a question, at www.standardlife.co.uk/transfer25

1. Our proposal

We're proposing to transfer certain Phoenix Life business, branded Standard Life, to abrdrn Life.

We're writing to the small number of policyholders who have a plan or policy which will be impacted by this transfer.

We are not writing to customers who don't have a Standard Life policy as there is no impact on your policy. Supporting information on the transfer is available at www.standardlife.co.uk/transfer25

If you would like to ask a question or have something about the transfer explained, you can submit a question via the form on the website. You can also get in touch with your usual servicing team or write to us; the address is on page 6.

Why is this transfer being proposed?

For historic reasons, companies in abrdrn Group currently manage many aspects of the business we plan to transfer. Together with abrdrn Group, we want a straightforward experience for Standard Life policyholders and advisers. As such, we have agreed to simplify how things work, and abrdrn Life will acquire certain Standard Life policies from Phoenix Life.

What this means for you

If the transfer goes ahead there will be no changes to your policy. Your policy will not transfer and will continue to be provided by Phoenix Life. There will be no change to your policy number, your policy terms and conditions, your premiums or the benefits payable on your policy as a result of the transfer.

You'll continue to speak to the same team on the same telephone number as you do now.

2. The process we're following

Before we transfer any Standard Life policies to abrdrn Life we're following a rigorous process which is explained below.

Consultation with our regulators

We have consulted with the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) to ensure they are fully aware of our proposal and have no objections to our plans.

Independent review of the transfer

We've appointed an Independent Expert, Simon Perry, who is a Partner at Grant Thornton and a senior qualified actuary. He has written a report giving his opinion on the likely effect of the transfer on all policyholders transferring to abrdrn Life, as well as all current Phoenix Life policyholders whose policies aren't transferring and abrdrn Life policyholders.

The Independent Expert has been selected on the basis of his experience and his independence of both Phoenix Group and abrdrn. His appointment has been approved by the PRA in consultation with the FCA.

The Independent Expert has produced an independent report which details his review of the transfer. The report gives his opinion on whether any group of policyholders is materially adversely affected by the transfer. He comments on any 'material adverse effects,' and explains what is meant by this, in his full report. The Court must consider whether there are any 'material adverse effects' when forming a view on the Scheme's fairness to customers.

The Independent Expert's report has been reviewed by the regulators and will help the Court to reach its decision. In his report, the Independent Expert concludes that the Transfer will not have a material adverse effect on:

- the security of benefits of non-transferring policyholders or
- the reasonable expectations in respect of their benefits; or
- the standards of administration, service, management and governance applicable to the non-transferring policies.

The Independent Expert will also produce a supplementary report before the Court hearing. In this report he'll consider the likely effect of the transfer on policyholders in light of any developments that may have happened since his initial report. We'll make this available on the Standard Life website around two weeks before the Court hearing.

The Independent Expert's summary report prepared for policyholders is on page 9 of this guide. You can find the full Independent Expert's report and the supplementary report when it's ready, at www.standardlife.co.uk/transfer25

Chief Actuary's report

Phoenix Life's Chief Actuary has produced a report considering the impact of the transfer on Phoenix Life policyholders. The Chief Actuary's report concludes that the Scheme is not likely to have any material adverse effects for transferring or non-transferring Phoenix Life policyholders. This report is available to read at www.standardlife.co.uk/transfer25

Approval from the Court

To carry out the transfer, Phoenix Life requires the Court's approval.

The Court will need to be satisfied that the process for the approval of the transfer meets all the necessary legal requirements and that the proposals have no material adverse effect on policyholders. The Court will only approve this if it is appropriate to do so.

Anyone who considers that they may be adversely affected is entitled to object to the Court. See page 6 for more information.

Final Court Hearing

We expect the hearing to be held at the High Court of Justice of England and Wales, 7 Rolls Building, Fetter Lane, London EC4A 1NL on 12 March 2025.

We'll confirm the date of the Court hearing and share any changes to the date at www.standardlife.co.uk/transfer25

Transfer goes ahead

The Transfer will only go ahead if the Court approves it. If the Court gives its approval, we expect the transfer to take place on 28 March 2025. This date could change. Phoenix Life and abrdn Life can agree to defer the transfer. Our website will be kept up to date with any changes.

3. What you need to do

If you would like to understand the proposal, please take the time to read this guide. If anyone else has an interest in your policy, for example a nominated beneficiary, trustee in bankruptcy, executor, or personal representative, please consider whether they should be made aware of this proposal.

All the information about the proposal is available on the Standard Life website www.standardlife.co.uk/transfer25 This includes;

- The Independent Expert's full report and the summary of the report.
- The full Scheme document which contains the legal information about the transfer.

Supporting you

If we can help you with any queries you have about this transfer, or you would like paper copies of any of the documents free of charge, please get in touch with your usual servicing team or directly with the Transfer Team using the details below.

Online: we'll keep the Standard Life website up to date with the latest information. You can view documents about the transfer and you can also submit a question if you have one at www.standardlife.co.uk/transfer25

By post: you can write to us at the following address

Standard Life Transfer Team
PO Box 24257
EDINBURGH
EH1 9AX

How to object

If you have concerns about the transfer and believe you may be adversely affected you have the right to raise an objection. All objections will be presented to the Court who will consider them when reaching its decision. You can raise an objection by submitting a website enquiry form at www.standardlife.co.uk/transfer25 or by writing to us at the address above. You are entitled to raise any objections at the Court proceedings in person, or you can ask a representative to do this for you. If you wish your objections to be made by a representative, your representative does not need legal training and could be a friend or relative but they will need the permission of the Court to speak.

If you wish to do this, please contact us and quote reference FM25, ideally before 12 February 2025.

4. Summary of the terms of the Scheme

The Scheme is the legal document that sets out the terms of the transfer. The Scheme does not apply to policies that are not transferring so will not apply to your policy. The key terms are briefly summarised here for information only.

You can view the full Scheme document, which contains detailed technical information at www.standardlife.co.uk/transfer25

The transfer date

If agreed to by the Court, we expect the transfer date to be 28 March 2025. Phoenix Life and abrdrn Life can agree to defer the transfer. Any change to the transfer date will be announced at www.standardlife.co.uk/transfer25

Transferring the business

If the Scheme is approved, all of the:

- Institutional Trustee Investment Plans
- Retail Trustee Investment Plans
- Institutional Personal Pension Investment Plans
- Retail Personal Pension Investment Plans, and
- Reinsurance Policies

of Phoenix Life that are administered by abrdrn Group, excluding any with-profits policies or annuities issued in association with the policies, will transfer to abrdrn Life on the transfer date. abrdrn Life will become the product provider of all transferring policies and will be responsible for them going forward.

Allocation of policies and units

On the transfer date, the relevant proportion of the assets and liabilities that are allocated to each Phoenix Life unit-linked fund in which the transferring policies invest will be transferred to abrdrn Life and allocated to corresponding abrdrn Life unit-linked funds (the 'Successor Funds'). One exception is the Standard Life Pooled Property Pension Fund, whose assets will remain with Phoenix Life. Transferring policies will maintain exposure to these assets through a reinsurance agreement between Phoenix Life and abrdrn Life.

On the transfer date, the value of each transferring policy will be maintained at the same value in the relevant Successor Fund as immediately prior to the transfer date.

Residual assets and liabilities

If, for technical reasons, we are unable to transfer certain assets or liabilities on the transfer date, these will remain with Phoenix Life until they are able to be transferred.

Policies with options for a new or replacement policy, or an annuity, to be issued

Policyholders of a transferring policy having an option or other right which allows a new, additional or replacement policy to be taken out will be entitled to require abrdrn Life to issue such a policy after the transfer. If abrdrn Life is not issuing the exact policies requested, then (subject to satisfying certain policyholder protections) abrdrn Life will offer its nearest equivalent policy in terms of investment. Where a transferring policy has an option which allows an annuity to be taken out, abrdrn Life may arrange for an annuity to be offered by another provider.

Data protection

Following the transfer, abrdrn Life will become the 'data controller' in relation to the transferring business. This means that abrdrn Life will take over the rights and responsibilities in respect of personal data associated with the transferring business.

Unit-linked funds

With the exception of funds which are linked to external collective investment schemes and the funds of other insurers by way of reinsurance, the Scheme provides abrdrn Life (subject to certain policyholder protections and having considered the interests of policyholders) with the power to divide, merge or close its unit-linked funds, to close those funds to new investment and to modify their investment objectives to permit investment in reasonably similar assets. However, these changes are not permitted if they are prohibited by the policy terms and conditions.

Asset Management Agreements

abrdrn Life will be required, prior to the transfer date, to put in place asset management agreements with those investment managers that provide services to the Phoenix Life unit-linked funds which the transferring policies invest in. Certain transferring policies can access investments managed by Schroder Pension Management Limited ("SPML") through a reinsurance agreement between Phoenix Life and SPML. SPML has granted a floating charge in favour of Phoenix Life to provide security around these investments. Prior to the Transfer a new reinsurance agreement, with a floating charge in favour of abrdrn Life, will be put in place between abrdrn Life and SPML to provide continuity of access to these investments.

Reinsurance policyholders

The Floating Charge provided by Phoenix Life in connection with the Reinsurance Policies will terminate on the transfer date when these policies transfer.

Future Amendments to the Scheme

Phoenix Life and abrdrn Life are allowed to make amendments or additions to the Scheme if they follow a specific process when doing so. The process does not have to be followed if only minor or technical amendments are being made.

Costs

None of the costs and expenses relating to the preparation and implementation of the Scheme or the legal process will be met by policyholders.

5. Summary of the Independent Expert's report

Below is a summary of the Independent Expert's report. The Independent Expert is approved by the PRA in consultation with the FCA to give an independent report on our proposal and the impact of the transfer on Policyholders.

The following is a summary for non-transferring policyholders of the report written by the Independent Expert, Simon Perry. Simon is a Partner and a senior qualified actuary at Grant Thornton. If you want to see a summary covering all policyholders or the full version of the Independent Expert's report you can visit www.standardlife.co.uk/transfer25

Introduction

Phoenix Life Limited (Phoenix Life) is proposing to implement a Scheme to transfer a block of insurance policies to abrdn Life & Pensions Limited (abrdn Life). The Transferring Policies comprise the following insurance policies, Retail and Institutional Trustee Investment Plans (RTIP and ITIP), Retail and Institutional Personal Pension Investment Plans (RPPIP and IPPIP) and Property-Linked Reinsurance Policies. An exception applies to any such policies that have investment in with-profits funds, whether fully or partially, which are excluded from the Transferring Policies. The Transferring Policies are provided by Phoenix Life under the Standard Life brand and administered by abrdn Investment Management Limited (aIML) with communications in relation to policy administration branded abrdn. This Scheme requires approval from the High Court; therefore, an application has been made under Section 111 of the Financial Services and Markets Act 2000, also referred to as a Part VII transfer.

I have been appointed by abrdn Life and Phoenix Life (the Companies) to report in the capacity of the Independent Expert on the terms of the Scheme. I am a Fellow of the Institute and Faculty of Actuaries with over 30 years of experience in the life insurance industry. I am a Partner at Grant Thornton UK LLP and hold a Life Chief Actuary Practising Certificate issued by the Institute and Faculty of Actuaries. My appointment was approved by the Prudential Regulation Authority after consultation with the Financial Conduct Authority (FCA) and was confirmed in a letter dated 30 July 2024.

I have written a complete and detailed report (my Full Report) in which I consider the effects of the Scheme on three groups of policies:

- policies transferring from Phoenix Life to abrdn Life (Transferring Policies);
- policies remaining at Phoenix Life and not transferring (Non-transferring Policies); and
- policies already in existence at abrdn Life before the Scheme (Existing Policies).

This report is a summary of my Full Report addressed to the Non-transferring Policies of Phoenix Life. A copy of my Full Report is available at www.standardlife.co.uk/transfer25

I will also produce a Supplementary Report ahead of the final court hearing that is scheduled for 12 March 2025. The Supplementary Report will provide any necessary updates to my conclusions and

will address any queries, issues or objections arising from any of the policyholders involved or from other interested parties.

The Chief Actuaries of Phoenix Life and abrdrn Life have produced their own reports on the proposed Scheme. I have considered both Chief Actuaries' reports as part of my work.

In this summary report, I consider the effect of the Scheme on the benefit expectations, benefit security and the standards of administration, servicing, risk management and governance and present my overall conclusions.

Benefit expectations

For Non-transferring Policies, benefits will be calculated as before the Scheme. There will be no changes to policy terms and conditions or policy charges as a result of the Scheme.

Prior to the Scheme, there will be a no-dealing period of around a week where no dealings can be made except for death or retirement. This no-dealing period will apply to all Transferring Policies, and a small number of non-transferring Trustee Investment Plans (TIP) and Corporate Fund Investment Policies (CFIP) administered on the same platform as the Transferring Policies. While the no-dealing period may cause slight inconvenience, servicing teams will be working with policyholders to plan trades around the no-dealing period. Prior to starting the no-dealing period, there will be a "go ahead" decision in which consideration will be given to the likely market volatility in order to further protect policyholders. If a "no go" decision is made, the Scheme and the policy transfer can be postponed, and this is allowed for in the Scheme's provisions.

There are a small number of with-profits TIP and CFIP policies in the Non-transferring Policies that invest in the same funds as the Transferring Policies. These with-profits TIP and CFIP policies will continue to be invested in those funds. As a result of the Scheme, some funds will be empty and will be subsequently closed and therefore be unavailable for with-profits TIP and CFIP policies to switch into. These fund closures are in line with policy terms and conditions and it is Phoenix Life's established business practice to close unit-linked funds that are not in use. No funds that the Non-transferring Policies currently invest in will be closed.

Overall, I am satisfied that the implementation of the Scheme will not have a material adverse effect on the benefit expectations of the Non-transferring Policies of Phoenix Life.

Benefit security

Policyholder benefit security is provided by insurers holding:

1. reserves to meet policyholder benefits;
2. regulatory capital to protect against risks insurers are exposed to; and
3. additional capital over and above the regulatory capital, a buffer that is set in their capital policy.

The security of policyholder benefits is assessed by comparing each firm's ability to meet the three financial metrics above, both before and after the Scheme is implemented.

The impact of the Scheme on Phoenix Life is not expected to be material. Phoenix Life is expected to be able to meet its regulatory reserves and capital and its own capital policy after the Scheme is implemented. Furthermore, I have considered Phoenix Life's financial strength under different stress conditions, and it would remain able to meet the three metrics above under these conditions.

Considering the above, I am satisfied with the financial strength of Phoenix Life after the Scheme is implemented. Overall, I am satisfied that the implementation of the Scheme will not have a material adverse effect on the benefit security of the Non-transferring Policies of Phoenix Life.

Administration and servicing, risk management and governance

The Non-transferring Policies in Phoenix Life will continue to receive the same level of service and be administered in the same way with the same risk management and governance structures.

Overall, I am satisfied that the implementation of the Scheme will not have a material adverse effect on the administration, servicing, risk management and governance for the Non-transferring Policies of Phoenix Life.

Other considerations

In the course of my duties, I have taken into account the Consumer Duty requirements set by the FCA, as well as the effects of any sanctions, tax consequences, political changes, changes in the UK insurance regulatory regime, the economic environment, the transformation programme in abrdn Group, the consequences of the Scheme not proceeding and other business transfers. I find no evidence to suggest that these considerations would adversely affect the Non-transferring Policies of Phoenix Life.

Conclusion

Taking all of the above into consideration, it is my opinion that the Scheme will not have any material adverse effect on the Non-transferring Policies of Phoenix Life, with respect to the reasonable benefit expectations, benefit security and the standards of administration, servicing, risk management and governance, and other considerations mentioned.



Simon Perry

Partner, Grant Thornton UK LLP

Fellow of the Institute and Faculty of Actuaries



Phoenix Life Limited, is registered in England and Wales (1016269) at 1 Wythall Green Way, Wythall, Birmingham, B47 6WG.

Phoenix Life Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

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