

Phoenix Life announces its with-profits final bonus rates for July 2022

- Estate distribution continues to uplift maturity values on most of our funds.
- Investment returns have been poor for all bonus series since the last review, which has contributed to a reduction in final bonus rates for the majority of bonus series.
- Annual bonus rates were not part of this review and are therefore unchanged from the rates we announced earlier this year. They are shown below.
- Many customers continue to benefit from the guarantees that apply under their policies.

Here's what this could mean for policies

We've provided some examples of what this could mean for policies. Of course, it's important to remember that these examples are purely for illustration. Everyone's circumstances are different. There are a number of factors that affect the value of the with-profits investment, including the age of the policyholder, when the investment started, and how much has been paid in.

The following table shows the payouts from our with-profits funds which have 25 year term conventional savings endowment maturing in 2022. We have assumed these were taken out on 1 July 1997 for a male[#] policyholder aged 30 at the start of the policy paying £50 a month.

With-profits fund	Payout at 1/7/2022	Final bonus within 1/7/2022 payout	Equivalent payout at 1/1/2022
PLAL* Pearl With-Profits Fund	£31,426	£15,033	£32,166
PLL** Britannic With-Profits Fund	£32,737	£16,531	£33,240
PLL Phoenix With-Profits Fund (ex Royal Life /Royal Sun Alliance)	£33,400	£15,913	£34,913
PLL SAL With-Profits Fund (ex Sun Alliance)	£24,158	£8,223	£25,091

With-profits fund	Payout at 1/7/2022	Final bonus within 1/7/2022 payout	Equivalent payout at 1/1/2022
PLL Scottish Mutual With-Profits Fund	£25,853	£11,506	£26,623
PLL SPI With-Profits Fund	£30,909	£13,043	£31,981

*PLAL Phoenix Life Assurance Limited

**PLL Phoenix Life Limited

These examples are for a man accepted on standard terms, a woman of the same age would receive slightly more.

The funds shown are our six largest (by asset share) which have 25 year term conventional savings endowment maturing in 2022.

A large proportion of our business is made up of unitised with-profits pensions in the PLAL Pearl With-Profits Fund and the PLL Britannic With-Profits Fund.

The following table shows the payout for a unitised with-profits pension in the PLAL Pearl With-Profits Fund taken out 25 years ago on 1 July 1997 compared to one taken out on 1 January 1997 for a policyholder aged 30 at the start of the policy paying £50 a month.

With-profits fund	Payout at 1/7/2022	Final bonus within 1/7/2022 payout	Equivalent payout at 1/1/2022
PLAL Pearl With-Profits Fund	£25,888	£8,541	£30,400

Pearl unitised with-profits pensions were only sold from 1996.

The following table shows the payout for a unitised with-profits pension in the PLL Britannic With-Profits Fund taken out 30 years ago on 1 July 1992 compared to one taken out on 1 January 1992 for a policyholder aged 30 at the start of the policy paying £50 a month.

With-profits fund	Payout at 1/7/2022	Final bonus within 1/7/2022 payout	Equivalent payout at 1/1/2022
PLL Britannic With-Profits Fund	£41,732	£14,958	£42,588

Distribution of excess assets (estate distribution)

As a closed fund provider, many of our with-profits funds currently have more money in the fund than we expect to pay out in claims. Some of this surplus is used to protect the fund against unexpected shocks, for example a fall in the value of the fund's investments. However the remainder can be released and used to increase the amount we payout to policyholders. For example, in the **PLAL Pearl With-Profits Fund** this surplus is increasing policy payouts by up to **34.0%** for those policies receiving a final bonus from July 2022.

The following table shows the estate distribution increase to policy payouts for some of our other with-profits funds from July 2022.

With-profits fund	Increase to policy payouts up to
PLL Britannic With-Profits Fund	5.2%
PLL Phoenix With-Profits Fund (ex Royal Life / Royal Sun Alliance)	42.3%
PLL SAL With-Profits Fund	13.7%
PLL Scottish Mutual With-Profits Fund	43.6%
PLL SPI With-Profits Fund	37.8%

The funds shown are our six largest (by asset share) that are currently distributing estate.

Annual bonus rates and guarantees

Conventional policies have the following guarantees:

Endowment policies guarantee to pay back a certain minimum amount, called the sum assured, provided they are held to the end date (sometimes called the maturity date) or on earlier death.

Whole of life policies do not have a maturity date – they guarantee to pay back a certain minimum amount, called the sum assured, only on death.

Pension policies either guarantee to pay back

- a certain minimum amount, called the cash sum; or
 - a guaranteed income, called the basic annuity,
- provided they are held to the selected retirement date.

This guaranteed minimum amount is increased by the annual bonuses which we have added over the lifetime of the policy, once added annual bonuses cannot be taken away.

These are the annual bonus rates for larger policy classes⁺ for endowments and whole of life policies:

With-profits fund	Products	On sum assured	On bonus
PLAL Pearl With-Profits Fund	Ordinary Branch Compound Life	2.00%	2.00%
PLL Alba With-Profits Fund (ex Britannia Life)	UK Life	0.00%	0.00%
PLL Britannic With-Profits Fund	1997 entry	0.75%	0.00%
PLL Phoenix With-Profits Fund (ex Royal Life/ Royal Sun Alliance Main)	UK Life	3.50%	3.50%
PLL SPI With-Profits Fund (ex Scottish Provident)	UK Life	3.00%	3.00%
PLL SAL With-Profits Fund (ex Sun Alliance)	UK Life	2.00%	2.00%

⁺These represent the largest groups by number of policies, other rates may apply for smaller policy classes.

These are the annual bonus rates for larger policy classes⁺ for conventional pension policies:

With-profits fund	Products	On sum assured	On bonus
PLAL London Life With-Profits Fund	Pension Compound Pool 4	0.00%	0.00%
PLAL National Provident Life With-Profits Fund	All	0.00%	0.00%
PLAL Pearl With-Profits Fund	Ordinary Branch Compound Pensions	0.00%	0.00%
PLAL SERP Fund	All	0.00%	0.00%
PLL Alba With-Profits Fund (ex Britannic Life)	UK Pension	0.00%	0.00%
PLL Phoenix With-Profits Fund (ex Royal Life/ Royal Sun Alliance)	UK Pension	2.50%	2.50%
PLL SAL With-Profits Fund (ex Sun Alliance)	Pension 2009 Scheme	1.00%	1.00%
PLL SAL With-Profits Fund (ex Sun Alliance)	Pension non 2009 scheme	0.05%	0.05%
PLL Scottish Mutual With-Profits Fund	Main UK pensions	0.00%	0.00%

⁺ These represent the largest groups by number of policies, other rates may apply for smaller policy classes.

Unitised policies also have valuable guarantees.

Endowment policies guarantee to pay back a certain minimum amount provided they are held to the end date (sometimes called the maturity date) or on earlier death.

Pension policies guarantee to pay back a certain minimum amount provided they are held to the selected retirement date.

Bonds do not have a maturity date – they pay out only on death or surrender. They were designed to be viewed as medium to long term investments. The guarantee only applies when the death claim payment is made, although for some with-profits funds there may also be guarantees on some policy anniversaries.

Premiums are used to buy with-profits units in the fund. For most funds the guaranteed benefits payable at the maturity date/selected retirement date / other guarantee date are the value at that time of the units purchased under the policy, including any growth in the value of units through the addition of annual bonus.

These are the annual bonus rates for our larger policy classes⁺ for unitised life policies*:

With-profits fund	Products	On basic units	On bonus units
PLAL Pearl With-Profits Fund	Post 1995 Life	1.10%	2.05%
PLL Phoenix With-profits Fund (ex Royal Life/ Royal Sun Alliance)	Pre August 2000	3.50%	No bonus units, bonus is applied as an increase in unit price
PLL Phoenix With-profits Fund (ex Royal Life/ Royal Sun Alliance)	Post July 2000	3.50%	No bonus units, bonus is applied as an increase in unit price

⁺ These represent the largest groups by number of policies, other rates may apply for smaller policy classes. *Bonus rates on most unitised with-profits policies may be changed at any time.

And for our larger policy classes⁺ for unitised pension policies*:

With-profits fund	Products	On basic units	On bonus units
PLAL National Provident Life With-Profits Fund	Series 1 ordinary units	4.00%**	No bonus units, bonus is applied as an increase in unit price
PLAL Pearl With-Profits Fund	Personal pensions pre 1996	3.50%	3.50%

With-profits fund	Products	On basic units	On bonus units
PLL Britannic With-Profits Fund	OB UWP Pensions	2.50%	2.50%
PLL Phoenix With-Profits Fund (ex Royal Life/ Royal Sun Alliance)	Linked to Profit Plus Fund	2.00%	2.00%
PLL Scottish Mutual With-Profits Fund	Series 1 & 2 accumulation	4.00%**	No bonus units, bonus is applied as an increase in unit price
PLL Scottish Mutual With-Profits Fund	Series 3 accumulation	4.00%	No bonus units, bonus is applied as an increase in unit price
PLL SPI With-Profits Fund (ex Scottish Provident)	Series 1	4.00%**	No bonus units, bonus is applied as an increase in unit price
PLL SPI With-Profits Fund (ex Scottish Provident)	Series 2	4.00%	No bonus units, bonus is applied as an increase in unit price

‡ These represent the largest groups by number of policies, other rates may apply for smaller policy classes.

*Bonus rates on most unitised with-profits policies may be changed at any time

**Guaranteed minimum rate.