



Transfer of policies to Phoenix Life Limited (Phoenix)

This guide summarises the proposals to transfer all policies of Phoenix Life Assurance Limited (PLAL), Standard Life Assurance Limited (SLAL) and Standard Life Pension Funds Limited (SLPF) to Phoenix.

Your SunLife policy is provided by Phoenix.

Your SunLife policy is not transferring and will remain with Phoenix.

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

PLAL, SLAL, SPLF and Phoenix are part of Phoenix Group, the UK's largest long-term savings and retirement business.

We've put this guide together to help you understand the proposals and what you should do if you want more information or have any concerns.

May 2023

The process we're following

Before we transfer any policies to Phoenix, we're following a rigorous process which includes:

Consultation with our regulators to ensure they are fully aware of our proposals and have no objections to our plans. Our regulators are the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA).

Independent review of our proposals. An Independent Expert, John Jenkins who is a Principal at Milliman LLP, has written a report, in which he details his review of the proposed transfer and his opinion on the likely effect on all current Phoenix policyholders, and the policyholders transferring to Phoenix.

He concludes that the proposed Scheme will not have a material adverse effect on the security of benefits of Phoenix policyholders, the reasonable expectations of Phoenix policyholders with respect to their benefits or the standards of administration, service, management and governance applicable to the Phoenix policies.

His report has been reviewed by our regulators and will help the High Court of England and Wales (the High Court) to reach its decision.

He will also produce a supplementary report before the High Court hearing, in which he'll consider the likely effect of the transfer on policyholders in light of any developments that may have happened since his initial report.

You can see the full version of the Independent Expert's report, the summary reports and the supplementary report, when it's ready, on our website.

We're writing to certain Phoenix customers who have unit-linked and with-profits policies, where there are changes to the way the funds they are invested in are managed as a result of the Scheme.

We're not writing to SunLife customers as there is no impact on your policy. However, we've made this guide and other supporting information available on our website, and set up a dedicated Phoenix helpline for you to contact if you'd like us to talk you through the information or if you'd like to raise any concerns. Our contact details are on page 4.

Approval from the High Court and Scottish Court of Session to carry out the transfer.

To carry out the transfer, we've applied for approval from the High Court. We're asking the High Court to approve this transfer, and to approve the replacement of a number of previous Phoenix and PLAL transfer schemes. The High Court will need to be satisfied, having considered the views of the Independent Expert, that all the necessary legal requirements have been met and that the proposals have no material adverse effect on policyholders. The High Court will only approve the transfer if it is appropriate to do so.

We expect the hearing to take place at the High Court of Justice of England and Wales, The Rolls Building, 7 Rolls Buildings, Fetter Lane, London EC4A 1NL on 5 October 2023.

We've also applied to the Court of Session for approval to make changes to three previous transfer schemes which cover the SLAL policies. We expect the Court of Session hearing to take place at the Court of Session, Parliament House, Parliament Square, Edinburgh, EH1 1RQ, on 3 October 2023.

There will be additional Schemes and court hearings for transferring policies which are part of the transferring business carried on in or from within Jersey, or that have been issued to customers' resident in the Bailiwick of Guernsey.

The date of any of the hearings could change. If they do, we'll place a notice on our website.

Transfer goes ahead

The transfer will only go ahead if the High Court approves this Scheme and the Court of Session gives its approval to the changes to the existing SLAL Schemes.

If both Courts give their approval, we expect the transfer to take place on 27 October 2023.

What this means for you

If the Scheme goes ahead, you won't notice any changes to your SunLife policy.

Your policy will not move and will remain with Phoenix. 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 SunLife team on the same telephone number as you do now.

Your policy will remain secure.

Phoenix will maintain financial security for your policy by continuing to hold more capital than the amount required under regulations. The amount of additional capital held will be underpinned by the Phoenix capital policy, which is part of the Scheme. This aims to ensure that policies remain protected even under difficult financial conditions. There are also additional customer protections included.

Phoenix will be a much bigger company after the transfer. It will continue to issue new SunLife policies, and will also issue new Standard Life policies. In determining the amount of additional capital to hold, the increase in the size of Phoenix will be taken into account, as well as the mixture of risks and the expected amount of new business to be issued. This will ensure that financial security is maintained.

What you should do next

Please take the time to carefully read this guide, and the other information we've

prepared, to make sure you fully understand our proposals.

If anyone else has an interest in your policy, for example a nominated beneficiary, trustee in bankruptcy, executor, or personal representative, please make them aware of these proposals.

You can find all the information about the proposals on our website at www.sunlife.co.uk/transfer23, including:

- A **Your Questions Answered** booklet and information section, to help answer any questions you may have.
- The full **Scheme document** which contains detailed technical information about the transfer.
- The **Independent Expert's full report** and the **summaries of the report**.

Need help?

If you have any questions about the proposed transfer or would like paper copies of any of the documents free of charge, please get in touch.

Phoenix Freephone helpline
0800 856 4488

The helpline is open from 8.30am to 5.30pm, Monday to Friday, not including bank holidays, until the day before the High Court hearing.

If you are calling from outside the UK, please call **+44 (0) 1733 793287**

There may be a charge when dialling from overseas, please check with your phone provider. We may record and monitor calls.

You may also write to:
Phoenix Transfer Team
PO Box 79408
London
N17 1HQ

You may also complete the online form:
www.sunlife.co.uk/transfer23

How to object

If you have concerns about the proposed transfer and feel you may be adversely affected, you have the right to raise an objection. Your objection will be presented to the High Court, and the High Court will take all objections into consideration when reaching its decision. You can raise your concerns or object to the Scheme in the following ways:

1. By calling the Phoenix Freephone helpline, writing to us or completing the online form.
2. By presenting your objection at the High Court hearing in person. You can ask a representative to do this for you. They don't need legal training, and could be a friend or relative, but they will need the permission of the Court to speak on your behalf. Please let us know if this is something you'd like to do so we can contact you if there are any changes to the date of the hearing.

In deciding whether to give its approval, the Court of Session might take into account any objections to this Scheme. So we may also share your objection with the Court of Session if required.

Summary of the Scheme

The Scheme brings together, and in certain places amends the existing schemes which apply to the companies. This has been done to simplify operation of the Scheme and reflect recent developments, for example in relation to law and regulation. The summary of the Scheme also applies to the Jersey Scheme and the Guernsey Scheme except that these schemes do not affect SLPF and the relevant courts are the Royal Court of Jersey and the Royal Court of Guernsey, rather than the High Court.

In this section, we summarise the key aspects of the Scheme.

Transfer of business

On the transfer date, expected to be 27 October 2023, the three transferring companies (PLAL, SLAL and SLPF) will transfer all their policies and business to Phoenix. For accounting and financial reporting purposes, the Scheme will be treated as effective between Phoenix and the transferring companies from 30 September 2023. However, this will not affect policyholders or their rights against the transferring companies.

Treatment of existing schemes

The Scheme will replace a number of existing schemes covering Phoenix and the transferring companies. In certain places the Scheme amends the provisions in the existing schemes to simplify operation of the Scheme and reflect recent developments, for example in relation to law and regulation. Certain other schemes will continue, including the SLAL 2019 Scheme which will be amended to replace SLAL by Phoenix. The replacement of the Phoenix and PLAL schemes is subject to the approval of the High Court. The replacement of the SLAL Schemes and the continuation of the SLAL 2019 Scheme are subject to the approval of the Court of Session.

Allocation of policies

Policies in PLAL and SLAL with-profits funds will transfer to corresponding new with-profits funds to be established in Phoenix. All other SLAL and PLAL policies will transfer to the Phoenix Non-Profit Fund.

The policies of SLPF are currently reinsured to the Heritage With-Profits Fund and Proprietary Business Fund in SLAL. These policies will transfer to the new Heritage With-Profits Fund in Phoenix and the Phoenix Non-Profit Fund respectively.

No business will transfer into the existing Phoenix with-profits funds, and no Phoenix policies will transfer under the Scheme.

Reinsurance

Phoenix will replace the relevant transferring company in all external third party reinsurance arrangements that the transferring companies are currently party to, and these will continue to operate in the same way as they did before the transfer.

Reinsurance agreements between Phoenix and PLAL, or between SLAL and SLPF, will either stop where they are not needed, or will be replaced by inter-fund agreements between the funds of Phoenix to achieve the same financial effect. Similarly, arrangements between funds in the transferring companies or Phoenix, will be replicated between the equivalent successor funds in Phoenix.

Capital policy

The Scheme will set out a capital policy which underpins the amount of capital Phoenix will hold over that required by regulation. The capital policy will include three tests: a capital quantity test, a capital quality test and a capital event test sometimes called a 'capital event business requirement'. Phoenix must hold enough additional capital to satisfy all of the tests.

The capital policies set out in the current Phoenix and PLAL schemes contain a capital test which has a similar purpose to the capital quantity test, but the capital quality test and capital event test are additional policyholder protections. In practice SLAL already holds capital to meet all three tests.

Costs

The costs and expenses will be met by the Phoenix Shareholders' Fund. No costs will be passed on to customers.

Amendments to the Scheme

Phoenix and the transferring companies are allowed to make amendments or additions to the Scheme if they follow a specific process. This process involves making an application

to the High Court, notifying the regulators, publicising the amendment if so directed by the High Court and obtaining a certificate from an independent actuary, stating that in their opinion the proposed amendments will not materially adversely affect the security or reasonable expectations of policyholders. However, this process does not have to be followed if only minor or technical amendments are being made or if the Scheme specifically permits an amendment without going through this process.

Other aspects of the Scheme

The Scheme includes a number of provisions which do not relate to SunLife policies, these include the following:

- A number of changes are proposed to the way with-profits funds are managed, including with-profit fund closure requirements, certification requirements, and the operation of the Heritage With-Profit Fund. In addition, the NPI With-Profits Fund will be closed.
- A number of changes are proposed to the way certain unit-linked funds are managed, for example removal of fund closure thresholds.
- Policy options for a new or replacement policy will continue to apply after the transfer. If Phoenix is not issuing these exact policies, Phoenix may (subject to satisfying certain requirements) offer the nearest equivalent policy that Phoenix is then providing.
- Phoenix will become the 'data controller' meaning that it will take over the rights and responsibilities in respect of personal data which is associated with the transferring business.
- If, for technical reasons, any policies cannot be transferred, we will treat these policies for all practical purposes in the same way as if they had transferred by putting in place a reinsurance arrangement between Phoenix and the relevant transferring company until it is possible to transfer these policies.