



PHOENIX LIFE

WITH-PROFITS CHANGES EXPLAINED

For policyholders who have a with-profits policy



We've sent you this leaflet because you have a with-profits policy that is in one of the following with-profits funds in Phoenix Life Limited (Phoenix):

- Alba With-Profits Fund;
- 90% With-Profits Fund;
- Phoenix With-Profits Fund; or
- SPI With-Profits Fund.

We're proposing to transfer your policy to Phoenix Life Assurance Europe dac (PLAE) on 1 January 2023, but that date could change. If the transfer date does change, we'll let you know by placing a notice on our website and adding a recorded message to our helpline.

In this leaflet we explain how our proposals might impact your policy. We recommend that you take the time to read the Scheme Guide and other information we've sent you alongside this leaflet.

Where we mention 'with-profits policy' we mean a policy that has a right to share in the profits of Phoenix and the relevant with-profits fund. We are also referring to Deposit Admin, unitised with-profits policies and policies that partially invest in with-profits.

How to get in touch

If you have any questions, or would like more information, please get in touch.

Please have your reference number ready to quote, you'll find this at the top of the accompanying letter.



Helpline: 1800 856 077

From overseas: +44 (0) 1952 522 053*

Monday to Friday, excluding UK bank holidays: 9am to 5pm

We may record and monitor calls.

*There may be a charge when dialling from overseas, please check with your phone provider.



www.phoenixlife.co.uk/transfer22



PLAE Transfer team

PO Box 456

Windsor House

Ironmaster Way

Telford

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INTRODUCTION

We're proposing to transfer the Irish, Icelandic and German policies of Phoenix, including your policy, to PLAE, a new company in the Phoenix Group which will be authorised and regulated in Ireland.

About Phoenix

Phoenix has ten with-profits funds and a non-profit fund. The with-profits bonuses, policy returns and pay outs for each with-profits fund reflect the financial position of that fund. The business in the with-profits funds of Phoenix came into Phoenix through insurance business transfers in previous years. Therefore, the performance of each with-profits fund reflects the historic performance of the original with-profits funds and companies up until their respective transfer to Phoenix, and then their performance within Phoenix since that time.

Each with-profits fund is managed in line with the relevant sections of our Principles and Practices of Financial Management (PPFM). The PPFM describes in detail how your with-profits fund is managed and how bonuses are determined.



You can find a copy of the PPFM on our website at www.phoenixlife.co.uk. Click on Customer Centre from the top menu, go to the With-Profits section and follow the instructions.

Your policy now

Your policy is a with-profits policy, this means that you currently share in the profits and losses of one of the with-profits funds within Phoenix. Currently, Phoenix is responsible for your policy, and future bonuses take account of the returns earned on the assets in the fund. Phoenix determines the investment strategy of the fund, and calculates the bonuses, and surrender values.

The proposed transfer

The proposed transfer of the Phoenix Irish business includes business in four of the with-profits funds of Phoenix (as listed on the left-hand side of the table below). We're proposing to transfer this business into new, equivalent with-profits funds, which will be set up in PLAE (listed on the right-hand side of the table below). PLAE will become responsible for your policy.

Transfer of the Phoenix Irish business to PLAE			
From Phoenix:		To	New with-profits funds in PLAE:
1	90% With-Profits Fund		PLAE 90% With-Profits Fund
2	Alba With-Profits Fund		PLAE Alba With-Profits Fund
3	Phoenix With-Profits Fund		PLAE Phoenix With-Profits Fund
4	SPI With-Profits Fund		PLAE SPI With-Profits Fund

The reinsurance

To minimise the impact on customers, we are proposing to 'reinsure' all of the policies being transferred into the new PLAE with-profits funds back to the corresponding with-profits funds in Phoenix. This means that, although your policy will be provided

by PLAE, it will continue to invest in the same with-profits fund in Phoenix as it does now. The benefits on your policy will continue to be calculated by reference to, and participate in, the profits and losses of the with-profits fund of Phoenix to which your policy was allocated before the transfer.

This method (of transferring and then reinsuring back) is used in the insurance industry, as it has the benefit of reducing the impact of the transfer to customers.

Reinsurance of the PLAE Irish business back to Phoenix			
From the new PLAE fund		Back To	The Phoenix fund
1	PLAE 90% With-Profits Fund		90% With-Profits Fund
2	PLAE Alba With-Profits Fund		Alba With-Profits Fund
3	PLAE Phoenix With-Profits Fund		Phoenix With-Profits Fund
4	PLAE SPI With-Profits Fund		SPI With-Profits Fund

Payments following the transfer

After the transfer, PLAE will be responsible for your policy. PLAE will accept any premiums paid, and will be responsible for making payments to you as a with-profits policyholder.

Your bonuses and benefits whilst the reinsurance is in place

There will be no change to the way in which bonuses are determined by Phoenix. Any bonuses declared by PLAE will be linked back to the profits and losses of the with-profits fund of Phoenix, through the reinsurance arrangement.

PLAE will declare bonuses on your policy. You'll continue to receive bonuses on your policy, when appropriate, in the same way as before.

PLAE intends to declare bonuses that are at least as much as those declared by Phoenix.

We're not expecting to make any changes to your terms and conditions. We may need to make some changes to the way we manage your policy to allow benefits to continue to be calculated in the way they are now, (with reference to the profits and losses of a with-profits fund in Phoenix), but you'll see no changes to the way your policy works as a result of the transfer. There will be no change to your existing benefits as a result of the transfer, and you'll receive at least the same amount of benefits that you would have if your policy had not transferred to PLAE.

Whilst the reinsurance is in place, the value of your benefits will be no less than if you had remained a policyholder of Phoenix.

The transfer will not change your sum assured or the annual (sometimes referred to as reversionary or regular) bonuses that have already been added to your policy. If you pay premiums, the amount of premium you pay will not change due to the transfer. Future bonuses on the transferred with-profits policies will continue to take account of the assets underlying those policies and the returns earned on them.

Why reinsure the business back to Phoenix?

This is a financial mechanism that is used so your policy can continue to invest in the same with-profits fund in Phoenix as it does now. This then means the benefits on

your policy will continue to be calculated by reference to, and participate in, the profits and losses of the with-profits fund of Phoenix to which your policy was allocated before the transfer. By doing this we aim to minimise any impact of the transfer on our with-profits customers.

If PLAE didn't reinsure the business back to Phoenix, we would need to split the assets of the relevant with-profits funds in Phoenix between Phoenix and PLAE. This is a long and complicated process as we would need to ensure a fair split of the assets, taking account of all with-profits policyholders. It could also lead to changes in customer benefits.

Where will I see information on how my with-profits fund is managed?

Each of the with-profits funds in Phoenix will continue to be managed in accordance with its PPFM. Whilst the reinsurance is in place, information on how the with-profit fund you are invested in is managed will continue to be available in the Phoenix PPFM. This document goes into a large amount of detail regarding the management of the fund and how benefits are determined. As a result of the transfer, the PPFM of Phoenix will be updated to take into account the reinsurance arrangement.



You can find a draft of the changes to the Phoenix PPFM on our website at www.phoenixlife.co.uk/transfer22

Who calculates the bonuses?

The with-profits funds in Phoenix will determine the bonuses on the policies in those funds, and take account of the PLAE business reinsured by Phoenix (including your policy). After the transfer PLAE will be responsible for declaring bonuses on your policy. Whilst the reinsurance is in place, PLAE intends to declare bonuses that are at least as much as Phoenix declare. Following the transfer, your policy benefits will not be less than those had you remained a policyholder of Phoenix.

Will I still get some of the estate?

The estate of a with-profits fund is the excess assets (surplus) above that needed to pay out policyholder's claims. Some of this surplus money 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 amounts we pay out to eligible policyholders.

The four relevant with-profits funds of Phoenix all currently have an estate and, unless there are unexpected shocks, we aim to distribute these over the lifetime of the funds. The aim is to pay all the policyholders their fair share of the profits that the fund has earned over the time that they have held their policy. We pay the share of profits either in the form of bonuses or interest rates. All transferring with-profits policies of Phoenix will be entitled to their fair share of the estate, and the transfer will not change this right.

Will I also share in the profits of the PLAE with-profits fund?

Whilst the reinsurance is in place, profits and losses on the transferred business will arise in Phoenix, not PLAE.

The Phoenix shareholder is entitled to a share of the profits earned in the relevant with-profits funds of Phoenix. The rest of the profits are distributed to the holders of with-profits policies. Following the transfer and reinsurance, the Phoenix shareholder will continue to be entitled to receive the same share. Details on this can be found in the PPFM.

The PLAE shareholder is not entitled to any share of the profits of the PLAE with-profits funds or the with-profits funds of Phoenix.

How are my interests protected after the transfer?

PLAE will be responsible for your policy, and will take on the existing rights and obligations under your policy. The reinsurance will link the management of the new PLAE with-profits funds to the relevant with-profits funds in Phoenix.

For Phoenix there will be no change in this regard, other than the fact that the PLAE business reinsured by Phoenix will need to be considered. The Phoenix Board will continue to set the investment and bonus policy for the with-profits funds following recommendations by the With-Profits Committee, except for the SPI With-Profits Fund. The SPI With-Profits Fund's investment and bonus policies are set by the With-Profits Committee.

Whilst the reinsurance is in place, material decisions in respect of the management of the relevant Phoenix funds will need to be consulted upon between PLAE and Phoenix. The With-Profits Committee within Phoenix will continue to consider your interests after the transfer.

Whilst the reinsurance is in place, the Board of PLAE will be entitled to speak to the With-Profits Actuary of Phoenix and the With-Profits Committee, and in certain circumstances the Phoenix Life Board and the Chief Executive Officer (CEO) of Phoenix, on matters affecting the PLAE business reinsured by Phoenix.

Whilst the reinsurance is in place, transferred with-profits policies of PLAE will receive benefits that are at least as much as they would have received had they remained in Phoenix. PLAE intends to declare bonuses that are at least as much as Phoenix declare. The PLAE Board will be responsible for the approval of PLAE bonus declarations.

What will happen to my pension policy when I reach retirement?

At retirement, you'll be offered an annuity by PLAE and you'll be provided with information about all your options. You'll be able to discuss your options to ensure you make the right decision at the time.

If you have a guaranteed annuity, PLAE will honour your guarantee in the same way that Phoenix would have.

What happens when the with-profits fund in Phoenix reaches its 'sunset clause'?

The 'sunset clause' allows the with-profits fund in Phoenix to be 'wound-up' when the volume of remaining with-profits business becomes too small to manage effectively on a with-profits basis. This is not expected to take place for at least 10 years. As the funds are closed to new business, the amount of business in the funds will naturally reduce over time. None of the four relevant with-profits funds of Phoenix are close to this point, but when it is reached and the relevant with-profits fund in Phoenix is closed, the reinsurance will end. The relevant PLAE policyholders whose policies were reinsured into that with-profits fund of Phoenix will be provided with fair alternative benefits on a non-profit basis and they will be moved to the PLAE Non-Profit Fund. PLAE will contact affected policyholders at that time.

What happens if the reinsurance terminates (ends)?

The expectation is that the reinsurance will stay in place. However, in the unlikely event of the termination of any of the reinsurance agreements (except for when the with-profits fund reaches its sunset clause), the Board of PLAE will be able to decide whether it is appropriate to continue to run the with-profits fund in PLAE and keep the policies as with-profits policies, or for the relevant policyholders to be provided with fair alternative benefits on a non-profit basis and the business would be transferred into the PLAE Non-Profit Fund.

If in either of the above cases, the Board of PLAE choose to run any of the funds as a with-profits fund, the fund would have to be managed consistently with the way in which the relevant with-profits fund in Phoenix is currently managed. The process and requirements to ensure that this is achieved are set out in the Scheme document.

Who regulates my policy?

Your policy is currently with Phoenix, which is regulated in Ireland by the Central Bank of Ireland (CBI) as a third country branch (in other words, an Irish-authorized branch of a non-EEA insurer). Phoenix is authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and the PRA in the United Kingdom. After the transfer, your policy will be with PLAE, which will be regulated by the CBI.

INDEPENDENT REVIEW OF THE SCHEME ON WITH-PROFITS POLICIES

The Independent Person (Independent Expert) has produced an independent scheme report, in which he considers the likely impact of the proposed transfer on with-profits policyholders.

In the summary of his report, the Independent Person concludes that he is satisfied that the implementation of the Schemes would not have a material adverse effect on the benefit expectations of the transferring with-profits policyholders.



You can find the summary of this report in section 6 of the Scheme Guide.

If you would like this information in large print, braille or audio please call us on 1800 856 077.

