



PHOENIX LIFE

YOUR WITH-PROFITS POLICY

Your policy is not being transferred. It will remain with Phoenix Life Limited (Phoenix) and will continue to be part of the same with-profits fund as it is now.

No other policies will be transferred into any of the Phoenix with-profits funds. New with-profits funds will be set up in Phoenix to accept the with-profits policies which are transferring from Phoenix Life Assurance Limited (PLAL) and Standard Life Assurance Limited (SLAL).

There will be no change to the value of your benefits or the way bonuses are calculated and applied to your policy.

The Phoenix Principles and Practices of Financial Management (PPFM)

The with-profits funds in Phoenix will continue to be managed in line with the Phoenix PPFM. The PPFM describes in detail how the Phoenix with-profits funds are managed and how bonuses are determined.

New sections will be added to the PPFM. These will set out how the new with-profits funds for the business transferring from PLAL and SLAL will be managed.

There will be some other updates to the PPFM as a result of the changes to be made by the Scheme, including those summarised below.

If the transfer is approved, the updated PPFM will come into effect on the date the transfer happens. You can find a copy of the draft updated PPFM on our website at www.phoenixlife.co.uk/transfer23.

Key changes which affect Phoenix with-profits policies

1. With-profits fund closure requirements

Over time, the size of the with-profits funds is expected to reduce. Currently, Phoenix must close a with-profits fund if the value of with-profits business falls below a particular value or threshold. The Scheme will update the way closure thresholds are defined to align with current regulation and increase the threshold each year in line with inflation.

Following the Scheme, when the threshold value is reached this will trigger consideration of closure rather than trigger a requirement to close and allow Phoenix to delay closure of a with-profits fund if it is in the best interests of customers.

Where a fund does close, the Scheme will require with-profits policies to be treated in a way which is fair and in the best interests of customers by allowing Phoenix to carry out one or more of the following:

- transfer the policies to another Phoenix with-profits fund, where those policies will be able to participate in profits in that fund; and/or
- convert the with-profits benefits to unit-linked benefits in the Phoenix unit-linked funds; and/or
- convert the policy so that future bonuses are fixed and guaranteed.

Should a fund be closed at any point, Phoenix will inform customers of what this means for them.

2. Policies with benefits in the NPI With-Profits Fund

The Non-Profit Fund in Phoenix contains some with-profits policies that were originally sold by NPI Limited. The with-profits benefits of these policies are currently allocated to the NPI With-Profits Fund in Phoenix, which then invests them in the Pearl With-Profits Fund in PLAL.

After the transfer, these with-profits benefits will invest directly in the Pearl With-Profits Fund set up in Phoenix, removing the involvement of the NPI With-Profits Fund.

This change will have no impact on customers. The with-profits benefits of these policies are currently invested in the Pearl With-Profits Fund and this will continue following the transfer. Communications customers receive after the transfer will refer to the Pearl With-Profits Fund instead of the NPI With-Profits Fund.

3. SPI With-Profits Fund certificate

Currently, the Phoenix Board produces annual certificates confirming that the SPI With-Profits Fund has been operated in line with terms that were agreed in a previous scheme in 2009. Under the new Scheme, the Board will no longer be required to produce these certificates.

The checks required to provide the certificates will continue to be carried out alongside the annual PPFM compliance exercises required by the Financial Conduct Authority. The results of the annual compliance with PPFM exercise are reviewed by the With-Profits Committee and made available to policyholders, in an annual report from the Board, on the company's website.

The Phoenix With-Profits Committee

The Phoenix With-Profits Committee has a key role in ensuring that the with-profits funds are correctly managed. The responsibilities of the With-Profits Committee are set out in its Terms of Reference and include:

- reviewing bonus recommendations;
- reviewing ongoing compliance with the PPFM; and
- considering issues that may have an impact on treating customers fairly.

On, and following the transfer, the Terms of Reference for the Phoenix, PLAL and SLAL With-Profits Committees will be combined and aligned. At the same time, the Scheme will amend the requirement to refer changes to the Terms of Reference to the regulators so that not all changes will need the regulators' approval. Material changes will still require certification by the Phoenix Chief Actuary and With-Profits Actuaries that the proposed change does not have an adverse effect on the reasonable expectations of policyholders.

Membership of the Phoenix With-Profits Committee and the Committee's responsibilities for the with-profits fund your policy is invested in will not change as a result of the transfer.

These changes will have no impact on customers.

We'd like to reassure you that following the transfer:

- **There will be no change to the value of your benefits.**
- **There will be no change to the way your bonuses are calculated and applied to your policy.**
- **There will be no change to any guarantees you may have on your policy.**