



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 Assurance Limited (PLAL):

- **Pearl With-Profits Fund;**
- **SERP Fund;**
- **London Life With-Profits Fund; or**
- **National Provident Life With-Profits Fund.**

We're proposing to transfer your policy to Phoenix Life Limited (Phoenix) on 27 October 2023.

In this leaflet, we explain how our proposals might impact your with-profits policy. We recommend that you take the time to carefully read this leaflet alongside the Scheme Guide (which includes a summary of the report from the Independent Expert) and other information we've sent you.

In this leaflet and accompanying information, you'll see that we refer to the proposed transfer as 'the Scheme' at times.

INTRODUCTION

We're proposing to transfer all policies of PLAL, including your policy, to Phoenix.

At the same time, Standard Life Assurance Limited (SLAL) and Standard Life Pension Funds Limited (SLPF) are also planning to transfer all policies to Phoenix.

Your policy now

Currently, PLAL is responsible for your policy, determines the investment strategy of the fund, and calculates bonuses and surrender values for your policy.

The proposed transfer

The proposed transfer includes the policies in all four PLAL with-profits funds.


We're proposing to transfer your policy to a corresponding new with-profits fund that will be set up in Phoenix. This new fund will be equivalent to your current PLAL fund. Following the transfer Phoenix will become responsible for your policy.

Your bonuses and benefits

There will be no change to the investment strategy of your fund and no change to the value of your current benefits or the way in which bonuses and surrender values are determined as a result of the transfer.

PRINCIPLES AND PRACTICES OF FINANCIAL MANAGEMENT (PPFM)

Each PLAL with-profits fund is managed in line with the relevant sections of the PLAL PPFM. This 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 in the top menu, go to the with-profits section and follow the instructions.

If the transfer goes ahead, the PLAL PPFM and the current Phoenix PPFM will be combined into a single document. It will include a separate section for each current Phoenix with-profits fund and each new with-profits fund that corresponds to the existing PLAL with-profits funds. There will also be some small updates to the PPFM as a result of the transfer to reflect the changes made in the Scheme.

This updated Phoenix PPFM will apply from the transfer date.

The changes that relate to the PLAL with-profit funds are explained below.

With-profits fund closure requirements

Over time, the size of the with-profits funds is expected to reduce. Currently, PLAL is required to close a with-profits fund if the value of the 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 value 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 immediately 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.

With-profits fund certification

Unlike the scheme which currently governs the operation of the NPL With-Profits Fund, the Scheme does not require the Board of Directors of Phoenix to provide a certificate confirming whether the provisions of the Scheme in relation to the NPL With-Profits Fund have been complied with.

The checks required to provide the current 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 updated Phoenix PPFM will be effective from the transfer date.

 You can see a draft of the updated Phoenix PPFM on our website at www.phoenixlife.co.uk/transfer23.

Capital policy

After the transfer, financial security for your policy will be maintained by Phoenix. Like PLAL, Phoenix will hold more capital than the minimum amount required under current regulations.

The amount of additional capital held will be underpinned by the Phoenix capital policy, which is part of the Scheme. The capital policy in the Scheme will be updated to include additional customer protections so that, in certain circumstances, Phoenix may be required to hold more capital than would be held under the current PLAL capital policy.

The commitment in the PLAL PPFM to meet the requirements of the Scheme, including the capital policy, will remain in the updated Phoenix PPFM as part of its Principles. The capital policy will be described in a separate section of the PPFM, instead of in the Principles, along with a description of the Scheme.

WITH-PROFITS COMMITTEE TERMS OF REFERENCE


The PLAL 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.**


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 (freephone): 0800 856 4488
From overseas: +44 (0) 1733 793287*
Monday to Friday, not including bank holidays: 8:30am – 5:30pm (UK time)
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/transfer23

 Phoenix Transfer Team
PO Box 79408
London
N17 1HQ

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.


Currently, membership of the Phoenix, PLAL and SLAL With-Profits Committees is the same and therefore the With-Profits Committee members responsible for the PLAL with-profits funds after the transfer will be the same as now. The Committee's responsibilities for PLAL with-profits funds will not change as a result of the transfer.

These changes will have no impact on customers.

INDEPENDENT REVIEW OF THE IMPACT OF THE SCHEME ON WITH-PROFITS POLICIES

The Independent Expert has produced a report, in which he considers the likely impact of the proposed transfer on with-profits policyholders.

In his report, the Independent Expert concludes that he is satisfied that the implementation of the Scheme would not have a material adverse effect on the benefit expectations of PLAL 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 0800 856 4488.