

Our Reference: Final Bonus/LO'N
July 2010

www.phoenixireland.ie

Dear Intermediary

Phoenix Ireland – With-Profits Funds update

I am writing to update you with details of our revised final bonuses and market value reductions (MVRs) which came into effect from 1 July 2010 for the Phoenix Life Limited SPI With-Profits Fund and the Scottish Mutual International Limited (SMI) domestic business.

Final bonuses and market value reductions (MVRs) have been reviewed and take into account investment experience since the rates were last reviewed. The final bonuses and market value reductions (MVRs) applicable from 1 July 2010 can be found under the "Latest News" section of our website www.phoenixireland.ie.

Phoenix Life Limited – SPI With-Profits Fund

On our website you can also find a copy of the latest Principles and Practices of Financial Management (PPFM) for the Phoenix Life Limited SPI With-Profits Fund.

Smoothing

Due to the unusual investment conditions recently, for the 1 July 2010 final bonuses, we generally allowed larger increases in payouts on similar policies than we would under normal circumstances.

Traditional With-Profits Life Maturing Policies

From July 2010, we are generally adding larger final bonuses to all maturing life policies than we did from January 2010, other than for some longer durations where the final bonuses are unchanged.

Traditional Pensions

E-Types and SEDA plans

We are currently unable to add any final bonus at maturity for many regular premium SEDA policies. However, we are adding a final bonus at maturity for most single premium SEDA policies and for most E-type policies.

Maturity payouts on similar policies have changed between -5% to 12% for SEDA policies. Maturity payouts on similar policies have changed between -3% to 20% for E-type policies. Where payouts have decreased, the guaranteed benefits are currently higher than the profits we have been able to earn from the investment returns for these policies.

Surrender (encashment) and Transfer Values

We have also reviewed surrender (encashment) and transfer values to take into account the investment experience since the previous review.

Unitised With-Profits

Final bonus rates and market value reductions (MVRs) have been reviewed from 1 July 2010. Market value reductions will be reviewed regularly in 2010 to ensure that payouts remain at a fair level. Market value reductions may be applied to reduce final bonuses as well as the value of the with-profits units. Market value reductions may be applied on surrender (encashment), transfer and early or late retirement.

Payout increases on similar maturing unitised with-profits policies lie between 0% and 10% as a result of the July 2010 review.

Scottish Mutual International Limited (SMI) domestic business - Unitised with-profits policies written on or after 1 August 2001

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The majority of payouts have increased following the review of final bonuses. We will continue to review market value reductions regularly in 2010.

General Information

We will normally review final bonuses twice each year, from 1 January and 1 July. Market value reductions will continue to be reviewed more frequently in 2010.

Final bonuses and market value reductions are not guaranteed and we may change them at any time.

If there are other individuals in your organisation that you feel should have a copy of this note, can you please pass it on to them?

Further information can be obtained from our website, by emailing us at info@pglireland.net, by writing to the above address or calling our contact team on (01) 639 9859, Monday to Friday 9.00am and 5.00pm.

Yours sincerely



Lisa O'Neill
Operations Manager