

Customer Contact Desk: Ph: 00353 1 639 9859
Monday to Friday: 9am to 5pm
Fax: 00353 1 638 2901
Email: info@pglireland.net
www.phoenixireland.ie
Date Issued: <June> 2012

<TRUSTEE NAME>
<ADDR LINE 1>
<ADDR LINE 2>
<ADDR LINE 3>
<ADDR LINE 4>
<ADDR LINE 5>

Dear Trustee

Scheme Number: <1111111A>

YOUR ANNUAL BONUS UPDATE

I am writing to keep you up to date with the performance of the With Profits Fund for the period 1 January 2011 to 31 December 2011. This includes:

- The most recent performance of the with-profits fund
- Changes to the way in which we manage the with-profits fund

You do not have to contact us at this point, however it is important that you read the information below as well as the enclosed Additional Information, as this could affect any decisions you might make about your policy now or in the future.

We will contact you before the normal/selected retirement age with details of the pension options available. It is important that you review your pension arrangement on a regular basis and we recommend that you speak to your independent intermediary.

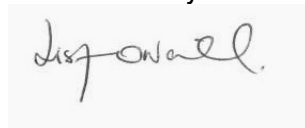
Have your details changed?

If any of your details have changed or are incorrect, please complete the relevant section of the enclosed 'change of details' form and return to us at the address at the top of this letter to enable us to update our records.

If you need to contact us

If you have any questions please call our Customer Helpline or write to us if preferred. Our contact details and opening hours are shown on the top of this letter together with your scheme number which you will need to provide when contacting us.

Yours faithfully



Lisa O'Neill
Operations Manager

Enclosures: Additional Information
Change of details form

Date: June 2012

Additional Information

Each year we provide an update on the performance of the with-profits fund and how this affects our policyholders. You should read these pages carefully.

Your traditional with-profits policy is invested in the Phoenix Life Limited SPI With-Profits Fund ('the with-profits fund').

Our guide, 'How we manage the Phoenix Life Limited SPI With-Profits Fund' ('the guide') is available on our website www.phoenixireland.net or you can ask us for a copy.

Further information about the with-profits fund

The annual bonus rate on the with-profits fund between 1 January 2011 and 31 December 2011 for traditional pension policies was 0% of the basic benefit and 0% of the previous bonuses.

We have reviewed our policy of concentrating on final bonuses before reintroducing or increasing annual bonuses. We continue to believe that this is the best and fairest way for all our policyholders to benefit from the returns of the with-profits fund and we will review the levels of final bonus at least twice each year, normally in January and July. Final bonuses are not guaranteed and we may change them at any time.

The with-profits fund consists of a wide range of assets with the aim of providing good growth potential over the medium to long term. On 31 December 2011, the split of investments for with-profits policies was approximately:

Investment type	Traditional pensions policy
Company shares (equities)	27%
Fixed interest stocks - issued by the euro governments	39%
Fixed interest stocks - other (including corporate bonds)	30%
Property	0%
Cash	2%
Other	2%

In May 2011 the Irish Finance (No2) Act 2011 introduced a new, temporary levy on pension funds established in Ireland. The levy takes the form of a 0.6% tax on the value of pension funds. The levy was applied on the value of the funds at 30 June 2011 and will be apply again in each of the following three years, 2012, 2013 and 2014. We will make allowance for the levy when we calculate bonus rates and surrender values for the affected with-profits policies, and these will be generally be lower as a result.

Fund performance

The return on the investments in the with-profits fund for 2011 was 1% for traditional with-profits pension policies.

These returns are before tax, expenses and charges.

Please remember that past performance is not an indication of future performance and the value of investments can fall as well as rise.

Estate distribution

In the guide we mention that we work out bonuses by considering the underlying value of policies. We also mention that we expect to include a fair share of any distribution of the estate in the underlying value of with-profits policies once the estate is large enough to cover the risks in the with-profits fund.

We are currently (as at 1 January 2012) including a distribution of the estate when we set final bonuses. Based on the estate at the end of December 2010, we added a small estate distribution of 0.5% of underlying policy values for 2011. We also included an additional estate distribution of 6.8% of the underlying policy values when we set the January 2012 final bonuses. This means that final bonuses are currently higher than they would otherwise be.

We do not guarantee that we will be able to continue this level of estate distribution in future and we normally review the level twice a year. In particular, poor investment conditions are likely to mean that we will reduce or remove the current estate distribution.

Changes to how we manage our with-profits fund

You may recall that we aim to operate our with-profits fund in accordance with our Principles and Practices of Financial Management (PPFM).

During 2011, we made some changes to our PPFM. The changes we made in relation to the Phoenix Life Limited SPI With-Profits Fund are set out below.

- We have updated the PPFM to reflect changes which occurred in the business over the year:
 - The transfer of business from Phoenix & London Assurance Limited to Phoenix Life Limited on 14 February 2011.
 - The recapture of Phoenix Pensions Limited business into the Phoenix Life Limited Non-Profit Fund.
- Surplus assets are sometimes known as the estate. We updated the estate section to show the revised estate distribution strategy.
- We updated the amounts payable under a with-profits policy section to show that we have introduced a separate Irish unitised with-profits life bonus series as the Irish unitised with-profits pension business is now affected by the Irish pension fund levy.

- We updated the annual bonus practices to reflect our latest view on the level of annual bonuses we should set to maintain an appropriate level of final bonus.
- We have simplified our smoothing practices. When we change bonus rates, we compare the resulting maturity or retirement payouts with the payouts if bonus rates are not changed and generally limit the changes in maturity or retirement payouts, to not more than 7.5% at each six monthly review. Similarly we generally limit changes in surrender values to not more than 10% at each six monthly review.
- We updated the surrender value practices to reflect that we now target 100% of the underlying policy value on surrender for traditional business.
- We have updated the investment practices to reflect that we expect to increase the spread of investments by investing part of our investments in private equities (shares in companies that are not publicly traded on a stock exchange) and also in emerging market debt and equities (in countries such as China, Brazil, Russia and India).
- We updated some of the information to reflect the latest position. However, in the July 2011 update to the PPFM we removed much of the data relating to latest asset mixes, guarantee charges, expenses and estate distribution as this information is provided in other communications to policyholders and is available on our website.

We also made changes in respect of Phoenix Life Limited's other with-profits funds, but these changes do not affect policies invested in the SPI With-Profits Fund.

None of these changes are sufficiently material to affect the guide to how we manage the with-profits fund.

This information should be read with our revised PPFM document which is available on our website www.phoenixireland.ie, or you can contact us for a copy.

Each year we publish a report to demonstrate how we have complied with the PPFM. Our annual report to demonstrate how we have complied with the PPFM for 2011 will be available from July 2012 on our website www.phoenixireland.ie, or you can contact us for a copy.

How can I find out more?

The guide to how we manage our with-profits fund and the full PPFM document are available on our website www.phoenixireland.ie. You can also ask for a copy using the contact details on the first page of this letter.

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CHANGE OF DETAILS FORM

Please complete both sides of this form in BLOCK CAPITALS using black ink.
Please ensure you sign and date this form and return to Phoenix Ireland, 16 Joyce Way,
Park West Business Park, Dublin 12.

Please complete in all cases:

Policy number(s):

Title: Forename(s):

Surname: Date of birth:

Phone Number:

If your address is incorrect or has changed please complete this section:

Current address:

Postcode:

Previous address:

Postcode:

If your name is incorrect or has changed please complete this section:

Please provide the following **original** documentation and complete the details requested below. All original documents will be returned to you by Recorded Delivery.

- If you have married or entered into a civil partnership please send us your marriage or civil partnership certificate.
- If you have divorced and now use your maiden name please send us your decree absolute and your birth certificate.
- If you have changed your name for any other reason please send us your deed poll.
-

Previous name:

Previous signature:

CHANGE OF DETAILS FORM CONTINUED

PLEASE ENSURE THAT YOU COMPLETE THIS SECTION:

First policy holder signature:

Date:

Second policy holder signature:
(if applicable)

Date:

As there may be occasions when we have to contact you about the information that you have given to us, please provide a contact telephone number. Please also indicate if a morning, afternoon or early evening call would be preferred.

Telephone number:

Preferred call time (please circle all that apply): **morning** / **afternoon** / **early evening**.

We will only use this number to contact you in relation to your policy, about information you have provided above, or at your request.