



PHOENIX IRELAND

Key Updates for Phoenix Life Limited SPI With-Profits Fund Customers

Former Scottish Provident Limited
Irish traditional with-profits life policies

1 January 2014

Your policy is part of the Phoenix Life Limited SPI With-Profits Fund.

Bonus rates

We have increased the annual bonus to 3.0% for 2013 from 1.5%. The addition of any future annual bonuses will depend on the future investment performance and experience of the with-profits fund, after allowing for the historic performance and the value of the guaranteed benefits.

We have reviewed our policy of concentrating on final bonuses before reintroducing or increasing annual bonuses and continue to believe that this is the fairest way for all policyholders to benefit from the returns of the with-profits fund. However, we have been able to increase the annual bonus for 2013.

We are currently adding a final bonus to all life policies at maturity. However, we are not able to guarantee that we will always be able to add final bonuses in the future. We normally review final bonus rates twice a year from 1 January and 1 July. However we may change final bonus rates at any time.

Please remember that a with-profits policy does not operate like a bank account and annual bonuses are only one part of the benefits. In many cases the benefits already guaranteed to be payable are very valuable and there may also be a final bonus. Please also remember that guarantees will normally be lost if your policy is surrendered or transferred out.

Investment approach

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 2013, the split of assets for Irish traditional with-profits life policies was approximately:

Company shares (equities)	34%
Fixed interest stocks - issued by the euro governments	26%
Fixed interest stocks - other (including corporate bonds)	17%
Property	12%
Cash	0%
Other	11%

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The investment return on the with-profits fund for these policies over the last number of years is shown in the table below.

Phoenix Life Limited – SPI With-Profits Fund Former Scottish Provident Limited Irish traditional with-profits life policies	
Investment return (before tax, expenses and charges)	
Year	Investment return
2013	9%
2012	11%
2011	-1%
2010	5%
2009	16%
2008	-19%

In last year’s update we told you about the changes we expected to make to the underlying investments in the with-profits fund to improve the balance between risk and return. These changes are mostly complete. The changes include increasing the spread of our investments by investing part of our investments in alternative assets (such as hedge funds) and private equities (shares in companies that are not publicly traded on a stock exchange) and also in emerging market equities and debt. Despite these changes most of our investments remain in developed markets such as the UK, US, Europe and Japan.

We expect the fund’s investment strategy to remain broadly unchanged for the coming year.

Excess Assets

The with-profits fund your policy is invested in currently has some excess assets. These excess assets provide a buffer to protect the fund so that it can expect to meet its commitments to policyholders even if adverse events occur. It has been decided that some of these excess assets can be used to increase the final bonuses we are currently able to pay. From January 2014 we are including a temporary uplift of 17.3% to the underlying value of policies that we use to calculate our final bonus rates. This means that for policies currently maturing or surrendering final bonuses are higher than they would otherwise have been. For policyholders where the increased underlying policy value remains below the level of the guaranteed benefits, policyholder benefits will not change.

The amount of excess assets in the fund goes up and down depending on a range of factors including the performance of investment markets, the level of policy claims due to death and surrender, the expected lifespan of policyholders whose policies provide a retirement income and other operational profits and losses. Because of this, the amount of uplift will be regularly reviewed and may increase or decrease as a result. The uplift may be removed entirely if the experience of the fund is sufficiently adverse.

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This information is correct at 1 January 2014.

**If you have any questions or would like more information about your policy, please contact us.
Our contact details are:**

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Dublin 12**

Customer Contact Desk – (01) 639 9859

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