

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



Former Scottish Provident Limited Irish unitised with-profits pension policies

1 January 2020

Your policy is part of the Phoenix Life Limited SPI With-Profits Fund ('the fund'). Your policy has with-profits units that have been purchased with the premiums you have paid. Some policies may be split between unit-linked funds and the with-profits fund. This information sheet refers only to the with-profits element.

Bonus rates

Annual bonuses from 1 April 2020:

-) For all units purchased before 1 October 1999 (Irish pension series I) there is a guaranteed minimum annual bonus of 4.0% each year. We have continued to add this, but we have not been able to add any additional annual bonus.
-) For the other series, where there is no guaranteed annual bonus, we have reduced the annual bonus at 4.5%.

We have reviewed our policy of concentrating on final bonuses before increasing annual bonuses and continue to believe that this is the fairest way for all policyholders to benefit from the returns of the fund.

The addition of any future annual bonuses will depend on the future investment performance and experience of the fund, after allowing for the historic performance and the value of the guaranteed benefits. Where series of units have a guaranteed amount of annual bonus, these will continue to be added as usual.

We are currently (as at 1 January 2020) adding a final bonus on retirement at the selected retirement date. However, we do not guarantee final bonuses. We normally review final bonus rates twice a year from 1 January and 1 July, but we may change the final bonus rates at any time. On surrender, transfer or retirement at any date other than the selected retirement date, we may apply a market value reduction. This would have the effect of firstly reducing any final bonus and then reducing the value of the units in the policy. We review the level of market value reductions regularly.

Investment approach

The 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 2019, the split of assets for Irish unitised with-profits pension policies was approximately:

	Series I	Series II	Series III
Company shares	22%	44%	44%
Property	5%	10%	10%
Other growth assets	3%	5%	5%
Total growth assets	30%	59%	59%
Fixed interest stocks - issued by governments in the eurozone	47%	23%	23%
Other fixed interest stocks (including corporate bonds)	20%	13%	13%
Cash	3%	5%	5%
Total fixed interest and cash assets	70%	41%	41%
Total assets	100%	100%	100%

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

Phoenix Life Limited – SPI With-Profits Fund Former Scottish Provident Limited Irish unitised with-profits pension policies			
Investment return (before tax, expenses and charges)			
Year	Series I	Series II	Series III
2019	9%	14%	14%
2018	0.5%	-1.3%	-1.3%
2017	3%	7%	7%
2016	4%	3%	3%
2015	4%	8%	8%
2014	12%	14%	14%
2013	5%	11%	11%
2012	10%	11%	11%
2011	1%	-2%	-2%
2010	3%	6%	6%

We do not expect to make any changes to the investment strategy for the fund during 2020.

Surplus money

There is currently more money in the fund than we expect to pay out in claims. Some of this surplus money is used to protect the fund against unexpected shocks, for example a fall in the value of the fund's investments. However, the remainder can be released and used to increase the amounts we pay out to policyholders. From January 2020 this surplus is increasing policy payouts by up to 40.8% for those policies receiving a final bonus. The amount we are able to add to policy values will be regularly reviewed and may increase or decrease, and could even be removed entirely.

This information is correct at 1 January 2020.

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

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