

Important information for customers with a former Alba traditional with profits (ex Life Association of Scotland - UK business) policy

This leaflet gives you important information to help you understand your traditional with profits policy statement. You should read this document carefully together with your policy statement and then keep it safe for future reference.

Your investment with Phoenix Life Limited

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

Questions and answers about the with profits fund

How do you manage the with profits fund?

We included a copy of our guide, 'How we manage the Phoenix Life Limited Alba With-Profits Fund' ('the guide') with your statement last year. If you need another copy, please contact us using the details shown in the '**How to contact us**' section of this leaflet.

The guide is also available on our website. To obtain a copy go to www.phoenixlifegroup.co.uk and then:

- under 'Do you have a with profits policy?';
- select 'Follow this link for a quick guide to how we manage our with profits funds';
- then 'Phoenix Life Limited - Alba With-Profits Fund'; and
- choose the guide for type of policy 'Traditional with profits policy'.

What is the annual bonus for traditional with profits policies?

The annual bonus rate for 2007 is nil and as a result we have not added an annual bonus to your traditional with profits policy for 2007.

Are you adding a final bonus now?

We are currently adding a final bonus at maturity, on retirement, or on earlier death for some policies.

Examples of current rates of final bonus for ex Life Association of Scotland UK business life policies maturing, or pension policies reaching their selected retirement date in January 2008, are given below. Actual final bonuses depend on the type of policy and the number of years the policy has been in force. The additional information section of your statement tells you the type of your policy.

Years in force (or number of yearly premiums paid if greater)	Final bonus as a percentage of total annual bonuses added to date		
	Life	Pension Regular Premium	Pension Single Premium
20	32.0%	0.0%	0.0%
25	0.0%	0.0%	0.0%
30	28.5%	12.0%	12.0%
35	46.0%	52.5%	22.0%
40	40.0%	52.5%	31.5%

We do not guarantee final bonuses and we may change them at any time.

The example final bonus rates shown in the table above are for policies maturing in January 2008. They reflect how the with profits fund has performed over the relevant term, the annual bonuses added over the term and the sum assured or pension. Final bonus rates for policies maturing in the future will reflect how the with profits fund has performed over their terms, the annual bonuses added and their sum assured or pension.

How are bonus rates calculated?

When deciding whether we should add an annual bonus, we look at the current financial position of the with profits fund and estimate how we expect this to change in the future. We also compare the guaranteed benefits with the underlying value of policies. We will add annual bonuses only if we are confident that the underlying value of policies will be enough to enable us to pay these bonuses when they become due, even if future investment returns or other factors become unfavourable. As we have previously said, we expect annual bonuses to remain nil in the future.

The guaranteed benefits are the basic sum assured and total annual bonuses we have added to date. We guarantee to pay these at maturity or in the event of a death claim, provided you pay all the premiums throughout the term of your policy.

The underlying value of policies reflects the premiums paid and the investment performance of the with profits fund over the lifetime of the policies, after allowing for factors, such as expenses and charges. This is explained in more detail in the guide.

If the underlying value of the policies is more than the value of their guaranteed benefits, we will add a final bonus. However, if the value of the guaranteed benefits is more than the underlying value of the policies, we will not add a final bonus.

So what about the future?

We will not be adding annual bonuses to traditional with profits policies in the future. Whilst we will review this from time to time, it is unlikely that we will add any further annual bonuses.

We will add any growth in the with profits fund in excess of that required to meet the value of the guaranteed benefits to your policy as a final bonus when your policy matures, on retirement or on earlier death. This makes sure that all with profits policyholders receive a fair share of any available profits.

How is the with profits fund invested?

The with profits fund consists of a wide range of investments. The table below shows the split of investments supporting traditional with profits policies on 31 December 2007. There are different investment mixes supporting different types of policy. The additional information section of your statement tells you the type of your policy.

Investment type	Life	Pension
Company Shares	0%	0%
Fixed Interest Stocks	75%	90%
Property	25%	10%
Cash	0%	0%
Other	0%	0%

How much we put into each type of investment will change over time. We aim to make sure that the with profits fund can always meet the guarantees we have given to policyholders. Subject to this, we aim to get the highest possible investment return while balancing this with the degree of risk being taken. We currently hold some property investments as well as fixed interest stocks. Over time, we expect the returns from property to be higher than the returns from fixed interest stocks. However, the returns on property are likely to be more variable. We expect the amount invested in property to reduce over the next few years as policies mature and the period to maturity for the remaining policies reduces. In particular, for the pension policies which had a 10% proportion invested in property, we expect that proportion to reduce to nil by the end of 2008.

We do not invest in company shares (equities) and, because of the high risks associated with them, the with profits fund is unlikely to invest in them in the future. The majority of investments held are lower risk such as fixed interest stocks (bonds, types of loan usually issued by the Government or companies) and cash.

Other questions and answers

Who can give me financial advice?

It is important that you review your financial arrangements on a regular basis and we recommend that you speak to your financial adviser.

If you do not have a financial adviser or would like to know more about the financial products and services that we now offer, please contact our Customer Care Team on 0845 938 0515.

Further information

Your personal data

Here is an update on how we process the personal data you have previously provided to us.

Your personal data is held in our systems to provide the product or service for which you applied, and may be used for the:

- purpose of fraud prevention;
- purposes of identity verification via electronic credit reference systems; and
- marketing of further products and services offered by the Resolution group of companies (“Resolution Group”) or carefully selected third parties by telephone, post or other electronic means.

Your personal data may be shared with other members of the Resolution Group, its agents and their subcontractors, and other parties where there is a legitimate reason to do so.

Your personal data may be processed in countries outside the European Economic Area. This processing will be carried out by experienced and reputable organisations and only on terms which safeguard the security of your personal data and comply with the requirements of the Data Protection Act 1998.

A full copy of our data protection statement can be obtained from our Customer Helpline on 0845 938 0556.

If you would prefer not to be contacted in connection with the marketing of further products and services, and have not already expressed this preference, please get in touch with us at the address opposite.

How to contact us

If you would like to contact us, please use one of the methods given below:

By post:

Customer Services
Phoenix Life Limited
1 Wythall Green Way
Wythall
Birmingham
B47 6WG

By phone:

0845 938 0556, 8.30am to 5.30pm, Monday to Friday

By fax:

0845 002 0347

Website:

www.phoenixlifegroup.co.uk

If you would like this information in large print, in Braille or on cassette or CD, please call 0845 938 0556.

