

# Important information for customers with a former Alba unitised policy

This leaflet gives you important information to help you understand your unitised 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 unitised policy may be split between Phoenix Life Limited's unit linked funds and the Phoenix Life Limited Alba With-Profits Fund ('the with profits fund').

## Questions and answers about the unit linked funds

### How can I get up to date unit linked prices?

You can follow the performance of the funds your policy invests in by looking at the unit prices we publish regularly on our website. To obtain the latest prices go to [www.phoenixlifegroup.co.uk](http://www.phoenixlifegroup.co.uk) and then:

- under 'Fund prices';
- select 'Follow this link to look at our latest fund prices, which are regularly updated'; and
- then select 'ex-Alba Life'.

### How do you work out unit linked prices?

We have produced a guide to how we work out our unit prices. If you would like a 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](http://www.phoenixlifegroup.co.uk) and then:

- under 'Fund prices';
- select 'Follow this link to see our guide to how we work out our unit prices'.

## 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](http://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 'Unitised with profits policy'.

### What is the annual bonus for unitised with profits policies?

For Life With Profits units and Pensions With Profits units, where we do not guarantee a minimum bonus rate, we have not added any annual bonus over 2007/2008.

For the Pensions With Profits units, where we guarantee a minimum bonus rate, we have added an annual bonus at the guaranteed rate of 4% per annum over 2007/2008.

### Are you adding a final bonus now?

We are currently adding a final bonus to claims for both Life With Profits units and Pension With Profits units.

The final bonus rates depend upon the year the with profits units were purchased and may be positive or negative. If the sum of the total final bonus, across all unit purchases for your policy, is negative, the payout will be less than the value of units. This reduction is called a market value reduction.

On maturity, retirement at selected retirement age or death, we guarantee that the total final bonus will not be negative and that the minimum payout will be the value of the with profits units and we will not apply a market value reduction.

The table below shows the rates of final bonus as a percentage of unit allocations by calendar year of purchase applying in January 2008.

Year of purchase of units	Policies started before 1 January 1994		Policies started on or after 1 January 1994	
	Life	Pensions	Life	Pensions
1992 & earlier		-3.5%		
1993	1.0%	-2.5%	19.0%	29.0%
1994	4.5%	22.5%	22.5%	34.0%
1995	11.5%	17.5%	30.0%	42.0%
1996	8.0%	13.0%	25.0%	35.0%
1997	5.0%	8.0%	21.0%	28.5%
1998	1.0%	0.0%	14.0%	19.0%
1999	-6.0%	-7.0%	6.5%	10.0%
2000	-7.5%	-7.0%	5.0%	7.5%
2001	-3.0%	6.0%	9.5%	13.5%
2002	6.5%	10.0%	16.0%	21.5%
2003	11.5%	15.5%	17.5%	23.5%
2004	9.0%	12.0%	13.0%	17.5%
2005	6.0%	7.0%	6.0%	8.5%
2006	1.0%	2.5%	1.5%	2.5%
2007	0.0%	1.0%	0.5%	1.0%

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

### 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 with profits units. We guarantee to pay these on maturity, retirement at selected retirement age or in the event of a death claim.

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 unitised with profits policies in the future, except where we guarantee a minimum level of bonus. 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 becomes a claim. This makes sure that all with profits policyholders receive a fair share of any available profits.

### What about with profits guarantees?

The with profits guarantee is that on maturity, retirement at selected retirement age or in the event of a death claim, we will not apply a market value reduction.

### What is a market value reduction (MVR)?

We use a market value reduction (MVR) to make sure that any amounts paid to those policyholders who surrender their policies or switch their funds, reflect how the with profits fund has performed up to that point. If we use a market value reduction, policyholders who surrender their policies may receive less than any surrender value previously quoted. We apply market value reductions to ensure the fair treatment to all policyholders whenever they surrender their policy. In the above the term surrender includes transfer and switching funds.

It is important to remember that we only apply market value reductions to your unitised life policy in certain circumstances. Please note that we will not apply a market value reduction:

- on death; or
- on maturity or retirement at selected retirement age.

You can find further details in your policy documents.

## 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 unitised with profits policies on 31 December 2007.

Investment type	Life	Pension
Company Shares	0%	0%
Fixed Interest Stocks	75%	75%
Property	25%	25%
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.

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 overleaf.

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## **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](http://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.**