

Important information for customers with a Personal Pension Plan

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

Your investment with Phoenix Life Limited

Your Personal Pension Plan may be split between Phoenix Life Limited's unit linked funds and the Phoenix Life Limited Britannic With-Profits Fund ('the with profits fund'). This leaflet provides answers to questions you may have about both types of investment.

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 Britannic 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 - Britannic With-Profits Fund'; and
- choose the guide for type of policy 'Ordinary Branch Unitised With Profits'.

What is the annual bonus rate for Personal Pension Plans?

The 2007 with profits annual bonus rate is 3% for Personal Pension Plans. The actual number of bonus units we have added to your plan is shown in the additional information section of your statement.

The with profits annual bonus rates for the last 5 years are:

2003	2004	2005	2006	2007
3.0%	3.0%	3.0%	3.0%	3.0%

Has the annual bonus rate changed?

We have not changed the annual bonus rate. The investment return we achieved for the with profits fund for 2007 was poor. Furthermore, when we combine this with the returns over previous years and compare it to the level of guaranteed benefits already provided, it means that we are unable to increase annual bonuses for Personal Pension Plans.

The guaranteed benefits are the with profits units and bonus units we have added to date. We guarantee to pay these at retirement or in the event of a death claim.

We have indicated over the last couple of years that we are unlikely to increase annual bonus rates. Instead, we will add any growth in excess of that required to meet the value of guaranteed benefits to policies as a final bonus at the selected retirement date or in the event of a death claim. We take this approach because it makes sure that all with profits policyholders receive a fair share of any available profits.

Are you adding a final bonus now?

We are currently adding a final bonus for Personal Pension Plans where units were purchased either before 1999 or after 2000. If you transfer your policy or retire at any time which is not the selected retirement date, we may reduce the final bonus and we may apply a market value reduction. We do not guarantee final bonuses and we may change them at any time.

What about with profits guarantees?

The with profits guarantee is that we will value with profits and bonus units at 100.00p on retirement at your selected retirement date or on earlier death, and we will not apply a market value reduction. If you transfer your plan or retire at any other time, we do not guarantee the with profits unit price will be 100.00p and we may apply a market value reduction. You can find further details in your policy documents.

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 transfer their plans, retire at a date other than their selected retirement date 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 transfer their plans may receive less than any transfer value previously quoted. We apply market value reductions to ensure the fair treatment to all policyholders whenever they transfer their plan retire at a date other than their selected retirement date or switch their funds.

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

- on death; or
- on retirement at your selected retirement date.

You can find further details in your policy documents.

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.

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 guarantee annual bonuses once they are added to your plan. We would therefore need to see the financial markets enter a period of prolonged stable growth before we can be confident about increasing future levels of annual bonuses.

If investments perform well, we will pay higher final bonuses. Poor future market conditions will lead to lower final bonuses. Investment markets showed significant falls in early 2008 and unless they recover, we will have to reduce future final bonuses.

How is the with profits fund invested?

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 2007, the split of assets supporting with profits Personal Pension Plans was:

Company Shares	40%
Fixed Interest Stocks	47%
Property	8%
Cash	5%
Other	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 higher risk investments which we expect to provide a higher return, such as company shares (equities) and property. The rest are lower risk

investments such as fixed interest stocks (bonds, types of loan usually issued by the Government or companies) and cash.

The return we achieved on the investments in the with profits fund for 2007 was 2.5%.

By keeping around 50% of the with profits fund invested in company shares (equities) and property, we believe that we are well placed to benefit from any growth due to stock market or property price increases, whilst still protecting the long term security of the 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 plan 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 and then:

- under 'Fund prices';
- select 'Follow this link to look at our latest fund prices, which are regularly updated'; and
- then select 'ex-Britannic Unit Linked Assurance (BULA) originally sold through Britannic Assurance'.

The bid prices (in pence) of units in these funds for the last Wednesday of April 2008 and each of the previous five years are shown in the table opposite. The bid price is the price we pay when you cash in (sell) units. The table also shows the percentage change in the prices to 30 April 2008, over 1 year from 25 April 2007 and over 5 years from 30 April 2003.

Date	Bid price of units (in pence)		
	Pensions Deposit	Pensions Managed	Pensions Property
30 April 2008	323.4	562.0	600.6
25 April 2007	308.1	567.1	948.3
26 April 2006	297.3	536.6	767.5
27 April 2005	287.4	427.5	532.8
28 April 2004	277.7	404.9	423.7
30 April 2003	270.8	346.7	268.7
Change over 1 year	5.0%	-0.9%	-36.7%
Change over 5 years	19.4%	62.1%	123.5%

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 and then:

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

How can I get information about the unit linked funds?

We have produced fund summary leaflets which give more information about the unit linked funds. These are available in the Fund prices section on the website. If you would like a copy, please contact us using the details shown in the 'How to contact us' section of this leaflet.

Other questions and answers

Why have you sent me a statement – I don't have a pension plan with you?

Our records show that you do have a pension plan with Phoenix Life Limited. You may not recall this immediately, but you started your plan some years ago with Britannic Assurance. We issue annual statements to keep you up to date with your plan. If your statement shows Protected Rights, it is likely that you have used your plan to contract out of the State Second Pension (S2P), previously known as SERPS (State Earnings Related Pension Scheme).

Why did you write to me about contracting out of the State Second Pension (S2P)?

Between October 2007 and January 2008, we wrote to Personal Pension Plan holders who were contracted out of the State Second Pension (S2P). This was to inform them that with effect from tax year 2007/2008 we would be contracting them back into S2P, unless they specifically requested to remain contracted out.

The Government has announced its intention to remove the option of contracting out of S2P from 2012. Should this happen, plan holders would automatically be contracted back into S2P from 2012 even if they had previously requested to remain contracted out.

What are Non-Protected Rights?

Non-protected rights are the benefits that are built up from the contributions paid by either you or your employer. They also include benefits as a result of a transfer of non-protected rights from another plan or scheme.

What are Protected Rights?

Protected rights are the benefits that are built up from the contributions paid by the Government, for example National Insurance rebates. These are a result of you contracting out of the State Second Pension (S2P). They also include benefits as a result of a transfer of protected rights from another plan or scheme. What you can do with this amount is currently strictly regulated by the Government.

What is contracting out of S2P?

S2P is the scheme set up by the Government to provide eligible individuals with an extra pension on top of the basic state pension. If you are building up a S2P fund with the Government, you can choose to contract out and re-direct future National Insurance Contributions to the company you have chosen to provide your pension. The company will then pay you an income in respect of your National Insurance Contributions when you reach your chosen retirement age. If you are contracted in, the Government will keep all your National Insurance Contributions and they will pay you the S2P when you reach state retirement age.

Should I contract in or out of S2P?

We cannot give you advice on whether it is best for you to be contracted in or out of S2P. We recommend you contact an Independent Financial Adviser to discuss your individual position. Please see the 'We are here to help section' at the end of this leaflet.

Will I get a Basic State Pension from the Government?

Yes, if you have an adequate National Insurance record.

More information is available from the Department for Work and Pensions on www.thepensionservice.gov.uk or telephone 08456 06 02 65.

Can I surrender my plan and if not what can I do with it?

No. Personal pension arrangements are subject to legislation which prevents you from surrendering your plan. Proceeds from pension plans can only be used to provide an income at retirement and other associated benefits. You can transfer your pension to another provider, who in turn can only provide pension benefits.

What charges do you make on my plan?

If you invest in the with profits fund, we take into account an annual management charge of approximately 1% of the value of policies when we set bonus rates.

If you hold units in the Pensions Managed, Deposit or Property Fund, we make an annual management

charge of 1% of the value of the funds and we also deduct 0.25% from any premiums received.

When can I take my pension?

As from 6 April 2006, the earliest date benefits can be received is at age 50 for both Protected and Non-Protected rights. However, this minimum age will rise to age 55 from 6 April 2010. You can alter your retirement age, subject to these limits, at any time. However, the latest date that you can retire is 75. If you have units in the with profits fund, we recommend that you give us 12 months notice to ensure that you will continue to benefit from with profits guarantees, otherwise we may apply a market value reduction. If you provide notice to change your retirement date, unless you specify otherwise, the new retirement date will relate to both Protected and Non-Protected rights.

I have never made personal contributions to this pension policy in the past, can I make contributions in the future?

Yes, please contact Customer Services using the details below and request an application form.

Why has the income shown in my Statutory Money Purchase illustration gone down compared with last year even though my pension fund value has gone up?

This illustration is based on certain assumptions which have changed since last year, however some of the reasons that could explain the reduction include:

- We recently wrote to all contracted out customers to inform them that we had looked at the amount of pension income our plan holders might expect to get if they continued to remain contracted out of S2P. We have found that it is likely that they will receive more pension income by contracting back into S2P.

There was an option to return the tear off slip to remain contracted out of S2P. Unless you completed and returned this slip, we will have contracted you back into S2P from 6 April 2007. Your Protected Rights illustration for 30 April 2008 has therefore been produced assuming no further S2P rebates will be received. This may be lower

than previous year's illustration which may have projected on the assumption that we would receive further S2P rebates.

- For Protected Rights illustrations, if you are still contracted out of S2P, the illustration is calculated assuming that you will continue to earn a level of income based on your latest National Insurance Rebate received. If your National Insurance Rebate on this statement is lower than last year's statement, we have assumed your earnings have reduced accordingly and provided an illustration based on lower earnings.
- If you have told us to reduce your retirement age since 25 April 2007, your plan will not be invested for as long, therefore your income would be lower.

The information in this leaflet is based on Phoenix Life's understanding of current legislation as at 1 January 2008.

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 305 5553.

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 below.

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 305 5553, 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 305 5553.