

## **Former Britannic Assurance With-Profits Bonds**

**1 January 2009**

This leaflet gives you important information to go with your With-Profits Bond annual 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**

Your former Britannic Assurance With-Profits Bond policy is invested in the Phoenix Life Limited Britannic 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 Britannic With-Profits Fund' ('the guide') with your statement in 2007. The guide is available on our website [www.phoenixlifegroup.co.uk](http://www.phoenixlifegroup.co.uk) or you can ask us for a copy.

#### **What about guarantees?**

Your With-Profits Bond policy has guarantee dates (market value reduction free dates) and associated guarantee periods. If you surrender at these dates, we guarantee that we will not apply a market value reduction and we guarantee a minimum amount that we will pay you. Please see the section headed Guarantee dates in the Additional information section of your statement for more details about your With-Profits Bond policy's guarantees. If you surrender at any other time, we may apply a market value reduction, as described later and we do not guarantee a minimum amount that we will pay you. 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 surrender their policies, reflect how the 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. If you surrender your With-Profits Bond policy at any time other than a guarantee date (market value reduction free date), we compare the unsmoothed value of your policy with the smoothed value. The unsmoothed value of your policy is equivalent to the smoothed value but based on the actual investment return without any smoothing adjustment. Where the unsmoothed value is significantly less than the smoothed value, we will apply a market value reduction. If we apply a market value reduction, the surrender value will be less than the smoothed value but not less than the unsmoothed value.

The purpose of the market value reduction is to ensure fair treatment to all policyholders whenever they surrender their policy.

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

- on death;
- if you surrender your With-Profits Bond policy on a guarantee date (market value reduction free date) and associated guarantee period, as described in the section headed Guarantee dates in the Additional information section of your statement; or
- when a withdrawal is taken from your With-Profits Bond policy up to 7.5% of the original investment, reduced to take into account any surrenders, per year.

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 assets with the aim of providing good growth potential over the medium to long term. On 31 December 2008 the split of assets supporting With-Profits Bond policies was:

Company Shares	41%
Fixed Interest Stocks - issued by the UK government (gilts)	16%
Fixed Interest Stocks - other	34%
Property	7%
Cash	2%
Other	0%

How much we hold in each type of investment will change over time. We aim to make sure that the with-profits fund can always meet the guarantees it has given to policyholders. Subject to this, we aim to get a good 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 in the longer term, 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 UK government or companies) and cash.

The return on the investments in the with-profits fund for 2008 was -11.9%. The return was affected by falls in the value of company shares (equities) and property and also the falls in the value of non-government fixed interest stocks.

By keeping around 50% of the with-profits fund invested in company shares (equities) and property, the with-profits fund is well placed to benefit from any recovery in stock market or property prices, whilst still protecting the long-term security of the guaranteed benefits.

**This information is correct at 1 January 2009.**

**If you have any questions or would like more information about your statement or your bond, please contact us using the details shown in the letter we sent with your statement.**

**II\_PLL\_BWP\_wpb\_01/2009**

Phoenix Life Limited is authorised and regulated by the Financial Services Authority.

Phoenix Life Limited is registered in England No. 1016269

Registered Office: 1 Wythall Green Way, Wythall, Birmingham B47 6WG

[www.phoenixlifegroup.co.uk](http://www.phoenixlifegroup.co.uk)