

**Former Century Life  
Ex National Employers Life (NEL) policy**

**Information  
sheet  
1 April 2009**

**Your investment with Phoenix Life**

Former Century Life ex National Employers Life (NEL) with-profits policies are 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 statements / bonus notices 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 is the annual bonus rate for ex-NEL policies?**

The annual bonus rate depends on the bonus series. The annual bonus rates for the year to 31 March 2009 are shown in the table below.

<b>Ex-NEL bonus series</b>	<b>Annual bonus rate for the year to 31 March 2009</b>
Simple bonus	6.0% of the sum assured, cash option or annuity
Compound bonus	6.0% of the sum assured and attaching bonuses

**Has the annual bonus rate changed?**

No, we have not changed the annual bonus rates. Although the investment return for 2008 was poor, we have still been able to add annual bonus for 2008 at the same rates as the annual bonuses for 2007. We do not guarantee future annual bonus rates.

## Are you adding a final bonus now?

We are currently (as at 1 April 2009) adding a final bonus at maturity (or retirement at selected retirement age). The final bonus depends on the bonus series. The final bonus rates from 1 January 2009 are shown in the table below.

Ex-NEL bonus series	Final bonus rate from 1 Jan 2009	Applies to
Simple bonus	9.40%	sum assured, cash option or annuity for each year's with-profits premium paid; plus
	4.00%	sum assured, cash option or annuity for each year's with-profits premium paid from 1 April 1996.
Compound bonus	5.20%	sum assured for each year's with-profits premium paid; plus
	4.00%	sum assured, cash option or annuity for each year's with-profits premium paid from 1 April 1996.

The investment return for 2008 was poor and we have had to reduce final bonus rates.

We do not guarantee final bonuses. We normally review final bonus rates from the end of June and December each year. However we may change final bonus rates 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 an annual bonus 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 guaranteed benefits are the basic sum assured (cash option or annuity) and total annual bonuses we have added to date. We guarantee to pay these at maturity, 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. The amounts of final bonus are affected by 'smoothing' as described below.

We aim to avoid very large differences in with-profits maturity payments over relatively short periods of time. We consider the maturity payments that we have

made for similar policies in the past and limit, where possible, changes to final bonuses to avoid very big differences in maturity payments from one review to the next. This practice is known as smoothing. Smoothing means that we may pay more or less than the underlying value of policies. Maturity payments are the total of the sum assured (cash option or annuity), annual bonus and final bonus.

We mentioned that we work out bonuses by considering the underlying value of policies. When we transferred the former Century Life with-profits policies to Phoenix Life Limited at the end of 2006, we included the value from the sale of the non-profit policies in the Century Life With-Profit Fund in the underlying value of the with-profits policies. As a result we were able to increase final bonuses in 2007 and increase surrender values. Whilst this was a one off increase, future final bonuses and surrender values will continue to reflect this one off increase.

### **So what about the future?**

If investments perform well, we will pay higher final bonuses. Poor future market conditions will lead to lower 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 reasonable growth potential over the medium to long term. On 31 December 2008 the split of assets supporting former Century Life with-profits policies was:

Company shares (equities)	12%
Fixed interest stocks - issued by the UK government (gilts)	60%
Fixed interest stocks - other	25%
Property	2%
Cash	1%
Other	0%

The return on the investments in the with-profits fund for 2008 was -2.2%. 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.

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

**If you have any questions or would like more information about, please contact us using the details shown in the Contact us link on our website.**

**II\_PLL\_BWP\_century\_nel\_04/2009**

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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)

