

**Important Information for  
Phoenix Life Limited  
SPI With-Profits Fund Customers**

**Phoenix**

**Former Scottish Provident Limited  
UK traditional with-profits policy**

**1 April 2009**

## **Your investment with Phoenix Life**

Former Scottish Provident Limited UK traditional with-profits policies are invested in the Phoenix Life Limited SPI With-Profits Fund ('the with-profits fund').

The premiums you have paid are pooled with the premiums of other policyholders who have invested in the with-profits fund. We use this fund to pay the policy benefits to policyholders who have paid premiums into the with-profits fund.

We may add annual bonuses if the investment return and experience of the with-profits fund has been sufficient (and is expected to continue to be sufficient) to support the payment of these bonuses and the benefits already guaranteed.

The investment return and experience of the with-profits fund over the last few years has meant that we have not been able to add annual bonuses since 2001. The value of the benefits already guaranteed means that annual bonus is not currently supported. The addition of any future annual bonus will depend on the future investment performance and experience of the with-profits fund, after allowing for the historic performance and the value of the guaranteed benefits.

Annual bonus rates declared for 2008 are shown in the table below.

**Phoenix Life Limited – SPI With-Profits Fund  
Former Scottish Provident Limited  
UK traditional with-profits**

**Annual Bonuses declared for 2008**

Type of business	Annual bonus	
	as % of basic benefit	as % of existing bonus
UK life assurance	0.00%	0.00%
UK SEDA pension	0.00%	0.00%
UK E-Type pension	0.00%	0.00%

We have reviewed our policy of concentrating on final bonuses before reintroducing or increasing annual bonuses and continue to believe that this is the fairest way for all policyholders to benefit from the returns of the with-profits fund.

We may add a final bonus on death or at maturity (or retirement at the selected retirement date). We do not guarantee final bonuses. We normally review final bonus rates twice a year from 1 January and 1 July. However we may change final bonus rates at any time. On surrender we may include an element of final bonus.

The investment mix of the assets in the with-profits fund has changed over time. The recent history of the asset mix is shown in the table below.

<b>Phoenix Life Limited - SPI With-Profits Fund</b>					
<b>Former Scottish Provident Limited</b>					
<b>UK traditional with-profits</b>					
<b>Asset mix at end of year</b>					
Year	Company shares (equities)	Fixed interest stocks issued by the UK government (gilts)	other	Property	Other
2008	43%	16%	27%	0%	14%
2007	48%	14%	25%	0%	13%
2006	41%	17%	33%	0%	9%
2005	37%	49% combined		0%	14%
2004	29%	49% combined		13%	9%
2003	23%	39% combined		13%	25%

The return on the investments in the with-profits fund backing traditional with-profits policies for 2008 was -11%. The investment return for 2008 was affected by falls in the value of company shares (equities) and also falls in the value of non-government fixed interest stocks. The recent history of the with-profits fund investment returns is shown in the table below.

<b>Phoenix Life Limited - SPI With-Profits Fund</b>	
<b>Former Scottish Provident Limited</b>	
<b>UK traditional with-profits</b>	
<b>Investment return (before charges)</b>	
Year	Investment return
2008	-11%
2007	5%
2006	6%
2005	12%
2004	10%
2003	4%

The life assurance, pension and investment business of Scottish Provident Limited transferred to Phoenix Life Limited on 6 February 2009. The Scottish Provident Limited with-profits policies were transferred to the newly created Phoenix Life Limited SPI With-Profits Fund. The transfer should not lead to any change in the way in which we manage the fund in which your policy is invested.

We will be including a copy of our guide, 'How we manage the Phoenix Life Limited SPI With-Profits Fund' ('the guide') with mailings to policyholders in 2009. The guide is available on our website [www.phoenixlifegroup.co.uk](http://www.phoenixlifegroup.co.uk) or you can ask us for a copy.

In this guide we mention that we work out bonuses by considering the underlying value of policies. We also mention that we expect to include a fair share of any distribution of the estate in the underlying value of with-profits policies once the estate is large enough to cover the risks in the with-profits fund.

We are currently including a distribution of the estate when we set final bonuses. Based on the estate at the end of June 2008, we added a small estate distribution of 2.0% to the underlying policy values for 2008. We also included an additional small estate distribution of 0.5% of underlying policy values when we set the January 2009 final bonuses. This means that final bonuses are currently higher than they would otherwise be. Based on the estate at the end of December 2008, we expect to include a similar level of estate distribution when we set the July 2009 final bonuses.

We do not guarantee that we will be able to continue this level of estate distribution in future and we normally review the level twice a year. In particular poor investment conditions are likely to mean that we will reduce or remove the current estate distribution.

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

**If you have any questions or would like further information, please contact us using the details shown in the letter we have sent you.**

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

Phoenix Life Limited is registered in England No. 1016269

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