

security of the information and comply with the Data Protection Act 1998.

A full copy of our data protection statement can be obtained from Customer Communications on 01564 202529 or at [communications@resolutionplc.com](mailto:communications@resolutionplc.com). This includes details of all members of the Resolution Group.

Please contact us at the address opposite if you would prefer not to be contacted about other products or services.

## **We are here to help**

It is important that you continue to review your financial situation, particularly when your circumstances change. For example, you may have recently changed your job, moved house, had a baby or your children may have left home. This means your income or your financial responsibilities may have changed so your finances may need reviewing.

Phoenix Life Limited does not give financial advice. If you are interested in reviewing your finances and would like help in finding a financial adviser, please call us on the number opposite.

## **If you have any further questions, please contact us as follows:**

### **Write to**

Customer Services, Phoenix Life Limited, 1 Wythall Green Way, Wythall, Birmingham, B47 6WG.

### **Phone**

0845 305 5553

Local call rates apply, although these may vary between telecom providers.

If you're calling from outside of the UK call (0)1564 20 7001 using the international dialling code for the UK.

## **Important information for Personal Pension Plan customers**

### **Your investment with Phoenix Life Limited**

Your Personal Pension Plan may be split between Phoenix Life's unit linked funds and Phoenix Life's Britannic With-Profits Fund.

### **With profits information**

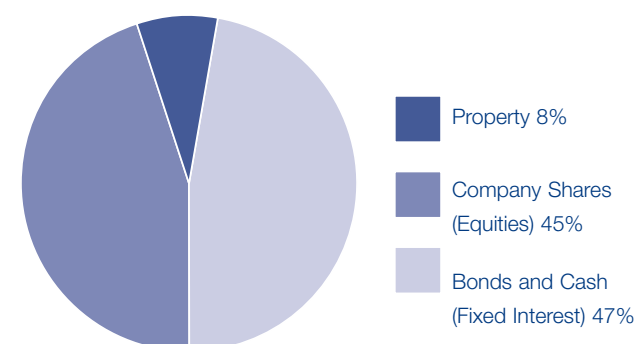
#### **How is the Britannic With-Profits Fund invested?**

We invest the Britannic With-Profits Fund in a mix of assets such as company shares, property, bonds (types of loan usually issued by the Government or companies) and cash deposits.

How much we put into each type of investment will change over time. We aim to make sure that the Britannic With-Profits Fund can always meet the guarantees it has 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 bonds and cash (fixed interest).

The chart below shows the split of investments supporting Personal Pension Plans at the end of December 2006.

Split of Investments at 31 December 2006



The return on the investments in the Britannic With-Profits Fund in 2006 was 7.7%. By keeping approximately 50% of the Fund invested in equities and property, we believe that we are well placed to benefit from any growth due to the stock market or property

price increases, whilst still protecting the long term security of the Fund.

#### **What is the annual bonus rate for Personal Pension policies?**

The 2006 with profits annual bonus rate is 3% for Britannic With-Profits Fund Personal Pension policies. The actual number of bonus units added to your policy is shown in your statement.

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

2002	2003	2004	2005	2006
0%	3.0%	3.0%	3.0%	3.0%

#### **Has the annual bonus rate changed?**

No. Our bonus rates reflect both historic investment returns and likely long term investment conditions. Although the Britannic With-Profits Fund achieved a reasonable investment return in 2006, when this is combined with the returns over the previous five years, and compared to the level of the guarantees already provided, it means that there is insufficient justification to increase annual bonus rates for Personal Pension policies. On top of this, we believe that both interest rates and inflation will continue to remain low in the long term.

Over the last couple of years we have indicated that if investment markets continued to show further recovery, then it would be more likely that any growth in the Britannic With-Profits Fund, in excess of that required to meet the value of the guaranteed benefits, would be added to policies as a final bonus at the selected retirement date or in the event of a death claim, rather than increasing annual bonus rates. We take this approach because it ensures that all with profits policyholders receive a fair share of any available surplus.

#### **Are you adding a final bonus now?**

We are currently adding a final bonus for Personal Pension policy payments where units were purchased either before 1998 or after 2001. If you transfer your policy or retire at any time which is not the selected retirement date, the final bonus may be reduced and a market value reduction may be applied as described below. Final bonuses are not guaranteed and may change 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 Britannic 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 underlying value of policies reflects the investment performance of the Britannic With-Profits Fund over the lifetime of the policies, after allowing for factors such as expenses.

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?

Annual bonuses are guaranteed once they are added to your policy. 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 bonus.

If investments continue to perform well, then higher final bonuses will be paid on more policies. Adverse future market conditions will lead to lower final bonuses.

## What about guarantees?

The with profits guarantee is that with profits and bonus units will be valued at 100.00p on retirement at your selected retirement age, or on earlier death.

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

If you cash-in, or transfer your plan, at any time other than the selected retirement date (for example upon early retirement or transfer to another scheme), we compare the underlying value of your policy with the value of the guaranteed benefits. Where the underlying value is less than the guaranteed value then no final bonus is added and we may apply a market value reduction (MVR), which reduces the value of the with profits and bonus units in your plan below 100.00p.

Market value reductions are applied to ensure fairness to all with profits policyholders so that:

- the cash-in or transfer value is not unfairly higher than the plan's share of the underlying value of the Britannic With-Profits Fund's assets; and
- the interests of the remaining with profits policyholders are protected.

Market value reductions are not applied to payouts on retirement at your selected retirement age or death.

## Unit linked information

You can follow the performance of any unit linked funds your policy invests in, by looking at the unit prices published regularly on our website [www.phoenixlifegroup.co.uk](http://www.phoenixlifegroup.co.uk). Go to "Fund Prices" and "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 2007 and each of the previous five years are shown in the table below. The table also shows the percentage change in the prices to 25 April 2007, over 1 year from 26 April 2006 and over 5 years from 24 April 2002.

Date	Pensions Deposit	Pensions Managed	Pensions Property
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	404.6	423.7
30 April 2003	270.8	346.7	268.7
24 April 2002	262.9	422.1	402.8
<b>Change over 1 year</b>	+3.6%	+5.7%	+23.6%
<b>Change over 5 years</b>	+17.2%	+34.4%	+135.4%

Additional fund summary leaflets, which give more information about the unit linked funds, are also available in the Fund Prices section on the website.

## Questions and answers about your plan

### 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.

You may not recall this immediately, but you started your plan some years ago with Britannic Assurance. We issue yearly 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).

## What is contracting out of the State Second Pension (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.

### 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](http://www.thepensionservice.gov.uk) or telephone 08456 06 02 65.

### Can I cash in my plan and if not what can I do with it?

No. Personal pension arrangements are subject to legislation which prevents you from cashing the plan in. 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 are Phoenix Life's charges?

If you invest in the Britannic With-Profits Fund, charges are taken into account when bonuses are declared and are approximately 1% per annum. If you hold units in the Pensions Managed, Deposit or Property Fund, there is a 1% annual management charge 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 Britannic 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 an MVR may be applied. 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 Service 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:

- This year we have assumed that your investments will grow at a rate of 5.5% and not 6% like last year.
- 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 27 April 2006, your plan will not be invested for as long, therefore your income would be lower.

## Your personal information

Here is an update on how we process the personal information you provided to us when you originally applied for your policy.

Your personal information is held in our data systems:

- o to provide the product for which you applied;
- o for the purpose of fraud prevention;
- o for the purposes of identity verification via electronic credit reference systems; and
- o for the marketing of further products offered by Resolution companies or carefully selected third parties by telephone, post or other electronic means.

Your data may be shared with other members of the Resolution group of companies ("Resolution Group"), its agents and their subcontractors and other parties where there is a legitimate reason to do so.

If it is necessary for the above purposes, we may also transfer your personal information to another country or countries that may not provide the same level of protection as the UK. We shall ensure that any such transfer is made only on terms which safeguard the