

**Our Reference: Final Bonus/SH  
January 2007**

Dear Intermediary

**Scottish Provident Ireland – With Profits Funds Update**

I am writing to let you know the outcome of our half yearly review of terminal bonus rates for Scottish Provident and Scottish Mutual International domestic business and to advise you that for certain Scottish Mutual International policies Market Value Reductions (MVRs) for unitised with profits policies have been reintroduced.

**Terminal Bonus**

**Scottish Provident Limited (policies written on or before 30 July 2001)**

**Conventional With Profits**

Revised rates were implemented on 1 December 2006 and the details of the changes are given in the enclosed leaflet. For traditional endowment business rates have reduced by around 7% for 20 and 25 year terms but otherwise have not changed significantly compared with the previous scale except for the longest durations in force where rates have substantially improved as a result of improved financial modelling.

For traditional pensions business, a review of the mortality basis used in converting the available fund to pension at retirement has resulted in annuities per annum broadly reducing by 10% for most duration, except for the longest terms, where, again because of improved financial modelling, the terminal bonus scale has substantially improved.

Cash commutation factors for traditional pensions business also reflect the revised mortality assumptions and have generally improved. More detail is given in the enclosed leaflet.

**Unitised With Profits**

The terminal bonus scale for Scottish Provident Limited unitised with profits pensions business is little changed from the previous scale.

**Scottish Mutual International (unitised with profits policies written on or after 1 August 2001)**

For the SMI Dublin With Profits Fund the terminal bonus scale has improved for regular premium business but has generally worsened for single premium business with Market Value Reductions being necessary for business which commenced between August 2001 and May 2002. Previously the terminal bonus scale for single premium business was based on a high level financial model that has now been refined.

Further information can be obtained from our website [www.scotprov.ie](http://www.scotprov.ie), by e-mailing us at [broker.support@scotprov.ie](mailto:broker.support@scotprov.ie) writing to the above address or calling our Contact Team on 01 639 9859 between 9.00 am and 5.00 pm Monday to Friday.

Yours sincerely

Shay Hiney  
Intermediary Relationship Manager