

Our Reference: Final Bonus/SH
January 2008

Dear Intermediary

Scottish Provident Ireland – With Profits Funds update

I am writing to update you with news of our revised Terminal Bonuses & Market Value Reductions (MVRs) for Scottish Provident and Scottish Mutual International (SMI) domestic business, which come into effect from 1st January 2008.

Scottish Provident Limited – SPL

Traditional With Profits Maturing Policies

Please visit our website, www.scotprov.ie, section 'Latest News', document title, 'Terminal Bonuses / MVRs applicable from 1st January 2008', for more details.

Traditional Life

Regular premium plans

For regular premium business, with the exception of policies commencing in 1998 to 2001, terminal bonuses have increased by around 9% to 10%.

Single premium bonds

For 10-year Single Premium Endowment Bonds, terminal bonus has reduced from 43% to 33%. This is because the investment performance for the new 10 year term under review has not been as good as the performance for the previous 10 year term. We have restricted the fall in final bonus in accordance with our smoothing practices.

Traditional Pensions

We have introduced separate terminal bonuses for the two main classes of pension plans, Executive Pension Plans ("E-Types") and Self Employed Deferred Annuities ("SEDAs"). We believe separate scales are a fairer approach as this gives greater flexibility in targeting the underlying asset shares for the different plans.

E-Types Plans

Both regular and single premium E-type plans generally have higher Terminal Bonuses, though there are a few exceptions. For example regular and single premium plans written in 1987 have increases of 12% and 15% respectively.

SEDA Plans

Both regular and single premium SEDA plans generally have lower bonuses, though there are some older plans that have higher bonuses. For example regular and single premium plans written in 1987 have falls of 5% and 2% respectively.

Another change to note is that maturity bonuses that previously applied for plans written after December 1999 now only apply if the plans were written after December 1999 but before 2003. Plans written in 2003 and thereafter no longer receive a maturity bonus. This is because the level of maturity bonus was too high versus asset share for plans written after 2003. We have instead raised the terminal bonus in these years to target 101.5% asset share.

We have also reviewed the cash commutation factors. Cash commutation factors are used when converting pension into cash at maturity. We have revised them to be in line with updated annuity rates. Annuity rates have been revised regularly.

Unitised With Profits

The terminal bonus scale for Scottish Provident Limited unitised with profits life and pensions business has increased for all policy commencement years (1996 to 2007). There are no Market Value Reductions (MVRs) currently in place for SPL business. MVRs continue to be reviewed monthly.

The next planned review is to be effective from 1 July 2008 however, depending on investment experience, terminal bonuses may be reviewed outside the January/July review dates.

Scottish Mutual International (SMI) -Unitised with profit policies written on or after 1 August 2001

Policies invested in the SMI Dublin With Profits Fund are currently receiving an annual bonus of 2.25%.

The revised terminal bonus rates are generally stable, with a very small number of months in which units were purchased experiencing a reduction of 1%.

The Market Value Reductions (MVRs) of 3% or less on a few of the earliest inception dates for Pension business (1% for Life) still remain in place. This detail is also available on our website in the document 'Terminal Bonuses / MVRs applicable from 1st January 2008'. MVR Rates continue to be reviewed monthly.

Further information can be obtained from our website www.scotprov.ie by emailing us at, info@resolutionireland.com, by 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 Relations Manager