

Policyholder Update – August 09

Important Information about the Life Assurance 1% Premium Levy

Dear Policyholder

The Finance Bill 2009 announced by the Minister of Finance in April 2009, introduced a 1% levy on premiums invested in life assurance policies (which include pensions, investments and savings plans) with effect from 1st August 2009.

As a result, Phoenix Ireland will commence collecting an additional 1% of the premium from customers on premiums invested from October 2009. We will not deduct the levy from any premiums invested during August and September 2009.

- This applies to all our products both regular and single premiums
- We will not retrospectively deduct the levy from premiums invested during August and September 2009 as these will be paid by the company.

The Irish Insurance Federation, on behalf of the Life & Pensions Industry, is in ongoing discussions with the Department of Finance regarding details of the levy and the above may be subject to change. We will write to all affected customers at least 4 weeks in advance of the 1% levy being deducted.

Please read the questions and answers below and if you have any queries please e-mail us at info@phoenixireland.net.

Yours faithfully



Linda Hendrick
Policyholder Relationship Manager

1% Levy on Life Assurance Policies Questions & Answers

What is the new life assurance premium levy?

It is a 1% levy on all premiums invested in life assurance policies which includes Pensions, Investment and Savings plans

When is it effective from?

The new 1% levy is effective from 1 August 2009

What types of policies are affected?

- Protection policies (including Mortgage Protection and Group policies)
- Savings and Investments
- Pension Plans which include ARF's, Annuities and Buy out Bonds

How will the levy be calculated?

It will be calculated as 1% of the premium invested – **i.e.** if your premium is €10 a month, your premium will increase by 1% (€10 x 1% = 0.10c) Therefore your revised premium will be €10.10 per month.

How will this affect my policy?

The levy will not affect the benefits under your policy. However premium invested will increase by 1% on or after the 1 August 2009 and the additional 1% collected will be paid to the government.

When will Phoenix Ireland start to collect the 1% levy?

We will not deduct the levy from any premiums invested during August 2009 and September 2009; the cost of this will be absorbed by the company. We will be writing to all affected policyholders shortly to notify them of the date the additional levy will become payable. We will give all policyholders 4 weeks notice before commencing collection of the 1% levy.

What do I have to do?

Policyholders who pay their premiums by direct debit, don't have to take any action as we will adjust your premium by the 1% required. If you pay by cheque or standing order, you will need to increase your payment by 1% after the 1 October 2009.

What Happens Next?

We will write to customers shortly to advise you the revised premium on your policy and the date when collection of the levy will start. We will give you 4 weeks notice prior to the extra 1% being collected from your account