

Our Reference: Final Bonus/LO'N
January 2010

www.phoenixireland.ie

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Dear Intermediary

Phoenix Ireland – With-Profits Funds update

I am writing to update you with details of our revised final bonuses and market value reductions (MVRs) which came into effect from 1 January 2010 for the Phoenix Life Limited SPI With-Profits Fund and the Scottish Mutual International Limited (SMI) domestic business.

Final bonuses and MVR's have been reviewed against the existing scales and take into account current investment conditions and investment experience since the rates were last reviewed.

Phoenix Life Limited – SPI With-Profits Fund

Traditional With-Profits Maturing Policies

Final bonus review / MVRs applicable from 1 January 2010' can be found under the "Latest News" section of our website www.phoenixireland.ie. You can also find a copy of the latest Principles and Practices of Financial Management (PPFM) for the SPI With-Profits Fund of Phoenix Life Limited.

Smoothing

Our PPFM sets out our practice and approach to the frequency of the final bonus review. Principle 13.7 and its associated practices set out our smoothing practices.

Given the extreme investment conditions recently, we have allowed larger changes in payouts on similar policies than we would under normal circumstances. The criteria for determining the similar policies referred to below can be found in Section 13.7.4 of our PPFM.

Traditional Pensions

E-Types and SEDA plans

We are currently unable to add any final bonus at maturity for many SEDA policies; however we are declaring a final bonus for most E-type policies.

Maturity payouts on similar policies have decreased on average by 5% to 7% for both E-type and SEDA single premium policies. This is because guaranteed benefits are currently higher than the profits we have been able to earn from investment returns for these policies.

Regular premium contracts show maturity payouts largely unchanged on average.

Changes in maturity payouts range from -22% on longer term policies to 13% on shorter term ones.

Encashment / Transfer Values

We have also reviewed surrender and transfer values to take into account the latest investment performance of the with-profits fund. Encashment / transfer values have generally increased from 1 January 2010.

Unitised With-Profits

Final bonus rates and MVR's have been reviewed from 1 January 2010. MVR's were reviewed regularly in 2009 to ensure that payouts remained at a fair level. MVR's may be applied to reduce final bonuses on surrender.

Payout changes on similar maturing unitised with-profits policies lie between -0.5% and 4.5% as a result of the January 2010 review.

Scottish Mutual International Limited (SMI) domestic business - Unitised with-profits policies written on or after 1 August 2001

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The majority of payouts have increased following the review of final bonuses. We will continue to review market value reductions regularly in 2010.

General

We will normally review final bonuses twice each year, from 1 January and 1 July. MVR's will continue to be reviewed more frequently in 2010.

Final bonuses and MVR's are not guaranteed and we may change them at any time.

If there are other individuals in your organisation that you feel should have a copy of this note, can you please pass it on to them?

Further information can be obtained from our website, by emailing us at info@pglireland.net, by writing to the above address or calling our contact team on (01) 639 9859, Monday to Friday 9.00am and 5.00pm.

Yours sincerely



Lisa O'Neill
Operations Manager