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Customer Contact Desk: Ph: 01 638 2900
Monday to Friday: 9am to 5pm
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www.phoenixireland.ie
Date issued: June 2010

Reference Number: 1234567A

Dear Sir/Madam

YOUR ANNUAL BONUS UPDATE

I am writing to provide you with information about the with-profits fund between the period 1 January 2009 to 31 December 2009. This includes:

- the most recent performance of the with-profits fund
- changes to the way in which we manage the with-profits fund

You do not have to contact us at this point. However, it is important that you read the information below, as well as the enclosed 'Additional Information', as this could affect any decisions you might make about your policy now or in the future.

It is important that you review your investment and pension arrangements on a regular basis and we recommend that you speak to your independent intermediary.

Have your details changed?

If any of your details have changed or are incorrect, please complete the relevant section of the enclosed form and return it to us to enable us to update our records.

If you need to contact us

If you have any questions please call our Customer Helpline or write to us if preferred. Our contact details and opening hours are shown on the top of this letter together with your reference number which you will need to provide when contacting us.

Yours faithfully



Lisa O'Neill
Operations Manager

Enclosures: Additional Information
Changes of details form



Date: June 2010

Additional Information

Each year we provide an update on the performance of the with-profits fund and how this affects our policyholders. You should read these pages carefully.

Your unitised with-profits policy is invested in the Phoenix Life Limited SPI With-Profits Fund ('the with-profits fund').

Further information about the with-profits fund

The annual bonus rate applying from 1 April 2010 will remain unchanged. For pensions series I units purchased before 1 October 1999, the guaranteed rate of 4% each year will continue. For all other units the annual bonus rate remains 0%.

We have reviewed our policy of concentrating on final bonuses and market value reductions before reintroducing or increasing annual bonuses. We continue to believe that this is the best and fairest way for all our policyholders to benefit from the returns of the with-profits fund and we will review the levels of final bonus at least twice each year, normally in January and July. Final bonuses are not guaranteed and we may change them at any time.

The with-profits fund consists of a wide range of assets with the aim of providing good growth potential over the medium to long term. On 31 December 2009 the split of investments for with-profits policies was approximately:

Fixed Interest Stocks - issued by euro governments	17%
Fixed interest stocks - other (including corporate bonds)	26%
Company Shares (equities)	48%
Property	0%
Cash/Other	9%

We intend to make some changes to the investments underlying policies in the with-profits fund as follows:

- We intend to spread the investments of the with-profits fund more widely by reducing the proportion of the fund we invest in European (excluding UK) company shares (equities), and increasing the proportion we invest in Non European and UK company shares (equities) and commercial property. Currently the with-profits fund does not have any property investments. We may also invest a small proportion in alternative types of assets, such as hedge funds.
- We intend to reduce the proportion we invest in cash and increase the proportion we invest in fixed interest stocks issued by the euro governments.
- We will give our investment managers more flexibility in choosing the investments with the aim of improving returns.

- We intend that in future, the mix of investments will vary for different types of policy. Generally there is a single asset mix for all of the different types of with-profits policies in the with-profits fund. In future, for types of policies with guaranteed benefits that are low compared to the underlying policy values, we will invest in more higher risk investments such as company shares (equities) and property than we have done in the recent past, and less in fixed interest stocks. Whilst for types of policies with guaranteed benefits that are high compared to the underlying value, we will invest in fewer higher risk investments such as company shares (equities) and property than we have done in the recent past. We expect that in the longer term the investment return from company shares (equities) and property will be higher than that from fixed interest stocks although in the shorter term the returns may be more variable. We expect the overall proportion of company shares (equities) in the with-profits fund to reduce as our changes are implemented. Whilst the changes might lead to a lower return for some policies, another consequence is that there will be reduced variability in the cost of meeting guarantees in the with-profits fund. This should free up some money in the with-profits fund that currently has to be set aside in case the underlying investments do not grow sufficiently to cover the guaranteed minimum benefits. It also means that the variability in the costs of guarantees on types of policies with particularly valuable guarantees will be less likely to affect the payout on other types of policies. The table below shows the changes we intend to make for Irish unitised with-profits policies.

Type of policy	Current guideline range for the proportion invested in company shares (equities)	New guideline range for the proportion to be invested in company shares (equities) and commercial property
Unitised with-profits life policies	40% - 55%	55% - 65%
Unitised with-profits pension policies with guaranteed minimum bonus rates	40% - 55%	25% - 35%
Unitised with-profits pension policies with no guaranteed minimum bonus rate	40% - 55%	55% - 65%

We currently expect to make these changes in the second half of 2010. We will update you on our progress in the next annual update we send you.

Fund Performance

From 1 January 2009 to 31 December 2009, the return on the investments in the with-profits fund for with-profits policies was 16% (before tax and charges).

Please remember that past performance is not an indication of future performance and the value of investments can fall as well as rise.

We included a copy of our guide, 'How we manage the Phoenix Life Limited SPI With-Profits Fund' ('the guide') with your 2009 update. The guide is also available on our website www.phoenixireland.ie or you can ask us for a copy.

In this guide we mention that we work out bonuses by considering the underlying value of policies. We also mention that we expect to include a fair share of any distribution of the estate in the underlying value of with-profits policies once the estate is large enough to cover the risks in the with-profits fund.

We are currently (as at 1 January 2010) including a distribution of the estate when we set final bonuses. Based on the estate at the end of June 2009, we included an estate distribution of 4.3% of underlying policy values when we set the January 2010 final bonuses. This means that final bonuses are currently higher than they would otherwise be.

We do not guarantee that we will be able to continue this level of estate distribution in future and we normally review the level twice a year. In particular, poor investment conditions are likely to mean that we will reduce or remove the current estate distribution.

Changes to how we manage our with-profits fund

You may recall that we aim to operate our with-profits fund in accordance with our Principles and Practices of Financial Management (PPFM).


We wrote to you in August / September 2008 about our proposal to transfer certain Scottish Provident Limited policies and certain policies of our sister company Scottish Mutual Assurance Limited to Phoenix Life Limited. This transfer took place on 6 February 2009. The Scottish Provident Limited with-profits policies were transferred to the newly created Phoenix Life Limited SPI With-Profits Fund. The Scottish Mutual Assurance Limited with-profits policies were transferred to the newly created Phoenix Life Limited Scottish Mutual With-Profits Fund. The remaining policies were transferred to the existing Non-Profit Fund in Phoenix Life Limited.

The February 2009 PPFM for Phoenix Life Limited was updated to allow for these transfers and changes. Changes were made to take account of the transfers, related events and to create a consistent style and presentation. Apart from those changes, the February 2009 Phoenix Life Limited PPFM reflected the existing Phoenix Life Limited PPFM and the PPFMs of Scottish Provident Limited and Scottish Mutual Assurance Limited.

We told you about this in the 'Changes to how we manage our with-profits fund' section which we included with your update in 2009.

During 2009, we made some changes to our PPFM. The changes we made in relation to the Phoenix Life Limited SPI With-Profits Fund are set out below.

- We have updated the PPFM to reflect changes which occurred in the business over the year:
- The group which Phoenix Life Limited is part of, was acquired by Liberty Acquisition Holdings (International) Company in September 2009. That company was subsequently re-named Phoenix Group Holdings. This has no direct impact on the SPI With-Profits Fund.
- We updated the smoothing section to show how we had applied smoothing for the July 2009 final bonuses due to the unusual investment conditions. For the July 2009 final bonus changes we allowed an additional 5% reduction in total maturity payouts before smoothing applied. This meant that we generally limited reductions in total maturity payouts to 12.5% compared to similar maturity payouts in January 2009. Normally we would have generally limited the reduction in similar maturity payouts to 7.5%.
- We updated the final bonus section to show that we had made an interim review to generally increase final bonuses from October 2009 even though the investment variances had not generally exceeded the normal limit. We updated the smoothing section to show how we had applied smoothing for this interim review due to the unusual investment conditions. For the October 2009 final bonus changes we generally allowed an increase in total maturity payouts of up to 12.5% compared to similar payouts in July 2009 before smoothing applied.

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- We updated the smoothing section to show how we had applied smoothing for the January 2010 final bonuses due to the unusual investment conditions. For the January 2010 final bonus changes we allowed an additional 5% increase in total maturity payouts before smoothing applied. This meant that we generally limited increases in total maturity payouts to 12.5% compared to similar maturity payouts in July 2009. Normally we would have generally limited the increase in similar maturity payouts to 7.5%.
 - We updated the business risks section to reflect that compensation payments relating to events which occurred after 31 July 2009 would be charged to the shareholder fund.
 - We made a small change in the way we calculate surrender values for traditional with-profits policies.
 - We updated the investment strategy section as we now invest the estate in fixed interest stocks issued by the UK government (gilts) rather than the using same asset mix as that for the with-profits policies.
 - We updated the investment strategy section for the investment changes we expect to make for with-profits policies. These generally include having a wider spread of investments including property and reducing the proportion invested in cash and increasing the proportion invested in fixed interest stocks issued by the euro governments. We also intend that in future, the mix of investments will vary for different groups of policies, with policies with higher guaranteed benefits having fewer higher risk investments. We explain these changes in the 'Further information about the with-profits fund' section.
 - We updated some of the information to reflect the latest position. In particular the latest estate distribution details were updated.

We also made changes in respect of Phoenix Life Limited's other with-profits funds, but these changes do not affect policies invested in the SPI With-Profits Fund.

None of these changes are sufficiently material to affect the guide to how we manage the with-profits fund which we included with your update in 2009.

This information should be read with our revised PPFM document which is available on our website www.phoenixireland.ie, or you can contact us for a copy.

Each year we publish a report to demonstrate how we have complied with the PPFM. Our annual report to demonstrate how we have complied with the PPFM for 2009 will be available from July 2010 on our website www.phoenixireland.ie, or you can contact us for a copy.

How can I find out more?

The guide to how we manage our with-profits fund and the full PPFM document are available on our website www.phoenixireland.ie. You can also ask for a copy using the contact details on the first page of this letter.

Change of details form

If any of your details have changed.

Please complete both sides of this form in BLOCK CAPITALS using black ink.

Please ensure you sign and date this form and return to **PGMSI, Styne House, Upper Hatch Street, Dublin 2.**

Complete in all cases:

Policy number(s):

Title:

Forenames:

Surname:

Date of birth:

Phone number:

If your address is incorrect or has changed please complete this section:

Current address:

Postcode: _____

Previous address(es):

Postcode: _____

Postcode: _____

If your name is incorrect or has changed please complete this section:

Please provide the following **original** documentation and complete the details requested below.

All original documents will be returned to you by Recorded Delivery.

- If you have married or entered into a civil partnership please send us your marriage or civil partnership certificate.
- If you have divorced and now use your maiden name please send us your decree absolute and your birth certificate.
- If you have changed your name for any other reason please send us your deed poll.

Previous name:

Previous signature:

Please turn over

Change of details form, continued

PLEASE ENSURE THAT YOU COMPLETE THIS SECTION:

First policy holder signature:

Date

Second policy holder
signature:
(if applicable)

Date

As there may be occasions when we have to contact you about the information that you have provided, please provide a contact telephone number. Please also indicate if a morning, afternoon or early evening call would be preferred.

Telephone number:

Preferred call time (please tick all that apply):

morning:

afternoon:

early evening:

We will only use this number to contact you about the information you have provided above.

