

January 2011

Customer Contact Desk Ph: 00353 1 639 9859
Monday to Friday: 9am to 5pm
Fax: 00353 1 638 2901
Email: info@pglireland.net
www.phoenixireland.ie

Important Information for
Phoenix Life Limited SPI
With-Profits Fund Customers

Former Scottish Provident Limited Irish traditional with-profits pension policies are invested in the Phoenix Life Limited SPI With-Profits Fund ('the with-profits fund').

Policies have guaranteed annuities / pensions or cash sums at the selected retirement age that have been purchased with the premiums that have been and will be paid, and from previous bonuses we have added.

We may add annual bonuses if the investment return and experience of the with-profits fund has been sufficient to support the payment of these bonuses and the benefits already guaranteed, and is expected to continue to do so, even if future investment returns or other factors become unfavourable.

We have not been able to add any annual bonus for 2010.

The investment return and experience of the with-profits fund over the last few years has meant that we have not been able to add annual bonuses since 2001. The value of the benefits already guaranteed means that an annual bonus is not currently supported. The addition of any future annual bonuses will depend on the future investment performance and experience of the with-profits fund, after allowing for the historic performance and the value of the guaranteed benefits.

We have reviewed our policy of concentrating on final bonuses before reintroducing or increasing annual bonuses and continue to believe that this is the fairest way for all policyholders to benefit from the returns of the with-profits fund.

We may add a final bonus on retirement at the selected retirement date. We do not guarantee final bonuses. We normally review final bonus rates twice a year from 1 January and 1 July. However we may change final bonus rates 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 2010, the split of assets for Irish traditional with-profits pension policies was approximately:

Phoenix Life Limited - SPI With-Profits Fund	
Former Scottish Provident Limited	
Irish traditional with-profits pension policies	
Investment Type	
Company Shares (equities)	30%
Fixed interest stocks - issued by euro governments	37%
Fixed interest stocks - other (including corporate bonds)	30%
Property	0%
Cash	1%
Other	2%

Phoenix Ireland is the trading name used by Scottish Mutual International Limited and Phoenix Life Limited.

Scottish Mutual International Limited is authorised and regulated by the Central Bank of Ireland and is registered in Ireland (Company No. 242244).

The company's registered office is 25-28 North Wall Quay Dublin 1, Ireland. An up-to-date list of its directors, containing the particulars required by paragraphs (a), (b) and (c) of section 196(1) of the Companies Act 1963, is available upon request from the company's registered office.

Phoenix Life Limited is authorised and regulated in the United Kingdom by the Financial Services Authority. Phoenix Life Limited is incorporated in England (Company No. 1016269) and has a registered branch in Ireland (Branch No. 906073). The company's registered office is 1 Wythall Green Way, Wythall, Birmingham B47 6WG United Kingdom. Its directors are A B Davidson (UK), J P Evans (UK), M J Merrick (UK), A Moss (UK), M D Ross (UK), J C Park (UK), W R Treen (UK), M N Urmston (UK) and J Yates (UK).

In last year's important information leaflet we told you about the changes we expected to make to the investments underlying policies in the with-profits fund. These changes are mostly complete. These changes included having different mixes of investments for different groups of policies and introducing property and alternative assets (such as hedge funds). In due course, we expect to invest in some property with a corresponding reduction in the amount we invest in equities.

The investment return on the with-profits fund for these policies over the last number of years is shown in the table below.

Phoenix Life Limited - SPI With-Profits Fund Former Scottish Provident Limited Irish unitised with-profits pension policies	
Investment Returns (before tax, expenses and charges)	
Year	Investment Return
2010	3%
2009	16%
2008	-19%
2007	4%
2006	6%

Our guide, 'How we manage the Phoenix Life Limited SPI With-Profits Fund' ('the guide') is available on our website www.phoenixlifegroup.co.uk or you can ask us for a copy.

In the 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 2011) including a distribution of the estate when we set final bonuses. Based on the estate at the end of June 2010, we added a small estate distribution of 1.3% to the underlying policy values for 2010. We also included an additional estate distribution of 6.3% of underlying policy values when we set the January 2011 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.

This information is correct at 1 January 2011.

If you have any questions or would like more information about your policy, please contact us using the details shown at the top of this information sheet.

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