

January 2011

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

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

Some policies may be split between unit-linked funds and the with-profits fund. This information sheet refers only to the with-profits element.

Your policy has with-profits units that have been purchased with the premiums you have paid.

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. For all units purchased prior to 1 October 1999 (Irish pension series I) there is a guaranteed minimum annual bonus rate of 4% each year. If added, annual bonus increases the value of the with-profits units.

Annual bonuses from 1 April 2011:

- For series where there is a guaranteed minimum annual bonus we have continued to add this, but we have not been able to add any additional annual bonus.
- For series where there is no guaranteed annual bonus we have been able to add an annual bonus 1.00%.

The investment return and experience of the with-profits fund over the last few years has generally meant that we have not been able to add non-guaranteed annual bonuses since March 2003. The value of the benefits already guaranteed means that no annual bonus or only a low rate of annual bonus is 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. Where series of units have a guaranteed amount of annual bonus, these will be added as usual. If added, annual bonuses increase the value of the with-profits units.

Annual bonus rates from 1 April 2011 and previous rates from 1 April 2010 are shown in the table below.

<b>Phoenix Life Limited - SPI With-Profits Fund Former Scottish Provident Limited Irish unitised with-profits pension policies</b>		
<b>Annual bonus % applied as increase in unit price</b>	<b>From 1 April 2011</b>	<b>From 1 April 2010</b>
Irish pension series I (4% guarantee)	4.00%	4.00%
Irish pension series II	1.00%	0.00%
Irish pension series III	1.00%	0.00%
Series I applies to units purchased before 1 October 1999		
Series II applies to units purchased from 1 October 1999		
Series III applies to units purchased from 1 April 2000		

The annual bonuses are a rate per year and are applied as daily increases in the with-profits unit price.

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. However, we have been able to reintroduce some annual bonus for series where there is no guaranteed annual bonus from 1 April 2011.

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. On surrender, transfer or retirement at any other date, we may apply a market value reduction. The market value reduction firstly reduces any final bonus and then reduces the value of the units. We review the market value reductions regularly.

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 unitised with-profits pension policies was approximately:

<b>Phoenix Life Limited - SPI With-Profits Fund Former Scottish Provident Limited Irish unitised with-profits pension policies</b>			
<b>Investment Type</b>	<b>Series I</b>	<b>Series II</b>	<b>Series III</b>
Company Shares (equities)	30%	58%	58%
Fixed interest stocks - issued by euro governments	37%	20%	20%
Fixed interest stocks - other (including corporate bonds)	30%	17%	17%
Property	0%	0%	0%
Cash	1%	2%	2%
Other	2%	3%	3%

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 with-profits units over the last number of years is shown in the table below.

<b>Phoenix Life Limited - SPI With-Profits Fund Former Scottish Provident Limited Irish unitised with-profits pension policies</b>			
<b>Investment Returns (before tax, expenses and charges)</b>			
<b>Year</b>	<b>Series I</b>	<b>Series II</b>	<b>Series III</b>
2010	3%	6%	6%
2009	16%	16%	16%
2008	-19%	-19%	-19%
2007	4%	4%	4%
2006	6%	6%	6%
2005	13%	13%	13%

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).

Our guide, 'How we manage the Phoenix Life Limited SPI With-Profits Fund' ('the guide') is available on our website [www.phoenixlifegroup.co.uk](http://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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