

Questions and Answers in relation to Maturing Conventional With Profit Life policies.

Please be aware that we will only write to, and make payment to, the legal owner of the policy.

Q: What is happening with your maturity process?

A: We have revised our maturity process for Conventional With Profit Life maturing policies. This revised process will come in effect from 1st February 2008

Q: Why have you done this now?

A: We have reviewed our processes to ensure the efficient and prompt payment processing of maturities.

Q How does the new Maturity Process work in practice?

A: We will advise brokers and policyholders earlier to allow sufficient time to return maturity documentation and consider reinvestment opportunities. We will also transfer the maturity benefits direct into the policyholder's bank account. The key steps in the revised process are:

- We will write out to Intermediaries 6-8 weeks in advance of maturity date, enclosing a template of a Maturity pack, along with a spreadsheet, which will give the Intermediary policy and maturity details of that month's maturities. This will ensure that intermediaries are advised of maturity details and our requirements well in advance of the Policy maturity date.
- We will write out to policyholders 4-6 weeks in advance of the maturity date, and will enclose the Maturity pack, which will outline the steps the policyholders will need to take in order to return required maturity documentation to us, as well as the timescales within which this needs to be completed in order for Phoenix Ireland to pay the Maturity value into the policyholders bank account within three days of the maturity date.
- Payment of maturity value will be made by Direct Credit direct into policyholder's Bank Account, which will allow safer and quicker payment of benefits, and quicker access to the maturity benefits.
- We are encouraging all maturing policyholders to submit their completed documents within ten days of receiving them. This is to ensure that if there are any remaining requirements they can be addressed in advance of the maturity date and their payment can still be made on time. We will include an addressed envelope with all correspondence.

- We have improved our maturity documentation, which outlines the steps to be completed to ensure the prompt payment of the maturity value
- We will send the policyholder written confirmation when we have paid the maturity value into their bank account.
- In the event we have not received the maturity documentation, we will issue a reminder to the policyholder(s) 14 days prior to the actual maturity date
- Please see the attached Policyholder's Q&A, which is also available on our website www.phoenixireland.ie

Q How will payment be made?

A: If premiums are paid by direct debit we are delighted to be able to provide all Maturity payments by the banks automated Direct Credit process directly into the bank account that your client's premiums are collected from provided it is an account in the policyholder's name and one that can receive Direct Credit payments e.g. a current account..

Or

If premiums are being paid by cheque, or if it was a single premium Investment, we will provide the payment directly into a nominated bank account (This bank account must be in the policyholder's name and evidenced with a copy bank statement not older than 3 months and one that can receive Direct Credit payments e.g. a current account)

We are not offering cheque as a payment option as Direct Credit offers:-

1. **A much higher degree of security.** Policyholder's benefits will be transferred directly to their bank account.
2. **Payment on the maturity Date.** The Maturity payment will be in the policyholder's account not later than three days after the maturity date. *(Subject to all requirements being received)*
(Traditional cheque payment can often take up to two weeks from the time we create the cheque to the time it clears in a policyholder's account, allowing for administration time at our end, postage, administration and clearing at the bank).

Q: Why are you asking my client to provide a copy of their bank statement for single premium product or changes to bank details?

A: If your benefits are being paid direct to your bank account and we do not have these bank details on file we need verification that the bank details provided are correct and that the benefits are being issued to the policyholder(s) account. This is an important security measure.

By way of verification we require the top section of your bank statement, showing, banks name, your name and address, your account number and sort code only. Details of any transactions on the account are not required.

Q: The maturity date on my policy document is different than the maturity date shown on my maturity statement?

A: Yes this has happened on a very small number of cases where the maturity date is shown on your statement as the 2nd of the month. This does not effect the valuation of your policy and in effect your maturity value will be paid earlier at no disadvantage to you.

Q How do you calculate the maturity value?

A: When the policy matures, we compare the **asset share** against the Guaranteed Benefits (Basic Sum Assured and Annual bonuses already allocated to the policy). If the Guaranteed Benefits are greater than the **asset share** we will pay the guaranteed benefits. If the **asset share** is greater that the Guaranteed Benefits, then we will pay out the asset share, as the additional asset share will be paid by way of a Final bonus

Maturity Value calculation

The Maturity value of a With Profits Policy is calculated as follows:
It is the sum of the:

- **Basic Sum Assured** plus
- **Annual (Reversionary) Bonuses added to date** plus
- **Final (Terminal) Bonus** (*which is a percentage of the Basic Sum Assured and the Annual (Reversionary) Bonuses added to date*)

Final Bonus Calculation

The Final Bonus = Final Bonus Rate % x (Basic Sum Assured + Total Annual Bonus)

Example (notional rates)

<u>Basic Sum Assured</u>	<u>Annual Bonuses</u>	<u>Final Bonus</u>
€3,000.00	€300.00	20%

Final Bonus = Final Bonus Rate % x (Basic Sum Assured + Total Annual Bonus)

Final Bonus = 20% X (€3,000 + €300.00) =20% of €3,300.00 = €660.00

	Basic Sum Assured	Ann Bonus	Final Bonus	= Maturity Value		
Maturity Value =	€3,000	+	€300.00	+	€660.00	= €3,960.00

Glossary of Terms used at Maturity Date

Maturity date – this is the fixed date when an endowment policy / investment bond will pay out the maturity benefit by way of a lump sum.

Each policy will have its own maturity date. Often this is the 10th, 15th, 20th or 25th anniversary, but shorter and longer policies are also common.

Basic Sum Assured (may also be referred to as guaranteed final maturity sum assured) – this is the fixed minimum payment at maturity or death under an endowment policy (except for Low Cost Endowment). This is set when the policy is taken out and is guaranteed at maturity, so long as all the premiums are paid up to maturity. Details will be found on your [policy schedule](#).

Annual bonus – an annual bonus is a guaranteed addition to the Basic Sum Assured.

Each year we check whether the fund can afford to give everyone such an addition, but this does not mean there will be a bonus every year. The Annual Bonus review is completed as part of the annual Bonus Declaration, and we write out to all Policyholders, by way of our Annual Bonus Statement.

Once these annual bonuses are added, they cannot be taken away, as long as premiums are paid to the Maturity date. An Annual Bonus has not been declared on Phoenix Ireland With Profit contracts since 2002.

Final (Terminal) bonus – when endowments reach their maturity date we compare the investment returned (less expenses) throughout the term of the policy with the Basic Sum Assured and Annual bonuses. If this net Investment return is higher than our guaranteed benefits, then we would normally add a final bonus. We expect to check the final bonuses and change them if necessary at least twice a year. A table of our current Final (Terminal) bonus rates is currently available on our Website – www.phoenixireland.ie

The Final Bonus is expressed as a percentage, and will be found under the heading 'PLL Conventional With Profits Terminal Bonuses Life (Endowment Policies) and the Final Bonus Rate for Life Single Premium Investment Bonds is shown in a specific information box beneath the above table of Rates. Final bonus is sensitive to financial market conditions and other factors. They are reviewed at least twice a year and may be varied or withdrawn without notice and is not guaranteed.

A Final Bonus may be paid when on the policy maturity date. It is paid as a bonus added to your guaranteed benefits (i.e. Basic Sum Assured and Annual bonuses allocated to date).

The amount of Final Bonus payable will depend on:

- number of complete years your policy has been a With Profits contract, and
- the amount of your guaranteed benefits

Asset share – this is our main guide to a fair share of the fund. We work out the asset share of a policy by:

- (i) Taking the money paid for the policy
- (ii) Allowing for each year's **investment result**, and
- (iii) **Deducting** our charges and expenses.