



PHOENIX LIFE

PENSION ANNUITY TRANSFER SCHEME

Your questions answered

September 2016

Contents

Please read this document with the enclosed 'Pension annuity transfer scheme – Policyholder guide'.

If you are not sure of any of the terms shown here in **bold type**, please see the definitions section of the policyholder guide (section 11).

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What's happening

1 What are you proposing?

We, Phoenix Life Limited (**Phoenix**) and ReAssure Limited (**ReAssure**) are planning to transfer certain pension annuities from **Phoenix** to **ReAssure**. **ReAssure** is a UK life and pensions company and is owned by Admin Re UK Limited which is part of the Swiss Re Group, a global insurance and reinsurance group.

The timing and amount paid out by your pension annuity will not be affected by the transfer. Any guarantees you have will continue and the terms and conditions of your policy will not change as a result of the transfer.

Following the transfer, **ReAssure** plans to move your annuity policy onto a new administration system. This is expected to take place in 2017. If you receive your annuity payment on the 29th, 30th or 31st of the month, **ReAssure** will switch your payment date to the 28th of each month and they will write to you beforehand to tell you that this change is about to take place.

2 When will it happen?

If the **High Court** approves our plans, the transfer will take place on the '**transfer date**', which we expect to be 31 December 2016.

3 Why are you doing this?

The business we propose to transfer is being removed from three funds within **Phoenix**. The risks associated with the transferring annuity business are longer dated than most of the remaining policies in those funds and we are required to hold capital to cover these risks.

The three funds are closed to new business and are in run-off (the number of policies in the funds is reducing over time). Removing this long dated risk will allow us to manage the run-off of the funds more efficiently.

4 Why are you writing to me?

To tell you about our proposals to transfer your pension annuity to **ReAssure** and to explain how you can get further information, ask any questions you may have and raise any concerns or object if you believe you may be adversely affected.

If you have more than one pension annuity with **Phoenix**, they may not all be transferring. The policy number of your pension annuity that we propose to transfer is shown at the top of the letter that was enclosed with this leaflet. We have sent one letter for each transferring pension annuity, so you may receive more than one letter if you have more than one policy. There will be no changes for any policies that remain with **Phoenix**.

5 What is a pension annuity?

A pension annuity is a series of regular payments you receive to provide an income in retirement. The pension annuity is paid from the proceeds of a pension policy or other pension arrangement.

If you are already receiving payments from your pension, you have a pension annuity.

6 How do I know if you are planning to transfer my pension annuity?

We have written to you because you have a pension annuity that we propose to transfer. During September / October 2016, we have sent you this pack as you have a pension annuity that is affected. We have sent a separate letter for each pension annuity we are planning to transfer so you may receive more than one letter. Each letter clearly shows the policy number of the pension annuity that is affected.

7 I am not aware that I have a pension annuity with Phoenix. Why are you writing to me?

We will only have written to you if you have a pension annuity with **Phoenix** that we propose to transfer to **ReAssure**.

It is possible that you have a pension annuity that was originally issued by a company whose business has since been transferred into **Phoenix**; such as Alba Life Limited, Phoenix Life & Pensions Limited or Phoenix & London Assurance Limited.

What this means for you

8 What will change for me?

You will become a customer of **ReAssure**, who will be responsible for your policy. This means **ReAssure** will be responsible for making payments to you. This will not affect the policy number, the timing or amount you receive or the terms and conditions of your pension annuity.

You will have a new telephone number to call for any queries about your annuity from 1 January 2017 (this number will be included in a welcome pack, which **ReAssure** will send to you in December). Letters and statements you receive about your policy will show the name 'ReAssure Limited', instead of 'Phoenix Life Limited'. Payments will also come from **ReAssure** and your bank statements will show this.

Following the transfer, **ReAssure** plans to move your annuity policy onto a new administration system. This is expected to take place in 2017. If you receive your annuity payment on the 29th, 30th or 31st of the month, **ReAssure** will switch your payment date to the 28th of each month and they will write to you beforehand to tell you that this change is about to take place.

You will not receive any new policy documents, so please keep hold of the policy documents that you received when your pension annuity started.

9 Who should I contact about my policy after the transfer?

After the transfer, if you have any policy queries you will need to call a different telephone number. This new number will be included in a welcome pack, which **ReAssure** will send to you in December.

Information about your product provider, **ReAssure**, will be available on a different website, www.reassure.co.uk.

If you have a financial adviser, then you can continue to speak to them about your policy in the same way as before.

10 Is my money safe?

Following the transfer, **ReAssure** will hold extra funds (or 'capital') to ensure that your benefits are secure under a wide range of extreme financial conditions. The amount of additional capital held will be set at a level above that required by regulation.

The **Independent Expert** as part of his role has considered the effect of the **Scheme** on the security of policyholders' benefits which has included a detailed comparison of the capital policy of **ReAssure** and that of **Phoenix**. He concluded that he was satisfied that the transfer will not have a material adverse effect on the security of benefits under the transferring policies.

11 Will my terms and conditions change?

No, the terms and conditions of your policy will not change as a result of the transfer, so you should keep your original policy documents.

In particular:

- if your spouse or partner is entitled to continue receiving all or part of your payments if you die before they do, **ReAssure** will take responsibility for making those payments;
- if your pension annuity has a guaranteed payment period, for example five years, then this guarantee will continue to apply; and
- if you have an index-linked pension annuity that rises with inflation or an annuity that increases at a fixed rate, your payments will continue to increase on the same basis as now. For example, pension annuities linked to the Retail Prices Index (RPI) will continue to change in line with the RPI.

12 Will the transfer affect my tax situation?

The transfer does not affect the UK or Isle of Man tax status of policies. If you are resident for tax purposes in another overseas territory, you may wish to take advice to confirm that your tax position is unaffected.

13 Will you continue to send me my P60 or T14 form?

Following the end of each tax year (starting from the year ending on 5 April 2017), your P60 form(s) or your T14 form(s) (if your policy is taxed under the Isle of Man tax regime) will be sent to you from **ReAssure**. You may still receive a P60 form(s) or T14 form(s) from **Phoenix** if you have other policies with **Phoenix** that are not transferring.

14 What does the proposed change of administration system mean for me?

Following the transfer, **ReAssure** plans to move your annuity policy onto a new administration system. This is expected to take place in 2017. There will be no change to the amount of annuity you receive or the terms and conditions of your policy. If you receive your annuity payment on the 29th, 30th or 31st of the month, **ReAssure** will switch your payment date to the 28th of each month and they will write to you beforehand to tell you that this change is about to take place.

15 Will the UK government announcement made on exchanging an annuity for a cash lump sum allow me to take a cash payment now?

No. The Chancellor announced in the 2015 Budget that some people with annuity policies may have the option to exchange the regular income they receive for a lump sum cash payment. The proposed change has gone through an industry consultation process and the Government has confirmed that proposals will take effect from 6 April 2017. Providers will now go through further consultations to establish how the process will actually work.

If your policy is taxed under the Isle of Man tax regime, these changes will not apply to your policy.

16 Can I move to another provider?

You will not be able to move to another provider. Once you have set up your annuity, the contract does not permit you to move it. **Phoenix** is only allowed to transfer your policy to another provider by undertaking a rigorous legal process which is designed to ensure that the interests of policyholders are appropriately protected.

More about the transfer

17 Who is Phoenix Life Limited?

Phoenix Life Limited is a closed life insurance company within the Phoenix Group of companies. The Phoenix Group of companies is the largest manager of closed insurance funds in the UK, with approximately 4.5 million policies and £47 billion of assets under management (as at 31 December 2015). Closed insurance funds are funds that no longer accept new policyholders. The Phoenix Group includes Phoenix Life Limited and Phoenix Life Assurance Limited.

18 Who is ReAssure?

ReAssure is a large UK life insurance company which is part of the Swiss Re group, a global financial services group.

ReAssure states that its priority is to provide a reliable service that meets the wide range of its customers' needs. Its focus is on buying and administering existing policies rather than selling to new customers. **ReAssure** has acquired business in the past from other insurers including Barclays, HSBC and Zurich.

ReAssure has (as at 31 December 2015):

- over 2 million pension and life policies;
- over £27 billion of funds under management; and
- UK based servicing centres in Shropshire and Hertfordshire.

19 Who will pay for the transfer?

The transferring policyholders will not pay for the transfer, and your benefits will not change.

The business that we are proposing to transfer is held within three funds in **Phoenix**, and these funds will meet the costs. By removing this annuity business, the funds will be able to more efficiently manage the money (capital) that they hold, and this benefit has been considered to outweigh the impact of the costs.

20 How will my interests as a policyholder be protected?

The transfer can only take place if the **High Court** approves it. The **High Court** will only approve the **Scheme** if it is satisfied that all the necessary legal requirements have been met and that the proposals treat policyholders appropriately. In reaching its conclusion, the **High Court** will take into account any concerns of individual policyholders. The notification of policyholders and their right to object and raise any concerns if they believe they may be adversely affected by the transfer provides an additional protection for policyholders.

The court process we will follow is explained in section 6 of the enclosed guide. The **High Court hearing** is expected to take place on 19 December 2016.

We have appointed an **Independent Expert** to prepare a report on the transfer for the **High Court**. The **Independent Expert** has considered how the transfer may affect policyholders.

In his report, he concludes that he is satisfied that the transfer will not have a material adverse effect on:

- the security of benefits under the transferring policies;
- the reasonable benefit expectations of the transferring **Phoenix** policyholders;
or
- the governance, management and service standards that apply to the transferring business.

Section 7 of the enclosed guide contains a summary of the **Independent Expert's** report.

We are also working closely with our **regulators** to make sure that they do not have any objections to our proposals.

21 Who is the Independent Expert?

The **Independent Expert** is Oliver Gillespie of Milliman LLP. He has prepared a report on the transfer for the **High Court**. His report sets out how the **Scheme** is likely to affect policyholders. Mr Gillespie is independent of the companies involved in the **Scheme** and the Prudential Regulation Authority (**PRA**) has approved his appointment in consultation with the Financial Conduct Authority (**FCA**). This report, which has been reviewed by the **regulators** the **PRA** and the **FCA**, will help the **High Court** reach their decision.

22 What does the Independent Expert mean by 'material adverse effect'?

For any group of policyholders affected by a transfer, there may be some changes for the better and some for the worse. If there are some changes for the worse, these are called 'adverse effects'. If there are adverse effects this does not necessarily mean that the **Scheme** is unfair or unreasonable, as these changes might be outweighed by other benefits, or the changes might be extremely small. Where changes are expected, the **Independent Expert** has attempted to give some perspective as to their size or likelihood of them occurring. If a potential effect is very unlikely to happen and does not have a large impact, or if it is likely to happen but has a very small impact, he would not consider it 'material'.

23 How will I find out if the High Court has approved the transfer?

After the **High Court hearing**, which is expected to take place on 19 December 2016, we will confirm the **High Court's** decision on our website and in a recorded message on our helpline.

24 Why wasn't I consulted or allowed to vote on the changes?

You are being consulted and this pack and the information available on our website which provide full details of our proposals are part of the consultation phase. Under the legal process that we are following, policyholders do not get to vote on the transfer. However, you do have the right to raise any concerns or object and the **High Court** will consider any concerns or objections made. You can find detail on how to do this in section 8 of the enclosed guide.

25 Can I opt out of the transfer?

The legal process we are following does not require individual policyholders to be given the option to opt out. However, the process we are following is designed to ensure that any changes we are proposing are not unfair in terms of either the security of your policy benefits or the value of the benefits you can expect to receive.

26 Will there be any windfall benefits for me?

There will be no change to your pension annuity payments as a result of the transfer and there will be no 'one-off' cash payments (often referred to as windfalls).

Next steps

27 What do I need to do now?

Please read this leaflet and the other enclosed documents to find out more about our proposals. If you know of anyone else who may have an interest in your policy, for example if you are the trustee of a group pension scheme or a co-owner, please make sure anyone who could be affected by the **Scheme** has the chance to read the documents in this pack.

If you are a trustee and need support to provide information to members, including help to meet any reasonable costs you incur, please contact the helpline.

Unless you feel you may be adversely affected and want to raise a concern, to object to the transfer and / or plan to attend the **High Court**, or you want more information, you do not need to do anything else. Section 8 of the enclosed guide explains the procedures if you want to raise a concern, object and / or attend the **High Court hearing**.

28 How can I find out more?

The enclosed guide describes the proposed changes and includes a summary of the **Independent Expert's** opinion on the implications for policyholders.

You can find the **Independent Expert's** full report and more detailed information relating to the transfer on our website at www.phoenixlife.co.uk/AT16scheme.

For a full list of the documents available on our website, see section 10 of the enclosed guide.

If you would like paper copies of these documents, or have any other questions, please call our helpline on the number given in the enclosed letter. The helpline is open from 9am to 5pm, Monday to Friday, up until the day before the **High Court hearing**. You can also write to us at the address given in the enclosed letter or use our website enquiry form.

If you do write to us, please quote the reference AT16scheme and your policy number, which you will find at the top of the enclosed letter.

The helpline is only for questions about the transfer. If you have any general questions about your policy, please contact us on your normal customer number which is given in the enclosed letter.

Alternatively, you may wish to speak to an authorised financial adviser about the proposed transfer. If you do not already have a financial adviser, our helpline can put you in contact with an authorised financial adviser or you can find details of the advisers in your area at www.unbiased.co.uk. Please note that financial advisers may charge you for providing advice.

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ANY QUESTIONS ABOUT THE SCHEME?

Please call our helpline on the number given in the enclosed letter.

Lines are open Monday to Friday, 9am to 5pm.

We may monitor or record calls.

You can also visit our website

www.phoenixlife.co.uk/AT16scheme

If you would like this information in large print, in Braille, or on audio tape or CD, please call us on the number given in the enclosed letter

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