



# Abbey Life

## Your guide to with-profits

**Important information  
about investing in the  
Abbey Life  
with-profits fund  
through an  
Endowment or  
Whole of Life plan**

### **Why this guide is important**

Please read this guide. It gives important information about how your with-profits policy works and what you can expect back from it.

*If you decide not to read this guide now, please keep it in a safe place with your other policy documents.*

## Introduction

In 2004 we introduced a document called our Principles and Practices of Financial Management ('PPFM'). The PPFM is a detailed guide and covers all of the types of with-profits insurance plan in our Abbey Life Participating Fund.

This much shorter guide explains how your with-profits policy works and is a summary of the parts of the PPFM that are relevant to your plan (or "policy"). After reading this guide you may want to keep it with your policy documents. We have tried to make sure that this guide accurately reflects the PPFM. But the PPFM will apply if there is any difference between the information in it and the information in this guide. Please ask us if you would like us to send you a copy of the full PPFM.

## What will I get back from my plan?

As long as you continue to pay premiums under your plan we will pay a minimum guaranteed amount, often called the "sum assured". This amount increases over time when we add regular bonuses. This amount, including regular bonus, will be paid out in certain circumstances. (See "*When do the guarantees apply?*" below).

If you stop paying premiums into your plan then the guaranteed amount, including bonuses we have already added, would be reduced. If you have already stopped paying premiums this will have happened already.

All of the plans can also be cashed-in at other times, but at these times there is no guaranteed minimum payment (although we will still make a fair payment).

## When do the guarantees apply?

- If you have an endowment plan, the guarantees apply at the 'maturity date' set at the start of the plan, or if you die before then.
- If you have a whole of life plan, the guarantees apply if you die.

Although we refer in this guide to making payments if 'you' die, your plan may pay out in the event of someone else's death instead of yours. Your plan document will make this clear.

## How is the with-profits fund invested?

The part of the with-profits fund relevant to your policy is invested mainly in high quality bonds issued by companies and the UK government, or in cash deposits.

## What bonus may be added to my plan?

We expect to continue to add regular bonus to your plan, and that the amount will increase gradually each year. The amount added would reduce if you stop paying premiums. 'Interim bonus', a final instalment of regular bonus, will also be added when a payment is made at your maturity date (if you have an endowment plan).

Abbey Life Assurance Company Limited is a 'proprietary company'. This means that we have shareholders. The shareholders receive up to one-ninth of the value of the bonuses that we add to with-profits plans.

### **How do you decide the bonuses?**

We are able to predict the returns we will earn on the investments held by the relevant part of the with-profits fund. This means that we have a good idea how much will be available to support the payments we make to our policyholders. So we can give you a fairly good idea of what bonuses may be added in future (*see “What bonus may be added to my plan?”* above).

We will only reduce future bonuses if we make significant losses in the with-profits fund, for example if a number of the companies whose bonds the fund invests in fail to honour payments that are due to us. We do not expect this to happen.

### **What if I decide to cash in my plan?**

If you have an endowment plan and cash it in at the maturity date then you will get back the “sum assured” plus any regular bonuses we have added. (The “sum assured” is the minimum guaranteed amount set out in your plan documents).

You can also choose to cash in your endowment or whole of life plan at any other time but, if you do, the guarantees won't apply. Instead we will pay a reduced amount. The reduction reflects the future returns on our investments that are being lost because the plan is being cashed in early, and the premiums that we will now no longer be receiving.

### **How can I get more information?**

If you're still not sure about your with-profits investment, you should speak to your normal financial adviser or contact us direct.

Our full contact details are on the statement that we send you each year. Please contact our Client Line if you have any questions. Our lines are open from 9:00am to 5:30pm Monday to Friday excluding Bank Holidays. The number is 0845 9600 900 (local call rates at all times).

We'll write to you if we make a change to our approach to managing our with-profits fund that might have a significant effect on your plan. We'll also write if we change any of the 'Principles' in our Principles and Practices of Financial Management. We'll normally issue a replacement guide.