

Aviva announces With-Profits bonus rates

In July 2017, Aviva revised bonus rates for its with-profits funds. You'll find a summary below of the fund performance for our main funds - the Aviva Life & Pensions UK Limited New With-Profits Sub Fund and the Aviva Life & Pensions UK Limited With-Profits Sub Fund. You'll also see some examples of how the declared bonus rates have affected the value of policies.

Overview

Equity markets (shares) have continued to perform well during the first half of 2017. Whilst still positive property and fixed-interest stocks (including both UK Government bonds (Gilts) & UK company bonds) produced slightly lower returns.

For the first five months of 2017, the FTSE 100 share index, a commonly used indicator of the performance of UK shares, showed a total return of +7.30% (Source: Lipper IM, a Thomson Reuters company. FTSE 100 Total Return Index), while UK company bonds returned +3.56%. (Source: Lipper IM, a Thomson Reuters company. Markit iBoxx Sterling Non Gilts Overall TR Index).

Against this backdrop, our with-profits funds have earned returns of 4.7% and 4.6% before tax over the first five months of 2017.

Which fund is my policy invested in?

The ['Guide to your fund'](#) section on our website can help you to work out which with-profits fund your policy is invested in. You can tell if your policy is 'unitised' or 'conventional' from your annual statement. If it shows units and unit prices then you have a unitised policy; otherwise you have a conventional policy.

Key information about our main funds

Aviva Life & Pensions UK Limited New With-Profits Sub Fund (including ex Commercial Union and ex General Accident policies)

- **Fund investment return** – for the first five months of 2017, the fund earned a return of 4.7% before tax and 3.9% after tax.
- **Target asset mix** - shares and property are targeted to be around 70% of the fund's investments.
- **Regular bonus rates** are unchanged.
- **Final bonus rates** have predominantly increased.
- **No market value reductions** currently apply on any policies.

Aviva Life & Pensions UK Limited With-Profits Sub Fund (including ex Norwich Union policies)

- **Fund investment return** – for the first five months of 2017, the fund earned a return of 4.6% before tax and 3.8% after tax.
- **Target asset mix** - shares and property are targeted to be around 66% of the fund's investments.
- **Regular bonus rates** are unchanged.
- **Final bonus rates** have predominantly increased.
- **No market value reductions** currently apply on any policies.

You can find further information about the assets the fund invests in on our website.

Impact of the declaration

Some examples of policy pay-outs reflecting the bonus rate changes are shown in the tables below. The examples are from the Aviva Life & Pensions UK Limited New With-Profits Sub Fund (including ex Commercial Union and ex General Accident policies) and the Aviva Life & Pensions UK Limited With-Profits Sub Fund (including ex Norwich Union policies)

Aviva Life & Pensions UK Limited New With-Profits Sub Fund (including ex Commercial Union and ex General Accident policies)

Product	Pay-out Value	Annual Return
Aviva 25 Year With-Profits Endowment	£27,328	4.5%
A conventional with-profits mortgage endowment policy taken out on 1 July 1992 by a male aged 30 next birthday. Premiums to pay for the with-profits endowment benefit are assumed to be £50 a month. The value of the fund is based on a maturity date of 1 July 2017.		

Product	Pay-out Value	Annual Return
Aviva 20 year With-Profits Pension	£87,547	5.6%
A unitised with-profits personal pension plan taken out on 1 July 1997 by a male retiring at age 65, paying £200 per month gross. The value of the fund is based on retirement at the selected retirement date of 1 July 2017.		

Product	Pay-out Value	Annual Return
Aviva With-Profits Bond 5 years	£13,252	5.8%
A unitised Portfolio Stepdown with-profits bond taken out on 1 July 2012 with a single premium of £10,000. The value of the fund is based on a surrender made on 1 July 2017.		

Product	Pay-out Value	Annual Return
Aviva With-Profits Bond 10 years	£15,521	4.5%
A unitised Portfolio Stepdown with-profits bond taken out on 1 July 2007 with a single premium of £10,000. The value of the fund is based on a surrender made on 1 July 2017.		

Product	Pay-out Value	Annual Return
Aviva With-Profits Bond 15 years	£20,815	5.0%
A unitised Portfolio Stepdown with-profits bond taken out on 1 July 2002 with a single premium of £10,000. The value of the fund is based on a surrender made on 1 July 2017.		

Aviva Life & Pensions UK Limited With-Profits Sub Fund (including ex Norwich Union policies)

As there have been no new with-profits bonds invested in the Aviva Life & Pensions UK Limited With-Profits Sub Fund since October 2000, the table below does not include with-profits bond pay-out values. Payouts on policies in the Aviva Life & Pensions UK Limited With-Profits Sub Fund are currently benefitting from an uplift as a result of a distribution of the excess assets in this fund.

Product	Pay-out Value	Annual Return
Aviva 25-Year With-Profits Endowment	£27,727	4.6%
A conventional with-profits mortgage endowment policy taken out on 1 July 1992 by a male aged 30 next birthday. Premiums to pay for the with-profits endowment benefit are assumed to be £50 a month. The value of the fund is based on a maturity date of 1 July 2017.		

Product	Pay-out Value	Annual Return
Aviva 20-year With-Profits Pension	£86,241	5.5%
A unitised with-profits personal pension plan taken out on 1 July 1997 by a male retiring at age 65, paying £200 per month gross. The value of the fund is based on retirement at the selected retirement date of 1 July 2017.		

The above examples are samples only and they do not necessarily represent any individual policy. Past performance is not a reliable indicator of future performance. The bond and endowment values are after charges and tax. The pension values are after charges and before tax. The Annual Return figures shown are the average return earned per year over the term specified. Source: Aviva.

With-Profits Governance

The With-Profits Committee has considered the bonus proposals and assessed them against the Principles and Practices of Financial Management (PPFM) published by Aviva. The Committee supported the bonus rate recommendations made by the company.

How With-Profits policies work

- A with-profits policy differs from a unit linked policy in that it is not totally reliant on the current value of the underlying assets. Some types of with-profits policies offer guarantees that provide a cushion against falling investment markets in certain circumstances. Furthermore, except when bonus rates are changed, the pay-out from a with-profits policy does not vary greatly on a day-to-day basis, as might be the case for a unit linked policy.
- Some with-profits policies give further protection by providing an element of life assurance cover.
- Please note that as bonus rates are regularly reviewed they may change at any time.
- Future bonuses cannot be guaranteed, as they come from profits that have not yet been earned.
- Further details as to how bonus rates are applied can be found in the [PPFMs](#) on our website.
- Market value reductions may be applied at any time, particularly following a large or sustained fall in the stock market.
- Please refer to your policy literature and Terms and Conditions for details of the plan/policy's aims, commitment, its charges and any risks associated with it.
- You can find some more general information about our Provident Mutual and Irish sub funds below:

[Aviva Life & Pensions UK Limited Provident Mutual Sub Fund.](#)

[Aviva Life & Pensions UK Limited Irish With-Profits Sub Fund.](#)

Notes

- Aviva has a number of with-profits sub funds. Please refer to our [website](#) to help you work out which with-profits fund your policy is invested in. We have a range of bonus series to cater for different product structures and premium rates. These are designed to achieve fairness between policyholders.
- Aviva Group acquired the Friends Life Group in 2015. This article does not include Friends Life with-profits business. You can find further details about our Friends Life with-profits funds [here](#).