

## Aviva announces with-profits bonus rates

In January 2018, we revised bonus rates for our with-profits funds. Following the transfer of Friends Life business to Aviva Life & Pensions UK Limited, this announcement provides information about our main with-profits sub-funds. We've also provided some examples of how the revised bonus rates have affected the value of policies.

### 2017 Overview

Equity markets (shares) performed well in 2017, as did UK commercial property. UK corporate bonds and UK government bonds (gilts) have experienced much lower growth. The main factors affecting performance include the uncertainty around Britain's exit from the EU (Brexit) and investor concerns regarding increasing inflation and interest rate rises.

The FTSE 100 share index, a commonly used indicator of the performance of UK shares, showed a total return of 11.95% (Source: Lipper IM, a Thomson Reuters company. FTSE 100 Total Return Index), while UK corporate bonds returned 4.32%. (Source: Lipper IM, a Thomson Reuters company. Markit iBoxx Sterling Non Gilts Overall TR Index). Against this backdrop, our with-profits sub-funds have earned returns ranging from 6.6% to 8.9% before tax in 2017.

### Key information about our main Aviva With-Profits Sub-Funds

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

- **Fund investment return** – in 2017, the Sub-Fund earned a return of 8.9% before tax.
- **Target asset mix** – shares and property are targeted to be around 73% of the Sub-Fund's investments.
- **Regular bonus rates for unitised policies** have been increased by 0.25%.
- **Final bonus rates** have mixed movements for conventional business and increases for unitised business.

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

- **Fund investment return** – in 2017, the Sub-Fund earned a return of 8.1% before tax.
- **Target asset mix** – shares and property are targeted to be around 70% of the Sub-Fund's investments.
- **Regular bonus rates** for non-guaranteed unitised policies have been increased by 0.25%.
- **Final bonus rates** have mainly increased.

## Aviva Life & Pensions UK Limited FP With-Profits Sub-Fund (including ex Friends Provident policies)

- **Fund investment return** – in 2017, the Sub-Fund earned a return of:
  - 6.6% for policies written before 9 July 2001 (pre demutualisation) before tax.
  - 8.0% for policies written after 8 July 2001 (post demutualisation) before tax.
- **Target asset mix** – shares and property are targeted to be:
  - 45% of the Sub-Fund's investments for pre demutualisation policies.
  - 55% of the Sub-Fund's investments for post demutualisation policies.
- **Regular bonus rates for unitised policies** have increases ranging from 0.25% to 0.5%.
- **Final bonus rates** have mainly increased or remain unchanged.

## Aviva Life & Pensions UK Limited FLC With-Profits Sub-Funds (including ex AXA Sun Life and AXA Equity and Law Life Assurance Society policies)

- **Fund investment return** – in 2017, the Sub-Funds earned a return of 8.1% before tax.
- **Target asset mix** – shares and property are targeted to be 61% of the Sub-Fund's investments.
- **Regular bonus rates for unitised policies** have generally been increased or maintained.
- **Final bonus rates** have generally been decreased for conventional business and mixed movements for unitised business.

## Aviva Life & Pensions UK Limited FLAS With-Profits Sub-Fund (including ex Sun Life Assurance Society policies)

- **Fund investment return** – in 2017, the Sub-Fund earned a return of 7.5% before tax.
- **Target asset mix** – shares and property are targeted to be 50% of the Sub-Fund's investments.
- **Regular bonus rates for unitised policies** have increases ranging from 0.25% to 0.5%.
- **Final bonus rates** have been predominantly increased for conventional business and decreased for unitised business.

**No market value reductions** currently apply on policies invested in any of our sub-funds.

### Which sub-fund is my policy invested in?

The '[Fund guides](#)' section on our website can help you to work out which with-profits sub-fund your policy is invested in. You can also find information about the assets our sub-funds invest in.

### Which type of fund is my policy 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.

We have a range of bonus series to cater for different product structures and premium rates. These are designed to achieve fairness between policyholders.

## Impact of the declaration

Some examples of policy pay-outs for our main Aviva With-Profits Sub-Funds are shown in the tables below.

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

Product (term)	Investment details (started on)	Total investment	Pay-out value <sup>1</sup> in January 2018 (Annual return)	Surrender value in January 2017 <sup>2</sup>	Change in pay-out value over last year <sup>3</sup>
Conventional Endowment (25 Year)	£50 per month from 1 Jan 1993 (based on male, non smoker, age 29)	£15,000	£27,027 (4.4%)	£25,454	+£973 (3.8%)
Unitised Pension (20 years)	£200 per month from 1 Jan 1998 (based on male, policy maturing at age 65)	£48,000	£88,939 (5.8%)	£78,855	+£7,684 (9.7%)
Unitised Bond (15 years)	£10,000 single premium (1 Jan 2003)	£10,000	£22,417 (5.5%)	£20,527	+£1,890 (9.2%)
Unitised Bond (10 years)	£10,000 single premium (1 Jan 2008)	£10,000	£15,781 (4.7%)	£14,672	+£1,109 (7.6%)
Unitised Bond (5 years)	£10,000 single premium (1 Jan 2013)	£10,000	£12,620 (4.8%)	£11,712	+£908 (7.8%)

Although not shown, policies invested in the smaller Old With-Profits Sub-Fund are currently benefitting from an uplift as a result of a distribution of the excess assets in the Sub-Fund. This means Old With-Profits Sub-Fund sample pay-out values are higher than shown in the highlighted column.

### 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 this Sub-Fund since October 2000, the table below does not include with-profits bond pay-out values. The pay-out values shown for this Sub-Fund include an uplift as a result of a distribution of the excess assets in the fund.

Product (term)	Investment details (started on)	Total investment	Pay-out value <sup>1</sup> in January 2018 (Annual return)	Surrender value in January 2017 <sup>2</sup>	Change in pay-out value over last year <sup>3</sup>
Conventional Endowment (25 Year)	£50 per month from 1 Jan 1993 (based on male, non smoker, age 29)	£15,000	£26,368 (4.2%)	£24,908	+£860 (3.5%)
Unitised Pension (20 years)	£200 per month from 1 Jan 1998 (based on male, policy maturing at age 65)	£48,000	£86,985 (5.6%)	£77,857	+£6,728 (8.6%)

1. All of the pay-out 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.

2. The surrender value for the same sample policy one year ago.

3. The change in pay-out value is designed to illustrate the performance of the policy over last year, so excludes any premiums paid in to the policy between January 2017 and 2018. Source: Aviva.

Please note: Ex CGU, CGNU, Commercial Union, General Accident and Norwich Union customers may also benefit from a Mortgage Endowment Promise if their policy is held to the end of the term.

## Aviva Life & Pensions UK Limited FP With-Profits Sub-Fund (including ex Friends Provident policies)

The pay-out values shown for this Sub-Fund are currently benefitting from an uplift as a result of a distribution of the excess assets in the fund.

Product (term)	Investment details (started on)	Total investment	Pay-out value <sup>1</sup> in January 2018 (Annual return)	Surrender value in January 2017 <sup>2</sup>	Change in pay-out value over last year <sup>3</sup>
Conventional Endowment (25 Year)	£50 per month from 1 Jan 1993 (based on male, non smoker, age 29)	£15,000	£29,270 (5.0%)	£25,933	+£2,737 (12.9%)
Unitised Pension (20 years)	£200 per month from 1 Jan 1998 (based on male, policy maturing at age 65)	£48,000	£87,510 (5.6%)	£81,934	+£3,176 (6.8%)
Unitised Bond (15 years)	£10,000 single premium (1 Jan 2003)	£10,000	£23,174 (5.8%)	£21,668	+£1,506 (7.0%)

## Aviva Life & Pensions UK Limited FLC With-Profits Sub-Funds (including ex AXA Sun Life policies)

The pay-out values shown for these Sub-Funds are currently benefitting from a substantial uplift as a result of a distribution of the excess assets in the fund.

Product (term)	Investment details (started on)	Total investment	Pay-out value <sup>1</sup> in January 2018 (Annual return)	Surrender value in January 2017 <sup>2</sup>	Change in pay-out value over last year <sup>3</sup>
Unitised Endowment (25 Year)	£50 per month from 8 Jan 1993 (based on male, non smoker, age 29)	£15,000	£34,852 (6.2%)	£32,427	+£1,825 (5.6%)
Unitised Pension (20 years)	£200 per month from 8 Jan 1998 (based on male, policy maturing at age 65)	£48,000	£120,937 (8.5%)	£111,152	+£7,385 (6.6%)
Unitised Bond (15 years)	£10,000 single premium (8 Jan 2003)	£10,000	£32,606 (8.2%)	£30,099	+£2,507 (8.3%)

## Aviva Life & Pensions UK Limited FLAS With-Profits Sub-Fund (including ex Sun Life Assurance Society policies)

As there have been no new with-profits bonds invested in this Sub-Fund since 2002, the table below does not include with-profits bond pay-out values. The pay-out values shown for this Sub-Fund are currently benefitting from a substantial uplift as a result of a distribution of the excess assets in the fund.

Product (term)	Investment details (started on)	Total investment	Pay-out value <sup>1</sup> in January 2018 (Annual return)	Surrender value in January 2017 <sup>2</sup>	Change in pay-out value over last year <sup>3</sup>
Conventional Endowment (25 Year)	£50 per month from 8 Jan 1993 (based on male, non smoker, age 29)	£15,000	£38,255 (6.8%)	£33,867	+£3,788 (11.2%)
Unitised Pension (20 years)	£200 per month from 8 Jan 1998 (based on male, policy maturing at age 65)	£48,000	£103,867 (7.2%)	£89,981	+£11,486 (13.3%)

1. All of 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.

2. The surrender value for the same sample policy one year ago.

3. The change in pay-out value is designed to illustrate the performance of the policy over last year, so excludes any premiums paid in to the policy between January 2017 and 2018. 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. In addition, 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 other Sub-Funds below:  
[Aviva Life & Pensions UK Limited Provident Mutual Sub-Fund.](#)  
[Aviva Life & Pensions UK Limited Irish With-Profits Sub-Fund.](#)  
[Aviva Life & Pensions UK Limited Secure Growth Fund](#)  
[Aviva Life & Pensions UK Limited WL With-Profits Sub-Fund](#)

### More about Aviva

- Aviva Group acquired the Friends Life Group in 2015. The transfer of Friends Life business to Aviva Life & Pensions UK Limited was completed on 1 October 2017.
- Our online portal will help you manage your Aviva policies in one secure and easy-to-use place at a time that suits you. Login or register now [here](#).

