

Aviva announces with-profits bonus rates

In July 2018, we revised bonus rates for our with-profits funds. 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.

2018 Overview

Equity markets (shares) have been volatile in 2018 and growth has been low. Corporate bonds and UK government bonds (gilts) also had a difficult time. UK commercial property posted small gains. The main factors affecting performance include fears of a global trade war, ongoing uncertainty about Brexit and investor concerns regarding possible interest rate increases.

For the first 5 months of 2018, the FTSE 100 share index, a commonly used indicator of the performance of UK shares, showed a total return of 1.22% (Source: FE. FTSE 100 Total Return Index), while UK government bonds (Gilts) returned 0.78%. (Source: FE. FTSE Actuaries UK Conventional Gilts All Stocks Total Return). Against this backdrop, our with-profits sub-funds have earned returns ranging from 0.7% to 2.2% before tax over the first 5 months of 2018.

Key information about our main Aviva Life & Pensions UK Limited With-Profits Sub-Funds

New and Old With-Profits Sub-Funds (includes ex CGU, CGNU, Commercial Union and General Accident policies)

- **Fund investment return** – for the first five months of 2018, the Sub-Funds earned a return of 0.9% before tax.
- **Target asset mix** – shares and property are targeted to be around 73% of the Sub-Funds' investments.
- **Regular bonus rates** are unchanged from those declared at the end of year 2017 review.
- **Final bonus rates** are, generally, unchanged from those declared at the end of year 2017 review.
- Although final bonus rates are unchanged, for policies invested in the Old With-Profits Sub-Fund there has been an increase to the Special Bonus Uplift. (The Special Bonus Uplift increases the pay-out to customers through an extra final bonus, which is possible due to a distribution of the excess assets in the Sub-Fund.)

With-Profits Sub-Fund (includes ex Norwich Union policies)

- **Fund investment return** – for the first five months of 2018, the Sub-Fund earned a return of 0.7% before tax.
- **Target asset mix** – shares and property are targeted to be around 70% of the Sub-Fund's investments.
- **Regular bonus rates** are unchanged from those declared at the end of year 2017 review.
- **Final bonus rates** are unchanged from those declared at the end of year 2017 review.
- Although final bonus rates are unchanged, there has been an increase to the Special Bonus Uplift. (The Special Bonus Uplift increases the pay-out to customers through an extra final bonus, which is possible due to a distribution of the excess assets in the Sub-Fund.)

FP With-Profits Sub-Fund (includes ex Friends Provident policies)

- **Fund investment return** – for the first five months of 2018, the Sub-Fund earned a return of:
 - 1.7% for policies written before 9 July 2001 (pre- demutualisation) before tax.
 - 2.2% 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** are unchanged from those declared at the end of year 2017 review.
- **Final bonus rates** have generally decreased, although some rates have increased or remain unchanged.

FLC With-Profits Sub-Funds (includes ex AXA Sun Life and AXA Equity and Law Life Assurance Society policies)

- **Fund investment return** – for the first five months of 2018, the Sub-Funds earned a return of 2.1% before tax.
- **Target asset mix** – shares and property are targeted to be 61% of the Sub-Funds’ investments.
- **Regular bonus rates** are unchanged from those declared at the end of year 2017 review.
- **Final bonus rates** have generally been increased.

FLAS With-Profits Sub-Fund (including ex Sun Life Assurance Society policies)

- **Fund investment return** – for the first five months of 2018, the Sub-Fund earned a return of 1.3% before tax.
- **Target asset mix** – shares and property are targeted to be 47% of the Sub-Fund’s investments.
- **Regular bonus rates** are unchanged from those declared at the end of year 2017 review.
- **Final bonus rates** have been generally decreased for conventional business and increased 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 [‘With-Profits 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.

Impact of the declaration

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

New With-Profits Sub-Fund (includes ex CGU, CGNU, Commercial Union and General Accident policies)

| Product (term) | Investment details (started on) | Total investment | Pay-out value ¹ in July 2018 (Annual return) | Surrender value in July 2017 ² | Change in pay-out value over last year ³ |
|----------------------------------|--|------------------|---|---|---|
| Conventional Endowment (25 Year) | £50 per month from 1 July 1993 (based on male, non smoker, age 29) | £15,000 | £26,568 (4.3%) | £24,893 | +£1,075 (4.3%) |
| Unitised Pension (20 years) | £200 per month from 1 July 1998 (based on male, policy maturing at age 65) | £48,000 | £88,023 (5.7%) | £80,549 | +£5,074 (6.3%) |
| Unitised Bond (15 years) | £10,000 single premium (1 July 2003) | £10,000 | £22,289 (5.5%) | £21,125 | +£1,164 (5.5%) |
| Unitised Bond (10 years) | £10,000 single premium (1 July 2008) | £10,000 | £15,704 (4.6%) | £15,164 | +£540 (3.6%) |
| Unitised Bond (5 years) | £10,000 single premium (1 July 2013) | £10,000 | £12,666 (4.8%) | £12,150 | +£516 (4.3%) |

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.

With-Profits Sub-Fund (includes 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 Sub-Fund.

| Product (term) | Investment details (started on) | Total investment | Pay-out value ¹ in July 2018 (Annual return) | Surrender value in July 2017 ² | Change in pay-out value over last year ³ |
|----------------------------------|--|------------------|---|---|---|
| Conventional Endowment (25 Year) | £50 per month from 1 July 1993 (based on male, non smoker, age 29) | £15,000 | £26,848 (4.4%) | £25,366 | +£882 (3.5%) |
| Unitised Pension (20 years) | £200 per month from 1 July 1998 (based on male, policy maturing at age 65) | £48,000 | £87,413 (5.6%) | £79,538 | +£5,475 (6.9%) |

^{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 July 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.

FP With-Profits Sub-Fund (includes 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 Sub-Fund.

| Product (term) | Investment details (started on) | Total investment | Pay-out value ¹ in July 2018 (Annual return) | Surrender value in July 2017 ² | Change in pay-out value over last year ³ |
|----------------------------------|--|------------------|---|---|---|
| Conventional Endowment (25 Year) | £50 per month from 1 July 1993 (based on male, non smoker, age 29) | £15,000 | £29,108 (4.9%) | £26,164 | +£2,344 (9.0%) |
| Unitised Pension (20 years) | £200 per month from 1 July 1998 (based on male, policy maturing at age 65) | £48,000 | £88,727 (5.8%) | £83,197 | +£3,130 (3.8%) |
| Unitised Bond (15 years) | £10,000 single premium (1 July 2003) | £10,000 | £22,010 (5.4%) | £21,484 | +£526 (2.4%) |

FLC With-Profits Sub-Funds (includes 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 Sub-Fund.

| Product (term) | Investment details (started on) | Total investment | Pay-out value ¹ in July 2018 (Annual return) | Surrender value in July 2017 ² | Change in pay-out value over last year ³ |
|------------------------------|--|------------------|---|---|---|
| Unitised Endowment (25 Year) | £50 per month from 2 July 1993 (based on male, non smoker, age 29) | £15,000 | £34,486 (6.1%) | £31,870 | +£2,016 (6.3%) |
| Unitised Pension (20 years) | £200 per month from 2 July 1998 (based on male, policy maturing at age 65) | £48,000 | £126,715 (8.9%) | £117,223 | +£7,092 (6.1%) |
| Unitised Bond (15 years) | £10,000 single premium (8 July 2003) | £10,000 | £34,883 (8.7%) | £30,166 | +£4,717 (15.6%) |

FLAS With-Profits Sub-Fund (includes 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 Sub-Fund.

| Product (term) | Investment details (started on) | Total investment | Pay-out value ¹ in July 2018 (Annual return) | Surrender value in July 2017 ² | Change in pay-out value over last year ³ |
|----------------------------------|--|------------------|---|---|---|
| Conventional Endowment (25 Year) | £50 per month from 2 July 1993 (based on male, non smoker, age 29) | £15,000 | £37,828 (6.7%) | £33,276 | +£3,952 (11.9%) |
| Unitised Pension (20 years) | £200 per month from 2 July 1998 (based on male, policy maturing at age 65) | £48,000 | £104,247 (7.2%) | £83,196 | +£18,651 (22.4%) |

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 July 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 our '[With-Profits Fund Guides](#)'.
- 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 Stakeholder With-Profits 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](#).

Quicker. Easier.
Online.



MyAviva

You can view your policy information at MyAviva.

Login or register now at aviva.co.uk/myaviva

We're updating MyAviva all the time. If you can't see your policy right now, we'll let you know when you can.