

Aviva Life & Pensions UK Limited

FLAS With-Profits Sub-Fund



Summary of changes to the Principles and Practices of Financial Management (PPFM)

Introduction and Background

This document summarises changes made to the FLAS With-Profits Sub-Fund PPFM in recent years.

The PPFM was originally published as the PPFM of Sun Life Assurance Society in April 2004 and it has subsequently been amended on a number of occasions. The Aviva website now displays the latest version of the PPFM.

1. Changes effective from 1 January 2024

(a) Practices 2.3.2

The reference to a webpage used in this section has been updated.

(b) Practices 2.4.1

Some wording that is no longer relevant has been deleted.

(c) Practices 3.3

Wording that allows a larger cut in regular bonus in adverse circumstances has been removed.

(d) Practices 3.5

Some wording on the smoothing strategy has been amended to avoid confusion with other practices.

(e) Practices 6.2

The practices included wording related to capital instruments issued by Friends Life Holdings plc. These instruments have been repaid and so the wording has been deleted. However, it is still a requirement that an annual review of the impact of the Company's plans on the security of policyholders is provided to the With-Profits Committee.

2. Changes effective from 1 January 2023

There have been no changes made to the PPFM from 1 January 2023.

3. Changes effective from 1 January 2022

The PPFM has been amended from 1 January 2022. One practice was amended following an internal review.

(a) Practices 3.3

We have reduced the annual management charge on capital units to the same level as other units. The specific reference to capital units has therefore been removed as it is no longer relevant.

4. Changes effective from 1 January 2021

The PPFM has been amended from 1 January 2021. A number of practices were amended following an internal review.

(a) Practices 2.4.2 & 6.2 and Glossary

We have removed references to a previous services company.

(b) Practices 3.4

We have corrected the wording for the change in payouts to be less than or equal to the smoothing limits following final bonus rates changes.

(c) Practices 3.5

When determining final bonus rates, current regular bonus rates rather than proposed are used and the wording has been corrected to reflect this.

(d) Practices 3.6

The approach of using the same final bonus rates for conventional whole of life policies as for maturing endowments is well established. The wording has been corrected to reflect this and references to the prescribed test have been removed.

5. Changes effective from 1 January 2020

The PPFM has been amended from 1 January 2020. A number of practices were amended following an internal review.

(a) General changes

We have made some minor corrections and clarifications to wording. These have not been described here as they make no material change to the PPFM.

(b) Practices 2.3

We have made some changes to the description of our approach to estate distributions to make it clearer for customers to understand the main risks and rewards of maintaining a with-profits policy in the Sub-Fund.

(c) Practices 2.4 & 7.2

The PPFM referred to a management services agreement which ceased at the end of 2018. We have amended the wording to reflect the revised Management Services Agreement which took effect from 1 January 2019.

(d) Practices 8.4 and Glossary

We have introduced a Risk Appetite Framework which supports the decision making in relation to the with-profits sub-funds. It aims to manage the Sub-Fund so that the estate is within a preferred range.

6. Changes effective from 1 January 2019

The PPFM was amended 1 January 2019. A number of practices were amended following an internal review.

(a) General changes

Where possible we have standardised wording and removed any Practices that are no longer applicable. These have not been described here as they make no material change to the PPFM.

(b) Practices 3.4

We have made some changes to the way we apply smoothing of payouts to better achieve the way smoothing is described in the Principles.

(c) Practices 5.2, 5.4 & 8.4

We have changed our investment approach for the working capital so that the Practices better achieve the Principles.

We have clarified the approach to reviewing investment strategy and how it is described within the PPFM.

We have also clarified our investment approach relating to assets backing asset shares (“return assets”), and assets backing other liabilities (“non-return assets”).

(d) Practices 5.6

We have clarified how derivatives may be used.

(e) Practices 5.9

We have clarified the investment controls that are in place as outlined by the funds own investment mandate.

7. Changes effective from 1 January 2018

The PPFM was amended 1 January 2018. One practice was amended following an internal review.

(a) General changes

We have made some minor corrections and clarifications to wording. These have not been described here as they make no material change to the PPFM.

(b) Practices 5.2

We have updated the practices for the change in the investment strategy of the estate so that it is now the same as that for asset shares.

Need this in a different format?

Please get in touch if you would prefer this document, (**HL90004**), in large print, braille or as audio.

How to contact us

 0800 068 6800

 contactus@aviva.com

 [Aviva.co.uk](https://www.aviva.co.uk)

| Retirement | Investments | Insurance | Health |

Aviva Life & Pensions UK Limited.

Registered in England No. 3253947. Aviva, Wellington Row, York, YO90 1WR.
Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Firm reference number 185896.

[aviva.co.uk](https://www.aviva.co.uk)

FLAS_PPFM_changes HL90004 01/2024 © Aviva

