

Estate Distribution News

July 2024



Each of our with-profits sub-funds hold a certain level of money, over and above the amount needed to make pay-outs to customers. This acts as a 'buffer' and provides security for our customers. Every year, the Board of Aviva Life & Pensions UK Limited reviews the size of the buffer in each sub-fund to determine whether or not they have additional surplus that can be shared between eligible policies. If a sub-fund has additional surplus available, a distribution from the estate is possible.

Due to the different histories of our various sub-funds, the way we distribute from each estate can vary. For example – for the With-Profits Sub-Fund, the Old With-Profits Sub-Fund, Provident Mutual Sub-Fund and the Secure Growth Fund, we uplift the **pay-out** that would otherwise be made from the policy. (For the Secure Growth Fund, the final bonus added to the policy is equal to the estate distribution below). For our other sub-funds, we uplift the **asset share** of the policy (asset share is the value of premiums plus investment returns, less expenses). The uplifted asset shares are then used to determine final bonus rates.

Following the latest review on 1 July, the uplifts for some of the Sub-Funds have been reduced, some have been increased and some are unchanged. The changes ensure a fair distribution of the estate in each Sub-Fund is shared equitably between the eligible customers of each Sub-Fund. For the WL With-Profits Sub-Fund, the uplifts were reviewed on 1 April 2024.

Sub-Fund	Previous Uplift	Latest Uplift	Method
With-Profits Sub-Fund	15.0%	17.5%	Pay-out uplift
Old With-Profits Sub-Fund	12.0%	13.0%	Pay-out uplift
Provident Mutual Sub-Fund	25.0%	25.0%	Pay-out uplift
Secure Growth Fund	27.5%	27.5%	Final bonus
FLAS With-Profits Sub-Fund	75.0%	70.0%	Asset share uplift
FLC With-Profits Sub-Fund	50.0%	47.5%	Asset share uplift
FP With-Profits Sub-Fund (pre-demutualisation - for policies taken out before 9 July 2001) ¹	14.0%	13.0%	Asset share uplift
FP With-Profits Sub-Fund (post-demutualisation - for policies taken out after 8 July 2001)	3.5%	2.5%	Asset share uplift
FPLAL With-Profits Sub-Fund	110.0%	105.0%	Asset share uplift
WL With-Profits Sub-Fund (All conventional policies, and ex-Winterthur unitised policies taken out before 2000)	See note below ²	35.0%	Asset share uplift
WL With-Profits Sub-Fund (All ex-Colonial unitised policies, and ex-Winterthur unitised policies taken out from 2000 onwards)	See note below ²	7.5%	Asset share uplift

There is no need for customers to take any action, as these uplifts are included in the monetary values shown in annual statements, surrender notices, valuations and claims payments.

The above uplifts have been set at a level that is expected to be broadly maintained or even increased over time, but this cannot be guaranteed. In some circumstances it may be necessary for the extra bonus to be reduced or even stopped, for example if economic conditions change significantly or other adverse impacts are experienced by the Sub-Fund.

For some policies, such as Provident Mutual Dynamic Annuities, the uplift is applied as additional regular bonus and, as such, is guaranteed once added. In this case, a lower uplift is applied to reflect that it is guaranteed.

¹ Ex-UK Provident (UKP) policies receive the uplift shown above. Ex-London & Manchester Assurance (LMA) policies receive 3.5% less than the uplift shown above.

² The way uplifts are applied in the WL With-Profits Sub-Fund was changed in January however there has been no material change in the level of the estate distribution.

You can tell if your policy is 'unitised' or 'conventional' from your annual statement. If it shows units and unit prices you have a unitised policy, otherwise you have a conventional policy.

Further information for eligible policies invested in:

- Provident Mutual Sub-Fund
- With-Profits Sub-Fund - (includes ex Norwich Union policies)
- Old With-Profits Sub-Fund - (includes ex CGU, CGNU, Commercial Union and General Accident policies)

1. Provident Mutual Sub-Fund and With-Profits Sub-Fund

Where additional policy guarantees apply, the guarantee will be applied after the extra bonus has been added to the policy benefits. In other words, at the point you leave the fund, we'll take the normal with-profits policy benefit and add any extra bonus. We'll then compare this with the additional policy guarantee benefit and pay out the larger of the two.

For policies in these Sub-Funds, **additional policy guarantees** include:

- The Guaranteed Minimum Pension on some pensions.
- The guarantee to repay the original mortgage on death on endowments.

Where a Mortgage Endowment Promise applies, the Promise is applied after the extra bonus has been added to the policy benefits.

The Mortgage Endowment Promise is an assurance given in 2000, to customers with eligible mortgage endowment policies, that an additional amount may be payable at maturity if certain policy conditions are met.

Customers with a Mortgage Endowment Promise receive a regular update letter with details of the Promise amount and a projected value at maturity. Any extra bonus is added to this letter to show a revised projected value at maturity.

Note: Policies invested before 1 January 2015 for the With-Profits Sub-Fund, and before 1 January 2019 for the Provident Mutual Sub-Fund, receive the full uplift shown. Newer policies or additional investments into existing policies after these dates receive a reduced uplift.

2. Old With-Profits Sub-Fund

For policies in the Old With-Profits Sub-Fund, the list of **additional policy guarantees** (shown above) may also include:

- The Inflation Protected Guarantee.
- The Money Back Guarantee on some bonds.

Where a Mortgage Endowment Promise applies, it is applied (as above) after the extra bonus has been added to the policy benefits.

Note: Customers invested in the Old With-Profits Sub-Fund (who did not vote 'Yes' at the 2009 reattribution) have an eligible policy if it was invested in the Old With-Profits Sub-Fund between October 2009 and 1 January 2015. Newer policies or additional investments into existing policies after 1 January 2015 receive a reduced uplift.

Information about our other with-profit sub-funds

Customers invested in the following with-profits sub-funds are unaffected by the distributions outlined above:

- Aviva Life & Pensions UK Limited New With-Profits Sub-Fund.
- Aviva Life & Pensions UK Limited Stakeholder With-Profits Sub-Fund


For all of our with-profits sub-funds, Aviva continues to hold a buffer over and above the amounts needed to make pay-outs, to provide security for our customers.

You can find out more about the sub-fund your policy is invested in at [aviva.co.uk/ppfm](https://www.aviva.co.uk/ppfm)

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