



Investments

The Scottish Life Fund

Annual With Profits Bonus Statement 2020 – Frequently Asked Questions

June 2021

Why have I received this statement?

A bonus statement is issued on an annual basis to customers who hold traditional with profits plans.

What is a traditional with profits plan?

A traditional with profits plan is a type of investment with returns indirectly linked to the value of assets, principally shares and/or bonds. In exchange for you making payments when due, we guarantee that the plan will pay out no less than the guaranteed amount at the plan's maturity or on specified other events as set out in your plan conditions. We invest the payments and add regular bonuses to the guaranteed amount to reflect the profits and losses on those investments. We may also pay a final bonus when you take your benefits.

What does the statement show?

The statement shows the amount of annual bonus added to your plan for 2020 and the increase in the guaranteed minimum benefits payable under your plan at a specified date or event in the future.

Annual bonus depends on the investment performance of the Scottish Life Fund (the fund) and is not guaranteed to be paid in the future.

Why does my statement show a zero declared bonus amount?

Annual bonus rates are currently low. If the actual amount of bonus added is less than one pound then it has been rounded down to zero on your statement. However, the exact amount of bonus is held on our records and will be taken into account when your plan matures.

How much is my plan currently worth?

The statement shows the amount of annual bonus added to your plan for 2020. Please note that this statement isn't a projected maturity value or a current valuation should you wish to cash in or transfer your plan. For information relating to either the likely maturity value or surrender/transfer value or for any information relating to previous bonus amounts or statements please call us on **0345 60 50 050**.

Why has my annual bonus rate not been increased this year?

With Profits plans are usually long-term investments. The more we increase the guaranteed benefits on your plan with annual bonuses, the more we need to support those benefits by investing in assets such as government bonds and cash that give predictable returns. In the long run, however, these returns tend to be lower than those from other assets like company shares and property. By maintaining our existing annual bonus rates, we are free to invest in more of the latter types of assets to pursue better long-term returns for your plan.

What about final bonuses?

In simple terms, final bonuses make up the excess of the 'fair value' of your plan over the guaranteed benefits. The better our investments perform, the more we'll be able to pay out overall, by adding higher final bonuses when you claim.

However, final bonuses are not guaranteed, and we can change them at any time to ensure all planholders in the fund are treated fairly.

Is my Endowment plan on track to pay off my mortgage?

We send separate regular updates to mortgage endowment planholders saying whether or not, under certain assumptions, the endowment is likely to repay the mortgage.

Where can I find out more about the fund?

You can view and download the following documents from our website at royallondon.com/PPFM or you can ask us to send you copies by calling us on **0345 60 50 050**.

- **The Scottish Life PPFM (Principles and Practices of Financial Management)** – a detailed technical document that explains how we manage the with profits fund including how our with profits plans work and what benefits you can expect from them. The Principles are high level statements setting out how we intend to manage the fund over the long term. The Practices are more specific statements that describe how we intend to follow the Principles in managing the fund on a day-to-day basis.

- **PPFM Guide 5** – a plain English guide to the key points of the PPFM. The most recent version is available on our website in the Scottish Life Guides section. We will send you an updated version of the guide with a future statement if we make any significant changes.
- **Investment mix and investment returns for with profits plans** – a leaflet showing the investment mix and investment returns in recent years for with profits plans invested in the fund. This is available on our website in the investment mix and investment returns section.
- **The Directors' report on compliance** – the most recent report about how we have complied with the PPFM.

How can I find out more?

If you need any more information on the Scottish Life Fund or have any questions about your with profits plan please call us on **0345 60 50 050** between 8.00am and 6.00pm Monday to Friday, except bank holidays, or visit our website at royallondon.com/SLbonus.



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