

Aviva With-Profits Mid-year bonus update



8 July 2011

On 1 July 2011 we changed the bonus rates payable on some of our with-profits policies.

What's changed?

- We've increased the number of unitised life and pension policies that we pay final bonus on.
- Where we were already paying final bonus on unitised life and pension policies, we've increased the rate by an average of 4%.
- Where a unitised life and pension policy now has a final bonus applying, we've removed any market value reduction.

What's stayed the same?

- We've kept the regular bonus rate at 2.75% for new investment bonds and new stakeholder pensions, and 3.25% for new pensions.
- We've kept the bonus rates for with-profit income and with-profit annuities at the rates we declared in January 2011.
- We've kept regular bonus rates for conventional policies (including endowments) at 2010 rates.
- The only change to our market value reduction rates is as detailed above. This means that following this review and the reduction in April 2011 we're only applying market value reductions on investments made in 1989 and between 1997 - 2001 and 2006 - 2008.

How will these changes affect your policy?

To give you an idea what difference the changes could make, we've shown the annual growth of our most popular with-profits products in the tables below. If you want to see how the changes could affect your policy you can get an online valuation at www.aviva.co.uk/existing-customers, or you can call our policyholder contact centre on 0800 068 6800.

With-profits bond started with a single payment of £10,000. The figures are net of charges and basic rate tax and any market value reduction that would apply.

Bond start date	Total investment	Pay out value as at 1 July 2010	Pay out value as at 1 July 2011	Increase in last 12 months	% return over last 12 months
1 July 2006	£10,000	£11,417	£12,416	£999	+8.7%
1 July 2001	£10,000	£13,769	£15,007	£1,238	+9.0%

With-profits pension taken out on 1 July 1991. We've assumed that the pension belongs to a male who is planning to retire at 65, and who is making payments of £200 a month. We've assumed that he's going to retire on his selected retirement date so there'll be no market value reduction to pay and that, if he dies, his dependants will get the value of his pension fund. The figures are gross of tax, but we've taken off the cost of charges.

With-Profit Fund	Total premiums paid	Surrender value as at 1 July 2010	Maturity value as at 1 July 2011	Increase excluding premiums in last 12 months	% return excluding premiums over last 12 months
Old & New With-Profits Sub Funds (ex-CGNU)	£48,000	£76,721	£89,923	£10,802	+14.1%
With-Profits Sub Fund (ex-NULAP)	£48,000	£67,732	£76,110	£5,978	+8.8%

Mortgage endowment taken out on 1 July 1986. We've assumed that the endowment belongs to a male non-smoker who is aged 29 at the start of the endowment and that he's investing £50 a month. We've taken off the cost of charges and any basic rate tax.

With-Profit Fund	Total premiums paid	Surrender value as at 1 July 2010	Maturity value as at 1 July 2011	Increase excluding premiums in last 12 months	% return excluding premiums over last 12 months
Old & New With-Profits Sub Funds (ex-CGNU)	£15,000	£30,091	£34,879	£4,188	+13.9%
With-Profits Sub Fund (ex-NULAP)	£15,000	£24,964	£26,998	£1,434	+5.7%

You need to remember that past performance is not a guide to future performance. The value of your investment can go down as well as up and you may get back less than you paid in.