

Aviva announces With-Profits bonus rates

In July 2016, Aviva announced revised final bonus rates for its with-profits funds. You'll find a summary below of the fund performance of our currently marketed With-Profits fund (Aviva Life & Pensions Old and New With-Profits Sub Funds).

During the first 6 months of 2016, most UK and global investments increased in value. For example, the FTSE 100 share index, a commonly used indicator of the performance of UK shares, showed a total return of 6.62% (using FTSE 100 Total Return Index). UK corporate bonds increased by 7.59% (using Markit iBoxx Sterling Non Gilts Overall Total Return Index). Source: Lipper, a Thomson Reuters company.

Against this backdrop, we are pleased to report that our currently marketed With-Profits fund earned a reasonable investment return for our with-profits customers, with returns of 4.1% over the first 6 months of 2016.

Key information about the Aviva Life & Pensions Old and New With-Profits Sub Funds

- **Fund investment return** - for the first 6 months of 2016 the fund earned a return of 4.1% before tax.
- **Target asset mix** - shares and property are targeted to be 70% of the fund's investments.
- **Regular bonus rates** are unchanged.
- **Final bonus rates** have mixed movements, with the majority either increasing or unchanged.
- **Market value reductions (MVRs)** - no market value reductions currently apply on any policies.

Impact of the declaration

Some examples of policy pay-outs as a result of the bonus rate changes are shown in the table below. The examples below are from the New With-Profits Sub Fund (one of our currently marketed with-profit funds)

| Product | Pay-out Value | Annual Return |
|--|----------------------|----------------------|
| Aviva 25 Year With-Profits Endowment | £25,409 | 4.0% |
| A conventional with-profits mortgage endowment policy taken out on 1 st July 1991 by a male aged 29. Premiums to pay for the with-profits endowment benefit are assumed to be £50 a month. The value of the fund is based on a maturity of 1 July 2016. | | |
| Aviva 20 year With-Profits Pension | £84,721 | 5.4% |
| A unitised with-profits personal pension plan taken out on 1 st July 1996 by a male retiring at age 65, paying £200 per month gross. The value of the fund is based on a maturity of 1 July 2016. | | |
| Aviva With-Profits Bond 5 years | £12,253 | 4.1% |
| A unitised Portfolio Level Option with-profits bond taken out on 1 st July 2011 with a single premium of £10,000. The value of the fund is based on a surrender made on 1 July 2016. | | |
| Aviva With-Profits Bond 10 years | £14,998 | 4.1% |
| A unitised Portfolio Level Option with-profits bond taken out on 1 st July 2006 with a single premium of £10,000. The value of the fund is based on a surrender made on 1 July 2016. | | |

Which type of fund am I 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.

With-Profits Governance

The With-Profits Committee has considered these bonus rates and assessed them against the Principles and Practices of Financial Management 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 adds an element of security and stability which you do not get from an investment totally reliant on the current value of its underlying assets. With-profits policies tend to provide guarantees that may provide security from falling investment markets in certain circumstances. Furthermore, 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 the [PPFM's](#) on our website.
- Market value reductions (MVRs) 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.

Notes

- The details in this article only relate to business written in the Aviva Life & Pensions Old and New With-Profits Sub Funds.
- Aviva has a number of with-profits sub funds. We have a range of bonus series to cater for different product structures and premium rates. These are designed to achieve fairness between policyholders. Please refer to our [website](#) to help you work out which with-profits fund your policy is invested in.
- Aviva and Friends Life companies merged in April 2015. This article does not include Friends Life with-profits business. You can find further details about the Friends Life with-profits funds at [Friends Life With-Profit Bonus News](#).