

Aviva announces with-profits bonus rates

In January 2019, we revised our with-profits bonus rates. This announcement provides information about our main with-profits sub-funds. We've also provided some examples of how the revised bonus rates have affected the value of policies.

2018 Overview

Equity markets generally performed poorly in 2018, with the exception of the US which made modest gains in sterling terms, helped by the weakness of the pound relative to the dollar. UK government bond (gilt) prices edged slightly higher but UK corporate bonds made a small loss over the year.

The main factors affecting performance were investors' concerns about the reduction of economic support from central banks plus interest rate increases, fears of a global trade war, political risk in Europe and uncertainty around Brexit and its effects.

The FTSE 100 share index, a commonly used indicator of the performance of UK shares, showed a total return of minus 8.8% (Source: Lipper IM, a Thomson Reuters company. FTSE 100 Total Return Index), while UK corporate bonds returned minus 1.5%. (Source: Lipper IM, a Thomson Reuters company. Markit iBoxx Sterling Non Gilts Overall TR Index). Against this backdrop, over 2018 the returns on our with-profits sub-funds ranged between minus 3.1% and minus 1.1% before tax. This means with-profits has provided short-term smoothing against the full impacts of market volatility.

Key information about our main Aviva Life & Pensions UK Limited With-Profits Sub-Funds

New and Old With-Profits Sub-Funds (includes ex CGU, CGNU, Commercial Union and General Accident policies)

- **Fund investment return** – in 2018, the Sub-Funds had a return of minus 2.5% before tax.
- **Asset mix** – for shares and property are around 72% of the Sub-Funds' investments.
- **Regular bonus rates** remain mostly unchanged or have gone up from previous levels; the average increase is 0.25%.

With-Profits Sub-Fund (includes ex Norwich Union policies)

- **Fund investment return** – in 2018, the Sub-Fund had a return of minus 3.1% before tax.
- **Asset mix** – for shares and property are around 70% of the Sub-Fund's investments.
- **Regular bonus rates** for non-guaranteed pension policies have been increased by 0.25%; the other rates remain unchanged from previous levels

FP With-Profits Sub-Fund (includes ex Friends Provident policies)

- **Fund investment return** – in 2018, the Sub-Fund had a return of:
 - minus 1.1% for policies written before 9 July 2001 (pre-demutualisation) before tax.
 - minus 1.5% for policies written after 8 July 2001 (post demutualisation) before tax.
- **Asset mix** – for shares and property are around:
 - 45% of the Sub-Fund’s investments for pre-demutualisation policies.
 - 55% of the Sub-Fund’s investments for post demutualisation policies.
- **Regular bonus rates** have gone up or remain unchanged from previous levels and the average increase is 0.5%.

FLC With-Profits Sub-Funds (includes ex AXA Sun Life and AXA Equity and Law Life Assurance Society policies)

- **Fund investment return** – in 2018, the Sub-Funds had a return of minus 1.9% before tax.
- **Asset mix** – for shares and property are around 62% of the Sub-Funds’ investments.
- **Regular bonus rates** have mostly increased.

FLAS With-Profits Sub-Fund (including ex Sun Life Assurance Society policies)

- **Fund investment return** – in 2018, the Sub-Fund had a return of minus 1.8% before tax.
- **Asset mix** – for shares and property are around 49% of the Sub-Fund’s investments.
- **Regular bonus rates** remain mostly unchanged.

No market value reductions currently apply on policies invested in any of our sub-funds.

Which Sub-Fund is my policy invested in?

The ‘[With-Profits Fund Guides](#)’ section on our website can help you to work out which with-profits sub-fund your policy is invested in. You can also find information about the assets our sub-funds invest in.

Which type of fund is my policy 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.

Impact of the declaration

Despite an unsettled period in the investment markets, changes to final bonus rates and pay-outs reflect performance over the whole of the policy term. Some examples of policy pay-outs for our main Aviva Life & Pensions UK Limited With-Profits Sub-Funds are shown in the tables below.

New With-Profits Sub-Fund (includes ex CGU, CGNU, Commercial Union and General Accident policies)

Product (term)	Investment details (started on)	Total investment	Pay-out value ¹ in January 2019 (Annual return)	Surrender value ² in January 2018	Change in pay-out value over last year ³
Conventional Endowment (25 Year)	£50 per month from 1 January 1994 (based on male, non smoker, age 29)	£15,000	£25,247 (3.9%)	£23,723	+£924 (3.9%)
Unitised Pension (20 years)	£200 per month from 1 January 1999 (based on male, policy maturing at age 65)	£48,000	£91,404 (6.0%)	£83,797	+£5,207 (6.2%)
Unitised Bond (15 years)	£10,000 single premium (1 January 2004)	£10,000	£22,195 (5.5%)	£21,323	+£872 (4.1%)
Unitised Bond (10 years)	£10,000 single premium (1 January 2009)	£10,000	£17,612 (5.8%)	£16,900	+£712 (4.2%)
Unitised Bond (5 years)	£10,000 single premium (1 January 2014)	£10,000	£13,151 (5.6%)	£12,526	+£625 (5.0%)

Although not shown, policies invested in the smaller Old With-Profits Sub-Fund are currently benefitting from an uplift as a result of a distribution of the excess assets in the Sub-Fund. This means Old With-Profits Sub-Fund sample pay-out values are higher than shown in the highlighted column.

With-Profits Sub-Fund (includes ex Norwich Union policies)

As there have been no new with-profits bonds invested in this Sub-Fund since October 2000, the table below does not include with-profits bond pay-out values. The pay-out values shown for this Sub-Fund include an uplift as a result of a distribution of the excess assets in the Sub-Fund.

Product (term)	Investment details (started on)	Total investment	Pay-out value ¹ in January 2019 (Annual return)	Surrender value ² in January 2018	Change in pay-out value over last year ³
Conventional Endowment (25 Year)	£50 per month from 1 January 1994 (based on male, non smoker, age 29)	£15,000	£26,971 (4.4%)	£24,351	+£2,020 (8.3%)
Unitised Pension (20 years)	£200 per month from 1 January 1999 (based on male, policy maturing at age 65)	£48,000	£88,658 (5.7%)	£80,494	+£5,764 (7.2%)

^{1.} All of the pay-out examples are samples only and they do not necessarily represent any individual policy. Past performance is not a reliable indicator of future performance. The bond and endowment values are after charges and tax. The pension values are after charges and before tax. The Annual Return figures shown are the average return earned per year over the term specified.

^{2.} The surrender value for the same sample policy one year ago.

^{3.} The change in pay-out value is designed to illustrate the performance of the policy over last year, so excludes any premiums paid in to the policy between January 2018 and 2019. Source: Aviva.

Please note: Ex CGU, CGNU, Commercial Union, General Accident and Norwich Union customers may also benefit from a Mortgage Endowment Promise if their policy is held to the end of the term.

FP With-Profits Sub-Fund (includes ex Friends Provident policies)

The pay-out values shown for this Sub-Fund are currently benefitting from an uplift as a result of a distribution of the excess assets in the Sub-Fund.

Product (term)	Investment details (started on)	Total investment	Pay-out value ¹ in January 2019 (Annual return)	Surrender value ² in January 2018	Change in pay-out value over last year ³
Conventional Endowment (25 Year)	£50 per month from 1 January 1994 (based on male, non smoker, age 29)	£15,000	£28,735 (4.8%)	£26,220	+£1,915 (7.3%)
Unitised Pension (20 years)	£200 per month from 1 January 1999 (based on male, policy maturing at age 65)	£48,000	£95,074 (6.4%)	£85,149	+£7,525 (8.8%)
Unitised Bond (15 years)	£10,000 single premium (1 January 2004)	£10,000	£21,995 (5.4%)	£21,151	+£844 (4.0%)

FLC With-Profits Sub-Funds (includes ex AXA Sun Life policies)

The pay-out values shown for these Sub-Funds are currently benefitting from a substantial uplift as a result of a distribution of the excess assets in the Sub-Fund.

Product (term)	Investment details (started on)	Total investment	Pay-out value ¹ in January 2019 (Annual return)	Surrender value ² in January 2018	Change in pay-out value over last year ³
Unitised Endowment (25 Year)	£50 per month from 7 January 1994 (based on male, non smoker, age 29)	£15,000	£34,759 (6.2%)	£32,445	+£1,714 (5.3%)
Unitised Pension (20 years)	£200 per month from 7 January 1999 (based on male, policy maturing at age 65)	£48,000	£127,504 (8.9%)	£112,316	+£12,788 (11.4%)
Unitised Bond (15 years)	£10,000 single premium (7 January 2004)	£10,000	£30,230 (7.7%)	£28,349	+£1,881 (6.6%)

FLAS With-Profits Sub-Fund (includes ex Sun Life Assurance Society policies)

As there was very little with-profits pensions invested in this Sub-Fund in 1999 or with-profits bonds since 2002, the table below doesn't include pay-out values for those products. Pay-out values for this Sub-Fund are currently benefitting from a substantial uplift as a result of a distribution of the excess assets in the Sub-Fund.

Product (term)	Investment details (started on)	Total investment	Pay-out value ¹ in January 2019 (Annual return)	Surrender value ² in January 2018	Change in pay-out value over last year ³
Conventional Endowment (25 Year)	£50 per month from 7 January 1994 (based on male, non smoker, age 29)	£15,000	£35,384 (6.3%)	£33,181	+£1,603 (4.8%)

1. All of the above examples are samples only and they do not necessarily represent any individual policy. Past performance is not a reliable indicator of future performance. The bond and endowment values are after charges and tax. The pension values are after charges and before tax. The Annual Return figures shown are the average return earned per year over the term specified.
2. The surrender value for the same sample policy one year ago.
3. The change in pay-out value is designed to illustrate the performance of the policy over last year, so excludes any premiums paid in to the policy between January 2018 and 2019. Source: Aviva.

With-Profits Governance

The With-Profits Committee has considered the bonus proposals and assessed them against the Principles and Practices of Financial Management (PPFM) 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 is not totally reliant on the current value of the underlying assets. Some types of with-profits policies offer guarantees that provide a cushion against falling investment markets in certain circumstances. In addition, 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.
- Further details as to how bonus rates are applied can be found in our '[With-Profits Fund Guides](#)'.
- Market value reductions 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.
- You can find some more general information about our other Sub-Funds below:
[Aviva Life & Pensions UK Limited Provident Mutual Sub-Fund](#)
[Aviva Life & Pensions UK Limited Stakeholder With-Profits Sub-Fund](#)
[Aviva Life & Pensions UK Limited Irish With-Profits Sub-Fund](#)
[Aviva Life & Pensions UK Limited FPLAL With-Profits Sub-Fund](#)
[Aviva Life & Pensions UK Limited Secure Growth Fund](#)
[Aviva Life & Pensions UK Limited WL With-Profits Sub-Fund](#)

More about Aviva

- Aviva Group acquired the Friends Life Group in 2015. The transfer of Friends Life business to Aviva Life & Pensions UK Limited was completed on 1 October 2017.
- Our online portal will help you manage your Aviva policies in one secure and easy-to-use place at a time that suits you. Login or register now [here](#).

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Aviva Life & Pensions UK Limited.

Registered in England No. 3253947. Aviva, Wellington Row, York, YO90 1WR. (Regulator Firm Reference Number 185896).
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