

Trustees of the Solopark Limited Discretionary Pension Scheme

Chair's annual statement regarding defined contribution benefits held in the Solopark Limited Discretionary Pension Scheme ("the plan")

1. Introduction

- 1.1 This statement has been prepared by Solopark Limited ("the Trustee") and reports on how the Trustee complies with the defined contribution (DC) governance standards. These standards were introduced under the Occupational Pension Schemes (Charges and Governance) Regulations 2015 and amended by the Occupational Pension Scheme (Administration and Disclosure) (Amendment) Regulations 2018 ("the Regulations").
- 1.2 The reporting period covered by this statement is 1 January 2023 to 31 December 2023 ("the reporting period").

2. The Plan's DC arrangements

- 2.1. Over the reporting period, the Plan's DC arrangements comprised the following:

- 2.1.1. A Defined Contribution Section ("the DC Section") which is closed to future contributions and is not used as a qualifying workplace pension scheme for auto-enrolment purposes. The administration and investment services for the DC Section are provided by Phoenix Life Limited.

3. The DC Section's default investment arrangement

- 3.1. Over the reporting period, the DC Section had one default investment arrangement for the purposes of the regulations, the Phoenix Life Limited Scottish Mutual With-Profits Fund. This was implemented when the scheme started and the Trustees do not intend on making any changes to this arrangement.

Default investment arrangement design and objectives

- 3.2. The key features of the Default Fund are as follows:

Fund History

- 3.2.1 The Scottish Mutual With-Profits Fund comprises the business that was transferred to Phoenix Life Limited under the 2009 Scheme from the With Profits Sub-Fund of Scottish Mutual Assurance Limited. The Scottish Mutual With-Profits Fund also comprises the Smoothed Investment Fund business that was transferred to the Phoenix Life Limited Non-Profit Fund under the 2009 Scheme from the Other Business Sub-Fund of Scottish Mutual Assurance Limited, and then subsequently reassured to the Scottish Mutual With-Profits Fund.

The Scottish Mutual Assurance Society demutualised on 1 January 1992 and its business was transferred to Scottish Mutual Assurance plc. Scottish Mutual Assurance plc was subsequently renamed Scottish Mutual Assurance Limited.

From 1991 to 2006, Scottish Mutual Assurance Limited was owned by Abbey National plc. In September 2006, Scottish Mutual Assurance Limited was acquired by Resolution plc. The Scottish Mutual Assurance Limited With Profits Sub-Fund closed to new business in 2002. The Smoothed Investment Fund business written in the Scottish Mutual Assurance Limited Other Business Sub-Fund remained open to new business until 2008.

Types of Business

- 3.2.2 The with-profits business in the fund is split into different classes for the purposes of allocating annual bonuses, final bonuses and smoothed returns as appropriate. The split primarily depends on:
 - The type of product and the method by which it participates in profits, that is traditional with-profits business and unitised with-profits business. In addition certain types of business for which final bonuses are not applicable are treated separately.

- The classification for tax purposes, that is life assurance business, general annuity business, pension business and overseas life assurance business.

3.2.3 The unitised with-profits business arises from unitised policies in the Non-Profit Fund which have chosen this investment option.

3.2.4 **Amounts Payable Under a With-Profits Policy**

The aim of the methods employed in determining the amounts payable under a with-profits policy is the fair treatment of all with-profits policyholders consistent with the guiding principles.

The main guide used for determining the amounts payable under with-profits policies is asset share calculations which are carried out for certain specimen policies. The amounts payable will allow for a fair share of any surplus distributed, which may be in the form of annual or final bonuses or smoothed returns.

The degree of approximation used in the application of these methods aims to be consistent with the overall fair treatment of all with-profits policyholders.

Asset share methodology and processes will be regularly reviewed by the Board and may change. This may include changes to the historical aspects of the calculations as a result of a variety of factors, including changes in regulations, improvements in the degree of approximations, maintaining equity between classes and groups of policyholders and significant changes in the financial condition of Phoenix Life Limited.

Policyholders have no entitlement to receive the asset shares, if any, used to determine the bonuses for their policies.

Different bonuses are declared for different classes of with-profits business, reflecting the different tax, type of with-profits business and product features. New bonus classes would be required if a new type of product were developed. An existing class would normally only be split in exceptional circumstances. Within classes, bonuses may be further differentiated by series.

Bonus policy can be affected by a variety of factors including the financial and solvency position of Phoenix Life Limited, the financial strength of the fund, the expected cost of guarantees, actual and expected investment returns and expenses, the likelihood of changes in the level of provisions and the constraints which increases in guaranteed benefits may place on the fund, particularly in relation to investment strategy. These factors, together with the aim to retain flexibility in the operation of the fund, constrain annual and final bonus declarations, smoothed return declarations and the smoothing policy. These constraints also apply in changing economic conditions.

Bonuses can only be declared if there is surplus available for distribution or they are guaranteed.

3.2.5 **Asset Share Methodology**

The basic method for asset share calculations for with-profits business uses actual investment returns net of tax and for expenses, mortality and morbidity benefits, uses the actual underlying experience for traditional with-profits business and uses product charges for unitised with-profits and smoothed return business.

Asset shares are not smoothed. In particular the investment returns and experience elements contributing to asset shares are generally not smoothed, other than that inherent in the processes used in the derivation of the assumptions.

Current Information for
Phoenix Life Limited
Scottish Mutual With-Profits Fund
Customers



FORMER SCOTTISH MUTUAL ASSURANCE
LIMITED
UNITISED WITH-PROFITS POLICY

1 July 2023

The latest information for your policy

What is the latest annual bonus?

Annual bonuses are applied as a daily increase in the with-profits unit price and are as follows:

Life series I&II (3% guaranteed):	3.00%
Life series III:	4.00%
Life series IV:	3.00%
Pension series I&II – accumulation units (4% guaranteed):	4.00%
Pension series I&II – initial units:	0.00%
Pension series III – accumulation units:	5.00%
Pension series III – initial units:	0.00%
Pension series VII:	6.50%

Life series I&II and Pension series I&II have a guaranteed amount of annual bonus and these have been added as usual. The 2022 annual bonus rates for all other bonus series are higher than for 2021.

The addition of any future annual bonuses will depend on the future investment performance and experience of the with-profits fund, after allowing for the historic performance and the value of the guaranteed benefits. Where series of units have a guaranteed amount of annual bonus, these will be added as usual. If added, annual bonuses increase the value of the with-profits units.

What are the latest final bonus and market value reductions (MVRs)?

We are currently (as at 1 July 2023) adding a final bonus at maturity, retirement at the selected retirement date, surrender at a guarantee date, or on death for all policies. We do not guarantee final bonuses and we normally review final bonus rates twice a year from 1 January and 1 July. However, we may change final bonus rates at any time. If you surrender, transfer or retire at a date other than your selected retirement date, we may apply a market value reduction (MVR). The MVR firstly reduces any final bonus and if this was not sufficient, it would then reduce the value of the units. We review the MVRs regularly. You can find more information on MVRs in our Q&A available [here](#).

Examples of the final bonus rates for ex Scottish Mutual Assurance Limited unitised life policies maturing in July 2023, are given below.

Unitised with-profits Life Assurance policies final bonus as % of all units				
Starting Dates	Regular premiums		Single premiums	
	Series I & II	Series III	Series III	Series IV
Jan-23 - Dec-23	27.2%	27.0%	26.5%	26.7%
Jan-18 - Dec-18	13.5%	19.9%	18.3%	19.5%
Jan-13 - Dec-13	15.4%	26.4%	43.3%	54.8%
Jan-08 - Dec-08	22.7%	43.1%	92.8%	108.7%
Jan-03 - Dec-03	26.7%	59.4%	133.2%	146.1%
Jan-98 - Dec-98	26.0%	69.1%	96.7%	99.7%
Jan-93 - Dec-93	27.0%	79.2%		

Examples of final bonus rates for ex Scottish Mutual Assurance Limited unitised pension policies reaching their selected retirement date in July 2023, are given below.

Unitised with-profits Pension policies final bonus as % of all units						
Starting Dates	Regular premiums			Single premiums		
	Series I&II	Series III	Series VII	Series I&II	Series III	Series VII
Jan-23 - Dec-23	27.1%	26.9%	26.8%	26.5%	26.3%	26.1%
Jan-18 - Dec-18	9.7%	19.2%	17.9%	4.0%	18.1%	15.9%
Jan-13 - Dec-13	10.0%	26.5%	24.2%	15.2%	43.4%	40.7%
Jan-08 - Dec-08	15.8%	43.6%	43.2%	27.8%	95.2%	101.2%
Jan-03 - Dec-03	19.0%	62.5%	66.2%	36.0%	152.5%	173.8%
Jan-98 - Dec-98	17.3%	74.6%		12.4%	111.5%	
Jan-93 - Dec-93	19.2%	89.7%		25.7%	136.6%	

Is there any other money in the fund?

There is more money in the fund than we expect to pay out in claims. Some of this surplus money is used to protect the fund against unexpected shocks, for example a fall in the value of the fund's investments. However, the remainder can be released and used to increase the amounts we pay out to policyholders. From July 2023 this surplus is increasing policy payouts by up to 43.5% for those policies receiving a final bonus. The amount we are able to add to policy values will be regularly reviewed and may increase or decrease, and could even be removed entirely.

How is my policy invested?

The split of assets for unitised with-profits policies on 31 December 2022 is shown in the table below.

Investment type	Unitised with-profits policy with guaranteed minimum bonus rate	Unitised with-profits policy without guaranteed minimum bonus rate
Company shares (equities)	22%	45%
Property	4%	8%
Other growth assets (including hedge funds)	4%	7%
Total growth assets	30%	60%
Fixed interest stocks – issued by the UK government (gilts)	34%	18%
Fixed interest stocks – other (including corporate bonds)	35%	20%
Cash	1%	2%
Total fixed interest and cash assets	70%	40%
Total assets	100%	100%

What are the latest investment returns?

The return on the investments in the with-profits fund for 2022 was:

- -13% for unitised with-profits policies with a guaranteed minimum bonus rate; and
- -8% for unitised with-profits policies without a guaranteed minimum bonus rate.

These returns are before tax, expenses and charges.

The recent history of the with-profits fund investment returns is shown in the table below.

Investment return (before tax, expenses and charges)		
Year	Unitised with-profits policy with guaranteed minimum bonus rate	Unitised with-profits policy without guaranteed minimum bonus rate
2022	-13%	-8%
2021	2%	8%
2020	6%	5%
2019	10%	12%
2018	-1%	-3%

For further information about how we manage your fund please [click here](#).

Your former Scottish Mutual policy may be split between the Phoenix Life Limited Scottish Mutual With-Profits Fund and the Phoenix Life Limited unit-linked funds. For information about the unit-linked funds, including the latest prices and unit-linked fund summary sheets please see our unit-linked pages ([click here to go there](#)).

For further information about retirement please see our website's Retirement centre ([click here to go there](#)).

This information is correct as at 1 July 2023.

If you have any questions or would like further information our contact details are available [here](#).

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Phoenix Life Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Phoenix Life Limited is registered in England No. 1016269
Registered Office: 1 Wythall Green Way, Wythall, Birmingham B47 6WG
www.phoenixlife.co.uk

Trustee knowledge and understanding

The Trustees have appointed Gibbs Denley Financial Services Limited (GDFS) to deal with Phoenix Life Limited on their behalf.

Any enquires from members are dealt with by GDFS on behalf of the Trustees. The Trustees are happy to sign access agreements for existing members who wish to take benefits from their plans or make any other changes including to the funds being used for investment.



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Signed Rodney Bird

Chair of Trustees of the Solopark Limited Discretionary Pension Scheme