

# Overview of changes made during review of PPFM March 2011

## Summary

The Principles and Practices of Financial Management (PPFM) were reviewed and an updated version published March 2011. The PPFM is available on the Society's website [www.equitable.co.uk](http://www.equitable.co.uk).

## Changes to Principles

The statement that, on surrender, the Society pays the policy value less a financial adjustment was removed from the Principles to allow the Society greater freedom in how it manages surrender values to the benefit of all policyholders.

## Changes to Practices

The table below summarises the changes made by section within the PPFM.

Section reference	Change made/comments
<b>General</b>	<b>The major change at this revision is the introduction of Capital Distribution.</b>
2.3	Wording amended to help draw the distinction between Policy Value increases and Capital Distribution
2.4	A new section to introduce the concept of Capital Distribution
2.5	A new section to make it clear that Capital Distribution will apply for all with-profits policies
3	General amendment of wording to clarify operation of Capital Distribution Amount and for consistency with statements in Report & Accounts
4.2.1	Wording amended to help draw the distinction between Policy Value increases and Capital Distribution
4.2.2	Change to reflect higher expense charges expected
4.2.3	Change to reflect lower charge for guarantees following introduction of Capital Distribution
4.2.4	Clarification of capital requirements
4.2.5	Change to reflect operation of Capital Distribution Amount
5.2	Change to reflect smoothing approach for Capital Distribution Amount. Removal of description of Maturity Equaliser.
6.1, 6.2	Change to reflect operation of Capital Distribution Amount
7.2	Changes to investment policy reflected
8.2	Annual update of wording to reflect changes in Report & Accounts and operation of Capital Distribution Amount
8.2.4 c)	Change to reflect in-sourcing of administration
8.2.4 d)	Clarification of risk to with-profits policyholders
General	Revision of dates as applicable throughout the document and minor amendments to clarify wording and remove historical references.