

24 September 2018

Our ref:

Dear Policyholder

**Policy Number: 123456**

We are pleased to provide the value of your policy at 1 September 2018:

With-Profits Fund Value: £XX,XXX.XX including 35% capital distribution of £XX,XXX  
Guaranteed Value: £XX,XXX.XX

In June, we announced our proposal to:

- Increase the current 35% capital distribution added to with-profits policies to a level expected to be between 60% and 70%
- Close the with-profits fund, which means the guaranteed value of your policy would end and with it the guaranteed annual increases
- Convert with-profits policies to unit-linked
- Transfer all policies to Reliance Life

As a with-profits policyholder, you will be asked to vote on this proposal before it can go ahead. Our current thinking is that the vote will take place in mid 2019. The proposal will then be put before a High Court Judge for approval. The enhancement to your policy, and the removal of the guarantees, would take place towards the end of 2019, and the transfer of your newly converted unit-linked policy to Reliance Life would follow immediately afterwards.

We are particularly pleased that the Equitable Members Action Group (EMAG) have publicly lent support to our proposals. While we are now on a firm path to bringing the Society to an end by transferring the business to Reliance Life, EMAG make it clear that their campaign for full Government compensation remains very much alive, seeking to benefit policyholders like you. Details of where to find EMAG's current campaign plans ([www.emag.today](http://www.emag.today)) are shown overleaf.

You will not notice any changes to your policy as a result of our proposal before the transfer. **There is no action for you to take now** and we will next provide you with information in January. If you have any questions in the meantime, do call us on 0330 159 1530.

Yours sincerely



Simon Small  
Chief Executive

### Helpful questions and answers overleaf

Walton Street, Aylesbury, Bucks, HP21 7QW Tel : 0330 159 1530 Fax : 0845 835 5765 : [www.equitable.co.uk](http://www.equitable.co.uk) For security and training purposes, telephone calls may be recorded.

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## Helpful questions and answers

### **Q1. What are the fund and guaranteed values?**

The fund value, which includes capital distribution on the with-profits investment, is the amount you receive if you take your savings. With-profits policies also have a guaranteed value which is the minimum amount payable on retirement, death or at a time specified in the policy. Following a vote in favour, this guarantee and the annual increases will cease.

### **Q2. What do you mean by capital distribution?**

Capital is the money a company needs to hold to protect itself against things going badly wrong that could otherwise lead to insolvency. The amount of capital we have to hold depends on the level of risks faced by the Society. As risks are reduced, capital is freed up which can be returned to with-profits policyholders, which is capital distribution. The Society is determined to return capital to with-profits policyholders as fairly and as soon as possible, and our proposal aims to achieve this.

### **Q3. Why can't you give me the exact size of the enhancement now?**

The actual enhancement will depend on a number of factors and, in particular, financial conditions when all the necessary legal steps have been taken later in 2019. There is a possibility that the final enhancement may be less than 60% or more than 70% based on 31 December 2017 values as compared to the current 35%.

### **Q4. What will my savings be invested in after transfer to Reliance Life?**

Following closure of the with-profits fund, you will have a choice of unit-linked funds managed by Reliance Life. Before the vote, we will provide information on the available funds, so you can make fund choices that are suitable for your needs. Unit-linked funds present different risks and rewards, and an Independent Financial Adviser can help you choose the right fund for you. Next year, we will provide you with the information to help you consider the proposal and understand the decisions you have to make.

### **Q5. What happens if I leave before the values are enhanced?**

You would lose the opportunity to increase the current 35% capital distribution to a level expected to be between 60% and 70%. You should exercise great care before taking your benefits in advance of the proposed enhancement and an Independent Financial Adviser may help you with this decision.

### **Q6. What about new contributions I make to the with-profits fund?**

Only policyholders who have paid in regularly to the with-profits fund can pay new contributions to the fund, and any contributions paid after 31 December 2017 will not benefit from the proposed enhancement. The terms for investing contributions have been reviewed and the initial contribution charge has been removed with effect from 30 June 2018.

### **Q7. What happens if not enough policyholders vote in favour of the proposal?**

The proposal would not proceed, you would not receive the additional fund enhancement, and we would return to running off the Society over the next 20 years. While we have been able to increase your fund value steadily over the last few years, we cannot guarantee this will always be the case; if the fund value were to fall, no less than the guaranteed value would be payable.

### **Q8. What can you tell me about Reliance Life?**

You can find details about Reliance Life on our website [www.equitable.co.uk/reliance-life/](http://www.equitable.co.uk/reliance-life/)

## **EMAG's campaign for additional government compensation**

EMAG are encouraging with-profits policyholders to contact their MP to lobby for additional Government compensation. You may be interested in this if you received a compensation payment from the Equitable Life Payment Scheme. You can find details on their website <http://www.emag.today/>