

For financial adviser use only (not to be relied on by anyone else)

Standard Life today announced a review of its Irish with profits bonus rates. Many plan values have decreased since the last review. Regular bonuses are maintained at current levels for conventional with profits plans. Bonus growth rates for many unitised plans will be lower from 1 February 2012.

1. Standard Life's with profits investment strategy

Standard Life's investment strategy for our with profits business aims to achieve competitive returns, while maintaining an appropriate level of financial strength and meeting all contractual obligations to policyholders.

Policies with the most valuable guarantees have a lower equity backing ratio with the majority of the fund invested in fixed interest holdings. Policies without investment guarantees have a much higher equity backing ratio.

There are currently three different asset mixes for with profits business in Standard Life's Heritage With Profits Fund, reflecting the extent of any guarantees.

Asset mixes for different categories of with profits policies at 31 December 2011			
Category	Fund	Equity	Fixed Interest and Cash**
1	Pension With Profits Fund* Pension With Profits 2 Fund*	21.2%	78.8%
2	Life With Profits Fund MoneyWorks With Profits Fund Retirement With Profits Fund Conventional With Profits	46.0%	54.0%
3	Standard Life With Profits Fund (Also known as the Pension With Profits Fund A) With Profits Bond Fund Pension With Profits Fund D	56.9%	43.1%

* 4% per annum minimum unit price growth rate; guarantees only apply on retirement or death

** Includes fixed interest, cash deposits and money market instruments

2. Investment markets performance to 31 December 2011

Equity markets recovered in the final quarter of 2012 but all, excluding the US, gave a negative return for the year. Core government and corporate bonds rose over the final quarter to deliver positive returns for the year.

In late October, Euro-zone leaders appeared finally to have devised a rescue plan for Greece, but the decision to hold a referendum on the deal brought about its demise, and prompted an aggressive equity sell-off. Thereafter the crisis gained pace, contagion dragging Italy and Spain into the fray. Proposals were voiced by the French and German leaders for closer fiscal and political union but the EU summit in early December made little headway in delivering that objective. Markets responded more positively to the European Central Bank's decision to cut interest rates to 1%.

These political and economic events in Europe remained a significant influence in a volatile year for markets. Growth projections for Europe, the UK and China were revised down in the final quarter of 2012.

3. How with profits policies will be affected by this review

Standard Life reviews bonus rates and payouts on with profits policies on a regular basis. This is to ensure that with profits customers receive a fair return on their policies.

Regular bonuses are maintained at current levels for conventional with profits plans.

Bonus growth rates are maintained at current levels for With Profits Bonds. For unitised with profits pensions that have a 4% per annum unit price growth guarantee the bonus growth rate continues to be 0% per annum giving them a total unit price growth rate of 4% per annum.

From 1 February the bonus growth rate for the MoneyWorks (net) plan will reduce by 0.5%, with bonus growth rates for other unitised plans also reducing by 0.5%. We try not to let guaranteed benefits become so high that they limit investment freedom too much. This might reduce the amounts that we could eventually pay out as final bonus.

The higher the guarantees are, the less we can invest in equities. These are normally expected to produce better returns in the long term. But they can be much more volatile than investments such as fixed interest and cash.

Policy values after this review will, in most cases, be lower than those in August 2011 after the last bonus review.

The impacts that an individual customer will see from their annual statements will depend on the individual policy (premium frequency, premium size, etc) and the timing of the annual statements each year.

Many customers continue to benefit from guarantees that apply to their retirement and maturity payout values.

4. Market Value Adjustments (Unit price adjustments) where applicable

Market Value Adjustment (MVA) is a term often used when the payout for any policy is lower than its unit value.

Our current approach is to calculate the payout value individually for each policy taking into account the experience of the with profits fund as it applies to the policy. If the payout value for a policy is higher than its unit value we pay the difference as a final bonus. If the payout value for a policy is lower than its unit value then the difference is an MVA.

Note: the payout for a claim will be no lower than any guaranteed amount payable in accordance with the terms and conditions of the policy for that type of claim. In these circumstances there would be no MVA.

At any time, depending on the history of payments into and out of with profits, an MVA may apply to some policies but we may be paying final bonuses on other policies.

Currently many with profit policies still have MVAs. However, final bonuses are being paid for other policies.

5. Sample payout values

Pensions

The figures in the table below are based on an individual unitised with profits pension policy taken out by a man retiring at age 65, paying €125 each month. For many actual pension plans, as with the sample policy below, guarantees applying at retirement are reflected in the payout. Past performance is not a reliable guide to future performance.

Policy term	Transfer value at 28 July 2011	Retirement value at 1 February 2012	Increase	Annualised return since inception
20 year	€46,746	€49,162	+ 5.17%	4.68%

Savings endowments

The figures in the table below are based on an individual conventional with profits endowment assurance policy taken out by a man aged 29 paying €60 per month. Past performance is not a reliable guide to future performance.

Policy term	Surrender value at 28 July 2011	Maturity value at 1 February 2012	Decrease	Annualised return since inception
20 year	€20,314	€20,066	- 1.22%	3.19%

With profits bonds

The following table shows, for a sample with profits bond, the cash in value at 28 July 2011 and at 1 February 2012. The figures are based on an initial investment of €10,000. Past performance is not a guide to future performance. The calculation of the cash in value allows for exit tax at a rate of 33%. The rate of exit tax may change in the future.

Date of investment	Cash in value at 28 July 2011	Cash in value at 1 February 2012	Decrease
26 January 2005	€10,261	€10,076	- 1.80%

6. With profits compared to other types of investment

The following table compares current payout values on a 20 year endowment and a 20 year pension with other types of long term investment.

Conventional endowment		
Type of investment (20 years, €60 a month)	Total payout value	Annualised return
Standard Life With Profits Endowment †	€20,066	3.19%
Average balanced managed unit linked life fund**	€18,299	2.32%

This Standard Life payout value is based on a with profits endowment assurance policy taken out by a man, aged 29 paying €60 each month.

Pensions		
Type of investment (20 years, €125 a month)	Total payout value	Annualised return
Standard Life With Profits Pension†	€49,162	4.68%
Average balanced managed unit linked pension fund**	€47,488	4.36%

This Standard Life payout value is based on a unitised with profits Tower Pension Series executive pension plan taken out by a person retiring at age 65 paying €125 each month.

† The Standard Life With Profits figures above for individual endowment assurance and unitised Tower executive pension are as at 1 February 2012.

** Source: Morningstar at 30 January 2012.

7. Performance of world markets

The second half of 2011 was as challenging as the first. The debt crisis in the Eurozone continued to weigh on equities - especially in Europe.

Performance from 28 July 2011 to 30 January 2012		
Index	Euro	Index currency
FTSE All World Europe ex UK	-8.42%	-8.72%
MSCI World Index	-4.90%	+4.31%
MSCI Europe Index	-12.64%	-4.18%

All fund information, market commentary and performance data in this report is sourced from Standard Life Investments.



Warning: Past performance is not a reliable guide to future performance

Warning: The value of investments may go down as well as up

Warning: This investment may be affected by changes in currency exchange rates

(01) 639 7000 customerservice@standardlife.ie www.brokerzone.ie

Standard Life Assurance Limited is authorised and regulated by the Financial Services Authority in the UK and is regulated by the Central Bank of Ireland for conduct of business rules. Standard Life Assurance Limited is registered in Ireland (905495) at 90 St Stephen's Green, Dublin 2 and Scotland (SC286833) at Standard Life House, 30 Lothian Road, Edinburgh EH1 2DH. *Calls may be monitored and/or recorded to protect both you and us and help with our training. Call charges will vary.*