

# Your guide to the proposal

## We want to know what you think

We are writing to you about a proposal which would result in most of the Estate of the Royal Liver Sub-Fund being distributed to you and certain other policyholders sooner than would otherwise be the case.

The proposal would give you more certainty over the amount we'll pay out when your policy is claimed.



# Welcome

We (*Royal London Ireland*) are writing to you to ask for your feedback on the proposal we've set out in this information pack. We'll only continue to the next stage of the proposal if enough policyholders are supportive. Under the proposal, we'd ask you to consider the following exchange:



If the proposal does go ahead	If the proposal doesn't go ahead
<p>We'd apply a known percentage increase (the <i>Uplift</i>) to the part of your policy that's eligible for the proposal (your <i>Eligible Policy Value</i>). We currently expect the <i>Uplift</i> to be <b>25%</b>.</p> <p>The <i>Uplift</i> would be paid for out of the <i>Estate</i> of the <i>Royal Liver Sub-Fund</i>.</p> <p>In exchange, you'd be asked to give up an amount from the <i>Estate</i> (known as the <i>Scheme Contribution</i>).</p> <p>We explain this in more detail in section 3 of this booklet.</p>	<p>The percentage increase applied to your <i>Policy Value</i> from the <i>Estate</i> of the <i>Royal Liver Sub-Fund</i> would remain <b>uncertain</b>, as we explain in section 2 of this booklet.</p> <p>This means the percentage increase applied when your policy is claimed could be <b>higher or lower</b> than the <i>Uplift</i> that would apply under the proposal.</p> <p>The <i>Scheme Contribution</i> would not be deducted from the <i>Estate</i>.</p>

Section 7 of this booklet sets out the key dates to which we're working to implement the proposal. If the proposal goes ahead, we expect to implement it on **31 December 2022**. To implement the proposal, we're following a legal process known as a *Scheme of Arrangement*. We explain this further in section 8 of this booklet.



Nothing is happening to your policy right now. We'll only proceed to the next stage of the proposal if enough policyholders are supportive. The proposal would not affect the minimum amount that your policy is guaranteed to pay out, or require you to pay anything extra into your policy.

# What you'll find inside

Inside this booklet, you'll find:

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We use some technical terms in this booklet. We've highlighted them all with initial capitals and italics, e.g. <i>Estate</i> , and you'll find them explained here.	37

We've tried to make the information in this booklet easy to understand. If you have any questions or need any further support, please call us on **1800 00 11 52** (or **00 353 1 429 3301** if you're calling from outside Ireland). Our friendly consultants are here to help you.

You can also find support on our website at [royallondon.ie/LiverIreland](http://royallondon.ie/LiverIreland)

# 1. First, some background

This section gives a reminder of how your policy works and how it fits into *Royal London Ireland*.

## About when you became part of *Royal London Ireland*

Your policy would have originally been taken out with *Royal Liver* or with one of the companies who *Royal Liver* acquired business from, such as *Caledonian Insurance Company* or *Irish Life*. The policies that were with *Royal Liver*, including yours, then transferred to The Royal London Mutual Insurance Society Limited (*Royal London UK*) in 2011.

In 2019, *Royal London UK* transferred your policy to Royal London Insurance DAC (*Royal London Ireland*). We've been looking after your policy ever since.

*Royal London Ireland* is a subsidiary of *Royal London UK*, which is the largest mutual life, pensions and investment company in the UK and has been helping people plan for life's financial milestones for over 150 years. As a *Mutual Organisation*, *Royal London UK* doesn't have shareholders. This means it can use more of its profits to benefit its customers. For example, by improving products and customer service.

## About your policy

It's been a while since you took out your policy, so we've reminded you of some of its key features in the table on the next page. If you'd like more detail about how your policy works, please read the **How your policy works** leaflet included in your information pack.



Your letter tells you which of the following three types of policies you have.

Pension	Endowment	Whole of Life
<ul style="list-style-type: none"> <li>● This type of policy builds up retirement savings which can be accessed when you choose to retire.</li> <li>● At the start of the policy, you agreed to make payments until your <i>Selected Retirement Age</i>.</li> <li>● However, you can normally choose to retire and take your retirement savings any time after your 60th birthday.</li> </ul>	<ul style="list-style-type: none"> <li>● This type of policy pays out a lump sum after a fixed number of years.</li> <li>● You make either a single payment or a series of regular payments until a specified date.</li> <li>● If the <i>Life Covered</i> dies during the term of the policy, the policy pays out a lump sum.</li> <li>● Some <i>Endowment</i> policies pay out cash payments (known as <i>Periodic Payments</i>) on a recurring basis.</li> </ul>	<ul style="list-style-type: none"> <li>● This type of policy pays out a lump sum when the <i>Life Covered</i> dies.</li> <li>● You make either a single payment or a series of regular payments until a specified date.</li> <li>● Some <i>Whole of Life</i> policies pay out cash payments (known as <i>Periodic Payments</i>) on a recurring basis.</li> </ul>

Your letter also states whether you have a *Contingent Bonus Policy* or a policy with a *With Profits* investment. The glossary contains definitions of what we mean by a *Contingent Bonus Policy* and *With Profits* investment. The **How your policy works** leaflet included in your information pack contains more information about how *Contingent Bonus Policies* and *With Profits* investments work.

## The Royal Liver Sub-Fund and Liver Ireland Sub-Fund

*Royal Liver* managed policies originally sold in the UK and Ireland. When these policies transferred to *Royal London UK* in 2011, *Royal London UK* set up a separate *With Profits Fund* in which to manage all these policies, including yours. This is called the *Royal Liver Sub-Fund*.

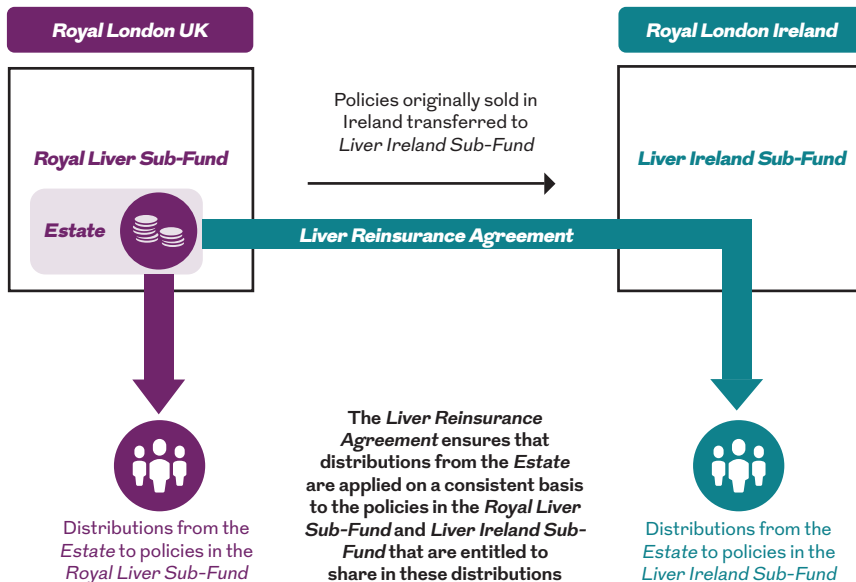
Within the *Royal Liver Sub-Fund*, a ‘rainy day fund’ called the *Estate* is held back to protect you and other policyholders against future risks and to meet regulatory rules. You and certain other policyholders are entitled to share in distributions from the *Estate* of the *Royal Liver Sub-Fund*. Section 2 of this booklet contains more information about the *Estate* and how it’s distributed.

## Transfer of policies originally sold in Ireland

In 2019, *Royal London UK* transferred the policies in the *Royal Liver Sub-Fund* originally sold in Ireland to *Royal London Ireland*. It did this so that *Royal London Ireland* could administer these policies following the withdrawal of the UK from the European Union. These policies, including yours, are now held in a separate *With Profits Fund* called the *Liver Ireland Sub-Fund*.

As part of this transfer, *Royal London UK* and *Royal London Ireland* entered into a legal contract known as the *Liver Reinsurance Agreement*. Under the *Liver Reinsurance Agreement*, the policies which transferred to the *Liver Ireland Sub-Fund* are reinsured by *Royal London UK*. The current position is that the *Royal Liver Sub-Fund* covers reinsurance claims made by *Royal London Ireland* to meet future claims made by policyholders whose policies transferred to the *Liver Ireland Sub-Fund*.

The *Liver Reinsurance Agreement* also ensures that distributions from the *Estate* are applied on a consistent basis to the policies in the *Royal Liver Sub-Fund* and *Liver Ireland Sub-Fund* that are entitled to share in these distributions.



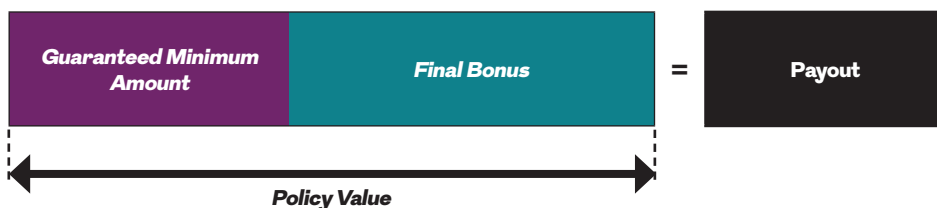
Your policy entitles you to share in distributions from the *Estate* of the *Royal Liver Sub-Fund* along with certain other policies in the *Liver Ireland Sub-Fund* and the *Royal Liver Sub-Fund*.

## How your policy works

As shown in your letter, you have a *Contingent Bonus Policy* or a policy with a *With Profits* investment.

Your *Contingent Bonus Policy* or *With Profits* investment has an underlying value which we call your *Policy Value*. This is used to determine how much to pay out when your policy is claimed. Your *Policy Value* may be increased from time to time from distributions of some of the *Estate* of the *Royal Liver Sub-Fund*. At the moment, your distribution from the *Estate* is **uncertain**, as we explain in more detail in section 2 of this booklet.

The diagram below shows how we calculate the amount we'll pay out on your *Contingent Bonus Policy* or *With Profits* investment when it's claimed:



Guaranteed Minimum Amount	Final Bonus
Your <i>Policy Value</i> can change over time. Despite this, there is a minimum amount we promise to pay out when your policy is claimed, provided you've made all the payments you agreed to make. We call this amount your <i>Guaranteed Minimum Amount</i> .	We may also add a <i>Final Bonus</i> to your payout when your policy is claimed.  This is to make sure the amount we pay out reflects your <i>Policy Value</i> .

The way we calculate your *Policy Value* and *Guaranteed Minimum Amount* differs depending on whether you have a *Contingent Bonus Policy* or a policy with a *With Profits* investment. The **How your policy works** leaflet included in your information pack contains more information about how we calculate these amounts.

### Unit Linked investments



If you have a policy with a *With Profits* investment, you might also have a *Unit Linked* investment under the same policy. Since *Unit Linked* investments aren't entitled to share in distributions from the *Estate*, they aren't affected by the proposal. Therefore, your *Policy Value* (as referred to in the **How your policy works** leaflet and the rest of your information pack) doesn't include any *Unit Linked* investments you might have.

## 2. The *Estate* of the Royal Liver Sub-Fund

This section explains how the *Estate* of the *Royal Liver Sub-Fund* is currently distributed, and how this may need to change in the future.

### How the *Estate* is currently distributed

A pot of money called the *Estate* is held back in the *Royal Liver Sub-Fund* to protect you and other policyholders against future risks and to meet regulatory rules. Whenever there is more money in the *Estate* than required (for example, because of strong investment returns), this excess is distributed to policyholders who are entitled to share in distributions from the *Estate*. You can think of the *Estate* as a ‘rainy day fund’.



When we refer to policyholders who are entitled to share in distributions from the *Estate*, we mean:

- Certain policyholders in the *Royal Liver Sub-Fund*; and
- You and certain other policyholders in the *Liver Ireland Sub-Fund*.

Currently, some of the *Estate* can be distributed by increasing your *Policy Value* from time to time. This should increase the size of your *Final Bonus* when your *Contingent Bonus Policy* or *With Profits* investment is claimed.

The amount your *Policy Value* can be increased by is uncertain and could even be zero. This is because the amount of money that needs to be held back depends on factors outside of our control, such as uncertainty in investment markets and the numbers of policies that are claimed each year.

### How the *Estate* would be distributed in the long term

As policies are claimed, the number of policies that the *Estate* needs to be held for is going down. This is because new policies are no longer being sold.

We expect that when there are fewer policies, it's not necessary to hold back as much of a ‘rainy day fund’ as was held in the past. This is because future risks can no longer occur for the policies that have already been claimed. This means it should be possible to distribute more of the *Estate* as the number of remaining policies reduces. However, the amount that needs to be held back in the *Estate* as a ‘rainy day fund’ depends on factors outside of our control.





This means policies which are claimed in a certain year may get **more or less** than policies claimed in previous years. There's no guarantee that it will be possible to distribute any of the *Estate* in a particular year.

So, the amount of the *Estate* it will be possible to distribute to policyholders in the future is **uncertain**.

As described on the previous page, the *Estate* is held within the *Royal Liver Sub-Fund*, but certain policies in both the *Royal Liver Sub-Fund* and *Liver Ireland Sub-Fund* are entitled to share in distributions from it.



In around 20 years' time, we expect that there won't be enough policies left in the *Royal Liver Sub-Fund* for it to be possible to manage the fund efficiently. By that point, the costs of continuing to manage the fund separately would have to be spread over too small a population of remaining policies.

At that point, *Royal London UK* would look to merge the *Royal Liver Sub-Fund* into the *Royal London Open Fund*. This has been anticipated since your policy transferred from *Royal Liver* in 2011. The *Royal London Open Fund* is a much larger, more varied fund that is open to new policies.

When the fund is merged, we expect the remaining *Estate* would be distributed to policyholders who are entitled to share in distributions from the *Estate*, including those in the *Royal Liver Sub-Fund* and *Liver Ireland Sub-Fund*.

### **Making sure the *Estate* continues to be distributed fairly**

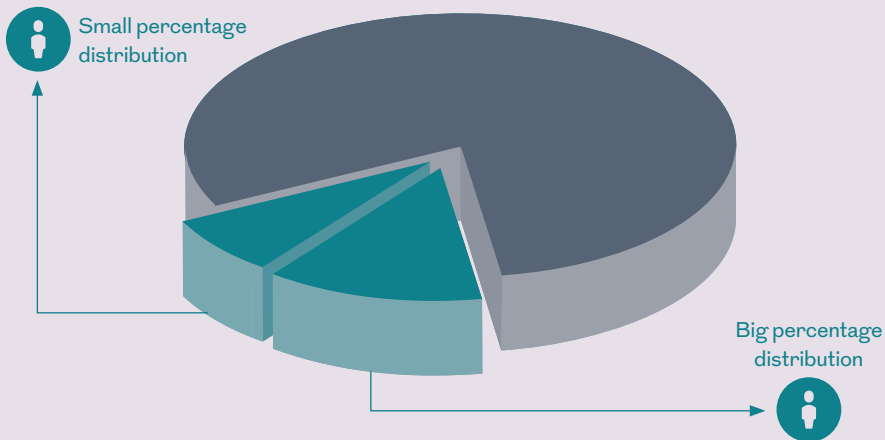
Currently, the *Estate* is shared out fairly between the policyholders in the *Royal Liver Sub-Fund* and *Liver Ireland Sub-Fund* who are entitled to share in distributions from the *Estate*.

However, in the future, as policies are claimed and the number of remaining policies reduces, we expect that it'll become harder to continue to share the *Estate* between policyholders fairly.

If you think of the *Estate* as a cake, the current approach ensures policyholders who are entitled to share in distributions from the *Estate* get a fair slice of the *Estate* when their policy is claimed.

In the future, as policies are claimed, and the number of remaining policies reduces, we expect that it'll become harder to ensure all policyholders continue to get a fair slice of the cake.

This could mean that policies which are claimed in a certain year could get a very big slice, whereas policies claimed in other years could get a much smaller slice. This is illustrated in the diagram below.



**Note:** Cake diagram produced for illustrative purposes only – it is not to scale.

If your policy is claimed further into the future, we currently expect the total percentage increase that would be made to your *Policy Value* from the *Estate* to increase over time. However, this is not guaranteed, and the percentage increase could be higher or lower than expected when your policy is claimed.

We don't think it would be the fairest outcome if different groups of policyholders receive very different percentage distributions from the *Estate* depending on when their policies are claimed.

As a result, we set out a proposal in the next section which we believe distributes the *Estate* between policyholders in an even fairer way.

# 3. The proposal

Here we explain the proposal in more detail and how it would affect your policy.

## What is the proposal?

The proposal means all of the *Estate* would be distributed. This would result in an immediate percentage increase to the value of your policy. In exchange, you'd give up some of the *Estate*. The proposal is intended to be implemented on **31 December 2022**.

The *Royal Liver Sub-Fund* would also be merged into the *Royal London Open Fund*. This means the *Royal London Open Fund* would take on responsibility from the *Royal Liver Sub-Fund* for holding back money to protect your policy against future risks and to meet regulatory rules.

## If the proposal goes ahead, you'd gain an increase to your Eligible Policy Value...

### 1. An increase to your Eligible Policy Value

The *Estate* would be distributed between the policyholders in the *Royal Liver Sub-Fund* and *Liver Ireland Sub-Fund* who are entitled to share in distributions from the *Estate*.

This would be done by applying a one-off *Uplift* to their *Eligible Policy Value* on the day the proposal is implemented. We explain what we mean by *Eligible Policy Value* on the next page.

We currently expect the *Uplift* to be **25%**.

### 2. An increase for future payments you make

If you have a policy with a *With Profits* investment, we'd top up your *Eligible Policy Value* by applying the same *Uplift* percentage for any *Eligible Payments* you make into your policy after the proposal is implemented, as and when you make them. We explain what we mean by *Eligible Payments* on the next page.

The amount you pay into your policy won't be affected by the proposal.

## — In exchange for this, you'd give up part of the *Estate*...

1. To cover the cost of carrying out the proposal	The cost of carrying out the proposal would be deducted from the <i>Estate</i> before it is distributed.
2. And to compensate the <i>Royal London Open Fund</i>	The <i>Royal London Open Fund</i> would take on responsibility from the <i>Royal Liver Sub-Fund</i> for holding back money to protect policies including yours against future risks and to meet regulatory rules. A deduction would be made from the <i>Estate</i> to compensate the <i>Royal London Open Fund</i> for taking on this responsibility.

The combination of these deductions, together with an amount to apply the *Uplift* for future *Eligible Payments* made into *With Profits* investments, is known as the *Scheme Contribution*. We explain the effect of the *Scheme Contribution* on the next page.

### What are *Eligible Policy Values* and *Eligible Payments*?

Some policyholders can choose to make additional payments into their *With Profits* investment, either as a lump sum or by increasing their regular (e.g. monthly) payments above the level agreed. This means that these policyholders could significantly increase their *Policy Value* just before the proposal takes effect to receive more than their fair share of the *Estate*. We believe this would be unfair to other policyholders who are entitled to share in distributions from the *Estate*. Therefore, if a policyholder chooses to make such additional payments after **31 December 2021**, those payments won't be eligible for the proposal. We call these payments *Non-Eligible Payments*.

As a result, the *Uplift* mentioned on the previous page would only apply to your *Eligible Policy Value*. This is your *Policy Value* allowing only for payments which are eligible for the proposal. We call these payments *Eligible Payments*.

#### **Non-Eligible Payments and Eligible Payments**

- *Non-Eligible Payments* are any payments that are made into your *With Profits* investment after **31 December 2021** and that are in excess of the level of payments that were due to be made into your *With Profits* investment at that date.
- *Eligible Payments* are any payments made into your *Contingent Bonus Policy* or *With Profits* investment that aren't *Non-Eligible Payments*.

Please note that any *Non-Eligible Payments* you make would still be credited to your policy and invested accordingly. They just wouldn't be eligible for the *Uplift* under the proposal.

## How does deducting the *Scheme Contribution* affect the *Uplift*?

To help you weigh up the exchange we'd like to offer you under the proposal, we've shown below the impact of deducting the *Scheme Contribution*:

- Some of the *Estate* needs to be held back to protect you and other policyholders against future risks and to meet regulatory rules. If this wasn't necessary, all of the *Estate* could be distributed to policyholders and we expect we'd be able to offer an *Uplift* of **36%** to *Eligible Policy Values* on **31 December 2022** under the proposal.
- However, without undertaking the proposal, it's not possible to distribute all of the *Estate* to policyholders this soon as it's necessary to protect you and other policyholders against future risks and to meet regulatory rules. Under the proposal, the *Royal London Open Fund* takes on this responsibility. This means that more of the *Estate* can be distributed to policyholders sooner.
- Before this can be done, the *Royal London Open Fund* needs to be compensated for taking on this responsibility, and to cover the cost of carrying out the proposal. After the *Scheme Contribution* is deducted from the *Estate*, we currently expect to be able to offer you an *Uplift* of **25%**. Therefore, deducting the *Scheme Contribution* from the *Estate* is expected to reduce the *Uplift* by **11%**.

An *Uplift* of **25%** is what we currently expect to be able to offer you. If we write to you with a formal offer to vote on later this year, we'll confirm the final *Uplift* and explain how we've calculated it.



The *Scheme Contribution* would be paid out of the *Estate* of the *Royal Liver Sub-Fund*.

The proposal doesn't involve us taking anything from your *Policy Value* or asking you to pay anything extra into your policy.

## What would stay the same regardless of whether the proposal goes ahead or not?

→	Your policy will still be managed by <i>Royal London Ireland</i> in the <i>Liver Ireland Sub-Fund</i> .
→	It will still be possible for your <i>Policy Value</i> to change. However, we promise to pay out at least your <i>Guaranteed Minimum Amount</i> , provided you've made all the payments you agreed to make.
→	The proposal won't affect your <i>Guaranteed Minimum Amount</i> .
→	If your policy currently receives <i>Annual Bonuses</i> , we'll continue to add <i>Annual Bonuses</i> to your <i>Guaranteed Minimum Amount</i> , in line with current practice.
→	We'll continue to include a <i>Final Bonus</i> when your policy is claimed, when possible, in line with current practice.
→	If you're still making payments, the payments you make into your policy won't be affected by the proposal.
→	If your policy pays <i>Periodic Payments</i> , your policy will continue to pay these out.
→	If your policy has other guaranteed benefits attached to it (e.g. a guaranteed annuity rate or a guaranteed minimum death benefit), these will not be affected by the proposal.

## What do you need to do?

To implement the proposal, we're following a legal process known as a *Scheme of Arrangement*. In this booklet, we refer to that part of the proposal that applies to policyholders like you, with a policy in the *Liver Ireland Sub-Fund*, as the *Irish Scheme*. We use the term *Eligible Policyholders* to refer to policyholders like you who are eligible for the *Irish Scheme*.



Before we start this legal process, we want to know if enough *Eligible Policyholders* are supportive of the proposal and would like to hear more. Please provide your feedback online or by using the *Feedback Form*.

Since the proposal would also apply to certain policyholders with policies managed by *Royal London UK*, *Royal London UK* is separately following a similar legal process in the UK. In this booklet, we refer to that part of the proposal that applies to these policyholders as the *UK Scheme*.

If enough policyholders say that they are supportive of the proposal and would like to hear more, the next step in the process would be for *Royal London Ireland* to apply for approval from the *Irish High Court* to make you and other *Eligible Policyholders* a formal offer to vote on later this year.

At around the same time, *Royal London UK* would also apply for approval from the High Court of Justice of England and Wales (the *UK High Court*) to make certain policyholders in the *Royal Liver Sub-Fund* a formal offer, on substantially the same terms, for them to vote on later this year.



If we make you a formal offer to vote on later this year, it's important to note that you'll be bound by the result. This means that if you don't vote, the outcome will still apply to you. You won't be able to "opt out".

You can find out more about the voting process in section 8 of this booklet.

### Sharing costs if the proposal doesn't go ahead

If the proposal doesn't go ahead, the costs incurred up until the point at which the proposal is abandoned will be allocated between the *Estate* of the *Royal Liver Sub-Fund* and the *Royal London Open Fund* as follows:

- If not enough policyholders are supportive of the proposal in their feedback in response to this mailing and an equivalent mailing that *Royal London UK* is sending to its policyholders, the costs incurred up to the point of abandonment won't be charged to the *Estate*. They'll be charged in full to the *Royal London Open Fund*.
- If enough policyholders are supportive of the proposal in their feedback in response to this mailing and the equivalent mailing that *Royal London UK* is sending to its policyholders, we'll assess how far into the process the abandonment occurs, and reduce the costs associated with the proposal to reflect this. This reduced cost will then be shared fairly between the *Estate* and the *Royal London Open Fund*. The approach to sharing the costs would be decided in line with the terms of the agreement signed when *Royal London UK* acquired *Royal Liver*. The final allocation of costs would be subject to a fairness review by the *Head of Actuarial Function* and the *With Profits Committee*.

## 4. What the proposal could mean for you

To bring the proposal to life, we've provided an example based on Jane – a typical *Eligible Policyholder*. This example shows the effect the proposal could have on an *Eligible Policyholder*.

This example is for illustrative purposes only. If enough policyholders are supportive of the proposal, we'll write to you later this year with a formal offer. As part of the formal offer, we'll send you a personalised illustration which will show what the proposal could mean for you.



Regardless of whether the proposal goes ahead or not, your *Policy Value* could still change. However, we promise to pay out at least your *Guaranteed Minimum Amount*, provided you've made all the payments you agreed to make.

### Meet Jane



Jane is an *Eligible Policyholder* who has a policy that, like yours, entitles her to share in distributions from the *Estate* of the *Royal Liver Sub-Fund*. She has a *Policy Value* of **€10,000** on the day the proposal is intended to be implemented. To keep things simple, we've assumed that all of her *Policy Value* is eligible for the proposal.

In this section, we show the effect on Jane's policy of whether or not the proposal goes ahead. We firstly consider the scenario in which Jane's policy is claimed just after the proposal is intended to be implemented. Then, we consider the scenario in which Jane's policy is claimed further in the future.

### If Jane's policy is claimed just after the proposal is intended to be implemented:

If the proposal goes ahead and Jane's policy is claimed just after the proposal is intended to be implemented, we expect to pay out **€2,500** more than if the proposal doesn't go ahead. **The proposal will not change Jane's *Guaranteed Minimum Amount*.**



The diagram below shows what we'd expect Jane's policy to be worth if her policy is claimed just after **31 December 2022**, which is when the proposal is intended to be implemented:

**If the proposal doesn't go ahead**



**If the proposal does go ahead**



■ **Guaranteed Minimum Amount** ■ **Final Bonus** ■ **Payout**

	<b>If the proposal doesn't go ahead</b>	<b>If the proposal does go ahead</b>
<b>Guaranteed Minimum Amount</b>	Jane's policy currently has a <i>Guaranteed Minimum Amount</i> of <b>€6,250</b> . This amount is not affected by the proposal.	
<b>Final Bonus</b>	<p>By the time Jane's policy is claimed (just after 31 December 2022), we don't expect there to be any excess money in the <i>Estate</i>. Therefore, we don't expect any more of the <i>Estate</i> to be distributed to Jane.</p> <p>As a result, the <i>Final Bonus</i> amount is the difference between Jane's <i>Policy Value</i> (<b>€10,000</b>) and her <i>Guaranteed Minimum Amount</i> (<b>€6,250</b>).</p> <p>So, if a claim was made on her policy, we expect a <i>Final Bonus</i> of <b>€3,750</b> to be added to her payout so her payout reflects her <i>Policy Value</i>.</p>	<p>We'd apply the <i>Uplift</i> to Jane's <i>Policy Value</i> of <b>€10,000</b> on 31 December 2022. We currently expect the <i>Uplift</i> to be <b>25%</b>. This would increase her <i>Policy Value</i> by <b>€2,500</b>.</p> <p>The <i>Final Bonus</i> is now the difference between Jane's increased <i>Policy Value</i> of <b>€12,500</b> and her <i>Guaranteed Minimum Amount</i> (<b>€6,250</b>).</p> <p>So, if a claim was made on her policy, we expect a <i>Final Bonus</i> of <b>€6,250</b> to be added to her payout so her payout reflects her <i>Policy Value</i>.</p>
<b>Amount paid when Jane's policy is claimed</b>	If the proposal doesn't go ahead and Jane's policy is claimed just after the proposal was intended to be implemented, we expect to pay out her current <i>Policy Value</i> of <b>€10,000</b> .	If the proposal does go ahead and Jane's policy is claimed just after the proposal is intended to be implemented, we expect to pay out <b>€12,500</b> .

## If Jane's policy is claimed further in the future

On the previous page we showed the effect of the proposal on Jane's policy if it is claimed just after the proposal is intended to be implemented. Below, we show the effect of the proposal if Jane's policy is claimed further in the future.

### If the proposal doesn't go ahead

The *Estate* will continue to be distributed in line with current practice. This means the increase that could be made to Jane's *Policy Value* from the *Estate* will be **uncertain** in future years. We currently expect the amount added to Jane's *Policy Value* from the *Estate* to increase over time.

By the time Jane's policy is claimed, the amount by which her *Policy Value* would be increased from the *Estate* could be materially **higher** or **lower** than the *Uplift* under the proposal. This is because the amount of money that needs to be held back in the *Estate* depends on factors outside of our control, such as uncertainty in investment markets and the numbers of policies that are claimed between now and when Jane's policy is claimed.

We don't think it's the fairest outcome that Jane could receive a materially different distribution from the *Estate* compared to other policyholders depending on when her policy is claimed.

### If the proposal does go ahead

We'll apply an expected *Uplift* of 25% to Jane's *Eligible Policy Value* on **31 December 2022**, so she will receive a **certain** distribution from the *Estate*. By applying the *Uplift*, Jane will have received the same percentage increase as all policyholders who are entitled to share in distributions from the *Estate*.

We think this is a fairer way to distribute the *Estate* and gives Jane and her family more certainty over the amount we'd pay out when her policy is claimed.



If we make you a formal offer later this year, we'll send you a personalised illustration to help you understand the effect the proposal would have on your policy.

# 5. How you can be sure the proposal is fair

We may ask you to vote on the proposal later this year. This section sets out the steps we'd take to make sure the proposal is fair.

To implement the proposal, we're following a legal process known as a *Scheme of Arrangement*. We explain the process of implementing the *Irish Scheme* more in section 8 of this booklet.

Before the *Irish Scheme* can be implemented:

## 1. We'll review the *Irish Scheme* very carefully

- Our *Head of Actuarial Function* will prepare a report which will be provided to the *Irish High Court*.
- The *With Profits Committee*, the *Liver Supervisory Committee* and the *Royal London Ireland Board* will review the *Irish Scheme* and take into account the opinion of our *Head of Actuarial Function* on the fairness of the offer to policyholders.

## 2. We'll keep the *Central Bank of Ireland* informed

We've shared information about the *Irish Scheme* with the *Central Bank of Ireland*, including this information pack that we've sent to you.

## 3. An *Independent Expert* will review the *Irish Scheme* very carefully



We've appointed an *Independent Expert*, Mr Michael Culligan of *Milliman*, to review the *Irish Scheme*. He is an experienced senior *Actuary* who is independent of *Royal London Ireland* and *Royal London UK*. He'll provide a report to the *Irish High Court* on the fairness of the *Irish Scheme*.

## 4. Policyholders will be able to vote

Using a *Scheme of Arrangement* to implement the proposal would mean that *Eligible Policyholders* (including you) would be asked to vote on whether the *Irish Scheme* does or doesn't go ahead.

As the *Eligible Policyholders* are entitled to share in distributions from the *Estate*, we believe they should have a say in how it is distributed. The *Scheme of Arrangement* process gives you that say. Since the proposal would also affect certain policyholders with policies managed by *Royal London UK*, *Royal London UK* is also separately following a similar legal process in the UK – in this booklet, we refer to that part of the proposal that applies to these policyholders as the *UK Scheme*.

Before we start the *Scheme of Arrangement* process, we want to know if *Eligible Policyholders* are supportive of the proposal in response to this mailing and an equivalent mailing that *Royal London UK* is sending to its eligible policyholders.

If enough policyholders indicate they are supportive of the proposal in response to each of those mailings and would like to hear more, the next step in the process would be for us to apply for approval from the *Irish High Court* to make you and other *Eligible Policyholders* a formal offer to vote on later this year. At around the same time, *Royal London UK* would also apply for approval from the *UK High Court* to make its eligible policyholders a formal offer, on substantially the same terms, for them to vote on later this year.

### **Our voting Class proposal**

If we go ahead with making you a formal offer later this year, we propose that *Eligible Policyholders* (including you) vote on the *Irish Scheme* together in one *Class*. This single *Class* would include both *Contingent Bonus Policies* and policies with a *With Profits* investment, as we think that the interests of the holders of these policies are sufficiently aligned that they can vote as one *Class*.

You can find out more about this in section 8 of this booklet.



Please provide comments online or use the comments box in the *Feedback Form* to tell us if you have any feedback on our proposal to have one voting *Class* or any other comments about the proposal.

Some policies with *With Profits* investments in the *Liver Ireland Sub-Fund* have valuable guaranteed benefits which we expect to pay out when these policies are claimed on retirement or maturity.

We expect this will still be the case even if their *Eligible Policy Value* is increased by the *Uplift* under the proposal. This means we expect the proposal will have no effect on the amount we'd pay on retirement or maturity to the holders of these policies. As we expect the proposal won't increase the amount payable under these policies, we've decided to exclude these policies from the *Irish Scheme*.

## **5. And finally, the relevant court approvals must be given**

Even if enough *Eligible Policyholders* vote in favour of the *Irish Scheme*, and enough policyholders vote in favour of the *UK Scheme*, the proposal can't be implemented unless the *Irish Scheme* and the *UK Scheme* are approved by the *Irish High Court* and *UK High Court*, respectively.

In making its decision, the *Irish High Court* will consider whether the *Irish Scheme* is fair for *Eligible Policyholders*.

We've chosen to use a *Scheme of Arrangement* because we want *Eligible Policyholders* (including you) to have their say. We hope appointing an *Independent Expert*, and using a court approved process, will help reassure you that the proposal is fair.



## 6. Why we are doing this

This section explains why we think the proposal will benefit you and us.



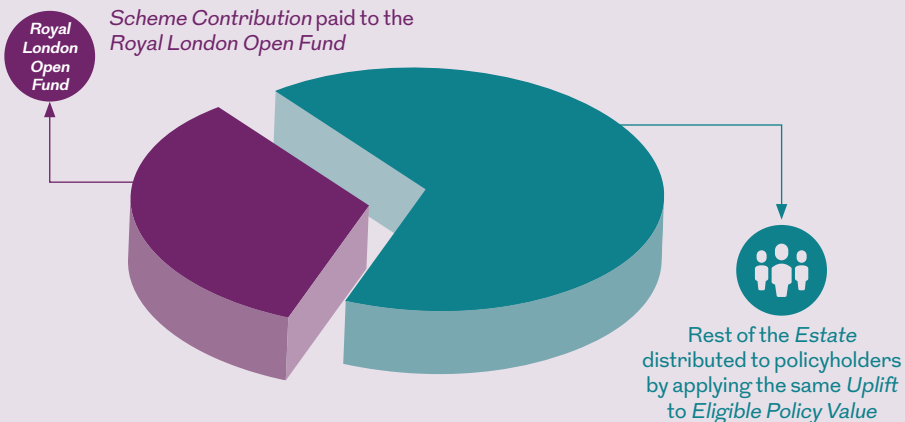
### Even fairer payouts

The *Estate* of the *Royal Liver Sub-Fund* is currently distributed fairly between policyholders who are entitled to share in such distributions.

In the future, as policies are claimed, we expect that it'll become harder to continue to distribute the *Estate* between the remaining policyholders fairly. This could mean that policies which are claimed in a certain year could get much **more** or **less** of a distribution from the *Estate* than in previous years.

If the proposal goes ahead, all policyholders who are entitled to share in distributions from the *Estate* would get the same percentage increase (the *Uplift*) to their *Eligible Policy Value* to allow for their distribution from the *Estate*. We think this is an even fairer outcome for these policyholders.

Again, if you think of the *Estate* as a cake, a slice of the cake would be given to the *Royal London Open Fund* (the *Scheme Contribution*). This is shown as the purple slice in the diagram below. Removing this slice means the rest of the cake can be cut up, and a fair slice given to each policyholder in the *Royal Liver Sub-Fund* and *Liver Ireland Sub-Fund* who is entitled to share in distributions from the *Estate*.



**Note:** Cake diagram produced for illustrative purposes only – it is not to scale.



### More certainty

At the moment, the percentage increase that would be applied to your *Policy Value* to reflect your distribution from the *Estate* is **uncertain**.

If the proposal goes ahead, you'll receive a **certain** distribution from the *Estate*. This means you'll have more certainty over the amount we'll pay you or your family when your policy is claimed.

Regardless of whether the proposal goes ahead or not, your *Policy Value* could still change. However, we promise to pay out at least your *Guaranteed Minimum Amount*, provided you've made all the payments you agreed to make. The proposal won't change your *Guaranteed Minimum Amount*.



### Setting up for continued success

The proposal is part of a wider series of changes being made to the wider Royal London company. These changes will simplify and modernise the way things are done for the benefit of longstanding customers.



## 7. Timeline and what you need to do

This section sets out the key dates to which we're working to implement the proposal. The legal process may take longer than this, so we can't guarantee the dates shown below.

### Feedback window is now open

By 29 April 2022



#### Tell us what you think

Complete our online feedback form or fill in and return the *Feedback Form* we've included with your information pack to let us know what you think.

We'll tell the *Irish High Court* about the feedback we've received, including any objections from policyholders to any part of the proposal or the voting *Class* we are proposing (as described in section 8 of this booklet). So please let us know if you have any comments as soon as possible.

21 Jun 2022  
(provisional)



#### We'll ask the *Irish High Court* for approval to go ahead and make a formal offer

If *Eligible Policyholders* are supportive of the proposal, and policyholders in the UK are also supportive of the proposal, we'll go to the *Irish High Court* to ask for approval to go ahead and make a formal offer. This is called the *Convening Hearing*.

*Royal London UK* would also go to the *UK High Court* to ask for approval to make a formal offer to its policyholders.

We'll confirm the date, time and format of the *Convening Hearing* in early June by updating our website [royallondon.ie/LiverIreland](http://royallondon.ie/LiverIreland)

Aug 2022 -  
Nov 2022



#### You vote on our formal offer

If the *Irish High Court* gives its approval at the *Convening Hearing*, and the *UK High Court* gives its approval at a similar hearing, we'll write to you again later this year with a formal offer that we'll ask you to vote on. This will include more information and a personalised illustration to help you decide how to vote.

At around the same time, *Royal London UK* would write to its policyholders with a formal offer on substantially the same terms and ask them to vote on it.

We'll give you at least six weeks to vote and you'll be able to do this online, by post or at the *Policyholder Meeting*.





When you see this symbol, there is an action to complete.

**Nov 2022**

### ***Policyholder Meeting will be held***

There will be a *Policyholder Meeting* where you can hear about the formal offer and vote on it.

*Eligible Policyholders* will be able to attend and vote in person or virtually.

The date, venue and format for the *Policyholder Meeting* would be confirmed if we write to you with a formal offer.

**Dec 2022**

### ***A final decision is made by the Irish High Court at the Sanction Hearing***

If enough *Eligible Policyholders* vote in favour of our formal offer, and enough policyholders in the UK vote in favour of *Royal London UK's* formal offer, we'd go back to the *Irish High Court* and ask for its final approval at the *Sanction Hearing*. *Royal London UK* would follow a similar process with the *UK High Court*.

We'll explain what happened at the *Policyholder Meeting* and the result of the vote to the *Irish High Court*. The date, time and format of the *Sanction Hearing* would be confirmed if we write to you with a formal offer.

**31 Dec 2022**

### ***We expect to implement the changes on this date***

If the *Irish High Court* approves the *Irish Scheme* at the *Sanction Hearing*, and the *UK High Court* approves the *UK Scheme* also, we expect to implement the changes on **31 December 2022**.

We'd write to you again in early **2023** to confirm the changes have been made and the effect on your policy.

We can only implement the changes if approval is granted by both the *Irish High Court* for the *Irish Scheme* and the *UK High Court* for the *UK Scheme*.

## 8. Important legal information

**This section contains important information about the legal process that would be used to put the proposal into practice.**

To implement the proposal, we're following a legal process known as a *Scheme of Arrangement*. In this booklet, we refer to that part of the proposal that applies to certain policyholders holding policies managed in Ireland by *Royal London Ireland* as the *Irish Scheme*, and that part of the proposal that applies to certain policyholders holding policies managed in the UK by *Royal London UK* as the *UK Scheme*.

The *Scheme of Arrangement* process gives *Eligible Policyholders* (including you) the right to vote on the *Irish Scheme*. We can only implement the *Irish Scheme* if the *Irish High Court* approves it, and the *UK High Court* approves the *UK Scheme*. Our regulator and the *Independent Expert* will also be involved in the process.

### What is a *Scheme of Arrangement*?

A *Scheme of Arrangement* allows a company, like *Royal London Ireland*, to enter into a binding agreement with its creditors (in this case *Eligible Policyholders*) and is available in Ireland under Part 9 of the Irish Companies Act 2014 (as amended).

To be approved, enough *Eligible Policyholders* will need to vote in favour of it. We also need the *Irish High Court* to approve the *Irish Scheme*.

Sending you this information pack is the first step in the process. We've broken down the remaining steps in this section of the booklet.

### What policies are covered by the *Irish Scheme*?

Some policies with *With Profits* investments in the *Liver Ireland Sub-Fund* have valuable guaranteed benefits which we expect to pay out when these policies are claimed on retirement or maturity.

We expect this will still be the case even if their *Eligible Policy Value* is increased by the *Uplift* under the proposal. This means we expect the proposal will have no effect on the amount we'd pay on retirement or maturity to the holders of these policies. As we expect the proposal won't increase the amount payable under these policies, we've decided to exclude these policies from the *Irish Scheme*.

Only *Eligible Policyholders* who have the following policies in the *Liver Ireland Sub-Fund* and whose policies are entitled to share in distributions from the *Estate* are covered by the *Irish Scheme*:

With Profits Endowment (including Mortgage Endowment)
With Profits Whole of Life (including Investment Bonds)
With Profits Pension
Contingent Bonus Endowment
Contingent Bonus Whole of Life

### Are policyholders in the *Royal Liver Sub-Fund* eligible for the *Irish Scheme*?

As described in section 1 of this booklet, some policyholders in the *Royal Liver Sub-Fund* which is managed in the UK are entitled to share in distributions from the *Estate*. These policyholders are not eligible to vote on the *Irish Scheme*.

However, under the proposal, *Royal London UK* will separately make an offer to these policyholders under a *Scheme of Arrangement* under Part 26 of the Companies Act 2006 (the *UK Scheme*).

The proposed *UK Scheme* will be made on substantially the same terms as the *Irish Scheme*. This means policyholders who are eligible for the *UK Scheme* will be treated in effectively the same way as *Eligible Policyholders* under the *Irish Scheme* in respect of the *Estate*.

The *Irish Scheme* and the *UK Scheme* are co-dependent. This means enough policyholders need to vote in favour, and each *Scheme of Arrangement* needs to be approved by the relevant court for both the *Irish Scheme* and *UK Scheme* to go ahead.

## What is a voting Class?

*Class* is a term which we use to describe the group of *Eligible Policyholders* who vote together on the *Irish Scheme*.

*Eligible Policyholders* can vote together in one *Class* if their existing rights and the way the *Irish Scheme* will affect them are similar enough that they are able to consider, talk about and vote on the *Irish Scheme* together.

In making our *Class* proposal, we've looked at the similarity of policyholders' rights in a number of areas, including:

- the nature and type of the different policies in the *Liver Ireland Sub-Fund*, including the differences between *Contingent Bonus Policies* and policies with *With Profits* investments and their treatment under the *Irish Scheme*
- their entitlement to share in the *Estate* of the *Royal Liver Sub-Fund*
- the size of their *Eligible Policy Values*
- the likely circumstances of different policyholders and how they might view the *Irish Scheme*

Having done this, we have concluded that the rights of all *Eligible Policyholders* in the *Liver Ireland Sub-Fund*, and the treatment of those rights under the *Irish Scheme*, are similar enough that there should be a single voting *Class*.

If agreed at the *Convening Hearing*, there will be one *Class* of *Eligible Policyholders* who will be able to vote on the *Irish Scheme* at the *Policyholder Meeting*.

## What can you do if you object to the proposal or disagree with the voting Class we're proposing?



Let us know if you disagree with our proposal to use a single voting *Class* or any other part of the proposal by completing the *Feedback Form*. You can do this either online or by returning the form provided in your information pack. If you disagree with our voting *Class* proposal, you should use the comments box in the *Feedback Form* and we will let the *Irish High Court* know.

We'll inform the *Irish High Court* at the *Convening Hearing* of the feedback we've received, including any objections to the *Irish Scheme*. If you wish, you (or a representative) can also attend the *Convening Hearing*, subject to any coronavirus restrictions that may be in place and present your views to the *Irish High Court*.

### Will there be any changes to the legal documentation if the proposal goes ahead?

If the proposal goes ahead, some changes will be made to the legal documentation that set out the terms of the transfer of the policies from *Royal Liver* to *Royal London UK* in 2011, and the terms of the transfer of the policies in the *Royal Liver Sub-Fund*, originally sold in Ireland, to *Royal London Ireland* in 2019. If we make you a formal offer later this year, we'll include more information about these changes in the information pack we send you then.

### What happens if the required majorities of policyholders don't vote for the *Irish Scheme* or the *UK Scheme*?

If the required majority of *Eligible Policyholders* don't vote for the *Irish Scheme*, neither the *Irish Scheme* nor the *UK Scheme* will go ahead.

Similarly, if the required majority of policyholders don't vote for the *UK Scheme*, neither the *Irish Scheme* nor the *UK Scheme* will go ahead.



## Next steps

If we obtain the relevant court approvals, there will be a *Policyholder Meeting* where *Eligible Policyholders* like you can consider, talk about and vote on the *Irish Scheme* together. You don't need to attend the *Policyholder Meeting* to vote – you'll also be able to vote online or by post.

We're not asking you to vote on the *Irish Scheme* at the moment and nothing will change unless enough policyholders vote in favour of the proposal and the relevant court approvals are given. However, we would like your feedback on the proposal now.

### STEP 1: You tell us what you think about the proposal

After reading your information pack, you let us know what you think about the proposal, including the voting *Class* we've proposed, by completing the enclosed *Feedback Form* or going online at [royallondon.ie/LiverIreland](https://royallondon.ie/LiverIreland)



### STEP 2: We consider your views

If enough policyholders indicate that they are supportive of the proposal and would like to hear more, we'll move to the next step (the *Convening Hearing*). If other policyholders want us to move forward, but you object to the proposal, we'll share your views with the *Irish High Court* at the *Convening Hearing*.



### STEP 3: The *Irish Scheme* is considered at the *Convening Hearing*

We'll ask the *Irish High Court* to consider the *Irish Scheme* and the *Class* we have proposed at the *Convening Hearing*. At around the same time, and in a similar process, the *UK High Court* would consider the *UK Scheme*.

Subject to any coronavirus restrictions, you (or a representative) can also attend the *Convening Hearing* and present your views to the *Irish High Court*. We've provisionally arranged for the *Convening Hearing* to take place at the *Irish High Court* at the Four Courts, Inns Quay, Dublin 7 on 21 June 2022. We'll confirm the date, time and format of the *Convening Hearing* on our website [royallondon.ie/LiverIreland](https://royallondon.ie/LiverIreland)

**STEP 4: We provide you with more information on the proposal and its impact on you**

If the *Irish High Court* and the *UK High Court* give the go ahead, the *Irish High Court* will agree at the *Convening Hearing* that we can provide you with a formal offer for you to vote on and will allow us to hold the *Policyholder Meeting*.

To help you make your decision and cast your vote, we'll give you more detailed information on the proposal. We'll also give you a personalised illustration showing you how we'd expect the proposal to affect your policy if it goes ahead.

*Royal London UK* would separately make a formal offer on substantially the same terms to eligible policyholders in the *Royal Liver Sub-Fund*.

**STEP 5: You vote on the Irish Scheme**

You'll be able to vote online, by post, or at the *Policyholder Meeting* (in person or virtually). We'll confirm the date, venue and format of the *Policyholder Meeting* nearer the time. If enough *Eligible Policyholders* vote in favour of the *Irish Scheme*, and enough policyholders vote in favour of the *UK Scheme*, we'll move to the next step.

**It's important to note that you'll be bound by the result of the vote. This means that if you don't vote, the outcome will still apply to you. You won't be able to "opt out".**

If either the *Irish Scheme* or the *UK Scheme* doesn't receive enough support from policyholders, the proposal will not be taken forward.

**STEP 6: The Irish High Court decides whether the Irish Scheme can go ahead at the Sanction Hearing**

The final step in the *Scheme of Arrangement* process is the *Sanction Hearing* where the *Irish High Court* would be asked to approve the *Irish Scheme* and confirm that we can implement it.

Subject to coronavirus restrictions, you can attend the *Sanction Hearing* and present your views to the *Irish High Court* either in person or through a representative. If you don't raise concerns about the voting *Class* at the *Convening Hearing*, you could still raise objections at the *Sanction Hearing*. However, the *Irish High Court* will expect some good reasons why you didn't object to the voting *Class* at an earlier stage.

The *Sanction Hearing* would take place at the *Irish High Court* at the Four Courts, Inns Quay, Dublin 7. We'd confirm the date in advance, but currently expect the *Sanction Hearing* to take place in December 2022.

If the *Irish Scheme* is approved by the *Irish High Court*, the proposal can only go ahead if the *UK Scheme* is also approved by the *UK High Court*. We cannot implement the proposal unless both the *Irish Scheme* and the *UK Scheme* are sanctioned by the *Irish High Court* and the *UK High Court* respectively.

If approved, the *Irish Scheme* would be implemented on a date agreed by the *Irish High Court*. We expect this to be 31 December 2022 and that the *Irish Scheme* and the *UK Scheme* will be implemented at the same time. We'd write to you again in early 2023 to confirm that the changes have been made and the effect on your policy.

## How will the voting work?

We're proposing that there will be one voting *Class* so that *Eligible Policyholders* in the *Liver Ireland Sub-Fund* will vote together on the *Irish Scheme*. Everyone voting will be able to vote online, by post, or at the *Policyholder Meeting* (in person or virtually). After the *Policyholder Meeting*, an independent voting registrar will count up the votes cast at the meeting and the relevant postal and online votes received.

In order for the vote to pass:

- The *Irish Scheme* must be approved by more than half (greater than 50%) of the *Eligible Policyholders* who vote (we call this the *Number Test*); and
- Those *Eligible Policyholders* voting for the *Irish Scheme* must represent at least three quarters (75%) of the total value of all the votes cast (we call this the *Value Test*). We explain how we will work out the value of your vote below.

If the vote passes, we'll move to the next step (Step 6) where the *Irish High Court* will decide whether to approve the *Irish Scheme*.

## How will we work out the value of your vote for your *Eligible Policy*?

The value of your vote for the purpose of the *Value Test* (your *Voting Value*) will be based upon the *Eligible Policy Value* of any *Contingent Bonus Policies* or *With Profits* investments you have in the *Liver Ireland Sub-Fund* that are eligible for the *Irish Scheme*.

We'll provide further detail on how your *Voting Value* has been calculated in the information pack that we'll send later this year (if enough policyholders are supportive of the proposal, and we get the relevant court approvals).

## What happens if you have more than one *Eligible Policy*?

If you have multiple *Contingent Bonus Policies* or policies with *With Profits* investments in the *Liver Ireland Sub-Fund* that are eligible for the *Irish Scheme*, you will have one vote for the purpose of the *Number Test*.

For the purpose of the *Value Test*, your *Voting Value* will take into account all of these policies and investments. We'd notify this to you if we make you a formal offer to vote on.



## 9. Your questions answered

**We've answered some important questions you might have here.**

If you don't see the answer you need below, please call us on **1800 00 11 52** (or **00 353 1 429 3301** if you're calling from outside Ireland). You'll need your policy number(s) which you can find at the top of the letter included with your information pack.



If you have a trusted family member or friend that you want to call us on your behalf, that's no problem as long as you're with them so that we can check that you're happy that we discuss your policy with them.

### How do I know if I'd be better off with the proposal, or with how things are today?

We've included an example in section 4 of this booklet to help you understand the difference between what your policy could pay out if the proposal does or doesn't go ahead.

As you'd still have a *Contingent Bonus Policy* or a policy with a *With Profits* investment, we cannot be certain what your policy will pay out. It's also possible that, if the proposal goes ahead, your policy could end up paying out a lower amount than it would have had the proposal not gone ahead. However, the proposal would give you more certainty over your final payout.

If enough policyholders are supportive of the proposal and the relevant court approvals are obtained, we'll send you another pack later this year. This will include a formal offer, and a personalised illustration to help you understand what the proposal could mean for you.

### Why does the *Uplift* not apply to future payments made into *Contingent Bonus Policies*?

If you have a *Contingent Bonus Policy* and the proposal goes ahead, we'll apply the *Uplift* to your *Eligible Policy Value*. Your *Eligible Policy Value* allows for all the payments we expect you'll make into your policy. Therefore, by applying the *Uplift* to your *Eligible Policy Value*, we'll have already applied the *Uplift* for payments you're expected to make into your policy in the future.

If you have a policy with a *With Profits* investment, your *Eligible Policy Value* only allows for *Eligible Payments* you've made to date. Therefore, to be fair to holders of policies with *With Profits* investments, if the proposal goes ahead, we'll apply the same *Uplift* percentage for any *Eligible Payments* you make into your *With Profits* investment after the proposal is implemented, as and when you make them.

### What do I do if I need financial advice?

We hope this information pack has given you enough information to form your opinion. If you have questions on the proposal, the legal process, or the next steps then please call the number at the start of this section. However, please note that we cannot give you financial advice. If you don't have a financial broker, you can find a professional in your area. Find out more at **brokersireland.ie**

Financial brokers may charge for their services, but they should agree any costs with you up front.

### When would the proposal no longer apply to my policy?

The proposal wouldn't apply to you if any of the following happens before the proposal is implemented:

<i>Pension policy</i>	<i>Endowment or Whole of Life policy</i>
<ul style="list-style-type: none"> <li>You take your retirement savings; or</li> <li>Your policy becomes payable as a death benefit to your beneficiaries; or</li> <li>You transfer your policy; or</li> <li>You switch out of your <i>With Profits</i> investment.</li> </ul>	<ul style="list-style-type: none"> <li>The <i>Life Covered</i> dies; or</li> <li>You cash in your policy early; or</li> <li>Your <i>Endowment</i> policy reaches the end of its term; or</li> <li>You switch out of your <i>With Profits</i> investment; or</li> <li>You choose to stop making payments into your <i>Contingent Bonus Policy</i> early; or</li> <li>Your policy ceases to entitle you to share in distributions from the <i>Estate</i>.</li> </ul>

### What should I do if the policyholder or *Life Covered* has died?

We're sorry to learn that the policyholder or *Life Covered* has passed away. Their executor or their next of kin should call us on **1800 00 11 52** (or **00 353 1 429 3301** if they're calling from outside Ireland) and we'll talk them through what they need to do.

### Why aren't all of my policies listed in my letter?

The *Irish Scheme* only applies to certain policies in the *Liver Ireland Sub-Fund* that are entitled to share in distributions from the *Estate* of the *Royal Liver Sub-Fund*.

Some policies with *With Profits* investments in the *Liver Ireland Sub-Fund* have valuable guaranteed benefits which we expect to pay out when these policies are claimed on retirement or maturity. We expect this will still be the case even if their *Eligible Policy Value* is increased by the *Uplift* under the proposal. This means we expect the proposal will have no effect on the amount we'd pay on retirement or maturity to the holders of these policies. As we expect the proposal won't increase the amount payable under these policies, we've decided to exclude these policies from the *Irish Scheme*.

### How do I know this isn't a scam?

We understand that everyone needs to be cautious these days. If the name Royal London Insurance DAC (*Royal London Ireland*) doesn't ring any bells, we're a subsidiary of The Royal London Mutual Insurance Society Limited (*Royal London UK*) registered in Ireland. *Royal London UK* is the largest mutual life, pensions and investment company in the UK.

Your policy transferred from *Royal Liver* to *Royal London UK* in 2011, and then transferred to us in 2019. We've been looking after your policy ever since.

So you feel safe that we're not trying to scam you, you can find us registered with the *Central Bank of Ireland* at [registers.centralbank.ie](https://registers.centralbank.ie)

### I've changed my contact details. How can I notify you?

You can change your contact details by calling us on **1800 00 11 52** (or **00 353 1 429 3301** if you're calling from outside Ireland). There may be certain documents we need from you to update your details.

### Will the proposal change the Irish tax treatment of my policy?

If your policy is an *Endowment* or a *Whole of Life* policy, the proposal will not impact the tax treatment of your policy for Irish tax purposes.

If your policy is a *Pension* policy, the proposal may impact how the proceeds of your policy are treated for Irish tax purposes. We'll give you more information on how you may be impacted if we write to you again with a formal offer.

### I've appointed a person under a power of attorney to look after my affairs. Have you told them about the proposal?

If you've appointed a person under a power of attorney but haven't told us about it yet, please call us on **01 429 3440**. You should then tell your power of attorney about the proposal and discuss this information pack with them. Your power of attorney is able to see a copy of this information pack on our website at [royallondon.ie/LiverIreland](https://royallondon.ie/LiverIreland)

If you've told us about the person that you've appointed under your power of attorney previously, this information pack has been sent to them to act on your behalf. If the proposal goes ahead and we make you a formal offer later this year, the lead person appointed under a power of attorney will be able to vote on your behalf.

### **I'm authorised to act on behalf of the policyholder under a power of attorney or further to a Ward of Court application. What should I do now?**

You should read this information pack carefully and then respond on the policyholder's behalf. You've received this pack because our records show that:

- You're authorised to act on behalf of the policyholder under a power of attorney or further to a Ward of Court application;
- If there's more than one person authorised to act on behalf of the policyholder under a power of attorney or further to a Ward of Court application, you're the most recently registered; or
- Where more than one person authorised to act on behalf of the policyholder under a power of attorney or further to a Ward of Court application was recorded at the same time, you're listed first.

You may not be the only person authorised to act on behalf of the policyholder under a power of attorney or further to a Ward of Court application. Please check the terms of your appointment and if you know of anyone else who holds this authorisation, please also share and discuss this pack with them.

### **I'm bankrupt or about to be declared bankrupt. Do I need to tell anyone about this?**

If you've been declared bankrupt, ownership of your policy may have automatically transferred to the official assignee. If this applies to you, you should share this information pack with them. If you've been declared bankrupt recently or you think we may not be aware of your bankruptcy, please get in touch with us.

### **Do I need to discuss this with the policy beneficiary?**

You may wish to share this pack with them, but you don't need to.

### **Our policy is jointly owned. How will voting work for us?**

Should we proceed to a formal vote then you will be entitled to cast a joint vote as an *Eligible Policyholder*. We will send a formal voting pack to the address we hold.

# Glossary

The financial services industry probably isn't the first place you'd look to find plain English. We've tried to make sense of the key terms in here, so please use this as a reference guide when you need to.

Term	Definition
<b>Actuary</b>	Someone who uses mathematical skills to measure risk and estimate its financial impact. The Society of Actuaries in Ireland is the professional body representing the actuarial profession in Ireland. Its website contains more information about the role of Actuaries (see <a href="http://web.actuaries.ie">web.actuaries.ie</a> ).
<b>Annual Bonus</b>	Gradual increases to the <i>Guaranteed Minimum Amount</i> we promise to pay out on <i>With Profits</i> investments. Once added, an Annual Bonus becomes part of the <i>Guaranteed Minimum Amount</i> and cannot be taken away.
<b>Caledonian Insurance Company</b>	Caledonian Insurance Company Limited.
<b>Central Bank of Ireland</b>	Ireland's central bank and the country's regulator responsible for the regulation of insurers, like <i>Royal London Ireland</i> and other financial services firms. The Central Bank of Ireland's mission is to serve the public interest by maintaining monetary and financial stability while ensuring the financial system operates in the best interests of consumers and the wider economy.
<b>Class</b>	The group of <i>Eligible Policyholders</i> who vote together on the <i>Irish Scheme</i> .
<b>Contingent Bonus</b>	Increases that are made to the <i>Policy Value</i> of <i>Contingent Bonus Policies</i> from time to time. Contingent Bonuses are paid out of the <i>Estate</i> of the <i>Royal Liver Sub-Fund</i> . They are not guaranteed and could be removed. We'd do this if, for example, investment returns were poor and we had to recover some of the previously declared Contingent Bonuses from policies to ensure the <i>Estate</i> remains big enough.
<b>Contingent Bonus Policy</b>	A policy designed to help you save for the future or help cover expenses when the <i>Life Covered</i> dies. Your <i>Policy Value</i> increases whenever some of the <i>Estate</i> of the <i>Royal Liver Sub-Fund</i> is distributed. Such distributions are called <i>Contingent Bonuses</i> . There is a <i>Guaranteed Minimum Amount</i> the policy will pay out in return for the payments you agree to make.
<b>Convening Hearing</b>	The <i>Irish High Court</i> hearing where the <i>Irish High Court</i> is asked to approve the convening of the <i>Policyholder Meeting</i> .

<b>Eligible Payments</b>	Eligible Payments are any payments made into your <i>Contingent Bonus Policy</i> or <i>With Profits</i> investment that aren't <i>Non-Eligible Payments</i> .
<b>Eligible Policies</b>	<i>Contingent Bonus Policies</i> and policies with a <i>With Profits</i> investment in the <i>Liver Ireland Sub-Fund</i> and managed in Ireland, subject to certain exceptions.
<b>Eligible Policy Value</b>	Your <i>Policy Value</i> allowing only for <i>Eligible Payments</i> . If the <i>Irish Scheme</i> goes ahead, we'll apply the <i>Uplift</i> to your Eligible Policy Value.
<b>Eligible Policyholder</b>	The legal owner of the <i>Eligible Policy</i> .
<b>Endowment</b>	A policy that pays out at the end of a set period of time or upon the death of the <i>Life Covered</i> if earlier.
<b>Estate</b>	A pot of money which is held back in the <i>Royal Liver Sub-Fund</i> to protect policies in the <i>Royal Liver Sub-Fund</i> and <i>Liver Ireland Sub-Fund</i> against future risks and to meet regulatory rules.
<b>Feedback Form</b>	A form that you can use to provide us with your feedback on the proposal, including the voting <i>Class</i> . A Feedback Form is included in your information pack.
<b>Final Bonus</b>	When your policy is claimed, your payout may include a Final Bonus. The way your Final Bonus is calculated depends on whether you have <i>Contingent Bonus Policy</i> or a policy with a <i>With Profits</i> investment. The <b>How your policy works</b> leaflet included in your information pack contains more information about how Final Bonuses are calculated.
<b>Guaranteed Minimum Amount</b>	The minimum amount that your <i>Contingent Bonus Policy</i> or <i>With Profits</i> investment will pay out as long as you've made the payments you agreed to make.
<b>Head of Actuarial Function</b>	The <i>Actuary</i> responsible for monitoring and reporting the financial position of <i>Royal London Ireland's</i> funds, supporting the <i>Royal London Ireland Board</i> in managing the risks associated with its funds, and considering the fairness for all of <i>Royal London Ireland's</i> policyholders.
<b>Independent Expert</b>	An experienced senior <i>Actuary</i> who will review the fairness of the <i>Irish Scheme</i> and provide a report to the <i>Irish High Court</i> . The Independent Expert has a duty to the <i>Irish High Court</i> and does not work for <i>Royal London Ireland</i> or <i>Royal London UK</i> .
<b>Irish High Court</b>	The Irish High Court, which will consider and, if thought fit, approve the <i>Irish Scheme</i> at the <i>Sanction Hearing</i> .
<b>Irish Life</b>	Irish Life Assurance plc.
<b>Irish Scheme</b>	The <i>Scheme of Arrangement</i> that <i>Royal London Ireland</i> is seeking to use to implement the part of the proposal that applies to <i>Eligible Policyholders</i> .

<b>Life Covered</b>	The person or people on whose life a life insurance policy is based.
<b>Liver Ireland Sub-Fund</b>	A closed <i>With Profits Fund</i> . The Liver Ireland Sub-Fund is part of <i>Royal London Ireland</i> .
<b>Liver Reinsurance Agreement</b>	<p>A legal contract between <i>Royal London UK</i> and <i>Royal London Ireland</i> that has been in place since <i>Royal London UK</i> transferred certain policies in the <i>Royal Liver Sub-Fund</i> that were originally sold in Ireland from the <i>Royal Liver Sub-Fund</i> to the <i>Liver Ireland Sub-Fund</i> in 2019.</p> <p>Under the Liver Reinsurance Agreement, the policies which transferred to the <i>Liver Ireland Sub-Fund</i> are reinsured by <i>Royal London UK</i>. The current position is that the <i>Royal Liver Sub-Fund</i> covers reinsurance claims made by <i>Royal London Ireland</i> to meet future claims made by policyholders whose policies transferred to the <i>Liver Ireland Sub-Fund</i>.</p>
<b>Liver Supervisory Committee</b>	A committee charged with considering the interests of all holders of policies in the <i>Royal Liver Sub-Fund</i> and <i>Liver Ireland Sub-Fund</i> . It exercises independent judgement when advising the <i>Royal London UK Board</i> and the <i>Royal London Ireland Board</i> on how to treat these policyholders fairly.
<b>Milliman</b>	An international actuarial and consulting firm. Milliman is among the world's largest providers of actuarial and related products and services.
<b>Mutual Organisation</b>	A company which doesn't have shareholders – its members are its customers. The profits of a Mutual Organisation may be shared amongst its policyholders and its members or used to give better returns or lower charges.
<b>Non-Eligible Payments</b>	Non-Eligible Payments are any payments that are made into your <i>With Profits</i> investment after 31 December 2021 and that are in excess of the level of payments that were due to be made into your <i>With Profits</i> investment at that date.
<b>Number Test</b>	One of the tests that must be passed in order for the <i>Irish Scheme</i> to be implemented. The Number Test is passed if more than half of the <i>Eligible Policyholders</i> who vote on the <i>Irish Scheme</i> vote in favour of the <i>Irish Scheme</i> .
<b>Pension</b>	A policy used to build up retirement savings. You can normally choose to retire and take your retirement savings any time after your 60th birthday.
<b>Periodic Payments</b>	Some policies pay out cash payments, known as Periodic Payments, on a recurring basis.

<b>Policy Value</b>	<p>Your <i>Contingent Bonus Policy</i> or <i>With Profits</i> investment has an underlying value which we call your Policy Value and which we use to determine how much to pay out when your policy is claimed. Your Policy Value can change over time.</p> <p>As explained in the <b>How your policy works</b> leaflet, the way we calculate your Policy Value, and what can cause it to change, depends on whether you have a <i>Contingent Bonus Policy</i> or a policy with a <i>With Profits</i> investment.</p> <p>Your Policy Value, as referred to in this information pack, doesn't include the value of any <i>Unit Linked</i> investments you might have.</p>
<b>Policyholder Meeting</b>	The meeting of policyholders convened by the <i>Irish High Court</i> to consider and, if thought fit, to approve the <i>Irish Scheme</i> .
<b>Royal Liver</b>	Royal Liver Assurance Limited, which was dissolved on 6 March 2012 and whose registered office was at the Royal Liver Building, Pier Head, Liverpool L3 1HT, United Kingdom.
<b>Royal Liver Sub-Fund</b>	This is one of <i>Royal London UK's</i> closed <i>With Profits Funds</i> .
<b>Royal London Ireland</b>	Royal London Insurance DAC. A subsidiary of <i>Royal London UK</i> , registered in Ireland.
<b>Royal London Ireland Board</b>	The board of directors of <i>Royal London Ireland</i> .
<b>Royal London Open Fund</b>	<i>Royal London UK's</i> largest <i>With Profits Fund</i> . This fund is still open to new policies.
<b>Royal London UK</b>	The Royal London Mutual Insurance Society Limited.
<b>Royal London UK Board</b>	The board of directors of <i>Royal London UK</i> .
<b>Sanction Hearing</b>	The hearing at which the <i>Irish High Court</i> will consider whether to approve the <i>Irish Scheme</i> .
<b>Scheme Contribution</b>	<p>If the proposal goes ahead, the <i>Royal London Open Fund</i> will take on responsibility for holding back enough money to protect policies including yours against future risks.</p> <p>In exchange for this, to help cover costs associated with the proposal, and to apply the <i>Uplift to Eligible Policy Values</i> in respect of future <i>Eligible Payments</i> made into <i>With Profits</i> investments, a payment (the Scheme Contribution) will be taken from the <i>Estate</i> of the <i>Royal Liver Sub-Fund</i> and paid to the <i>Royal London Open Fund</i>. The rest of the <i>Estate</i> will be distributed at once to policyholders who are entitled to share in distributions from the <i>Estate</i>.</p>
<b>Scheme of Arrangement</b>	A legal process which allows a company to enter into an arrangement with some or all of its creditors to change legal rights under an existing agreement with those creditors.



<b>Selected Retirement Age</b>	The age at which you told us you plan to retire and take your retirement savings, either when you took out your <i>Pension</i> policy or when you updated your details. We sometimes refer to this as normal retirement age.
<b>Smoothing</b>	<p>Smoothing is one of the features taken into account when setting payouts of policies with a <i>With Profits</i> investment. Smoothing does not apply to <i>Contingent Bonus Policies</i>.</p> <p><i>Final Bonuses</i> are added to policies with a <i>With Profits</i> investment in a way that aims to protect payouts from short-term variations in investment returns. Instead of adding big <i>Final Bonuses</i> in good years and no <i>Final Bonuses</i> in bad years, they are smoothed out. So, some of the investment gains earned during good years are held back and released as bonuses when returns have been poorer.</p> <p>The effect of Smoothing is intended to cancel itself out over the long term. This means that, over time, the amounts held back in good years should offset the amounts released as bonuses in bad years.</p>
<b>Sum Assured</b>	The minimum amount we guarantee to pay out when your <i>Contingent Bonus Policy</i> or <i>With Profits</i> investment is claimed, excluding any bonuses, in exchange for making the payments you agreed to make.
<b>UK Scheme</b>	The separate <i>Scheme of Arrangement</i> that <i>Royal London UK</i> is seeking to use to implement its part of the proposal.
<b>Unit Linked</b>	<p>A Unit Linked investment is divided up into a number of equal units. The price of each unit depends on the value of the underlying investments.</p> <p>If you have a <i>With Profits</i> investment under a policy, you might also have a Unit Linked investment under the same policy. Since Unit Linked investments aren't entitled to share in distributions from the <i>Estate</i>, they aren't affected by the proposal. Therefore, your <i>Policy Value</i> (as referred to in this information pack) doesn't include any Unit Linked investments you might have.</p>
<b>Uplift</b>	<p>The percentage by which we'll immediately increase your <i>Eligible Policy Value</i> if the proposal goes ahead.</p> <p>If you have a <i>With Profits</i> investment (as shown in your letter), we'd also top up your <i>Eligible Policy Value</i> by applying the same Uplift percentage for any <i>Eligible Payments</i> you make into your policy after the proposal is implemented, as and when you make them. The amount you pay into your policy won't be affected by the proposal.</p>
<b>Value Test</b>	One of the tests that must be passed in order for the <i>Irish Scheme</i> to be implemented. The Value Test is passed if those policyholders voting in favour of the <i>Irish Scheme</i> represent three quarters (75%) or more of the total <i>Voting Value</i> of all votes cast.

<b>Voting Value</b>	The value of your vote for the purpose of the <i>Value Test</i> (your Voting Value) will be based on the <i>Eligible Policy Value</i> of your <i>Eligible Policy</i> (or <i>Eligible Policies</i> ). We will provide further detail on how your Voting Value has been calculated in the information pack that we'll send later this year (if enough policyholders are supportive of the proposal and the relevant court approvals are obtained).
<b>Whole of Life</b>	A policy that pays out when the <i>Life Covered</i> dies.
<b>With Profits</b>	An investment designed to help you save for the future or help cover expenses when the <i>Life Covered</i> dies. The underlying value of your investment (your <i>Policy Value</i> ) changes with ups and downs in investment markets and other factors. However, there is a <i>Guaranteed Minimum Amount</i> the investment will pay out in return for the payments you agreed to make, no matter what investment markets do.
<b>With Profits Committee</b>	A committee of <i>Royal London UK</i> that oversees the management of <i>Royal London UK's With Profits Funds</i> and the distribution of the <i>Estate</i> to eligible policyholders in the <i>Royal Liver Sub-Fund</i> and <i>Liver Ireland Sub-Fund</i> .
<b>With Profits Fund</b>	A fund that contains <i>With Profits</i> policies.
<b>With Profits Operating Principles (WPOP)</b>	A document maintained by an insurer which describes how a <i>With Profits Fund</i> is managed in Ireland.



**We're happy to provide your documents in a different format, such as Braille, large print or audio – just ask us by calling 1800 00 11 52 (or 00 353 1 429 3301 if you're calling from outside Ireland).**



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