With-profits summary

On 31 December 2015 business from other insurance company subsidiaries of Lloyds Banking Group was transferred into Clerical Medical Investment Group Limited, which contains the Clerical Medical With-Profits Fund. That company was then renamed Scottish Widows Limited. Scottish Widows Limited runs two With-Profits Funds, namely the Clerical Medical With-Profits Fund and the Scottish Widows With-Profits Fund. This guide only considers the Clerical Medical With-Profits Fund (also referred to as the 'Fund' or 'With-Profits Fund' in this document).

New business in the Fund is currently limited to:

- additional investment where existing policies allow it, including investment for new members of group schemes
- where pension policies issued in Germany and Austria allow a with-profits annuity to commence on retirement.

Aims of this summary

This is an important document that should be filed for future reference.

- It provides a guide to investing in our With-Profits Fund.
- It helps you decide whether a with-profits investment is right for you.

When to read the summary

- You may be considering a with-profits investment and may wish to read this summary to build on information in the key features document and your personal illustration.
- You may already have a with-profits investment and wish to remind yourself how it works.

This summary explains how the main UK with-profits policies (post-1996 unitised with-profits policies) are managed. There are also other UK 'bonus classes' for both life and pensions policies that differ in some respects, which are summarised in the table in section 6.

1. Introduction

What this summary covers

This summary covers our approach to managing our With-Profits Fund and how our approach affects the returns you get.

This document is current as at January 2016. Our approach to managing the Fund can change, and we will tell you if we make any changes that may significantly affect your investment.

2. What is a with-profits investment?

This section gives a brief explanation of a with-profits investment. More details are given in sections 3 and 4.

Investment details

A with-profits investment is a medium to long-term investment meaning it should be held for at least five years, but preferably longer.

It is designed to increase the value of the money you invest and provide one or more guarantee(s) over the medium to long term. It also provides some stability against market ups and downs in the short term.

The guarantees provided will vary between policies, and are stated in your policy documents. The guarantees only apply when you take money out of the Fund in circumstances specified in your policy, for instance:

- for an endowment policy, on the maturity date
- for some bonds, on the optional encashment date you selected when you took out the policy, which for most policies is the 10th anniversary of the bond
- for some bonds, on every policy anniversary after the fifth anniversary of the policy
- for some bonds, when you take fixed regular withdrawals of a limited size that you chose when you took out the bond
- for pensions policies, on the retirement date you selected when you took out the policy, **or**
- for all plans, on death.

When we add regular bonuses to your investment, they increase the guaranteed amounts that we are committed to pay in these circumstances.

You may get back less than you invested.

Your money is pooled with that of other with-profits investors, with all collectively sharing in the fortunes of the Fund.

This Fund is invested in shares in UK and overseas companies, property, fixed-interest investments (such as Government bonds) and other types of investment (including cash). Together these investments are called ‘Fund assets’. Investing in a mix of assets helps spread risk as it ensures returns aren’t dependent on any one type of asset. Stability in the short term is also helped by smoothing.

Smoothing

A with-profits investment has a special feature called ‘smoothing’. Smoothing works by keeping back some of the gains earned in good investment years and using them to help pay bonuses in poor investment years.

Smoothing will not protect your investment fully from large or long-term falls in investments. Even with smoothing, if there are large changes in stockmarkets, final bonuses (and Market Value Reductions (MVRs) – see page 6) and therefore payouts can sometimes move up or down very significantly, even within a few months.

Returns

Because of the smoothing process, the return you get is not based on the precise level of the stock market on the day you invest, or the precise level on the day you take money out.

By smoothing through the ups and downs, you may receive a higher or lower return than the unsmoothed performance.

Investors do not all get the same returns. It depends, amongst other things, on the particular terms of the policy.

Risk profile

Over the longer term, the potential performance of the Fund is similar to other funds we offer with a similar mix of assets. But over the short term, smoothing reduces the effect of market ups and downs. The performance of the Fund is also impacted by the cost of the valuable guarantees provided by the Fund.

3. What affects the performance of my policy?

Investment returns

The returns earned by assets applicable to your policy have the biggest impact on the value of your investment.

We aim to achieve growth over the long term whilst ensuring that we can meet the Fund's guarantees. We do this by having a significant proportion of the assets in higher-risk assets such as company shares and property.

Company shares and property are higher risk than fixed-interest investments, and their value tends to go up and down to a greater extent than other types of assets such as cash and Government bonds. Over longer periods, they have also tended to produce better returns, although this is not guaranteed to continue in the future.

Sometimes, we may also use a type of investment called a 'derivative'. An example is an investment where the return depends on the performance of an index (such as the FTSE 100) without having to buy the underlying shares or fixed interest securities within the index.

We constantly monitor and manage the assets in which the Fund is invested and will change them depending on:

- our view of investment market conditions
- the total amount of guarantees provided on policies in the Fund.

For detailed up-to-date information on where the Fund is invested please refer to our 'With-profits investment factsheet'. This is available from your financial adviser or on the **www.clericalmedical.co.uk** website.

Taxes in the Fund

Currently, if you have a UK pension policy any fund growth is free of UK income and capital gains tax. However, any dividends which have been received into the Fund from UK stocks and shares will have been subject to corporation tax.

If you have any other type of UK policy, tax is deducted from the investment return.

Please note that tax rules can change in the future.

4. What affects my share of the Fund?

We share out the distributable performance of the Fund to its investors through bonuses.

The following sections describe how we share out returns to investors and why these returns can vary between different groups of investors.

Bonuses

There are two types of bonuses:

- Regular bonus – we add this during the lifetime of your policy. We decide the rate once a year, but we can change it mid-year if investment conditions change significantly. We add it to your investment by increasing the value of the units you have in the With-Profits Fund (the unit price) throughout the coming year. (The terms 'units' and 'unit prices' do not apply to some policies, for example, 'traditional' policies – please see section 6 for details.)
- Final bonus – we might add this when you take money out of the With-Profits Fund. We normally review this twice a year, on 1 February and 1 August, but we may need to change it at short notice if investment conditions change significantly. Final bonus rates vary depending on the start date of the policy.

How do you decide the bonus rates?

Regular bonus

- Our view of future economic conditions and the likely investment returns that the Fund will produce is very important in deciding the regular bonus rate.
- We also have to bear in mind that, where guarantees apply, we cannot take away regular bonuses once we have added them to your investment. This means that we set the rate lower than we otherwise might do, and we may set regular bonus rates at zero. If we didn't set rates this way, the guarantees in the Fund could become big enough to force us to increase the percentage of the Fund's assets invested in fixed-interest assets. Changing the Fund's assets in this way would mean we would expect to achieve a lower total return on your investment over the long term, even though the guaranteed part of the return on your investment that comes from regular bonuses might be higher.
- If stock markets fall, the potential cost of the guarantees increases because the value of the Fund's assets is less, and we may have to reduce the regular bonus rate by more than we otherwise might do.

Final bonus

- Normally, the investment returns we have not passed on as a regular bonus build up. In this event, we add a final bonus to 'top up' your policy to a fair level.

The final bonus top-up therefore depends on how the Fund's assets have performed, which means the amount can vary greatly between investments made over different periods.

- When we decide the final bonus, we consider:
  - the returns that the Fund has achieved over the term of your investment
  - what our calculations suggest the total payout should be, based

on a fair share of the total distributable Fund value after allowing for smoothing

- because we set final bonuses six-monthly, we take into account our expectations of investment returns for the coming six months. Normally, we do not make changes to the final bonus during the coming six months, and only do so if there is a significant change in investment conditions from those we expected, **and**
- the amount paid out recently for similar policies.

Smoothing

The return you get is not based on the precise level of investment markets on the day you invest, or the precise level on the day you take money out. By smoothing through the ups and downs of market movements, you may receive a higher or lower return than the unsmoothed performance.

The bonuses we pay aim to share out all the Fund's distributable performance. We do not aim to hold money back over the longer term. We aim to control the payout carefully to ensure that each investor does not get too much or too little.

In summary we aim to:

- smooth through some of the peaks and troughs of stock market values
- pay out all the Fund's distributable returns we have earned to investors as a group
- pay out a fair share of investment performance to each investor.

Smoothing will not protect your investment fully from large or long-term falls in investments. Even with smoothing, if there are large changes in stockmarkets, final bonuses and MVRs and therefore payouts can sometimes move up or down very significantly, even within a few months.

However, we aim to limit changes in payout to a maximum of 10% over any 6-month period or 15% over any 12-month period. In certain circumstances, we may increase these limits on changes:

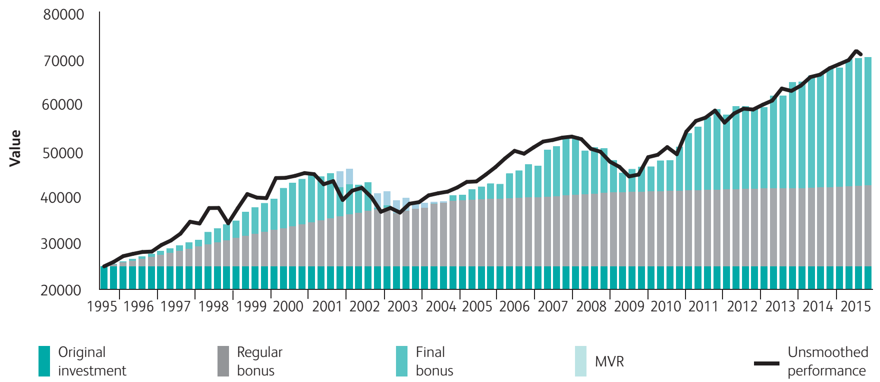
- Sustained periods of depressed markets can mean that we are unable to limit reductions in payouts to these maximum changes and we have to increase the limits. If we were not to do this, we would pay too much to policyholders leaving the Fund, which would not be fair to investors remaining in the Fund. For example, we reduced payments by more than the maximum in the years 2000 to 2003, and 2007 to 2009, when there were large sustained falls in the stock market, with the FTSE 100 falling respectively 50% and 40% from its previous peak.
- If the excess estate available for distribution (see page 9) increases, we'll distribute it by increasing final bonus rates (and reducing MVR rates, where they apply) and we may increase the limits in order to distribute a fair share of that excess estate to investors leaving the Fund. Similarly, if the position of the Fund worsens and the amount available decreases, then we will reduce final bonus rates and increase MVR rates, and that reduction may be by more than our usual limits.

The chart below shows how we have operated smoothing on our With-Profits Bonds since 1995. We have used the With-Profits Bond as an example, but the chart illustrates the principle for any of our with-profits policies.

The chart compares the actual performance of the With-Profits Bond against the unsmoothed performance of the With-Profits Fund. The actual performance is produced by regular bonuses added during the investment period, and final bonuses added when money is paid out. Where the addition of these bonuses have resulted in payouts in excess of a fair share, a MVR is applied (see page 6). This has the effect of reducing the amount paid, unless a guarantee applies (see section 2) in which case the MVR is not applied.

This chart is for illustrative purposes only

An example of how smoothing works: With-Profits Bond investment returns since launch



Source: Clerical Medical. Basis: £25,000 investment. The figure without market value reduction (MVR) would only be applicable where a guarantee was in force. The return is after deducting the annual management charge, but not the contract fees.

Period: 1 July 1995 to 1 October 2015.

Performance for the period 1 October 2010 to 1 October 2015, With-Profits Bond £33,206 (without MVR) £33,206 (with MVR). Unsmoothed performance for the period 1 October 2010 to 1 October 2015 £30,665.

The chart illustrates the effect of smoothing for one policy. The effect of smoothing varies between policies. The figures refer to the past and past performance is not a reliable indicator of future results.

In particular, from 2009 we reduced the element of smoothing, so payouts will go up and down a bit more than they did before as they will reflect market conditions at the time more closely. But the ups and downs will not be as extreme as they would be without any smoothing at all so this is still a valuable feature of your with-profits investment.

Market value reductions (MVRs)*

*This section on MVRs does not apply to some policies, for example, 'traditional' policies – please see section 6 for details.

In normal stock market conditions, we expect to apply the same smoothing approach on money taken out of the With-Profits Fund, regardless of whether the money is being taken out in circumstances where guaranteed payments apply. We do this by adding a final bonus to the amount we pay. We may apply an MVR if the face value of the units is expected to exceed your fair share of the fund, for example when stock markets are low.

When you come to take money out of the Fund, and a guarantee doesn't apply (see section 2), we may need to make a reduction called a market value reduction (MVR). Market value reductions are never made if you receive a payout under your with-profits investment when a guarantee applies (the times when guarantees apply are explained on page 1).

When a guarantee does not apply a market value reduction would still only be made if the value of your units meant your investment would be worth more than your fair share (see "Working out your fair share" on page 7). In this event, the MVR would have the effect of reducing the amount paid out, so that it was in line with your fair share.

This is a fundamental aim of a with-profits investment, ensuring that everyone receives a fair share of the Fund's fortunes.

Charges*

*This section on Charges does not apply to some policies, for example, 'traditional' policies – please see section 6 for details of the charges that apply.

The charges we make vary between products. Full details are set out in product literature. As part of the normal operation of the Fund, there are no deductions for administration expenses on your policy, other than the charges, and the costs related to buying, selling and holding assets. However, we may charge to the With-Profits Fund exceptional costs relating to the operation of the Fund. These costs would be paid from the With-Profits Fund's estate, (for an explanation of the estate and estate distribution – see section 5), and so they would reduce what is available for future distribution to policyholders from the estate.

Guarantees

When we add regular bonuses to your investment we are committing to pay them on specific events (see section 2), depending on your policy (for instance, on your selected retirement date or death). So we have to ensure that the Fund is able to meet these guaranteed payouts in the future.

We currently make a deduction from the return earned by the Clerical Medical With-Profits Fund to cover the cost of meeting these guarantees.

The future level of deduction largely depends on two things:

- past and future performance of the assets applicable to policies invested in the Fund
- the overall amount of money paid into, and withdrawn from, the Fund.

The level of deduction we apply is not expected to exceed 1% in any one year. But, in very adverse market conditions, we may have to deduct more than this to ensure that guarantees are met across the Fund.

We regularly monitor the level of deductions to check that they are fair for each group of policyholders as a whole. We are currently deducting less for premiums paid after 1 January 2008 than for premiums paid before 1 January 2008, but this may not continue in the future.

The impact of this deduction will be a reduction in your final bonus or an increase in any applicable MVR.

Working out your fair share

To calculate your fair share, we calculate the amount resulting from investing premiums less deductions on typical policies and this mainly determines what we pay out as each policy's share of the Fund. This is called the 'asset share'.

We aim to pay amounts that are within 20% of the asset share.

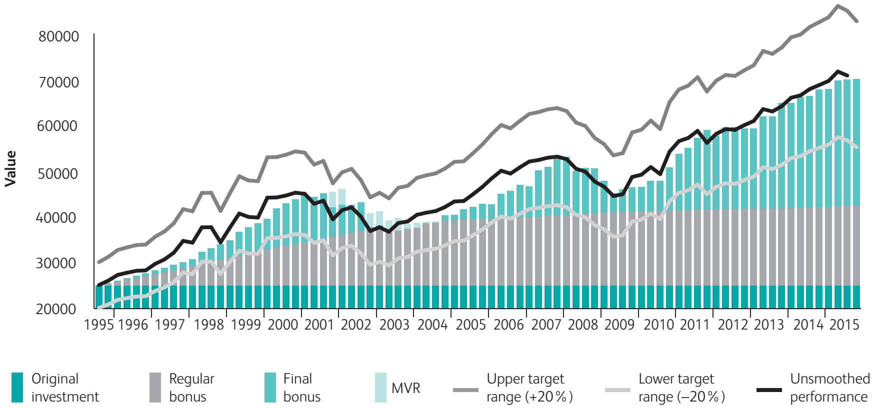
We expect to achieve that aim most of the time and for at least 90% of policies, but we may not achieve it all the time. For example, if stock markets rise or fall by unusual amounts in a short period, we may decide not to change bonuses immediately to adjust the amount being paid out, or we may limit the change to ensure it is not excessive.

The chart opposite demonstrates how our fair share principle works. Like the previous chart it is based on an investment in our With-Profits Bond at launch in July 1995. It shows that payouts have always been within our stated range at all possible encashment dates.

In the event that a guarantee applies when you take your money out, we pay the guaranteed amount even if this is higher than the asset share.

This chart is for illustrative purposes only

Working out your fair share – an example based on With-Profits Bond investment returns since launch



Source: Clerical Medical. Basis: £25,000 investment. The figure without market value reduction (MVR) would only be applicable where a guarantee was in force. The return is after deducting the annual management charge, but not the contract fees.

Period: 1 July 1995 to 1 October 2015.

Performance for the period 1 October 2010 to 1 October 2015, With-Profits Bond £33,206 (without MVR) £33,206 (with MVR). Unsmoothed performance for the period 1 October 2010 to 1 October 2015 £30,665.

The chart illustrates the effect of smoothing for one policy. The effect of smoothing varies between policies. The figures refer to the past and past performance is not a reliable indicator of future results.

In particular, from 2009 we reduced the element of smoothing, so payouts will go up and down a bit more than they did before as they will reflect market conditions at the time more closely. But the ups and downs will not be as extreme as they would be without any smoothing at all so this is still a valuable feature of your with-profits investment.

5. How do you ensure the Fund is managed fairly and effectively?

Fairness

In this document we have briefly explained how we operate our With-Profits Fund using rules that are designed to ensure fairness. More detailed information is available in our Principles and Practices of Financial Management (PPFM) that can be found on the **www.clericalmedical.co.uk** website.

The rules still allow us an element of discretion, and we believe that this works to the benefit of investors.

Stock markets can be volatile. If we were to follow rules mechanically in all investment conditions, there would be times when those rules could work unfairly in favour of one class of investor at the expense of another class.

We have a formal framework to ensure that we operate fairly. We have a With-Profits Committee which considers any significant transactions and issues that could cause a conflict between different classes of policyholders and between policyholders and the shareholder. It advises the company's Board, aiming to ensure that policyholders' interests are dealt with fairly. The terms of reference of this committee can be found on our website.

Investment strategy

The company's Board sets the investment strategy. A committee reporting to the Board advises on how much of the Fund to invest in each type of asset allowing the investment managers some freedom to depart from this within a set range. Our investment managers then aim to invest in the most attractive assets taking into account the investment risk. We may manage holdings in some types of asset so that those assets track stockmarket indices.

Rather than have one investment strategy for the whole Fund, we have a different investment strategy for each part of the Fund's assets.

- The assets which support the asset shares and principally drive future bonus amounts and therefore policy payouts. A significant proportion is usually invested in higher risk assets, such as company shares and property, which have the potential for higher returns and therefore growth. We may invest in UK and overseas company shares and the balance between these will change from time to time.
- The remaining assets in the Fund, collectively known as 'the estate', held as a cushion to support payouts in adverse conditions such as a fall in stock market values. We have a more cautious investment strategy, which is to hold assets such as cash deposits and UK government bonds, for this part of the Fund than we do for the asset shares. We also invest the part of the excess estate which is added to asset shares in this way. This helps keep the value of the estate stable, which in turn allows us to keep a significant proportion of the assets supporting the asset shares invested in higher risk assets.

Prudent management

The Board takes advice from its actuaries including the With-Profits Actuary on the prudent management of the Fund, managing the risks to the Fund in such a way that the company can meet the guarantees it provides. Committees regularly monitor the impact of risks on the financial position of the Fund and, if needed, they ensure that actions are taken to control the risks.

Distribution of excess estate

Unless the Fund is re-opened to new business generally, with little new business coming into it, the Fund will reduce in size over time. At least once a year, we review the level of the estate needed to meet the aims of prudent management of the Fund. Following a review of the amount needed to support the Fund, a distribution of excess estate was started from 1 February 2010. This is being done through the normal periodic bonus review processes, gradually setting slightly higher amounts of final bonus than would otherwise apply, or lower MVRs, where they apply. In the event that a guarantee applies when you take your money out, we pay the guaranteed amount if this is higher than the amount we would otherwise pay you when your policy is surrendered or matures.

For money invested after 1 February 2010, the amount we add depends on when the money is invested; for an amount to be added there will need to be an increase in the level of estate distribution after the date the money is invested.

We review periodically the level of estate against what is needed. There may be times when we can increase the amount of any excess estate included in any final bonus, but there may be times when we have to reduce it or possibly not pay anything extra at all.

Eligibility for distribution of the excess estate

The following rules describe which policies are eligible to share in the distribution of estate that started on 1 February 2010. We will tell you if we make any changes in eligibility criteria for sharing in this or future distributions.

If you have a policy that commenced before 1 January 2011 and ended after 1 February 2010, you are eligible for any extra bonus amount relating to this estate distribution when you take money out of a with-profits policy.

If you had a policy that ended before 1 February 2010, you won't be eligible for any such extra bonus amount.

Any policy taken out after 1 January 2011 will not be eligible for any such extra bonus amount.

These rules are subject to exceptions and clarifications for certain policies, including the following:

- If you have an existing single premium policy that was in force as at 1 January 2011 and make an additional investment after that date, the additional investment won't be eligible for any extra bonus amount.
- If you switch from another fund into with-profits after 1 January 2011, the investment won't be eligible for any such extra bonus amount.
- If you switched to another fund out of with-profits before 1 February 2010, you won't be eligible for any such extra bonus amount.
- If you have a regular premium policy that was in force as at 1 January 2011, the regular premiums and increments to regular premiums paid into the policy after 1 January 2011 will be eligible for any such extra bonus amount.
- If you have a pension policy that started before 1 February 2010, and your selected retirement date as stated in your policy certificate is after 1 January 2011, you'll be eligible for any such extra bonus amount when you get to your selected retirement date. But, if you decide to take benefits later than that, you'll only receive the estate bonus amount added on your selected retirement date and you won't be eligible for any extra bonus amount on your policy after your selected retirement date.

How we make decisions

Like every insurance company, we have appointed a senior actuary – the With-Profits Actuary – to advise on the fair exercise of discretion in running the Fund. The Board and its committees make their decisions taking into account the advice of the With-Profits Actuary and the With-Profits Committee.

Arrangements on low levels of new business or closing to new business

New business in the Fund is currently limited to:

- additional investment where existing policies allow it, including investment for new members of group schemes
- where pension policies issued in Germany and Austria allow a with-profits annuity to commence on retirement.

We continue to manage the Fund in the same way as if it were more generally open to new business. It is possible that the Fund could be reopened to new business at a later date.

Assets held outside the Fund

In most circumstances payouts are met from the Fund. However, the with-profits policies with benefits payable from the Fund can rely, in extreme circumstances, on assets of the company which are held outside the Clerical Medical With-Profits Fund.

6. Different bonus classes

Scottish Widows Limited runs two With-Profits Funds, namely the Clerical Medical With-Profits Fund and the Scottish Widows With-Profits Fund. This guide only considers the Clerical Medical With-Profits Fund. All the different types of with-profits policies, UK and overseas, are supported by the same Fund. However the Fund is notionally sub-divided for specific purposes, for example:

- Setting bonuses – different groups of policies called 'bonus classes' may have different bonus and MVR rates.
- Investment management – the Fund may hold different groups of assets for different bonus classes.

There are currently four main types of UK policies:

- Growth bonds
- Life (regular payments)
- Pensions (regular payments)
- Pensions (single payments)

and several international types called Offshore With-Profits and Guaranteed Growth Fund.

This summary explains how the main UK policies are managed. There are also other UK bonus classes for both life and pensions policies. They are managed according to the same principles and practices, except for differences in some respects as summarised in the following table.

Bonus class	Variation from main policies
With-Profits Income Fund	The fund aims to provide a relatively high income with as much stability of income and capital as we can provide. As a result the method for setting bonuses and investment strategy is different in order to meet this objective.
UK With-Profits Annuities	The bonus structure is different. Each year on the anniversary date of your policy we will add the following to your basic income for the following year: a regular bonus and a possible extra bonus that is paid for the coming year only, and might go up or down at the next anniversary date.
UK unitised with-profits sold before demutualisation on 1 January 1997	These work in exactly the same way as policies sold from demutualisation, except that the deduction for expenses as a percentage of the fund is lower.
Traditional business sold before and after demutualisation on 1 January 1997	Rather than having units with a unit price, there is a guaranteed benefit such as a sum assured, which is payable on maturity and to which bonuses are added. If you cash in your policy early, we pay a surrender value. There are no explicit fund charges; instead we deduct an amount to cover the expenses of running traditional policies, including investment management expenses, when we are calculating bonuses. We review the level each year to reflect our actual expenses, and periodically check that the deductions are not out of line with comparable rates charged by other companies. Shareholder's profits – on policies after 1 January 1997, Lloyds Banking Group is entitled to receive up to one ninth of the value of bonus payments as shareholder's profits. Guarantee deductions – for policies started before 1 January 1997, 2% of the premium has been deducted from premiums paid before 1 January 1997.

(continued overleaf)

	There will be no further charge for guarantees in respect of these premiums; this applies only to these premiums. There is an allowance for the cost of life cover in asset share calculations.
Pensions smoothed yield (Group Pension Contract/Directors' Pension Plan/ Executive Pension Contract)	Different interest structures, smoothing policy, surrender policy, guarantee deductions, expense deductions – please see our Principles and Practices of Financial Management.
Halifax Life pensions	There are different eligibility rules for distribution of excess estate: - If you have an existing single premium policy that was in force as at 1 January 2011 and make an additional investment, the additional investment will be eligible for any extra bonus amount relating to this estate distribution when you take money out of a with-profits policy. - If you switch from another fund into with-profits after 1 January 2011, the investment will be eligible for any such extra bonus amount. - If you decide to take benefits later than the original pension date as stated in your policy certificate, you will be eligible for any extra bonus amount on your policy before and after that original pension date.
Equitable Life pensions	Certain policies are allowed access to the Clerical Medical With-Profits Fund through a reinsurance arrangement (please see our Principles and Practices of Financial Management (PPFM)). They are managed in the same way as the main UK with-profits policies (post-1996 unitised with-profits policies, described in this with-profits summary and in more detail in the PPFM). The Clerical Medical Fund is completely separate from Equitable's With-Profits Fund and has no liability for it.
Nat West Life (life and pensions)	Certain policies are allowed access to the Clerical Medical With-Profits Fund through a reinsurance arrangement (please see our Principles and Practices of Financial Management (PPFM)).

	They are managed in the same way as the main UK with-profits policies (post-1996 unitised with-profits policies, described in this with-profits summary and in more detail in the PPFM).
The Halifax Life With-Profits Annuity	The bonus structure is different. Each year on the anniversary date of your policy we will add the following to your basic income for the following year: a regular bonus and a possible extra bonus that is paid for the coming year only, and might go up or down at the next anniversary date.

7. Where to get more information

More detail on the information in this summary is given in our Principles and Practices of Financial Management (PPFM). This is primarily aimed at advisers.

The Financial Conduct Authority requires us to produce a customer friendly version of our PPFM (‘CF PPFM’) – this summary is our CF PPFM.

If you want a copy of the PPFM, or have any further queries about your with-profits investment, please contact your financial adviser or call us on **0345 788 3333.**

Don’t forget, further information on with-profits can be found on the **www.clericalmedical.co.uk** website.

Most recent changes in practices

The table below gives a summary of the most recent changes we've made to the way we manage the Fund (the 'practices').

Date	Change to practices	Where to find more information
September 2009	We announced changes to the investment strategy of part of the Fund and a change to our approach to smoothing.	Go to pages 9 and 4/5
May 2010	We announced that we were starting to distribute the excess estate within the Fund by adding an extra bonus amount when policies paid out.	Go to page 9
January 2011	We introduced eligibility conditions for the distribution of any excess estate: If you have a policy that started before 1 January 2011 you're eligible for the extra amount. Policies taken out after 1 January 2011 are not eligible (some exceptions apply).	Go to page 10
April 2011	We clarified the effect that the distribution of the excess estate will have on our smoothing approach. And we clarified that for money invested after 1 February 2010 the amount of extra bonus from the distribution of any excess estate depends on when money was invested in the Fund.	Go to pages 4 and 9
May 2012	We announced: • Lower deductions to cover the cost of guarantees. • Changes to our approach to managing the assets within the Fund. • Our position with regard to accepting new with-profits business.	Go to pages - 6/7 - 9 - 11
February 2014	• We announced changes in our approach to the investment in company shares. • We clarified that the distributed estate is invested in more cautious assets than the assets supporting the asset shares. • We clarified how we apply an MVR. • We clarified the role of the With-Profits Committee.	Go to pages - 9 - 9 - 6 - 8
January 2016	Changes to explain that on 31 December 2015 business from other insurance company subsidiaries of Lloyds Banking Group was transferred into Clerical Medical Investment Group Limited, which contains the Clerical Medical With-Profits Fund. That company was then re-named Scottish Widows Limited.	Go to page 11

www.clericalmedical.co.uk

Clerical Medical is a trading name of Scottish Widows Limited. Scottish Widows Limited is registered in England and Wales No. 3196171. Registered office in the United Kingdom at 25 Gresham Street, London EC2V 7HN. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Financial Services Register number 181655.

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