

# Information about your 2023 policy bonuses

## Resolution Life (former-AMP Life) Whole of Life and Endowment policies

### Annual and Terminal bonus rates effective from 1 May 2023

As part of your Whole of Life or Endowment policy, you are entitled to receive profits earned on the value of the assets in the portfolio in the form of a bonus.

There are two types of bonuses available:

1. Annual bonus; and
2. Terminal bonus.

From 1 May 2023, we are declaring higher Annual bonus rates for both Super and Ordinary (non-Super) policies relative to the rates declared last year (an increase of 0.3% for Super policies and 0.4% for Ordinary policies).

We are declaring unchanged Terminal bonus rates effective from 1 May 2023 for both Super and Ordinary policies from the rates declared last year.

Your Annual Statement will show the impact of this bonus declaration on your policy. For a further explanation of the bonus rate changes, see 'Setting bonus rates for 2023'.

**Note:** The bonus rates declared may impact any recent estimates you may have received on your maturity value.

### Setting bonus rates for 2023

The investment performance of the assets supporting your policy is an important factor in the levels of bonuses that can be declared.

As market values fluctuate over time, we analyse investment performance since the last bonus declaration and update bonus rates to reflect the impacts of changes to investment markets and expected future earnings rates. Bonus rates are reviewed throughout the year, although changes normally occur on 1 May each year.

2022 was a turbulent year for financial markets, with concerns around rising inflation in particular impacting valuations. Against this backdrop, portfolio returns for the year from growth-type assets ended largely flat, with negative returns on equities (shares) largely offset by positive returns on property and infrastructure assets.

Long term bond yields influence our expectations for future investment returns and impact the amounts we need to set aside to ensure we can meet our contractual obligations to our policyholders. These obligations include paying guaranteed benefits (sum insureds and any previously accrued Annual bonuses) on claim and on policy maturity.

Over 2022, medium-to-long-term bond yields in Australia increased substantially (by around 2.0% - 2.5%), supporting increases to Annual bonus rates.

We aim to set Annual bonus rates that are sustainable and fair to our policyholders over the lifetimes of their policies. From 1 May 2023, we are declaring higher rates (an additional 0.3% - 0.4%) than those declared last year.

We aim to set Terminal bonus rates that distribute portfolio investment returns fairly to our policyholders over the lifetimes of their policies. From 1 May 2023, we are declaring unchanged Terminal bonus rates for both Super and Ordinary policies relative to those declared last year.

The impact of this bonus declaration on your policy's benefits and the bonuses for your policy are shown on your Annual Statement.

### Annual bonuses

Like interest on a bank account, Annual bonuses accumulate and compound over time.

Annual bonuses are accrued on your policy on the anniversary of your policy commencement date. Once accrued, Annual bonuses are guaranteed and are payable in full when your base sum insured becomes fully payable (e.g. on claim or on policy maturity).

**Note:** Annual bonuses that are yet to accrue are not guaranteed.

On your Annual Statement, your Annual bonuses are expressed in two parts:

1. The existing accrued Annual bonuses that your policy earned until your last Annual Statement, and
2. The new Annual bonus earned in the current policy year, up until the Annual Statement date.

### Terminal bonuses

A Terminal bonus is normally paid upon claim or on maturity of your policy. If you do not wish to continue your policy, a partial Terminal bonus may be included in the Withdrawal benefit paid to you.

Your Terminal bonus is calculated as a percentage of your Annual bonuses already accrued.

**Important:** Unlike Annual bonuses, Terminal bonuses are not guaranteed.

Terminal bonuses reflect past investment returns that have not yet been guaranteed within your policy. They are used to pass on investment returns to you, usually from more volatile assets such as equities (shares). As they have a greater recognition of current investment returns and market values, Terminal bonuses are normally more volatile than Annual bonuses.

The Terminal bonus on your Annual Statement represents the Terminal bonus that you would have received if a claim was paid on the date the Annual Statement was produced.

**Note:** Your Terminal bonus can increase or decrease over time for various reasons (e.g. actual investment returns being different than expected).

Any change you make to your policy terms (e.g. ceasing premium payments) may also affect the amounts of both your Annual and Terminal bonuses.

## Withdrawal benefit

If you do not wish to continue with your policy, you will normally be entitled to take a proportion of your full benefit. The amount payable is called the 'Withdrawal benefit'.

As with your claim and maturity values, the Annual bonus declared each year will usually increase your Withdrawal benefit. Your Withdrawal benefit will also generally increase or decrease as Terminal bonus rates change.

An increase in Terminal bonus rates will typically increase your Withdrawal benefit and vice versa — a decrease in Terminal bonus rates will typically reduce your Withdrawal benefit.

If bonus rates remain unchanged and premiums are paid on time as scheduled, your Withdrawal benefit will typically increase as your policy ages.

**Important:** The full value of your sum insured and bonuses are only payable in full when the sum insured becomes payable, usually on claim or maturity. Therefore, the Withdrawal benefit of a policy will generally be less than the amount you would receive upon claim or when the policy matures.

## Does your policy still match your needs?

Your policy is a valuable financial asset for your future. Your objectives or needs may have changed since your policy began and you may want to review your policy to cater for these changes.

Options are available to help keep your policy in line with your changing needs. For example, you can:

- increase your level of cover to help protect your policy value against the effects of inflation
- cash part of your Annual bonuses from your policy, but maintain an additional insurance cover
- convert to an endowment policy (in certain cases), or
- alter your premiums or your policy term (within certain restrictions).

### For more information

Contact your financial adviser or our Customer Service Centre on 133 731 to discuss the options available to you or any questions about your policy.

Visit [resolutionlife.com.au/resolution-life-conventional-products](https://www.resolutionlife.com.au/resolution-life-conventional-products) for more information about Conventional products.

### What you need to know

Conventional (Whole of Life & Endowment) ordinary products are issued by Resolution Life Australasia Limited ABN 84 079 300 379, AFSL No. 233671 (Resolution Life). Resolution Life is the issuer of Conventional (Whole of Life & Endowment) superannuation products to Equity Trustees Superannuation Limited ABN 50 055 641 757, AFSL No. 229757, RSE Licence No. L0001458 (ETSL) as trustee of the National Mutual Retirement Fund ABN 76 746 741 299 (Fund) which in turn the Trustee makes these products available to Fund members.

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