First Briefing, July 2018
Equitable Life

Introduction

On 15th June 2018, The Equitable Life Assurance Society ("the Society") announced that it had signed an agreement to transfer the Society and all of its policies to Reliance Life.

This will affect all the Society's policyholders, but will be of particular significance to with-profits policyholders as they will need to vote on the proposal before it can go ahead. The vote is expected to take place in mid-2019 and if the transfer is approved it is expected to take place towards the end of 2019, after High Court approval.

Who are Reliance Life?

Reliance Life is a subsidiary of Life Company Consolidation Group, a specialist European life assurance group which is responsible for £24bn of primarily unit-linked policyholder assets for more than 250,000 customers.

What will this mean for the Society's policyholders?

If the proposal is approved then:

- It is expected that the capital distribution for with-profits policies will increase from the current level of 35% to between 60% and 70%,
- All with-profits policies will be converted to unit-linked policies and any guaranteed investment returns will cease,
- All the policies will then be transferred to Reliance Life

Many with-profits policies currently have a 3.5% guaranteed investment return but for most policyholders it is expected that the increased capital distribution will represent better value than the guaranteed investment return they will be giving up.

Overall, we therefore see this as a positive move for the Society's with-profits policyholders.

Over the years many pension schemes offered their members the choice of investing their Additional Voluntary Contributions (AVCs) in the Society's with-profits fund. Where schemes did this, the trustees will hold the policies on behalf of their members and so the trustees will be asked to vote on the Society's proposal.

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In these circumstances trustees will be contacted by the Society and will be provided with a report produced by an Independent Expert before being invited to vote on the proposal.

What do Trustees need to do?

There is no direct action required at this time, however trustees may wish to contact members with AVCs in the with-profits fund to inform them of the proposal and the likelihood that their benefits will be higher if the proposal goes ahead.

Members who were planning to take their benefits in the next twelve months may, as a result, decide to delay taking their benefits in the hope that the higher capital distribution will apply.

Who can you contact for further information?

Please contact your usual First Actuarial consultant or any of the First Actuarial DC team if you would like to discuss anything contained in this Briefing or to do with DC benefits generally.

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