Equitable Life

About the Equitable's Proposal

Explanatory Booklet **PART A**

PLEASE READ THIS BOOKLET FIRST

This booklet contains important information about the ***Equitable's Proposal***.
You should read it carefully, along with the rest of the pack.

This booklet has been written for all our *Members*, individual *Policyholders*, and *Group Scheme Trustees* and, as such, some elements may not apply to you. Please refer to the grid and narrative on page 3 which will help you to understand which sections may apply to you.

Throughout this document we refer to *Scheme Policyholders* and these are defined as holders of UK, International and Irish *With-Profits Policies*. Holders of *German With-Profits Policies* are not *Scheme Policyholders*. *Members* means people who are members of the *Equitable* in accordance with the *Equitable's Articles*.

Scheme Policyholders will be entitled to vote on the *Scheme* as set out in 'A summary of the Proposal' on page 6 of this booklet.

Your covering letter will state whether you are either a *Scheme Policyholder*, a *Member*, or both.

The *Scheme* will not include any policies which are not *With-Profits Policies*, or *With-Profits Policies* governed by German law. Please see section 4 for more information. You should however still read this booklet and Explanatory Booklet Part B because the *Proposal* includes a vote on a *Change to the Articles*, which would make *Utmost* the only member of the *Equitable*. If the *Proposal* goes ahead, holders of *UK Style German With-Profits Policies* would also receive the *Uplift* in *Policy Value(s)* explained in the covering letter.

Under the *Proposal*, the *Equitable's Transferring Business* would *Transfer* to *Utmost*. All *Policyholders* of the *Equitable* will also be entitled to raise an objection if they believe they may be adversely affected by the *Transfer*.

You can find details of how to object to either the *Scheme* or the *Transfer* in Explanatory Booklet Part B under the 'Paths to help' section.

Securing your future together

Welcome

ABOUT THIS PACK

This pack provides you with all the information you need to understand what is being proposed about the future of the ***Equitable***, how it might affect you, and some considerations to help ***Scheme Policyholders*** and ***Members*** decide how to vote.

As there is a great deal of information that you need to read and understand, we have split it into two documents to help make this more manageable:

Explanatory Booklet Part A + **Explanatory Booklet Part B**

(which is this document)

Explanatory Booklet Part A provides you with a summary of the ***Proposal*** and Part B contains more detailed information. The information provided in both documents will help you understand the ***Proposal*** better and we recommend that you read both.

If you are a ***With-Profits Policyholder*** and are affected by the ***Scheme***, ***Personal Illustration(s)*** will be enclosed in this pack. If you have more than one ***With-Profits Policy***, you will receive a ***Personal Illustration*** for each.

HELP AND SUPPORT

If you need to understand more about the ***Proposal***, how it affects you, or are unsure how to vote (if you are entitled to) you can call our helpline. Page 31 explains some of the things to think about when making your decision, and page 38 tells you how to get more help if you need it. You can also find additional information in Explanatory Booklet Part B.

If you are not a ***Scheme Policyholder***, you have been sent this pack because the proposed ***Transfer*** to ***Utmost*** would affect you.

We use some technical terms in Explanatory Booklet Parts A and B which are highlighted in ***bold italics***. You'll find explanations for each of these in the glossary section of Explanatory Booklet Part B – Appendix I.

What we cover

Different sections of this booklet are relevant for different ***Policyholders***. On the contents listing below we have indicated which sections are more directly relevant to different ***Policyholders***.

If you are a ***Policyholder*** with a ***Policy*** governed by either German or Irish law, section 4 explains how your ***Policies*** will be affected if the ***Proposal*** goes ahead.

CONTENTS:

▲ This section contains important information for you
■ This section contains information that affects you, but not directly
● This section contains information that might be of interest to you but which doesn't affect you directly

Parts A and B of the Explanatory Booklet together comprise explanatory statements for the purposes of Section 897 of the Companies Act 2006 in relation to the proposed scheme of arrangement between the ***Equitable*** and certain of its ***Members***, Part VII of FSMA 2000 for the purposes of the ***Transfer***. Appendices VI and VIII of Explanatory Booklet Part B summarise the reports from the ***Policyholder Independent Expert*** and the ***Transfer Independent Expert***.

1. What you can expect and when

EVENT	TIME AND DATE	
Introduction to the Scheme sent to ***Scheme Policyholders***	**Week commencing 29 May 2019**	
First Court Hearing	**22 July 2019**	The hearing at which the ***Equitable*** sought the ***High Court's*** permission to hold the ***Policyholders' Meeting***.
This Decision Pack which includes the ***Explanatory Booklets*** and ***Voting Forms*** sent to ***Scheme Policyholders*** and ***Members***	**August 2019, after the *First Court Hearing***	This pack provides you with details of the ***Proposal*** so that you can decide how to vote and whether you wish to object.
Investment Choice Pack	**August 2019**	This information will explain the ***Unit-Linked Funds*** that would be available for your policy, if the ***Scheme*** were to become effective. You should decide on a ***Unit-Linked Fund***, seeking any advice you need.
Deadline for receipt of ***Voting Forms*** for the ***Extraordinary General Meeting***	**10.00 a.m. on 30 October 2019**	The date by which postal votes on the ***Change to the Articles*** will need to be received.
Deadline for online ***Voting Forms*** for the ***Change to the Articles***	**10.00 a.m. on 30 October 2019**	The last date for online voting on the ***Change to the Articles***.
Deadline for receipt of postal ***Voting Forms*** for the ***Policyholders' Meeting***	**10.00 a.m. on 30 October 2019**	The date by which postal votes on the ***Scheme*** need to be received.
Deadline for online voting on the ***Scheme***	**10.00 a.m. on 30 October 2019**	The last date for online voting on the ***Scheme***.
Policyholders' Meeting on the ***Scheme***	**10.00 a.m. on 1 November 2019**	The meeting of ***Scheme Policyholders*** to vote on the ***Scheme***.
Extraordinary General Meeting	**1 November 2019, held immediately after the *Policyholders' Meeting* that starts at 10.00 a.m.**	If ***Scheme Policyholders*** vote in favour of the ***Scheme*** in the required majorities, there would be a meeting of the ***Equitable's Members*** to vote on the ***Change to the Articles***.
Second Court Hearing	**10.30 a.m. on 22 November 2019**	If ***Scheme Policyholders*** vote for the ***Scheme*** in the required majorities, and the ***Change to the Articles*** is approved at the ***EGM***, this would be the ***High Court*** hearing at which the ***Equitable*** would seek the ***High Court's*** approval of the ***Scheme*** and the ***Transfer***.
Confirmation on the ***Equitable's*** and ***Utmost's*** websites that the ***Scheme*** and ***Transfer*** have been approved	**Approximately 25 November 2019**	If the ***High Court*** approves the ***Scheme*** and the ***Transfer***, we would publish confirmation of this on our website.
The deadline for receipt of ***Investment Choice Forms*** to process your investment choice at the ***Implementation Date***	**13 December 2019**	If the ***High Court*** approves the ***Scheme*** and the ***Transfer***, this would be the last date for implementing investment choices at the ***Implementation Date***. You will still be able to make a choice later.
Implementation Date	**1 January 2020**	If the ***High Court*** approves the ***Scheme*** and the ***Transfer***, the ***Scheme*** and the ***Transfer*** would be implemented in full on this date (your policy would be uplifted and would become unit-linked, while ***Investment Guarantees*** would be removed). If ***Members*** approve the ***Change to the Articles*** that would take effect on this date, making ***Utmost*** the sole member of the ***Equitable***.

2. What do I need to do?

1. You should read the covering letter that accompanied this pack.

2. If you have a ***With-Profits Policy*** and are affected by the ***Scheme***, this pack will contain a ***Personal Illustration*** which you should read as it will help you understand the current value of your ***Policy***, the amount that this may be increased by and, where applicable, the ***Investment Guarantee*** that would be removed if the ***Proposal*** goes ahead.

3. Once you are happy you have understood the contents of this pack, if you are a ***Scheme Policyholder*** or an ***Eligible Member***, we would ask that you vote to let us know your decision. It is very important that as many ***Policyholders*** as possible take part in the process by voting. That way we know that all views have been represented. You should also be aware that you have the opportunity to raise an objection if you believe you may be adversely affected.

If, after having read the pack, you require any further information or support, including guidance or advice on how to vote, further details of what help is available to you is on page 38 of this booklet and section G of Explanatory Booklet Part B.

If you are not invested in the *With-Profits Fund* and do not have an option to switch to the *With-Profits Fund* or you have a *German Policy*, you will not be affected by some aspects of the *Proposal*.

However, part of what the *Equitable* is proposing is to transfer all of the business of the *Equitable* to *Utmost* except for certain excluded *Policies*, which include *German Policies* and *Irish Policies*. We refer to the business to be transferred as the *Transferring Business*.

There is no vote on the *Transfer*, but you do need to understand how the *Transfer* would work and you do have the opportunity to raise an objection if you believe you may be adversely affected. You can find details of how to object to either the *Scheme* or the *Transfer* in Explanatory Booklet Part B under the 'Paths to help' section and on page 36 of this booklet.

The *Proposal* will only go ahead if the *Scheme* is implemented, the *Change to the Articles* is approved by *Eligible Members* and the *High Court* approves the *Transfer*.

3. A summary of the Proposal

WHY HAS THE *EQUITABLE* WRITTEN TO ME?

In the summer of 2018 the ***Equitable*** announced that it had made plans for the future of the ***Equitable***. The plans affect all ***Policyholders***, of which you are one, but particularly ***With-Profits Policyholders***.

The information contained in this booklet, together with that in other documents included in your pack, will help ***Scheme Policyholders*** make a decision on how to vote on the ***Scheme*** and ***Eligible Members*** to vote at the ***Extraordinary General Meeting (EGM)***.

If you are a *Group Scheme Trustee*, you will be making the decision on behalf of the relevant members of your scheme(s) and you will be able to split your vote proportionately in line with the interests of your members – see paragraph 80.16 of Explanatory Booklet Part B for details.

If your *Policy* is governed by Irish law or German law then there is some additional information in section 4 about the effect of the *Scheme* and the *Transfer*.

If your *Policy* is not currently invested in the *With-Profits Fund*, it is still important for you to understand how the *Proposal* may affect you, including the impact on your *Policy* of the proposed *Transfer*. Whilst you are not eligible to vote on the *Proposal*, if you feel you may be adversely affected by the *Transfer* you do have the legal right to object.

What is the *Proposal*?

The *Proposal* is in two parts.

PART ONE IS:

- to increase *With-Profits Policy Values* with an immediate one-off amount (which we refer to as the *Uplift*)
- to remove any *Investment Guarantee**, and
- to convert *With-Profits Policies* to *Unit-Linked Policies*

PART TWO IS:

- to transfer the *Equitable's Transferring Business* to *Utmost*

**Investment Guarantee* relates to an obligation on the *Equitable* to pay benefits determined by amounts paid in premiums and when they were paid, including any guaranteed annual increases. It does not include benefits which are payable only on the occurrence of specified life events, such as Guaranteed Annuity Rates (*GARs*) or Guaranteed Minimum Pensions (*GMPs*).

PART ONE of this ***Proposal*** is referred to as the ***Scheme***. The ***Scheme*** can only go ahead if it is approved by a vote of the ***Scheme Policyholders*** and by the ***High Court***, if the vote to be held at the ***EGM***, as detailed on page 34, is passed and the ***High Court*** approves the ***Transfer***.

An independent expert – the ***Policyholder Independent Expert*** – has been appointed by the ***Equitable*** to consider whether the ***Scheme*** is in ***Scheme Policyholders'*** interests and to prepare a report for the ***High Court***. Some ***Scheme Policyholders*** will receive two votes. That is because all ***Scheme Policyholders*** are entitled to vote on the ***Scheme***, and many, but not all of them, are also entitled to vote on a proposed change to the ***Equitable's Articles*** to appoint ***Utmost*** as the sole member of the ***Equitable***. If you have received two ***Voting Forms***, it is important that you complete both.

Some Policyholders are not ***Scheme Policyholders*** or ***Eligible Members*** and as such would not be eligible to vote. These ***Policyholders*** will not receive any ***Voting Forms***.

If you are a ***Scheme Policyholder*** and, after reading the information provided and understanding what it means to you, you decide you want the ***Scheme*** to go ahead, you should vote for the ***Scheme*** and for the ***Change to the Articles***. If you decide you want to keep your ***Investment Guarantee***, remain in the ***With-Profits Fund*** and not have the ***Uplift*** to your ***Policy Value***, you should vote against the ***Scheme*** and against the ***Change to the Articles***.

If the required majority of ***Scheme Policyholders*** vote for the ***Scheme*** and the ***Change to the Articles***, and if the ***Scheme*** is approved by the ***High Court***, the ***Scheme*** will go ahead. You cannot opt out of the ***Scheme***, even if you personally voted against it:

- You would receive an ***Uplift*** to your ***Policy***
- You would lose any ***Investment Guarantee*** (including any guaranteed annual increases and any ***With-Profits Switching Rights***)
- Your ***With-Profits Policy*** would be converted to unit-linked.

The same is true of the vote to the proposed ***Change to the Articles*** in that you would be bound by the result irrespective of how you voted.

If not enough ***Scheme Policyholders*** vote for either the ***Scheme*** by the necessary majority or the ***Change to the Articles***, the ***Proposal*** will not go ahead, even if you personally voted for the ***Scheme***. No changes will be made to your ***Policy***, no ***Uplift*** will be applied and your ***Policy*** will continue with the ***Equitable***.

Scheme Policyholders can object to the ***Scheme*** and details of how to do this are set out in paragraph 35 of Explanatory Booklet Part B.

PART TWO of this ***Proposal*** is known as the ***Transfer***. The ***Transfer*** to ***Utmost*** of the ***Equitable's Transferring Business*** including non ***With-Profits Policies*** does not require a vote by ***Policyholders*** but does require approval of the ***High Court***. The ***Transfer*** will not go ahead unless the ***Scheme*** goes ahead.

Whilst you can object to the ***Transfer***, you cannot opt out of it and if the ***High Court*** approves the ***Transfer***, you will be bound by it (subject to any rights of cancellation that apply in respect of ***Policies*** issued to ***Policyholders*** in certain EEA states).

You should also bear in mind that the ***Scheme*** will not go ahead if the ***High Court*** does not approve the ***Transfer***.

3. A summary of the Proposal

What are the features of my *With-Profits Policy?*

Many *Policyholders* who invest in the *With-Profits Fund* have different *Policy* terms, and they may have different *Investment Guarantees*. For *Scheme Policyholders*, your *Investment Guarantee* is shown on the *Personal Illustration* included in this pack.

Most of the *Equitable's With-Profits Policies* have a *Policy Value* and *Guaranteed Fund* that can be calculated at any time. These are *Recurrent Single Premium Policies*.

Other *With-Profits Policies* are not managed using *Policy Values* or *Guaranteed Fund* values. These are *Conventional With-Profits Policies*. Their guaranteed benefits are set out in the contract along with the contractual premiums that will be paid. For such policies the *Scheme* will use the surrender value of the policy in place of the *Policy Values* in determining the amount to apply the *Uplift* to. The description in this booklet of how the *Scheme* works should be interpreted accordingly for these policies.

If you want to understand more about how the *With-Profits Fund* works, page 14 of this booklet will tell you more. Pages 22 to 27 set out the main changes should the *Proposal* go ahead, and this includes a description of the differences between being invested in the *With-Profits Fund* compared to a *Unit-Linked Fund.*

What will I get if the *Proposal* is approved?

If the *Proposal* is approved, at the *Implementation Date*, *Scheme Policyholders* would broadly see the following changes to their *Policies*:

- *With-Profits Policyholders* will receive an immediate *Uplift* to their *Policy Value*.
- All *Scheme Policyholders* will have investments in *Unit-Linked Funds*.

Your covering letter and *Personal Illustration(s)* will help you understand what applies to you.

What will I give up if the *Proposal* is approved?

The *Proposal* means *Scheme Policyholders* give up certain things. These are:

- Any *Investment Guarantee*.
- Any *With-Profits Switching Rights*.
- *Scheme Policyholders* would no longer have investments in the *With-Profits Fund* and would therefore no longer share in future profits and will no longer receive any *Capital Distribution*.
- *With-Profits Policyholders* will cease to be *Members* of the *Equitable*.

What if the *Proposal* doesn't go ahead?

If the ***Proposal*** does not go ahead, your ***Policy*** would continue as it is now. If you are a ***Scheme Policyholder***, no ***Uplift*** would be applied to your ***Policy Value***, your ***Investment Guarantee*** would remain and you would continue to be invested in ***With-Profits*** with the ***Equitable***. No ***Policies*** would transfer to ***Utmost***.

There are implications for the ***Equitable*** if the ***Proposal*** does not go ahead. We cover these on page 30 of this booklet.

How valuable is my current *Investment Guarantee*?

Investment Guarantees only apply to ***With-Profits Policies*** and are different for different ***Policies***. Whilst they can be valuable, their value will depend on an individual ***Policyholder's*** circumstances. This booklet therefore cannot tell you how valuable any ***Investment Guarantee*** attached to your ***Policy*** is.

As a starting point, you can see what ***Investment Guarantee*** you have by looking at the ***Personal Illustration*** provided in this pack. This document is specific to you and will show you the features of the specific ***Policy*** you have.

Working out how valuable the ***Investment Guarantee*** is depends on many factors that are personal to you. Details of the things you need to think about when deciding how to vote on the ***Proposal*** are outlined on page 29 of this booklet.

Your attitude to risk is a key element in determining the value you place on the ***Investment Guarantee*** that applies to your ***Policy.*** Some people are happier taking more risk, whereas others prefer to take less or none at all.

We provide you with some considerations to help you to understand this more on page 31.

HELP AND SUPPORT

If you want more help, page 38 provides further information on how you can get in touch and the additional support available to you.

3. A summary of the Proposal

How do I know what I will get in exchange for the *Investment Guarantee* in my *Policy*?

If you are a *Scheme Policyholder*, we have included a *Personal Illustration* for each *With-Profits Policy* you have with the *Equitable*. This illustration provides you with an indication of what you may receive if the *Proposal* goes ahead, and what this might look like at a point in the future. It also allows you to compare this with the projected position at a future date in the event that the *Proposal* does not go ahead.

If you are a *Group Scheme Trustee*, we have provided you with information that will tell you the effect of the *Proposal* for each of your individual pension scheme members.

If the *Proposal* goes ahead, *With-Profits Policyholders* would no longer be *Members* of the *Equitable*. If you are a *Scheme Policyholder*, the value of your *Policy* will be transferred to a range of *Unit-Linked Funds* of your choice. What a *Unit-Linked Fund* is can be found on page 15 and in addition, you will shortly receive an *Investment Choice Pack* which contains more information about the funds on offer and how to choose them.

It's important to read the *Investment Choice Pack* that is being sent, no matter how you intend to vote, because if the *Proposal* goes ahead it will affect all *Scheme Policyholders*, even if they voted against the *Proposal*. So please ensure you read the information that we send to you.

About the *Transfer* to *Utmost*

As part of this *Proposal*, the *Equitable* is seeking to transfer the *Equitable's Transferring Business* to *Utmost* – this is known as the *Transfer*.

The *Transfer* would not change any *Policyholders'* terms and conditions. An independent expert – the *Transfer Independent Expert* – has been appointed by the *Equitable* and *Utmost* to report on the *Transfer*.

There is no *Policyholder* vote in relation to the *Transfer* to *Utmost*, but all *Policyholders* have the legal right to object if they believe they may be adversely affected. Paragraph 66 of Explanatory Booklet Part B sets out how *Policyholders* can object to the *Transfer* if they believe they are adversely affected. You should also bear in mind that the *Scheme* will not go ahead if the *High Court* does not approve the *Transfer*.

Part of the *Proposal* is for *Utmost* to become the sole member of the *Equitable*. *Eligible Members* would vote on a *Change to the Articles*. Section C of Explanatory Booklet Part B provides further information about the *Change to the Articles*.

Irish With-Profits Policies and *German With-Profits Policies* are not part of the *Transfer* but remain as *Equitable Policies*. See section 4 of this booklet for details.

There are parallel transfers in Jersey and Guernsey which broadly follow the same process as the *Transfer*. See paragraphs 71 to 75 of Explanatory Booklet Part B for more detail.

About *Utmost*

Utmost Life and Pensions is a life and pensions company operating in the UK. It currently looks after 100,000 customers, with £1.7bn of assets. It is also part of the wider Utmost Group of Companies; a growing specialist life assurance group currently managing £33bn assets under administration and 240,000 customers.

Utmost would provide a wide range of investment options for you to choose from, and details of the funds available will follow shortly in the *Investment Choice Pack*.

You can find out more about Utmost Life and Pensions at www.utmost.co.uk

HELP AND SUPPORT

If you want to understand this more, our dedicated team will be happy to help. Their contact details are on page 38.

3. A summary of the Proposal

What would be the process for implementing the *Proposal* should the two votes be in favour?

The *Board* is making this *Proposal* through three legal processes:

1. The first is called a scheme of arrangement. The ***Scheme*** can only go ahead if it is approved by a vote of the ***Scheme Policyholders*** and by the ***High Court***, if the vote to be held at the ***EGM***, as detailed below, is passed and the ***High Court*** approves the ***Transfer***. More details about the ***Scheme*** are included in Explanatory Booklet Part B.

If it goes ahead, the *Scheme* would convert *With-Profits Policies* to *Unit-Linked Policies*, so *Scheme Policyholders* would no longer be *Members*.

2. The second legal process is the ***Change to the Articles*** which, if successful, would mean that ***Utmost*** becomes the sole ***Member*** of the ***Equitable***. This is part of the agreement the ***Equitable*** has made with ***Utmost*** and will be voted on at the ***EGM***, which will take place on the same date as the vote for the ***Scheme***.

The *Scheme* will not go ahead unless the *Change to the Articles* is passed.

More details about the *Change to the Articles* are included in section C of Explanatory Booklet Part B.

3. The third legal process is the ***Transfer*** and relates to the proposed ***Transfer*** of business to ***Utmost***. This does not require a vote, but does require the ***High Court*** to approve the ***Transfer***. You are able to raise objections or concerns if you believe you are adversely affected by the ***Transfer***, either directly with the ***High Court*** (in person or by your legal representative) or with the ***Equitable*** (in writing or over the phone). The ***Scheme*** will not go ahead if the ***High Court*** does not approve the ***Transfer***.

The *Transfer* can only proceed if the *Scheme* goes ahead. More details about the *Transfer* are included in section E of Explanatory Booklet Part B. We explain the timing of the votes and the *High Court* hearings on page 4 of this booklet.

If the *Proposal* is implemented, it will affect all *Policyholders*. Ownership will transfer to *Utmost*, and your *Policy* will be with them and not the *Equitable*. You cannot opt out. It is therefore very important that you vote if you are entitled to.

4. How the Proposal affects Irish and German Policies

Policies governed by Irish Law (*Irish Policies*)

Irish With-Profits Policies are included in the *Scheme* and would be affected by the *Scheme* in the same way as other *Scheme Policies*. Those *Policyholders* will have a vote on the *Scheme* and if the *Scheme* goes ahead they will receive the *Uplift*, have their *Investment Guarantee* (including any guaranteed annual increases) and *With-Profits Switching Rights* (if any) removed, and they will be converted to *Unit-Linked Policies* with the *Equitable*.

Irish Policies other than *Irish With-Profits Policies* will not be included in the *Scheme* and their *Policyholders* will not have a vote on the *Scheme*.

Holders of *Irish With-Profits Policies* who are *Eligible Members* will also have a vote on the *Change to the Articles* at the *EGM*. If they want the *Proposal* to go ahead then they should vote for both the *Scheme* and the *Change to the Articles*.

If the *Transfer* goes ahead then it will not include *Irish Policies* due to uncertainties relating to the United Kingdom's exit from the European Union. They will remain *Policies* of the *Equitable* and the *Equitable* will become a subsidiary of *Utmost*. *Irish With-Profits Policyholders* would no longer be *Members* of the *Equitable*.

Nevertheless, people who hold *Irish Policies* are entitled to object to the *Transfer* if they think they may be adversely affected by the *Transfer*. Please see paragraph 66 of Explanatory Booklet Part B for further details on how any *Policyholder* may object to the *Transfer*.

Policies governed by German Law (*German Policies*)

German With-Profits Policies will be excluded from the *Scheme*, and those *Policyholders* will not have a vote on the *Scheme*. This is because the *Equitable* believes that there is a significant risk that the *Scheme* would not be recognised in Germany. The *German With-Profits Policies* will therefore continue to be *With-Profits Policies*, retaining their *Investment Guarantees*. They will participate in a with-profits sub-fund of the *Equitable*.

There are two types of *German With-Profits Policies: UK Style German With-Profits Policies* and *German Style German With-Profits Policies*.

UK Style German With-Profits Policies would receive the *Uplift* in *Policy Values* explained in the covering letter, but *German Style German With-Profits Policies* would not.

UK Style German With-Profits Policies would receive an increase to their *Policy Value* which is consistent with the *Uplift* that *Scheme Policies* would receive under the *Scheme*. That represents their fair share of the distribution by the *Scheme* of the *Equitable's* capital. Following this, they will no longer receive any further *Capital Distribution* when they take their benefits as a full distribution of all the available assets of the *Equitable* will have been made.

This arrangement would enable the *UK Style German With-Profits Policies* to benefit from the *Scheme* in an equivalent way to *Scheme Policies*, although they cannot be included in the *Scheme*. Further details are set out in your covering letter.

Holders of *German With-Profits Policies* will have a vote on the *Change to the Articles* at the *EGM* if they are *Eligible Members*. If they want the *Proposal* to go ahead then they should vote for the *Change to the Articles*.

If the *Transfer* goes ahead then it will not include *German Policies* due to uncertainties relating to the United Kingdom's exit from the European Union. They will remain *Policies* of the *Equitable* and the *Equitable* will become a subsidiary of *Utmost*. *German With-Profits Policyholders* would no longer be members of the *Equitable*.

Nevertheless, people who hold *German Policies* are entitled to object to the *Transfer* if they think they may be adversely affected by the *Transfer*. Please see paragraph 66 of Explanatory Booklet Part B for further details on how any *Policyholder* may object to the *Transfer*.

5. How your With-Profits Policy works

You need to know this because if the *Proposal* goes ahead your

About *With-Profits Policies*

With-Profits Policies are long-term investments which contain some special features – often in the form of guarantees and bonus payments.

Unlike unit-linked investments where the fund value is directly linked to the performance of the underlying investments, the ***Equitable's With-Profits Policyholders*** are entitled to participate in the profits and losses made by the company. This means the costs of running the business are shared amongst all its ***With-Profits Policyholders***.

'Smoothing' of investment returns is another feature of with-profits funds. This means in good years not all the growth of the fund is allocated to ***Policy Values*** and some is held back to subsidise poor years.

The ***Equitable's With-Profits Policies*** include an ***Investment Guarantee***, which is the minimum that will be paid when ***Policyholders*** take their benefits at a time when the ***Investment Guarantee*** applies (such as retirement or maturity). Some of the ***Equitable's Policies*** also include a guaranteed annual increase which applies to the ***Guaranteed Value*** of the ***Policy***. Your ***Personal Illustration*** shows what ***Investment Guarantee*** you have in your ***Policy***.

When with-profits benefits are taken, any entitlement to ***Capital Distribution*** is added to the ***Policy Value***. This is the amount paid out, unless an ***Investment Guarantee*** applies and the ***Guaranteed Value*** is higher.

Understanding *Capital Distribution*

The UK regulatory authorities have in place strict regulations on how life assurance companies operate. One of the key requirements being that the company must hold an amount of capital (money) in reserve to ensure it has sufficient funds to meet future liabilities.

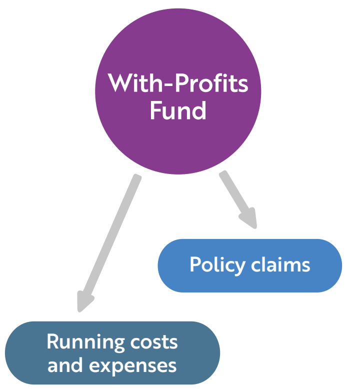
Over recent years the ***Equitable*** has been able to distribute, or share, some of this capital to ***With-Profits Policyholders*** when they take their benefits. This is known as ***Capital Distribution***.

The current ***Capital Distribution*** is 35% of ***Policy Value*** at 31 December 2014. However it is important to understand that in the future, this could be higher or lower or could even be completely removed.

The ***Proposal*** that the ***Board*** is putting forward to ***Policyholders*** means it can release the capital it has previously had to hold back and allocate it fairly between ***With-Profits Policies***.

Information to help you understand where your with-profits savings are invested now:

All costs and expenses as well as Policy benefits and claims are paid from the fund.



If you take your investments at a time when the guarantee applies such as on retirement or maturity, we compare:

the total of the Policy Value plus the Capital Distribution allocated to your Policy

with

the Guaranteed Value.

We pay the larger figure.

6. How your Unit-Linked Policy would work if the Proposal goes ahead

Scheme Policy **will convert from a *With-Profits Policy* into a *Unit-Linked Policy***

About *Unit-Linked Policies* and *Unit-Linked Funds*

The amount invested in a *Unit-Linked Policy* buys *Units* in a *Unit-Linked Fund*. The value of your policy is the value of your *Units* in your selected *Unit-Linked Fund(s)*.

The *Unit-Linked Fund* invests in a range of assets. The value of the fund's investments and the number of *Units* in the fund determines the price of the fund's *Units* at any time.

The value of *Units* in each *Unit-Linked Fund* will go up or down in line with the value of the underlying investments.

A number of different *Unit-Linked Funds* are available and you can choose which fund or funds are right for you.

Some provide a low return with little risk of not getting your money back but may not keep pace with inflation. Other funds can provide potentially higher returns but with a higher risk to your money.

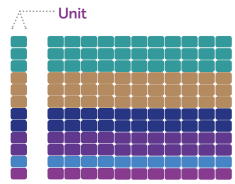
If you are a *Scheme Policyholder* you will shortly receive an *Investment Choice Pack* which outlines the *Unit-Linked Funds* that would be available to you should the *Proposal* go ahead and the support available to make that choice.

The value of a *Unit-Linked Policy* is not guaranteed and you may not get back the amount of your original investment.

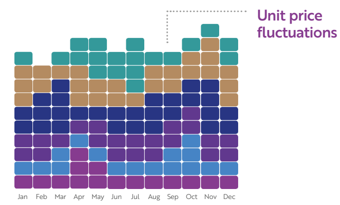
Information to help you understand what type of investment you might have if the *Proposal* is implemented:

Investments for each fund will vary but typically will be in:

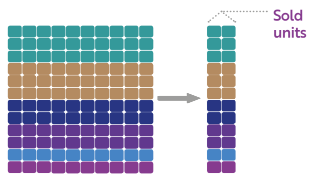
When you invest your money, you buy *Units* in your chosen funds, and the number of *Units* you can buy will depend on market prices at the time of your investment.



The value of each *Unit* fluctuates daily in line with market prices, and may go down as well as up.



While you are invested, you can choose to switch to a different fund to manage your investment, or sell some of your *Units* to take your savings.



7. Why is the Equitable making this Proposal?

BACKGROUND TO THE PROPOSAL

Like any business, running the ***Equitable*** involves risks and it is necessary to maintain a financial buffer in case those risks materialise. This buffer is called 'capital' and is essentially money which the ***Equitable*** must retain and cannot, for the time being, distribute to ***With-Profits Policyholders***.

The ***Equitable*** is currently able to provide a 35% ***Capital Distribution*** on top of ***Policy Values*** when ***With-Profits Policyholders*** take their benefits. There are risks that remain for the ***Equitable***, such as increasing costs of meeting a future ***Investment Guarantee***, and the risk of ***Scheme Policyholders*** postponing taking their benefits in a low-interest environment, so the ***Equitable*** has to hold back capital to cover these risks.

The ***Equitable*** has been in ***Run-Off*** since it closed to new business in 2000. That means that the ***Equitable*** is serving its ***Policyholders*** under ***Policies*** which already exist, but not entering into new ***Policies***.

In ***Run-Off***, the ***Equitable*** has enough money to continue to pay the benefits it has to pay under its ***Policies***. However, the amount of capital available to give to ***With-Profits Policyholders*** when they take their benefits is likely to vary as time goes on.

The ***Equitable*** aims to treat ***Policyholders*** fairly by allocating assets to ***With-Profits Policyholders*** as soon as possible and the ***Proposal*** is intended to do that.

A ***Policyholder Independent Expert*** has been appointed, to look at the ***Proposal*** from the perspective of ***Scheme Policyholders*** and their interests to ensure the ***Proposal*** treats them fairly. A summary of his conclusions are provided in Appendix VI of Explanatory Booklet Part B.

The ***Equitable*** has entered into financial agreements called hedges which preserve the ***Equitable's*** ability to implement the ***Scheme*** for the time being. If the ***Proposal*** doesn't happen, the ***Equitable*** may not be able to make an equally attractive offer in the future.

The ***Board*** believes that the combination of the ***Scheme*** and the ***Transfer*** is in the best interests of ***Policyholders*** as a whole. The ***Board*** has considered carefully how to allocate ***Scheme Policyholders*** their share of the ***With-Profits Fund*** and has concluded the best way to do this is to implement the ***Scheme*** and the ***Transfer***.

The potential risks

If the *Proposal* goes ahead	If the *Proposal* does not go ahead
As with all investments and plans, there are risks involved. The *Board* recognises this and has tried to balance those risks wherever possible, but *Scheme Policyholders* need to be aware of the risks to help them decide how to vote.	If the *Proposal* does not go ahead the *Equitable* would remain in *Run-Off*. Under these circumstances, there are risks that *Capital Distribution* may fall or be removed. The specific risks are:
▶ If the *Proposal* proceeds, *Scheme Policyholders* will no longer be invested in the *With-Profits Fund*. As such they would lose any *Investment Guarantee* on the *Policy* and any *With-Profits Switching Rights*. ▶ You may feel that the *Uplift* paid to your *Policy* as part of the *Proposal* may not provide an adequate reward for the removal of your *Investment Guarantee*. ▶ Returns would not be 'smoothed' and you would be invested in *Unit-Linked Funds* and would be subject to the ups and downs of the investment markets. ▶ Future investment returns may be less than projected and therefore the fund may be smaller than expected when it is time to take benefits compared to those shown on the *Personal Illustration*.	▶ *Policyholders* can choose to retire or take their benefits later than we expect. The *Equitable's* assets are invested so that we can pay the *Investment Guarantees* based on when it is projected that *Policyholders* will take their benefits. When *Policyholders* stay longer than expected, the assets have to be reinvested. In the current low interest rate climate it is not possible to match the return that is required by the *Investment Guarantee*. ▶ We would have to continue to set aside capital in order to mitigate the risk of not being able to pay future benefits to *Policyholders*. ▶ The *Equitable* may become too small to function efficiently. ▶ Future investment returns may be less than projected and therefore the fund may be smaller than expected when it is time to take benefits compared to those shown on the *Personal Illustration*. All of the above risks could result in us having to increase our charges or reduce or even remove the *Capital Distribution*.

8. How will the Equitable make sure the Proposal is fair?

THE INTERESTS OF POLICYHOLDERS

The ***Board*** continues to act in the interests of ***Policyholders*** as a whole and is keen to ensure that the ***Proposal*** is a fair one. However, it is possible for the ***Proposal*** to be fair and in the interests of ***Policyholders*** as a whole yet not in the interests of every ***Policyholder***. Your personal circumstances are unique to you and will dictate whether the ***Proposal*** is the right thing for you.

To ensure the ***Proposal*** is fair, it has been scrutinised by the With-Profits Actuary, as well as two independent experts, the ***Policyholder Independent Expert*** and the ***Transfer Independent Expert***. Both experts will provide a report to the ***High Court*** and the UK financial regulators, the Financial Conduct Authority and the Prudential Regulation Authority.

The *Policyholder Independent Expert*

The *Policyholder Independent Expert* is Trevor Jones of KPMG. Mr Jones' role is to consider the *Scheme* from the *Policyholders*' perspective and give an opinion on whether the interests of the *Policyholders* could be adversely affected in any way. The full report, including his conclusions, is available to read on the website and a detailed summary, including his conclusions, can be found in Appendix VI of Explanatory Booklet Part B.

Trevor Jones, KPMG
Policyholder Independent Expert

The *Transfer Independent Expert*

The *Transfer Independent Expert* is Richard Baddon of Deloitte. Mr Baddon's role is to consider the *Transfer* and give an opinion on whether *Policyholders* are likely to be adversely affected as a result of the *Transfer*, should it proceed. The full report, including his conclusions, is available to read on the website and a detailed summary, including his conclusions, can be found in Appendix VIII of Explanatory Booklet Part B.

Richard Baddon, Deloitte
Transfer Independent Expert

The regulatory process

In preparing for this process, the ***Equitable*** has shared aspects of the ***Proposal*** with both the ***FCA*** and the ***PRA***.

The ***FCA*** and the ***PRA*** have both confirmed that they do not object to the ***Proposal*** being put to ***Scheme Policyholders*** and have reported on the ***Proposal*** to the ***High Court*** at the ***First Court Hearing***. We anticipate them providing further reports to the ***High Court*** at the ***Second Court Hearing***.

The ***High Court*** process

The ***Scheme*** and the ***Transfer*** must follow a strict legal process involving two ***High Court*** hearings.

This process involves three key steps:

1. The ***First Court Hearing***, where the ***High Court*** decided that the ***Policyholders' Meeting*** can go ahead and ***Transfer*** notifications can take place
2. The ***Policyholders' Meeting*** (for the ***Scheme***)
3. The ***Second Court Hearing***, where the ***Scheme*** and the ***Transfer*** may be approved

More information on the ***Scheme*** is provided in section B of Explanatory Booklet Part B. More information on the ***Transfer*** is provided in section E of Explanatory Booklet Part B.

The votes

In addition to the ***High Court*** process, we also need ***Scheme Policyholders*** and ***Members*** to vote on the ***Scheme*** and ***Change to the Articles*** respectively and make their wishes known.

There will be two votes, the first obtains agreement from affected ***Policyholders*** for the ***Scheme*** to go ahead, and the second for ***Members*** to change the ***Articles*** to make ***Utmost*** the sole ***Member*** of the ***Equitable***.

> **"I urge you to take up your right to vote. I, and the Board, firmly believe that the Proposal is the fairest way forward."**

Ian Brimecome
Chairman

8. How will the Equitable make sure the Proposal is fair?

Fairness Indicators

To help the *Equitable* assess the fairness of the *Proposal*, we created six tests, called *Fairness Indicators*. These indicators mean that if the *Proposal* is approved:

1. Following the ***Uplift***, on the ***Implementation Date***, all ***Policies*** would have a current value that is higher than both the previous ***Policy Value***, including the current 35% ***Capital Distribution***, and the underlying ***Investment Guarantee*** (if taken today).

2. ***Uplifted Policy Values*** on the ***Implementation Date*** would be at least as high as the present value of the ***Investment Guarantee*** contained in with-profits contracts, taking account of future increases until benefits are expected to be taken.*

3. All ***Scheme Policyholders*** are expected to be better off at key dates, when benefits could reasonably be taken.**

4. ***Unit-Linked Funds*** are not guaranteed, however, if the new ***Unit-Linked Funds*** do not increase or fall in value***, ***Policies*** would still have a higher value after five years than the ***Investment Guarantee*** of the previous ***With-Profits Policy*** at that point.

5. If the new ***Unit-Linked Funds*** enjoyed growth after charges of only 1.5% every year***, ***Policies*** would still have a value in excess of the ***Investment Guarantee*** of the previous ***With-Profits Policy***.
   (i) after 10 years from the ***Implementation Date***; or
   (ii) the date that benefits are expected to be taken, if earlier.

6. For ***Scheme Policyholders*** who do not select a ***Unit-Linked Fund***, the ***Unit*** price would be guaranteed not to fall for six months after the ***Implementation Date***.

* This indicator has been assessed using a set of assumptions reviewed by the *Policyholder Independent Expert*.

** The dates depend on a *Policyholder's* age and *Policy* type. The projections used for this test assume that *Unit-Linked Funds* are invested in a medium risk managed fund. Passing this indicator does not necessarily mean you will be better off at all points in the future or under all economic scenarios – it is our best estimate of the future.

*** Whilst an assumption has been made that funds remain level or increase each year by 1.5%, it should be noted that there are no funds available from *Utmost* that can guarantee these rates of return. Further details of the available funds will be provided in the *Investment Choice Pack* which will be issued shortly.

All six ***Fairness Indicators*** are passed for all ***Scheme Policies***.

Although we consider the *Proposal* to be a fair one, that does not necessarily mean you will be better off as a result. Your personal circumstances will be different to other people, so we encourage you to review all of the information available so that you can make your own, informed decision on whether the *Proposal* is right for you.

Details of how and when these indicators are applied in the process can be found in paragraph 20.48 of Explanatory Booklet Part B.

What's in it for the *Equitable*?

As a mutual company, there are no shareholders of the *Equitable* and the *Members* own the company. This *Proposal* is being made in the interests of returning capital to *With-Profits Policyholders* as quickly and as fairly as possible and securing a future for the *Equitable Policies* in the longer term.

The view of the *Board*

The view of the *Board* is that the *Equitable* can continue in *Run-Off* for the next ten years and, should the *Proposal* not go ahead, it would continue to seek ways to maintain and improve *Capital Distribution* in the future.

However, the *Board* believes that the *Proposal* is the best way of securing the future for all *Policyholders* and to deliver on its aim to treat *With-Profits Policyholders* fairly by allocating assets among *With-Profits Policyholders* as soon as possible.

That said, the *Board* recognises that the *Proposal* may not be right for every individual based on their personal circumstances and preferences and it is important that you make up your own mind.

Your personal circumstances will be different to other people, so we encourage you to review all of the information available so that you can make your own, informed decision. You should use your right to vote, as it's important you have your say on the *Proposal*.

HELP AND SUPPORT

To help you make an informed decision, details of the support available to you is outlined in this booklet on page 38 and under the 'Paths to help' section G of Explanatory Booklet Part B. The experienced call handlers will be able to provide guidance around the ***Proposal*** and what it might mean to you.

9. What this might mean for With-Profits Policyholders

Over the next few pages we summarise the main differences that might apply for ***Scheme Policyholders*** if the ***Proposal*** were to go ahead. More detail about each of these points is included in Explanatory Booklet Part B. The table tells you where to look to find a more detailed explanation.

	The current situation		
	Summary	**Why does this matter?**	**What does this mean to me?**
What am I invested in?	The ***With-Profits Fund***. All monies received from ***With-Profits Policyholders*** are put into one large pot. The ***Equitable*** decides how the money in that pot is invested. To avoid frequent fluctuations to your ***Policy Values***, a smoothing technique is applied. This method aims to keep payment increases at a more consistent level over time. The ***Equitable*** is a mutual and as a ***With-Profits Policyholder*** you are entitled to participate in profits and losses made by the company. This means the costs of running the business are shared amongst all its ***Policyholders***.	Smoothing means you are protected from volatility in investment markets being immediately reflected in ***Policy Values***.	You do not have to make any investment choices, as the ***Equitable*** will make those decisions for you.
How are benefits calculated?	To work out what we would pay out for the majority of our ***With-Profits Policyholders*** when they come to taking their savings, we compare: · the ***Policy Value***, plus ***Capital Distribution***; with · the ***Guaranteed Value*** If the savings are taken at a time when the guarantee applies, i.e. retirement or maturity, we pay the higher of these two figures. If the savings are taken at a time when the guarantee doesn't apply, we would pay out the ***Policy Value*** plus any ***Capital Distribution***.	***Capital Distribution*** is not added to your ***Policy Value*** until you take your savings.	Currently the amount we would pay you may be higher than your ***Guaranteed Value***, but it should be noted that the ***Policy Value*** and ***Capital Distribution*** are not guaranteed meaning this may not always be the case.

If the *Scheme* goes ahead			Find out more
Summary	**Why does this matter?**	**What does this mean to me?**	
A ***Unit-Linked Fund(s)*** of your choosing. ***Policyholders*** will be offered a range of funds so they can choose a fund suitable for their needs. If you don't choose a fund, ***Utmost*** will invest your ***Policy*** in a fund that has been selected as appropriate for most ***Policyholders***. There is no smoothing, so the value of your ***Policy*** will move up and down as the assets the ***Unit-Linked Fund*** is invested in change in value. You no longer participate in the profits and losses of the ***Equitable***.	The value of your ***Policy*** will fluctuate as investment markets rise and fall.	You can choose the type of fund you are comfortable with and suits your personal circumstances.	On pages 14 and 15 of this booklet. www.equitable.co.uk/with-profits-fund ***Investment Choice Pack***. Helpline: (See page 39)
The starting value of the ***Units*** in your new ***Unit-Linked Policy*** will be equal to the final ***Uplifted Policy Value*** on the ***Implementation Date*** of the ***Proposal***. If you don't currently pay into your ***Policy*** you may be able to restart your premiums and any additional premiums you put into your ***Policy*** will purchase more ***Units***. The price of ***Units*** in each fund is calculated daily. The value of your ***Policy*** is calculated by multiplying the number of ***Units*** you have by that price.	The value of your ***Policy*** depends on the price of your ***Units*** on the day you take your savings.	As the value of your ***Policy*** will vary, it is hard to predict what it will look like in the future.	On pages 14 and 15 of this booklet and Appendix IV of Explanatory Booklet Part B. ***Personal Illustration***. ***Investment Choice Pack*** www.equitable.co.uk Helpline: (See page 39)

9. What this might mean for With-Profits Policyholders

	The current situation		
	Summary	**Why does this matter?**	**What does this mean to me?**
Do I have an *Investment Guarantee*?	Yes, virtually all our ***With-Profits Policies*** contain a type of ***Investment Guarantee***: • Some ***Policies*** e.g. ***Pension Policies***, increase their ***Guaranteed Value*** with every premium paid in • Other ***Policies*** start with a guaranteed amount, known as a 'sum assured', that is paid out if all the agreed premiums are paid	This guarantee puts a minimum value on your ***Policy***.	You have a protected minimum amount that will be payable to you at a time when the guarantee applies.
What causes my benefits to change?	In recent years your ***Policy Value*** has increased by 2% each year. This is the current smooth level we believe we can continue to pay for the foreseeable future. ***Capital Distribution Amounts*** started being added to ***Policy Values*** in 2011 and we expect to continue the gradual increase in distribution, depending on the future financial position of the ***Equitable***. The risks we know we have mean we cannot distribute all our capital now. This could mean that those ***Policyholders*** taking their savings many years in the future may receive much less or considerably more than ***Policyholders*** today. However, it should be noted that, irrespective of changes in future policy values and the level of ***Capital Distribution*** available, policyholders would still receive their ***Guaranteed Value***, if taken at a time when it applies. There is an annual management charge to cover expenses and the cost of the guarantees. This charge is taken into account when calculating how much money we can pass back to ***Policyholders***.	The amount of ***Capital Distribution*** that can be paid to ***Policyholders*** and any future annual ***Policy Value*** increases in the future is unknown.	The share of capital your ***Policy*** receives is likely to depend on when you take your savings.

If the *Scheme* goes ahead			Find out more
Summary	**Why does this matter?**	**What does this mean to me?**	
No, ***Unit-Linked Policies*** do not contain an ***Investment Guarantee***. You may still have other guaranteed benefits such as those that would be paid on specified events such as death or diagnosis of certain medical conditions. If your ***Policy*** contains a Guaranteed Annuity Rate or Guaranteed Minimum Pension, these are unaffected by the ***Proposal*** and would continue to apply.	No ***Investment Guarantee*** means there is no protected minimum value that would be payable to you. Guaranteed Annuity Rates and Guaranteed Minimum Pensions are not classed as an ***Investment Guarantee*** and therefore will remain.	When you take your savings there is the possibility that you may receive less or more than you would have if you still had the ***Investment Guarantee***.	On pages 14 and 15 of this booklet ***Personal Illustration*** ***Investment Choice Pack*** www.equitable.co.uk Helpline: (See page 39)
Your ***Policy Value*** will be increased by the ***Uplift*** at the point it converts to unit-linked. The value of your ***Unit-Linked Policy*** is determined by the price of each ***Unit***. On a daily basis this value can move up or down. The ***Unit-Linked Funds*** available to you will be invested in different assets, with different levels of risk associated with each fund. This is likely to have an impact on the returns each ***Unit-Linked Fund*** will provide. There is an annual management charge to cover the expenses of administering your ***Policy***. The charge is taken into account when the ***Unit Price*** is calculated each day.	The value of your ***Policy*** will depend on the ***Unit Price*** on the day you take your savings.	The value of your ***Policy*** will vary and can be hard to predict.	On pages 14 and 15 of this booklet ***Personal Illustration*** ***Investment Choice Pack*** www.equitable.co.uk Helpline: (See page 39)

9. What this might mean for With-Profits Policyholders

	The current situation		
	Summary	**Why does this matter?**	**What does this mean to me?**
What are the risks to Policyholders?	Increases to ***Policy Values*** are not guaranteed, and ***Policy Values*** can be reduced, as they were in 2001 and 2002. ***Capital Distribution Amounts*** are not guaranteed and could be removed. Your benefits cannot fall below the level of your ***Guaranteed Fund*** if you take benefits at a point when the guarantee applies. There is a potential for unfair allocation of risk (and assets) borne by those ***Policyholders*** with the longest time to claim their benefits. There is a risk that charges could increase if the ***Equitable*** became small and inefficient.	Investment in the ***With-Profits Fund*** is not risk-free.	You have the protection of the guarantee, but other risks exist. These are noted in section 11 of this booklet and paragraph 5.5 of Explanatory Booklet Part B.

If the *Scheme* goes ahead			Find out more
Summary	**Why does this matter?**	**What does this mean to me?**	
The main risk is there is no ***Investment Guarantee*** which will provide a minimum amount payable from your ***Policy. Unit-Linked Funds*** come with different levels of risk. A general rule is that the more risk you are prepared to take, the greater your potential gains could be over time. On the downside, your potential losses may also be greater. The less risk you are prepared to take, the lower your potential gains could be over time, but your potential losses may also be reduced. It's important to bear in mind that the value of ***Unit-Linked Funds*** can go down as well as up and you may not get back the amount you invested. You should ensure you are comfortable with the level of risk associated with any fund you invest in.	Investment in ***Unit-Linked Funds*** is not risk-free.	You should choose the type of fund that suits your attitude to risk and your personal circumstances.	On pages 14, 15 and 30 of this booklet. www.equitable.co.uk/with-profits-fund ***Investment Choice Pack*** Helpline: (See page 39)

10. What this might mean for me as a Scheme Policyholder

HOW PERSONAL CIRCUMSTANCES PLAY A PART

The ***Board*** believes that the ***Proposal*** is the best way forward for ***Policyholders*** as a whole.

However, whether it is in your best interests as an individual will depend entirely on your own circumstances and this is why you should spend as much time as possible considering how the ***Proposal*** affects you.

If you are a ***Scheme Policyholder***, you should remember that in exchange for an immediate increase in the value of your ***Policy,*** you will be giving up the ***Investment Guarantee*** that may be attached to your ***Policy,*** so you need to think carefully before deciding how to vote. For example, is the value of the ***Uplift*** that would be applied to your ***Policy Value*** adequate reward for what you would be giving up in terms of things like the ***Investment Guarantee***?

"The Board believes that the Proposal is the best way of securing the future for our Policyholders and to deliver on our promise to recreate Policyholder value by distributing all of the assets among With-Profits Policyholders as fairly and as soon as possible. That said, we recognise that our Proposal may not be right for every individual and it is important that you make up your own mind."

Simon Small
Chief Executive

Your personal circumstances

There are many reasons why your circumstances could be entirely different to anyone else's.

SOME FACTORS TO CONSIDER ARE:

- Serious ill-health may affect when someone needs to take their benefits. This might mean that an immediate increase in value is more attractive than the potential for future increases.
- If there is a long time before you plan to take your benefits, this might mean the ***Investment Guarantee*** is more valuable to you because it removes future risk.
- How much investment risk you are comfortable with taking will play an important part in the decision you need to make. This is called your 'attitude to risk'. Some investments provide a low return with little risk of not getting your money back but may not keep pace with inflation. Other funds can provide potentially higher returns but with a higher risk to your money.
- A low attitude to risk might mean the ***Investment Guarantee*** provides more peace of mind. If you have a higher tolerance for risk, you might find investing in higher risk ***Unit-Linked Funds*** more attractive than the conservative growth offered by the ***With-Profits Fund***.
- If the ***Policy*** is a significant part of your overall savings this may make you take a more cautious approach. If the overall value of the ***Policy*** is an insignificant part of your overall savings, this may present an opportunity to take additional risks for the potential of higher returns but with the potential that you may not get back the amount you originally invested.
- If you cannot afford to see the value of your investment fall it might make you value the ***Investment Guarantee*** more. If you can afford to see the value of your investment fall, you may be prepared to take more investment risk.
- The original reason for taking out the investment may have changed – for example, if your mortgage is now repaid and the lump sum is now not required for a specific purpose.
- Your personal tax situation at the point you draw benefits from the policy may affect the benefit you receive from the ***Uplift***.

As well as the reasons listed above, there may also be other factors unique to you that will determine how the ***Proposal*** will affect you.

HELP AND SUPPORT

If you require any further help to understand how your personal circumstances affect what the ***Proposal*** means for you, details of the additional support available is outlined on page 38.

11. What happens if the Proposal doesn't go ahead?

Your *Policy*

If the ***Proposal*** doesn't go ahead, your ***Policy*** would continue as it is now. ***With-Profits Policies*** would remain invested in the ***With-Profits Fund***.

The challenges with operating the ***With-Profits Fund*** as outlined below will remain, all of which have the potential to impact your ***Policy*** in the future.

The *Equitable* in *Run-Off*

The ***Equitable*** closed to new business in December 2000 and has been operating in ***Run-Off*** since then. The ***Equitable*** is required to set aside capital. The capital requirement cannot be distributed to policyholders as it is the money the ***Equitable*** is required to set aside to protect the ***Equitable*** against future events, many of which may not happen.

In ***Run-Off***, there is a risk that ***Capital Distribution*** could be reduced or removed at short notice, for example, if ***Policyholders*** remain with the ***Equitable*** for longer than expected when interest rates are low. The opposite is also true and ***Capital Distribution*** could increase.

The ***Board*** is of the opinion that remaining in ***Run-Off*** is a viable strategy for the next ten years but it does bring significant challenges, including the regulatory requirement to set aside capital in order to mitigate the risk of not being able to pay future benefits to ***Policyholders***.

The challenges for operating the *With-Profits Fund* if the *Equitable* stays as it is

There are quite a few challenges involved if the ***Equitable*** were to continue as it is in ***Run-Off***.

- The necessity to hold onto capital, which cannot be distributed to policyholders, to cover risks. Regulations require capital to be held for events that may not happen. This means the ***Equitable*** could potentially hold back more capital than is needed.
- Future increases of ***Capital Distribution*** being gradual, uncertain or even at risk of being removed at short notice in challenging economic markets if risks materialise. There is a risk this could lead to ***Policyholders*** not receiving the level of benefits projected in their ***Personal Illustration*** although the minimum guarantee would still be paid if benefits are taken at a time when it applies.
- With no new ***Policyholders*** joining the ***Equitable*** to replace those who leave, the ***Equitable*** becomes smaller and the costs of running the business have to be spread amongst fewer ***Policyholders***.
- Notwithstanding the success of the ***Equitable's*** de-risking programme undertaken in the last ten years, there remains one important risk that has yet to be fully mitigated: ***Policyholders*** deferring retirement in a low interest rate environment. Some 76% of the ***Equitable's With-Profits Policies*** have an ***Investment Guarantee*** that will grow at 3.5% per year. The ***Equitable's*** assets are invested so that it can pay the ***Investment Guarantee*** based on when it projects that ***Policyholders*** will take their benefits. When ***Policyholders*** stay longer than expected, the ***Equitable*** has to reinvest the assets, and in the current climate they are unable to match that return, which could lead to ***Capital Distribution*** reducing.

The longer ***Run-Off*** continues, the more variable the distribution of capital may become.

Alternatives that were considered

The ***Board*** considered several alternatives to this ***Proposal***, however, none of these options (described in detail in paragraph 24 of Explanatory Booklet Part B), were considered to be as good as this ***Proposal***. Its findings agreed that it was unlikely that any of these potential alternatives would allow the ***Equitable*** to pay ***Policyholders*** their share of all available assets in the ***With-Profits Fund***, as enabled by this ***Proposal***.

12. Things to consider before you vote

Before you make your decision on how you want to vote, you need to consider several things carefully:

		See page
What you would gain	If the *Scheme* goes ahead, you will gain a number of things including • An immediate ***Uplift*** to your ***Policy Value*** at the time the ***Scheme*** is implemented, instead of an uncertain amount of ***Capital Distribution*** later. Details are shown on your ***Personal Illustration***. • A continuing ***Policy*** managed by ***Utmost***, a financially stable company with an ongoing business that would be able to provide a wider range of investment options.	10 and 13
What you would lose	The ***Investment Guarantee*** attached to your ***Policy*** can be very valuable. It can give you assurance on the value of your fund in the future to help your financial planning. You need to be sure that if you vote for the ***Scheme*** you will be adequately compensated by the ***Uplift***. Details are shown on your ***Personal Illustration***. You would also give up any right to switch funds into the ***With-Profits Fund*** in the future, and finally you would no longer be a ***Member*** of the ***Equitable***.	10 and 13
Your personal circumstances	Your own personal circumstances will determine whether the ***Scheme*** offers you what you need.	28 and 29
The future of the *Equitable*	If the ***Scheme*** does not go ahead, the ***Equitable*** could face potential challenges in the future which could affect you later.	30
Further support	You may not be comfortable making a decision based purely on the information we have provided in this booklet. We understand this and have therefore arranged for further support to be made available for those who require it.	37 and 38
What funds you want to invest in should the *Scheme* go ahead	If the ***Scheme*** goes ahead, then your ***Policy*** with the ***Equitable*** would no longer be invested in the ***With-Profits Fund***. You would be able to choose from a range of ***Unit-Linked Funds*** in which to invest. You would need to decide upon the level of risk you are prepared to take in exchange for the potential returns. If you do not wish to make an investment decision, an automatic option is available although you should be aware that this will not be suitable for everyone. More information about the funds that would be available are outlined in the ***Investment Choice Pack*** that you will receive shortly. There is also subsidised advice available to help you choose the most suitable investment fund(s) for you.	15
What if you want to object to the *Scheme* or the *Transfer*?	If you believe you may be adversely affected and you want to object to either the ***Scheme*** or the ***Transfer***, you have the right to do so. Further details can be found on page 36 of this booklet.	36

13. Why your votes matter

The votes are important because the result will affect all ***Scheme Policyholders*** and ***Members***. But here are some reasons why the ***Equitable*** believes it is important that everybody who is entitled to vote does so:

1. Your voice is important

The very nature of being a mutual society means that our *With-Profits Policyholders* are at the heart of our decision-making. Casting your vote is in line with the values of the *Equitable*. We really want to hear what people like you think, no matter how you cast your vote.

2. Your vote matters

Voter turnout is a very important indicator to the *High Court* and the *Regulators* that the process was communicated properly and that the result is a fair representation of *Policyholders'* views.

3. Your view is as valid as anyone else's

There is a lot of detail in the *Proposal*, and you may feel unqualified to make this decision. Please don't be put off from voting. Every *Policyholder's* view is valid and we are keen that as broad a spectrum of people vote as possible. If you need assistance with understanding the *Proposal* and how to vote, further support is available and is outlined on page 38.

4. You might be a *Group Scheme Trustee*

If you are a *Group Scheme Trustee* it is important that you vote as you are representing the beneficial interests of your scheme members. The *Voting Forms* allow you to represent the views of your membership as you see fit.

HOW YOU SHOULD VOTE

We cannot tell you how to vote. You must make your decision based on your own circumstances, either on your own using the information we provide, or along with help and guidance from both the helpline that the *Equitable* has set up and other sources.

WHAT HAPPENS IF YOU DON'T VOTE?

Whatever the result of the votes, the result will be binding on all *Members*, *Group Scheme Trustees* and *Policyholders* (subject to *High Court* approval and any rights of cancellation that apply in respect of *Policies* issued to *Policyholders* in certain EEA states).

If you do not vote you have no influence on the outcome of the vote, which could be the opposite of what you wanted. It may be tempting to leave the decision to others, but we would encourage all *Policyholders* with a vote to have their say.

The potential outcomes and what this means for the *Proposal*

The vote on the ***Scheme*** passes and The vote on the ***Change to the Articles*** passes

The *Proposal* goes ahead provided the *High Court* approves the *Scheme* and the *Transfer*

The vote on the ***Scheme*** passes and The vote on the ***Change to the Articles*** fails

The *Proposal* does not go ahead

The vote on the ***Scheme*** fails and The vote on the ***Change to the Articles*** passes

The *Proposal* does not go ahead

The vote on the ***Scheme*** fails and The vote on the ***Change to the Articles*** fails

The *Proposal* does not go ahead

14. How the voting process works

About the votes

The first thing to note is that there are two votes.

Both votes are linked and for the ***Proposal*** to go ahead, both votes have to be passed.

The votes will take place at a ***Policyholders' Meeting*** and ***EGM*** held on a single day in the autumn. This will be held at Central Hall Westminster, Storey's Gate, London SW1H 9NH on 1 November 2019.

Only ***Scheme Policyholders*** are entitled to vote on the ***Scheme***. Only ***Eligible Members*** are entitled to vote on the ***Change to the Articles***. Most ***Scheme Policyholders*** are also ***Eligible Members***.

In your pack you will find up to two ***Voting Forms*** and this will depend on the nature of the ***Policy*** you have with us. If you want to understand this more, it is explained in full in section D of Explanatory Booklet Part B.

We will be making it as easy as possible for you to vote. You will be able to vote either:

In person | **By post** | **Online**

The vote on the *Scheme*

This covers the ***Scheme*** and relates to the proposed ***Uplift*** in ***Scheme Policyholders' Policy Values***, the removal of the ***Investment Guarantee*** and the conversion from ***With-Profits Policies*** to ***Unit-Linked Policies***.

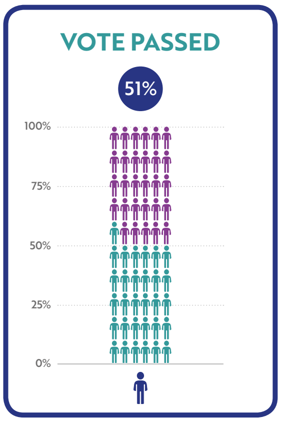
The vote on the *Change to the Articles*

This covers the legal process for the ***Change to the Articles*** and ***Utmost*** becoming the sole ***Member*** of the ***Equitable***.

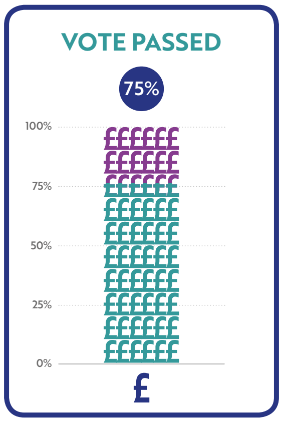
If either vote is not passed, the ***Proposal*** will not go ahead and we will continue to run the ***Equitable*** as we do today.

In order for the ***Proposal*** to proceed, both votes must reach the set targets. These are:

The vote on the *Scheme*

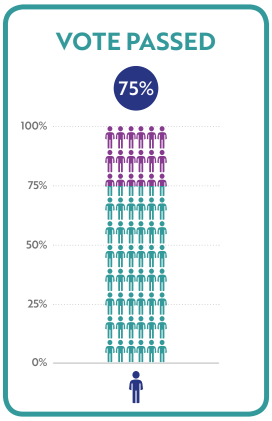


It is voted for by a majority in number, i.e. more than 50% of those who vote; **and**



those who voted in favour must hold 75% or more of the total ***Voting Value*** of everyone who voted

The vote on the *Change to the Articles*



This vote must be approved by 75% or more of votes cast

Why you might vote for or against

The information the ***Equitable*** provides is aimed at providing you with enough information to help you make your own decision.

There are a number of considerations you should review when deciding how to vote, in particular think of when you plan to take benefits from your ***Policy*** and how you intend to use your ***Policy***. Some things to think about are outlined on Page 29 of this booklet.

The ***Personal Illustration***(*s*) enclosed in this pack should help you in this, but if this does not reflect your plans please let us know.

Please remember that all ***Policyholders*** are different. For many it will be a straightforward decision on how to cast their vote but for others it may be more complicated.

You should take advantage of the guidance and advice available, details of which can be found on page 38 of this booklet.

Potential outcomes

Do you want the *Proposal* to go ahead?

- Vote **for** the ***Proposal*** in the vote on the ***Scheme***
- Vote **for** the ***Proposal*** in the vote on the ***Change to the Articles***

Are you against the *Proposal*?

- Vote **against** the ***Proposal*** in the vote on the ***Scheme***
- Vote **against** the ***Proposal*** in the vote on the ***Change to the Articles***

There are no realistic circumstances where it is logical for someone to vote for the ***Scheme*** in one vote and against in the other. If you believe that you wish to vote that way, please call the helpline who can talk this through with you.

There is no vote on the ***Transfer*** to ***Utmost***. You can still vote on the ***Scheme*** and if you feel you may be disadvantaged by the ***Transfer***, you can register your objection to the ***Transfer*** as explained in paragraph 66 of Explanatory Booklet Part B.

You should also bear in mind that the ***Scheme*** will not go ahead if the ***High Court*** does not approve the ***Transfer***.

14. How the voting process works

How the result impacts *Scheme Policyholders*

It is important to understand how the result of the vote works. No matter which way you vote, the result will be determined by whether the required level of votes has been reached. The result will need to be approved by the *High Court*, and if approved, the result then applies to everyone (subject to any rights of cancellation that apply in respect of policies issued to *Policyholders* in certain EEA states).

This means that if the *Proposal* is passed, and you opted to vote against the *Scheme* or the *Change to the Articles*, your *Policy* will still be uplifted, the *Investment Guarantee* would be removed, the *With-Profits Fund* converted to unit-linked and the *Equitable's Transferring Business* will still be transferred to *Utmost*. The reverse is also true – if the vote on the *Proposal* does not pass, even if you voted for it, your *Policy* will not be uplifted and it will remain in the *Equitable* as it is today.

German With-Profits Policies would not be included in the *Scheme*. However, if the *Proposal* is implemented then *UK Style German With-Profits Policies* would be increased in value. Holders of *German With-Profits Policies* are *Members* and, if they are eligible, will have a vote on the *Change to the Articles*.

How to object

If you wish to object to the *Scheme* and/or the *Transfer* or have any concerns, please do let us know. You can raise your concerns or objections in the following ways:

- By writing to our solicitors, Attention Craig Montgomery and Kevin Whibley, Freshfields Bruckhaus Deringer LLP, 65 Fleet Street, London EC4Y 1HS
- By email to our solicitors at equitable@freshfields.com
- By telephone, between 9.00 a.m. to 5.00 p.m. on UK working days. Calls to 03 numbers are charged at no more than a call to a standard 01 or 02 number.

  Individual *Policyholders*:
  From the UK: 0330 159 1530
  From outside the UK: +44 1296 386 242

  Group Scheme Trustees:
  From the UK: 0330 159 1531
  From outside the UK: +44 1296 385 225

  Holders of *German Policies:* 01803 234 630
- In person (or by legal representative) at the *Second Court Hearing* following the vote.

We will make a record of your concern or objection and provide a copy to the *Policyholder Independent Expert*, the *Transfer Independent Expert* and the *High Court*, along with a copy of our response.

Notifying us of your objection in advance of the *Second Court Hearing* does not affect your right to attend and make your objection in person at this hearing.

More contact details can be found in section G of Explanatory Booklet Part B.

15. Helping you make your decision

THE IMPORTANCE OF THE DECISION

The most important thing we ask you to do before you vote, is to make sure that you think about your personal circumstances to see if the ***Proposal*** is right for you.

TO HELP YOU DO THIS, WE SUGGEST YOU:

1. Read Explanatory Booklet Part A and Part B. Part A provides you with a summary of the ***Proposal*** and Part B contains more detailed information. Together they give you all the information about the ***Proposal***, including the effect of removing the ***Investment Guarantee*** from ***Scheme Policies***, and what to consider ahead of voting.

2. If you are a ***Scheme Policyholder***, read your ***Personal Illustration(s)***. One of the key benefits of the ***Personal Illustration*** is that it allows you to see the potential future impact of voting for the ***Proposal*** compared with voting against.

LOOK OUT FOR SCAMS AND FRAUD

Fraudsters may see the ***Proposal*** as an opportunity to get you to part with your savings, often by contacting people unexpectedly and offering too-good-to-be-true promises of cash and/or interest rates.

There is more information about scams and fraud in the enclosed leaflet, but remember that the *Equitable* will not:

- Recommend or advise you to cash in your policy
- Send text messages
- Contact you by email asking for your bank details

A scam or fraud could cost you all your savings, so be aware and never give any personal or financial details if you have been unexpectedly contacted, even if the company seems legitimate.

If you seek to engage your own financial adviser, ensure they are a bona-fide firm by checking them out on the *FCA* register (https://register.fca.org.uk/)

15. Helping you make your decision

HELP AND SUPPORT

- If you are a ***German Policyholder***, please see section G of Explanatory Booklet Part B which sets out the help and support available to you.
- After reading the information in the pack, if you still have questions about the ***Proposal***, the ***Equitable*** has arranged for a dedicated team to provide you with further support. This team is provided by JLT Wealth Management Limited (***JLT***), who are experienced in guiding ***Policyholders*** through processes such as this. They will guide you through all parts of the ***Proposal*** and will point out what key areas you should think about when making your decision.

  You can reach the helpline by calling **0330 159 1530** (9.00 a.m. to 5.00 p.m.), or **+44 1296 386242** if you are calling from outside the UK.

  If you do wish to speak to ***JLT***, we would recommend reading the material first in order to gain as much of an understanding about the ***Proposal*** as you can. We also recommend having your documentation to hand as this will help you to get the most out of the call.

  We recommend that you talk to them first before deciding whether you would like any further support.
- If you are a UK resident and need further assistance in understanding the ***Proposal*** after calling the helpline, ***JLT*** can also provide you with advice, including a recommendation on how to cast your vote. The cost of this ***JLT*** advice is £95, which has been subsidised by the ***Equitable***.
- If you are a ***Scheme Policyholder*** you will also need to decide which ***Unit-Linked Funds*** to select if the ***Proposal*** goes ahead. The ***Investment Choice Pack*** will be sent to you shortly, and will contain information to help you make your decision. It will also tell you how to get support and subsidised advice on your investment options. The ***JLT*** advice mentioned above will not cover advice on your investment options.
- If you prefer to get advice on the vote or your investment options from your existing adviser, the ***Equitable*** will subsidise the cost of that advice. The subsidy will amount to £355 in total per person, irrespective of the number of policies you hold and whether you seek advice on the vote, your investment options, or both. However, we would suggest waiting for the ***Investment Choice Pack*** before you decide to speak to your own adviser as there will be further services relating to fund choice advice that you may wish to consider first.
- As an alternative, if you do not have an existing adviser you may source one from www.unbiased.co.uk and they may be able to advise you on the vote, or your investment options, or both. However, the subsidy mentioned above is only available where you have an existing adviser and not where you appoint a new one.
- If you are a ***Group Scheme Trustee*** then you can also get support by calling the helpline on 0330 159 1531 (9.00 a.m. to 5.00 p.m.), or +44 1296 385 225 if you are calling from outside the UK.
- Further information is available at the ***Equitable's*** website www.equitable.co.uk

VULNERABLE CUSTOMERS

Certain ***Policyholders*** may be faced with particularly complex issues or identify themselves as being 'vulnerable', for example as a result of disability (either mental or physical), terminal illness, or having problems reading or understanding written materials. The ***Equitable*** and ***Utmost*** are committed to supporting ***Policyholders*** with these additional needs as part of this process. If you feel you might benefit from additional assistance, please contact us and let us know your circumstances. We may be able to offer additional help and support.

HOW TO CONTACT US

We recognise that we have provided you with a lot of information and making a decision may not be straightforward. We have set up a dedicated helpline to provide support and guidance on the ***Proposal*** and the vote. We have also updated our website to provide you with a range of information that may help you and which includes links to key documents in relation to the ***Scheme*** and the ***Transfer***.

You can contact us in the following ways:

Phone: Lines are open from 9.00 a.m. to 5.00 p.m. on normal working days

Individual *Policyholders:*
From the UK: 0330 159 1530
(Calls are charged at your local rate when phoning from a UK land line)
From outside the UK: +44 1296 386 242

Group Scheme Trustees:
From the UK: 0330 159 1531
From outside the UK: +44 1296 385 225

Holders of *German Policies:*
01803 234 630

Letter: Equitable Life, Walton Street, Aylesbury, Bucks, HP21 7QW

Email: Individual *Policyholders:*
From the UK: enquiries@equitable.co.uk
From outside the UK: info@equitable-int.com

Group Scheme Trustees:
From the UK: gps@equitable.co.uk
From outside the UK: gpi_unit@equitable.co.uk

Holders of *German Policies:*
info@equitable-int.com

Website: **www.equitable.co.uk** or **www.utmost.co.uk**

WHY IT'S IMPORTANT TO STAY ENGAGED

To help you understand the *Proposal*, we have provided you with a lot of information, with more to follow and we understand that it will be easy to switch off. But please remember, this is an important *Proposal* that will affect you no matter the outcome of the vote.

PLEASE REMEMBER:

1. You get to have your say
2. Your opinion matters

You have the opportunity to influence the decision

Equitable Life

Securing your future together