

Accumulating With-Profit (AWP) Calculation Examples

Example Calculation A: Life - policy in force at 31 December 2009

Mr Allen has an Equitable Life Bond (BND) which started on 11 April 1995 and is due to mature on 29 November 2045. He received a payment of £301 from the Equitable Life Payment Scheme.

This is a simplified explanation of how the Scheme calculated Mr Allen's payment to make the calculation easier to follow. The example is designed to make it easier for policyholders who have questions about the calculation model to understand the main steps taken in calculating their payment. It does not provide a step by step guide for policyholders to accurately recreate their own payment calculation.

In order to work out Mr Allen's Relative Loss the Scheme has to identify the value of his Equitable Life Bond and compare it with the value of comparable bond from another company. The values are compared between 1 September 1992 and 31 December 2009 as this is the period when a policyholder's decision to invest in Equitable Life may have been affected by the maladministration of its regulatory returns. The payment made represents 22.4% of Mr Allen's Relative Loss, which follows the Independent Commission on Equitable Life's recommendation for a pro-rata to be applied to AWP loss payments to meet affordability constraints.

A summary of key Equitable Life policy information used in this example is:

| | |
|---|-------------------------------------|
| Policy Start Date | 11 April 1995 |
| Policy Exit Date | In force at 31 December 2009 |
| Policy Maturity Date | 29 November 2045 |
| Policy type | BND (Bond) |
| First Premium paid date | 11 April 1995 |
| First premium amount | £1,000 |
| Second Premium paid date | 11 April 1996 |
| Second Premium amount | £1,000 |
| Third Premium paid date | 11 April 1997 |
| Third Premium amount | £1,000 |
| "Value of your fund" from Scheme Statement | £3,943 |

These are the steps which were followed to calculate Mr Allen’s payment.

Step 1: Identifying the correct calculation for the policy

First the Scheme must establish if Mr Allen’s Bond is a Life or Pensions policy and if it is treated as being a contractual or non-contractual claim so that the correct calculation is carried out¹.

[Table A1](#) shows which Equitable Life AWP policies are classed as a life or a pension policy. The Scheme therefore identified that Mr Allen’s Bond is a **life policy**.

[Table A2](#) shows whether a policy is treated as a contractual or non-contractual claim. As the policy was in force at 31 December 2009, the Scheme identified the policy as being a **non-contractual claim**².

Step 2: Identifying the Equitable Life Policy Value

As Mr Allen did not pay premiums before 1 September 1992 or after 31 December 2000, the Loss Calculation Period, and his policy was in force at 31 December 2009, the Equitable Life Policy Value used is the “Value of your fund”³ shown on the Statement sent to Mr Allen by the Scheme.

Equitable Life Policy Value = £3,943

If Mr Allen had made any premium payments before 1 September 1992 or after 31 December 2000, the Scheme would have to reconstruct the Equitable Life Policy Value so that only the payments to the policy during this period were taken into account.

Full details of how the Equitable Life Policy Value is reconstructed are set out in the Scheme’s Technical Annex⁴.

Step 3: Identifying the Comparator Policy Value

The Scheme has modelled a notional Comparator company based upon a basket of real companies that sold similar with-profits policies over the period of government maladministration. The returns from these companies are averaged to produce the comparator returns which are applied to the premiums paid into the Equitable Life policy to calculate the Comparator Policy Value.

The Scheme carries out two calculations to find the Comparator Policy Value: one using smoothed returns and one using unsmoothed returns. Smoothed returns spread fluctuations in returns over time to reduce the impact of volatility over short investment periods. Unsmoothed returns use unadjusted returns for each calendar year. This example shows the smoothed and unsmoothed calculation the Scheme carried out to find the Comparator Policy Value for one premium in a simplified format to make it easier to follow. These calculations are undertaken to work out the value each premium paid contributes to the Comparator Policy Value.

¹ This information is set out in [Technical Annex](#) to Scheme Design: paragraph 14 shows which policies were treated as life or pensions business and paragraph 15 details contractual and non-contractual claims.

² [Technical Annex](#) paragraphs 23-24 cover the treatment of policies in-force at 31 December 2009 as non contractual claims.

³ This value is the Last Declared Total Value (LDTV) for the policy as at 31 December 2009 less the Market Value Adjustment (“MVA”) that applied at this date.

⁴ Details of the reconstruction of the Equitable Life Policy Value are set out in the [Clarifications](#) to the Scheme Design and [Technical Annex](#).

If multiple premiums were paid in the Loss Calculation Period, 1 September 1992 to 31 December 2000, these calculations need to be repeated for each premium paid and the values added together for the Total Smoothed Comparator Policy Value (Result A) and Total Unsmoothed Comparator Policy Value (Result B) separately. As Mr Allen's policy is a non-contractual claim, the lower of these two results is used as the Comparator Policy Value to compare against the Equitable Life Policy Value.

The amount of the premium which the Scheme uses in both smoothed and unsmoothed calculations is the actual amount of the premium paid into the policy, rather than the premium allocated to the policy that is shown on the Core Data Report (CDR) which contains deductions for expenses. Mr Allen's original premium amounts would be contained in his Equitable Life policy documentation or in his own premium payment records.

Step 3.1: Calculating the time the premium was invested

The Scheme calculates how many days the premium was invested in each year for both the smoothed and unsmoothed calculations. Mr Allen's first premium was paid on 11 April 1995, so was invested from 11 April to 31 December in 1995.

This period was **264** days so the proportion of that year was:

$$264 \div 365 = 0.723$$

The premium was then invested for full years until and including the final year, 2009.

Step 4: Smoothed Comparator Policy Value

Step 4.1: Identifying the Smoothed Comparator Returns and adjusting for part years

To begin the smoothed comparator calculation, the Scheme identifies the smoothed comparator returns to be applied to the premium. As Mr Allen's policy was still in force at 31 December 2009, the Scheme applies the 2 year smoothing rates in his calculation⁵. The annual returns are shown in [Table A3](#) (Comparator: Life 2-year smoothed)⁶.

The returns which applied to Mr Allen's policy are shown in column 2 of [Table A3](#) as his policy started on 11 April 1995 and this is between 01 January 1992 and 15 June 1997. In order to make the calculations easier to follow, the investment returns shown in the Technical Annex have been converted to investment factors in [Table A3](#).

Mr Allen's first premium was paid on 11 April 1995 and [Table A3](#) shows that the **Comparator Investment Return factor for 1995 is 1.0510**. As Mr Allen's premium was not invested for the whole calendar year (from 1 January to 31 December), it must be apportioned to reflect the time the premium was invested.

In order to do this, **1** is deducted from this factor to derive the return earned:

$$1.0510 - 1 = 0.0510$$

⁵ [Technical Annex](#), paragraph 51 explains the rules relating to whether 2 or 4 year smoothing applies to a policy.

⁶ Table 1 in Appendix A of the [Technical Annex](#) contains the unadjusted Comparator returns on which Table 3 is based.

This is multiplied by the proportion of the year the premium was invested using the figure of **0.723** calculated in Step 3.1:

$$0.0510 \times 0.723 = 0.0369$$

Add **1** back to get the **Smoothed Comparator Investment Return factor for the 1995 part-year**:

$$1 + 0.0369 = 1.0369$$

After the first year the premium was invested for full calendar years (1996 until the final year, 2009), so the Smoothed Comparator Investment Return factors can be read directly from [Table A3](#) (Comparator: Life 2-year smoothed).

| | |
|-------------|--------|
| 1996 | 1.1129 |
| 1997 | 1.1118 |
| 1998 | 1.1257 |
| 1999 | 1.1177 |
| 2000 | 1.0602 |
| 2001 | 0.9742 |
| 2002 | 0.9428 |
| 2003 | 1.0071 |
| 2004 | 1.0848 |
| 2005 | 1.1040 |
| 2006 | 1.1041 |
| 2007 | 1.0614 |
| 2008 | 0.9417 |
| 2009 | 0.9512 |

Step 4.2: Calculating the Total Smoothed Comparator Investment Return

In order to calculate the Total Smoothed Comparator Investment Return factor for the investment period the annual factors are multiplied together:

$$1.0369 \times 1.1129 \times 1.1118 \times \dots \times 0.9417 \times 0.9512 = 1.990$$

Total Smoothed Comparator Investment Return factor

Step 4.3: Finding the adjustment factor used for market calibration of the smoothed return

The Scheme adjusts the Total Smoothed Comparator Investment Return to take account of the actual payouts made by the comparator companies in the Comparator Policy Value. This is done by applying the market calibration factors⁷. The adjustment factors shown in [Table A4](#) (Life 2 year adjustment factors) have been simplified to make the calculation easier to follow⁸.

⁷ Paragraphs 54-56 of the [Technical Annex](#) gives further explanation of calibration to actual payouts

⁸ Table 4 in Appendix 1 of the [Technical Annex](#) shows percentage market calibration factors on which Table A4 is based

The premium was invested from 11 April 1995 to 31 December 2009. The **term is calculated as 14 years** by deducting 1995 from 2009 (2009 – 1995 = 14 years). [Table A4](#) shows the figure for a policy termination in 2009 with a term of 14 years. This is:

$$1.085 = \text{adjustment factor}$$

Step 4.4: Calculating the Smoothed Comparator Value

The Smoothed Comparator Value for the first premium at 31 December 2009 can now be calculated.

The first premium of **£1,000** is multiplied by **0.96** to allow for 4% of the premium assumed to be used to pay for up-front expenses⁹. This is then multiplied by the Total Smoothed Comparator Investment Return factor calculated in Step 4.2 of **1.990** and the adjustment factor from Step 4.3 of **1.085**.

$$£1,000 \times 0.96 \times 1.990 \times 1.085 = £2,073$$

Smoothed Comparator Value for first premium paid

Step 4.5: Calculating the Total Smoothed Comparator Policy Value

Steps 4.1 to 4.4 are repeated for every premium Mr Allen paid into the policy in the Loss Calculation Period, 1 September 1992 and 31 December 2000, and the results added together.

Mr Allen paid two further premiums to this policy (**£1,000 on 11 April 1996 and £1,000 on 11 April 1997**), using this method, these resulted in Smoothed Comparator values of **£1,943** ($£1,000 \times 0.96 \times 1.865 \times 1.085$) and **£1,746** ($£1,000 \times 0.96 \times 1.676 \times 1.085$). To get the Total Smoothed Comparator Value, these amounts are added to the value for the first premium:

$$£2,073 + £1,943 + £1,746 = £5,762$$

Total Smoothed Comparator Policy Value (Result A)

Step 5: Calculating the Unsmoothed Comparator Value

As Mr Allen's policy is treated as a non-contractual claim, the Smoothed Comparator Policy Value calculated in Step 4.5 needs to be compared with what would have been paid out taking into account deductions typically known as a Market Value Adjustment¹⁰ that might have applied to allow for the market conditions at the time, ie, the unsmoothed value.

Step 5.1: Identifying the Unsmoothed Comparator Returns and adjusting for part years

The calculation in Step 4.1 is repeated using [Table A5](#) (Comparator: Life unsmoothed) instead of [Table A3](#) (Comparator: Life 2-year smoothed). As for Steps 4.1 – 4.4, in order to make the calculations easier to follow, the investment returns shown in the Technical Annex have been converted to investment factors in [Table A5](#).

⁹ Section 8 Assumptions, page 78 of [Technical Annex](#) shows the Scheme's assumed rate for Comparator Initial Expenses

¹⁰ [Technical Annex](#) paragraphs 20 and 22 gives further information on the application of Market Value Adjustment and Section 9, Glossary, page 86 gives the definition of Market Value Adjustment as applied to non-contractual terminations to ensure the payout targets approximately 100% of the unsmoothed asset share.

For the first year, 1995, the return earned for the part-year that the premium was invested is calculated. The value from [Table A5](#) (Comparator: Life unsmoothed) is **1.1458**. As in Step 4.1:

1 is deducted from this factor to derive the return earned:

$$1.1458 - 1 = 0.1458$$

This is multiplied by the proportion of the year the premium was invested using the figure **0.723** calculated in Step 3.1:

$$0.1458 \times 0.723 = 0.1054$$

Add 1 back to get the **Unsmoothed Comparator Investment Return factor for the 1995 part-year**:

$$1 + 0.1054 = 1.1054$$

As before, the unsmoothed investment factors for premiums invested for full calendar years (1996 to 2009) can be read directly from [Table A5](#) (Comparator: Life unsmoothed):

| | |
|-------------|--------|
| 1996 | 1.0809 |
| 1997 | 1.1436 |
| 1998 | 1.1080 |
| 1999 | 1.1275 |
| 2000 | 0.9970 |
| 2001 | 0.9521 |
| 2002 | 0.9335 |
| 2003 | 1.0868 |
| 2004 | 1.0829 |
| 2005 | 1.1254 |
| 2006 | 1.0831 |
| 2007 | 1.0401 |
| 2008 | 0.8532 |
| 2009 | 1.0613 |

:

Step 5.2: Calculating the Total Unsmoothed Comparator Investment Return

The Unsmoothed Comparator Investment Return factors for each year are multiplied together:

$$1.1054 \times 1.0809 \times \dots \times 1.0613 = 2.044$$

Total Unsmoothed Comparator Investment Return factor

Step 5.3: Calculating the Unsmoothed Comparator Value

For the unsmoothed value, no market calibration adjustment is used so Step 4.3 using Table A4 (Comparator: Life 2-year adjustment factors) does not need to be repeated.

The premium of **£1,000** is multiplied by **0.96** to allow for up-front expenses as described in Step 4.4 and then multiplied by the **Total Unsmoothed Comparator Investment Return factor 2.044** (Step 5.2).

$$£1,000 \times 0.96 \times 2.044 = £1,962$$

Unsmoothed Comparator Value for first premium paid

Step 5.4: Calculating the Total Unsmoothed Comparator Policy Value

Steps 5.1 to 5.3 are repeated for every premium paid into the with-profits policy in the Loss Calculation Period, and the results added together.

In this example, the following two years' premiums resulted in values of **£1,738** ($£1,000 \times 0.96 \times 1.810$) and **£1,585** ($£1,000 \times 0.96 \times 1.651$). To get the Total Unsmoothed Comparator Policy Value these amounts are added to the value for the first premium:

$$£1,962 + £1,738 + £1,585 = £5,285$$

Total Unsmoothed Comparator Policy Value (Result B)

Step 6: Identifying the lowest of the Comparator Values

As Mr Allen's policy is a non-contractual claim the Comparator Policy Value is the **lower of Result A** (£5,762) **and Result B** (£5,285) which in this case is **Result B £5,285**.

Step 7: Calculating the Total Relative Loss

From Step 2, Mr Allen's **Equitable Life Policy Value** (as shown on his Statement from the Scheme) is **£3,943** giving a Relative Loss of:

| | | | | |
|--------------------------------|---|-------------------------------|---|----------------------|
| Comparator Policy Value | – | Equitable Policy Value | = | Relative Loss |
| £5,285 | – | £3,943 | = | £1,342 |

No additional interest is applied because Mr Allen's Relative Loss has been calculated to 31 December 2009.

Step 8: Calculating the payment from the Scheme

A **pro-rata of 22.4% is applied** to the Relative Loss in Step 7 in order to meet the Scheme's funding constraints. Therefore, Mr Allen's payment from the Scheme is-

$$£1,342 \times 22.4 \div 100 = \underline{\underline{£301}}$$

As Mr Allen has one policy, off-setting¹¹ does not apply in this example.

¹¹ Where a policyholder holds more than one policy, one or more of which has a Relative Gain, (ie the Equitable Life Policy has performed better than the Comparator policy) the gain may be "offset" against the Relative Losses of the other policies, resulting in the reduction of the sum of the Relative Loss across all the policies which have been offset. Full details of how offsetting is applied are set out in Section 6 of the [Technical Annex](#).

TABLE A1 – Life or Pensions

This table is designed to assist in determining whether a policy is considered to be a Life or Pensions policy.

| Abbreviated Policy Name | Full Policy Name | Life or Pensions Product |
|--------------------------------|---|---------------------------------|
| BND | Bond | Life |
| PIP | Personal Investment Plan | Life |
| SF | School Fee Trust Plan ¹² | Life or Pensions |
| RSP | Regular Savings Plan | Life |
| FPP | Flexible Protection Plan | Life |
| HTH | Health product | Life |
| PPP | Personal Pension Plan | Pensions |
| RA | Retirement Annuity | Pensions |
| IPP | Individual Pension Plan | Pensions |
| GR | Group Pension Plan | Pensions |
| MAN | Managed Pension | Pensions |
| TP | Transfer Plan | Pensions |
| DHA | Deferred Hancock Annuity | Pensions |
| FSA | Free Standing Additional Voluntary Contribution (FSAVC) | Pensions |
| WU | Wind Up Plan | Pensions |

¹² Please note that the School Fees Trust Plan could be either a Pensions or Life policy, and you will need to find out which type of Plan you have/had by checking your policy documentation

TABLE A2 – Contractual or non-contractual

This table is designed to assist in determining whether a policy is considered to be a contractual or non-contractual claim. However, this is not an exhaustive list, and the classification will depend on the terms and conditions of each individual policy.

| Reason for policy termination | Contractual or not |
|--|--------------------|
| In Force ¹³ | Not Contractual |
| Maturity Claim | Contractual |
| Transfer ¹⁴ /Surrender | Not Contractual |
| Death Claim | Contractual |
| Critical Illness Claim | Contractual |
| School Fee Trust Plan | Contractual |
| Personal Pension Plan Claim | Non-contractual |
| Bonds and Regular Savings terminating on 5 th or subsequent policy anniversary | Contractual |
| Bonds and Regular Savings not terminating on 5 th or subsequent policy anniversary | Not Contractual |
| Flexible Protection Plan surrenders on the expected maturity date | Contractual |
| Any other claim | Not contractual |

¹³ In force means the policy remained invested with Equitable Life, whether or not premiums were still being paid to the policy

¹⁴ A transfer for a personal pension refers to a movement of the pension benefits to another pensions provider

TABLE A3 (Comparator: Life - 2-year smoothed)

These factors are calculated from Table 1 in Appendix A to the Technical Annex. These figures account for the Shareholder Transfer Adjustment (“STA”) and renewal expenses which are in set out in paragraph 47 and 57 of the Technical Annex respectively.

For example, the first cell in the table is calculated by reading directly from *Table 1: Comparator Investment Return* the percentage for 1992, which is 12.74%. The assumed renewal expenses are 0.60% and the STA is 0.96.

The Comparator Investment Return and renewal expenses are converted from percentages to a factor by dividing by 100 so the calculation to find the Comparator Smoothed Investment Return factor for 1992 is:

$$(12.74 - 0.60) \div 100 \times 0.96 + 1 = 1.1165$$

The dates 1 January 1992, 16 June 1997 and 3 March 2000 were the dates of demutualisation of Scottish Mutual, Norwich Union and Scottish Widows respectively.

| Year | Policy start date | | | |
|------|-------------------|-------------------------|-------------------------|-------------------|
| | before 1/1/92 | 1/1/92 to 15/6/97 | 16/6/97 to 3/3/00 | after 3/3/2000 |
| 1992 | 1.1165 | 1.1141 | 1.1117 | 1.1093 |
| 1993 | 1.1704 | 1.1669 | 1.1633 | 1.1598 |
| 1994 | 1.0826 | 1.0808 | 1.0791 | 1.0774 |
| 1995 | 1.0521 | 1.0510 | 1.0500 | 1.0489 |
| 1996 | 1.1153 | 1.1129 | 1.1105 | 1.1081 |
| 1997 | 1.1141 | 1.1118 | 1.1094 | 1.1070 |
| 1998 | 1.1284 | 1.1257 | 1.1230 | 1.1203 |
| 1999 | 1.1202 | 1.1177 | 1.1152 | 1.1127 |
| 2000 | 1.0614 | 1.0602 | 1.0589 | 1.0576 |
| 2001 | 0.9737 | 0.9742 | 0.9748 | 0.9753 |
| 2002 | 0.9415 | 0.9428 | 0.9440 | 0.9452 |
| 2003 | 1.0072 | 1.0071 | 1.0069 | 1.0068 |
| 2004 | 1.0866 | 1.0848 | 1.0830 | 1.0812 |
| 2005 | 1.1062 | 1.1040 | 1.1018 | 1.0995 |
| 2006 | 1.1063 | 1.1041 | 1.1018 | 1.0996 |
| 2007 | 1.0627 | 1.0614 | 1.0601 | 1.0588 |
| 2008 | 0.9405 | 0.9417 | 0.9430 | 0.9442 |
| 2009 | 0.9502 | 0.9512 | 0.9523 | 0.9533 |

TABLE A4 (Comparator: Life 2 year adjustment factors)

These factors are calculated from *Table: 4 Life Business, Smoothed Returns using a 2-year smoothing formula* in Appendix A to the Technical Annex. For example, the cell for term 1 and maturity 1993 is calculated by reading directly from Table 4 the percentage for 1993, -3.1%, and converted to a factor by dividing by 100:

$$1 - (-3.1 \div 100) = 1.031$$

| Termination year | Term (calculated as termination year minus transaction year) | | | | | | | | | | | | | | | | | |
|------------------|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
| 1992 | 1.000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 1993 | 1.000 | 1.031 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 1994 | 1.000 | 1.031 | 1.006 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 1995 | 1.000 | 1.031 | 1.006 | 1.008 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 1996 | 1.000 | 1.031 | 1.006 | 1.008 | 0.979 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 1997 | 1.000 | 1.031 | 1.006 | 1.008 | 0.979 | 1.018 | - | - | - | - | - | - | - | - | - | - | - | - |
| 1998 | 1.000 | 1.031 | 1.006 | 1.008 | 0.979 | 1.018 | 1.042 | - | - | - | - | - | - | - | - | - | - | - |
| 1999 | 1.000 | 1.031 | 1.006 | 1.008 | 0.979 | 1.018 | 1.042 | 1.071 | - | - | - | - | - | - | - | - | - | - |
| 2000 | 1.000 | 1.031 | 1.006 | 1.008 | 0.979 | 1.018 | 1.042 | 1.071 | 1.071 | - | - | - | - | - | - | - | - | - |
| 2001 | 1.000 | 1.107 | 1.091 | 1.047 | 1.034 | 1.043 | 1.045 | 1.074 | 1.074 | 1.074 | - | - | - | - | - | - | - | - |
| 2002 | - | 1.136 | 1.207 | 1.190 | 1.140 | 1.087 | 1.076 | 1.097 | 1.097 | 1.097 | 1.097 | - | - | - | - | - | - | - |
| 2003 | - | - | 1.211 | 1.245 | 1.217 | 1.156 | 1.105 | 1.039 | 1.048 | 1.092 | 1.097 | 1.097 | - | - | - | - | - | - |
| 2004 | - | - | - | 1.179 | 1.226 | 1.171 | 1.117 | 1.067 | 1.008 | 1.034 | 1.080 | 1.080 | 1.080 | - | - | - | - | - |
| 2005 | - | - | - | - | 1.113 | 1.150 | 1.137 | 1.088 | 1.027 | 1.031 | 1.039 | 1.039 | 1.039 | 1.039 | - | - | - | - |
| 2006 | - | - | - | - | - | 0.977 | 1.043 | 1.035 | 0.998 | 0.969 | 0.979 | 0.979 | 0.979 | 0.979 | 0.979 | - | - | - |
| 2007 | - | - | - | - | - | - | 1.091 | 1.083 | 1.050 | 1.012 | 0.946 | 0.946 | 0.946 | 0.946 | 0.946 | 0.946 | - | - |
| 2008 | - | - | - | - | - | - | - | 1.116 | 1.109 | 1.062 | 1.037 | 1.037 | 1.037 | 1.037 | 1.037 | 1.037 | 1.037 | - |
| 2009 | - | - | - | - | - | - | - | - | 1.211 | 1.187 | 1.085 | 1.085 | 1.085 | 1.085 | 1.085 | 1.085 | 1.085 | 1.000 |

TABLE A5 (Comparator: Life unsmoothed)

These factors are calculated from Table 1 in Appendix A to the Technical Annex. These figures account for the Shareholder Transfer Adjustment (“STA”) and renewal expenses which are in set out in paragraph 47 and 57 of the Technical Annex respectively.

For example, the first cell in the table is calculated by reading directly from *Table 1: Comparator Investment Return* the percentage for 1992 which is 13.74%. The assumed renewal expenses are 0.60% and the STA is 0.96.

The Comparator Investment Return and renewal expenses are converted from percentages to a factor by dividing by 100 so the calculation to find the Comparator Smoothed Investment Return factor for 1992 is:

$$(13.74 - 0.60) \div 100 \times 0.96 + 1 = 1.1261$$

The dates 1 January 1992, 16 June 1997 and 3 March 2000 were the dates of demutualisation of Scottish Mutual, Norwich Union and Scottish Widows respectively.

| Year | Policy start date | | | |
|------|-------------------|-------------------|-------------------|----------------|
| | before 1/1/92 | 1/1/92 to 15/6/97 | 16/6/97 to 3/3/00 | after 3/3/2000 |
| 1992 | 1.1261 | 1.1235 | 1.1209 | 1.1183 |
| 1993 | 1.2165 | 1.2120 | 1.2075 | 1.2030 |
| 1994 | 0.9637 | 0.9645 | 0.9652 | 0.9660 |
| 1995 | 1.1489 | 1.1458 | 1.1427 | 1.1396 |
| 1996 | 1.0827 | 1.0809 | 1.0792 | 1.0775 |
| 1997 | 1.1467 | 1.1436 | 1.1406 | 1.1375 |
| 1998 | 1.1103 | 1.1080 | 1.1057 | 1.1034 |
| 1999 | 1.1302 | 1.1275 | 1.1248 | 1.1220 |
| 2000 | 0.9969 | 0.9970 | 0.9971 | 0.9971 |
| 2001 | 0.9510 | 0.9521 | 0.9531 | 0.9541 |
| 2002 | 0.9321 | 0.9335 | 0.9350 | 0.9364 |
| 2003 | 1.0886 | 1.0868 | 1.0849 | 1.0831 |
| 2004 | 1.0847 | 1.0829 | 1.0811 | 1.0794 |
| 2005 | 1.1281 | 1.1254 | 1.1227 | 1.1201 |
| 2006 | 1.0849 | 1.0831 | 1.0813 | 1.0796 |
| 2007 | 1.0410 | 1.0401 | 1.0393 | 1.0384 |
| 2008 | 0.8500 | 0.8532 | 0.8563 | 0.8594 |
| 2009 | 1.0626 | 1.0613 | 1.0600 | 1.0587 |