

Information about your 2024 policy bonuses

Resolution Life (former-NMLA) Whole of Life and Endowment policies

Annual and End bonus rates effective from 1 April 2024

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

There are two types of bonuses available:

1. Annual bonus; and
2. End bonus.

From 1 April 2024, we are declaring higher Annual bonus rates for both Super and Ordinary (non-Super) policies relative to the rates declared last year (an increase of 0.3%).

We are declaring unchanged End bonus rates for Ordinary policies and increases to End bonus rates for Super policies from the rates declared last year, also effective from 1 April 2024.

Your Annual Statement will show the impact of this bonus declaration on your policy. For a further explanation of the bonus rate changes, see 'Setting bonus rates for 2024'.

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

Setting bonus rates for 2024

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

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

When setting Annual bonus rates, Resolution Life considers both past returns and estimates of future investment returns, with the aim of declaring rates that are sustainable and fair to our policyholders over the lifetimes of their policies.

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

While fluctuating during 2023, medium-to-long-term bond yields in Australia ended the year at largely similar levels to the start, and remain considerably higher than the levels seen during the recent years of low interest rates.

End bonuses are a way of passing on a greater level of capital appreciation, usually from growth-oriented assets such as equities (shares) and property. We aim to set End bonus rates that distribute portfolio investment returns fairly to our policyholders over the lifetimes of their policies.

Investment markets rallied late in 2023, with portfolio returns ending the year strongly to finish largely in line with expectations. Returns from growth-type assets were driven in particular by strong returns on overseas equities (shares), supplementing losses/lower returns from property and infrastructure assets.

We aim to set Annual and End bonus rates that are supportable and fair to our policyholders over the lifetimes of their policies. From 1 April 2024, we are declaring higher Annual bonus rates (an additional 0.3%) than those declared last year. For most policies, we are declaring unchanged End bonus rates, with some increases for a small number of Super policies relative to last year (increase will depend on the policy type).

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

Annual bonuses

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

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

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

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

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

End bonuses

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

Your End bonus is calculated as a percentage of your sum insured and Annual bonuses already accrued — it is also based on the number of years your policy has been active.

Important: Unlike Annual bonuses, End bonuses are not guaranteed.

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

The End bonus on your Annual Statement represents the End bonus that you would receive if a maturity benefit was paid on the Annual Statement date.

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

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

Withdrawal benefit

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

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

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

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

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

Does your policy still match your needs?

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

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

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

For more information

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

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

What you need to know

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