

# Guaranteed Accumulation Funds

The aim of this summary is to answer any questions you may have about the Guaranteed Accumulation Funds (GAF).<sup>\*</sup> If you are still unsure about any aspect of the GAF please speak to your relevant financial professional.

<sup>\*</sup>The GAF are not available for new Corporate schemes and Retail policies.

## What are the Guaranteed Accumulation funds?

The funds are designed to offer smoothed, relatively stable growth and a guaranteed medium-term return, backed by investments in high quality corporate and government bonds. The funds are available in sterling, US dollars and euros and offer capital growth through investments in the global bond market. The funds protect against loss by ‘smoothing’ the dividends and offering medium-term guaranteed returns.

## Smoothing the returns

Zurich International Life is able to smooth the returns from the funds, ensuring that the year-on-year return does not fluctuate wildly despite the performance of the underlying assets. In years in which the assets perform well, the funds may not distribute all returns. This effectively creates a reserve from which the fund’s dividend can be ‘topped up’ in lean years.

## How does it work?

Each year, we will announce an interim dividend for each of the funds, based on an estimation of the expected returns. This interim dividend is applied from 1 January for the full calendar year ahead. During the year, this interim dividend will be credited to your account on a monthly basis. Once added, the interim dividend cannot be reduced or taken away as long as the policy is maintained to maturity, or to a permitted withdrawal date. At the end of the year, when the actual return from each of the funds has been calculated, an annual dividend is determined. If the annual dividend exceeds the interim dividend already credited, a ‘bonus dividend’ will be added to your account to make up the difference. If the annual dividend is less than the interim dividend, the interim dividend already received cannot be reduced or taken away. The historical dividend rates are outlined below.

Gross interim dividend rates for 2025	
Fund	Interim rate
GBP GAF	1.50%
USD GAF	1.50%
EUR GAF	0.75%

Sterling			
	Interim dividend	Bonus	Annual dividend
2015	2.50%	0.75%	3.25%
2016	2.50%	0.75%	3.25%
2017	2.00%	0.75%	2.75%
2018	1.75%	1.25%	3.00%
2019	1.50%	1.50%	3.00%
2020	1.50%	1.75%	3.25%
2021	1.50%	1.75%	3.25%
2022	1.50%	2.00%	3.50%
2024	1.50%	2.00%	3.50%

US dollar			
	Interim dividend	Bonus	Annual dividend
2015	2.00%	1.25%	3.25%
2016	2.00%	1.25%	3.25%
2017	2.00%	0.75%	2.75%
2018	1.75%	1.25%	3.00%
2019	1.50%	1.50%	3.00%
2020	1.50%	1.75%	3.25%
2021	1.50%	1.65%	3.15%
2022	1.50%	1.75%	3.25%
2023	1.50%	2.00%	3.50%
2024	1.50%	2.00%	3.50%

Euro			
	Interim dividend	Bonus	Annual dividend
2015	1.50%	0.25%	1.75%
2016	1.25%	0.25%	1.50%
2017	0.75%	0.25%	1.00%
2018	0.75%	0.50%	1.25%
2019	0.75%	0.50%	1.25%
2020	0.75%	0.75%	1.50%
2021	0.75%	0.65%	1.40%
2022	0.75%	0.75%	1.50%
2023	0.75%	0.75%	1.50%
2024	0.75%	0.75%	1.50%

All figures are gross, and an annual management charge of 0.50% applies

The levels of dividends payable on policies invested in the funds are determined by Zurich International Life, and depend on the profits arising in each of the funds over time. It is possible that if profits are insufficient then dividends in one or more years could be zero.

Please remember that past performance is not a guide to future performance.

### What affects how much I might get back?

The biggest factor affecting how much you'll get back is the fund's investment performance. Other factors mean bonuses won't necessarily reflect investment performance. They include the effect of guarantees, expenses, and our approach to dividends and how we smooth changes in them.

There are several investment risks, such as changes in interest rates and defaults on corporate fixed-interest securities. We manage these through our investment strategy which aims to make sure the funds have enough resources to cover the guarantees we have made, including any dividends we have already paid to you.

We use a mix of investments to support the funds. The funds do not invest in equity-type assets (such as UK and overseas shares or property) and the main investments are fixed interest type assets (such as government bonds and high quality corporate bonds).

### What are dividends?

Adding dividends to your investment determines how much you will get back. We pay dividends from the surplus in each of the funds. This is the difference between the total assets in the fund and those needed to support the current and future liabilities of the funds. Zurich International Life aim to distribute at least 90% of the surplus over the remaining lifetime of the GAF using the dividend mechanism.

### How do we decide the bonuses?

In deciding the dividends we consider how investment returns and other factors might change in the future.

Our objective is to achieve at least the medium-term guaranteed investment returns for the policies investing in the funds over the remaining lifetime of the policies in force. Unexpected changes may affect what you get back, so we've introduced ways to monitor and manage these risks.

We aim to make gradual changes to the dividends over time. So our medium-term view is important in deciding how much we pay out each year. For example, if we expect investment returns to fall, we'll reduce the regular bonus in line with our expectations, even if recent returns have been higher.

### What are the charges?

Specific policy charges are shown in your policy's product literature. These charges will reduce the guaranteed benefits of your policy. The GAFs have an annual management charge of 0.50%. All the figures in this document are shown gross of this charge.

## What are the guarantees?

The funds offer a guaranteed investment return if you remain invested to a permitted withdrawal date. This means that at a specified point in the future (variable by product) the average annual growth rate will be at least equivalent to a stated rate. If the average annual growth rate is less than the specified amount the investment will be 'topped up' to make up the difference. The guaranteed return may not apply if you switch out of, or surrender, the fund on a date other than the permitted withdrawal date.

The guaranteed investment returns for the GBP, USD and EUR funds remain at 0% (net of the annual management charge of 0.5%).

## What if I decide to move out of a fund?

You may decide to fully or partially cash in your policy before its end date or switch out of GAF to another fund. When working out the value of your policy, we'll take account of the dividends we have already allocated to your account but we may reduce the value of your policy when you move out of the fund, unless you are doing so on a permitted withdrawal date. We call this a Market Level Adjustment (MLA). The company will normally consider applying a MLA when the market value of the assets backing the funds is below the nominal unit value, and in particular where there is a high volume of surrenders of policies linked to the funds. We do this so we can treat those customers staying invested in the fund fairly. We never make a MLA if your policy ends because of death. Also depending on your policy, we won't make a MLA on certain dates – the permitted withdrawal dates, however we can make one if you withdraw on any other day. This means there can be a significant difference in value from one day to the next and you could get back less than the amount originally invested.

### **Important information**

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The protection applies only to the solvency of Zurich International Life Limited and does not extend to protecting the value of the assets held within any unit-linked funds linked to your policy.

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