Market Value Adjustment to the Guaranteed Active Managed Fund & Capital Protection Fund – September 2022

Irish Life is introducing a Market Value Adjustment (MVA). Any request to withdraw or switch (fully or partially) from these funds will be processed with an MVA applying when the request is made.

Questions & Answers

What is an MVA?

We use the term 'MVA' to describe a situation where we reduce the cash-in value of plans in some of our funds if you make an early withdrawal or switch from the fund before maturity. The aim is to ensure that those customers who leave the fund before maturity receive no more than their fair share of the assets in the fund.

What funds are impacted?

Fund Name	MVA Applied
Guaranteed Active Managed (Series 4)	8 September 2022
Exempt Guaranteed Fund Series 3 Initial	23 September 2022
Exempt Guaranteed Fund Series 3 Accum	23 September 2022
Exempt Guaranteed Fund 5	23 September 2022
Exempt Guaranteed Fd 4	23 September 2022
Exempt Guaranteed Fund 8	23 September 2022
Exempt Guaranteed Fund S 10	23 September 2022
Exempt Guaranteed Fund S9	23 September 2022
Capital Protection Fund	23 September 2022
Capital Protection Fund P	23 September 2022
Capital Protection Fund X	23 September 2022
Capital Protection Fund V	23 September 2022
Exempt Capital Protection H	23 September 2022
Capital Protection Fund Q	23 September 2022

This fund declares a 'smoothed' fund price each year. This means that the growth rate we declare does not follow exactly the movement in the value of the assets of the fund. Smoothing the fund takes out the volatility experienced by managed funds by retaining some gains when fund growth is high and paying these out in years when returns are not as good.

Why has this decision been taken?

The market performance has been poorer than expected with some sharp market falls due to economic uncertainty after the European Central Bank interest rate announcements and wider equity market volatility.

Why do we use an MVA?

We use this 'market value adjustment' to protect our customers. If the adjustment is not applied, then the fund value for remaining customers would suffer because of the values paid to people who leave the fund early. In this way, the MVA provides protection for those remaining in the fund, and also provides a fair cash-in value for those who decide to leave the fund while markets are down.

Do plan terms & conditions allow this?

Yes, terms and conditions outline the possibility of a reduction factor being applied to the encashment value of your plan to reflect current market conditions.

When does an MVA apply?

- If you switch from the Guaranteed Active Managed Fund or Capital Protection Fund to another fund
- If you make a withdrawal from the Guaranteed Active Managed Fund or Capital Protection Fund

When does an MVA not apply?

- When you cash in your plan on or after your maturity date
- If you die during the term of the plan
- If you retire due to ill-health
- To early, normal or late retirement claims
- Transfers to products within Irish Life can be used to maintain investment in the funds and will not incur a Market Value Adjustment (MVA) on transfer. Once in the new product the Market Value Adjustment (MVA) will then apply as outlined above.

Who made this decision?

Decisions are taken on the advice of Irish Life’s Chief Actuary.

Has this ever happened before?

Yes. An MVA was applied in 2008, 2009 during the Global Financial Crisis, 2020 during Covid-19 & earlier in 2022.

Do customers need to do anything?

We will not be writing to customers and they do not need to take any action.

If markets recover the MVA will be removed.