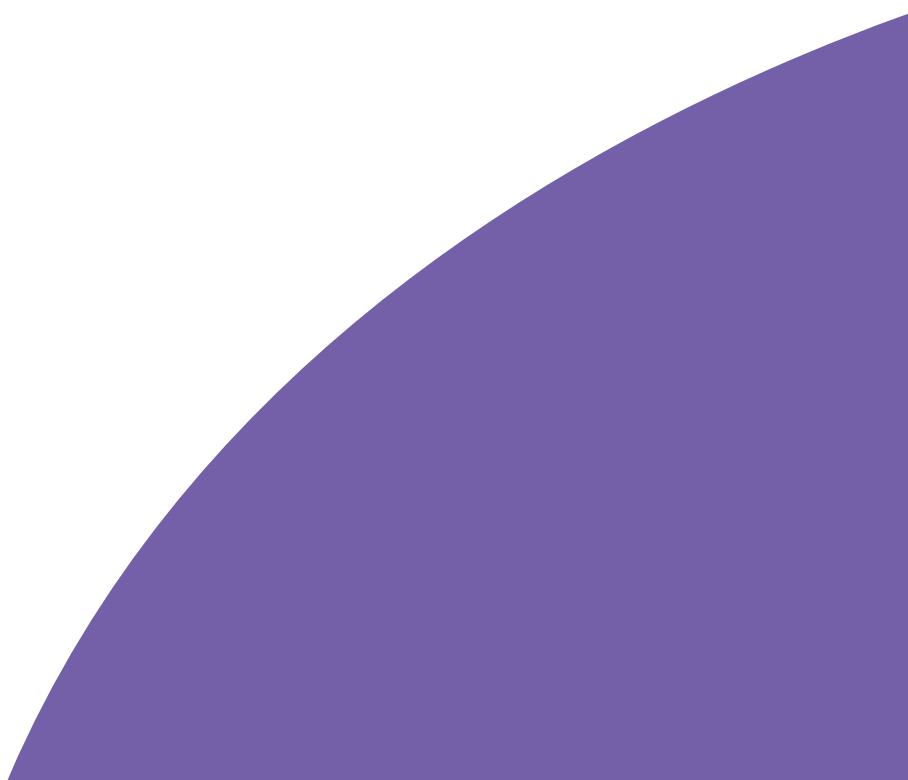


Questions and answers



What's changing and what's staying the same

What does the proposed merger mean to me?

Your policy will continue to be administered in the same way and you can contact us using the same contact details. We'll honour any guarantees we have in place on payments you've already made.

Your investment in the Scottish Friendly with-profits fund, will become part of a new, closed with-profits fund. The new fund will be known as the **"SFAS sub-fund"**.

What will stay the same for my policy?

Your policy terms and conditions won't change. If your policy has any guarantees on premiums already paid, these will stay the same. The money already invested in the with-profits fund will stay invested and we'll keep managing this for you. You can continue to contact us in the same way.

Will the charges on my policy change?

There will be no impact to the charges taken from your policy. An expense agreement will also be put in place to fix the future expenses incurred by the SFAS sub-fund as it runs off.

We're satisfied that the expense agreement is in the interests of policyholders and provides protection against rapidly increasing costs in the future.

Will the guarantees on my deferred pension policy value be impacted? ("Minimum Contribution Personal Pension Plan", or "Personal Pension Plan")

No. Your pension policy contains a valuable guarantee. At the moment, this guarantee is more valuable than your share of the investments in the with-profits fund.

We'll continue to honour this guarantee and the merger and policy uplift will not affect it.

Although your share of investments in the with-profits fund will be increased by the policy uplift, your guarantee will remain the more valuable benefit.

Who regulates my policy?

Both Scottish Friendly and OneFamily are authorised by the Prudential Regulation Authority (PRA) and regulated by both the Financial Conduct Authority (FCA) and the PRA. These are the UK regulators responsible for overseeing financial services firms and this will not change after the merger.

Will the Financial Services Compensation Scheme still apply to my policy?

The merger won't affect your protection under the Financial Services Compensation Scheme (FSCS). The FSCS gives you a safety net. It means that if OneFamily goes bankrupt or can't make payments to you, you'll be able to claim up to £120,000 in compensation. This limit applies to all policies you hold under OneFamily.

It's there to protect you if firms go bankrupt. This means you can't make claims for your investments losing money.

Payments and policy increases

Will my payments change?

Any premiums you currently pay will continue in line with the terms of your policy.

For policies with contractual premiums, you'll need to keep making premium payments.

If your policy doesn't have contractual premiums, we'll keep collecting your premiums unless you tell us not to.

Why will my future payments go into a different fund?

As the SFAS sub-fund will be closed to future investments, premiums (or the with-profits portion of them) won't go into it, unless otherwise allowed by your policy. Instead, payments will go into the default fund set out in the appendix to the letter. This also shows whether your policy has contractual or non-contractual premiums.

Our team has carefully considered the aims of the with-profits fund and has looked to match that as closely as possible from the range of available funds. They took into account the range of different types of investments in the with-profits fund and the level of risk involved in the fund.

The default fund is where we'll automatically put new payments unless you tell us you want to manage your own investments. You don't need to contact us if you're happy to use that default fund going forward. My ISA and My Junior ISA customers can also make changes by logging into the My Plans online portal via the app or website myplans.scottishfriendly.co.uk.

Who qualifies for a share of the value from the SFAS sub-fund?

To qualify for a share of the value from the SFAS sub-fund, you must have made payments into your policy on or before 31 March 2026. Any payments made after this date will not be included.

If you currently make regular payments into the fund, these will continue to be invested in the with-profits fund until the merger takes place. However, only payments made on or before 31 March 2026 will be used to work out your share of the value from the SFAS sub-fund.

When will the value of my policy be increased?

The policy uplift will apply to the value of your policy, which is used to work out the benefits payable under it.

This revised policy value will be used to set payouts for policies. This means that immediately following the merger completing OneFamily will implement a bonus declaration. This will increase final bonus rates such that payouts for eligible policies are expected to increase by around 5%. If your policy has a guarantee that's higher than the revised policy value, your policy will continue to receive the guarantees.

What happens to my policy increase if I leave before the merger is completed?

If you take your money from or switch out of the with-profits fund before the merger happens, you won't receive a policy uplift.

Timeline and next steps

What do I need to do now?

We would encourage you to read and understand the proposal. This will potentially impact your policy and whether you'll be able to contribute future premiums to the with-profits fund. If you're happy with the new fund that your payments will be made to, you don't need to do anything else.

Where can I find out more information about OneFamily?

You can find more information about OneFamily at onefamily.com.

How can I raise concerns about the proposed merger?

We have put in place a process designed to help protect policyholders' interests throughout the merger.

If you have any questions or concerns about the proposed merger, please contact us using the details provided in the letter. We'll be happy to explain the proposal and what it means for you and your policy.

Any concerns or comments you raise about the proposed merger will be summarised and shared with the delegate members. The delegate members represent the interests of affected policyholders and will take these views into account as part of their role in reviewing and voting on the proposed merger.

You can also read the independent expert's report, which considers the likely impact of the merger on policyholders. This is available at scottishfriendly.co.uk/together.

If you believe the proposed merger may negatively affect you, please let us know. It's important that we understand your concerns so we can consider them as part of the process.

Do I have a vote on the transfer?

If you're a delegate member of Scottish Friendly, you'll be able to vote on the merger. A Special General Meeting will take place on 20 November 2026.

We'll share information about voting arrangements with delegate members nearer the time.

Keeping with-profits policyholders informed and engaged

In consideration of the information needs of with-profits policyholders Scottish Friendly has arranged a meeting of the with-profits committee with the delegate members to support their consideration of the impact of the merger on with-profits policyholders. The timing of this session is being finalised, but it is expected to be held in mid-October 2026. The Chair of the with-profits committee's overview will be made available to view on our website shortly after the session and in advance of the vote on the merger proposals.

Additionally, we'll provide an updated Q&A document reflecting the feedback on with-profits issues that we receive from delegate members and with-profits policyholders for the duration of the merger process. Where queries or feedback is received, key themes will be summarised and responses shared such that all the with-profits policyholders will understand Scottish Friendly's reasoning and rationale for all the feedback points.

This will give with-profits policyholders further information on the features of the proposal important to them and will support their engagement with the Part VIII process.

None of these initiatives will in any way detract from the with-profits policyholders' right to make representations to the PRA on

their views of the merger. In this way we'll ensure that our communications are fair, clear and not misleading.

What happens if the vote is no?

We don't expect this to be the case but, if the vote isn't in our favour, the merger can't go ahead.

Depending on the reasons for a vote of no, we might decide to make some changes to the proposal. We could then hold another vote on the new proposal. The merger won't go ahead unless we have approval from OneFamily members and Scottish Friendly delegate members.

If the merger doesn't go ahead, we'll continue to deliver our current strong and ambitious plan. OneFamily and Scottish Friendly are both well positioned as independent organisations.

What is the timeline for the merger?

The proposed merger must go through a number of stages before it can happen. These include:

- Approval by OneFamily's members and Scottish Friendly's delegate members at a Special General Meeting.
- Review by an independent actuary.
- Approval by the relevant regulators.
- Completion of the legal process for a transfer to take place.

We expect to join together with OneFamily in early 2027. If this timeline changes, we'll let you know on our website.

How will the merger be independently reviewed?

The merger has been reviewed by an independent actuary. This is a professional who gives advice in finance matters

that could affect policyholders. They're independent of both Scottish Friendly and OneFamily. Our regulator, the Prudential Regulation Authority (PRA), directed us to appoint an independent actuary to carry out this review and agreed to the actuary we have appointed. The role of the independent actuary is to provide a fair and balanced review of the merger. Their report is available at scottishfriendly.co.uk/together.

How will my interests be protected after the merger?

As part of the transfer, the Scottish Friendly products and policies will transfer to OneFamily. They'll then become responsible for your policy.

The OneFamily board will be responsible for handling investments and paying bonuses for the SFAS sub-fund. They must do this in line with the Principles and Practice of Financial Management (PPFM).

Under the terms of the merger, the board will be formed of a mix of members from each of Scottish Friendly and OneFamily's existing boards. The board is advised by a with-profits committee and the with-profits actuary when making any decision impacting policyholder interests. The board also shares a report with policyholders every year. The report explains whether they believe they have taken the interests of with-profits policyholders into account in a reasonable and proportionate manner.

Will the fund eventually close?

As the fund is closed to new business, the money in the fund will naturally go down over time. When the SFAS sub-fund reaches a point that the volume of remaining with-profits business becomes too small to manage it effectively, the fund will be closed. This is not expected to happen for at least 15 years.



If you need this in another format, such as large print, braille or audio, please let us know.

The Scottish Friendly Group consists of the following companies:

Scottish Friendly Assurance Society Limited. The Society is an incorporated friendly society under the Friendly Societies Act 1992 (Registration No. 3COLS). Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Registered on the Financial Services Register, registration number 110002.

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