

Bonus Certificate

2008

This certificate shows the total annual bonus declared on each policy as at 31st December 2008

COMMUNICATION

WORKERS

FRIENDLY SOCIETY LTD

150 The Broadway **post**
 London SW19 1RX
 England
 020 8543 4333 **tel**
 020 8543 7618 **fax**
 enquiries@cwfs.co.uk **email**
 www.cwfs.co.uk **web**

Member Name

Membership Number

Policy Number				
Policy Type				
Life Assured				
Start Date				
Maturity Date				
Basic Sum Assured				
Previously Attached Bonuses				
Annual Bonus 2008				

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Bonus Statement 2008

Dear

Your **2008 CWFS Bonus Certificate** is included on the back page of this Statement, and on the supplementary pages where you hold more than four policies. As was the case last year, the centre pages of the Statement explain what the various terms on the Certificate mean.

The last twelve months have been one of the most challenging in the Society's history. Not only have we had to deal with the worst slump in the financial and property markets since the 1930s, but we have also had to deal with a number of regulatory issues including those relating to the tax treatment of our policies. A separate update from our Chief Executive on the HMRC issue is included with this mailing.

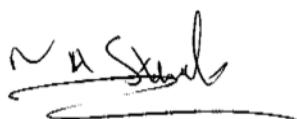
The performance of the Society in 2008 was heavily influenced by the dramatic fall in the value of the stock market (down 30% over the course of the year), the collapse of the property market and the increasing cost of corporate debt. In response, in the final quarter of last year, your Board took a number of bold decisions which limited the fall in the value of the Society's investments to just 14%. Whilst this is still a significant fall, if the Board hadn't acted in the way it did, then it is very unlikely that the Board would have been able to declare any bonus for the year.

As it is, I am pleased to inform you that the Board has declared an annual bonus of 0.5% of the sum assured and 0.5% of any attaching bonuses. However, in light of the market conditions, the Board did not feel it was sensible to declare a final bonus this year, other than for policies with terms of 26 years or more.

As payouts to maturing policyholders are influenced by the value of the Society's funds under management, this can lead to fluctuations in maturity payouts from year to year. In light of the market conditions, the Board was keen to ensure that the maximum reduction in payouts this year compared to last year was capped at 20%.

To put the bonus declaration into perspective, I have included a table which illustrates how the reduction in payout on one of the Society's policies compares to a sample of other insurance providers.

If you have any queries regarding the bonus statement, please contact the Customer Services team on **0800 064 0654** and they will be pleased to help you.



Nigel Stewart
Sales & Marketing Director

Firm	Payout (reflecting 2008 bonus)	Change on 2008
CGNU	£43,158	-7.8%
L&G	£40,541	-9.4%
CWFS	£38,298	-13.8%
Standard Life	£32,508	-16.6%
Friends Provident	£29,184	-19.9%

Based on a maturing 25 year policy taken out by a member who was 30 next birthday at inception contributing £50 per month. The CWFS policy relates to a standard savings plan with medical retirement or redundancy cover. The actual payout to members without such additional cover would be slightly higher.
Source: Money Management April 2009

Bonus Statement

The **Life Assured** is the person who is insured. In the case of a Children's policy, if a child dies before they reach age 16, the benefits are paid to the parent/legal guardian.

The **Basic Sum Assured** is the initial amount of life cover, before bonuses are added.

Previously Attached Bonuses represents the total annual bonuses that have already been added to your policy. The **Previously Attached Bonuses** cannot be taken away and as such represent a guaranteed increase in your life cover and in the payment due to be made at maturity. Please note that if your policy is surrendered the payout will be reduced, in accordance with a laid down formula provided by the Society's Actuary, to reflect the fact that the bonuses are being taken prior to maturity.

Bonus Certificate 2008

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Member Name Mrs D Westgate

Membership Number 1234567890

Policy Number	M00012345	C00006789
Policy Type	Adult-M1	Children
Life Assured	Mrs D Westgate Mr P Westgate	Miss R Westgate
Start Date	01/12/2001	01/12/2001
Maturity Date	01/12/2016	30/11/2015
Basic Sum Assured	£10,000.00	£2,889.00
Previously Attached Bonuses	£ 400.00	£ 116.92
Annual Bonus 2008	£52.00	£30.00

NOTE: Your bonus statement only shows annual bonuses. An additional bonus, referred to as the Final Bonus, may be added when a policy ends. Final Bonuses are paid in order to ensure you get back a fair payout from the with-profits fund. Note that the payout of the Basic Sum Assured and Previously Declared Bonuses is guaranteed and that you will receive no less than this provided you hold your policy to maturity.

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DLY
SOCIETY LTD

the Broadway post
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The **Member** is the person who will receive any benefits when the policy matures or the **Life Assured** dies, except on a Children's policy where it is the child who receives the benefits at maturity.

The three policies on which bonuses are granted are:

- M1 Adult Life and Savings Plan
- M2 Adult Life and Savings Plan with additional medical retirement and compulsory redundancy cover
- Children's Savings Plan

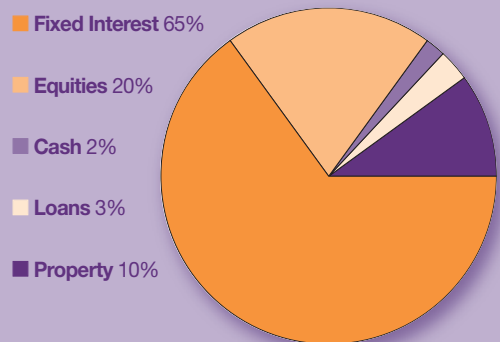
On policies where there are two **Lives Assured**, the policy benefits will be paid when the first named **Life Assured** dies.

The **Annual Bonus 2008** is made up of two parts. The first is a bonus of 0.5% of the **Basic Sum Assured**. If your **Basic Sum Assured** is £10,000 for example, then an additional £50 would be added to the value of your policy. The second part you earn is an extra 0.5% of all the **Previously Attached Bonuses**, which in the example shown amounts to £2. This brings the total Annual Bonus to £52.

Financial Services Authority
Registered No. 110024

Safeguarding your investments:

The Society continues to manage the money you pay the Society as part of an overall fund. This fund is invested for long-term growth and has a mixture of assets to spread risk. The mix of assets in the Society's with-profits fund, as at the end of 2008, is shown below...



Your premiums are pooled with those of other policies in the with-profits fund and the benefits you receive are based on the overall performance of the fund. The way in which this is assessed is laid out in the Principles and Practices of Financial Management (PPFM), or a more customer friendly version referred to as the CFPPFM. Both documents can be found on the Society's website.

On the website you will also find a formal report to members from the Board of Directors which states the extent to which the Society has complied with the obligations of the PPFM. The report confirms that the Board is satisfied that the Society has managed the with-profits fund in accordance with the PPFM. You will also find a statement by the Actuary in which he confirms that "the discretion exercised by CWFS over 2008 may be regarded as taking, or having taken, the interests of with-profits policyholders into account in a reasonable and proportionate manner".

NOTE: The With-Profits Actuary advises the Board on what bonuses to set on annual basis, but it is down to the Board to make the final decision. The Society does not guarantee that it will always add bonuses. When setting bonuses, the Society will usually hold some of the fund in reserve in order to cope with the variations in the performance of our investments, especially those that are linked to the stock market.

The annual bonus rates declared depend on investment returns from, and the expenses associated with, the operation of the with-profits fund. Variations in these amounts may occur

in the future, meaning that future bonus rates cannot be guaranteed and could decrease.

The Bonus Statement assumes that policies are still in force and all premiums due have been paid up to date as at the end of December 2008. If you want further details relating to your policy, such as the amount you have paid in or the current surrender value, these can be obtained from the Customer Services team using the contact details shown on your Bonus Statement.