

21 FEBRUARY 2019

Press Release

LEGAL & GENERAL WITH PROFITS ANNOUNCEMENT

Legal & General today announces the bonus rates on its with profits policies for the 12 months to 31 December 2018.

In challenging investment markets, such as those we saw in 2018, customers benefit from smoothing which means we've been able to reduce the impact of the 2018 investment experience by topping up bonuses using some of the investment returns the With Profits Fund earned in previous years.

The company added bonuses worth £355 million to its with profits policies in 2018 (£319 million added in 2017).

LONG-TERM RETURNS CONTINUE TO EXCEED INFLATION...

With profits customers continue to benefit from the fund investing in a broad spread of assets, with the performance of fixed interest securities and commercial property reducing the impact of falls in most equity markets.

In 2018, the assets held for our with profits customers returned -3.3% before tax. However, over 25 years the assets have returned 7.1% per annum before tax and over 10 years the annual return is 8.0% before tax. This has exceeded the average inflation rate of 2.8% and 3.0% over the same periods based on the UK Retail Prices Index. It has also exceeded the return on an average balanced managed fund based on a single premium investment, as shown in the table below.

	Return per annum over 10 years	Return per annum over 25 years
Legal & General With Profits Fund	8.0% (before tax)	7.1% (before tax)
Average balanced managed fund*	7.4% (before tax)	5.7% (before tax)

* Source: Lipper, ABI UK Mixed Investment 40-85% Shares sector average



Commenting on our 2018 with profits bonus declaration, Claire Singleton, CEO Mature Savings, Legal & General Assurance Society said;

“Over the long term our customers have seen strong growth on their investments. The bonuses we are declaring today show how customers in with profits benefit from smoothing in challenging investment markets.”



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The fund continues to maintain a broad mix of assets, similar to the asset allocation of previous years.

Asset Allocation:

Asset allocation for With Profits Growth Bonds, With Profits Endowments and With Profits Pensions			
As at 31/12/2018	With Profits Growth Bonds and Endowments*	Unitised With Profits Pensions (up to 31/12/1994)	All other With Profits Pensions**
UK shares	18%	14%	15%
Overseas shares	27%	20%	22%
Fixed interest securities	39%	54%	49%
Commercial property	12%	9%	10%
Other	4%	3%	4%

* Excludes Capital Protection Plus Growth Bonds and some Capital Protection Growth Bonds

** Excludes With Profits Annuities and AF4

FURTHER INFORMATION (JOURNALISTS ONLY)

John Godfrey
Corporate Affairs Director
Legal & General Group Plc
020 3124 2090

We may record and monitor calls. Call charges will vary.

Agency Contact Details:

Graeme Wilson
Tulchan Communications
020 7353 4200

Shebani Chothani
Tulchan Communications
020 7353 4200



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FOR EXAMPLES OF INVESTMENT VALUES, PLEASE SEE BELOW

Bond investors:

Example of 10 year return for £10,000 invested in a Legal & General With Profits Growth Bond

Date of investment	Cash-in value as at 1/3/2018	Cash-in value as at 1/3/2019	Return over year	Return per annum
1 March 2009	£18,187	£18,764	3.2%	6.5%

Endowments:

Example of 25 year With Profits Endowment maturing on 1 March 2019 (male age 29 at entry)

Payment	Cash-in value as at 1/3/2018	Total payments since 1/3/2018	Maturity value as at 1/3/2019	Return over year	Return per annum
£50 per month level premium	£25,547	£600	£26,892	2.9%	4.4%

Pension savers:

Example of With Profits Pension for a customer retiring at age 65, paying monthly contributions of £200

Plan term	Pension pot value as at 1/3/2018**	Total payments since 1/3/2018	Retirement value as at 1/3/2019	Return over year	Return per annum
10 year	£28,877	£2,400	£32,909	5.4%	6.1%
15 year	£51,653	£2,400	£56,815	5.2%	5.8%
20 year*	£78,861	£2,400	£83,720	3.1%	5.2%

* Assumes standard commission

** Value does not take into account any exit charges or any market value reduction that may apply

NOTES TO EDITORS

The information contained in this press release is intended solely for journalists and should not be relied upon by private investors or any other persons to make financial decisions.

The return generated in 2018 is on total assets backing with profits policies and is stated pre-tax and charges. Returns generated for the assets underlying individual products may differ from this value.

- Past performance is not a guide to future performance.
- The value of investments may fall as well as rise and investors may get back less than the amount originally invested.

Legal & General Assurance Society Limited

Registered in England and Wales No. 00166055

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Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

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