



MetLife Wealth Management – UK Business Fair Value Assessment

This document sets out the outcomes of MetLife's Fair Value Assessment of its legacy Wealth Management products i.e., those that are no longer available for new customers to take out a policy. It is designed to provide intermediaries with the information they need to understand the outcome of our Fair Value Assessment. We have carried out these assessments in accordance with the Financial Conduct Authority 'FCA' Product Oversight & Governance 'PROD' rules, effective 1st October 2021 and to fulfil our Principles for Business responsibilities (PRIN 2A.4.15 R) under Consumer Duty.

MetLife UK Limited products provide a range of unit linked guarantee options over various tax wrappers including Personal Pensions, Onshore Investment Bonds and Individual Savings Accounts. All products are closed to new investments.

What benefits are provided.

Secure Income Option

The Secure Income Option provides a guaranteed level of income for life, even if the underlying fund value runs out of money, along with a guaranteed death benefit. Additionally, the guaranteed level of income has the potential to increase through:

- lock-ins of positive investment performance above the existing guarantee level
- guaranteed Income Deferral Increases, where customers choose to delay taking their income

Secure Capital Option

The aim of the Secure Capital Option is to provide a minimum guaranteed capital amount (Secure Capital Value) at the end of the selected term or when a death claim is paid. The Secure Capital Option protects customers from stock market falls at the point in time when the guarantee is payable, whilst at the same time providing the potential to increase the guaranteed amount payable through lock-ins of positive investment performance above the existing guarantee level.

Non-guaranteed products

The products provide the potential to invest in a small range of investment funds providing exposure to passive and actively managed funds.

All investment funds are mirror funds, with MetLife investing customer money in underlying funds managed by established third party investment managers.

What the customer pays.

The charges paid are based on the product version, the type of guarantee, the size of the customers investment, the underlying investment option, and the amount the customer has elected to pay to their financial adviser through the product. The type of charges can be broken down as follows:

- **Management Charge**

This is applied by us for managing the product and a percentage is deducted monthly by cancelling units. For a small number of Investment Bonds and Trustee Investment Plans sold between 2007 and 2009 the management charge is applied by reducing the price of each unit in the investment fund. The level of charge will depend upon the value of the investment at the time the charge is taken.

- **Guarantee Charge (Secure Income Option and Secure Capital Option)**

This charge covers the economic cost of MetLife providing the guarantee of the Secure Income Option or Secure Capital Option. This charge is taken monthly by cancelling units. The charge is a percentage set at outset that is applied to the guarantee base. For a small number of Investment Bonds and Trustee Investment Plans sold between 2007 and 2009 the guarantee charge is applied by reducing the price of each unit in the investment fund.

- **Fund Manager Charge**

Each fund carries a fund management charge. This charge is in respect of buying, selling, owning and ongoing maintenance of the investment assets and is applied by reducing the price of each unit in the investment fund.

- **Financial Adviser Remuneration**

Remuneration can be facilitated from the product by payment of a commission, or adviser charges. These are normally paid by cancellation of units from the policy. Levels of adviser charging can be reduced or ceased on request from the customer or financial adviser.

Outcome of Fair Value Assessment

All products

We have concluded that products have delivered fair value, including for customers who are vulnerable or do not have an active financial adviser. We expect this to continue in the foreseeable future.

The fair value assessment identified that:

- Products perform in line with reasonable expectations set in the product literature.
- We communicate clearly with customers providing them with the information they need to understand how their policy is performing on an ongoing basis.
- The charges customers pay are fair in relation to the benefits provided.
- Investment funds have performed in line with their mandates, and as described in customer communications.
- We meet customers reasonable expectations in relation to the service levels we provide.
- Customers can complain, and their complaints are handled promptly and fairly.
- We have processes in place to support vulnerable customers and to identify and find “gone away” customers.

In carrying out the fair value assessment we’ve identified areas where we could potentially strengthen outcomes for customers:

1. A small cohort of Secure Capital Option customers for whom there is a material gap between their fund value and their Secure Capital Value, and they have a long term to maturity. We will undertake further work for this cohort and are committed to providing fair outcomes and long-term customer value.
2. A portion of customers in a specific age range that have been invested in the Secure Income Option for some time but have not started taking a guaranteed income for life. We will review this cohort to ensure we support customers to achieve good outcomes.
3. We saw examples of support being provided to ensure that vulnerable customers received good outcomes and have recommended that process be strengthened to further evidence the good outcomes provided.
4. Ongoing review of customer communications to continue to improve customer understanding.

Product Oversight & Governance

Ongoing monitoring and annual product reviews

Customer Outcomes form part of a quarterly review at an Executive level.

On an annual basis we undertake a fair value assessment which is published on our website.

We may ask for information from our distribution partners to help support our fair value assessments.

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