



## With Profit Nightmares.

New research from Money Management shows that more than a quarter of 10 year with profits endowments policies have been outperformed by instant access cash deposit accounts. Of the 47 providers that were included in the 10 year results for this month's with profits survey, 13 were unable to match the performance of the average instant access account, which had an annual growth rate (AGR) of 1.6% and turned an original investment of £6,000 into £6,493.

The worst 10-year with profits policy, from London Life, paid out just £5,544 at maturity, a loss of 1.6% pa. Owned by Pearl Group, London Life was one of a group of five providers that recorded a loss on their 10 year policies, with Equitable Life, Royal Life, Scottish Mutual and Sun Alliance & London Assurance also failing to turn a profit on the original investment.

The results reveal a worrying trend of poor performance by life offices that are closed to new client business. All 13 of the providers that were outperformed by the instant access account are closed; six of which are owned by Resolution and two others by Pearl Group.

Yet closed funds are just as likely to be strong performers, with 17 policies from closed life offices appearing in our Top 10 tables for 10, 15, 20 and 25 year with profits policies.

For 15-year policies not one provider recorded negative results, but four still failed to beat cash. The instant access account grew by 1.8% pa over 15 years, turning the original investment of £9,000 into £10,319. The worst performing 15 year with profits policy, from Sun Alliance & London Assurance, returned a mere 1.3% pa, paying out £9,948.

With 20 and 25-year policies the results are much stronger, with results that challenge equities. But some providers were still unable to beat 90-day deposit accounts. Of the 20-year policies, four providers recorded worse returns than the 90-day deposit account, which grew by 3.7% pa. For 25-year policies, three providers were unable to outperform the deposit account's AGR of 4.5% pa.

There is surely no better time for savers to get out those old with profit policies, dust them down and review their performance. You might be better of putting the money in a bank account!

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