



## CHARGES SUMMARY

### INTRODUCTION

We offered two Talisman Pension Plan ranges, with different charging structures, investment choices and options available. This summary provides details of the charges that apply to our older style Talisman range of pension plans. Most of this range was available from June 1985 until 1 June 2001.

Since 30 December 2012 it is no longer possible to pay increments to the products below, with the exception of automatic increments agreed prior to that date. This range includes the following products:

- Personal Pension Plan
- Executive Pension Plan
- Buyout Bond
- Free-Standing AVC Pension Plan
- S226 Personal Pension Plan
- Group Personal Pension Plan

This range of pension plans offered allocation rates dependent on the term to the selected retirement age. An administration charge was calculated and is deducted from any contributions paid. We recover charges where a client stops or reduces contributions, reduces the term to their selected retirement date, takes benefits or transfers out at any time before their selected retirement age.

Please note that a market value reduction factor may be applied if the plan is invested in the with profits fund.

### ALLOCATION RATES

#### Unit linked account (including unitised with profits)

The allocation percentage is based on the term to selected retirement age at the date of payment as shown in the table below.

Term to selected retirement age (complete years)	Allocation percentage
0 - 4 years	100%
5 - 9 years	101%
10 - 14 years	102%
15 - 19 years	103%
20 - 24 years	104%
25 years and over	105%

These percentages apply to both regular contributions, single contributions (including contracting-out contributions) and transfer payments. There is also a difference between the bid and offer price of units of 5%.

#### Traditional with profits

100% of the net contributions applied on premium rates appropriate to the term to the selected retirement age on the date the contribution is paid.

### ADMINISTRATION CHARGE

An administration charge is deducted from contributions before they are invested. This charge varies depending on the size of the contribution, the amount of commission taken and the actual term in complete years to the client's selected retirement age. It is calculated as a percentage of the contribution and applied as a monetary amount. It applies to regular and single contributions (including contracting-out contributions), and transfer payments.

## Regular contributions

The table below outlines how the percentage charge was calculated where full commission is 130% initial and 2.5% renewal (LAUTRO basis). The current minimum administration charge is £5 per month (£60 per year).

### Administration charge as a percentage of the contribution

Term to selected retirement age (complete years)	Full commission taken	Nil commission taken
5 years or less	3.0%	-2.5%
10 years	4.0%	-2.5%
15 years	5.0%	-2.5%
20 years and over	6.0%	-2.5%

If less than full commission was taken the administration charge was found by interpolating between the charges for full and nil commission. The charge for a term other than those shown is also found by interpolation.

The minimum monthly administration charge for regular contributions hasn't always been £5. From June 1985 to the end of December 1991 it was £3.50. It increased to £4 in January 1992 and to £5 in December 1995. A member paying a minimum administration charge of less than £5 per month, who increased their monthly contribution, would then have paid at least the current administration charge of £5 per month.

Where the commission type is level as opposed to initial, the administration charge percentage was calculated by adding the rate of commission taken to the nil commission percentage for the appropriate term.

A large contribution discount of up to 9.25% may be added to the plan. This discount is applied as a percentage of the contribution in excess of £70 per month dependent on the term. It can be more than the administration charge. If this is the case, the regular contribution available for investment increases. Full details are shown in the table.

## Large contribution discount – regular contributions

Term to selected retirement age (complete years)	Discount on excess over £70 per month	Term to selected retirement age (complete years)	Discount on excess over £70 per month
1	0.25%	11	5.75%
2	0.50%	12	6.25%
3	0.75%	13	6.75%
4	1.00%	14	7.25%
5	1.25%	15	7.75%
6	2.05%	16	8.05%
7	2.85%	17	8.35%
8	3.65%	18	8.65%
9	4.45%	19	8.95%
10	5.25%	20 years and over	9.25%

The discount applies throughout the term of the plan. The discounts shown are not guaranteed and may be changed at our discretion.

### Example

Full commission taken. Monthly contribution of £100.

Term is 15 years.

The administration charge is:  
 $£100 \times 5\% = £5$  per month

The large contribution discount is:  
 $£100 - £70 = £30 \times 7.75\% = £2.33$  per month

## Single contributions, transfer payments and contracting-out contributions

The administration charge was a percentage of the single contribution, transfer payment and contracting-out contribution paid. The amount of commission taken affected the charge. Standard commission was 5.2%. For single contributions and transfer payments the administration charge was the total of 0.8% plus the amount of commission taken and was subject to a maximum of £60. For contracting-out contributions the administration charge is the total of 1% plus the amount of commission taken.

A large contribution discount of up to 7% may have been added to the plan. This discount applied to the amount of single contribution, transfer payment and contracting-out contribution in excess of £1,000 dependent on term. The longer the term the greater the discount.

## Large contribution discount - single contributions, transfer payments and contracting-out contributions

Term to selected retirement age (complete years)	Discount on excess over £1,000	Term to selected retirement age (complete years)	Discount on excess over £1,000
1	0.20%	11	4.00%
2	0.40%	12	4.50%
3	0.60%	13	5.00%
4	0.80%	14	5.50%
5	1.00%	15	6.00%
6	1.50%	16	6.20%
7	2.00%	17	6.40%
8	2.50%	18	6.60%
9	3.00%	19	6.80%
10	3.50%	20 years and over	7.00%

As the large contribution discount was based on the term, we recover part of the discount where benefits are taken or transferred before the selected retirement age.

### Example

3% commission taken. Single contribution of £5,000. Term is 15 years.

The administration charge is:  
 $£5,000 \times 3.8\% = £190$

Administration charge is £60 (the maximum)

The large contribution discount is:  
 $£5,000 - £1,000 = £4,000 \times 6\% = £240$

## STOPPING OR REDUCING CONTRIBUTIONS

Regular contributions can be stopped either by taking a contribution holiday or making the plan paid-up. They can be reduced by paying less than the agreed level of regular contributions or by reducing the term to the selected retirement age.

## Contribution holidays

A contribution holiday can be taken for a period of up to five years, subject to sufficient funds. For the first 12 months the regular contribution administration charge will continue to be deducted. If the contribution holiday lasts for more than 12 months we apply an additional charge on top of the regular contribution administration charge. This additional charge is calculated as a percentage, between 5% and 50%, of the highest regular contribution paid to date. The longer the term remaining to the selected retirement age from the date the contribution holiday started, the higher the percentage we charge. The percentage charge also increases the longer the contribution holiday lasts.

Where contributions do not restart after a contribution holiday the plan will be made paid-up.

## Making the plan paid-up

No additional charge applies to nil or level commission regular contribution plans being made paid-up. For all other regular contribution plans we apply an additional charge to recover our expenses due on the contract that haven't already been recovered through the charging structure. This additional charge is calculated as a percentage and has the effect of reducing the value of the fund. The percentage is calculated taking into account the highest regular contribution paid to date, the amount of commission paid and the number of years and months between the date the plan is made paid-up and the selected retirement age. Part months are included as a full month in this calculation. The longer the period till the selected retirement age is, the higher the percentage charge will be.

There are no additional charges for single contributions, transfer payments or contracting-out contributions where a plan is made paid-up.

## Reducing regular contributions

Where regular contributions are reduced, the administration charge will normally remain unchanged. Where a large contribution discount has been granted it will be recalculated on the new level of regular contributions and the administration charge may increase.

## Reducing the term

If the term to the selected retirement age is reduced, the administration charge we expect to receive over the original term is proportioned over the new term. Basically, the overall administration charge remains the same, but we recover it over a shorter period.

## TAKING BENEFITS OR TRANSFERRING BEFORE SELECTED RETIREMENT AGE

An additional charge applies where benefits are taken from or are transferred out of the plan before the selected retirement age. If the plan is already paid-up this charge is calculated on the paid-up value. If the plan is not paid-up, the paid-up charge (see **Making the plan paid-up**) is calculated first.

This additional charge is calculated as a percentage of the value of the plan based on the number of years and months between the date benefits are being taken or transferred and the selected retirement age. Part months are included as a full month in this calculation. The longer the period till the selected retirement age is, the higher the percentage charge will be.

Any large contribution discount granted for single contributions, transfer payments or contracting-out contributions is adjusted where benefits are taken or are transferred before the selected retirement age. We do this as the discount is initially based on the term to the selected retirement age. This adjustment takes into account the actual term of the plan to the date benefits are being taken or transferred.

New legislation effective from 31 March 2017 means that clients entitled to access their retirement benefits will have exit charges capped at 1% of the plan value. A 1% cap will therefore normally apply from age 55.

Early exit charges can apply to your client's plan when they decide to take their pension benefits or transfer their savings before they reach the retirement age agreed under their plan. The charge will not apply if your client waits until the agreed retirement age before doing the same thing.

Market value reductions are not included within the new 1% cap.

## OTHER CHARGES

### Fund management charge

All of our unit linked funds have a fund management charge of 1% a year and a 5% bid/offer spread.

External funds are available. Different fund charges may apply depending on the fund chosen.

### Fund switches

There are no charges for switching between any of our investment funds or for redirecting future contributions. We do reserve the right to introduce a charge in the future.

A market value reduction factor may be applied to switches out of our with profits fund.

### Fund based renewal commission (FBRC)

Where chosen, FBRC of 0.5% is payable on single contributions and/or transfer payments and is deducted from the pension fund.



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