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## KEY FEATURES OF THE INDIVIDUAL EXECUTIVE PENSION PLAN

The Financial Conduct Authority is a financial services regulator. It requires us, Royal London, to give you this important information to help you to decide whether our Individual Executive Pension Plan is right for you. You should read this document carefully, so that you understand what you are buying, and then keep it safe for future reference.

**This is an important document and you should read it together with your illustration. Please read it and keep for future reference.**

This document contains the following information:

- The aims of the individual executive pension plan.
- The risks associated with the plan.
- Questions and answers that explain the plan's main features.
- How to contact us.

### ITS AIMS

- To build up a sum of money tax efficiently, which provides you with retirement benefits any time after age 55.

### YOUR COMMITMENT

- You and/or your employer agree to make regular contributions to your plan until your normal retirement date. You can also make a single contribution or transfer payment from another pension plan.
- You need to tell the trustees if your circumstances change. For example, if you no longer have UK earnings or are no longer resident in the UK.
- You can't cash in your plan before age 55.
- You need to let the plan build up until you are allowed to access your retirement benefits.
- If you take benefits from another pension plan you need to tell us as this may trigger the money purchase annual allowance. For more information about this, see the **What about tax?** section for details.

### RISKS

- We cannot guarantee what you will get back at your normal retirement date. Various factors can alter your plan value. For example:
  - Investment performance, interest rates and charges may be different to those illustrated.
  - You or your employer could stop making regular contributions or take a contribution holiday.
  - You might take some or all of your retirement benefits earlier than your normal retirement date. If you take your benefits earlier than your normal retirement date, your investment option may no longer be appropriate.
  - Tax rules depend on individual circumstances and may change in the future.
  - Investment returns are never guaranteed. This means the value of your investment can go down as well as up and you might not get back the value of the original investment.
  - You should be aware that taking a large cash lump sum could increase the amount of tax you pay. See the **What about tax?** section for details.
  - If you make a single contribution or transfer payment and then cancel it within 30 days, the amount returned will be less than you paid in if the value of your investment has fallen.

- If you transfer benefits from another pension plan, you may be giving up valuable benefits, and there is no guarantee that your retirement benefits will be more than if you stayed in your previous plan.
- If you invest in the Royal London With Profits fund, the value of the fund may be reduced by applying a market value reduction if you take money out of the fund before your normal retirement date. The market value reduction is applied to ensure that the amount we pay you is not unfairly higher than your share of the Royal London With Profits fund.
- Putting even small amounts into a pension plan can affect your entitlement to means tested State benefits.

## QUESTIONS & ANSWERS

### What is the Individual Executive Pension Plan?

The Individual Executive Pension Plan is a pension plan set up by your employer. It allows you to build up money tax efficiently for retirement to provide you with an income for life, cash lump sum(s) and/or tax-free cash.

The plan is run by the trustees on the employer's behalf. As it is held under trust, your plan is held separately from your employer's business.

### What contributions can be made into my plan?

Your employer may make regular contributions to your plan.

You may be required to make contributions to your plan at an agreed rate. You may also pay Additional Voluntary Contributions if they are offered.

You can also make single contributions at any time to top up your plan.

If you have another pension plan, you may be able to transfer it into this plan.

The table below shows the current minimum contributions to the plan.

Contribution type	Minimum contribution
Monthly contributions	£90
Yearly contributions	£1,080
Single contributions	£2,500*
Transfer payments	£2,500*

\* The minimum is waived if you are making regular contributions.

Your employer can ask to change the regular contribution amounts at any time. You can only ask to change any regular contributions you must make, if your employer agrees. You can change the amount of any additional voluntary contributions you are making at any time.

You and your employer can increase the regular contribution automatically once a year:

- at a fixed rate, or
- in line with the Retail Prices Index, or
- in line with the your earnings.

Your employer can ask to stop making contributions completely. Your employer can also ask to take a contribution holiday and then restart contributions again. You can only ask to do so if your employer agrees. Stopping or reducing contributions, taking a contribution holiday or changing your normal retirement date, may reduce the amount you get back from your plan and it may also reduce the amount of contributions your employer pays in. You can ask the trustees for more information about the effect of stopping or reducing your contributions.

### Contributions made from your gross salary

Your contributions are taken from your salary before tax is deducted and are paid to us by your employer.

You will receive tax relief on all regular and single contributions you make to your plan. You can pay up to a maximum of £3,600 a year or 100% of your earnings, whichever is greater.

If you make contributions in excess of the amount that qualifies for tax relief, you will have to repay the excess tax relief to HMRC through your tax return.

### Contributions made using salary exchange

Salary exchange is an agreement between you and your employer where you voluntarily exchange part of your gross salary in return for employer contributions into your plan.

These contributions are taken before tax and National Insurance Contributions (NIC) are paid. As your salary is reduced, you pay less tax and NIC.

Salary exchange may not be suitable for everyone. You should speak to your employer for more information.

## **Where are the contributions invested?**

The trustees normally make the investment choice, but they may take your wishes into account when making their decisions.

Your contributions, including any made on your behalf, are pooled with those made by other investors in unit-linked funds. These are invested in a range of different types of asset, including company shares, property, bonds and cash.

The unit-linked funds are made up of units, which you buy with your contributions. The price of these units depends directly on the value of the investments in the fund.

We work out the value of your investment in each unit-linked fund based on the total number of units you have in the fund and the unit price (the price at which we buy and sell units). If the unit price rises or falls, so will the value of your investment in the unit linked fund.

Your contributions buy units at the 'offer' price and your units are sold at the 'bid' price. The bid price is approximately five per cent lower than the offer price.

You can read about the investment options in our **Pension and investment options** guide.

If the trustees don't tell us how to invest your contributions, we may invest them in the RLP Deposit fund.

With the agreement of the trustees, you can switch your investments or change the investment choice for future contributions, although there may be conditions and a charge for doing so.

We have the right to delay a transfer, switch of investments or retirement before or after your normal retirement date. We would do this to protect the interests of everyone else invested in that particular fund.

## **With Profits**

Any contributions into the Royal London With Profits fund are used to buy units. The price of these units stays the same and the investment performance is paid out as additional units when we allocate regular and final bonuses to your plan.

We work out the value of your investment in the Royal London With Profits fund based on the total number of units you have, any regular bonus due but not yet paid, and any final bonus due.

We may reduce this value by applying a market value reduction if you take money out of the fund at any other time than your normal retirement date.

If the trustees are considering investing in the Royal London With Profits fund, we will give you the booklet **A guide to how we manage our with profits fund** which you should read together with this key features document. This guide is a customer-friendly version of our **Principles and Practices of Financial Management**. It is important that you read and understand this document as it describes the way in which we manage our with profits business.

## **ProfitShare**

We believe our customers should benefit from our success. That's why we'll aim to give your retirement savings an extra boost by adding a share of our profits to your account each year. So if we do well, so do you. We've called this your **ProfitShare**.

## **How ProfitShare works**

We'll review our financial strength and performance at the end of each year to decide if ProfitShare can be awarded. You'll qualify for ProfitShare as long as your account was in force at any time during the year.

We aim to award between 0.15% - 0.25% of the value of your account on 1 April the following year, as long as your account is still in force. Over time, this will help to boost your retirement savings. You could get more or less than this and there's no guarantee that we'll be able to award ProfitShare every year.

We'll add your Profitshare award to your account in April. It will be based on the value of your account at the date of the award and will be invested in the same investment choice as your other retirement savings to help it grow.

Any ProfitShare you're awarded will belong to you. We'll never ask for it back.

You can take any ProfitShare you've built up along with the rest of your retirement benefits any time after age 55.

If you invest in with profits, we'll work out your Profitshare in a different way. You can find more information in the **Royal London with profits fund** factsheet.

If the company pension plan started before 1 July 2001, you won't qualify for ProfitShare. You should contact the trustees to find out if this applies to you.

## **WHAT MIGHT I GET WHEN I TAKE MY BENEFITS?**

Your **illustration** will provide an indication of what you might get back at your normal retirement date, although this can't be guaranteed.

## WHAT CAN I DO WITH MY PLAN WHEN I TAKE MY BENEFITS?

When you access all or part of your retirement benefits, it's important that you think about your needs in both the early and later part of your retirement. It's your responsibility to ensure your retirement benefits don't run out and will last the rest of your life.

Depending on the scheme rules, you'll normally have access to your retirement savings any time after age 55. You don't need to do anything immediately as your retirement savings can remain invested, but you will need to make a decision before you reach age 75.

You will be able to use your plan value to:

- take a cash lump sum which can be some or all of your retirement savings, however only 25% of what you take will be tax-free, or
- buy an annuity which will provide you with an income for life, or up to 25% tax-free cash and a smaller income for life, or
- transfer to an income drawdown plan so you can receive an income and/or cash lump sum(s), or
- a combination of all the options.

An annuity is a financial product that provides a guaranteed retirement income for life in exchange for a lump sum payment.

If the trustees agree, you do not need to have stopped working to take tax-free cash and/or retirement income from your plan.

Different types of annuity are available to suit your individual circumstances.

If you want to buy an annuity you don't have to buy it from us. The trustees can buy it from any annuity provider and can shop around to find the best rates and product for you.

An income drawdown plan is a financial product that normally provides you with tax-free cash and an income directly from your plan. The income you receive is not guaranteed for life.

If you want to transfer to an income drawdown product you don't have to buy it from us. You can shop around to find the best product for you.

## WHAT HAPPENS IF I DIE?

We will normally pay out your plan value as a lump sum to the trustees who will decide who to pay it to. They will take into account your circumstances when you died and the individuals you have nominated to receive the benefits on your death.

If you've set up a trust to receive the death benefits, we will pay the lump sum to the scheme trustees of this plan who will then pay the benefits to the trustees of your trust.

Alternatively, you can ask the trustees to use your plan value to provide an income for your beneficiaries such as your spouse, civil partner or dependants on your death.

If you die after you have started taking your retirement income, an annuity will be paid to your beneficiaries if you choose this option at your retirement.

## WHAT HAPPENS IF I LEAVE MY EMPLOYER?

If you leave your employer, your contributions to the plan must stop. Any contributions made by your employer will also stop.

Your options will depend on how long you have been a member of the plan. Please speak to the trustees for more information.

## WHAT ARE THE CHARGES?

We'll apply a charge for managing your plan.

We regularly review our charges and they could change in the future.

Your **illustration** will show you the charges that will apply to your plan, when they will be deducted and how this may affect the value of your retirement savings over its term.

If you are invested in the with profits fund and decide to transfer your plan we may reduce this value by applying a market value reduction factor.

## WHAT ABOUT TAX?

Our pension investment funds are generally free of UK income and capital gains tax. However, we can't reclaim tax deducted at source from the dividends of UK company shares.

There are limits on the amount you can invest in pension plans and on the maximum value of retirement benefits that you can accumulate without being subject to a tax charge. These limits are known as the annual allowance and the lifetime allowance.

If you want to make contributions to your plan after you have taken all or some of your retirement savings you may be limited to what you can contribute and receive tax relief on. This is known as the money purchase annual allowance. Please note that this is considerably lower than the annual allowance and relates to any pension plan you may have and not just this one.

If you want to find out more, speak to your financial adviser or visit our website [royallondon.com/pensions](http://royallondon.com/pensions).

You don't receive tax relief on payments you transfer into your plan from another pension plan.

If you move overseas restrictions may apply. To find out more speak to a financial adviser.

If you die there is normally no inheritance tax payable on the value of your plan unless it forms part of your estate.

The retirement income you receive will be taxable as earned income. You can normally take up to 25% of the value of your plan tax-free, however the remainder of your plan will be taxed as earned income. If you take a large cash sum you could end up paying more tax. It's important to check whether the cash sum will push you into a higher tax bracket.

Tax rules depend on individual circumstances and may change in the future.

We recommend you get professional advice if you need more information on tax.

## **CAN I TRANSFER MY PLAN?**

You can transfer your plan to another pension plan at any time as long as the trustees agree.

If you decide to transfer your plan, we may take a charge from the plan value. For further information, see the **What are the charges?** section.

Your **illustration** gives examples of how much you could transfer to another pension plan depending on when you transfer. These are illustrative figures and are not guaranteed.

We may also take a market value reduction from your account. This could happen if you have invested in the Royal London With Profits fund.

## **CAN I CHANGE MY MIND?**

If you have made a single contribution or transfer payment, the trustees will receive a notice of their right to cancel those payments. They will then have 30 days from that date in which to change their mind. To cancel payments, they can simply return the completed cancellation form to us.

If you have taken any lump sum(s) from your plan these would need to be repaid.

If you made a transfer payment to the plan we will pay the money back to the other pension provider it came from. If the transfer payment has come from an occupational pension scheme, the trustees of the transferring scheme may not accept the transfer value back if you decide to cancel the plan.

If you made a single contribution or a transfer payment and the value of the units bought has fallen by the time it is cancelled, the amount returned will be the value of those units. This will be less than you paid in. If the value of the units bought has increased by the time it is cancelled, the amount returned will be the value of the payments.

## **HOW WILL I KNOW HOW MY PLAN IS DOING?**

We will send the trustees a yearly statement to show you how your plan is doing.

You can check the prices of the funds you are invested in by visiting our website [royallondon.com](http://royallondon.com)

You can get an online valuation as long as the trustees agree. To register for our online service, visit [royallondon.com/onlineservice](http://royallondon.com/onlineservice)

## **HOW TO CONTACT US**

This plan was arranged by the trustees' financial advisers so they should be your first point of contact. We are unable to provide financial advice.

If you have any other queries regarding your plan, you can contact us by the following methods:

✉ Royal London  
PO Box 413  
Royal London House  
Alderley Road  
Wilmslow  
SK9 1PF

☎ 0345 60 50 050 Monday to Friday 8am – 6pm. We may record calls to help improve our customer service.

@ [customerqueries@royallondon.com](mailto:customerqueries@royallondon.com)

Please make sure you quote your plan number on correspondence, or have it to hand when you phone us.

## **OTHER INFORMATION**

### **How to complain**

If you have a complaint against us in connection with your plan, please contact our Customer Relations Team:

✉ Customer Relations Team  
Royal London House  
Alderley Road  
Wilmslow  
SK9 1PF

☎ 0345 60 50 050 Monday to Friday 8am – 6pm. We may record calls to help improve our customer service.

@ customer.relations@royallondon.com

Please make sure you quote your plan number on correspondence, or have it to hand when you phone us.

If you're not satisfied with our response you can refer the complaint to The Pensions Advisory Service (TPAS) and The Pensions Ombudsman. Both can be contacted at 11 Belgrave Road, London, SW1V 1RB.

Complaining to TPAS or The Pensions Ombudsman won't affect your legal rights.

### **Terms and conditions**

These key features give a summary of the Individual Executive Pension Plan. They don't include all definitions, exclusions, terms and conditions.

If you would like a copy of the full terms and conditions please ask the trustees.

We have the right to change some of the terms and conditions, including the charges. We will write to the trustees and explain the changes if this happens.

It may become impossible to comply with the terms and conditions, due to a change in legislation for example. We will tell the trustees if this happens.

Terms and conditions and all communication will be in English.

### **Law**

The terms and conditions applying to your plan are governed by English Law unless we agree with you that a different law should apply.

### **Solvency and Financial Condition Report**

We want to provide you with clearer information about Royal London's financial position so we have created a Solvency and Financial Condition Report. This report will provide more details about Royal London's business and company performance. You can access the report from [royallondon.com/solvency](http://royallondon.com/solvency).

### **Client classification**

The Financial Conduct Authority requires us to classify our customers to ensure they get the appropriate level of protection under their rules. You've been classified as a retail client which means you will benefit from the highest level of protection available.

### **Compensation**

If we were to become unable to meet our liabilities under your plan, you may be entitled to compensation through the Financial Services Compensation Scheme. If you would like more information about the compensation arrangements that apply, please ask the trustees or contact us direct.

### **About us**

The Royal London Mutual Insurance Society is a member-owned life, pensions and investment company.



**Royal London**  
1 Thistle Street, Edinburgh EH2 1DG  
[royallondon.com](http://royallondon.com)

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