



## CHARGES UPDATE FOR EMPLOYERS

The Government implemented legislation from April 2015 that affects workplace pension schemes being used by employers for auto enrolment. These changes include capping the maximum member charges and banning payments to financial advisers that the members pay for through their charges.

You can be reassured that our Retirement Solutions workplace pensions comply with the legislation. We'll be:

- reducing the annual management charge (AMC) your employees pay for the default investment to no more than 0.75% of the value of their plans, from your staging date. If you staged before April 2015, this happened by April 2015;
- stopping consultancy charges, if applicable, by your staging date. If you staged before April 2015, this happened by April 2015;
- stopping adviser commission, if applicable, by your staging date. If you staged before April 2016, this happened by April 2016 for Group Personal Pensions or Stakeholder Pension Schemes.
- changing the permitted investments that can be used as the default investment for members.

Here's an overview of the changes we've already made and will be making, and the impact they have.

## SUMMARY OF WHAT WE'RE CHANGING

Here's an overview of the changes to our existing Retirement Solutions workplace pensions to comply with the legislation changes:

<b>1. Product charges</b>	<ul style="list-style-type: none"> <li>• We'll be capping the annual management charge (AMC) the members pay at 0.75% for default funds from your staging date. If you staged before April 2015, this happened by April 2015.</li> <li>• We'll re-price schemes individually at a market-competitive price.</li> <li>• We'll be removing commission-related charges, where they apply, from members' plans by your staging date. If you staged before April 2015, this happened by April 2015.</li> </ul>
<b>2. Employer administration charge</b>	<ul style="list-style-type: none"> <li>• We want to be able to offer you an auto enrolment scheme that helps you meet your employer duties. However, in some cases it may not be possible for us to provide a qualifying scheme within an AMC of 0.75%. We may introduce an employer administration charge for these schemes to make them financially viable for us.</li> <li>• If the Government reduces the charge cap below 0.75% in the future, we reserve the right to introduce an employer administration charge as a standard charge for schemes. If this or any other change occurs that results in us needing to change the charges on a scheme, we'd provide you with at least 90 days' notice of the change.</li> </ul>
<b>3. Default investments</b>	<ul style="list-style-type: none"> <li>• We've changed the default investments that we'll support for auto enrolment schemes to ensure the charges are within the 0.75% charge cap.</li> <li>• If your current default investment includes non-Royal London funds with additional investment charges you'll need to change the default to a permitted investment before your staging date. If you staged before April 2015, this happened by April 2015. Where any active member's plan is not invested in the default investment and is invested in funds with additional investment charges, we'll write to them to tell them that their plan is not currently invested in the default and the total charge they pay could exceed 0.75%.</li> </ul>
<b>4. Adviser commission and consultancy charges (CC)</b>	<ul style="list-style-type: none"> <li>• We'll continue to support consultancy charges (CC) payments, where they apply, until your staging date. If you staged before April 2015, CC stopped by April 2015.</li> <li>• If you have a Group Personal Pension or Stakeholder Pension Scheme we'll continue to support initial and trail commission, if applicable, until your staging date, at which point any adviser payments will stop. However, if you staged before April 2016, adviser payments stopped by April 2016.</li> <li>• If you have an existing Company Pension Plan, we'll continue to support initial commission and trail commission, as applicable, for new and existing members, until the Government bans commission on auto enrolment/qualifying occupational pension schemes. The Government is consulting on the regulations for these schemes during 2016. We'll confirm when commission on existing schemes will be switched off once we know when this will be.</li> <li>• If you're currently receiving ongoing advice or services from your financial adviser and this is being paid for by commission or CC payments you may need to agree a separate fee for these with your adviser.</li> </ul>
<b>5. Adviser charges</b>	<ul style="list-style-type: none"> <li>• If the Group Pension Plan (GPP) or Company Pension Plan scheme members receive individual financial advice we'll allow them to instruct us to make adviser charge payments from their plans to their adviser.</li> <li>• If your GPP or Company Pension Plan scheme was established on or after January 2013 we already support initial and ongoing adviser charges agreed between the members and their financial adviser.</li> <li>• An ad hoc adviser charge option is available on all our Retirement Solutions Group Pension Plans.</li> </ul>

## TIMETABLE FOR CHANGES

- We'll re-price existing schemes and remove consultancy charges and commission on Group Personal Pensions and Group Stakeholder Pensions, where they apply, from the staging date.
- If you staged before April 2015, we re-priced your scheme and removed consultancy charges, where they applied, by April 2015.
- If you staged before April 2016, we removed commission payments on Group Personal Pensions and Group Stakeholder Pensions, where they applied by April 2016.
- If you have an existing Company Pension Plan the commission payments will be removed when the Government's planned legislation on occupational pension schemes bans it. We'll confirm this date once we know what it is.

## Examples

Staging date	Scheme re-priced and consultancy charges removed (if applicable)	Commission removed (if applicable)
1 May 2015	1 May 2015	6 April 2016
1 Nov 2015	1 Nov 2015	6 April 2016
1 May 2016	1 May 2016	1 May 2016



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