



## SELF INVESTMENTS

### Investment disclaimer and risk warning

**Royal London has received a request from you (or your financial adviser) to invest in an asset that is or could become illiquid or that could become worthless. If we carry out your request this may impact on our ability to make payments to you or your dependants and may increase the risk of you and/or the trustees of The Royal London Personal Pension Scheme (No2) incurring tax charges or fines in the future.**

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#### 1 Important information

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**Please read this section carefully before completing this application form.**

- You should consult your financial adviser before asking us to buy into an illiquid asset or purchase an asset where the value of the asset can reduce to zero (and in extreme cases a negative balance).
- You should seek advice from your financial adviser if you have any doubts or if you are unsure of how to proceed.
- You or your adviser should always contact us before committing to purchase any illiquid asset or an asset where the value can reduce to zero (and in extreme cases a negative balance) as the proposed purchase may not be acceptable to us.
- You must read this document carefully, sign the declaration at the end and return it to us before we will consider your request.
- You must also make sure that you give us enough notice to make the investment. We will need to be in possession of a signed copy of this form at least one month prior to any closing date. If we do not receive enough notice, we might not be able to make the investment in time. In these circumstances, we will not be liable for any loss or potential loss.
- You should keep a copy of this form and any additional forms you send to us. When you take out your plan you'll receive a copy of the **Pension Portfolio Core Investment Plan booklet** and the **Self Investment Plan booklet** which will detail the terms and conditions of your plan. If you would like to see a copy of the Plan booklet now, you can request a copy at any time.
- Your completed form should be sent to us at **PO Box 296, Wilmslow, Cheshire SK9 1WJ**.

## 2 Liquidity risks

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**Please read this section carefully.**

An illiquid asset<sup>1</sup> is one that cannot easily be converted back into cash. These assets are not usually traded on any recognised exchange and therefore you might not be able to sell your holding when you want or need to. Many of these types of assets are also non-transferable. You should consider these factors before you invest as they may have a significant impact on our ability to:

- Make pension commencement lump sum payments.
- Make drawdown pension payments.
- Buy an annuity for you or your dependants.
- Transfer some or all of your Pension Portfolio plan holdings to another pension provider (including pension debits).
- Recover administration charges and fees that are due to be taken from your Pension Portfolio Bank Account.

It is you and your adviser's responsibility to ensure that the investments you make within your Pension Portfolio plan are diverse enough to provide enough cash to make any payments that are due.

In some circumstances you might need to cash in, sell or transfer all of the investments in your Pension Portfolio plan and sometimes this has to happen within a certain timeframe. The time restrictions are imposed by HM Revenue & Customs (HMRC) or sometimes by the courts and if these are not met, fines may be imposed or tax charges levied. Any such charges will be deducted from your Pension Portfolio plan. Therefore you must give us as much notice as you can (where it is possible to give notice) to allow us enough time to cash in, sell or transfer your investments. You, or your personal representatives, should get in touch with us as soon as possible if:

- Your Pension Portfolio plan is to be subject to a Pension Sharing Order.
- Your Pension Portfolio plan is to be subject to a pension debit.
- You intend to retire because of serious ill-health.
- Your Pension Portfolio plan is to be transferred to another pension provider (whether the transfer is to be done "in-specie" or as a cash transfer).
- You die.

You should also let other parties know that your Pension Portfolio plan holds some illiquid assets. This should be taken into consideration when you agree timeframes or in the case of a Pension Sharing Order, how the settlement is made.

In the case of divorce, the courts will expect us to comply with a Pension Sharing Order within 4 months of the date it is issued. You must therefore inform us at your earliest opportunity of your intention to divorce so that, if a Pension Sharing Order is issued, we will have as much time as possible to sell or cash in your investments. Often illiquid investments can take well in excess of 4 months to sell.

If illiquid assets are sold before the intended maturity date, the sale might occur at a disadvantageous price. We will not be liable for any monetary loss in these circumstances.

We reserve the right to refuse to act on any investment request as set out in the [Pension Portfolio Self Investments Plan booklet](#).

<sup>1</sup>This includes property as it cannot always be sold when needed.

## 3 Trading risks and limited services

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**Please read this section carefully.**

### **Staggered sales**

If you, or your adviser, ask us to sell some or all your Self Investments and you hold illiquid assets, we might have to stagger the sale. This could result in some assets being sold before others and the cash proceeds of the sale being placed in your Pension Portfolio Bank Account for a period of time before your request can be fully completed. If this happens we will carry out your instructions but, if an illiquid asset cannot be sold immediately (or there is a future settlement date), we will not accept liability for any loss of potential return that may result because of the staggered sale procedure or because the illiquid assets cannot be sold immediately.

### **Investment reviews**

We will not review the composition of your fund or take into consideration any market conditions or impending activity that might also contribute to loss of potential return.

### **Contingent trading**

For investments that do not offer regular trading it is not possible for us to offer a back-to-back (contingent) trading service. When you or your adviser submit an investment request, we will only carry out your instructions if you have enough cash in your Pension Portfolio Bank Account to make the purchase. When you or your adviser submit a disinvestment (sale) request, we carry out your instruction as soon as we can and place the proceeds of the sale into your Pension Portfolio Bank Account. If you then want to use that cash to buy another asset, you or your adviser must submit a further investment request. We are not able to accept or hold any reinvestment instructions for the cash proceeds of a sale.

## 4 Negative balances

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**Please read this section carefully.**

The value of some assets can be wiped out by market movements or because the investment provider goes out of business. Therefore it is possible that some assets and particularly some types of structured products to end up having no value and may in extreme circumstances have a negative value.

A negative value can happen when the value of the investment has been wiped out and there is nothing left to cover fees and/or charges that are due.

E.g. Structured products can hold a range of assets including OEICs, hedge funds and deposits. If a product held a single asset such as a hedge fund and the hedge fund provider finds itself in trouble then the product might become worthless with no means of paying off the fees that are due. This would result in a negative balance within the structured product.

If that happens, you should note if any fees are owed your Pension Portfolio (and ultimately you personally) are liable for the outstanding fees/charges or other sums due to us or a third-party, and we may need to sell other assets to cover those liabilities and/or close your plan.

## 5 Declaration

Please read this section carefully and then sign and date it.

I understand that by signing this declaration, I am confirming that:

- I have read this document.
- I understand and accept the additional investment risks.
- I will reimburse Royal London if they incur any fines or tax charges because I have chosen to invest in illiquid assets.
- I accept that I am ultimately personally responsible for paying any outstanding fees/charges or other sums due to Royal London or a third-party that have resulted because I have chosen to invest in an asset or a product where the value has reduced by such an extent that the fees/charges and other sums are not covered by it.
- I accept the trading restrictions set out above.
- I agree to be bound by the terms set out in this document.
- I must return a signed copy of this document to Royal London before they will proceed with my request to invest in illiquid assets/an asset or product with the potential to have a negative value.

If, after reading this document, you are still unsure of how to proceed, please consult your financial adviser before signing.

If you did NOT receive advice from a financial adviser about taking out this plan, please tick this box.

If you are under 18, your legal guardian must sign below. Otherwise, you should sign.

Signature	<input type="text"/>	Date	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Print name	<input type="text"/>	Plan number if known	<input type="text"/>						



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