



## INCOME TAP

Income Tap is our pioneering income management facility designed for customers taking income payments directly from their Pension Portfolio through our Income Release option. This leaflet provides more information on exactly what Income Tap is and how it works.

### WHAT IS INCOME TAP?

A common strategy for customers taking income from their pension plan is to invest part of their plan value in a low risk fund. This allows the remainder of the plan to be invested for longer term income and growth.

In order to facilitate this, we have created the **Income Tap Account**.

The Income Tap Account is designed to help make income payments over a specified period of time. This includes any regular income payments or any additional income payments you wish to receive from your plan.

The Income Tap Account invests in the Royal London Deposit Pension fund. This is the only fund we allow to be used for this purpose as it's a low risk fund and is more suited to helping make income payments.

Investment returns can fall as well as rise, even for lower investments and you might not get back the value of your original investment. Therefore, we can't guarantee that all requested income payments can be made from the Income Tap Account.

### HOW DOES IT WORK?

The Income Tap Account will normally be set up when your plan starts. If you decide you don't want to use Income Tap at outset then it's possible to turn it on at any time.

You and your adviser decide how many months' worth of income you wish to move into the Income Tap Account. We allow between 3 and 60 months' worth of income to be moved. This money is then automatically switched, proportionately from the funds that make up your Core Investments, into the Income Tap Account.

Once money has been moved into the Income Tap Account it's not possible to switch this money into other funds within your plan. If you have fund rebalancing on your plan then any money which forms part of your

Income Tap Account will not be included in the rebalancing process.

After the Income Tap has been set up, it is automatically reviewed (we call this the Income Tap check point) at an agreed frequency in order to help make any ongoing income payments.

How your plan has been set up or what changes you have made to your plan will determine what action we take at each check point. Further information on what happens at each check point is shown over the page.

There are certain restrictions on the Income Tap check point frequency you can select depending on the frequency with which you want to receive income payments. The table below shows the combinations we allow:

Income frequency	Income Tap check point frequency			
	Monthly	Quarterly	Half-yearly	Yearly
Monthly	✓	✓	✓	✓
Quarterly		✓	✓	✓
Half-yearly			✓	✓
Yearly				✓

When the Income Tap is first set up, an amount equal to a minimum number of income payments must be moved to the Income Tap Account based on the Income Tap check point frequency selected. The minimum amounts are as follows:

Check point frequency	Minimum number of months' income payments
Monthly	3 months
Quarterly	3 months
Half-yearly	6 months
Yearly	12 months

As income payments are taken the value of your Income Tap Account will decrease.

## WHAT HAPPENS AT THE INCOME TAP CHECK POINT?

At the selected frequency, a check is carried out to see whether any changes are needed to the Income Tap.

Depending upon your Income Tap instructions, the current value of the Income Tap Account and any income payments that have been made, this could result in either:

- A top-up of the Income Tap
- A decrease in the Income Tap
- No changes being made to the Income Tap.

If the Income Tap needs to be topped-up, this will be done by switching money proportionately from the funds that make up your Core Investments.

If the Income Tap is to be decreased in value, the excess money will remain invested in the Royal London Deposit Pension fund but will no longer be held as part of your Income Tap Account. The money will remain in this fund until we receive further instructions on what we should do with it.

If there is fund rebalancing on your plan the excess money will be held in the Royal London Deposit Pension fund and then included in the rebalancing of your plan at the next rebalancing review date.

It is important to note that depending on fund performance, charges or changes to your income payments, it is possible that your Income Tap Account could run dry of money before the next Income Tap check point. If this happens then any

income payments would still be made on your selected income payment date and would come proportionately from the funds that make up your Core Investments.

## CAN I STOP USING INCOME TAP?

Yes, if you decide you no longer want to use the Income Tap you can ask us to switch it off at any time. Any money which makes up the Income Tap Account at the time you decide to switch the Income Tap off will remain invested in the Royal London Deposit Pension fund until we receive further investment instructions on what we should do with it.

If there is fund rebalancing on your plan the money will be held in the Royal London Deposit Pension fund and then included in the rebalancing of your plan at the next rebalancing review date.

Once the Income Tap is switched off, any income payments will either be paid proportionately from the funds that make up your Core Investments or, if you instruct us, from a specific fund.

## NEED FURTHER INFORMATION?

Further information on our Pension Portfolio and the Income Release facility can be found on our website at [royallondon.com/pensions](http://royallondon.com/pensions)

Information on rebalancing, details of the Royal London Deposit Pension fund and all of the investment options available to your plan can also be found on our website.



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[royallondon.com](http://royallondon.com)

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