

HOW PROFITSHARE WORKS



1

We'll review our financial strength and performance at the end of each year.



2

We'll work out if ProfitShare can be awarded.



3

We'll add your award to a separate ProfitShare account within your plan.



4

You'll see the value of your ProfitShare account in your yearly statement and our online service.



5

You can take the value of your ProfitShare account with the rest of your retirement savings any time after age 55.



Royal London

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FEELING THE BENEFIT

Your guide to ProfitShare



- ProfitShare awards will be based on the value of the retirement savings you have invested with us on the date they're awarded.
- Each year, we'll aim to award between 0.15% and 0.25% of the value of your plan. You could get more or less than this and there's no guarantee that we'll be able to award ProfitShare every year.
- ProfitShare awards will be applied in April each year as long as your plan was in force on 31 December the previous year and on the date the award is given.
- ProfitShare doesn't count as a contribution, so it won't reduce the level of tax-free contributions you can make to your plan each year.
- ProfitShare awards will be invested in the same investment choice as your other retirement savings.

We've spent the past 150 years daring to stand out. But for us, it's not enough to say we're different to everyone else. **We want our customers to really feel it.**

When we first opened our doors for business back in 1861, we were built upon a belief that **our customers should share in our success.** And it's been our way of thinking ever since.

So when we do well, **we'll aim to boost your retirement savings** by adding a share of our profits to your plan each year.

We've called this ProfitShare.

INTRODUCING HARRY

To give you an idea of the difference ProfitShare could make, let's introduce you to Harry.



Harry has just joined his employer's pension plan.

- He's aged 30
- He's decided to contribute £200 each month
- He wants to retire at age 65

The retirement savings Harry is able to build up by age 65 depends on how his chosen investments grow each year, as shown in the three examples below.

Harry's projected plan value at age 65



These figures are not guaranteed and are just an example. Harry could get more or less than this. We've assumed he'll increase his pension contributions in line with inflation each year and that he'll contribute until he retires at age 65. We've also assumed we'll apply a yearly management charge of 0.75% to all his retirement savings.

We've assumed that inflation will reduce the buying power of Harry's retirement savings by 2.5% each year. We've allowed for this by reducing the growth rates to 5.4%, 2.4% and -0.5%. This should give a more realistic view of what Harry could buy with his plan if his retirement income was payable today.

The annual investment growth rates we've used are over and above an assumed future rate of inflation of 2.5%. If a rate is less than 0% then the value of Harry's plan won't keep pace with inflation. This will reduce the amount he can buy with his plan.

Let's assume Harry benefits from a ProfitShare award equal to 0.2% of the value of his plan each year. Let's also assume the value of his investments grow by 2.4% each year.

Impact of ProfitShare for Harry



These figures show that, over time, ProfitShare could increase Harry's retirement savings from £116,324 to £120,908, giving him an extra £4,584. A toast to his future from us. And remember, they're his retirement savings. We'll never ask for them back.

Obviously this is only an example and investment returns can never be guaranteed. The value of an investment can go down as well as up and you might not get back the value of your original investment.



For more information about ProfitShare, ask the internet at royallondon.com/ProfitShare