



## FACTSHEET

### TALISMAN GROUP PENSION SCHEME (GPS) IMPROVEMENTS

This leaflet describes the improvements we're making to the charging structure for our Talisman GPS plans – versions 1 to 4. The changes also apply to members who retained their plan on leaving the service of their employer by contributing to a Talisman continuation (Talisman CPS) plan.

Here's a summary of the changes applying to each version of Talisman GPS/CPS.

Improvement	Effective date	GPS / CPS version			
		1	2	3	4
1. Removing policy fees for paid up plans <sup>1</sup>	1 April 2016	●	●	●	●
2. Removing exit charges on members leaving service	1 April 2016		●		
3. Stopping initial commission charges once the cost of commission has been recovered	16 Sept 2016		●	●	●
4. Amending the exit charges applying to recover outstanding initial commission	16 Sept 2016			●	●
5. Extending the maximum loyalty bonus for plans with regular contributions	16 Sept 2016	●	●	●	
6. Changing the basis of exit charges to take into account the term the plan is held	16 Sept 2016		●		

<sup>1</sup> The 'policy fee' is sometimes referred to as 'member charge' in documentation.

These improvements are explained in detail below.

### IMPROVEMENT 1: REMOVING POLICY FEES FOR PAID UP PLANS

#### Current position

For version 1, 2, 3 and 4 plans no policy fee applies while regular contributions are being paid into the plan. However, once regular contributions stop and a plan is made 'paid up' a policy fee, sometimes referred to as a 'member charge', may then be applied.

The policy fee is scheme-specific and varies from around £20 to £30 a year depending on the scheme payment method. There is no policy fee where the scheme contribution payment method is by direct debit or where the GPS is linked to a Retirement Solutions plan with active regular contributions.

#### New position

From **1 April 2016** we'll no longer apply a policy fee if regular contributions to a plan stop on or after that date. Although this won't have any immediate impact it does mean members' plans will not incur a charge in the future that otherwise could have applied.

From **1 April 2016** we'll also remove any future policy fee for plans which are already paid up and currently incurring this charge.

## IMPROVEMENT 2: REMOVING EXIT CHARGES ON MEMBERS LEAVING SERVICE

### Current position

For version 2 plans there is currently no exit charge applied to funds built up from regular and single contributions if the member accesses their retirement savings or transfers their plan within 5 years of their selected retirement date (SRD).

For funds built up from transfer payments an exit charge may apply if the member accesses their retirement savings or transfers their plan at any time before their SRD (even within 5 years of their SRD). An exit charge could apply in this situation if we previously increased the original transfer payment(s) to retain death benefits the member had in their previous pension plan(s).

For version 2 plans, there's also currently no exit charge applied to funds built up from regular and single contributions or transfer payments if the member leaves employment with their scheme employer and access their retirement savings or transfers their plan within 3 months of the date of leaving service, provided contributions are being made to the scheme and are expected to continue. If they access their retirement savings or transfer their benefits after that 3 month period or if all contributions to the scheme cease at the same time then a charge will apply.

### New position

We've concluded that the 3 month condition applying to version 2 plans is too restrictive and doesn't give enough time for members to consider their options and decide whether to transfer their plans after they leave the service of the scheme employer. We're therefore removing this 3 month restriction.

From **1 April 2016**, for version 2 plans, no exit charge will apply to funds built up from regular, single contributions or transfer payments if the member leaves employment with the scheme employer and (at any time after that) chooses to access their retirement savings or transfer their plan to a different pension - provided that at the date when contributions stopped being paid for the member, the employer had not terminated the scheme and contributions were still being paid to the scheme for at least one other member.

As is currently the case, no exit charges will apply to funds built up from regular or single contributions if the member accesses or transfers their benefits and they're within 5 years of their selected retirement date - regardless of whether they've left the service of their employer or not.

## IMPROVEMENT 3: STOPPING INITIAL COMMISSION CHARGES ONCE THE COST OF COMMISSION IS RECOVERED

### Current position

For version 2, 3 and 4 plans there is currently an annual charge deducted from the members' plans to cover the cost of initial commission previously paid to a financial adviser for advice and services provided. This charge applies until the relevant member's selected retirement date (SRD).

### New position

We're altering this annual charge for version 2, 3 and 4 plans from **16 September 2016**, so rather than it applying until the members' selected retirement dates (SRDs), the charge will stop once we've recovered the cost of the initial commission paid.

## IMPROVEMENT 4: AMENDING THE EXIT CHARGES APPLYING TO RECOVER OUTSTANDING INITIAL COMMISSION

### Current position

For version 3 and 4 plans, if the members access their retirement savings or transfer their plan more than 5 years before their selected retirement dates (SRDs) there would currently be an exit charge applied to meet the outstanding amount that would otherwise have been payable up to the SRD.

### New position

From **16 September 2016** for version 3 and 4 plans, if a member accesses their retirement savings or transfers their plan before their SRD the exit charge applied will also be adjusted to reflect the outstanding cost of the initial commission, with no initial commission exit charge being applied if that cost has already been recovered.

Changes to the exit charges for version 2 plans, including where there is initial commission to be recovered, are described under improvements 2 above and 6 below.

## IMPROVEMENT 5: EXTENDING THE MAXIMUM LOYALTY BONUS FOR PLANS WITH REGULAR CONTRIBUTIONS

### Current position

For version 1, 2 and 3, members' plans include the potential for a regular contribution loyalty bonus to be payable when they access their retirement savings or transfer their plans.

To be eligible for a loyalty bonus on their regular contributions the member and/or the employer needs to continue to pay regular contributions to the plan until at least 8 years before the selected retirement date (SRD) for version 1-2 plans or until at least 9 years before the SRD for version 3 plans.<sup>2</sup>

Currently the maximum loyalty bonus for regular contributions is capped after 18 years for versions 1-2 and after 30 years for version 3.

If contributions stop or a member transfers their plan more than 8 or 9 years before their SRD, depending on the product version, no loyalty bonus applies.

### New position

No changes are being made to these qualifying conditions for payment of loyalty bonus. However, from **16 September 2016** we're removing the cap and increasing the loyalty bonuses payable where the member and/or the employer makes regular contributions for more than 18 or 30 years, as applicable. This means the maximum loyalty bonus the member could get will increase.

<sup>2</sup> Where a GPS member has a linked Retirement Solutions plan, the loyalty bonus will continue to accrue on the funds in the member's GPS plan built up from regular contributions, for as long as regular employer and/or employee contributions continue to be paid into that member's Retirement Solutions plan. We have provided advisers with a list of those schemes with linked GPS and Retirement Solutions plans.

## IMPROVEMENT 6: CHANGING THE BASIS OF EXIT CHARGES TO TAKE INTO ACCOUNT THE TERM A PLAN IS HELD

### Current position

For version 2 plans we've reviewed the exit charges that apply if the employer's whole workplace scheme is closed and retirement savings are accessed early.

Currently any exit charges that apply would be based on the outstanding term to each member's selected retirement date (SRD).

### New position

From **16 September 2016** we're changing the exit charges for these plans so they reflect how long the member has held their plans as well as how long is left until their SRDs.

We believe this is a fairer approach. Exit charges will be no higher as a result of this change and may be lower.



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