



keyfacts®

KEY FEATURES OF PENSION PORTFOLIO BENEFICIARY INCOME RELEASE

The Financial Conduct Authority is a financial services regulator. It requires us, Royal London, to give you this important information to help you decide whether our Pension Portfolio Beneficiary Income Release plan is right for you. You should read this document carefully, so that you understand what you're buying, and then keep it safe for future reference. If you're concerned that it may not be suitable for you, contact your financial adviser.

This is an important document and you should read it together with your illustration. Please read it and keep for future reference.

This document contains the following information:

- the aims of the Pension Portfolio Beneficiary Income Release plan
- your commitments if you take out the plan
- the risks associated with the plan
- questions and answers that explain the plan's main features
- how to contact us.

Where a member of a registered pension scheme dies before they've received all of their pension savings from that scheme, in addition to being offered the option of receiving the death benefit as a lump sum payment, their nominated beneficiary may be offered the option of designating the amount available for beneficiary drawdown.

Beneficiary drawdown is a plan set up in a beneficiary's own name that allows them to take income payments directly from the plan. The beneficiary can take as much or as little from the plan as they like, subject to any minimum levels set by the provider. You may also see this type of plan referred to as beneficiary flexi-access drawdown or nominee or successor drawdown.

Beneficiary Income Release is the term we use to describe the beneficiary drawdown option that we offer through our Pension Portfolio product.

There must be a minimum of £15,000 before we'll set up a Beneficiary Income Release plan.

ITS AIMS

- To invest a transfer payment from a pension arrangement under a registered pension scheme and to leave this invested until you choose to take an income from it or buy a secure income.

YOUR COMMITMENT

- You agree to tell us if your circumstances change. For example, if you're no longer resident in the UK.
- Once you start taking your pension savings, you'll need to review these on a regular basis. This is to ensure that they're still appropriate for your needs.

RISKS

- We can't guarantee what you'll get back from your plan. Various factors can alter your plan value. For example:
 - Investment performance, interest rates and charges may be different to those illustrated.
 - Tax rules depend on individual circumstances and may change.
 - Investment returns are never guaranteed. So while there's a chance your pension savings could grow, their value can also go down. This means you could get back less than you started with.

- If you cancel your plan within 30 days, the amount returned will be less than you paid in if the value of your investment has fallen, or if you've agreed that your adviser will receive an adviser charge payment deducted from your plan.
- If you take an income directly from your plan, this will reduce the plan's value. The investment growth of your remaining pension savings may be insufficient for you to maintain your income payments at the level you wish for the rest of your life.
- If you decide to buy a secure income in the future, rates can change so there's no guarantee that they'll be more favourable. This means you'd receive a lower income than you expected, especially if the value of your pension savings has decreased.
- If there's not enough money in your plan to cover your income payments and our charges, we'll stop paying the income and your plan will end.
- This plan may affect your entitlement to means tested State benefits.

QUESTIONS AND ANSWERS

What is Pension Portfolio Beneficiary Income Release?

Pension Portfolio Beneficiary Income Release is a personal pension plan into which a transfer payment is made which represents the amount designated by a dependant or beneficiary under another pension arrangement for beneficiary drawdown.

The plan's made up of Core Investments which consist of our own investment funds and a selection of investment funds managed by other investment companies.

It's possible any time after the plan starts to:

- Take income directly from your plan. This facility is called Income Release. For more information about this, see the **What is Income Release?** section; or
- Buy a secure income.

Is this a stakeholder pension?

No. Pension Portfolio Beneficiary Income Release isn't a stakeholder pension because it doesn't meet the stakeholder criteria for contributions and charges set out by the Government.

Stakeholder pensions are widely available. You should consider whether this type of pension would meet your needs as well as the Pension Portfolio Beneficiary Income Release plan. You should discuss this with your financial adviser.

What is Income Release?

Income Release is the process of taking an income directly from your plan.

You don't need to use your entire plan for Income Release. You decide how much to use, based on your own income requirements.

The pension savings not used to provide income payments will remain invested in your plan.

Using Income Release

You can use the Income Release facility to receive regular or one-off income payments.

Regular income payments can be paid monthly, quarterly, half-yearly or yearly and may be taxable depending on the age of the person you inherited the funds from when they died. For more information about this, see the **What about tax?** section. Whilst the income payments aren't guaranteed for the rest of your life, you do have the flexibility to increase, reduce or stop your income. You can also change the frequency of your income payments.

When you access all or part of your pension savings, it's important that you think about your needs, both in the short and long term. It's your responsibility to ensure that your income will last for as long as you need it to.

What contributions can be made into my plan?

Other than the initial transfer payment, it's not possible to pay any additional contributions into your plan.

Where will your transfer payment be invested?

Your transfer payment is pooled with the contributions made by other investors in unit-linked funds. These are invested in a range of different types of funds, including company shares, property, bonds and cash.

The unit-linked funds are made up of units, which you buy with your transfer payment. The price of these units depends directly on the value of the investments in the fund.

We work out the value of your investment in each unit-linked fund based on the total number of units you have in the fund and the unit price (the price at which we buy and sell units). If the unit price rises or falls, so will the value of your investment in the unit-linked fund.

You can choose from a wide range of investment options, you can read about these in our **Pension and investment options** guide.

If you don't tell us how to invest your transfer payment, we'll invest it in the RLP Deposit fund.

You can switch your investments, although there may be conditions and a charge for doing so.

We have the right to delay a transfer or switch of investments. We'd do this to protect the interests of everyone invested in that particular fund.

ProfitShare

We believe our customers should share in from our success. That's why we'll aim to give your pension savings an extra boost by adding a share of our profits to your plan each year. We've called this your **ProfitShare**.

How ProfitShare works

We'll review our financial strength and performance at the end of each year to decide if ProfitShare can be awarded.

We 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.

Your ProfitShare award 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. It'll be based on the value of your plan at the date of the award and will be invested in the same investment choice as your other pension savings to help it grow.

Any ProfitShare you're awarded will belong to you. We'll never ask for it back.

You can take the value of your ProfitShare account along with the rest of your pension savings at any time.

What might I get when I access my pension savings?

Your **illustration** will provide an indication of what you might get back when you decide to take your pension savings, although this can't be guaranteed.

What can I do with my plan when I access my pension savings?

You'll be able to use your plan value to:

- Use Income Release;
- Buy a secure income which will provide you with a guaranteed income; or
- A combination of these options.

Use Income Release

You can take regular or one-off income payments directly from your plan. Please see the **What is Income Release?** section for details.

Income Release may not be suitable for everyone. There are alternative products available on the market and you should shop around to find the best product for you.

If, after choosing to take an income from your plan, you decide you'd prefer a guaranteed income, you can buy a secure income at any time.

Buy a secure income

Rather than taking income directly from your plan using Income Release, you can use the proceeds of your plan to provide an income by buying a secure income. This is often called 'an annuity'.

An annuity is a financial product that provides a guaranteed income for life in return for a lump sum payment.

Different types of annuity are available to suit your individual circumstances.

If you want to buy a secure income, you don't have to buy it from us. You can shop around to find the best rates and products for you.

What happens if I die?

If you die, the value of your plan can be used to provide benefits to individuals you've nominated (your beneficiaries), subject to our agreement. The options available will depend upon the age you are when you die.

If you die before age 75, the remaining value of your plan can be used to provide the following:

- Lump sum – a beneficiary can take the remaining value of the plan as a tax-free lump sum.
- Beneficiary flexi-access drawdown – a beneficiary can take the remaining value of your plan by transferring it into their own flexi-access drawdown plan with Royal London or another provider. The income will be tax free.
- Secure income – a beneficiary can use the remaining value of your plan to buy a secure income. The secure income payments will be tax free.

If you die after age 75, the remaining value of your plan can be used to provide the following:

- Lump sum – a beneficiary can take the remaining value of the plan as a lump sum. This will normally be taxed at their marginal rate of income tax.
- Beneficiary flexi-access drawdown – a beneficiary can take the remaining value of your plan by transferring it into their own flexi-access drawdown plan with Royal London or another provider. The income will normally be taxed at their marginal rate of income tax.
- Secure income – a beneficiary can use the remaining value of your plan to buy a secure income. The secure income payments will normally be taxed at their marginal rate of income tax.

If you agree an initial adviser charge payment with an adviser and this is still outstanding at the time of your death, we'll deduct this before we pay out your plan value.

Full details of the options available to them will be provided to your beneficiaries at the time.

What are the charges?

Detailed below are the charges that could apply to your plan.

You should read this section in conjunction with your plan **illustration**.

i) Product charges

Management charge

We apply a charge for managing your plan. This management charge covers the costs of setting up the plan and ongoing administration. This charge is a percentage of the value of your plan.

The different elements which make up your management charge are described below.

Basic charge

The basic management charge for the plan is 1% a year. This charge is built into the fund price and is deducted on a daily basis.

Depending on the other elements that make up your management charge, the actual management charge may be less than or greater than 1%. Therefore, to ensure the correct charge is applied an adjustment is made each month by the addition/cancellation of units as required.

Management charge discount

To reward you for saving, we refund some of the management charge once the value of your plan exceeds certain levels. This is called the management charge discount.

The table below details the different discount rates and the fund levels they apply at.

Value of plan	Discount
£0 - £32,800	0.10% a year
£32,800 - £65,600	0.50% a year
£65,600 - £197,000	0.55% a year
£197,000 - £656,000	0.60% a year
£656,000 +	0.65% a year

The levels at which the discounts apply increase each year on your plan anniversary in line with the Retail Prices Index (RPI).

The discount applies to your entire plan and is added each month (1/12th of the yearly discount).

When you start taking income payments, the management charge discount may be affected as this will reduce the value of your plan on which the discount is based.

We regularly review our charges and they could change in the future.

Additional investment charge

In addition to a range of funds managed by Royal London Asset Management (RLAM), you can also invest in a selection of external funds that are managed by other investment managers. Additional investment charges apply for the majority of these external funds.

If you choose to invest in any of the external funds, the additional investment charges are shown in the **Charges** section of your **illustration**.

A list of all the funds offered within your plan and the associated charges are provided in a separate **Fund Range Summary**, which is available on request.

Adviser adjustment

An adjustment to the management charge may be made as a result of terms agreed with your financial adviser. If an adjustment applies, it will be shown on your **illustration**.

Income Release

When you first set up the plan, there's an initial one-off charge of £199 which covers our costs in setting up and administering the drawdown functionality.

However, if you're transferring savings from an existing Royal London pension plan that's been in force for 12 months or more, we won't apply this charge.

ii) Adviser charges

Your financial adviser may agree an adviser charge with you to pay for the services they provide you with – both now and in the future. This agreement will be between you and your financial adviser. However, if you ask us to, we can deduct an adviser charge payment from your plan and pay it to your adviser. Your **illustration** will show any adviser charge payments to be deducted from your plan.

Any adviser charges are in addition to the product charges. If adviser charges have been selected, the level payable to your financial adviser and the charge for this will be included in your **illustration**.

What about tax?

Our pension investment funds are generally free of UK income and capital gains tax. However, we can't reclaim tax deducted at source from the dividends of UK company shares.

If you move overseas, restrictions may apply. To find out more, speak to your financial adviser.

If you die, there's normally no inheritance tax payable on the value of your plan, unless it forms part of your estate.

The tax treatment of any income you receive from your plan depends on whether the person you inherited the fund from was aged 75 or over when they died:

Age at death	Tax treatment
Under age 75	Income is normally free from income tax
Age 75 or over	Income is subject to your marginal rate of income tax

The tax treatment upon your own death will depend on whether you die before or after age 75. See the **What happens if I die?** section for more details.

Tax rules depend on individual circumstances and may change. We recommend you get professional advice if you need more information on tax.

Can I transfer my plan?

It's possible for you to transfer your plan to another pension plan offering an income drawdown arrangement for beneficiaries. You can do this at any time. Your **illustration** gives examples of how much you could potentially transfer to another pension plan, depending on when you transfer and how your investments perform.

If you decide to transfer your plan and have any outstanding initial adviser charge payment, we may take this from your plan.

Can I change my mind?

You can change your mind within 30 days of receiving your plan documents. If you decide you don't want the plan, you must write and tell us. You can contact us in writing by using the details in the **How to contact us** section.

We'll pay the transfer payment back to the other pension provider it came from. If the transfer came from an occupational pension scheme, the trustees of the transferring scheme may not accept the transfer payment back if you decide to cancel the plan.

Any income paid to you would need to be repaid.

If we don't hear back from you in 30 days, your plan will continue.

If the plan value has fallen by the time it's cancelled, the amount returned will be the plan value. This will be less than the transfer payment. If the plan value has increased by the time it's cancelled, the amount returned will be the value of the transfer payment. If you agreed that your adviser could receive an adviser charge payment from the plan for the services they provide, the relevant amount returned will be less any adviser charge payment that has been paid to your adviser. This will be less than you paid in.

How will I know how my plan's doing?

We'll send you a yearly statement to show you how your plan's doing. You should review your plan on a regular basis to ensure your pension plan meets your needs. Your financial adviser can help you with this.

You can check the prices of the funds you're invested in online.

You can find out your plan value by phoning our customer helpline or you can get an online valuation at any time. Our contact details can be found in the **How to contact us** section.

To register for our online service, visit royallondon.com/onlineservice.

HOW TO CONTACT US

Your financial adviser should be your first point of contact. We're unable to provide financial advice.

If you have any queries regarding your plan, you can contact us by the following methods:

✉ Royal London
PO Box 413
Royal London House
Alderley Road
WILMSLOW
Cheshire
SK9 1PF

☎ 0345 60 50 050 Monday to Friday 8am – 6pm. We may record calls to help improve our customer service.

@ customerqueries@royallondon.com Please make sure you quote your plan number on correspondence, or have it to hand when you phone us.

OTHER INFORMATION

How to complain

If you have a complaint against us in connection with your plan, please contact our Customer Relations Team.

✉ Customer Relations Team
Royal London House
Alderley Road
WILMSLOW
Cheshire
SK9 1PF

☎ 0345 60 50 050 Monday to Friday 8am – 6pm. We may record calls to help improve our customer service.

@ customer.relations@royallondon.com Please make sure you quote your plan number on correspondence, or have it to hand when you phone us.

If you're not satisfied with our response, you can refer the complaint to The Financial Ombudsman Service, Exchange Square, London, E14 9SR. Telephone: 08000 234 567.

Complaining to the Ombudsman won't affect your legal rights.

Terms and conditions

These key features give a summary of the Pension Portfolio Beneficiary Income Release plan. They don't include all definitions, exclusions, terms and conditions.

You'll receive a copy of the full terms and conditions as detailed in our **Beneficiary Income Release Core Investments Plan booklet** after you've taken out the plan and before the 30 day cancellation period has expired.

We have the right to change some of the terms and conditions, including the charges. We'll write to you and explain the changes if this happens.

It may become impossible to comply with the terms and conditions, for example, due to a change in legislation. We'll write to you if this happens.

The Pension Portfolio Beneficiary Income Release plan is issued under The Royal London Personal Pension Scheme (No2). If you'd like a copy of the rules of this scheme, please ask us.

Terms and conditions and all communications will be in English.

Law

The terms and conditions applying to your plan are governed by Scots Law, unless we agree with you that a different law should apply.

Client classification

The Financial Conduct Authority requires us to classify our customers to ensure they get the appropriate level of protection under the rules. You've been classified as a retail client, which means you'll benefit from the highest level of protection available.

Compensation

Your financial adviser must recommend products that are suitable for you. You have a legal right to compensation if, because of what your adviser recommends, you lose out by taking out a plan that wasn't suitable for your needs at that time.

If we're to become unable to meet our liabilities under your plan you may be entitled to compensation through the Financial Services Compensation Scheme. If you'd like more information about the compensation arrangements that apply, please ask your financial adviser or contact us direct.

Benefits we might give your adviser

To help improve the quality of service your adviser gives you, we might give them small non-cash benefits such as marketing and promotional support and technical services and training. Your adviser should tell you about any benefits they receive upfront.

Our conflict of interest policy

We've designed our conflict of interest policy to:

- Identify potential conflicts of interest that might be a significant risk to our customers.
- Make sure we take reasonable steps to prevent these conflicts from happening.
- Help us manage these conflicts to protect our customers' interests.

If you'd like more information about our conflict of interest policy, just get in touch.

About us

The Royal London Mutual Insurance Society is a member-owned life, pensions and investment company.

SOLVENCY AND FINANCIAL CONDITION REPORT

We want to provide you with clearer information about Royal London's financial position, so we've created a Solvency and Financial Condition report. This report will provide more details about Royal London's business and company performance. You can access the report from royallondon.com/solvency.



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