



OUR DEFAULT INVESTMENT OPTIONS

ROLES AND RESPONSIBILITIES

The DWP's guidance on how to design and govern an appropriate default investment option for automatic enrolment schemes¹ highlights the need for employers to provide information on the roles and responsibilities of the key decision makers. So it's essential that these responsibilities are agreed and recorded up front. We believe that this is best practice for all corporate pension

schemes so we will ask who the decision makers are for each responsibility on the application form.

The responsibilities listed in the DWP's guidance can be summarised under two headings, Default Design and Default Suitability and we can take on some or all of these depending on which of our investment solutions you choose.

Default Design An appropriate default should:	Default Suitability Employers are responsible for:
<ul style="list-style-type: none"> Be appropriately named – should accurately reflect the objective and risk profile and should not be misleading. 	<ul style="list-style-type: none"> Selection of the most suitable default option for the membership of the scheme.
<ul style="list-style-type: none"> Take into account the retirement profile of members by reducing in risk as each member approaches retirement. 	<ul style="list-style-type: none"> Reviewing suitability of the default option for the membership every three years and when events occur which may have an effect on its appropriateness. If the default is found to be unsuitable all necessary changes should be made.
<ul style="list-style-type: none"> Use an appropriate diversified asset allocation to manage risk in the best interests of members. 	<ul style="list-style-type: none"> Disclosing the overall charges and their effect on member outcomes.
<ul style="list-style-type: none"> Be affordable – charges should not be excessive in relation to the services being provided. 	<ul style="list-style-type: none"> Making information on the roles and responsibilities of decision makers available to members.
<ul style="list-style-type: none"> Include review of the design and performance of the default every three years and when certain events occur. If the default is found to be unsuitable all necessary changes should be made. 	<ul style="list-style-type: none"> Communicating information on the conclusions of suitability reviews and any actions taken.
<ul style="list-style-type: none"> Include regular review of the performance of funds within the default throughout the year. 	
<ul style="list-style-type: none"> Communicate information about the default to members on enrolment into the scheme. 	
<ul style="list-style-type: none"> Provide and signpost additional information on the design and objective of the default. 	
<ul style="list-style-type: none"> Communicate information on managing risk as the member nears retirement. 	
<ul style="list-style-type: none"> Communicate information on the conclusions of design reviews and any actions taken. 	

¹ Source: Department for Work and Pensions - Guidance for offering a default option for defined contribution automatic enrolment pension schemes.

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/185056/def-opt-guid.pdf

ROYAL LONDON DEFAULT INVESTMENT OPTIONS

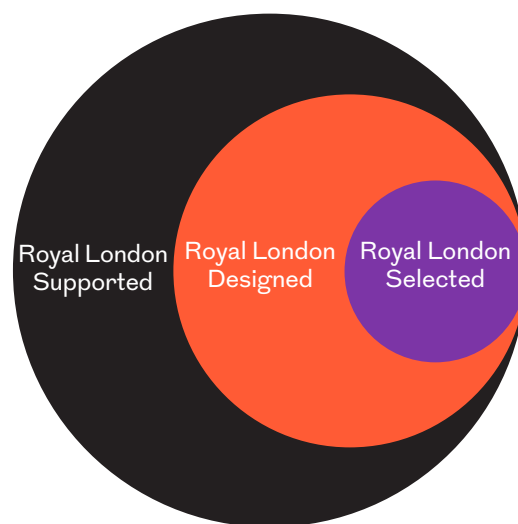
When you have decided who will be taking on each responsibility you can choose from the appropriate range of investment options.




We can take on the design responsibilities or responsibility for both the suitability and design of the default investment option depending on which investment solution you choose. If you prefer to have no involvement in the investment decisions the default that will apply in the absence of any other choice is the Balanced Lifestyle Strategy (Annuity).

Our range of default options is shown below and has been categorised depending on who is taking responsibility for the design and suitability of the default investment option.

For full details of our default investment options please see [Our Guide to Default Investment](#) for new or existing schemes or for more information on our investment solutions please visit our website

adviser.royallondon.com/pensioninvestments



	Responsibility for design	Responsibility for Suitability	Default options
	Royal London	Royal London	Targets 100% Annuity fund at retirement: <ul style="list-style-type: none"> ● Balanced Lifestyle Strategy (Annuity)² ● Balanced Tracker Lifestyle Strategy (Annuity) Targets 100% cash at retirement: <ul style="list-style-type: none"> ● Balanced Lifestyle Strategy ● Balanced Tracker Lifestyle Strategy Targets drawdown at retirement ³ <ul style="list-style-type: none"> ● Balanced Lifestyle Strategy (Drawdown) ● Balanced Tracker Lifestyle Strategy (Drawdown)
	Royal London	Adviser / Employer	<ul style="list-style-type: none"> ● Risk graded Target Lifestyle Strategies ● Risk graded Tracker Target Lifestyle Strategies ● All Governed Flexible Lifestyle options including bespoke branding, bespoke lifestyle route and choice of at retirement targets⁴
	Adviser / Employer	Adviser / Employer	<ul style="list-style-type: none"> ● Risk graded Target Lifestyle Strategies ● Risk graded Tracker Target Lifestyle Strategies ● All Governed Flexible Lifestyle options including bespoke branding, bespoke lifestyle route and choice of at retirement targets⁴ ● Build your own custom lifestyle including your asset allocation, fund selection and lifestyle switch points⁴.

² Balanced Lifestyle Strategy (Annuity) is the default which will apply in the absence of any other choice.

³ If the drawdown option is selected then your client will be invested in the appropriate Governed Retirement Income Portfolio (GRIP) depending on their attitude to risk.

⁴ Default investment strategies may only use our internal funds and BlackRock Aquila funds to ensure that fund TERs will not cause the scheme to breach a charge cap.



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