



Pension Portfolio

Income Tap

Income Tap is our income management facility designed for customers taking income payments directly from their Pension Portfolio through our Income Release option.

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

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

This leaflet provides more information about what Income Tap is and how it works.

What is Income Tap?

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'd like to take 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 are never guaranteed. So while there's a chance your savings could grow, their value can also go down. This means you could get back less than you put in. 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 straight away, you can switch it on at any time.

You and your adviser decide how many months' worth of income you'd like 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 won't be included in the rebalancing process.

Income Tap check point

After the Income Tap has been set up, it's 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've 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 how often you want to receive income payments. The table below shows the combinations you can take:

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 on 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's important to note that depending on fund performance, charges or changes to your income payments, it's possible that your Income Tap Account could run out 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's 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.

More information

You'll find more information about Pension Portfolio, our Income Release facility and the Royal London Deposit Pension fund at royallondon.com/pensions



Royal London
1 Thistle Street, Edinburgh EH2 1DG
royallondon.com

We're happy to provide your documents in a different format, such as Braille, large print or audio, just ask us when you get in touch.
All of our printed products are produced on stock which is from FSC® certified forests.

The Royal London Mutual Insurance Society Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. The firm is on the Financial Services Register, registration number 117672. It provides life assurance and pensions. Registered in England and Wales number 99064. Registered office: 55 Gracechurch Street, London, EC3V 0RL. Royal London Marketing Limited is authorised and regulated by the Financial Conduct Authority and introduces Royal London's customers to other insurance companies. The firm is on the Financial Services Register, registration number 302391. Registered in England and Wales number 4414137. Registered office: 55 Gracechurch Street, London, EC3V 0RL.