



## NOTICE TO EXISTING CUSTOMERS

From **6 April 2015**, the Government gave you more freedom in how you can use your retirement savings. This notice sets out the additional flexibility we are introducing under the terms of your plan:

- with effect from **6 April 2015** in relation to how you can use your retirement savings (section 1); and
- with **immediate effect** in relation to how benefits may be payable from your plan in the event of your death (section 2).

With **immediate effect** we are also amending the terms of your Core Investments by replacing the existing Investment terms (other than those that relate to our With Profits fund which remain unchanged) in order to provide clarity on some of the investment options available through your Core Investments and how these work (section 3). Please note these changes do not affect your current investments. They just enable us to deal more effectively with events that may occur in the future.

**You should keep this notice along with your Core Investments terms and conditions in case you need to refer to it in the future.**

We've included some boxes throughout this document (like this one). These contain notes to help your understanding. The notes in these boxes don't form part of your contract with us and are for information only.

### 1. LUMP SUM PAYMENTS

Under your current Core Investments terms and conditions, when you choose to take your retirement benefits (which normally, under current legislation, cannot be before your 55th birthday unless you are eligible to retire due to ill-health) you can normally take these:

- as a tax-free lump sum;
- as retirement income payable to you for life; and
- as retirement income payable to a dependant after your death.

Under your current terms any tax-free lump sum is usually limited to a quarter of the amount used to provide your retirement benefits. From 6 April 2015, you may be able to take as much of your Core Investments as a lump sum as you want (subject to the minimum values set out below). However only a quarter of the funds that you take would be paid tax-free and the remaining amount would be taxed as income at the appropriate rate.

If you are not taking all of the retirement benefits from your Core Investments as a lump sum at the same time, the minimum value of units under your Core Investments that you can ask to take as a lump sum is £1,000. The value of the units remaining in your Core Investments must be no less than £2,500 (or £200 if you are still making regular contributions to your Core Investments). These are the current minimum values, however, we will review these on 6 April in each year. At that time, we may increase the minimum amounts by the percentage change of any increase in the Retail Prices Index over the period from the date of the last change in the minimum amount. We will inform you of the current minimum values if you ask to take part of your retirement benefits as a lump sum.

We may allow a lower amount to be taken as a lump sum payment if by making that payment your plan would end.

### **Lump sum payment charge**

If you want to take more than one lump sum from your Core Investments in any tax year, we will normally apply a charge for doing this. The charge would only be applied once.

We will normally take this charge by cancelling the same proportion of units in each fund from your Core Investments on the day we make the second lump sum payment in that tax year, using the same unit prices as used to calculate the lump sum payment.

The charge at 6 April 2015 will be £184. We will review this charge on 6 April each year. At that time, we may increase the charge by the percentage change of any increase in the Retail Prices Index over the period from the date of the last change in the charge. We will not change the charge if the change in the Retail Prices Index over the period is negative.

It is possible we may need to increase this charge at a time and by an amount that is different from what is described above. We would only do this to reflect an increase in the cost of administering the plan over and above the increase in the Retail Prices Index described above. In that case the charge would only be changed by such amount or percentage as we reasonably decide is required to cover the increase in costs. We will normally give you 90 days' notice of a change to the charge which is made for this reason. This may not be possible for changes that are outside our control. We will give you as much notice as possible in such circumstances.

We will provide a full explanation of the options that are available to you, and of any charges that may be applied, when you choose to take your retirement benefits.

## 2. DEATH BENEFITS

Under your current Core Investment terms and conditions, if you die and there are units held by your plan, we will cancel all the units and the trustee will use the amount available to provide death benefits in a form allowed by the Rules and legislation at the time.

Since 6 April 2015, it has been possible under legislation for benefits to be paid to a beneficiary after your death rather than being restricted to being paid only to a dependant after your death. A beneficiary is a person that you inform the trustee, or that the trustee decides, should receive benefits from your plan on your death.

This means that, with immediate effect, if you die and there are units held by your plan the trustee will use the amount available to either:

- provide a lump sum benefit to your beneficiaries;
- allow it to be designated by your beneficiaries for flexi-access drawdown, which in turn will allow your beneficiaries to then transfer the amount available to a new flexi-access drawdown plan in their own name which is set up with Royal London (subject to the conditions referred to below) or with another provider chosen by them. Beneficiary flexi-access drawdown cannot be provided directly from your plan;
- provide retirement income payable to your beneficiaries for the rest of their life; or
- provide a combination of lump sum(s) and retirement income or income payments (via a beneficiary's flexi-access drawdown plan).

We will tell your beneficiaries what options are available to them under the Rules.

The option of setting up a new beneficiary's flexi-access drawdown plan with Royal London will only be available if the amount available under your plan for designation for flexi-access drawdown by the beneficiary meets a minimum level that we set. The current minimum level that applies is £15,000. We will change this minimum level if, for example, it is no longer commercially viable for us to keep it at the same level or if we are required to change it for legislative or regulatory reasons.

## 3. INVESTMENTS

### 3.1 Our unit-linked funds

#### (i) General

We make available a number of unit-linked funds (which we refer to in this section 3.1 as funds) that you can invest in through your Core Investments. Each fund is divided into units, which we add to your Core Investments so that we can calculate the value of your benefits.

Although we add units to your Core Investments we own the investments in all our funds. We decide what each fund will be invested in and when to buy and sell its investments according to the investment aims of that fund.

We may borrow money on behalf of a fund. We may also use the investments of a fund as security for that borrowing. We may reinsure all or part of any fund with a reinsurance company. If the reinsurance company does not pay us what we are due this will reduce the value of assets in the fund and the unit price of the fund.

Income and gains from a fund's investments are credited to that fund. Losses from a fund's investments are met from that fund.

We will not issue new units in a fund unless we add investments of an equal value at the same time. Except for the deductions that are referred to in section 3.1 (v) or for the purpose of reinvestment, we will not withdraw or sell investments from a fund unless we remove units of equal value at the same time.

We may divide the funds into different types of units. All units of the same type in each fund are of equal value but different types of units can have different values.

We may combine or divide units in a fund from time to time provided the total value of the units held by your Core Investments in that fund is not reduced.

### **(ii) External funds**

We may make available a number of external funds and will measure their performance against benchmark indices based on investment style and geographical area. We will track the investment activity of each external fund against varying categories of risk to establish an overall investment objective.

Linked funds are the underlying funds in which the external funds invest. We don't manage the linked funds. The objectives for these linked funds are set by the relevant fund managers and can be changed without our consent. We will review the objectives of each of the linked funds at least once every three years to ensure its objectives continue to be consistent with the overall objective of the external fund that invests in it.

If, in our opinion, a linked fund is no longer suitable for the overall objective of an external fund, we will replace all the assets of that external fund that are held in the unsuitable linked fund with assets in a new linked fund that, in our opinion, better suits the overall objective of the external

fund. When we decide to change the linked funds within an external fund we will give you 90 days' written notice if your Core Investments has units in that external fund. We will not, however, notify you of a change to an external fund if we notified you when you first invested in the external fund that the fund chosen was reviewable. This will be confirmed in your Plan certificate or other documentation that we send you.

### **(iii) Changes in unit-linked funds**

For practical reasons or to respond to market needs we may from time to time:

- (a) introduce new funds;
- (b) change the investment aims of any of the funds;
- (c) split or combine any of the funds; or
- (d) close any of the funds.

We will change the investment aims of a fund if, for example, in our reasonable opinion the current investment aims are no longer appropriate because of:

- restrictions on investing in particular countries;
- restrictions on making particular investments;
- structural market changes meaning the investment aims are no longer appropriate; or
- the fact that the investments needed to meet the fund's current investment aims are either not available or not available at a reasonable price.

We will split or combine a fund if, for example, in our reasonable opinion:

- the fund becomes too small to be managed effectively and it can be combined with a fund that has similar investment aims;
- the fund becomes too large to be managed effectively; or
- there is a similar fund with similar investment aims and combining the funds would save costs.

We will close a fund if, for example, in our reasonable opinion:

- it is no longer commercially viable to manage for any reason;
- it is no longer appropriate or possible to make the fund available for future investment;
- it is no longer possible to manage the fund effectively because it becomes too small;
- the investments needed to meet the investment aims of the fund are either not available or not available at a reasonable price; or
- we have concerns about the past and/or likely future performance of the fund.

We will give you at least 30 days' written notice if your Core Investments has units held in a fund that is to be affected by any changes under (b), (c) or (d) above. We will not, however, notify you of a change to a fund if we notified you when you first invested in the fund that the fund chosen was reviewable. This will be confirmed in your Plan certificate or other documentation that we send you.

If we split, combine or close a fund we will tell you in writing where we will invest the proceeds of the units in your Core Investments that are affected by the change and where we will redirect any future contributions. If you would like the proceeds of your Core Investments to be invested in a different investment option you must give us clear written instructions about how to split the proceeds of the units between the funds and how to split any future contributions. We will carry out the switches and redirections of any future contributions as described in section 3.5. We will not charge you for this.

#### **(iv) Valuing unit-linked funds**

We will normally value the assets of each fund once in each business day so that we can calculate a unit price as described in section 3.1 (vi). If we are not able to value the assets of a fund on any business day we will value the assets on the next business day on which we are able to value them.

We will calculate a maximum value and a minimum value of each fund. We will do this by using the maximum and minimum values of each asset in the fund, taking into account any liabilities that need to be paid by the fund, uninvested cash, income that is due to the fund and any deductions referred to in section 3.1 (v).

The maximum value of each asset will not be greater than the market price at which it could be bought plus any associated commissions, expenses and charges. The minimum value of each asset will not be less than the price at which it might be sold less any associated commissions, expenses and charges.

We will base the values of Stock Exchange securities on quoted prices. We will base the values of investments in land or buildings on valuations prepared and certified by independent valuers whom we

will appoint, adjusted to take into account variations in prices since the last valuation. We will base the values of all other assets on valuations provided by experienced professional individuals or firms.

**(v) Deductions when we value the unit-linked funds**

We will deduct from each fund the amounts needed to pay for:

- all costs and taxes involved in buying, selling, valuing, managing and maintaining the fund's investments (including, for investments in land or buildings, the expenses of insurance and repair);
- all taxes and duties payable on or referable to the fund's investments;
- interest on money borrowed on behalf of the fund;
- any other liabilities, expenses, duties, levies or other charges that arise in connection with the fund (or made on us but referable to that fund) not otherwise taken into account. This includes any levies under the Financial Services Compensation Scheme under the Financial Services and Markets Act 2000 (or, if there is a change in legislation, the new equivalent of that scheme); and
- the fund charge. The fund charge is calculated as a percentage of the value of the fund multiplied by the number of days since the previous valuation of that fund and divided by 365. Where one fund holds units in another fund we will ensure that there is no double charging of the fund charge.

**(vi) Unit price**

The unit price of each fund will be the price at which we add units to your Core Investments and cancel units from your Core Investments.

Each time we value the assets of a fund we will calculate a maximum unit price and a minimum unit price.

We will calculate the maximum unit price of each fund as the maximum value of the portion of the fund attributed to that type of unit divided by the number of units of that type then in issue, with the result being rounded to the nearest 0.1p.

We will calculate the minimum unit price of each fund as the minimum value of the portion of the fund attributed to that type of unit divided by the number of units of that type then in issue, with the result being rounded to the nearest 0.1p.

We will keep any money resulting from the rounding adjustments to unit prices.

We will normally calculate the unit price on any business day as being equal to the maximum unit price if we consider that more units will be issued in the fund than will be cancelled from it in the foreseeable future. We will normally calculate the unit price on any business day as being equal to the minimum unit price if we consider that more units will be cancelled from the fund than will be issued in it in the foreseeable future.

We may, in order to limit the effect of moving between the maximum unit price and the minimum unit price at any valuation, decide to calculate the unit price as being between the maximum unit price and the minimum unit price.

## **3.2 Governed Range**

### **(i) Governed Portfolios (including Governed Retirement Income Portfolios)**

We may offer a number of Governed Portfolios (including Governed Retirement Income Portfolios and Managed Strategies) that you can invest in through your Core Investments. Each Governed Portfolio is made up of a collection of funds that is designed to maintain a mix of investments in line with the investment aims of the Governed Portfolio.

If you are invested in a Governed Portfolio, each month we will carry out switches between the unit-linked funds and redirect any future contributions to maintain the required mix of investments as described in section 3.5. We will not charge you for this.

We will regularly review the investments within each Governed Portfolio with the objective of ensuring that its investment aims continue to be met. We may decide, as a result of a review, to change the funds and/ or the mix of the funds in the Governed Portfolio. If we make a change we will carry out switches between the unit-linked funds and redirect any future contributions. Because these changes will not affect the investment aims of the Governed Portfolio, we will not specifically notify you of them.

Currently you cannot invest in any other unit-linked fund, or the With Profits fund, at the same time as you invest in a Governed Portfolio. You can only invest in one Governed Portfolio at any time.

For practical reasons or to respond to market needs we may also from time to time:

- (a) introduce a new Governed Portfolio;
- (b) change the investment aims of any of the Governed Portfolios;

(c) split or combine any of the Governed Portfolios; or

(d) close any of the Governed Portfolios.

We will change the investment aims of a Governed Portfolio if, for example, in our reasonable opinion the current investment aims are no longer appropriate because of:

- restrictions on investing in particular countries;
- restrictions on making particular investments;
- structural market changes meaning the investment aims are no longer appropriate; or
- the fact that the investments needed to meet the Governed Portfolio's current investment aims are either not available or not available at a reasonable price.

We will split or combine a Governed Portfolio if, for example, in our reasonable opinion:

- a Governed Portfolio becomes too small to be managed effectively and it can be combined with a Governed Portfolio that has similar investment aims;
- a Governed Portfolio becomes too large to be managed effectively; or
- there is a similar Governed Portfolio with similar investment aims and combining the Governed Portfolios would save costs.

We will close a Governed Portfolio if, for example, in our reasonable opinion:

- it is no longer commercially viable to manage for any reason;



- it is no longer appropriate or possible to make the Governed Portfolio available for future investment;
- it is no longer possible to manage the Governed Portfolio effectively because it becomes too small; or
- the investments needed to meet the investment aims of the Governed Portfolio are either not available or not available at a reasonable price.

We will give you at least 30 days' written notice if your Core Investments has units held in a Governed Portfolio that is to be affected by any changes under (b), (c) or (d) above.

If we split, combine or close a Governed Portfolio we will tell you in writing where we will invest the proceeds of the units in your Core Investments invested in that Governed Portfolio and where we will redirect any future contributions. If you would like the proceeds of your Core Investments invested in a different investment option you must give us clear written instructions about how to split the proceeds of the units in your Core Investments and how to split any future contributions. We will carry out the switches and redirections of any future contributions as described in section 3.5. We will not charge you for this.

If you ask us to stop investing in a Governed Portfolio you must give us clear written instructions about how to split the proceeds of the units in your Core Investments and how to split any future contributions.

Details of the Governed Portfolios are available on our website or you can ask us for further details at any time.

## **(ii) Governed lifestyle strategies**

We may offer a number of governed lifestyle strategies that you can invest in through your Core Investments. Each governed lifestyle strategy invests in a combination of one or more Governed Portfolios and, depending on the governed lifestyle strategy chosen, one or more unit-linked funds.

As a result of governed lifestyle strategies being invested in Governed Portfolios, any change to a Governed Portfolio, as described in section 3.2 (i), will affect a governed lifestyle strategy which is invested in the Governed Portfolio. We will not notify you of such a change if we notified you when you first invested in the governed lifestyle strategy that it was reviewable. This will be confirmed in your Plan certificate or other documentation that we send you.

If you are invested in a governed lifestyle strategy, each month we will carry out switches between unit-linked funds and redirect any future contributions according to the governed lifestyle strategy chosen. We will carry out the switches and redirections of any future contributions as described in section 3.5. We will not charge you for this.

Currently you cannot invest in any other unit-linked fund, or the With Profits fund, at the same time as you invest in a governed lifestyle strategy. You can only invest in one governed lifestyle strategy at any time.



For practical reasons or to respond to market needs we may also from time to time:

- (a) introduce new governed lifestyle strategies;
- (b) alter any existing governed lifestyle strategies; or
- (c) close any of the governed lifestyle strategies.

We will give you at least 30 days' written notice if your Core Investments has units held in a governed lifestyle strategy that is to be affected by any changes under (b) or (c) above.

If we alter or close a governed lifestyle strategy we will tell you in writing where we will invest the proceeds of the units in your Core Investments invested in that governed lifestyle strategy and where we will redirect any future contributions. If you would like the proceeds of your Core Investments invested in a different investment option you must give us clear written instructions about how to split the proceeds of the units in your Core Investments and how to split any future contributions. We will carry out the switches and redirections of any future contributions as described in section 3.5. We will not charge you for this.

If you ask us to stop investing in a governed lifestyle strategy you must give us clear written instructions about how to split the proceeds of the units in your Core Investments and how to split any future contributions.

Details of the governed lifestyle strategies are available on our website or you can ask us for further details at any time.

### **3.3 Portfolios**

We may offer a number of portfolios that you can invest in through your Core Investments. Each portfolio is made up of a collection of funds that is designed to maintain a mix of investments in line with the investment aims of that portfolio.

If you are invested in a portfolio we will automatically switch the units and redirect any future contributions at a frequency that we agree with you to maintain the required mix of investments. We will carry out the switches and redirect any future contributions as described in section 3.5. We will not charge you for this.

The investments within each portfolio will be regularly reviewed to monitor the portfolio's performance against its investment aims. This review will be carried out by us or your financial adviser as confirmed in your Plan details. Where the review is to be carried out by your financial adviser and you've authorised them to decide the mix of investments in the portfolio we will follow the instructions that your adviser gives us. We will not be responsible for carrying out any reviews or determining what adjustments should be made in these circumstances.

As a result of a review, there may be a change to the funds and/or the mix of the funds in the portfolio. If there is a change we will switch the unit-linked funds and redirect any future contributions. Because these changes will not affect the investment aims of the portfolio, we will not specifically notify you of them.

Currently you cannot invest in any other unit-linked fund, or the With Profits fund, at the same time as you invest in a portfolio. You can only invest in one portfolio at any time.

For practical reasons or (where appropriate) to respond to an instruction from your financial adviser, or to market needs we may also from time to time:

- (a) introduce a new portfolio;
- (b) change the investment aims of any of the portfolios;
- (c) split or combine any of the portfolios; or
- (d) close any of the portfolios.

The investment aims of a portfolio will change if, for example, in our or (where appropriate) your financial adviser's reasonable opinion the current investment aims are no longer appropriate because of:

- restrictions on investing in particular countries;
- restrictions on making particular investments;
- structural market changes meaning the investment aims are no longer appropriate; or
- the fact that the investments needed to meet the portfolio's current investment aims are either not available or not available at a reasonable price.

A portfolio will be split or combined if, for example, in our or (where appropriate) your financial adviser's reasonable opinion:

- a portfolio becomes too small to be managed effectively and it can be combined with a portfolio that has similar investment aims;
- a portfolio becomes too large to be managed effectively; or
- there is a similar portfolio with similar investment aims and combining the portfolios would save costs.

A portfolio will be closed if, for example, in our or (where appropriate) your financial adviser's reasonable opinion:

- it is no longer commercially viable to manage for any reason;
- it is no longer appropriate or possible to make the portfolio available for future investment;
- it is no longer possible to manage the portfolio effectively because it becomes too small; or
- the investments needed to meet the investment aims of the portfolio are either not available or not available at a reasonable price.

We will give you at least 30 days' written notice if your Core Investments has units held in a portfolio that is to be affected by any changes under (b), (c) or (d) above.

If a portfolio is split, combined or closed we will tell you in writing where we will invest the proceeds of the units in your Core Investments invested in that portfolio and where we will redirect any future contributions. If you would like the proceeds of your Core Investments invested in a different investment option you must give us clear written instructions about how to split the proceeds of the units in your Core Investments and how to split any future contributions. We will carry out the switches and redirections of any future contributions as described in section 3.5. We will not charge you for this.

If you ask us to stop investing in a portfolio you must give us clear written instructions about how to split the proceeds of the units in your Core Investments and how to split any future contributions.

### **3.4 Lifestyle strategies**

We may offer a number of lifestyle strategies that you can invest in through your Core Investments.

If you are invested in a lifestyle strategy we will carry out switches between the unit-linked funds and redirect any future contributions according to the lifestyle strategy chosen. We will carry out the switches and redirections of any future contributions as described in section 3.5. We will not charge you for this.

Some lifestyle strategies are reviewable. The investments within these lifestyle strategies will be regularly reviewed to monitor the lifestyle strategies' performance against its investment aims. This review will be carried out by us or your financial adviser as confirmed in your Plan details. Where the review is to be carried out by your financial adviser and you've authorised them to decide the mix of investments in the lifestyle strategy we will follow the instructions that your adviser gives us. We will not be responsible for carrying out any reviews or determining what adjustments should be made in these circumstances.

As a result of a review, there may be a change to the funds and/or the mix of the funds in the lifestyle strategy. If there is a change we will switch the unit-linked funds and redirect any future contributions. Because these changes will not affect the investment aims of the lifestyle strategies we will not specifically notify you of them.

Currently you cannot invest in any other unit-linked fund, or the With Profits fund, at the same time as you invest in a lifestyle strategy. You can only invest in one lifestyle strategy at any time.

For practical reasons or (where appropriate) to respond to an instruction from your financial adviser, or to market needs we may also from time to time:

- (a) introduce new lifestyle strategies;
- (b) alter any existing lifestyle strategies; or
- (c) close any of the lifestyle strategies.

If, in our reasonable opinion or (where appropriate) your financial adviser's reasonable opinion, a lifestyle strategy is no longer appropriate we will give you at least 30 days' written notice of an alteration to the lifestyle strategy. We will not, however, notify you of an alteration to a lifestyle strategy if we notified you when you first invested in the lifestyle strategy that the lifestyle strategy chosen was reviewable. This will be confirmed in your Plan certificate or other documentation that we send you.

If an existing lifestyle strategy is altered we will apply the altered lifestyle strategy to your Core Investments unless we tell you otherwise in writing.

If a lifestyle strategy is altered or closed we will tell you in writing where we will invest the proceeds of the units in your Core Investments invested in that lifestyle strategy and where we will redirect any future contributions. If you would like the proceeds of your Core Investments invested in a different investment option you must give us clear written instructions about how to split the proceeds of the units in your Core Investments and how to split any future contributions. We will carry out the switches and redirections of any future contributions as described in section 3.5. We will not charge you for this.

If you ask us to stop investing in a lifestyle strategy you must give us clear written instructions about how to split the proceeds of the units in your Core Investments and how to split any future contributions.

Details of the lifestyle strategies are available on our website or you can ask us for further details at any time.

### **3.5 Switching funds and redirecting contributions**

#### **(i) Switching funds - general**

You can ask us in writing to switch funds in your Core Investments. You can also ask us in writing to start or stop investing your Core Investments in a Governed Portfolio, governed lifestyle strategy, portfolio or lifestyle strategy. We don't need to agree to your request.

We will carry out a switch by cancelling some or all of the units held by your Core Investments and using the proceeds to add units in another fund or funds. We may apply a charge for switching as described in section 3.5 (viii).

If you wish to switch funds you must give us written instructions that allow us to calculate how many units are to be cancelled from each fund and how we are to use the proceeds to add units in other funds.

We will then determine your switch date. This will be the business day after we receive the necessary written instructions or, if later, a date that you specify.

#### **(ii) Restrictions on switching funds**

You can usually switch between unit-linked funds and between the With Profits fund and the unit-linked funds. However:

- we may impose a maximum number of funds that your Core Investments can invest in. You can ask us for details of the maximum number of funds that you can invest in at any time. Currently the maximum number of funds is 35;
- you cannot switch into a fund that has been closed;
- we may refuse to agree to a switch into a fund that is due to be closed;
- you cannot switch into the With Profits fund once you reach your chosen retirement date; and
- we may refuse to agree to a switch into the With Profits fund in order to ensure fairness and equity to existing unit holders in that fund.

#### **(iii) Switching funds - Unit price**

For unit-linked funds we will carry out switches using the unit price that we calculate on the switch date unless a delay applies as described in section 3.5 (v). For the With Profits fund we will use the unit price of 95 pence.

#### **(iv) Proceeds of units to be switched**

We will calculate the proceeds of the units we cancel as being equal to the value of the units calculated using the unit prices described in section 3.5 (iii), together with any regular bonus and final bonus added to the With Profits fund, less:

- any applicable market value reduction applied to units in the With Profits fund; and
- any switch charge that we apply as described in section 3.5 (viii).

We will calculate the number of units we add to your Core Investments as a result of the switch by:

- splitting the proceeds between the unit-linked funds and the With Profits fund according to your instructions; and
- dividing the amount applied to each fund by the unit price described in section 3.5 (iii).

If you switch into the With Profits fund we will add basic with profits units to your Core Investments.

If you switch out of the With Profits fund we will cancel basic with profits units and bonus with profits units in proportion to the number of each of these types of units held by your Core Investments on the switch date.

#### **(v) Delay in switching units**

When you ask us to switch, including a switch to or from a Governed Portfolio, governed lifestyle strategy, portfolio or lifestyle strategy, we may delay carrying out the switch.

We will tell you if there will be a delay when we receive your written instructions.

We will delay switching units only in exceptional circumstances such as:

- when we are unable to buy or sell assets in a fund because of acts of violence, flood, fire, extreme weather, pandemic or failure of computer systems;
- where we are unable to buy or sell assets of an external fund that are held in a linked fund;
- where we reasonably consider that there is no suitable market in which we can sell assets in the fund; or
- where we reasonably consider that if we sell assets in the fund it will lead to some unit holders being treated unfairly.

When we do switch the units we will calculate their value using the first unit price that we calculate after the delay ends.

If we do this it will mean that we don't switch funds in your Core Investments as soon as you may have expected. Funds invested in land or buildings are more likely to be affected by a delay. This is because it takes longer to market and sell these types of investment.

## **(vi) Automatic switching of units and redirection of contributions**

If you are invested in a Governed Portfolio we will automatically carry out switches between the unit-linked funds within that Governed Portfolio and redirect any future contributions in line with its investment aims.

If you are invested in a governed lifestyle strategy we will automatically carry out switches between the unit-linked funds within that governed lifestyle strategy and redirect any future contributions in line with its investment aims.

If you are invested in a portfolio we will automatically carry out switches between the unit-linked funds within that portfolio and redirect any future contributions in line with its investment aims.

If you are invested in a lifestyle strategy we will automatically carry out switches between the unit-linked funds and redirect any future contributions in line with the required mix of investment.

If you've asked for your Core Investments to be invested in two or more unit-linked funds and you've asked us to automatically carry out switches and redirect any future contributions between these funds to maintain the chosen investment mix, we will automatically switch the units at a frequency that we agree with you.

We will not tell you each time we make such a switch and we will not charge you for it.

## **(vii) Redirection of future contributions**

You can ask us in writing to redirect any future contributions into different funds although we don't have to agree to your request.

You can usually redirect any future contributions into different funds.

However:

- we may impose a maximum number of funds that your Core Investments can invest in. You can ask us for details of the maximum number of funds that you can invest in at any time. Currently the maximum number of funds is 35;
- you cannot redirect any future contributions into a fund that has been closed;
- we may refuse to agree to redirect any future contributions into a fund that is due to be closed;
- you cannot redirect any future contributions into the With Profits fund once you reach your chosen retirement date; and
- we may refuse to agree to redirect any future contributions into the With Profits fund in order to ensure fairness and equity to existing unit holders in that fund.

If we agree to your request we will determine your redirection date. Your redirection date will be the business day after we receive your written instructions or, if later, a date that you specify.

We will apply your new instructions to the relevant contributions that we receive on or after your redirection date.

We may charge for a redirection as described in section 3.5 (viii).

### **(viii) Switch charge and redirection charge**

We don't currently apply a switch or redirection charge, however we may apply a charge in the future. We can introduce a charge at any time, but we will give you 90 days' notice if we introduce a switch or redirection charge to your Core Investments for the first time or if we change the level of an existing charge. If we do, the amount of the charge (or any increased charge) will be the amount which we reasonably decide is required to cover our reasonable administration costs in applying a switch or redirection. If the cost of applying a switch or redirection changes we may change the amount of the charge we apply to reflect that fact.

We will also tell you if a charge applies when you ask us to switch or redirect any future contributions. Where the charge cannot be taken by cancelling units from your Core Investments we will agree with you how the charge can be paid. In that situation we will not carry out the switch or redirect any future contributions until the charge has been paid.





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