



## NOTICE TO TRUSTEES

From **6 April 2015**, the Government introduced new flexibility around the options that people have when they come to retire.

This notice sets out additional retirement options that we are introducing under your Scheme's plans with Royal London (as listed on the letter accompanying this notice) with effect from 6 April 2015. It also extends the potential beneficiaries of the member's benefits in the event of their death. You should keep it safe along with your plan terms and conditions, in case you need to refer to it in the future.

**However, it's important to note that you don't have to offer these additional options to Scheme Members. If you don't want to offer these additional options under your Scheme, the options available to Scheme Members will continue to be as currently set out in the Rules of your Scheme.**

As this notice covers a number of different types of plans issued over a number of years, the terminology which it uses may not exactly reflect the terminology used in your original policy or plan terms and conditions, however, the terms of this notice are intended to be self-explanatory, and we hope you find that to be the case.

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### LUMP SUM PAYMENTS

Under the current terms and conditions of your plan, when a Member takes their retirement benefits they can normally take these:

- as a tax-free lump sum;
- as retirement income payable to the Member for life; and
- as retirement income payable to a dependant after the Member's death.

Under current legislation any tax-free lump sum is usually limited to a quarter of the amount used to provide the Member's retirement benefits. From 6 April 2015, the Member may be able to take as much of their retirement benefits as a lump sum as they want (subject to the minimum values set out on the next page). However only a quarter of the funds available would be paid tax-free and the remaining amount would be taxed as income at the appropriate rate.

If the member is not taking all of their retirement benefits from their account under the plan (the “account”) at the same time, the minimum value of units that they can ask to take from their account as a lump sum is £1,000. The value of the units remaining in their account must be no less than £2,500 (or £200 if regular contributions are still being made in respect of the Member). 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 a Member asks to take part of their 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 the Member’s account would end.

### **Lump sum payment charge**

If a Member wants to take more than one lump sum from their account 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 their account 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 Member’s account 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.

The Member will be provided with a full explanation of the options that are available to them, and of any charges that may be applied, when they choose to take their retirement benefits.

### **DEATH BENEFITS**

From 6 April 2015, in the event of the death of the member before they take their retirement benefits, we will normally pay the amount available as a lump sum death benefit to you for payment in terms of the Rules of your Scheme. Alternatively you can ask us to use the amount available to provide a retirement income to a member’s dependant or to another beneficiary who was not dependent on the member at the date of their death.





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