



## NOTICE TO EXISTING CUSTOMERS

As you are aware, 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 your Core Investments terms and conditions:

- with **immediate effect** in relation to how benefits may be payable from your plan in the event of your death; and
- with effect from **30 May 2016** in relation to how you can take your retirement savings directly from your plan using Income Release.

**You should keep this notice along with your plan 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.

### DEATH BENEFITS

Under your current Core Investments 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.

## **INCOME RELEASE**

With effect from 30 May 2016, we are introducing two new ways in which you can take your retirement benefits directly from your Core Investments using Income Release. If you select either of these new options, and at that time you are using 'capped' Income Release, your plan will automatically switch to flexi-access Income Release.

### **Option 1 – Regular tax-free cash payments**

In addition to having the options of taking your tax-free cash entitlement as a one-off lump sum payment or as ad-hoc lump sum payments, you can choose to take your tax-free cash entitlement in regular monthly or yearly instalments. If you select this option:

- The level of regular tax-free cash payments that you want to take each year will be shown on your Plan certificate. You can alter the level of these payments at any time.
- We will pay each tax-free cash instalment on the date that we allocate the relevant part of your plan to provide this or as soon as possible thereafter.
- Unless you tell us to stop, we will continue to provide the regular tax-free cash instalments requested until you have received your full tax-free cash entitlement from your plan. If necessary, we will allocate more of your plan to provide the regular tax-free cash amounts you asked for.
- If the tax-free cash entitlement on your plan is insufficient to make the regular tax-free cash instalment in full we will pay you the remaining tax-free cash amount. We will notify you that there is no remaining tax-free cash available from your plan and ask if you want the payments to continue as taxable income payments.

- You can ask us to pay you an additional tax-free cash payment at any time provided that you have remaining tax-free cash entitlement in your plan.
- You can ask us to pay you an additional taxable income payment at any time provided you have the relevant funds in your plan.
- It's not possible for the regular tax-free cash payments to increase automatically each year.

### **Option 2 – Combination of regular tax-free cash and taxable income payments**

You can choose to take a combination of tax-free cash and taxable income in regular monthly or yearly instalments. If you select this option:

- The level of regular tax-free cash and taxable income payments that you want to take each year will be shown on your Plan certificate. You can alter the level of these payments at any time.
- We will pay each regular instalment on the date that we allocate the relevant part of your plan to provide your tax-free cash and taxable income payments or as soon as possible thereafter.
- Unless you tell us to stop, we will continue to provide the regular tax-free cash and taxable income payments requested until you have received your full tax-free cash entitlement from your plan. If necessary, we will allocate more of your plan to provide the regular instalments you asked for.
- If the tax-free cash entitlement in your plan is insufficient to make the tax-free cash element of your regular instalment in full we will pay you the remaining tax-free cash amount. The

taxable income element of your regular instalment will also be reduced by the same proportion as the reduction in the tax-free cash element. We will notify you that there is no remaining tax-free cash available from your plan and ask if you want the regular instalments to continue in full as taxable income payments.

- You can ask us to pay you an additional tax-free cash payment at any time provided that you have remaining tax-free cash entitlement in your plan.
- You can ask us to pay you an additional taxable income payment at any time provided you have the relevant funds in your plan.
- It's not possible for the regular income instalments to increase automatically each year when you are taking a combination of regular tax-free cash and taxable income.

We will pay any tax due on the taxable income element of the regular instalments directly to HM Revenue and Customs. We may use an emergency tax code until we receive confirmation of the correct tax code that should be applied.

If you wish to select the new Option 1 above prior to 30 May 2016 you can ask us, however we will only agree to this if we have the systems in place at that time to administer the option you choose.

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.



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All of our printed products are produced on stock which is from FSC® certified forests.

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