Clear charges

Pensions | Pension Portfolio

ROYAL LONDON

Introduction

At Royal London, we're all for making pensions as transparent as possible. That's why, we want you to be clear what charges your clients will pay if they take out a Pension Portfolio Plan with us.

If your clients need a value for money insured pension, our investment options within Pension Portfolio offer an attractive range of funds at competitive prices. And if they need greater investment choice, they can access a wide selection of additional assets within our investment options.

Also available through Pension Portfolio is **Income Release**, an integrated income drawdown facility which allows eligible clients to withdraw their pension savings at a time and in a way to suit their individual needs. If your client wants to make ad hoc withdrawals, they can do this from Pension Portfolio. With Pension Portfolio, your clients will only pay for what they use.

Product charges

Our Investment options

Every plan has a management charge. This covers the costs of setting up our investment options, ongoing administration and investment management.

The different elements which make up the management charge are shown below.

Basic charge	
minus	Management charge discount
plus	Additional investment charge (if applicable)
plus/minus	Adviser adjustment (if applicable)
=	**Total management charge**

Basic charge

The basic management charge for our investment options is 1% a year. This charge is built into the fund price and is deducted on a daily basis.

Depending on the other elements that make up the management charge, the actual charge may be less than or greater than 1%. Therefore, to ensure the correct charge is applied, an adjustment is made each month by the addition/cancellation of units, as required.

Management charge discount

To provide your clients with greater value for money, our annual management charge (AMC) is tiered. So as the value of your client's pension savings grow, the overall management charge reduces. This is applied through a monthly management charge discount.

The table below details the different discount rates and the levels they apply at.

Value of pension savings	Base AMC	Discount
£0 - £46,600	1%	0.25% a year
£46,600 - £93,200	1%	0.50% a year
£93,200 - £279,000	1%	0.55% a year
£279,000 - £932,000	1%	0.60% a year
£932,000+	1%	0.65% a year

The levels at which the discounts apply increase each year in line with the Retail Prices Index (RPI). The annual management charge may differ depending on the type of plan your client has.

If a client moves money from our investment options or starts using Income Release, the discount may reduce. This is because the discount is based on the value of the investments.

Additional investment charge

In addition to a range of funds managed by Royal London Asset Management, your clients can invest in a selection of funds managed by other investment managers and leading discretionary fund managers.

An additional investment charge is applied for the majority of these funds. See our **Fund Range Summary** and **External Investment Solutions** leaflet for details.

Adviser adjustment

An adjustment to the management charge may be made as a result of terms agreed with you. This adjustment can reduce or increase the management charge.

Transaction costs

Transaction costs are the costs of managing the investments of the fund and are also known as 'dealing costs'. They include charges such as stamp duty and brokers fees and are included in the fund valuation on a daily basis. This means they're included in the investment return and are not an additional cost for your clients.

Clients can see the transaction costs included in their investment return within their yearly statement.

Adviser charges

In return for the services you provide for your client, it is possible for you to receive adviser charge payments from your client's plan. Adviser charges will be agreed between you and your client. We would deduct the charges from our investment options and then pay them to you. Any adviser charges will be in addition to the product charges.

We offer three types of charges, which can be used together or separately, depending on the advice and services an adviser has agreed with their client.

Charge type	Charges description
Initial	This allows a customer to pay for the services they receive when setting up a new plan or increment
Ongoing	This allows a customer to pay for the services they receive during the lifetime of the plan
Ad hoc	This allows a customer to pay for the services they receive which are not covered fully by any other payment, e.g. one-off reviews

The remuneration options available are as follows.

	Charge type		
	Initial	Ongoing	Ad hoc
Regular contributions	Percentage of contributions	Percentage of contributions	–
	Monetary amount	Monetary amount	Monetary amount
	–	Percentage of fund	Percentage of fund
Single contributions and transfer payments	Percentage of contributions	–	–
	Monetary amount	Monetary amount	Monetary amount
	–	Percentage of fund	Percentage of fund

Full details of our remuneration options can be found in our **Pension Portfolio Remuneration Guide**.

It's possible to build in additional adviser charges when your client decides to access their pension savings using our Income Release facility. This could, for example, be by way of an 'ad hoc' charge applied proportionally across the client's crystallised and uncrystallised investment.

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.

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