



Your transfer in payment

You transferred the value of a pension plan you had to a pension plan with Royal London and chose to use our option to increase transfer in payments. Your financial adviser will have explained this to you at that time.

This leaflet provides confirmation of the benefits of this option and the charges that apply.

What is the 'option to increase transfer in payments'?

Unfortunately, when pensions are transferred from one company to another, a 'market value reduction' factor or charge may be applied by the company transferring the pension. This means that the value of the pension may be reduced, sometimes quite significantly. If the amount being invested in the new pension is less than the value of the previous pension plan, and if you were to die before your intended retirement date, your beneficiaries would receive less money.

Royal London can't influence other company's pension plans. However, we can try to ensure your beneficiaries don't lose out if you die before you retire. When you transferred the value of your pension to us, we gave you the option, for an additional charge, to increase the fund value payable on your death. That increase would, within certain limits, have increased the value of your death benefit to the level it was before the other company's reductions were applied. In effect, we topped up the fund value available on your death to allow you to maintain the level of your death benefit.

Paying for the option

Our charge for providing this option is dependent on how much we topped up the value of your death benefit by, when you transferred it to us. To spread the cost of the option, we increased the annual management charge that is deducted from your pension fund each year. By the time you reach your selected retirement age this increased charge will have covered the cost of using this option. This cost was clearly shown on the personal illustration provided to you when you transferred to the plan with Royal London.

Retiring early or transferring out of your plan with Royal London

Legislation effective from 31 March 2017 means that if you retire early or transfer out of your plan with Royal London before your selected retirement age, we will apply a charge to recover the outstanding cost of using this option. We do this, as otherwise we would not be able to recover the full cost of the option, because we will no longer have until your original retirement date to do so.

New legislation effective from 31 March 2017 means that customers entitled to access their retirement benefits will have exit charges capped at 1% of the plan value. A 1% cap will therefore normally apply from age 55.

Early exit charges can apply to your plan when you decide to take your pension benefits or transfer your savings to another provider, before you reach the retirement age agreed under your plan. The charge will not apply if you wait until your agreed retirement age before doing the same thing.

Market value reductions are not included within the new 1% cap.

Further information

If you require more information, please contact your financial adviser or write to us at

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Royal London
royallondon.com

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