ROYAL LONDON

keyfacts®

Key features of the Pension Portfolio plan

The Financial Conduct Authority is a financial services regulator. It requires us, Royal London, to give you this important information to help you decide whether our Pension Portfolio plan is right for you. You should read this document carefully, so that you understand what you're buying, and then keep it safe for future reference. If you're concerned that it may not be suitable for you, contact your financial adviser.

This is an important document and you should read it together with your illustration. Please read it and keep for future reference.

This key features document provides information on all the main features, benefits and risks associated with our Pension Portfolio plan.

Its aims

- To give you a tax-efficient way to save for your retirement.
- To let you choose how and when you'd like to access your pension savings.
- To make it easy for you to flexibly access your pension savings directly from your plan (we do this through our Income Release facility).

Your commitment

- To contribute to your plan within the maximum limits set by HM Revenue & Customs (HMRC) and the minimum limits set for this product.
- To let us know if you're no longer a UK resident and not entitled to receive tax relief on your contributions.
- To wait until you're at least aged 55 (57 from 6 April 2028), before you choose to access your pension savings.
- To tell us if you trigger the money purchase annual allowance (MPAA) by flexibly accessing pension savings held with another pension plan. For more information about this, go to the **What about tax?** section on page 10.
- To review your plan regularly to make sure it continues to meet your needs both now and in the future.

Risks

This section sets out the potential product risks that you should be aware of throughout the life of the plan.

Taking out the plan

If you'd like to change your mind after taking out the plan, you could get back less than you paid in. See **'Can I change my mind?'** on page 11 for more information.

If you choose to transfer pension savings from another pension plan, you may be giving up valuable benefits. There's also no guarantee that your pension savings will be more than if you'd chosen to stay in your previous plan.

This plan may affect your entitlement to means-tested state benefits.

You can stop contributing to your plan at any point, however this may reduce your pension savings when you reach retirement.

Investment performance

The investments available under your plan will expose you to varying levels of risk. Investment returns are also never guaranteed and interest rates and charges may be different to those illustrated. So while your pension savings could grow, their value could also go down. This means you could get back less than what you saved into your plan.

If you invest in the Royal London With Profits fund, the value of the fund may be reduced by applying a market value reduction if you choose to take money out of the fund before your chosen pension date. The market value reduction is applied to ensure that the amount we pay you isn't unfairly higher than your share of the Royal London With Profits fund.

Taking money out

If you withdraw an income directly from your plan, this will reduce the plan's value. The investment growth of your remaining assets may be insufficient for you to maintain your income payments at the level you wish for the rest of your life.

If you decide to buy a secure income in the future, rates can change so there's no guarantee they'll be more favourable. This means you could potentially receive a lower income than you expected, especially if the value of your fund has decreased.

If there's not enough money in your Income Release Account to cover your income payments and our charges, we'll stop paying the income.

Questions and answers

What is Pension Portfolio?

Pension Portfolio is a personal pension plan. It allows you to build up money tax-efficiently for retirement. It also allows you to flexibly access your pension savings through buying a secure income, taking cash lump sum(s), tax-free cash or switching on our income drawdown facility, Income Release.

Is this a stakeholder pension?

No. Pension Portfolio isn't a stakeholder pension because it doesn't meet the stakeholder criteria for contributions and charges set out by the Government.

Stakeholder pensions are widely available. You should consider whether this type of pension would meet your needs as well as the Pension Portfolio. You should discuss this with your financial adviser.

What is Income Release?

Income Release is the process of gradually taking money directly from your plan.

You can usually take 25% of your pension savings tax-free. This is known as tax-free cash.

You can use Income Release any time after age 55 (57 from 6 April 2028), but you must have a minimum of £15,000 in your plan.

You don't need to take your income with us. Income Release may not be suitable for everyone. There are alternative products available on the market and you should shop around to find the best product for you.

You can find out more about your retirement options under the **'Use Income Release'** section on page 7.

How it works

We'll split your plan into two separate accounts. An Income Release Account, from which the tax-free cash and taxable income are paid, and a Savings Account. You can continue to make contributions into your Savings Account if you wish to do so.

You can find more information under the **What about tax?** section on page 10.

It's not possible to move money from the Income Release Account back into the Savings Account.

If you're using the Income Release facility, those assets not used to provide income payments and/or tax-free cash will continue to be invested as you instruct.

Using Income Release

You can use your pension savings to receive benefits in a number of ways, such as:

- Regular tax-free cash payments*
- Lump sum tax-free cash payments
- Regular taxable income payments*
- One-off taxable income payments
- Or as a combination of tax-free cash and taxable income payments (one-off or regular)*

*Can be paid monthly, quarterly, half-yearly, yearly.

If you take payments as regular tax-free cash, or as a combination of tax-free cash and taxable income, they'll be paid until you use up all of your available tax-free cash, or until you tell us otherwise. Once you've used up all of your available tax-free cash, any future payments you'll receive will be treated as taxable income payments. These payments can be stopped or started at any point on your plan.

Taxable income can be paid as a regular payment or a one-off taxable income payment. Whilst taxable income payments aren't guaranteed for the rest of your life, you do have the flexibility to increase or reduce your income. You can also change the frequency of your income payments.

If you take a combination of regular tax-free cash and taxable income payments, the tax-free cash payment must make up a minimum of 25% of the total payment value.

When you access all or part of your pension savings it's important that you think about your needs in both the early and later parts of your retirement. It's your responsibility, with the help of your adviser, to ensure your income will last the rest of your life.

You can change your mind and choose to buy a secure income at any time. For more information about this, please see the **What can I do with my plan when I access my pension savings?** section on page 6.

Transfers in drawdown

If you're currently receiving an income from another pension plan, it may be possible for you to transfer the value of that plan to a Pension Portfolio plan and continue taking an income from it.

If you decide to transfer an existing plan, the maximum income you can take from this transfer may be capped. This will be determined by rates produced by the Government Actuary's Department (GAD). You're not restricted to this limit and if you take an income higher than the capped amount, your plan will become a flexi-access drawdown plan and the MPAA will apply to you. For more information about this, see the **What about tax?** section on page 10.

If your income's currently capped at the GAD rate, we'll recalculate the maximum level of income you can receive at least every three years until age 75 and then every year after that.

Following these reviews, you may decide to increase or decrease the level of income you receive.

What contributions can be made into my plan?

You and/or your employer can make monthly or yearly contributions. You can also make single contributions at any time. If you have another pension plan, you may be able to transfer it into this plan.

There is no minimum contribution, however you'll need to make a contribution to open your plan.

Contributions made from your net salary

You make your contributions from your salary after tax has been deducted. We add tax relief at the basic rate and invest it in your plan. We then reclaim the basic rate tax relief from HM Revenue and Customs (HMRC).

If you pay income tax over the basic rate, you could be entitled to claim more tax relief through a self-assessment tax return or by contacting your local tax office.

You'll receive tax relief on all regular and single contributions you make to your plan up to a maximum of £3,600 a year or 100% of your relevant UK earnings, whichever is greater.

Tax rules and legislation can change and the value of any tax benefits will depend on your individual circumstances.

Once you reach age 75, you can no longer make any payments into your plan, including transfers.

Regular contributions are usually made by Direct Debit and single contributions by bank transfer.

You can ask to change your regular contribution amount at any time.

You can ask to stop contributing or to reduce contributions to your plan. You can also ask to take a contribution holiday and then restart contributions again. Stopping or reducing contributions will reduce the amount you get back from your plan. You can ask us for more information about the effect of stopping or reducing your contributions.

You can also choose to increase any regular contributions automatically:

- at a fixed rate each year
- in line with the Retail Prices Index each year, or
- in line with your salary/earnings. You'll need to inform us of your new salary before the increase will take effect.

If you and your employer wish to make separate regular contributions, then two plans will have to be set up. Alternatively, your employer will have to submit your contribution along with their own as only one Direct Debit can be accepted per plan.

Where are my contributions invested?

You can choose from a wide range of investment options, please speak to your financial adviser for more information.

The unit-linked funds are made up of units, which you buy with your contributions.

The price of these units depends directly on the value of the investments in the fund.

We work out the value of your investment in each unit-linked fund based on the total number of units you have in the fund and the unit price (the price at which we buy and sell units). If the unit price rises or falls so will the value of your investment in the unit-linked fund.

If you don't tell us how to invest your contributions we'll invest them in the RLP Deposit fund

You can switch your investments or change the investment choice for future contributions, although there may be conditions and a charge for doing so.

We have the right to delay a transfer, switch of investments or retirement at your chosen pension date. We'd do this to protect the interests of everyone invested in that particular fund.

With profits

Any contributions into the Royal London With Profits fund are used to buy units. The price of these units stays the same and the investment performance is paid out as additional units when we allocate regular and final bonuses to your plan.

We work out the value of your investment in the Royal London With Profits fund based on the total number of units you have, any regular bonus due but not yet paid, and any final bonus due.

We may reduce this value by applying a market value reduction if you take money out of the fund at any other time before your chosen pension date.

If you're considering investing in the Royal London With Profits fund we'll give you the booklet **A guide to how we manage our with profits fund** which you should read together with this key features document. This guide is a customer-friendly version of our **Principles and Practices of Financial Management.**

It's important that you read and understand this document as it describes the way in which we manage our with profits business.

ProfitShare

We believe our customers should share in our success. That's why we'll aim to give your pension savings an extra boost by adding a share of our profits to your plan each year. We've called this your **ProfitShare.**

How ProfitShare works

We'll review our financial strength and performance at the end of each year to decide if ProfitShare can be awarded.

If ProfitShare is awarded, it will be applied as at 1 April each year. To qualify, your plan must be in force on 31 December the previous year and on the date the award is given. Any ProfitShare awarded will be based on the value of the pension savings you have invested with us on the date they're awarded. They will be invested in the same investment choice as your other pension savings.

You can take the value of your ProfitShare account along with the rest of your pension savings any time after age 55 (this will change to 57 from 6 April 2028).

There's no guarantee that we'll be able to award ProfitShare every year.

If you invest in with profits, we'll work out your ProfitShare in a different way. You can find more information in the **Royal London With Profits Fund** factsheet which can be found at **royallondon.com/with-profits-factsheet**

What might I get when I access my pension savings?

Your **illustration** will provide an indication of what you might get back when you decide to take your pension savings, although this can't be guaranteed.

What can I do with my plan when I access my pension savings?

Any time after age 55 (57 from 6 April 2028), you'll have access to your pension savings. You don't need to do anything immediately as your pension savings can remain invested.

With each retirement option, you can normally take up to 25% of your pension savings tax free. The other 75% is taxable.

You'll normally be able to use your plan value to:

- take a cash lump sum which can be some or all of your pension savings
- buy a secure income which will provide you with an income.
- use Income Release, or
- a combination of all the options

You don't need to have stopped working to take your pension savings from your plan.

Take a cash lump sum

You can usually take some or all of your pension savings as a cash lump sum if you haven't started using Income Release. If you decide to do this, you should be aware that:

- If we don't hold a valid tax code for you we'll deduct tax at an emergency rate from the cash lump sum. Depending on your personal tax circumstances, you may need to reclaim tax from HMRC if we've deducted too much tax, or you may have to pay additional tax if we've not deducted the right amount.
- Any future contributions into the plan will be limited once you start taking a taxable income. If you exceed the MPAA, a tax charge will apply. For more information about this, visit **royallondon.com/taxallowances** or the **What about tax?** section on page 10 for details.

Buy a secure income

You can use all or some of your pension savings to buy a secure income. This is often called 'an annuity'. With all retirement options you can generally access 25% of your fund value as tax-free cash.

An annuity is a financial product that provides an income for life in return for a lump sum payment.

Different types of annuity are available to suit your individual circumstances.

If you want to buy a secure income, you don't have to buy it from us. Your health and lifestyle choices could affect what income you receive so you should shop around, to make sure you get the right product for you.

Once you have chosen to buy a secure income, you can't change your mind.

Use Income Release

Rather than buying a secure income you can normally withdraw tax-free cash and a taxable income directly from your plan any time after age 55 (57 from 6 April 2028). Please see the **What is Income Release?** section on page 3 for details.

Income Release may not be suitable for everyone. There are alternative products available on the market and you should shop around to find the best product for you.

If, after choosing to take an income from your plan, you decide you'd prefer a secure income, you can buy a secure income at any time.

What happens if I die?

We'll normally pay out your plan value as a lump sum to the individuals you've nominated such as your spouse, civil partner or dependants on your death.

If you've set up a trust to receive the death benefits, we'll pay the lump sum to the trustees.

Alternatively, on your death, your beneficiaries such as your spouse, civil partner or your dependants can choose to use your plan value to provide an income.

If you agree an initial adviser charge payment with an adviser and this is still outstanding at the time of your death, we'll deduct this before we pay out your plan value.

In the event of your death, the remaining value of your plan will normally be paid to your personal representative or the individuals you've nominated such as your spouse, civil partner or dependents on your death, subject to our agreement. It will either be the personal representative or beneficiaries responsibility to consider whether the value of your plan then needs to be tested against the lump sum death benefit allowance (LSDBA).

If you die before 75, beneficiaries don't normally need to pay income tax. If you die after age 75, beneficiaries will pay income tax at their marginal rate. The beneficiaries will have three options:

1) leave benefits invested and take an income if they wish

2) purchase an annuity

3a) If you die before age 75, beneficiaries can take the remaining value of the plan as a lump sum. This will normally be paid tax free. If however the lump sum payment exceeds the LSDBA , the personal representatives will be required to report this to HMRC and apply the relevant income tax charge. Alternatively, if taken as income rather than a lump sum, no tax is payable as the payment is it is not tested against your LSDBA.

OR

3b) If you die after age 75, beneficiaries can take the remaining value of the plan as a cash lump sum; this will be added to the individual's taxable income and taxed accordingly.

What are the charges?

Detailed below are the charges that could apply to your plan. You should read this section along with your **illustration**.

Management charge

We apply a charge for managing your plan. This management charge covers the costs of setting your plan up and ongoing administration. This charge is a percentage of the value of your plan.

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

Your basic charge
– Your discount
+ Additional investment charge (if applicable)
+/- Adviser adjustment (if applicable)
= Total management charge

Your **illustration** shows the actual management charge that will apply to your plan.

The basic management charge for your plan 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 your management charge the actual management 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 reward you for saving, we refund some of the management charge once the value of your plan exceeds certain levels. This is called the management charge discount.

If you have an associated plan we'll apply the management charge discount to the value of your total pension savings with us under all associated plans. An associated plan is any Royal London plan you hold, which we decide can be added to your plan value for the purposes of calculating product charges.

At the moment this covers certain other Pension Portfolio plans. From time to time we'll review the products included. We may include additional plans in the future.

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

Savings value	Discount
£0 - £46,600	**0.25% a year**
£46,600 - £93,200	**0.50% a year**
£93,200 - £279,000	**0.55% a year**
£279,000 - £932,000	**0.60% a year**
£932,000+	**0.65% a year**

The levels at which the discounts apply increase each year on your plan anniversary in line with the Retail Prices Index (RPI).

The discount applies to your entire plan and is added each month (1/12th of the yearly discount).

When you start taking income payments the management charge discount may be affected as this will reduce the value of your plan on which the discount is based.

We regularly review our charges and they could change in the future.

Additional investment charges

In addition to a range of funds managed by Royal London Asset Management (RLAM), you can also invest in a selection of external funds that are managed by other investment managers. Additional investment charges apply for the majority of these external funds.

If you choose to invest in any of the external funds the additional investment charges are shown in the Charges section of your **Illustration**.

A list of all the funds offered within your plan and the associated charges are provided in a separate **Fund Range Summary**, which is available on request.

Adviser adjustment

We may make an adjustment to the management charge as a result of terms agreed with your financial adviser. If an adjustment applies you'll see it on your **Illustration**.

Adviser charges

Your financial adviser may agree an adviser charge with you to pay for the services they provide you with – both now and in the future. This agreement will be between you and your financial adviser. However, if you ask us to, we can deduct an adviser charge payment from your plan and pay it to your adviser. Your **illustration** will show any adviser charge payments to be deducted from your plan.

Any adviser charges are in addition to the annual management charge. If adviser charges have been selected, the level payable to your financial adviser and the charge for this will be included in your **Illustration**.

Flexible access

When you first set up the plan, there's no initial charge to set up and administer the Income Release facility.

However, if you instruct us to make any additional transfer payments, single contributions or increase your regular contributions and also confirm that you're not using a financial adviser, we may apply an administration charge to your plan. We regularly review our charges and they could change in the future.

What about tax?

Our pension investment funds are generally free of UK income and capital gains tax.

If you move overseas, restrictions may apply. To find out more, speak to your financial adviser.

If you die, there's normally no inheritance tax payable on the value of your plan, unless it forms part of your estate.

The retirement income you receive, whether from a secure income or directly from your plan, will be taxable as earned income. You can normally take up to 25% of the value of your plan tax free, however, the remainder of your plan will be taxed as earned income. If you take a large cash sum, you could end up paying more tax. It's important to check whether the cash sum will push you into a higher tax bracket.

Tax rules and legislation can change and the value of any tax benefits will depend on your individual circumstances.

We recommend you get professional advice if you need more information on tax.

You can find more information on **royallondon.com/taxallowances** and if you think you've exceeded these limits we recommend you speak to your financial adviser.

Tax relief

You make your contributions from your salary after tax has been deducted. We add tax relief at the basic rate and invest it in your plan. We then reclaim the basic rate tax relief from HMRC. Your employer can also contribute into your plan. Tax relief won't be added to your plan for payments from your employer.

You don't receive tax relief on payments you transfer into your plan from another pension plan.

Annual allowance

There's a limit on the amount you can contribute into all your pension plans in a tax year. This limit is known as the annual allowance (AA).

Lump sum allowance

Under pension rules, the lump sum allowance (LSA) limits the amount of tax-free cash you can access from your pension plan. Normally 25% of the benefits you take can be paid tax-free, with an overall maximum limit of £268,275.

Payments above this are subject to tax at your marginal rate of income tax. You may have protection that allows you to take more than this – your plan documents will tell you if this is the case.

The total of all tax-free lump sums, including tax-free lump sum death benefits and serious ill-health benefits, will be tested against a lifetime limit, set at £1,073,100. Any lump sums paid above this level will be taxed at the individual's or beneficiaries' marginal rate of income tax. This is known as the lump sum and death benefit allowance (LSDBA).

You can find more information on hmrc.gov.uk and if you think you've exceeded these limits we recommend you seek advice from a regulated financial adviser.

Money purchase annual allowance

If you want to make contributions to any pension plan after you've taken income you'll be limited to what contributions can be made without getting a tax charge. This is known as the money purchase annual allowance (MPAA). Please note that this is considerably lower than the annual allowance and relates to any pension plan you may have, not just this one.

Can I transfer my plan?

You can transfer your plan to another pension plan at any time. Your **illustration** gives examples of how much you could potentially transfer to another pension plan, depending on when you transfer and how your investments perform.

If you decide to transfer your plan, we may take a charge from the plan value, including any outstanding initial adviser charge payment.

If you're using the Income Release facility it's possible for you to transfer your plan to another pension plan offering an income drawdown arrangement.

Can I change my mind?

You can change your mind within 30 days of receiving your plan documents. If you decide you don't want the plan, you must write and tell us. You can contact us in writing by using the details in the **How to contact us** section on page 12.

We'll then give you your contributions back. If you've taken any lump sum(s) from your plan these would need to be repaid. Similarly, if you've used the plan for Income Release, any income and/or tax-free cash paid to you would need to be repaid. If we don't hear back from you in 30 days, your plan will continue.

If you made a transfer payment to the plan, we'll pay the money back to the other pension provider it came from. If the transfer came from an occupational pension scheme, the trustees of the transferring scheme may not accept the transfer payment back if you decide to cancel the plan.

If you made a single contribution or transfer payment and the plan value has fallen by the time it's cancelled the amount returned will be the plan value. This will be less than you paid in. If the plan value has increased by the time it's cancelled the amount returned will be the value of the contributions. If you agreed that your adviser could receive an adviser charge payment from the plan for the services they provide, the relevant amount returned will be less any adviser charge payment that has been paid to your adviser. This will be less than you paid in.

How will I know how my plan's doing?

We'll send you a regular statement to show you how your plan's doing. You should review your plan on a regular basis to ensure your pension plan meets your needs. Your financial adviser can help you with this.

You can find your plan value using our online service. To register for our online service, visit **royallondon.com/onlineservice**

Alternatively you can phone our customer helpline. You can find our contact details in the **How to contact us** section below.

Once you've registered for online service, you'll be able to view your plan using our mobile app. Download the app from the App Store or Google Play.

How to contact us

Your financial adviser should be your first point of contact. We're unable to provide financial advice.

If you have any queries regarding your plan, you can contact us by the following methods:

Mail

Royal London
Royal London House
Alderley Park
Congleton Road
Nether Alderley
Macclesfield
SK10 4EL

Phone

0345 60 50 050

Monday to Friday 8am - 6pm (excluding bank holidays).
We may record calls to help improve our customer service.

Email

customerqueries@royallondon.com

Please make sure you quote your plan number on correspondence, or have it to hand when you phone us.

Pension Wise

If you'd like to find out more about your retirement options, you can contact Pension Wise.

Pension Wise is a free and impartial retirement planning service for those over 50 from MoneyHelper, introduced by the government to help you understand your options.

Phone

0800 011 3797

Monday to Friday 9am - 5pm.

Email

pensionenquiries@moneyhelper.org.uk

Online

moneyhelper.org.uk

Other information

How to complain

If you have a complaint against us in connection with your plan, please contact our Customer Relations Team.

Mail

Customer Relations team
Royal London House
Alderley Park
Congleton Road
Nether Alderley
Macclesfield
SK10 4EL

Phone

0345 60 50 050

Monday to Friday 8am - 6pm (excluding bank holidays).
We may record calls to help improve our customer service.

Email

customer.relations@royallondon.com

Please make sure you quote your plan number on correspondence, or have it to hand when you phone us.

If you're not satisfied with our response, you can refer the complaint to The Financial Ombudsman Service using their online complaint form, **www.pensions-ombudsman.org.uk/submit-complaint**

Complaining to the Ombudsman won't affect your legal rights.

Terms and conditions

These key features give a summary of your plan. They don't include all definitions, exclusions, terms and conditions.

You'll receive a copy of the full terms and conditions as detailed in our **Pension Portfolio Plan Booklet** after you've taken out the plan and before the 30 day cancellation period has expired.

We have the right to change some of the terms and conditions, including the charges. We'll write to you and explain the changes if this happens.

It may become impossible to comply with the terms and conditions, for example, due to a change in legislation. We'll write to you if this happens.

Pension Portfolio is issued under The Royal London Personal Pension Scheme (No2). If you'd like a copy of the rules of this scheme, please ask us.

Terms and conditions and all communications will be in English.

Law

The terms and conditions applying to your plan are governed by Scots Law, unless we agree with you that a different law should apply.

Client classification

The Financial Conduct Authority requires us to classify our customers to ensure they get the appropriate level of protection under the rules. You've been classified as a retail client, which means you will benefit from the highest level of protection available.

Compensation

Your financial adviser must recommend products that are suitable for you. You have a legal right to compensation if, because of what your adviser recommends, you lose out by taking out a plan that wasn't suitable for your needs at that time.

If we were to become unable to meet our liabilities under your plan you may be entitled to compensation through the Financial Services Compensation Scheme. If you'd like more information about the compensation arrangements that apply please ask your financial adviser or contact us direct.

Benefits we might give your adviser

To help improve the quality of service your adviser gives you, we might give them small non-cash benefits such as marketing and promotional support and technical services and training. We might also make small cash or voucher payments to them for research carried out with them. Your adviser should tell you about any benefits they receive upfront.

Our conflict of interest policy

We've designed our conflict of interest policy to:

- Identify potential conflicts of interest that might be a significant risk to our customers.
- Make sure we take reasonable steps to prevent these conflicts from happening.
- Help us manage these conflicts to protect our customers' interests.

If you'd like more information about our conflict of interest policy, just get in touch.

About us

The Royal London Mutual Insurance Society is a customer-owned life, pensions and investment company.

Solvency and Financial Condition report

We want to provide you with clearer information about Royal London's financial position, so we've created a Solvency and Financial Condition report. This report will provide more details about Royal London's business and company performance. You can access the report from **royallondon.com/solvency**

Royal London
royallondon.com

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.