Fair Value Assessment
Individual Pensions

Product name: Pension Portfolio (including Income Release) and Individual Stakeholder Pension
Assessment Date: May 2025

Summary of Fair Value Assessment

I am pleased to share our Fair Value Assessment for our individual pension offerings for 2025. I am delighted to reconfirm my view that the products and services provided by Royal London continue to represent fair value and are designed to deliver good outcomes for customers.

At Royal London, we continuously strive to enhance the experience we provide to our customers and drive improvements in the outcomes that they achieve. Last year we made enhancements on several fronts.

- We continued to enhance our digital capabilities to make it easier for customers to transact with us through the channel of their choice and at a time that suits them. These enhanced capabilities are available for both advisers and customers.
- We invested in supporting customers make key decisions, encouraging customers to think ahead on their retirement plans and the best way to access their monies tax efficiently. We also extended our Financial Wellbeing Service to our individual pension customers, providing them with a personalised dashboard of guides, videos and tools to help them improve their financial resilience.
- We enhanced our communications provided through the website, paper and mobile app, so customers are more informed. This included launching new welcome packs and yearly statements.
- We launched new product features, making it easier for advisers and customers to meet their objectives.

The core capabilities of our service and investment are critical to good outcomes. Our customer service levels have recovered from the high demand experienced last year ahead of the Budget 2024, while our actively managed Governed Portfolio range continues to perform well despite the turbulent market conditions.

This year we will continue to strive to make further improvements. We want our customers to understand the products they have, make fully informed decisions and use the features available on their pensions.

We are committed to enhancing our support for customers experiencing any type of vulnerability. Our focus is on building our capability to better capture and address customer needs. Additionally, we are advancing our efforts in testing and measuring the outcomes for vulnerable customers to ensure we deliver the best possible support.

As a champion of impartial financial advice, we aim to support advisers by providing products and services that help them provide efficient and high-quality advice. We believe our Fair Value Assessment demonstrates this.

Colin Mitchell

Customer Life Stage Director

Target Market Statement: Pension Portfolio (including Income Release)

Product description

- Pension Portfolio (including Income Release) is an insured personal pension plan that allows individuals to:
  - Save for their retirement, tax efficiently
  - Consolidate their existing pension savings
  - Take their pension savings flexibly through drawdown.
  - Provide for their beneficiaries on their death.
- Individuals can pay regular and single contributions and make transfer payments to their plan
- The product offers an extensive range of investment options including Governed Portfolios, Governed Retirement Income Portfolios, lifestyle strategies, investment pathways and funds. It also offers a self-investments option
- Individuals can take their pension savings normally from age 55 (this will increase to 57 from 2028)
- Individuals can take their pension savings in one go or in stages, as a lump sum, annuity or flexibly through drawdown.

Distribution strategy

- Pension Portfolio is designed to be sold through advisers on an advised basis only
- Income Release may also be sold direct to existing pensions customers on a non-advised basis.

Who the product is designed for

- Individuals wanting to save for their retirement. This may be on their own or in addition to their workplace pension
- Individuals seeking to consolidate their pensions into a single plan
- Individuals wanting to take their pension savings flexibly, in the most tax-efficient way, through drawdown
- Individuals wanting to take their tax-free cash and protect their retirement income
- Individuals wanting the flexibility and ability to buy an annuity at a later stage
- Individuals wanting to leave their remaining pension savings to their beneficiaries on their death.

Individuals with vulnerabilities most frequently attributed to physical and/or mental health issues, lower levels of financial understanding and reduced financial resilience will be present in the target market and supported by this product.

Who the product is not designed for

- Individuals who need to access their pension savings before the pension rules allow
- Individuals who require open architecture investment solutions
- Individuals who are unable to bear investment losses
- Individuals who are not habitually UK resident.

Target Market Statement: Individual Stakeholder Pension

Product description

- Individual Stakeholder is an insured personal pension plan that allows individuals to:
  - Save for their retirement, tax efficiently, and/or
  - Consolidate their existing pension savings.
- Individuals can pay regular and single contributions and make transfer payments to their plan
- The product offers an extensive range of investment options including lifestyle strategies and funds
- Individuals can take their pension savings normally from age 55 (this will increase to age 57 from 2028)
- Individuals can take their pension savings in one go or in stages, as a lump sum or annuity
- Individuals can transfer internally to Pension Portfolio (including Income Release) to take their pension savings flexibly through drawdown.

Distribution strategy

- This product is designed to be sold through advisers on an advised basis only.

Who the product is designed for

- Individuals wanting to save for their retirement. This may be on their own or in addition to their workplace pension
- Individuals seeking to consolidate their pensions into a single plan
- Individuals wanting to save for their children's or grandchildren's retirement.

Individuals with vulnerabilities most frequently attributed to physical and/or mental health issues, lower levels of financial understanding and reduced financial resilience will be present in the target market and supported by this product.

Who the product is not designed for

- Individuals who need to access their pension savings before the pension rules allow
- Individuals who require open architecture investment solutions
- Individuals who are unable to bear investment losses
- Individuals who are not habitually UK resident.

How to use this Fair Value Assessment

The Consumer Duty ('Duty') sets the standard of care that firms should give to customers. Royal London is the manufacturer of this product. We've designed this Fair Value Assessment so Distributors can easily assess the product's fair value against the four Duty outcomes. This information also helps Distributors demonstrate that they're meeting their own Duty obligations.

Products and services outcome

- We've assessed the products and services we offer to our individual customers. We are satisfied that they support customers to achieve their financial objectives while mitigating foreseeable harm
- Clear target markets have been defined and our product is being distributed to the right customers
- We've established there are strong levels of support and services to help customers when they start their working lives, all the way through to retirement and later life. All customers can access guidance and a financial wellbeing service. Services created to help customers and advisers stay on track for their planned outcomes are being actively used
- Customers are using the products and features mainly in line with expected behaviour. We continue to monitor and consider what more we can do for the small number of customers who aren't acting in line with expected behaviour (e.g. customers who have their savings as cash) and who haven't taken action despite previous communications
- The packaged multi-asset investment portfolios, designed for both accumulation and decumulation, are being used by over 80% of customers. These have been reviewed quarterly, with relevant action being taken when necessary. The reviews are published in an open and transparent manner
- Vulnerability continues to be a key focus within the products and services we provide. We are committed to incorporating inclusive design principles during our product and service design, this combined with insight and feedback to guide future changes and enhancements, ensure we can best meet the needs of vulnerable customers. We're also working hard to provide more data to evidence the outcomes for vulnerable customers. This data helps us continuously improve our services and ensure that all customers receive consistently good outcomes.

Price and value outcome

- We've assessed our product charges. We are confident they're fair relative to the value of the proposition and services being provided and competitive in the market. They allow the customer to achieve long-term growth while accommodating typical distribution charges
- Our Independent Governance Committee has assessed our Investment Pathways solutions for drawdown customers and are comfortable that they deliver fair value overall
- ProfitShare has been paid to customers for the ninth consecutive year, enhancing the value for money this product delivers
- We've reviewed the flexibility and features of the product offered within the core price. These are fair, reasonable and offer good value
- The majority of funds and multi-asset investment portfolios continue to perform in line with benchmarks and long-term forecasts. The ongoing management and governance come at no additional cost to the customer
- We've removed the remaining exit charges from the product, taking away a barrier to customers exiting their plan
- A small number of customers with smaller fund values incur a charge of up to 0.9%.

Consumer understanding outcome

- We've assessed the range of communication channels for customers. Our communications are available in a range of alternative formats to support the needs of customers, including vulnerable customers
- Overall, customers are receiving timely, accurate and accessible communications to support their financial decision making
- Communications at key 'moments of truth' are customer tested. The results demonstrate that customers understand the purpose of the communication and that most documents are clear and easy to understand. Areas for improvement are being actively addressed
- We've delivered key information to customers through enhancements to our retirement guidance service and the regularity of communications on certain triggering events, helping them achieve better outcomes
- Pro-active communications to customers, addressing potential concerns created by market conditions, are occurring. This demonstrates our commitment to engaging customers and building their financial resilience
- Uptake and usage of the mobile app has increased significantly, while webinar attendance and monthly newsletter engagement is positive.

Consumer support outcome

- We've assessed our ability to provide a consistent and high-quality service to our customers and are confident that it continues to deliver positive outcomes
- Customer complaint levels are low and within expected targets
- Service levels have now recovered and are being delivered in line with internal levels
- Feedback through our customer and adviser value statements remains positive
- Customers can engage with Royal London in line with their preferences, with a mix of digital, email and telephony being used
- The range of additional support services available to customers, including retirement guidance and a digital financial wellbeing service, helps build engagement and supports informed decision making. These support services have been valuable through the cost-of-living challenges and assist in improving customer outcomes
- We support our vulnerable customers through multiple channels and are continuously enhancing our digital support offerings. The Tell Us Once program will enable data to flow seamlessly through multiple systems and channels, this prevents customers from having to repeatedly disclose their vulnerabilities or communication requirements. Additionally, we are building greater capability to test and measure vulnerable customer outcomes, ensuring they consistently receive the best possible outcomes.

Green indicates the outcome has some individual non-material measures outside of acceptable tolerance. There is a low likelihood that this will have a detrimental impact on customer outcomes in the next 12 months.

Amber indicates the outcome has some non-material measures or individual material measures outside of acceptable tolerance. There is a possible likelihood that these will have a detrimental impact on customer outcomes in the next 12 months.

Red indicates the outcome has some material measures outside of acceptable tolerance. There is a probable likelihood that these will have a detrimental impact on customer outcomes in the next 12 months.

Our approach to Fair Value Assessment

We regularly monitor and review our products to make sure they continue to meet the needs of their target market and deliver good customer outcomes. This is an overview of how we've assessed this product against the four Duty outcomes.

Products and services outcome

Products and services are fit for purpose, designed to meet the needs of customers in the target market and are distributed appropriately.

We've checked that:

- The distribution channel and customer base are in line with the product's target market
- Customers use the product in the way it's intended, receive the necessary support and avoid foreseeable harm throughout the lifetime of the product
- Vulnerable customers are identified and protected from key risks.

Price and value outcome

The amount customers pay for a product or service represent fair value for the benefits they receive from it.

We've checked that:

- The total amount paid by customers includes all agreed costs and charges over the lifetime of the product
- Customers receive benefits they can reasonably expect for the total amount paid over the lifetime of the product
- Services included within the product are appropriate for customers in the target market.

Consumer understanding outcome

Customers receive the information they need, at the right time and presented in a way they can understand.

We've checked that:

- Communications have a clear purpose, provide customers with the information they need to achieve their financial objectives, and are easily understood and timely
- Communications are available in alternative formats, including those which support vulnerable customers.

Consumer support outcome

Customers should be able to realise the benefits of the products and services they buy and are supported in pursuing their financial objectives.

We've checked that:

- Customer requests are carried out promptly and accurately
- Powers of Attorney receive the same level of service as customers
- There are different channels of support available, including those which support vulnerable customers.

We also regularly analyse customer complaints to identify the root cause of any issues and act to address each in a timely manner.

Distributors have a responsibility to ensure that fees or charges paid directly to them by customers don't adversely impact the overall value to that customer. Our assessment is only based on commission paid or charges we have been asked to pay to our distribution partners as part of the sale or servicing of our products. We'll periodically review Distributor remuneration and charging structures to understand the overall cost to customers. This will help assess whether our products continue to offer fair value to customers.

Product Development Process

We aim to develop products that deliver good outcomes for customers in the identified target market. Our product development process is designed to ensure we act in good faith, avoid causing foreseeable harm to customers, and enable and support customers to pursue their financial objectives. This process includes, but isn't limited to:

- Identifying the target market - who the product is suitable for and who it's not
- Designing the product to meet the identified needs of the target market over the lifetime of the product, including the needs of customers who may be vulnerable
- Identifying a distribution strategy that aligns with the needs of the target market, including for customers who may be vulnerable
- Establishing costs and charges that are appropriate and represent fair value for customers in terms of the amount paid and the benefits that they can reasonably expect to receive
- Developing customer communications that are clear, easy to understand and timely
- Ensuring customers don't face unreasonable barriers when using the product or progressing their financial objectives.

For further information visit
adviser.royallondon.com

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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.