MORE CHOICE
MORE FREEDOM

A guide to Income Release
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Baffled by anything in this guide?

We’re an old-fashioned bunch and being helpful and straightforward are principles we’ve kept since the olden days. So if you have any questions about your plan, just get in touch. We’d love to hear from you.
“You’re now a member of the **UK’s largest mutual** life, pensions and investment company.”

I’m delighted to welcome you to Royal London.

When we first opened our doors in 1861, we wanted to help people to help themselves. And it’s been our way of thinking ever since.

**Proud to be different**

We’re a different kind of financial services company because unlike our main competitors, we’re a mutual. This means we don’t have shareholders. Instead, we’re owned by you and our other members.

This means you can have your say on the future of our business by voting at our Annual General Meeting (AGM) and you’ll share in our success.

**What’s so great about mutuality?**

Having no shareholders means we don’t have dividends to pay. Instead, we use our profits to boost your retirement savings and provide you with better products and services.

I believe this has helped us build a strong reputation for providing an excellent service.

This guide tells you more about how your plan works and the benefits it offers. I hope it helps you get the most out of your retirement savings.

Isobel Langton  
CEO, Royal London  
Intermediary
A GUIDE TO INCOME RELEASE

HOW A PENSION WORKS

You contribute

The taxman contributes

Your retirement savings are locked away so you can't dip into them

ProfitShare

Single contributions

Transfers from other plans

You'll receive extra contributions into your plan
Each time you save into your plan, so will the taxman. This is called tax relief; it depends on individual circumstances and may change in the future. This will help to boost your retirement savings.

Top up your retirement savings
You can make single contributions into your plan at any time. So if you find yourself with spare cash, you could add it to your plan.

You could have all your retirement savings with one pension provider
You may be able to transfer retirement savings from other pension plans.

This could make it easier for you to keep track of them. Currently, if you have a drawdown pension plan with another pension provider, you can transfer it to us, but it must be held in a separate plan. This is due to Government legislation. Transfer payments from one pension plan to another don't receive tax relief. Transferring may not be in your best interests as you could lose valuable benefits which can't be replaced. You should speak to your financial adviser before you make a decision.

Share our success
We'll aim to give your retirement savings an extra boost by adding a share of our profits to your plan each year. So if we do well, so do you. We've called this your ProfitShare.
Your retirement savings are invested

- Helps your money grow
- Investments reviewed by experts

You can start taking your retirement savings any time after age 55

Cash lump sum(s)
- Income payments
- Buy an annuity

**Your retirement savings are invested to help them grow**

You can stick with the investment you chose with the help of your financial adviser, or refine it to suit your changing circumstances. Remember that investment returns are never guaranteed. So while your savings could grow, their value can also go down. This means you could get back less than what you put into your plan.

**Our investment options are reviewed by experts**

This helps make sure they meet their objectives. This ongoing governance comes at no extra cost to you.

**Take your retirement savings in a way that suits you**

Income Release allows you to take regular or one-off tax-free cash and/or income payments directly from your plan when you need it. Unlike an annuity, income payments are not guaranteed for the rest of your life. As the rest of your savings stay invested, both the income payments and the value of your plan may go down.

If you want to take a guaranteed income for life, the rest of your plan can be used to buy an annuity.
SHARE OUR SUCCESS

We want you to feel the benefit of being part of Royal London. So we’ll aim to boost your retirement savings by giving you a share of our profits each year.

How it works

1. We’ll review our financial strength and performance at the end of each year.
2. We’ll work out if ProfitShare can be awarded.
3. We’ll add any award to a separate ProfitShare account within your plan.
4. You’ll see the value of your ProfitShare account in your yearly statement and our online service.
5. You can take the value of your ProfitShare account with the rest of your retirement savings any time after age 55.

- ProfitShare awards will be based on the value of the retirement savings you have invested with us on the date they’re awarded.
- Each year, we’ll aim to award between 0.15% and 0.25% of the value of your plan. You could get more or less than this and there’s no guarantee that we’ll be able to award ProfitShare every year.
- ProfitShare awards will be applied in April each year as long as your plan was in force on 31 December the previous year and on the date the award is given.
- ProfitShare doesn’t count as a contribution, so it won’t reduce the level of tax-free contributions you can make to your plan each year.
- ProfitShare awards will be invested in the same investment choice as your other retirement savings.
- ProfitShare doesn’t apply to Self Investments.

What’s the catch?
There isn’t one. The ProfitShare you’re awarded will belong to you. We’ll never ask for it back.
YOUR RETIREMENT OPTIONS

With Income Release, you’re in control. You decide how much tax-free cash and income you need, and when you need it.

**Decide how much of your savings to use**
You don’t have to access all of your retirement savings at once – you can take your money out in stages.

**Decide how much tax-free cash to take**
You can usually take up to 25% of your retirement savings as a tax-free cash lump sum. You can choose to take this as a one-off payment or through a series of smaller payments.

Tax rules depend on your individual circumstances and may change in the future.

**Decide if you’d like to take an income**
You can use the rest of your retirement savings to provide a regular income, which could be taxed. You can also start, stop or change your income at any time.

Depending on the amount(s) you take and the performance of your investments, both the value of your plan and any payments you take from it could reduce in the future.

It’s important that you regularly review your plan, including any income you take, to make sure it lasts as long as you need it to. If you’re concerned about how long your money will last, you should speak to your financial adviser.
Use our income management facility

If you’re taking an income, you might want to think about using our income management facility – Income Tap. This invests in a low risk fund designed to help make income payments and can hold up to 60 months’ worth of income. To find out more, download our Income Tap leaflet from royallondon.com.

How Income Release works

Once you’ve decided how much tax-free cash and income you’d like to take, we’ll split your retirement savings into two separate accounts: an Income Release Account and a Savings Account.

The Income Release Account pays out the tax-free cash and any income payments you’ve selected. Any retirement savings not used to provide tax-free cash and income will stay in your Savings Account. If you decide to move all of your retirement savings into the Income Release Account, you won’t have a Savings Account unless you make additional contributions into your plan. Once your savings are in the Income Release Account, you can’t move them back into the Savings Account.

You can continue to save for your future by making contributions into your Savings Account. And any time you need more tax-free cash and income, you simply move some or all of your retirement savings into the Income Release Account. You can’t take an income directly from your Savings Account, but you can use it to buy a secure income. This is often called an ‘annuity’.

Making your decision

Don’t worry if you haven’t made up your mind yet – your financial adviser can help you to decide.

Know your limits

Flexi-access drawdown plans allow you to take the level of income you want from your plan. If you take an income from a flexi-access plan, the money purchase annual allowance (MPAA) will apply to you.

Capped drawdown plans allow you to take an income from your retirement while leaving your fund invested. The maximum income you can take is capped, and the plan must have been set up by 6 April 2015. If you’re currently receiving an income from another capped drawdown 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.
Your income level can remain capped if you wish. 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.

There’s also a limit to the amount you can have built up in this or any other pension plan when you start taking your retirement savings. It’s set by the Government and it’s called the lifetime allowance. If you want to find out more, visit our website at royallondon.com.

**Buy a secure income**

You can turn your retirement savings into a regular income that’ll keep going as long as you do, by buying a secure income at any time. This is often called ‘an annuity’. Rates can change, so there’s no guarantee that they’ll be more favourable if you buy a secure income in the future. This means you could receive a lower income than you expected.
CLEAR CHARGES

With Income Release, you only pay for the services you use.

**Your charges**

Like all pension providers, we apply a management charge for setting up and servicing your plan. However, as Income Release is part of Pension Portfolio, we’ve been able to minimise the charges you have to pay when taking savings from your plan.

An initial one-off charge may apply when you first use the Income Release functionality to cover our costs in setting up and administering your plan.

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.

Have a look at your **Plan certificate** for a breakdown of your plan charges. These charges are regularly reviewed and may change in the future.
INVESTING YOUR RETIREMENT SAVINGS

Today there are more investment choices than ever before. While choice is a good thing, you might find it difficult to decide on the best option for you. Here are a few things to consider when deciding where to invest your retirement savings.

How much risk are you willing to take?
Higher risk investments can help your money grow more. But there’s also a greater chance of losing money. And with lower risk investments, your money may not grow as much as you want it to. Of course, investment returns are never guaranteed. So while your savings could grow, their value can also go down. If your investments don’t perform as well as you’d hoped or you live longer than expected, your money could run out early.

You can get an idea of your attitude to risk by using our risk profiler at royallondon.com.

How involved do you want to be?
If you want to be actively involved in selecting your investments, you can use the Self Investments option within your plan. This lets you invest in a fund supermarket and directly in a range of alternative investments, such as company shares and UK commercial property.

Some investment options carry an extra charge. So if you decide to choose your own investments, or need help deciding on a suitable option, you should speak to your financial adviser.
Stay with your original investment choice
When you set up your plan, you had the option to choose, with the help of your financial adviser, the investments that matched your attitude to risk and your plans for the future. You can stick with your original investment choice. Or if it no longer matches your attitude to risk, you might want to change it.

Choose from the Governed Range
This consists of Lifestyle Strategies and Governed Portfolios.

- They’re made up of a mix of different investments.
- They take into account the time until you retire.
- They’re designed for different attitudes to risk.

We also offer five Governed Retirement Income Portfolios (GRIPs) designed for people who want to take a regular income from their plan.

Each GRIP invests in a mix of equities, corporate bonds, medium index linked gilts, high yield bonds and property. They are aligned to five risk profiles determined by your income needs and risk attitude.

Choose from the fund range
You can access Royal London funds, managed by the Royal London Asset Management team, as well as funds managed by some of the world’s leading investment companies.

Find out more
For more information about the full range of investment options available to you, read our Pension investment options guide.

HOW TO
Change your investments
If you’re registered for our online service, you can change your investments online. Details on how to register for our online service are in the Your plan online section of this guide.

Any changes to Self Investments must be submitted by your financial adviser on your behalf.
FLEXIBLE SAVING

We’ve all been there. The car needs a service. The bills are mounting up. And then the boiler breaks down. Managing your finances isn’t always easy. So we’ve worked hard to ensure saving into your plan is as easy and flexible as possible.

You can make regular monthly or yearly contributions

These can be a fixed amount or set to increase each year in line with your salary or earnings, the Retail Prices Index (RPI), or set at a level between one and ten percent. Increasing your contributions each year will help you to increase the final value of your plan.

Your regular contributions are made by Direct Debit

The minimum amounts for monthly and yearly contributions are shown below.

**Monthly contributions**

£50

**Yearly contributions**

£600
Freedom to change your contributions
You can increase, decrease, stop and restart your contributions at any time. And whilst no further regular or single contributions can be made to your plan once you reach age 75, you can make transfers into your plan after this age. But remember that any changes to your contributions will affect your retirement savings. If you want to change your contributions, you should speak to your financial adviser.

Keep your retirement plans on track
Like any plan, your pension needs to be reviewed regularly. It’s the only way you’ll know if your retirement plans are on track.

KNOW YOUR LIMITS
There’s a limit to the amount you can invest in pension plans every year before you’re taxed. It’s set by the Government and it’s called the annual allowance.

If you want to make contributions to your plan after you’ve taken some or all of your retirement savings, you may be limited to what you can continue to contribute and receive tax relief on. This is called the money purchase annual allowance. Please note that this is considerably lower than the annual allowance and relates to any pension plan you may have, not just this one.

To find out more about the annual allowance and the money purchase annual allowance, visit royallondon.com.
Our secure online service is simple to use, quick and easy to access and available 24 hours a day, 7 days a week. So you’ll have round the clock access to your plan details.

**Keeping track**
Once registered you can make changes to your investment choice and view a wide variety of information including:

- the value of your plan
- where your retirement savings are invested
- your contribution details
- the potential value of your plan when you retire
- contributions made and allocated
- the value of your pension plan and your investment holdings
- investment information including fund performance and fund information
- projections of future benefits
- personal details such as your address.

**HOW TO REGISTER**
Registering for our online service can be completed in a few easy steps.

1. Have your plan number to hand.
2. Go to royallondon.com/onlineservice.
3. Complete your personal details and click ‘Continue’.
4. Enter your email and password.
5. Select three different memorable questions and answer them, then click ‘Continue’.
6. You’ll then be sent an email to activate your account. Click the ‘Activate account’ link which will take you to the final step to enter your password.

Once you register, you’re ready to go – all you need to do is log in.
Providing an excellent service is our bread and butter. That’s why our Customer Service team is always on hand to help.

You’ll find the contact details for our central Customer Service team in your Plan details.

They can provide you with any information you need about your plan but they won’t be able to give you any financial advice. You should always contact your financial adviser first if you have any questions about your plan or your financial situation.
All literature about products that carry the Royal London brand is available in large print format on request to the Marketing Department at Royal London, 1 Thistle Street, Edinburgh EH2 1DG.

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

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