



**keyfacts**®

## KEY FEATURES OF CORE INVESTMENTS

The Financial Conduct Authority is a financial services regulator. It requires us, Royal London, to give you this important information to help you to decide whether our Pension Portfolio is right for you. You should read this document carefully, so that you understand what you are buying, and then keep it safe for future reference.

**This is an important document and you should read it together with your illustration and the enclosed Core Investments Charges Summary. Please read it and keep for future reference.**

This document contains the following information:

- the aims of the Pension Portfolio
- your commitments if you take out the plan
- the risks associated with the plan
- questions and answers that explain the plan's main features
- how to contact us.

The Pension Portfolio is a personal pension plan. It allows you to build up money tax efficiently to provide you with retirement benefits in later life. The plan has two distinct parts: Core Investments and Self Investments.

This key features document provides information only about the Core Investments.

If you opt to self invest your plan, we will give you a separate **Key Features of Self Investments** document, which provides more information about them.

When you decide to take your retirement benefits you'll be able to take cash lumps sum(s) and/or use your Core Investments to buy a retirement income.

Alternatively, another feature available when you take your retirement benefits is Income Release. This allows you to take tax-free cash and income payments directly from your plan.

### ITS AIMS

- To build up a sum of money tax efficiently, which provides you with retirement benefits any time after age 55.
- To allow you to access all or part of your retirement savings any time after age 55 and draw an income directly from your plan.

### YOUR COMMITMENT

- You and/or your employer agree to make regular contributions to your plan until your chosen retirement date. You can also make a single contribution or a transfer payment from another pension plan.
- You agree to tell us if your circumstances change. For example, if you no longer have UK earnings or are no longer resident in the UK.
- You need to let the plan build up until you are allowed to access your retirement benefits.
- If you take benefits from another pension plan you need to tell us as this may trigger the MPAA (money purchase annual allowance). For more information about this, see the **What about tax?** section for details.
- Once you've started taking your retirement benefits, you'll need to review these on a regular basis. This will ensure that they are still appropriate for your needs, both in the early and later part of your retirement.

## RISKS

- We cannot guarantee what you will get back at your chosen retirement date. Various factors can alter your plan value. For example:
  - Investment performance, interest rates and charges may be different to those illustrated.
  - You could stop making regular contributions or take a contribution holiday.
  - You might take some or all of your retirement benefits earlier than your chosen retirement date. If you take your benefits earlier than your chosen retirement date you should think about reviewing your investment option as it may no longer be appropriate.
  - Tax rules depend on individual circumstances and may change.
  - Investment returns are never guaranteed. This means the value of your investment can go down as well as up and you might not get back the value of the original investment.
- When you access all or part of your retirement benefits it's important that you think about your needs in both the early and later part of your retirement. It's your responsibility to ensure your retirement benefits don't run out and will last you for the rest of your life.
- You should be aware that taking a large cash lump sum could increase the amount of tax you pay. See the **What about tax?** section for details.
- You might move money from the Core Investments to the Self Investments.
- If you start your plan with a single contribution or transfer payment and then cancel it within 30 days the amount returned will be less than you paid in if the value of your investment has fallen, or if you've agreed that your adviser will receive an adviser charge payment deducted from your plan.
- If you transfer benefits from another pension plan you may be giving up valuable benefits and there is also no guarantee that your retirement benefits will be more than if you had stayed in your previous 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 take money out of the fund before your chosen retirement date. The market value reduction is applied to ensure that the amount we pay you is not unfairly higher than your share of the Royal London With Profits fund.

- Putting even small amounts into a pension plan can affect your entitlement to means-tested State benefits.
- If we receive a contribution, we may not invest it until we have all the information we need.
- If you move money from the Core Investments to the Self Investments, or if you start using Income Release, the charges applying to the Core Investments may change.
- This plan is not suitable for everyone. If you are concerned that it may not be suitable for you, contact your financial adviser.

### Income Release

The following additional risks relate specifically to Income Release.

- 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 an annuity in the future, annuity rates can change so there is no guarantee that the rates will be more favourable. This means you would receive a lower income than you expected, especially if the value of your fund has decreased.
- If there is not enough money in your Income Release Account to cover your income payments and our charges we will 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 to provide you with an income for life, cash lump sum(s) and/or tax-free cash.

We designed the plan for people who want to build up tax-efficient savings in a very flexible way. In particular, in terms of how and when they can access their retirement benefits.

Pension Portfolio has two parts: Core Investments and Self Investments.

The Core Investments consist of our own investment funds and a selection of investment funds managed by other investment companies. You must have a Core Investments part to your plan.

If you want more control over how your plan is invested or greater investment freedom, you can access the Self Investments. You can do this without having to set up a new plan. We provide details of the Self Investments arrangement in a separate **Key features of Self Investments** document.

It is possible any time after age 55 to:

- take cash lump sum(s) directly from your plan, and/or purchase a retirement income, or
- take tax-free cash and an income directly from your plan. This facility is called Income Release. For more information about this, see the **What is Income Release?** section.

### **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 withdrawing tax-free cash and an income directly from your plan.

You do not need to use your entire plan for Income Release. You decide how much to use, based on your own income requirements.

You can use Income Release any time after age 55, but you must have a minimum of £15,000 in your Core Investments.

### **How it works**

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

If you use your whole plan for Income Release, you will only have an Income Release Account. You won't have a Savings Account unless you make additional contributions to your plan.

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

If you are 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 retirement 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.

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

Income payments can be paid monthly, quarterly, half-yearly, yearly or on a one-off basis and will be taxable. For more information about this, see the **What about tax?** section for details. Whilst the income payments are not 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.

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

### **Transferring existing benefits**

If you are 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 or already have transferred a plan into a Pension Portfolio 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 are 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 for details.

If your income is 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/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. The following table shows the minimum contributions that apply to the plan.

| Contribution type     | Minimum contribution |
|-----------------------|----------------------|
| Monthly contributions | £100 <sup>1</sup>    |
| Yearly contributions  | £1,200 <sup>1</sup>  |
| Single contributions  | £2,500 <sup>2</sup>  |
| Transfer payments     | £2,500 <sup>2</sup>  |

<sup>1</sup> The minimum can be reduced to £50 per month or £600 per year if a transfer payment or single contribution in excess of £15,000 has been made to your plan.

<sup>2</sup> The minimum is waived if you are making regular contributions.

## 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 Her Majesty's Revenue and Customs (HMRC). If you're a higher rate taxpayer you can normally claim the extra relief through your self-assessment tax return.

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 earnings, whichever is greater.

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.

Regular contributions are usually made by direct debit and single contributions by cheque.

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 may 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 each year:

- at a fixed rate
- in line with the Retail Prices Index, or
- in line with your salary/earnings.

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 the contributions invested?

Your contributions, including any made on your behalf, are pooled with those made by other investors in unit-linked

funds. These are invested in a range of different types of asset, including company shares, property, bonds and cash.

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.

You can choose from a wide range of investment options; you can read about these in our **Pension and investment options** guide.

If you don't tell us how to invest your contributions we will 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 not at the chosen retirement date. We would 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 retirement date.

If you are considering investing in the Royal London With Profits fund we will 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 is 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 benefit from our success. That's why we'll aim to give your retirement savings an extra boost by adding a share of our profits to your plan each year. We've called this your **ProfitShare**.

Please note that if you opt to self invest, the self-invested part of your plan does not qualify for 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. You'll qualify for ProfitShare so long as your plan is in force on the 31 December of the previous year and on the date the award is given. The date the plan is in force is the date the first regular premium is due.

We aim to award between 0.15% - 0.25% of the value of your plan on 1 April the following year, as long as your plan is still in force. Over time, this will help to boost your retirement savings. You could get more or less than this and there's no guarantee that we'll be able to award ProfitShare every year.

We'll write to let you know what your ProfitShare award will be and we'll add it to a separate ProfitShare account within your plan in April. It will be based on the value of your plan at the date of the award and will be invested in the same investment choice as your other retirement savings to help it grow.

Any ProfitShare you're awarded will belong to you. We'll never ask for it back.

You can take the value of your ProfitShare account along with the rest of your retirement benefits any time after age 55.

If you invest in with profits, we'll work out your ProfitShare in a different way. You can find more information in **A guide to how we manage our with profits fund**. This is a customer-friendly version of our **Principles and Practices of Financial Management**.

### **What might I get when I take my benefits?**

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

### **What can I do with my plan when I take my benefits?**

Any time after age 55, you will have access to your retirement savings. You don't need to do anything immediately as your retirement savings can remain invested.

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

- take a cash lump sum which can be some or all of your retirement savings, however only 25% of what you take will be tax-free
- buy an annuity which will provide you with up to 25% tax-free cash and/or income
- use Income Release, or
- a combination of all the options.

You don't need to have stopped working to take your retirement benefits from your plan.

### **Take a cash lump sum**

You can usually take some or all of your retirement 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:

- Only 25% of the amount you take is tax free, the rest will be taxed as income.
- We need to hold a valid tax code for you; if we don't, we'll deduct tax at an emergency rate from the cash lump sum. As a result, 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. If you decide to pay more than the MPAA, a tax charge will apply.

### **Buy an annuity**

You can use your plan to provide a taxable retirement income by purchasing an annuity. Or you can normally take up to 25% of your plan value as tax-free cash in return for a smaller retirement income.

An annuity is a financial product that provides a guaranteed retirement 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 an annuity, you don't have to buy it from us. You can buy it from any annuity provider and you should shop around to find the best rates and products for you.

### **Use Income Release**

Rather than buying an annuity, you can normally withdraw tax-free cash and an income directly from your plan any time after age 55. Please see the **What is Income Release?** section 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 would prefer a guaranteed income, you can purchase an annuity at any time.

## **What happens if I die?**

We will normally pay out your plan value as a lump sum to the individuals you have nominated such as your spouse, civil partner or dependants on your death. If you agree an initial adviser charge payment with an adviser and this is still outstanding at the time of your death, we will deduct this before we pay out your plan value.

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

Alternatively, you can request that we use your plan value to provide an income for your beneficiaries such as your spouse, civil partner or dependants on your death.

## **Income Release**

The following information relates to Income Release.

If you die before age 75, the remaining value of your plan will be paid to the individuals you have nominated such as your spouse, civil partner or dependants on your death, subject to our agreement. The beneficiaries will have three options:

- leave benefits invested and take an income if they wish
- purchase an annuity
- take the remaining value of the plan as a tax-free lump sum.

If you die after age 75 and you were using Income Release, the remaining value of your plan will be paid to the individuals you have nominated such as your spouse, civil partner or dependants on your death, subject to our agreement. The beneficiaries will have three options:

- leave benefits invested and take an income if they wish
- purchase an annuity
- 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?**

We'll apply a charge for managing your plan. If you receive a service from a financial adviser, the adviser may agree an adviser charge payment in return for the services they provide. We will deduct the agreed adviser charge payment from your plan and we will then make a payment to your adviser. Your **illustration** will show the effect these charges may have on the value of your Core Investments over the term.

Full details of the charges applying to the Core Investments, including Income Release, are set out in a separate **Core Investments Charges Summary**. Please read this.

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 additional administration charge to your plan.

## **What about tax?**

Our pension investment funds are generally free of UK income and capital gains tax. However, we can't reclaim tax deducted at source from the dividends of UK company shares.

There are limits on the amount you can invest in pension plans and on the maximum value of retirement benefits that you can accumulate without being subject to a tax charge. These limits are known as the annual allowance and the lifetime allowance.

If you want to make contributions to your plan after you have taken all or some of your retirement savings you may be limited to what you can contribute and receive tax relief on. This is known as the 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. If you want to find out more, speak to your financial adviser or visit our website [royallondon.com/pensions](http://royallondon.com/pensions).

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

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

If you die, there is 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 an annuity 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 depend on individual circumstances and may change.

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

## **Income Release**

The following tax issues relate to Income Release:

Every time you allocate part of your plan for Income Release we'll carry out a test to check whether the total value of your retirement benefits exceeds the lifetime allowance. We'll also carry out another test when you reach your 75th birthday.

Any death benefits from the Income Release Account which are payable before you reach age 75 will be tax-free.

If you die after age 75 any lump sum death benefits will be added to the individual's taxable income and taxed accordingly. If income is taken instead it will be taxed at the individual's own rate of tax.

### **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 transfer to another pension plan depending on when you transfer.

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 are 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. We will then give you your contributions back. If you have taken any lump sum(s) from your Core Investments these would need to be repaid. Similarly, if you have 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.

Cancelling the Core Investments part of your plan automatically cancels the Self Investments part as well, if applicable.

If you made a transfer payment to the plan we will 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 is 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 is 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 is doing?**

We will send you a yearly statement to show you how your plan is 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 check the prices of the funds you are invested in online.

You can find out your plan value by phoning our customer helpline or you can get an online valuation at any time. Our contact details can be found in the **How to contact us** section.

To register for our online service, visit **[royallondon.com/onlineservice](http://royallondon.com/onlineservice)**

### **HOW TO CONTACT US**

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

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

- ✉ Royal London  
PO Box 413  
Royal London House  
Alderley Road  
WILMSLOW  
SK9 1PF
- ☎ 0345 60 50 050 Monday to Friday 8am – 6pm. We may record calls to help improve our customer service.
- @ [customerqueries@royallondon.com](mailto:customerqueries@royallondon.com) Please make sure you quote your plan number on correspondence, or have it to hand when you phone us.

### **OTHER INFORMATION**

#### **How to complain**

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

- ✉ Customer Relations Team  
Royal London House  
Alderley Road  
WILMSLOW  
SK9 1PF
- ☎ 0345 60 50 050 Monday to Friday 8am – 6pm. We may record calls to help improve our customer service.
- @ [customer.relations@royallondon.com](mailto: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, Exchange Square, London, E14 9SR. Telephone: 08000 234 567. Complaining to the Ombudsman won't affect your legal rights.

## **Terms and conditions**

These key features give a summary of the Core Investments within your Pension Portfolio. They don't include all definitions, exclusions, terms and conditions.

You will receive a copy of the full terms and conditions as detailed in our **Core Investments Plan booklet** after you have 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 will 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 will write to you if this happens.

Pension Portfolio is issued under The Royal London Personal Pension Scheme (No2). If you would 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 would like more information about the compensation arrangements that apply please ask your financial adviser or contact us direct.

## **About us**

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



### **Royal London**

1 Thistle Street, Edinburgh EH2 1DG

**royallondon.com**

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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