



Royal London Group Pension Scheme

Annual Report 2013

PLEASE
DON'T FORGET
- inform us of any
change in your address
or circumstances.

Thank you

RLGPS Trustee Limited

Combined Strength

Our Chairman's statement

"It was pleasing to note that in 2013 the Scheme's investments returned a healthy 9.1% and the assets increased by £113m, with our funding level improving to 103%"

Richard E Balding, Chairman of RLGPS Trustees Ltd

I am pleased to present the Annual Summary Report of the Royal London Group Pension Scheme (*"the Scheme"*) for the year ended 31st December 2013. The Scheme is a distinct legal entity managed by the Trustee (*RLGPS Trustee Limited*).

During the course of 2013 the Trustee continued to develop the Scheme's governance and investment initiatives and to prepare for the Scheme's three yearly formal actuarial review, which has now been finalised.

Financial position

The results of the Scheme's formal valuation as at 31 December 2013 showed a surplus of £60m, a funding level of 103%, compared with the assessed deficit of £72m (*97% funding level*) at the end of 2012. This is an encouraging result which reflects, in part, the ability of the Scheme to take advantage of the improvement in financial markets over the period. Further details of the valuation results can be found in the Summary Funding Statement on pages 6 and 7 of the report.

Covenant

The Trustee Directors' assessment of the strength of the Employer's Covenant is central to our management of the Scheme. It affects, in particular, the Trustee Directors' criteria for the assumptions underlying the valuation and the judgement necessary for determining an appropriate level of risk in our investment strategy.

In this context, Royal London Group reported another strong financial performance during 2013 with increased new business, profit and capital strength. This was reflected in an improvement

in its credit rating. The Company also completed the acquisition of the business of the Co-operative Insurance Society and sold its overseas business RL360°. Neither of these events has had a direct impact on the financial position of the Scheme. Further details, including a message from the Company, are included on page 7.

The Trustee Directors' assessment of the Covenant remains that it is strong. We continue to enjoy a close relationship with Royal London, who keep us appropriately informed of relevant developments and progress.

Investment developments

For some years, the Scheme has held approximately one third of assets in growth investments (*equities and property*) and two thirds in less volatile fixed interest and index-linked bonds. Whilst the time horizon of the Scheme is currently more than 50 years, the Directors have an ambition, as a direction of travel, to migrate the investment portfolio so that it will more closely match our pension liabilities. The reduction in potential volatility will be of benefit both to the Scheme and to Royal London which must stand behind the Scheme.

However, as the expected return on the matching investments is lower than that of growth investments, we will only be able to effect the desired migration over time as conservative assumptions allow surplus to emerge or as investments perform more strongly than expected.

The Trustee continued to work closely with its asset manager and independent advisers to establish a more active approach to managing investment and investment risk. We have adjusted our procedures to ensure that we can, where possible, react relatively swiftly to take advantage of market changes.

Pension increases

During 2013, those pensions with guaranteed increases were increased in line with the Scheme's Rules. Royal London awarded an increase of 2.5% to pensions in payment (*in excess of guaranteed minimum pensions*) to those pensions without guaranteed increases. As the fund was not in surplus at the time, Royal London made a contribution of £6.1m to fund these discretionary increases.

The Trustee Directors themselves have only limited power to award discretionary pension increases – specifically their power extends only to former members of the Scottish Life Officers and Directors Schemes (“SLORBS” and “SLDRBS”). The Trustee Directors considered the position with regard to the members of these Schemes and concluded that, as in 2012, no additional discretionary award would be made to them for 2013.

In December 2013, Royal London advised the Trustee that in 2014 it would award discretionary increases of 2.5% to those pensions (in excess of guaranteed minimum pensions) without guarantees.

Administration

Over the course of 2013 we continued our review of administration practices. As I noted last year, this is an extensive exercise intended to ensure that our procedures are (and remain) as accurate and efficient as possible.

Following a review of our communication strategy, during 2014 we are introducing Pensioner On-Line Access. This facility has been rolled out in the first half of 2014, with the SLORBS Pensioners from January 2014 having been first to benefit. Details of On-line Access facilities have been provided in line with the annual increase exercises for each section.

I think it is important to draw the attention of Scheme Members to the issue of “*Pensions Liberation*” which has been highlighted recently in the press. Maintaining our data also continues to be an important concern for the Trustee – keeping in touch with us is vital in order for us to effectively manage the Scheme. Please do take time to read our updates on Trustee and Member duties on pages 4 and 5. Finally, we include on page 11 a number of important updates for Members, including Members’ rights to a transfer value, changes to tax relief and an update on the potential impact of the changes to pensions announced in the Chancellor’s March 2014 budget.

Governance

During the course of the year, PwC was appointed to review how the Trustee oversees each area identified in the Scheme’s Risk Register. The resultant Assurance Map confirmed that mechanisms are in place to support the management of

the Scheme in monitoring and measuring compliance with procedures and to take action where processes appear not to be working effectively. PwC’s findings reflect the significant level of work undertaken over the last two years to establish and maintain the Scheme’s Risk Management Framework.

Trustee Directors and Advisers

I am pleased to report that during 2013 John Tovey, a long serving Director, has been reappointed as Pensioner Nominated Director.

Members will be aware that the Scheme benefits from having the Law Debenture Pension Trust Corporation PLC as an Independent Member on its Board. For a number of years, Law Debenture has been represented by Richard Main, an experienced independent trustee who has contributed greatly to the work of the Trustee Board. Richard retired from Law Debenture in April 2014. Also in May, Victoria Muir, an Employer Nominated Director, resigned from the Board. I would like to thank Richard and Victoria for their valuable contribution to the management of the Scheme. We welcome Andrew Parker as Law Debenture’s new representative on the Board.

Year ahead

During 2014 we will continue our work to maintain and further enhance the governance and investment structures for the Scheme. However, our main focus for the first half of 2014 has been completion of the Scheme’s formal three year actuarial valuation.

As always, I would like to take this opportunity to thank all your Trustee Directors, the Royal London Director of Staff Pensions and her team, and our advisers for their conscientious work on behalf of the Members over the last year.



Richard E Balding
Chairman of RLGPS Trustee Ltd
July 2014

Introduction

This report provides a summary of the Scheme’s developments during the year 2013.

For background information and references, which remain largely unchanged from year to year, please refer to “*A Guide to the RLGPS (revised 2010)*”, available at the website link given below. If you require a hard copy please contact the Scheme’s administrators, who will be happy to send you one.

This report, the guide and the Annual Report and financial statements are also available on the Royal London Group website under **Corporate Governance** or follow the link below:

www.royallondon.com/about/annual-reports/2013annualreport

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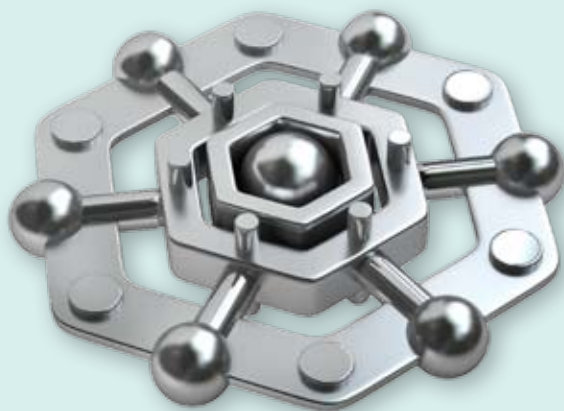
The Trustee Board

The role of the Trustee Director

The Trustee Directors are responsible for the proper running of the Scheme - from the collection of contributions to the investment of assets and payment of benefits. Their role is fiduciary, which means:

- Acting in the best interests of the Scheme's beneficiaries (*i.e. members, prospective members, dependants and in some respects the sponsoring employer*)
- Acting impartially and fairly (*i.e. considering the interests of all beneficiaries in reaching decisions*)
- Acting prudently, responsibly and honestly
- Making sure that the Trust is operated in accordance with its documentation (*the Trust Deed and Rules*)

The Trustee Board typically meets formally four to five times a year to consider the Scheme's business.



The combined and varied skillsets of the Trustee Board and Advisers, creates a strong, connected, protective team



Richard Balding FCII, (67)

Appointed Chairman of the RLGPS Trustee Board in January 2004. Richard was previously Chief Executive Officer of United Friendly and a Trustee Director of UFGPS since 1980 and Chairman of the UFGPS Trustee from 1985.



John Tovey BSc, FIA, (66)

Appointed to the RLGPS Trustee Board in January 2004 as an Employer Nominated Director. Following his retirement from the company, he was appointed Member Nominated Director for pensioners in June 2006 and re-appointed from January 2008, 2010 and 2014. John was previously a trustee of RLSPF from 1994 to 2003, becoming Chairman in April 1996 until the end of 2003.



Ewan Smith FFA, (51)

Joined the RLGPS Board on 25 April 2012 as a Member Nominated Director. His initial role was MD of Royal London's pension business division, but he has been recently appointed as Director of Strategy & Proposition for Royal London Intermediary.



Victoria Muir BSc MSc Cert IoD, (43)

Joined the RLGPS Board on 24 May 2012 as an Employer Nominated Director. Victoria is a Chartered Director and Head of Client Account Management for Royal London Asset Management Limited.

Resigned from the Board on 2 May 2014.



Samantha Blackie BSc, (44)

Appointed to the RLGPS Board as an Employer Nominated Director from 1 March 2013. Samantha joined Royal London in January 2012 as the Group People and Corporate Affairs Director. She has previous experience of the trustee role from her involvement with a former employer's pension scheme.

Changes to the Trustee Board

As mentioned in the Chairman's Statement (*page 3*), Richard Main has resigned as a Trustee Director, and the Company has nominated Andrew Parker in his place.



Richard Main MBA, BSc, ACIS, FPMI, (61)

Joined the RLGPS Trustee Board in June 2009 as the representative from Law Debenture (*the independent Corporate Trustee Director*) who were appointed to the RLGPS Trustee Board in 1995. Richard has been a director of Law Debenture for more than 10 years.

Retired from the Board on 31 March 2014.



Andrew Parker LLB Solicitor (54)

Joined the RLGPS Board in April 2014 as the representative from Law Debenture. Andrew has been a director of Law Debenture since 2013, and prior to that was Group Company Secretary at BT Group plc and a trustee director of the BT Pension Scheme.

Please also note that Victoria Muir resigned as a Trustee Director on 2 May 2014. Her replacement on the Trustee Board will be included in next year's report.

Director of Staff Pensions

The Royal London Director of Staff Pensions works closely with the Trustee Board to consider the strategy for managing the Scheme and to implement the Board's decisions.



Rachel Elwell MA, Dip Stat, FIA, (39)

Rachel joined Royal London in February 2011 after 15 years as a consulting pensions actuary in a professional services firm working with a wide range of pension schemes and sponsors. Her particular expertise is in governance and risk management.



Introducing Andrew Parker, your new Trustee Board member

Q: When did you become a member of the Trustee Board?

A: I was appointed to the Trustee Board in April 2014 on the retirement of Richard Main.

Q: What is your professional background and experience?

A: I am a qualified lawyer. I trained and practiced in private practice in the City before joining BT Group where I worked for 24 years in a series of legal, governance and regulatory roles. Latterly, I worked as general counsel of two of the operational divisions, and then as Group company secretary from 2008 to 2012. In that time, I was a company nominated trustee director of the BT Pension Scheme, one of the largest private pension schemes in the UK. In addition, I chaired the Administration and Communications committee.

Q: What is your experience with pension schemes?

A: As a director of Law Debenture I am involved with a number of pension schemes across a variety of industries, four of which I chair, and have been appointed to one of these by the Pensions Regulator. At the BTPS I was involved in creating an executive function for the BTPS, in detailed administration arrangements with third party suppliers, and, in the case brought to the High Court, on the scope and extent of the Crown Guarantee granted on BT's privatisation. I very much hope to bring this breadth of experience to bear on the work I do for the RLGPS.

Q: Lastly, what do you enjoy doing in your leisure time?

A: When not immersed in the world of pensions, I follow rugby union quite closely, enjoy gardening, and walking my dog. I play golf badly, and appreciate walking in the countryside with my wife and family. When time permits I like to travel, especially to far away destinations like Australia and the west coast of the US.

Your obligations as a Member

Help us to help you

- It is really important that you keep the Trustee advised of your current address and any change in your personal details. If your benefits cannot be paid on time, there is a risk you could miss out on the option to take part of your pension as a tax free lump sum. Details of whom to contact about changes to your details are on the back page.
- Save paper and help to reduce the Scheme's printing costs. If you would like to receive future reports via e-mail then let us know at www.royallondon.com/rlgpsregister
- Provide feedback to Staff Pensions on this report. Is there any information about the Scheme that would be useful to you as a member? Let us know via email at staffpensions@royallondon.com
- For pensioner members take advantage of our new on-line service, ePA, to review your payment information and keep up to date with current issues that may affect you (see *below*).
- Avoid any strain on your family's finances. It is important that the administrators are notified of the death of a pensioner promptly. As well as setting up any dependents' benefits, the Trustee has to recover any overpayments that may have been made after a pensioner's death. Make sure your family know who to contact.



Without doubt, moving house is one of the most stressful times of your life. Trying to remember everything is hard, but it is really important to keep the Trustee advised of any change in your address.

On-line information for Pensioners

Pensioner members can now access details about their pension on-line.

The web-based tool allows pensioners to see their on-line payslip each month as well as providing other useful information.

To access, you should have received log-in details from the Trustee's administrators, Towers Watson. If you have not, then please email:

royallondongroup@towerswatson.com



Summary funding statement

Each year, the Scheme Actuary carries out a formal assessment of the Scheme's financial position, with a full actuarial valuation being carried out every three years. The results compare the value of the Scheme's assets with the amount required to pay members' benefits (*the Scheme's 'liabilities'*). The calculation of the Scheme's liabilities requires assumptions to be made - for example, how long people might live, future investment returns and inflation rates.

There are different types of assessments depending on their purpose, including ongoing, discontinuance, and various statutory requirements such as the basis for calculating contributions to the Pension Protection Fund. The results of these assessments will differ, chiefly due to the varying investment return assumptions under each. The

The valuation indicated the Scheme's assets were in a strong position - in surplus of the amount needed to cover liabilities.

Financial assessment					
Year	Assets (excluding AVC's)	Liabilities	Surplus (Deficit)	Funding level assessment	
				Ongoing	Discontinuance
	£ million	£ million	£ million	%	%
31 Dec 13	2,155.8	2,095.5	60.3	103	72
31 Dec 12	2,042.0	2,113.8	(71.8)	97	69

financial position of the Scheme was assessed on 'ongoing' and 'discontinuance' bases at a formal actuarial valuation as at 31 December 2013 (*with December 2012 shown as a comparative*).

The assets and liabilities referred to throughout this section of the report exclude any assets backing benefits secured by additional voluntary contributions (AVCs) paid by Scheme Members. The liability valuations also exclude any allowance for advance funding for future discretionary pension increases.

Ongoing assessment

The ongoing assessment assumes that the Scheme will continue to be supported by a strong Sponsoring Employer in the future and therefore adopts investment assumptions based on prudent expected long-term returns. It is used to determine, for the "Schedule of Contributions", the level of any contributions Royal London should make in the future.

As stated above, the most recent formal actuarial valuation was undertaken as at 31 December 2013. The results of the valuation indicated that, on the ongoing basis, the Scheme's assets were in surplus of the amount needed to cover the liabilities accrued to the valuation date. The surplus was £60 million, a funding level of 103%.

The Scheme Actuary's estimated financial assessment of the Scheme as at 31 December 2012 showed, on the ongoing basis, a deficit of £72 million, representing a funding level of 97%. The improvement in the Scheme's funding position between

31 December 2012 and 31 December 2013 was principally driven by improvements in equity markets.

In previous discussions with the Company, the Trustee has agreed to Royal London's proposal to remove allowance for advance funding for future discretionary pension increases. In consequence, Royal London is required to make payments to fund any discretionary increases that the Company may decide to award should the Scheme be in deficit at that time.

Discontinuance assessment

The discontinuance assessment is based on a conservative investment strategy that the Trustee might adopt if Royal London became insolvent and unable to support the Scheme; or if Royal London decided to discontinue its involvement with the Scheme. In the latter case, the Company would be required to provide substantial funds sufficient to eliminate any discontinuance deficit. Under either scenario, no further benefits would be accrued and no more regular contributions would be paid. The assessment assumes no further discretionary pension increases.

If the Scheme were to be discontinued, one option would be for the Trustee to seek to buy insurance policies with an insurance company, which would then become responsible for paying Members' benefits. This is known as a buy-out. The Scheme Actuary has estimated that on this basis, at 31 December 2013 the Scheme had a deficit of around £840 million and enough money to provide around 72% of members' guaranteed benefits (*excluding provision for any future increases which were not*

guaranteed). The position has improved since 31 December 2012, when the Scheme Actuary estimated that assets would cover around 69% of the guaranteed liabilities, representing a shortfall of around £921 million. This improvement is due to strong asset performance.

The Trustee is required by law to provide you with information on the Scheme's discontinuance position. It does not imply that there is any intention, on the part of either Royal London or the Trustee, to discontinue the Scheme.

Royal London's responsibilities and security of Members' benefits

Royal London is responsible for ensuring that the Trustee is in a financial position to honour the benefit promises made to Scheme Members by the Company. Provided Royal London remains solvent, it is required to maintain the funding of the Scheme, and Members' guaranteed benefits may not be reduced.

In the event of Royal London becoming insolvent without sufficient funds to meet a prescribed test, the Pension Protection Fund (PPF) might take over the Scheme and pay compensation to Members. However, the PPF would not cover all the benefits provided by the Scheme.

Further information can be found on the PPF website at: www.ppf.gov.uk

Payment to Royal London and Regulator actions

In compliance with legislation, the Trustee is able to confirm that:

- there has not been any payment to Royal London out of the Scheme's funds in the previous twelve months;
- the Scheme has not been modified by the Regulator; and
- no directions or Schedule of Contributions have been imposed on the Scheme by the Regulator.

MESSAGE FROM ROYAL LONDON

Royal London as a responsible sponsor of the Scheme

Royal London has performed well in 2013. During the year the EEV (*European Embedded Value*) profit before tax and dividend, the most meaningful measure to Royal London, increased to £551m (2012 £320m) for continuing operations. This represents one of the strongest profit performances in the recent history of the Group.

Royal London's excess regulatory capital surplus increased considerably from £2,374m to £2,749m.

The acquisition of the Co-operative Insurance Society Limited (CIS) and its subsidiaries and The Co-operative Asset Management Limited (TCAM) was completed during 2013, and good progress has been made in their integration with Royal London's existing business. Part of this includes separation activity from The Co-operative Banking Group (CBG), particularly in relation to information technology systems. The Royal London Group's capital strength has been improved by this acquisition.

By increasing its scale and focus on its core UK and Irish markets, Royal London can become more efficient and keep its customers at the heart of its operations. With this in mind, in 2013, Royal London disposed of its offshore savings, investments and protection business, Royal London 360° (RL360°). Significant investments in the strategic development of its business will make Royal London more competitive in its chosen markets, open up new revenue channels for the Group and ensure a top quality provision of service for their customers.

Introducing Royal London Group's new branding - 'Strength in Everyone'

Over the next few years Royal London aims to

raise its profile. To maximise impact, the Company recently undertook a thorough rebranding exercise, created a new logo and will become the headline sponsor of England's one-day cricket at international, county and recreational levels from 2014.

You may have already seen our new TV commercials or passed one of the many outdoor advertisements. The new campaign illuminates our founding principle to help people help themselves, to see the best in everyone and celebrate the more quirky side of British life. 'Strength in Everyone' captures a genuine spirit of unity, community and generosity.

It is an exciting time at Royal London and the Company and Trustee are looking forward to working together to maintain our strong links. Watch out for a new look and feel to the RLGPS summary report next year!

Further information about Royal London Group can be found on our website at: www.royallondon.com



Summary of Scheme experience in 2013

The summary information about experience in 2013 shown here provides further background to the Summary Financial Statements and the explanatory notes on page 9.

Scheme Membership

The overall Membership of the Scheme has continued to reduce during the year as the Scheme matures.

Member Category	31 Dec 13	31 Dec 12
Active Members	1,084	1,192
Deferred Members	12,104	12,478
Pensioner Members	8,543	8,414
Beneficiaries	2,196	2,245
Life cover only Members	1,479	1,437
Total	25,406	25,766

Contributions paid

Royal London and active Members paid contributions to the Scheme in 2013 as provided in the approved Schedule of Contributions. The amounts, together with the 2012 comparators, are shown in the table below.

	31 Dec 13 £'000	31 Dec 12 £'000
Active Members' contributions	1,999	2,179
Royal London contributions	12,140	13,246
Total	14,139	15,425

Contributions received decreased in 2013 by £1.3 million mainly due to a reduction in the number of active Members.

(Right) Graphic to demonstrate the global reach of the Scheme. Areas made in teal green are the places around the world where you will find RLGPS Members.

Pension increases

Since the last annual summary report, pension increases have been awarded to all pensioners reflecting the provisions of the Scheme's Trust Deed and Rules. Discretionary pension increases were awarded by the Sponsor, Royal London, to membership categories not covered by guarantees. Members in receipt of a pension will have been notified individually of their increase.

Pension benefits increased by £2.1 million due to pension increases during 2013 and an increase in the number of pensions in payment.

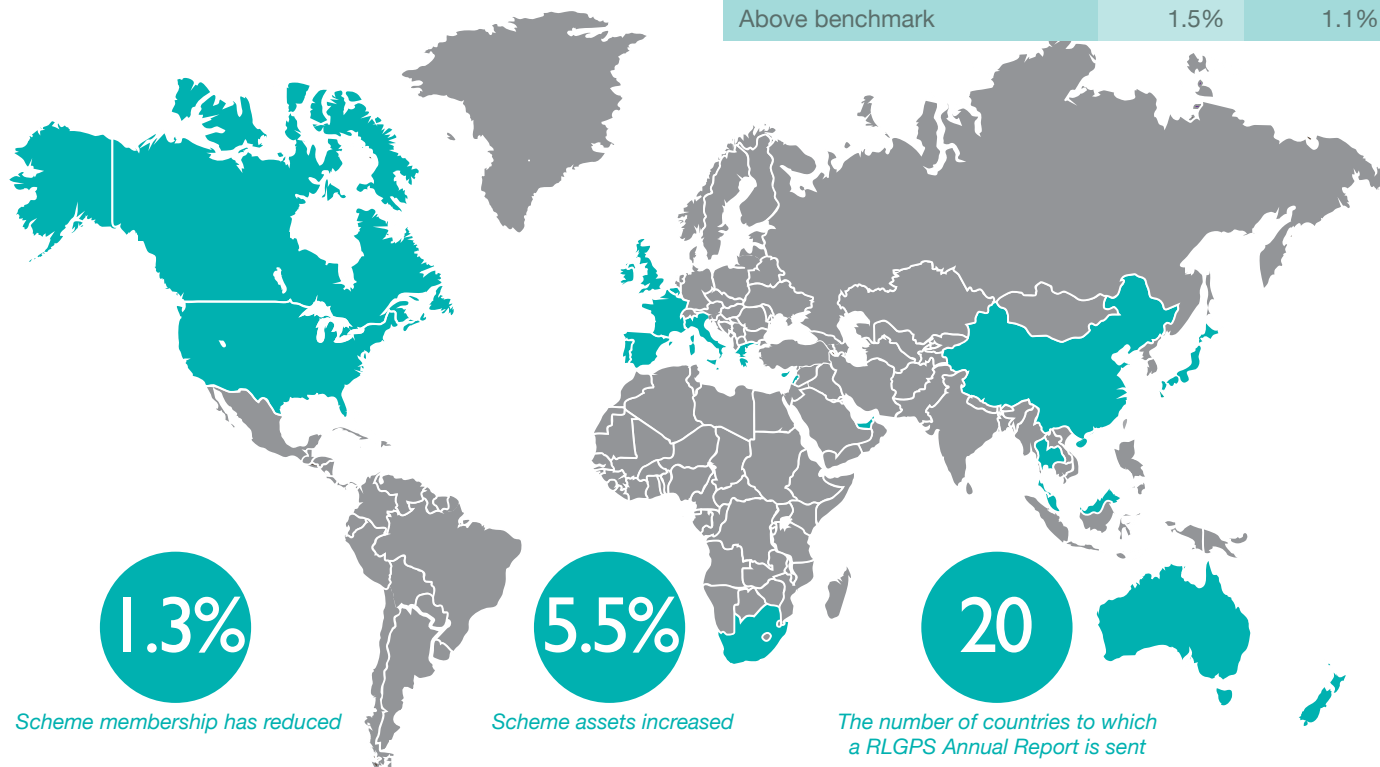
Scheme investments

During 2013 the value of the Scheme's assets, including Additional Voluntary Contributions (AVCs), increased by £113.4 million to £2,158.7 million from £2,045.3 million.

The Scheme's investments performed well during 2013, achieving a return of 9.1%, 1.5% above the benchmark.

The investment manager 'RLAM' has continued to perform above the benchmark including the three year performance which was 0.6% per annum above the benchmark.

	Year to 31 Dec 13	Year to 31 Dec 12
RLGPS Performance (RLAM)	9.1%	10.1%
Benchmark Performance	7.6%	9.0%
Above benchmark	1.5%	1.1%



Investment income increased by £3.0 million largely due to a change in investment strategy to invest in high yield bonds with a reduction in lower yielding investment grade corporate bonds and equities.

The Scheme's investment asset allocation is shown on page 10.

Summary financial statements

The tables (*opposite*) are a summary of the figures shown in the 2013 Annual Report and Financial Statements of the Scheme, which were independently audited by PricewaterhouseCoopers LLP. The audit report was unqualified and the auditor's statement about contributions to the Scheme was also unqualified.

AVCs are not included in the asset figures used in the funding position assessments provided on pages 2, 6 and 7.

You can find the full annual report and financial statements along with this report and the guide on the Company website:
www.royallondon.com/about/annual-reports/

Summary of annual audited financial statements

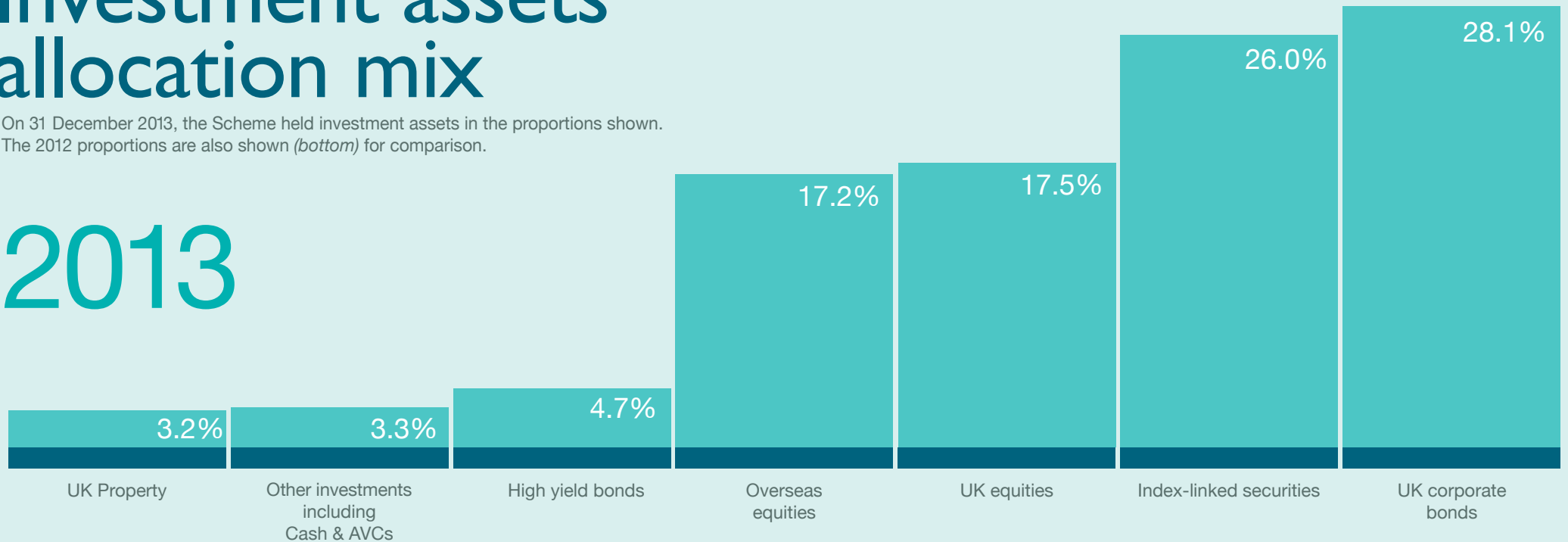
Fund account	2013 £million	2012 £million	
Contributions received	14.2	15.5	Contributions paid by employees and Royal London.
Investment income	68.7	65.7	Income from investments, less investment expenses.
Total income	82.9	81.2	
Pension benefits	(76.2)	(74.1)	Pensions and other benefits paid out to Members and dependants.
Payments to leavers	(4.4)	(5.2)	Amounts paid out of the Scheme either as refunds of contributions or transferred to other schemes.
Expenses	(2.6)	(2.7)	Administration and other fees required for general management of the Scheme.
Total expenditure	(83.2)	(82.0)	
Change in investment market values	114.1	124.0	
Increase in fund in the year	113.8	123.2	Total of income less expenditure plus change in investment market values.
Net assets of the Scheme at the beginning of the year	2,045.3	1,922.1	
Net assets of the Scheme at the end of the year	2,159.1	2,045.3	Value of the Scheme at the beginning of the year plus increase in funds in the year.

Assets			
Investment assets	2,159.2	2,045.3	Amount held in long-term investment assets.
Current assets	2.1	1.7	Amount owed to Scheme on a short-term basis.
Current liabilities	(2.2)	(1.7)	Amount the Scheme owes on a short-term basis.
Net assets of the Scheme at the end of the year	2,159.1	2,045.3	Investment assets plus current assets less current liabilities.

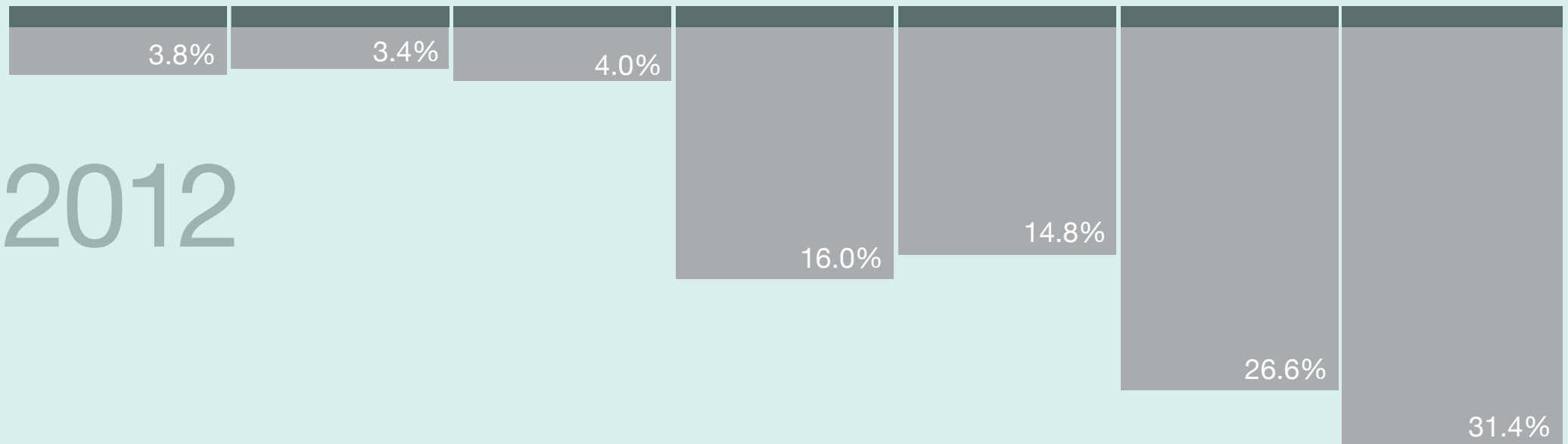
Investment assets allocation mix

On 31 December 2013, the Scheme held investment assets in the proportions shown. The 2012 proportions are also shown (*bottom*) for comparison.

2013



2012



Latest pension news

Budget 2014

In March this year the Government announced a number of pension reforms targeted at people who are saving for their pension. These changes may have an impact on the options available to Members. With effect from 27 March 2014 the trivial commutation lump sum limit increased from £18,000 to £30,000. This option is only available from age 60. Also the amount of guaranteed income needed in retirement to access flexible drawdown was reduced from £20,000 a year to £12,000 a year. The Scheme itself does not offer flexible drawdown.

The Government is holding a consultation, regarding proposals from April 2015, to allow those who retire after age 55 to decide whether they wish to take the whole, or part, of their defined contribution pension pots as a lump sum. Part of this would be tax free (*usually around 25%*) and the other part would be taxed at the marginal tax rate. Members may be able to take advantage of the new drawdown facilities by transferring to a suitable defined contribution arrangement.

These provisions are not yet in legislation and there may be changes before they are finally implemented. Please note the Government is considering a number of changes, one of which may be the removal of the right to transfer from a defined benefit scheme, such as RLGPS, to a defined contribution scheme. Any decision to transfer to a defined contribution arrangement should be considered very carefully, as it cannot be reversed and it is important to seek professional advice.

Tax relief on pensions is changing

From 6 April 2014 the Government changed the restrictions to the tax relief associated with pensions.

- The Annual Allowance (AA – *the maximum contribution or value of benefits accrued in any one year*) reduced from £50,000 to £40,000. There will continue to be a three year carry forward rule that allows a member to carry forward unused annual allowance from the last three tax years, thus potentially allowing contributions to be made in excess of the £40,000 allowance.

- The standard Lifetime Allowance (LTA – *the maximum amount of pension savings an individual may have from all their registered pension schemes*) reduced from £1.5 million to £1.25 million from 6th April 2014. Any pension saving in excess of the lifetime allowance will be subject to the Lifetime Allowance Charge: 55% where the excess is taken as a lump sum and 25% (*payable in addition to income tax*) where the excess is taken as pension.
- As a result of the LTA reducing to £1.25 million, individuals whose pension savings are expected to be more than £1.25 million could apply for 'Fixed Protection 2014' or 'Individual Protection 2014' which will effectively mean they can take pension savings worth up to £1.5 million without paying the Lifetime Allowance Charge. The deadline for FP2014 was 6 April 2014, but there is still the opportunity to apply for IP2014.

See www.gov.uk/government/publications/pensions-individual-protection-2014.

Protect your pension

Pension scheme members are being warned to steer clear of offers that claim to be able to provide loans or release tax-free cash from people's pension pots before they reach age 55.



For the best advice on security for your pension, please visit the website: www.thepensionsregulator.gov.uk

As stated last year, the Pensions Regulator had detected an increase in these offers, and urges members to not be taken in by website promotions, cold-calls or adverts encouraging them to transfer their existing occupational or private pension to a new arrangement in order to access a cash payment or loan.

Legislation is being introduced to give HMRC new powers to tackle this growing threat. The changes, which took effect from 20 March 2014, will prevent pension liberation schemes being registered, plus make it easier for HMRC to de-register such schemes. Further changes will be introduced from 1 September 2014 which require the scheme administrator to be a fit and proper person and, if an individual surrenders rights under a registered pension scheme, the value of what is surrendered will be treated as an unauthorised payment.

Members' right to a transfer value

Subject to the restrictions noted above, deferred members have a statutory right to transfer their scheme pension to an alternative approved pension arrangement. This right expires one year before reaching Normal Pension Age, which is defined as the first point at which a member has the right to take an unreduced pension.

In some circumstances the Trustee may consent to provide a transfer in the year before Normal Pension Age, but there are certain differences in the terms, such as the absence of a three month guarantee on the quotation. If you are in this situation, you should ask the Scheme's administrator for further information, but note that Trustee consent is not guaranteed.

Once you have passed your Normal Retirement Date it is not usually possible to transfer to an alternative arrangement and therefore you must speak with the Scheme's administrator before reaching this date if you wish to take a transfer. You should seek independent financial advice before proceeding with a transfer.

Changing address?

Should you be changing your home address, contact details or banking arrangements in the foreseeable future then it is of the utmost importance that you inform us here at the Scheme.

Also, as and when required, if you would like to make changes to any expression of wishes for the distribution of death benefits then please contact:

Pensioner or deferred members:

Towers Watson
1 Wellington Place,
Wellington Street,
Leeds LS1 4AP

Tel: 0113 394 9307

Email: royallondongroup@towerswatson.com

Active members:

Royal London Staff Pensions Team
Royal London House,
Alderley Road,
Wilmslow,
Cheshire SK9 1PF

Tel: 01625 605106

Email: staffpensions@royallondon.com

This communication is environmentally friendly

It has been printed on paper which was produced using 100% de-inked, post-consumer recovered fibre at a mill that has been awarded the ISO14001 certificate for environmental management. The pulp is bleached using an elemental chlorine free process. It has also been produced using vegetable based inks.



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RLGPS Trustee Limited

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