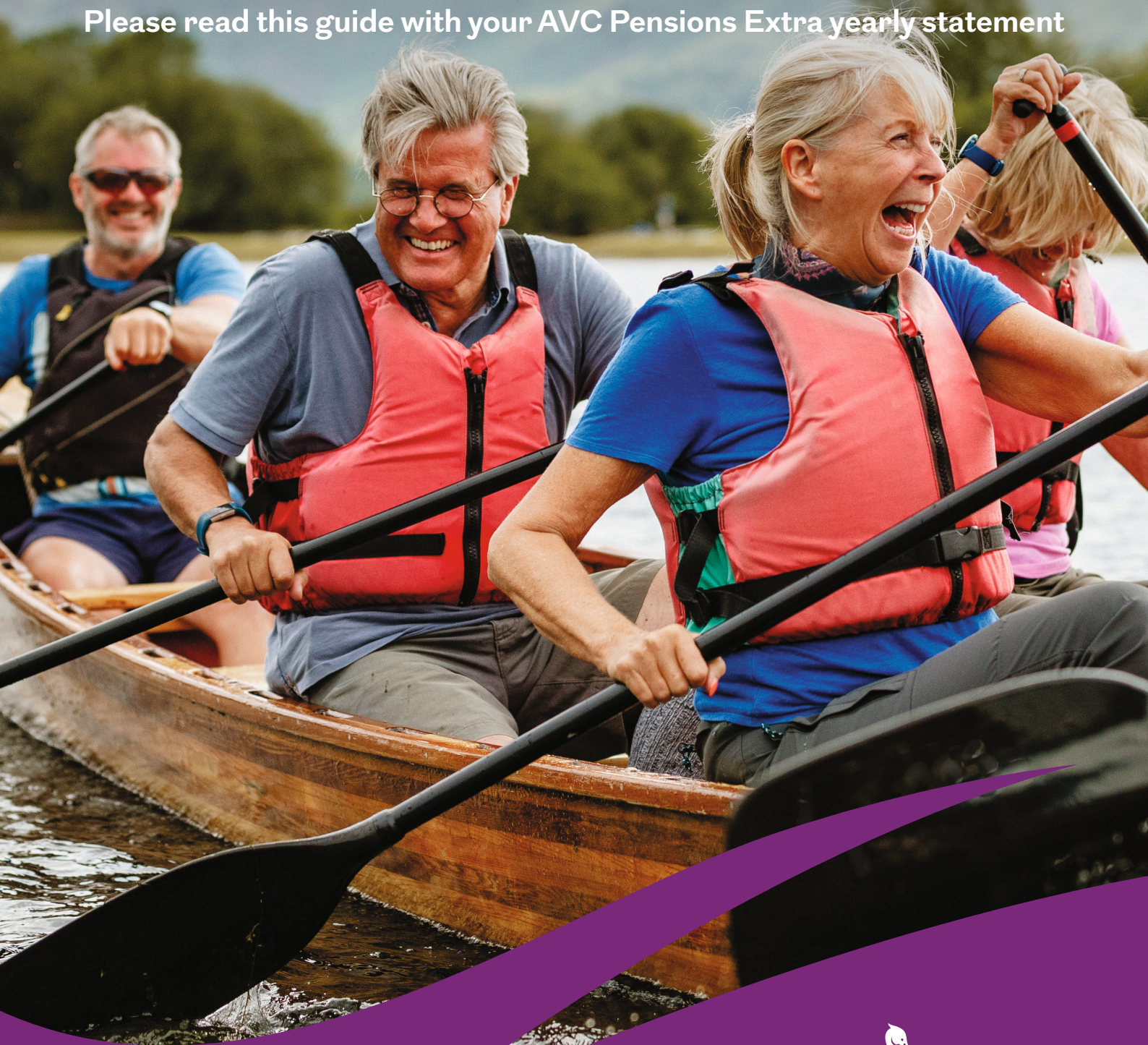


Understanding your AVC Pensions Extra Yearly Statement

Please read this guide with your AVC Pensions Extra yearly statement



Introduction

This guide is designed to help you get the most from your yearly statement. It explains the terminology used in the statement and provides some background on how your pension plan works. If you have any questions that are not covered or if any of your personal details have changed including your name or address, please contact your scheme administrator. Contact details are provided on the last page of your yearly statement.

Questions and answers

What is an AVC Pensions Extra Plan?

It's a with-profits pension plan that helps you build up your pension savings in a tax-efficient way. It operates alongside your company pension scheme to provide for your retirement.

What is a with-profits plan?

It's a type of insurance plan that lets you share in the profits and losses of the RLCIS OB & IB Fund, referred to here as the with-profits fund. Payments to your AVC Pensions Extra Plan are grouped together with those of other with-profits planholders and invested in our with-profits fund. You receive your share of the profits and losses in the form of bonuses which we may add to your plan.

Also, your plan contains guarantees on the amount of money available to provide your AVC benefits. So, for example, if the stock market falls heavily before the pension date shown on your statement, you'll receive at least the guaranteed benefits at that time.

What guarantees do I have?

At your pension date we guarantee to provide the Minimum Plan Value, which is made up of the Basic Plan Value plus all the annual bonuses that we've added. We'll do this provided you don't stop or reduce your payments before reaching your pension date. If you don't maintain your payments we'll recalculate your Minimum Plan Value to reflect this. We'll pay the Minimum Plan Value on your pension date even if the stock market falls heavily before your pension date.

We've included your Minimum Plan Value on page 2 of your statement.

What is the Basic Plan Value?

The Basic Plan Value is a guaranteed amount payable on your pension date. We calculate it by making assumptions about the number and size of payments you'd make, and also make an allowance for charges and future investment growth.

If you make a one off payment or increase your regular payments we create another Basic Plan Value calculating the value in the same way.

How are bonuses set?

We set bonuses so that payouts represent a fair share of the with-profits fund allowing for 'smoothing'. By smoothing we mean we hold back some of the profit made when investment returns are good, so that we can increase returns

at a later date if investment returns are lower, giving a more stable return.

Your bonuses vary according to the investment returns achieved by the fund, the level of plan guarantees, the charges that we make and how we smooth payouts.

There are different types of bonus:

- Annual bonus, which may be added to plans each year, and
- Final bonus, which may be added when a claim is made.

Annual bonuses

We set annual bonuses on 1st April each year. These bonuses pay out part of the profits of the with-profits fund. In some years, we may not pay an annual bonus.

Annual bonuses are calculated as a percentage of the Basic Plan Value, plus a separate percentage rate that is applied to the existing annual bonuses already applied. Your latest annual bonus values are included on 'your yearly statement'.

Final bonuses

A final bonus may be added at the date of claim so that the payout on your plan more closely reflects what we consider to be a fair value. It represents your share of the profits and losses arising over the lifetime of the plan which haven't already been distributed as annual bonuses. Final bonuses are not guaranteed and may go up or down.

Distribution of estate

We aim to distribute the estate of the with-profits fund to relevant policyholders fairly over time. By 'estate', we mean the amount by which the investments of the with-profits fund are greater than the guaranteed benefits and bonuses already promised to policyholders. As in recent years, we have distributed some of the estate to policies that claim by declaring final bonus rates above what they otherwise would have been.

Is my Minimum Plan Value affected by investment conditions?

The Basic Plan Value and any annual bonuses quoted make up the minimum plan value payable when you reach your pension date shown on your statement. It applies irrespective of future investment conditions, provided that you continue to make payments at the same level up to your pension date.

The transfer value and the value that we'll pay if you take benefits earlier than your pension date are not guaranteed, and vary to a large extent in line with investment conditions. The method we use is designed to ensure that such benefits represent a fair share of the assets of the with-profits fund. Due to the nature of your policy being with-profits, we try to smooth out variations in investment returns year on year so that your policy is less affected by the ups and downs. However the amount payable on transfer or if you take your benefits earlier than your pension date could still go down if investment returns fall.

When can I take my pension?

Usually, you can only take your plan value at the same time as you take your company pension scheme benefits. If you want to take them at a different time or you want to transfer, your scheme administrator will be able to give you more information. You can find their contact details at the end of your statement.

What benefits will my plan provide?

When you're thinking about taking benefits from your pension pot you'll be able to decide on the exact format of those benefits. Depending on your company pension scheme you may be able to mix and match from the following options:

- Using your pension pot to provide a lifelong, regular pension income. This income could increase in line with inflation or could stay constant. You could also choose to provide an income for your spouse if you die before them or could just have an income paid whilst you're alive.
- Taking some or all of your pension pot in one go as a single lump sum. A quarter of your pension pot can usually be taken tax-free and the rest will be taxed as earned income.
- Investing your pension pot in a drawdown product so you can take it more flexibly. For instance as a number of lump sums or as an adjustable regular income.

What will I get if I take my pension benefits before my pension date?

If you decide to take benefits from your plan before your pension date we'll calculate a fair plan value by taking into account factors such as our expenses and investment returns. We'll also allow for smoothing of the investment returns.

The Basic Plan Value plus annual bonuses are guaranteed only if you take benefits at the pension date shown on your statement.

More information on the with-profits fund

You can view and download the following documents from our website at royallondon.com/PPFM

'**The RLCIS OB & IB Fund PPFM**' which is a technical document that explains in detail the way we manage the with-profits fund.

'**AVC Pensions Extra Guide**' which is a plain English guide to the key points of the PPFM. You can find this under the '**RLCIS Guides**' section of the web page.

'**The Directors' report on compliance**' which is the most recent report about how we have complied with the PPFM.

You can also ask us to send you copies of these documents by calling us.

PPFM changes

There have been a small number of updates to PPFM Practices to refine our bonus setting methods and to improve clarity.

I am making pension payments. What should I do if I wish to change my payments?

Your yearly statement contains details of the payments that you are currently making to your AVC Plan each month/week. If you would like to change your payments, please contact your pension scheme administrator or your employer's payroll department.

Investments

How are my payments invested?

Your payments, together with other with-profits policyholders' money, are invested in the with-profits fund.

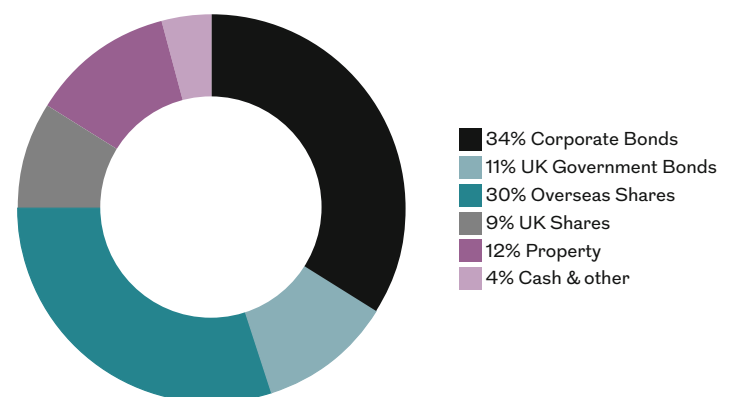
We invest in a wide range of assets, comprising UK and overseas shares, government and other bonds, property, cash, alternative and other investments. We hold a wide range of assets so that there is less risk to the value of the fund than if we invested mainly in a single type of asset, which may do very well or very badly.

Investing responsibly

Driven by our Purpose, we look to act and invest responsibly. Visit royallondon.com/responsiblebusiness to find out more about our approach to investing responsibly, as well as our climate commitments, and our stewardship and sustainability reporting.

The chart below shows the different types of assets we held as at 31 December 2025, for with-profits policies such as yours. The asset mix can vary over time.

Asset Mix as at 31 December 2025



Notes

What you might get at your pension date

The figures given in the illustration on the first page of your yearly statement are only examples and aren't guaranteed. We've prepared the figures using standard assumptions required by law.

Among other things, your final pension will depend on:

- when you actually start to take benefits from your pension pot
- the actual payments into your plan
- the way your plan is invested, and the investment growth it achieves
- how much it costs to buy a pension when you start to take benefits from your pension pot
- the type of pension income you buy, whether it increases each year, and whether it provides a spouse's income when you die.

The general assumptions we have made about your future:

- that if you're still paying you'll continue making payments at the same level until your pension date
- we've allowed for the actual performance of your plan up to 31 December 2025. We've assumed that in future the value of your investments will grow by 4.0% every year and inflation will be 2.5% every year
- you'll buy a pension that won't increase in value each year
- you will buy a pension income that's payable monthly in advance from your chosen retirement date and for the rest of your life
- on your death, we won't pay an income to any of your dependents unless you die within 5 years of taking your income. In this case, we'll continue to make payment to your estate for the remainder of the 5 year period
- you won't take a lump sum when you start to take benefits from your pension pot. However, you may be entitled to take some or all of your pension pot as a lump sum. Please contact the Trustees of your pension scheme for more information
- you'll take a taxable yearly income for life that won't be paid to your dependants after your death and the income won't increase each year.

Our assumptions reflect the income choices made by the majority of customers, but you'll have other options to take your pension savings.

What actually happens may vary considerably from the assumptions we've made and so your future pension may be significantly different from the amount shown on page 1 of your statement. **You should consider getting further information from the Trustees of your pension scheme or the Trustees' representative before you review your pension arrangements – see the contact details on your statement.**

**We are happy to provide your documents in alternative formats such as
braille, large print and audio.**

**Please call us on 0345 605 7777. Lines open Monday to Friday 8am-6pm
(excluding bank holidays).**



Royal London
Churchgate House, 56 Oxford Street, Manchester, M1 6EU
royallondon.com

The Royal London Mutual Insurance Society Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. The firm is on the Financial Services Register, registration number 117672. Registered in England and Wales number 99064. Registered office: 80 Fenchurch Street, London, EC3M 4BY.