

# AXA UK Group Pension Scheme – 2008 section: Changes to your investment options

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# What we'll cover

- How the scheme works
- Why we are making the changes?
- What are your retirement options from April 2015?
- Annuities and income drawdown explained
- What are the key investment changes?
- What support is available to you?
- Your 'to do' list
- Q&A

# How does the Scheme work?

WHILE YOU ARE WORKING AND SAVING

AXA CONTRIBUTES...

£%



...AND YOU DO TOO

£%

The government allows you to pay less tax and NI on what you pay

WHEN YOU RETIRE

At retirement you can take up to 25% as a tax free (currently) cash lump sum



The remainder is used to provide you with an income

# Why are we making changes?

- 2014 Budget announced new retirement flexibilities
  - From 6 April 2015 you can...
    1. Still buy an annuity (now optional)
    2. Take your entire Personal Account as a cash lump sum (75% of which is subject to income tax)
    3. Keep your money invested and withdraw a retirement income from it (Income Drawdown)
  - Guidance service on approaching retirement

# Why are we making changes?

- Trustee and Company desire to make the scheme even better
  1. Give greater flexibility for our members by introducing a new Drawdown Lifecycle Strategy
  2. Changing some of the Scheme's funds so that they offer the best possible value for money and potential performance growth.
  3. Increasing the fund choice by introducing some new funds to our Freechoice range
  4. Improve member understanding and create more engaging scheme communication to members

# When you retire post April 2015



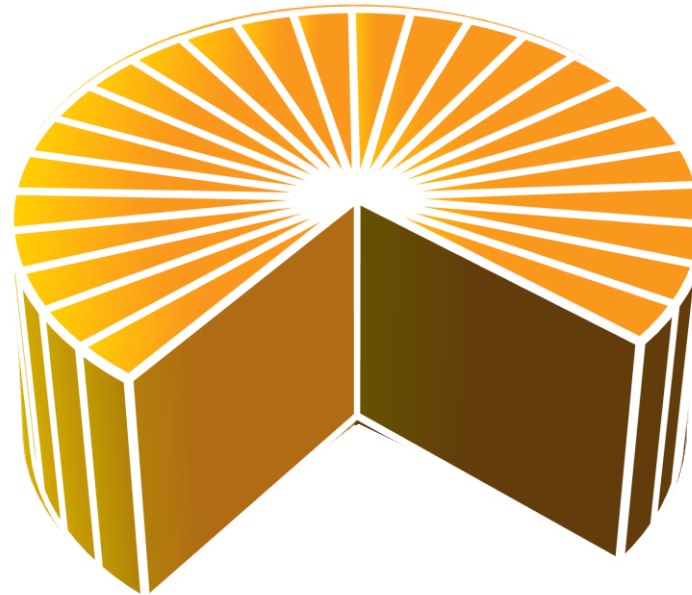
25%  
Cash  
lump sum

# When you retire post 2015 – you have options

**Annuity**

**Income  
Drawdown**

**Cash**



**Combination  
of  
Options**

**Taxed as Earned Income**

# Your guide to using annuities...

## Annuity – payment of a fixed total annual amount

£5,414 pa	Single Life level pension
£4,973 pa	Joint Life 50% Spouse's level pension
£3,351 pa	Single Life pension escalating at RPI pa
£2,998 pa	Joint Life 50% Spouse's pension escalating at RPI pa

Assumed £100,000 fund value, non-smoker, pension paid for 5 years guaranteed, spouse 3 years younger

Illustrative annuity rates only – rates constantly change. RPI = Retail Prices Index

Source: The Open Market Annuity Service 22 December 2014



# Your guide to using income drawdown...

Year 0



Note: Assumes 5% p.a. investment returns.

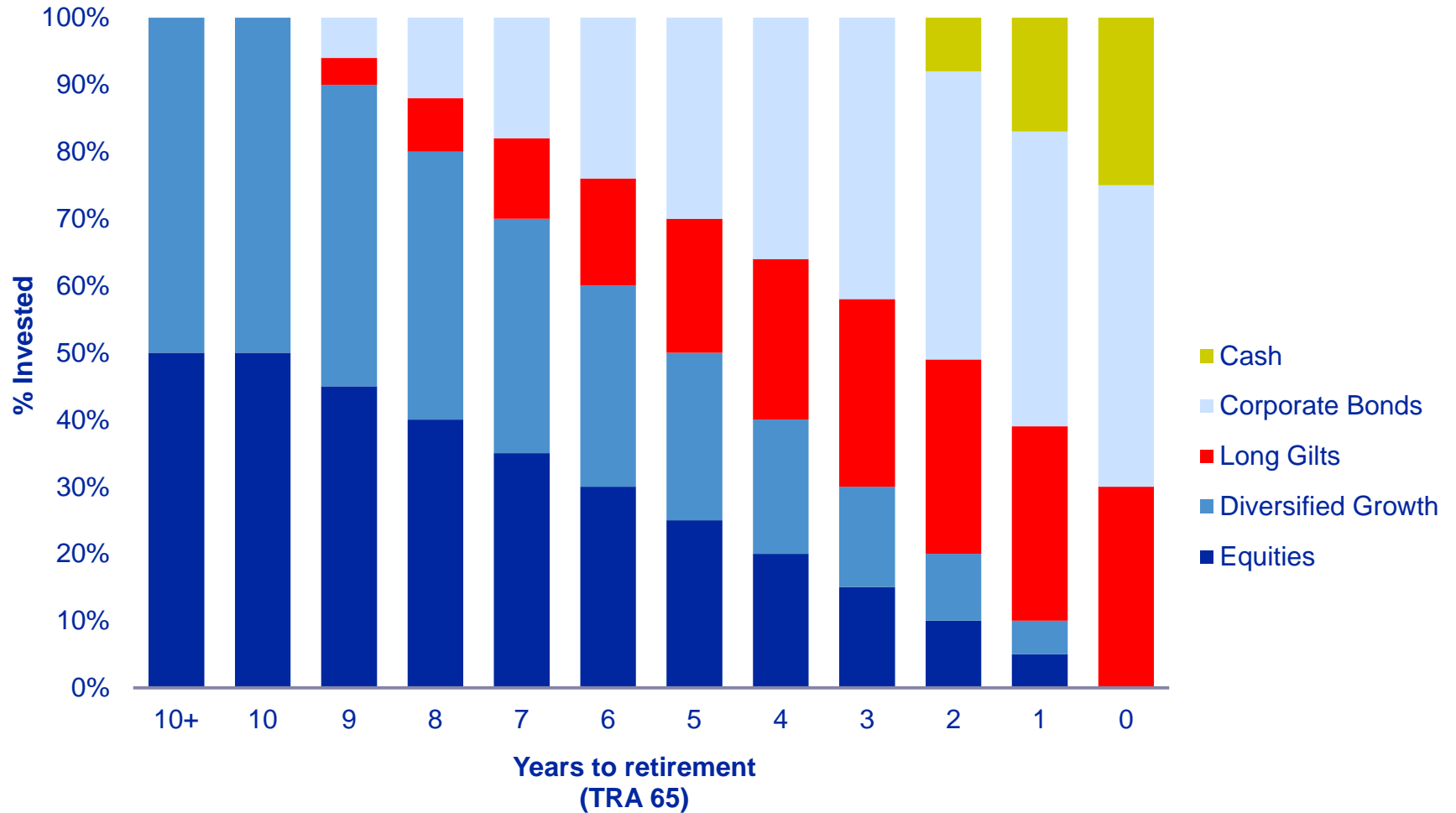
**Under income drawdown, each year you withdraw a retirement income from a pension arrangement and leave the rest invested.**

# Changes to your Investment Options



# The current “Do it for me” option - Lifecycle

## Lifecycle Strategy – current Default Option



# The Annuity Lifecycle Strategy – Key changes

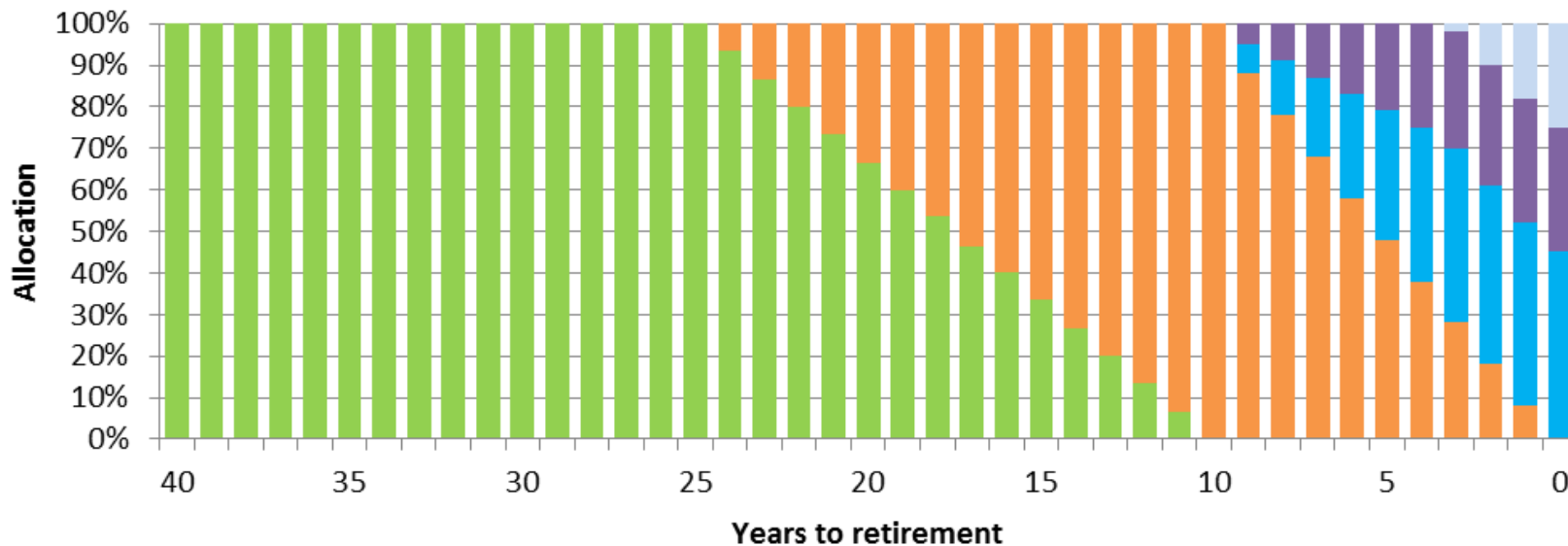
Invested 100% in global equities

Starts to introduce Diversified Growth

Invested 100% in Diversified Growth

Starts to introduce bonds

Final mix of 75% bonds and 25% cash



- AXA Global Equity Passive Fund
- AXA Diversified Growth Active Fund
- AXA UK Corporate Bonds Passive
- AXA UK Long Gilts Passive Fund
- AXA Cash Active Fund

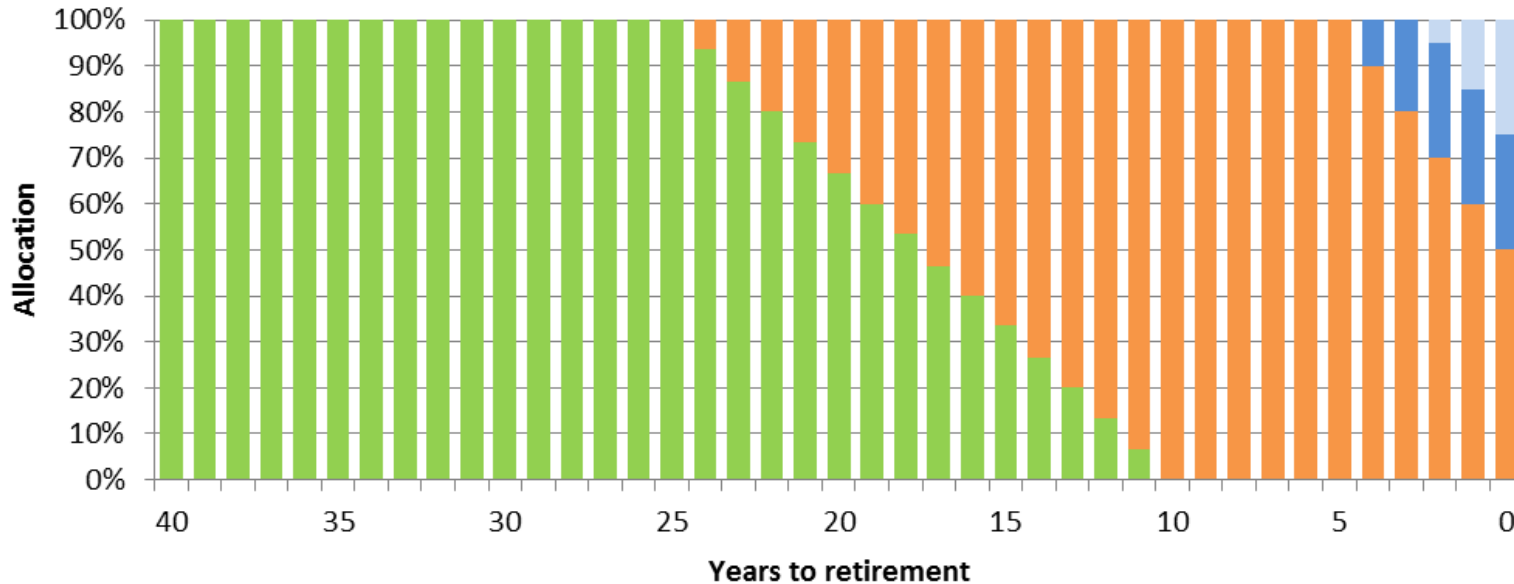
# The Drawdown Lifecycle Strategy - the default

Invested 100% in global equities

Starts to introduce Diversified Growth

Invested 100% in Diversified Growth

Final mix 50% Diversified Growth, 25% bond, 25% cash



- AXA Global Equity Passive Fund
- AXA Diversified Growth Active Fund
- AXA Absolute Return Bond Fund
- AXA Cash Active Fund

# What are your options?



# Expanding the Freechoice fund range

- We have added 3 new funds:
  - **Emerging Markets Fund** – This fund invests in listed shares in emerging market countries
  - **Property Fund** – This fund invests in a range of different types of property funds
  - **Absolute Return Bond Fund** – This fund invests in a range of global debt instruments from AAA government bonds to high yield and emerging market bonds

# The full “Leave it to me” option – Freechoice

Fund	Type
Emerging Markets (NEW)	Active
Overseas Equity	Passive
Global Equity	Active
Global Equity	Passive
Socially Responsible Investment (changing)	Passive
Shariah Law	Passive
UK Equity	Active
UK Equity	Passive
Property (NEW)	Active
Diversified Growth (changing)	Active
Absolute Return Bond (NEW)	Active
UK Corporate Bond	Passive
UK Long Index-Linked Gilts	Passive
UK Long Gilts	Passive
Cash	Active



**Capital  
Risk**



# Fund changes in February 2015...

Fund	Existing	Moving to...
<b>Diversified Growth</b>	100% Schroders Diversified Growth	Schroders Dynamic Multi Asset & Invesco Global Targeted Returns
	TER = 0.88% pa	TER = 0.73% pa
	(as at 30/6/14)	
<b>Socially Responsible Investment</b>	100% Jupiter Ecology	LGIM Ethical Global Equity Index
	TER = 0.98% pa	TER = 0.48% pa
	(as at 30/6/14)	

TER = Total Expense Ratio

# What support is available to you?

- There are many online resources available to you on our dedicated staff pension website: **[www.axa-employeebenefits.co.uk](http://www.axa-employeebenefits.co.uk)**
  - Guide to the Investment Changes
  - A detailed FAQ on the investment changes
  - Guide to Annuities and Income Drawdown
  - Guide to pensions jargon
  - A Retirement options guide & Your guide to Investment options
  
- BlackRock support is also available at **[www.blackrock.co.uk/targetplan](http://www.blackrock.co.uk/targetplan)** and on their helpline 0845 603 4048 or email: [axapensionsadmin@blackrock.com](mailto:axapensionsadmin@blackrock.com)
  
- BlackRock's website **[www.blackrock.co.uk/targetplan](http://www.blackrock.co.uk/targetplan)** also provides information including fund fact sheets and also a modeller.

## Other support...

- Other online independent resources that might help you:-
  - If you're still unclear which investment option is best for you, consider seeking financial advice from an IFA: **[www.unbiased.co.uk](http://www.unbiased.co.uk)**
  - This money advice website provided by the Government offers impartial information on pensions: **[www.moneyadvice.service.org](http://www.moneyadvice.service.gov.uk)**
  - The Pensions Advisory Service offers free independent guidance on your retirement options at **[www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk)**
  - The Citizens Advice Bureau **[www.citizensadvice.org.uk](http://www.citizensadvice.org.uk)** will also offer free independent guidance on your retirement options from April 2015.

# Your to do list

- For **ALL members**
  - Please read carefully the details provided in your pack
  - Understand what and where support is available to you
  
- For **current default Lifecycle Strategy** members:
  - The Trustees will automatically transfer members into the new Drawdown Lifecycle Strategy unless you choose otherwise
  - Review your investment options
  - If you wish to remain in the (Annuity) Lifecycle Strategy – you need to complete the Annuity Lifecycle Strategy Opt In form by **30 January 15**
  
- For **members invested in the Freechoice** funds:
  - You don't need to do anything. However, it's important that you review your investments options to make sure they're still appropriate

# Key points...

- In summary; we are...

1. Introducing a new Drawdown Lifecycle Strategy in addition to the current (annuity) Lifecycle Strategy.

The Trustees will automatically transfer Lifecycle members into the new Drawdown Lifecycle Strategy unless you choose otherwise. Form deadline is 30 January 2015.

2. Changing some of the Scheme's funds so that they offer the best possible value for money and potential performance.
3. Increasing the fund choice by introducing some new funds to our Freechoice range.

- We are really keen to get your feedback: Please do complete the short survey when you receive it!
- Thank you for listening.....are there any questions?

# Further information

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