Your lifestage investment approach guide

Aviva Future Focus 2 Drawdown Lifestage Approach

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Welcome

Your employer has chosen Aviva to run your company pension scheme.

Your pension plan is an important part of your future. Please make sure you read the essential guide to your company pension scheme alongside this guide to understand how your pension plan works and the options available to you.

Please be aware that this guide isn't intended to provide personalised advice or give personal recommendations. If you need a personal recommendation, you should seek financial advice. Your employer may have lined up a financial adviser that you can speak to. Alternatively, you can visit unbiased.co.uk to find an adviser in your area. An adviser may charge a fee for this service.

What is a lifestage approach?

In a nutshell, it's a pre-determined investment path where, at various stages, we'll automatically move your money between carefully chosen funds. In other words, it's a way of investing for your retirement without having to be too hands-on in managing your pension investments.

Growth in the early years

Typically, in the early years (normally more than 5, 10 or 15 years before your chosen retirement age) your money is invested in one or more funds that aim to grow your pension pot over the long term.

Focus on your retirement plans in later years

As you get closer to your chosen retirement age, we will automatically and gradually move your money into different types of funds which are designed to prepare your pension pot for how you might want to take your retirement benefits (as described in the aim of the lifestage approach used).

Automatic rebalancing

Lifestage approaches also benefit from a feature called 'automatic rebalancing'. This is where we automatically adjust how your money is split between funds, at regular, set intervals. We do this to make sure you're not exposed to a different level of investment risk than you wanted to be.

Our intention with rebalancing is to protect your investment. We rebalance your funds automatically on set dates, so there's a chance we may move your money at a time that wouldn't offer you the best returns on your investment.

You should also bear in mind that fund values can go down as well as up and are not guaranteed – you might get back less than the amount paid in.

Things to consider:

- A lifestage investment approach is a pre-determined investment path where we'll move your money automatically and gradually between funds as you get closer to your chosen retirement age – you don't make any of these investment choices.
- We will automatically move your money on set dates, regardless of market performance and economic conditions at that time. As a result, it may not move at a time that gives you the best return on your investment.
- These investment approaches work based on the age you've told us you want to retire at. If you decide to take your retirement benefits from your pension pot earlier or later than your chosen retirement age, it may be worth reviewing how your money is invested.
- If you intend to change the way you take your retirement benefits or how you invest your money, we recommend you speak to a financial adviser to go over your investment choices.
- If you're close to your chosen retirement age, there may be less chance for investment growth because you have less time to invest.
- Because we invest your money for growth in the early years, and aim to prepare for your retirement in later years, you could receive a lower return from the funds we move your money into than from the funds you were previously invested in. There's also a greater possibility that the investment returns on the funds we move your money to may not cover your charges.
- Please remember, the value of your pension pot can go down as well as up, and is not guaranteed – you might get back less than the amount paid in.
- Whether a lifestage investment approach is right for you will depend on your individual circumstances, so we recommend you speak to a financial adviser.

The investment options for your company pension scheme

You can decide where to invest the money that goes into your pension plan.

When you first join the scheme, you will automatically be invested in the default investment option described on the next page. You can choose another investment option at any time after you've joined the scheme.

For the risk/return rating of each fund used in the lifestage approach, see page 6.
You can find further information about each fund at aviva.co.uk/pension-essentials/fund-centre/

Aviva Future Focus 2 Drawdown Lifestage Approach

Objectives

This approach aims to provide growth in the early years, although the value of your pension pot could fluctuate. It is designed to prepare your pension pot for flexible access at your chosen retirement age:

- taking some of the money as and when you need it, either as cash sums or as flexible income (known as drawdown) or
- leaving your money where it is and making your choices later.

Please note: At your chosen retirement age you will have a number of retirement options (even if you remain invested in this lifestage approach), however this lifestage investment approach has been designed to prepare for the particular retirement options shown above.

This approach is **not** designed to prepare for:

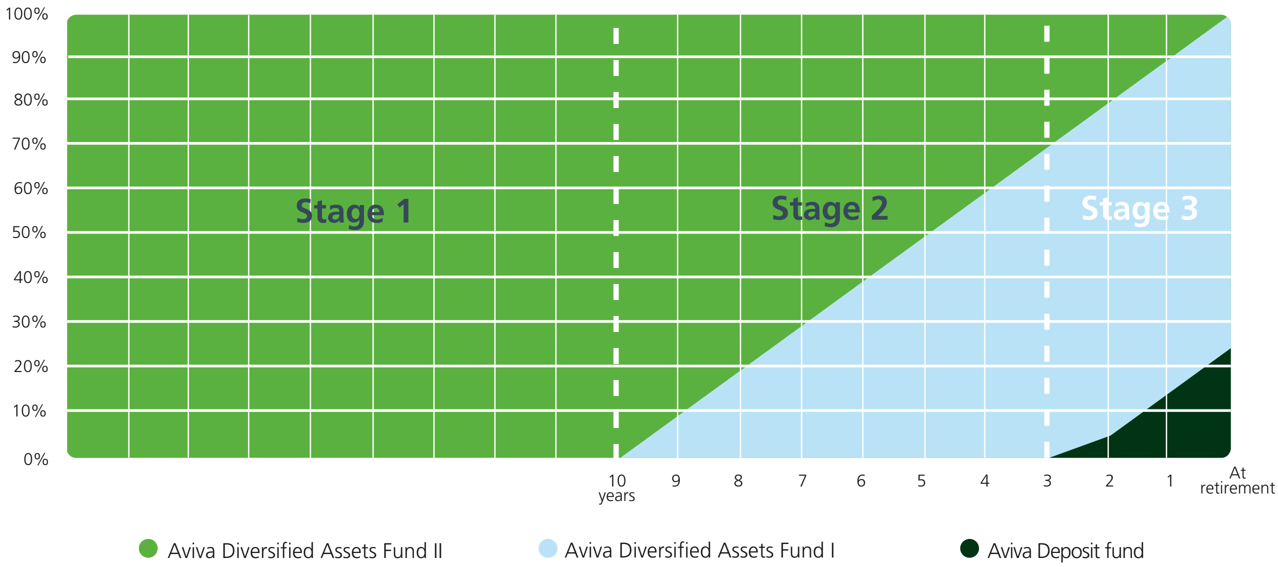
- withdrawing all the money in your pension pot
- buying an income for your lifetime (known as an annuity) at your chosen retirement age.

How it works:

In the early years (up to 10 years before your chosen retirement age), the approach invests in a medium risk fund (Aviva Diversified Assets Fund II), which aims to provide growth.

From 10 years to your chosen retirement age, your money gradually moves into a low to medium risk fund (Aviva Diversified Assets Fund I), which aims to help minimise fluctuations in the value of your pension pot. From 3 years to your chosen retirement age, some of your money is gradually moved into the low risk Aviva Deposit fund which aims to help protect the part of your pension pot that can be taken tax free.

The exact fund split when you start investing depends on how far from your chosen retirement age you are at that time. The diagram below shows how we'll split your investment between funds as you head towards your chosen retirement age.



Please remember, the value of your pension pot can go down as well as up, and is not guaranteed – you might get back less than the amount paid in.

You can find full information about the funds used in this approach at aviva.co.uk/pensionfund-info.

For more information about lifestage investment approaches, see 'Terms and conditions (Lifestage investment approach),' in your essential guide to your company pension scheme.

Risk and return ratings

Fund name	Risk rating	Total Additional Yearly Charge
Aviva Diversified Assets Fund I	2	0%
Aviva Diversified Assets Fund II	3	0%
Aviva Deposit	1	0%

Charges

With certain funds you'll have to pay an extra charge (as shown above); this reflects the extra cost of managing these funds. The charge you'll pay will vary depending on the fund you choose and the Total Additional Yearly Charge can vary over time. These charges are in addition to your product charges. For more information about all your charges please refer to the 'What charges will you have to pay?' section on www.aviva.co.uk/pension-essentials/investment-centre/basics-of-investing.html

Aviva's risk and return ratings defined

We give each of our funds a risk rating, ranging from 1 (low) to 5 (high).

Risk is the possibility of losing your money and return is how much your money could grow. Risk and return are linked. This means funds with a rating of 1 have a low risk of losing money, but your money might not grow very much. Funds with a rating of 5 have a higher risk of losing money, but the potential for your money to grow over the long term is higher too.

	Risk rating	Fund type
1	**Low**	Funds which usually aim to provide returns similar to those available from deposit and savings accounts, although there is still a risk that the value of your investment could fall.
2	**Medium to low**	Expected to provide better long-term returns than savings accounts. Typically invest in high quality corporate bonds or provide a form of guarantee or capital protection, although there is still a risk that the value of your investment could fall.
3	**Medium**	Typically do not offer guarantees but have potential for better long-term returns than lower risk funds, although there is a greater risk that the value of your investment could fall. Generally invest in a diversified mix of assets or in fixed income bonds issued by higher risk companies.
4	**Medium to high**	Funds that invest typically in shares of companies in the UK or other major stockmarkets. Fund prices may fluctuate significantly but offer the potential for good returns over the long term.
5	**High**	Funds that invest in the higher risk sectors, typically emerging markets or specific themes, offering the greatest potential for long-term returns but the highest price fluctuations and risk to capital.

We regularly review the ratings we give the funds, so they may change from time to time. You can find the current risk rating and other information about the funds at aviva.co.uk/pension-essentials/fund-centre/

Want more choice?

This guide shows the default approach where your money will be invested when you first join the scheme. You can choose another investment option at any other time.

You can see all other options available to you at aviva.co.uk/pension-essentials/investment-centre/ or you can call our group pension helpdesk on 0800 145 5744 (we're open Monday to Friday, 9am to 5pm) for information if you don't have internet access.

What to do next?

We'll automatically invest your payments into the default investment option, so you don't need to do a thing.

But if you'd prefer to pick your own investment option, here's what to do:

1. **Choose your investment option.** After you have enrolled into the scheme, you can decide to keep your money invested in the default investment approach described, or change it to any other option. To see what other options are available, visit aviva.co.uk/pension-essentials/investment-centre/ or you can call our group pension helpdesk on 0800 145 5744 (we're open Monday to Friday, 9am to 5pm) for information if you don't have internet access.

2. **Let us know which option you want to use.** To do this, you can call our group pension helpdesk on 0800 145 5744 (we're open Monday to Friday, 9am to 5pm).

You may find it helpful to speak to a financial adviser. They will be able to assess your situation and offer you advice on the best course of action for you. Your employer may have lined up a financial adviser that you can speak to or you can find your own adviser at www.unbiased.co.uk. An adviser may charge a fee for this service.

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