# Questions and answers

**Here is more information about the changes to the default and alternative investment solutions, along with the terms and conditions of your pension plan. Please read it and keep it with your other documents.**

## How will the changes to the plan's investment solutions affect me?

You're currently invested in the 'old' investment solution. Any of your regular and one-off contributions will continue to be automatically invested in this solution until the change takes place. If, at the point of the policy freeze, you are still invested in the old solution, your money and future contributions will be moved into a Target Date Fund which is part of the Mercer SmartPath strategy. Details of the new fund(s) you will moved to can be found in the next section.

## What is the Mercer SmartPath strategy?

The previous version of the Mercer SmartPath strategy used the Mercer Growth Fund in the early years (when you are more than 8 years from retirement), followed by Target Retirement Funds within the last 8 years leading to retirement. The Target Retirement Funds corresponded to the year in which you expected to retire.

The changes taking place include a switch to 'Target Date Funds', which invest according to the length of time to go before you are due to access your pension savings.

For example, the Mercer Target Drawdown 2036-38 Fund is designed for people retiring between 1 January 2036 and 31 December 2038. The following table shows examples of how your current investments will be switched across into Target Date Funds.

You can find more information about the new options in your Investment Brochure as well as check your selected retirement date by accessing your online account.

| Current Fund | Retirement Year | New Fund |
|---|---|---|
| Mercer Growth/Balanced Risk S5 (move will only take place for members who are 100% invested in this fund) | 2034 | Mercer Target Drawdown - Retiring 2032-2034 M5 |
| | 2035-2037 | Mercer Target Drawdown - Retiring 2035-2037 M5 |
| | 2038-2040 | Mercer Target Drawdown - Retiring 2038-2040 M5 |
| | 2041-2043 | Mercer Target Drawdown - Retiring 2041-2043 M5 |
| | 2044-2046 | Mercer Target Drawdown - Retiring 2044-2046 M5 |
| | 2047-2049 | Mercer Target Drawdown - Retiring 2047-2049 M5 |
| | 2050-2052 | Mercer Target Drawdown - Retiring 2050-2052 M5 |
| | 2053-2055 | Mercer Target Drawdown - Retiring 2053-2055 M5 |
| | 2056-2058 | Mercer Target Drawdown - Retiring 2056-2058 M5 |
| | 2059-2061 | Mercer Target Drawdown - Retiring 2059-2061 M5 |
| | 2062-2064 | Mercer Target Drawdown - Retiring 2062-2064 M5 |
| | 2065-2067 | Mercer Target Drawdown - Retiring 2065-2067 M5 |
| | 2068-2070 | Mercer Target Drawdown - Retiring 2068-2070 M5 |
| | 2071-2073 | Mercer Target Drawdown - Retiring 2071-2073 M5 |
| | 2074-2076 | Mercer Target Drawdown - Retiring 2074-2076 M5 |
| | 2077-2079 | Mercer Target Drawdown - Retiring 2077-2079 M5 |
| | 2080-2082 | Mercer Target Drawdown - Retiring 2080-2082 M5 |
| | 2083-2085 | Mercer Target Drawdown - Retiring 2083-2085 M5 |

Please note, if you are 100% invested in the Mercer Growth/Balanced Risk S5, we will move you into the default solution (Drawdown, Annuity or Cash) for your scheme. The default is confirmed in your Investment Brochure.

| Current Fund | New Fund |
|---|---|
| Mercer Target Drawdown 2026 S5 | Mercer Target Drawdown - Retiring 2026-2028 M5 |
| Mercer Target Drawdown 2027 S5 | |
| Mercer Target Drawdown 2028 S5 | |
| Mercer Target Drawdown 2029 S5 | Mercer Target Drawdown - Retiring 2029-2031 M5 |
| Mercer Target Drawdown 2030 S5 | |
| Mercer Target Drawdown 2031 S5 | |
| Mercer Target Drawdown 2032 S5 | Mercer Target Drawdown - Retiring 2032-2034 M5 |
| Mercer Target Drawdown 2033 S5 | |
| Mercer Target Annuity 2027 S5 | Mercer Target Annuity - Retiring 2026-2028 M5 |
| Mercer Target Annuity 2028 S5 | |
| Mercer Target Annuity 2029 S5 | Mercer Target Annuity - Retiring 2029-2031 M5 |
| Mercer Target Annuity 2030 S5 | |
| Mercer Target Annuity 2031 S5 | |
| Mercer Target Annuity 2032 S5 | Mercer Target Annuity - Retiring 2032-2034 M5 |
| Mercer Target Annuity 2033 S5 | |
| Mercer Target Cash 2027 S5 | Mercer Target Cash - Retiring 2026-2028 M5 |
| Mercer Target Cash 2028 S5 | |
| Mercer Target Cash 2029 S5 | Mercer Target Cash - Retiring 2029-2031 M5 |
| Mercer Target Cash 2030 S5 | |
| Mercer Target Cash 2031 S5 | |
| Mercer Target Cash 2032 S5 | Mercer Target Cash - Retiring 2032-2034 M5 |
| Mercer Target Cash 2033 S5 | |

Please note, the Mercer Target Drawdown/Cash/Annuity - Retiring 2032-2034 M5 funds are due to begin moving your investments to align to the target outcome stated on the fund around 30th September 2025. For more information please visit **aviva.co.uk/mercer2032-34**.

If you wish to amend your target outcome you can do so via your online account.

You can read more about the potential advantages and disadvantages to investing in Target Date Funds in your Investment Brochure.

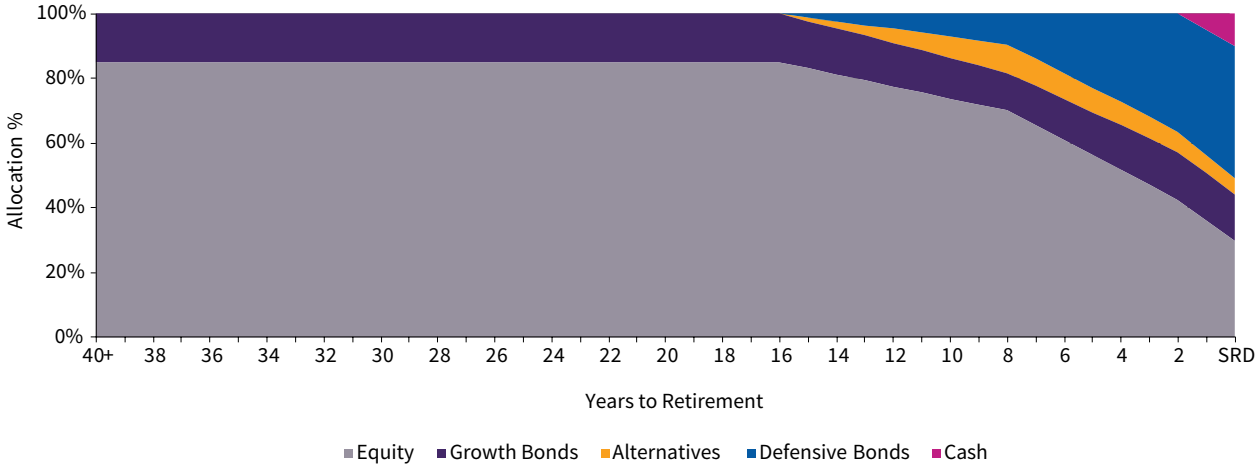
## How does the new investment solution work?

Mercer SmartPath is designed to give you the opportunity to achieve the long-term investment growth needed to build your savings and then gradually reduce your exposure to risk before you start to take these savings.

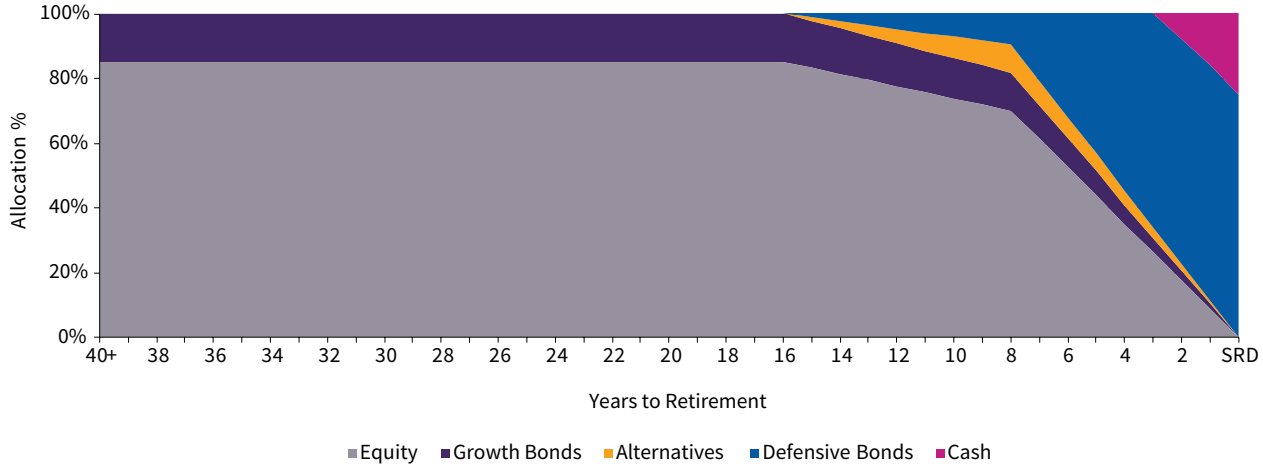
The charts below show how the new investment solution moves your investments in years leading up to your Selected Retirement Date (SRD).

We have included graphs below for each of the three target outcomes Drawdown, Annuity and Cash. These graphs illustrate how the allocation to equities, (company shares), listed real assets, (such as UK commercial property), growth bonds, (such as high yield bonds), alternatives, (such as commodities), defensive bonds, (such as UK government bonds) and cash changes in each of the three solutions as you move from the growth stage of the savings journey through to retirement.

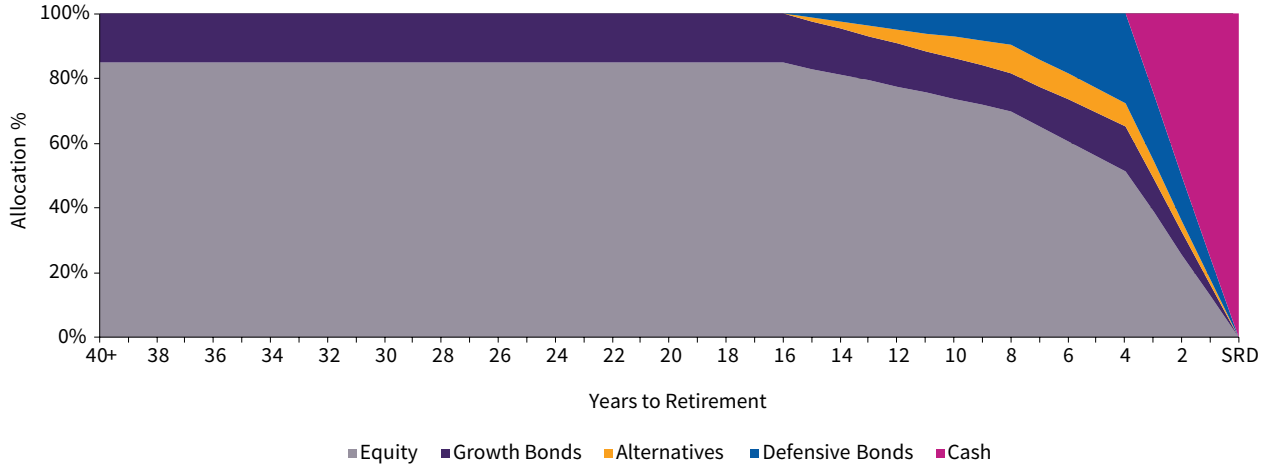
## Mercer Target Drawdown




## Mercer Target Annuity




## Mercer Target Cash




**Please note that the above charts are intended to be illustrative. It is important to understand that the actual asset allocation may vary and is subject to change. The charts should not be considered an exact representation of the current or future asset allocation of the strategy.**

## Have the charges under my plan increased?

There could be an increase in charges depending on the solution you are invested in. We have included the tables below to show the difference in charges depending on the retirement outcome you have chosen.

Please note, the charges of the new solution can vary each year, therefore the costs shown are for illustrative purposes only. Details of the charges of the new solution can be found in your Investment Brochure.

| Mercer Smartpath Targeting Drawdown | | | | |
|---|---|---|---|---|
| **Years to Retirement** | **Current Charges (Excluding Scheme Charge)** | **New Charges (Excluding Scheme Charge)** | **£ Difference per £100 invested** | **Change** |
| +16 | 0.17% | 0.17% | £ - | Same |
| 15 | 0.17% | 0.17% | £ - | Same |
| 14 | 0.17% | 0.17% | £ - | Same |
| 13 | 0.17% | 0.17% | £ - | Same |
| 12 | 0.17% | 0.18% | £ 0.01 | Increase |
| 11 | 0.17% | 0.18% | £ 0.01 | Increase |
| 10 | 0.17% | 0.18% | £ 0.01 | Increase |
| 9 | 0.17% | 0.18% | £ 0.01 | Increase |
| 8 | 0.18% | 0.18% | £ - | Same |
| 7 | 0.18% | 0.18% | £ - | Same |
| 6 | 0.19% | 0.21% | £ 0.02 | Increase |
| 5 | 0.20% | 0.21% | £ 0.01 | Increase |
| 4 | 0.22% | 0.21% | £ (0.01) | Decrease |
| 3 | 0.23% | 0.24% | £ 0.01 | Increase |
| 2 | 0.24% | 0.24% | £ - | Same |
| 1 | 0.21% | 0.24% | £ 0.03 | Increase |
| SRD | 0.20% | 0.19% | £ (0.01) | Decrease |

| Mercer SmartPath Targeting Annuity | | | | |
|---|---|---|---|---|
| **Years to Retirement** | **Current Charges (Excluding Scheme Charge)** | **New Charges (Excluding Scheme Charge)** | **£ Difference per £100 invested** | **Change** |
| +16 | 0.17% | 0.17% | £ - | Same |
| 15 | 0.17% | 0.17% | £ - | Same |
| 14 | 0.17% | 0.17% | £ - | Same |
| 13 | 0.17% | 0.17% | £ - | Same |
| 12 | 0.17% | 0.18% | £ 0.01 | Increase |
| 11 | 0.17% | 0.18% | £ 0.01 | Increase |
| 10 | 0.17% | 0.18% | £ 0.01 | Increase |

| | | | | | |
|---|---|---|---|---|---|
| 9 | 0.17% | 0.18% | £ | 0.01 | Increase |
| 8 | 0.18% | 0.18% | £ | - | Same |
| 7 | 0.17% | 0.18% | £ | 0.01 | Increase |
| 6 | 0.15% | 0.15% | £ | - | Same |
| 5 | 0.14% | 0.15% | £ | 0.01 | Increase |
| 4 | 0.13% | 0.15% | £ | 0.02 | Increase |
| 3 | 0.12% | 0.11% | £ | (0.01) | Decrease |
| 2 | 0.10% | 0.11% | £ | 0.01 | Increase |
| 1 | 0.10% | 0.11% | £ | 0.01 | Increase |
| SRD | 0.08% | 0.08% | £ | - | Same |

| **Mercer SmartPath Targeting Cash** | | | | | |
|---|---|---|---|---|---|
| **Years to Retirement** | **Current Charges (Excluding Scheme Charge)** | **New Charges (Excluding Scheme Charge)** | **£ Difference per £100 invested** | | **Change** |
| +16 | 0.17% | 0.17% | £ | - | Same |
| 15 | 0.17% | 0.17% | £ | - | Same |
| 14 | 0.17% | 0.17% | £ | - | Same |
| 13 | 0.17% | 0.17% | £ | - | Same |
| 12 | 0.17% | 0.18% | £ | 0.01 | Increase |
| 11 | 0.17% | 0.18% | £ | 0.01 | Increase |
| 10 | 0.17% | 0.18% | £ | 0.01 | Increase |
| 9 | 0.17% | 0.18% | £ | 0.01 | Increase |
| 8 | 0.18% | 0.18% | £ | - | Same |
| 7 | 0.18% | 0.18% | £ | - | Same |
| 6 | 0.18% | 0.19% | £ | 0.01 | Increase |
| 5 | 0.19% | 0.19% | £ | - | Same |
| 4 | 0.20% | 0.19% | £ | (0.01) | Decrease |
| 3 | 0.16% | 0.14% | £ | (0.02) | Decrease |
| 2 | 0.12% | 0.14% | £ | 0.02 | Increase |
| 1 | 0.09% | 0.14% | £ | 0.05 | Increase |
| SRD | 0.05% | 0.05% | £ | - | Same |

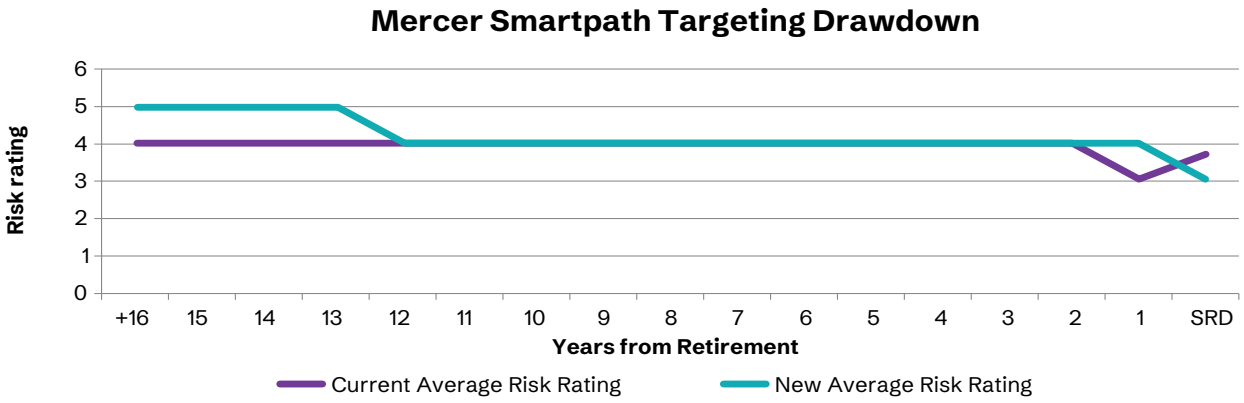
## Will I incur any costs because of this change?

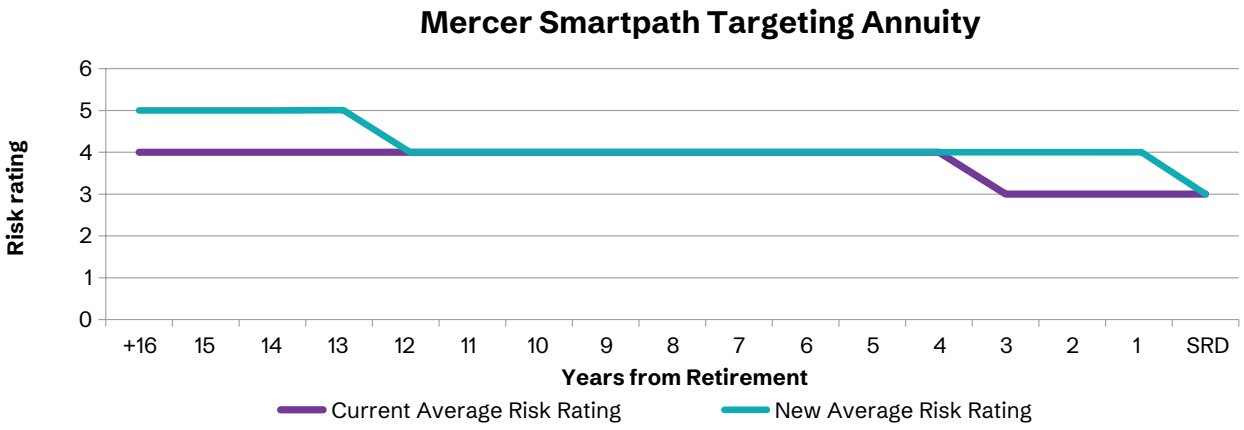
In undertaking this change, Aviva will have to buy and sell assets in the market and dealing costs, such as stockbroker commissions and stamp duty reserve tax will be incurred. Ultimately, any dealing costs will be reflected in the unit price of the pension funds.

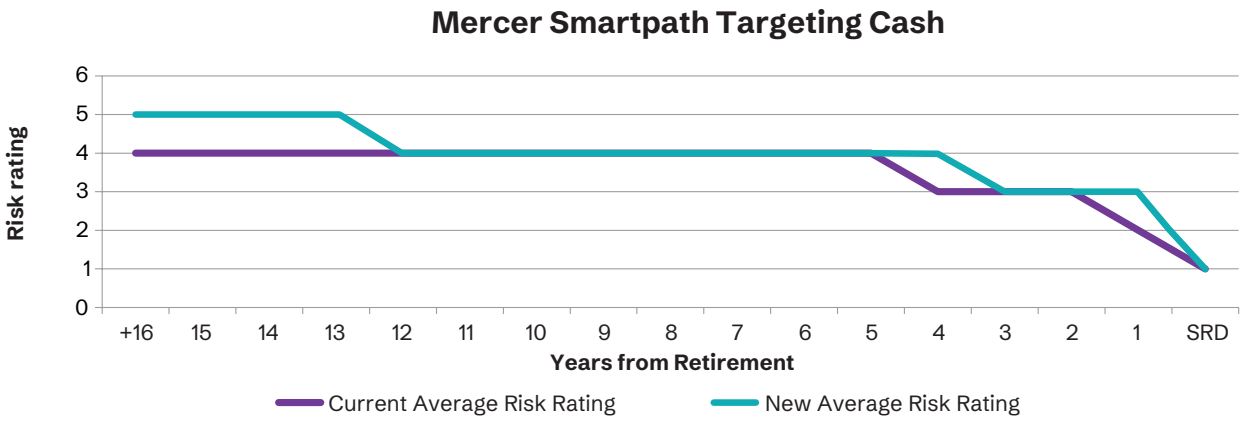
Dealing costs would still be incurred should you carry out individual switching activity either, through direct instruction or as part of the de-risking of investments within any investment solution leading up to retirement.

## Will there be an increase to the level of investment risk I'm exposed to?

Depending on the retirement solution, there could be an increase in risk. You can see an illustration of the risk of the current solutions against the new solutions in the graphs below. It is important that you compare the risk ratings to ensure you are happy with the changes.




Please note, the risk ratings of the new solution can vary each year, therefore the risk ratings shown are for illustrative purposes only.

For a comprehensive explanation of the risk ratings, please check your Investment Brochure.

## Will the new investment solution increase the value of my plan more than the current investment solution?

As with any of your investment choices under this plan, there are no guarantees of future investment performance. The value of investments can go down as well as up and you may get back less than has been invested. We cannot say now which funds or investment approach will perform better in the future. The investment mix will change but it doesn't mean that you will necessarily end up with a plan that has a higher value when you take your benefits, than if there had been no change.

## What does SRD mean? What happens if I change my SRD?

Your Selected Retirement Date (SRD) is the date you've notified us you will retire at.

You may choose a different retirement date at any time, except during the freeze on your pension account we mentioned in the accompanying letter. If you change your retirement date, this may change where your current and future pension contributions are invested.

If you are currently invested in the Mercer Growth/Balanced Risk S5 fund (and are more than 8 years from your retirement date) or are within 8 years of your retirement and invested in a Target Retirement Fund (which matches the year in which you plan to retire), a change of Selected Retirement Date may result in your investments being moved into the new Target Date Fund solution.

## Is it important to review where my pension money is invested?

Yes. You should regularly review your investments. However, you might be satisfied with the new investment solution mentioned here. If you're unsure, it could be the right time to consider one of the other solutions or funds available to you which can be found in your Investment Brochure and to think about the different ways you could take your pension benefits in the future. You can also request a printed copy of the Investment Brochure from us.

If you want to change your investment solution, funds or retirement date, please call us on **0345 600 6303**.

You can also select different funds or investment solutions via your online account.

## Why do you need to freeze my account?

It's because we want everything to go smoothly. As the work goes on, no transactions can be processed. Your online account will be temporarily disabled, and you will be unable to make any changes to your investments or make any claims during this time. This usually occurs when changes of this type are underway on a pension scheme; it helps to ensure that the value of the funds being switched can be done so correctly.

## What happens during the policy freeze?

During the freeze to your account, your money will remain invested throughout.

We will fully invest your policy value in the new funds even before the move out of the old funds has completed. This is to ensure you are protected from 'out of market' exposure (where your money is not invested and subsequently not having the opportunity to benefit from market performance) as far as practicable. There may be a short period during the day with 'out of market' exposure where you would not benefit from any investment growth during the period.

When you review your account after the freeze is lifted you will see two transactions, one to show the move out of your old investment solution and another to show the move into the new investment solution.

## What happens if I want to access my pension benefits during this time?

As mentioned previously, you will not be able to access your pension benefits during the freeze period. If you access your pension benefits before the freeze period takes place (for example to withdraw your Tax Free Cash) some or all of your pension benefits that remain invested may be moved to the new solution which uses Target Date Funds.

## What if I don’t like the new investment solution?

If you feel that the new solution is unsuitable for you, you can select your own funds or choose a different investment solution before the start of the freeze. Don’t worry if you don’t take action beforehand, you can select your own funds, or choose a different investment solution after the freeze has been lifted and once the switch into the new investment solution has completed. Refer to the letter that accompanied this document for details on how to contact us about any changes you would like to make.

## What if I don’t like the new terms and conditions?

You can contact us and tell us that you do not wish to accept the new terms and conditions; to opt out, you will have to transfer your plan to another pension provider (*we will not charge you to do this*). If you choose to do this, we strongly recommend that you take financial advice.

If you would like advice from a financial adviser, you can find one at **moneyhelper.org.uk/choosing-a-financial-adviser**. You will be charged for this advice. The government-backed MoneyHelper website also has general guidance on pensions and retirement.

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Please get in touch if you'd prefer this document in large print, braille, audio or in a different colour.

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