

Guide to your annual statement

To be read alongside your ReAssure pension annual statement

We've changed the way we keep you up-to-date with your policy's progress. If you have a money purchase pension, the annual statement we send you will focus on the key information that's most relevant to you - such as fund and transfer values, and an idea of how much retirement income you may get at different ages.

This guide has been put together to give you more information about the figures we quote in your annual statement, so you can make informed decisions about your retirement. However, some of this information will not appear on your statement if it's not relevant to your policy.

If you have any questions that aren't answered by your statement or this guide please call using the number in your annual statement.



ReAssure



12 August 2014

Mr A N Other
1 High Street
Somewhere
Anyshire
ZY12 9CD

Dear Mr Other

Your ReAssure pension annual statement

The first step in providing for your retirement is to build up a sufficient pension pot. The more money you build up, the more you can expect when you retire.

Typically, this money was used to buy a retirement income through an annuity. Changes to pension rules from 6 April 2015 will give you more flexibility when you come to take your benefits, but your annual statement will continue to show you how much you could get as an income from an annuity.

In this statement we'll focus on the information that's most relevant to you, which we've split into three parts:

- **Facts & Figures**
- **Helping you make the right decision**
- **Our assumptions**

These sections give you more information about how we worked out the figures quoted in this document.

What could I get when I retire?

On the right are some figures that show you how much retirement income you could get from your pension at different ages. According to our records your planned retirement date is 12 August 2049, so we've shown this figure in **bold**. You can usually take your benefits at any time from your 55th birthday – but you should make sure your pension pot is enough to meet your needs first.

What do I have to do?

Understanding the factors that affect how much pension you receive is very important. Visit www.reassure.co.uk/your-retirement to learn more, and to see how important changes to pension rules could affect you.

You should also read all parts of this statement carefully and make sure your current pension arrangements will support you in retirement. If you're not sure you should speak with a Financial Adviser – you can find one in your area at www.unbiased.co.uk.

Call us on **0800 073 1777**, between 8:30am and 5:30pm (Monday to Friday) if you need any further help with your pension.

Yours sincerely,

ReAssure Pensions Team

Policy number(s):
ABC123456
Policyholder:
A N Other
Date of birth:
12 August 1984

Your pension pot at a glance

On 12 August 2014:
Your current value was:
£123,456.00

What you could get from an annuity

Below is an idea, in today's money, of how much retirement income you could get **each year** from your pension at:

age 55	£3,800.00
age 60	£5,000.00
age 65	£6,000.00
age 70	£8,000.00
age 75	£12,000.00

These illustrations aren't a promise or a guarantee of how much you could receive from ReAssure, and don't take into account your individual circumstances and/or product choices. Read **Our assumptions** later in this statement for more information.

Your policy has an important guaranteed benefit, which isn't taken into account in the above illustrations. Make sure you read Policy Guarantees on page 4 before you make any decisions.

Our annual statement now has four sections; the covering letter, **Facts & Figures**, **Helping you make the right decision** and **Our assumptions**. We'll explain more about each section in this guide.

The covering letter introduces the annual statement and provides information such as your fund and transfer values and your illustrations.

More information about your current value

The current value we quote in your annual statement is your policy's value after we have taken off any charges and penalties, and added on any bonuses, that may apply if you transferred your pension pot to another provider. If your policy has any charges, penalties or bonuses and you'd like to find out more information, please contact us.

More information about your illustrations

If your annual statement includes illustrations, this will be a specific type of illustration called a Statutory Money Purchase Illustration (SMPI). This is an illustration of what your future pension may be worth in 'today's money', which means inflation is taken into account. We're required to send these, but a SMPI can also be a useful way of comparing different pensions.

Your investment

The figures we quote assume that your pension pot grows by a fixed amount each year. The amount we use is based on the mix of investments chosen by you (or on the default fund if you did not choose your investment strategy). We assume that your current mix of investment funds will remain the same in the future, unless your policy has an option called lifestyling (see pages three and five of this guide for more details). You should also bear in mind that you can switch funds at any time. If you do, any future illustrations will be based on your new investment fund mix.

Charges and expenses

The retirement income amounts we provide in your annual statement make allowances for future charges and expenses. If you want to find out more information about the specific charges applied to your policy, please contact us.



Facts & Figures

- Your pension was originally designed to build up a sum of money that could be used to provide an income when you choose to retire, usually with the option of taking part of it as a tax-free lump sum. Changes to pension rules from 6 April 2015 will give you more flexibility for taking your retirement benefits. Visit www.reassure.co.uk to find out more, or call 0800 073 1777 if you don't have access to the internet.
- Your policy is invested in the following funds:

• Fund A	123,456 units
• Fund B	987,654 units
- We've received **£1,200.00** (gross) into your pension pot in the last 12 months. You can usually carry on making contributions with ReAssure until your 75th birthday.
- Your contributions increase each year – we'll send a separate letter to tell you by how much. This can help your pension keep pace with inflation. We'll continue to collect your contributions until 12 August 2049; let us know if you'd like to carry on paying into your pension past this date. See **Inflation and Contributions** on page 4 for more information.
- You benefit from valuable life cover of **£100,000** until you are 65, which is paid for by deducting units from your policy. We may also pay out your fund value, or the amount of money you've paid in to your pension if you die before you take your retirement benefits. In addition, there could be the option to pay an income to someone who is financially dependent on you (this is not a complete list of possible benefits – see your original terms and conditions for more information).
- If you're unable to work through serious illness or injury, and subject to meeting certain qualifying criteria, we will make contributions into your pension pot for you. Please see your policy's terms and conditions to find out more about this important benefit.
- You're guaranteed a minimum rate for your retirement income if you retire on or before a certain date as confirmed in your policy's terms and conditions. See **Policy guarantees** on page 4 for more information about this.
- Your policy has an investment strategy in place called Automatic Risk Profiling, which is due to start on 12 August 2044. This is more commonly known as **lifestyling**. It is designed to protect the value of your pension as you get nearer to retirement, and you should review it at least once a year to make sure it's still appropriate for your needs. If you no longer want this option to apply, or you'd like to delay it starting, you can let us know by writing to the address below. See **Managing the risks to your pension pot** on page 3 for more information about lifestyling.

The **Facts & Figures** section provides more details about your pension, including information about your investment funds and the contributions we've received.

Increases to your contributions

Some policies have contributions that increase each year in line with inflation to try and protect the buying power of your money. Depending on what it says in your policy documents, the yearly increase will either be based on the Retail Prices Index (RPI) or Average Weekly Earnings Index (AWE - this replaced the National Average Earnings Index (NAEI) from September 2010).

If this applies to your policy, we've assumed in your SMPI that future increases to contributions will be 2.5% each year. If your contributions increase by the same amount each year we have taken this into account in your SMPI.

Customers who have a lifestyling strategy in place

Lifestyling is an investment strategy that aims to protect your fund value by gradually switching your investment from higher risk to lower risk funds as you approach your selected retirement date. If you have a lifestyling strategy on your policy, we will take this into account when working out your illustrations.

As a result, we'd expect the actual growth rate for a customer with lifestyling in place to reduce over time. To allow for this, we reduce the overall growth rate we use in illustrations for the lifetime of the plan. This means that the growth we've shown for any particular year of the plan won't always reflect the mix of investment funds you're invested in at that time.

*Learn more about lifestyling in our online factsheet, **Managing the risks to your pension pot**.*

If you're not sure whether lifestyling is available on your policy you should check your terms and conditions. This process might not be called 'lifestyling' in your terms and conditions and may be referred to as the 'Retirement Protection Option' instead.



Helping you make the most of your pension

We've provided updated content online to help you make an informed decision, including:

ReAssure pensions microsite

- There are many factors that can affect how much income you get when you retire. Whether you need certainty around your income, the size of your pension pot, your age, your health and whether or not you smoke can all have an impact, so it's important you understand your options when making decisions about your retirement. We've put together our pensions microsite to help, where you'll find helpful content, such as details of **Your retirement options**, our **Retirement Checklist**, information on **How to get advice**, together with our **Retirement Planner** that can help you see when you could afford to retire.
- **Following the 2014 Budget, it's now more important than ever that you find out more about your options before making decisions about your retirement.**

visit www.reassure.co.uk/your-retirement

Your investment

- You'll find current fund prices, past performance data and a list of the funds available to you.

Select your original policy provider at www.reassure.co.uk/customers, then go to **My Funds**

Managing the risks to your pension pot

- If a fall in the markets happens close to your retirement date, this could suddenly alter the value of your pension policy, impacting your retirement income or ability to retire at the time you planned. **Lifestyling** can help reduce the impact of this type of market fall by gradually moving your investment into lower risk funds as you approach retirement.
- Like all investment choices, Lifestyling is not a risk-free option. Below are some of the advantages and the disadvantages, depending on your personal circumstances.

Advantages of Lifestyling

- Reduces the impact of falls in the stockmarket close to retirement by moving your investment, and any further contributions you make, into lower risk funds. Lower risk funds are less likely to be significantly affected by stockmarket falls.
- Taking a gradual phased approach, where a proportion of your fund is moved each month or year, averages the price at which you switch. This reduces the risk of switching at a single point when the market price could be low.
- You won't need to do anything - the changes to your funds will happen automatically, and without incurring any charges which might apply if you switched your funds manually.
- The rate available to purchase your annuity is tied to long term interest rates. Moving your money into funds mainly invested in bonds can offer some protection from movements in annuity rates.

Disadvantages of Lifestyling

- Lower risk funds are usually less heavily invested in stocks and shares. You may miss out on strong growth if financial markets produce strong returns after lifestyling has started.
- Although there is reduced risk, a low risk fund is not immune to any fall in value. Lower investment growth makes your policy more vulnerable to the effects of inflation.
- Lifestyling options are based around your selected retirement date. If you stay in work beyond this date, your money could be held in lower risk/return funds for an unsuitably longer period.
- Lifestyling may not be appropriate if you are considering options other than an annuity for your retirement income (such as drawdown or phased retirement).

Find out more about lifestyling at www.reassure.co.uk/managing-the-risks

The **Helping you make the right decision** section provides website links for if you want to find out more about your funds or more detail about the points you should consider in the run up to retirement.

These website pages also contain links to factsheets about topics such as 'Keeping your pension on track' and 'Transferring your pension' for you to download and read.



Our assumptions

The figures on page 1 were calculated on 12 August 2014.

It's not possible to provide illustrations for every eventuality, so we have made some assumptions when calculating your illustration. You can find out more by downloading our **Guide to your annual statement** from www.reassure.co.uk/statement-guide. Call us if you'd prefer to receive a written copy of this guide.

Your investment	<ul style="list-style-type: none"> We've made assumptions as to the nature of investments you hold, and their likely performance. Your investment choices and their actual performance may not be the same as we have assumed. We've assumed that investments in your chosen fund(s) grow by 5% each year. We've also assumed that you buy an annuity when you retire. Annuity rates available when you come to take your benefits are likely to be different to what we've assumed, so make sure you get quotes based on your personal circumstances.
Inflation	<ul style="list-style-type: none"> Inflation affects the buying power of your money. Think about how much more your weekly grocery shop costs today than it did ten years ago. We've adjusted your illustrations to take inflation into account, so you have an idea of how much retirement income you could get in today's money. We've assumed yearly inflation of 2.5% when working out your illustration. <ul style="list-style-type: none"> Under this assumption, a yearly retirement income of £10,000 in 20 years' time would only be worth the equivalent of £6,100 in today's money.
Contributions	<ul style="list-style-type: none"> We've assumed tax relief on your contributions will continue at the current rate. We've assumed you pay your current contribution amount of £100.00 every month, which will increase each year until 12 August 2049. Let us know if you'd like to continue making contributions past this date.
Your retirement	<ul style="list-style-type: none"> Your annual retirement income will depend on a number of things, such as the performance of your investment and how much it costs to buy an annuity when you retire. These may be different to the rates we've assumed. <ul style="list-style-type: none"> Your health and personal circumstances will also have a significant impact on your retirement income. We've shown how much you could receive based on you retiring on 12 August 2039, 12 August 2044, 12 August 2049, 12 August 2054 and 12 August 2059. We've assumed you will buy a pension that will increase each year in line with inflation. When you retire you can take a portion of your pension pot as a tax-free lump sum (normally 25%). Our figures assume that no lump sum is taken, so if you're interested in this option your retirement income is likely to be lower than the amounts shown. When you retire we will assume your wife will be three years younger than you, and they will inherit half your pension.
Policy guarantees	<ul style="list-style-type: none"> Your policy has a Guaranteed Annuity Rate (GAR). This is a guarantee to use a minimum annuity rate if you take your retirement income from ReAssure. Important note: Your GAR may provide a higher income than you could get from shopping around. If you transfer your pension or buy a retirement income product from another provider you will lose this benefit, so make sure you call us for a quote before considering taking your benefits elsewhere. In most cases the GAR on your policy applies when you take benefits at any time from age 55 until just before your 75th birthday. We've not taken your GAR into account when working out your illustrations. Please call us if you'd like an illustration using your GAR.

The **Our assumptions** section explains more about how we calculate your SMPIs and provides more information about any policy guarantees you have.

Customers who have a lifestyling strategy in place

This is the growth rate used in the projection shown in bold on page one of your statement. It's based on your current mix of investments but also takes your lifestyling strategy into account. It does this by applying a small reduction to reflect the move to lower risk, lower return assets in the lifestyling period before you retire. We've also assumed that lifestyling will take place before you retire in the other projections and have adjusted the growth rate used to account for this.

We've provided more information about lifestyling on page 3 of this guide.

Important information for taxpayers at a higher rate

If you pay tax at a higher rates, you may be able to claim extra tax relief on your contributions to Personal Pension Schemes, Free-Standing Additional Voluntary Contribution plans and some S226 Retirement Annuities.

You can claim tax relief through your Self-Assessment tax return, or by contacting HM Revenue & Customs (HMRC) for an adjustment to your Pay as You Earn code if you don't complete a tax return. If you're an additional rate taxpayer you'll have to claim the difference through your tax return.

HMRC guidance on the relief available:

www.gov.uk/tax-on-your-private-pension/pension-tax-relief

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Changes to projections from March 2016

Important changes that will affect the estimate of benefits you may get from your policy

The statement we send you each year contains an estimate of the benefits you might get when you retire. It's based on a number of assumptions, including the rate at which your fund might grow and the options you take at retirement. What actually happens may be different from these assumptions.

We used to assume that you'd buy an annuity where:

- the income increases in line with inflation each year, and
- if you die before your spouse or civil partner, a reduced income is paid for the rest of their life

We now assume that you'd buy an annuity where:

- the income remains the same each year, and
- your income will be paid for the first five years, even if you die during that time. After this no further income is payable to your spouse, civil partner or dependants.

This means that the projected amounts in your current annual statement could appear quite different compared to previous years. Your pension has not lost or gained any value as a result of this change, it just means that we now assume our customers make different choices. You don't have to make the same choices as we've assumed.

If you want to understand more about the impact this may have on your retirement planning, you should speak to your Financial Adviser (FA). If you don't already have an FA, you can find one in your area at www.unbiased.co.uk.

Important things to remember

- The projections are only examples of what you may receive. They are not a promise and are not guaranteed.
- You have not lost money because of these changes. They do not affect the performance of your fund or funds. They just assume that you make different choices when you come to take your pension. Visit our website for more information about this.