ReAssure

Your retirement

This factsheet provides you with factual information only - ReAssure does not provide financial advice

Managing the risks to your **pension pot**

A lot of pension policies are invested in stocks and shares. These offer good potential for long term growth, but can rise and fall in value. As your chosen retirement date approaches, your pension savings are very important, as they will soon be needed to support your income when you retire.

Historically, many people took a guaranteed income for life (also known as an annuity). However there is now more flexibility about how you can take your pension benefits. If you do decide to buy an annuity, the amount you'd receive as a guaranteed income for life is dependent on the annuity rates available at the time. These rates are linked to long term interest rates, which can go up or down.

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 is a way of trying to help reduce the impact of this type of market fall.

What is lifestyling?

Lifestyling is a process where the money invested in your pension is gradually moved out of riskier (but higher potential return) assets, such as shares, into lower risk (but lower potential returns) assets, such as cash deposit funds or bonds. Lifestyling strategies are usually considered around five years before retirement, by people interested in trying to help preserve their existing pension savings.

What are the advantages and risks of lifestyling?

Lifestyling, like all investment choices, is not a risk-free option. Below are some of the benefits and the risks of lifestyling. These will depend on your personal circumstances; speak with a Financial Adviser if you're unsure.

Benefits	Risks
• Reduces the impact of falls in the stockmarket close to retirement by moving into lower risk funds. Lower risk funds are less likely to be significantly affected by stockmarket falls.	• 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.
• 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 is low.	• 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.
• There should generally be no additional cost to you to take advantage of the lifestyling option or to lifestyle your policy if an automatic option to do this does not exist.	• Lifestyling options are based around your selected retirement date. If you continue working beyond this date, your money could be held in lower risk / lower return funds for an unsuitably longer period.

Lifestyling may not be appropriate if you are considering options other than a guaranteed income for life when you take your benefits.

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Does my ReAssure pension policy offer lifestyling?

Some policies originally taken out with Aetna, Tomorrow and HSBC do offer automatic lifestyling strategies. For Aetna policies this was called Automatic Risk Profiling while for Tomorrow policies it was known as the Retirement Protection Option.

Most policies taken over by ReAssure don't offer automatic lifestyling. If you don't know whether your policy has one of these options, you can either check your original policy documents or contact us to find out.

If this option has been selected, we will write to remind you of this before it is applied. You can switch automatic lifestyling on or off at any time.

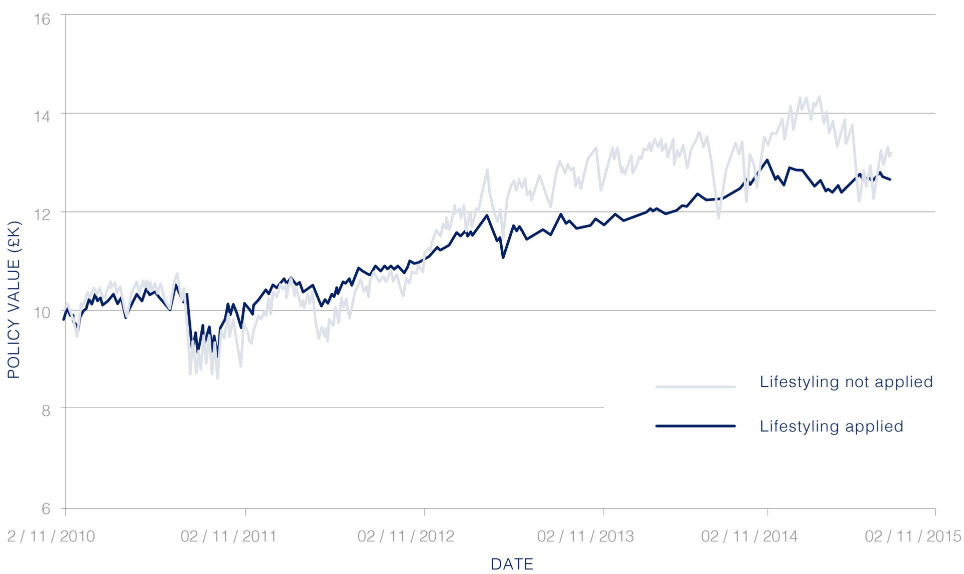
My policy does not offer automatic lifestyling as an option. Can I still do it?

You can switch the funds your policy is invested in at any time. This gives you the opportunity to move from higher risk to lower risk funds yourself as you approach retirement. You'll need to request each switch separately when required, but this does give you the flexibility to decide on your own phased approach. Please call us if you'd like to switch your investment funds.

Free fund switches

ReAssure offer at least 20 free fund switches per policy year. You can find out more information about our available funds or how to switch funds at **www.reassure.co.uk**

How lifestyling could affect your policy



This graph gives you an idea of how lifestyling can smooth the risk of fluctuations in the value of your pension in the five years leading up to retirement.

This example assumes that to begin with all of the policy's investments are in funds that track the 100 largest UK companies and over the five years are slowly moved into deposit and bond investments.

Lifestyling not applied: The value of this policy varies greatly right up to retirement. It's more difficult to predict the retirement income this will provide, but the potential for growth is greater.

Lifestyling applied: The value of this policy is much steadier, protecting the policyholder from significant drops in value close to retirement. It's easier to predict how much retirement income this will provide, but the potential for grown in later years is lower.

Remember returns on investment are not guaranteed and can go down as well as up, even if you use a lifestyling option.

Notes: Policies illustrated have a retirement date of 1 November 2015. Figures assume that no future contributions are received, and are calculated based on both policies being 100% invested in a fund that tracks the performance of the 100 largest UK companies on 1 November 2010. The graph is designed to demonstrate how lifestyling could reduce fluctuations in policy values leading up to retirement, and is not an indication of actual investment performance. The period shown is particularly volatile, and is not an indication of future performance. Deposit and Fixed Interest funds will not necessarily pay a fixed return, but are likely to be less volatile than higher risk funds. Real returns on policies will be determined by investment choices and any associated charges that may apply.

I'm not sure what options are the best for me. Where can I go to get help?

Pension Wise is the government's free and impartial guidance service which can help people aged 50 and over. Visit **www.pensionwise.gov.uk** or call **0800 138 3944**.

The Money Advice Service has resources online that you may find useful when considering which funds you're invested in. You can go to **www.moneyadviceservice.org.uk** or call **0800 138 7777**.

You can also get help from The Pensions Advisory Service (TPAS) by visiting **www.pensionsadvisoryservice.org.uk** or calling **0300 123 1047**.

ReAssure is unable to provide financial advice, but we can give you factual information. If you want independent financial advice then you can find a Financial Adviser in your area by visiting **www.unbiased.co.uk** or by calling **0800 020 9430**. You may have to pay for any advice you receive.

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