SCOTTISH WIDOWS

Your company pension

A guide to help prepare for the retirement you want

Group Personal Pension
with Salary Exchange

Supporting literature and tools to help you make decisions about your company pension

Literature

Key Features and Illustrations

The documents above provide important information about your company pension and should be read.

Pension Investment Approach Guide

Pension Funds Investor's Guide

Your guide to with-profits

Policy Provisions

Important notes for applications

Tools

Indulge-o-meter

Find out if spending a bit less on treats could give you spare cash for your company pension.

Pension Planner

Use this to show how much you might get when you retire.

Investment Decision Tool

Use this to automatically match yourself to the most suitable investment option for you.

To access the literature and tools visit **www.scottishwidows.co.uk/joining**
After reading this literature, we recommend that you either save or print a copy and keep this safe for future reference. If you don't have internet access or would prefer a paper copy of this information, please call 08457 556 557.

Contents

We hope this guide answers all your questions, but if not, please speak to the financial adviser for this company pension or your own financial adviser.

What we mean when we say:

Company pension

This Scottish Widows Group Personal Pension Plan.

Pension fund

The company pension fund held in your name. When you retire, this fund will be used to pay a taxable income for life together with a tax-free cash sum if chosen.

Tax-efficient investment

Our pension investment funds are generally free of UK income and capital gains tax. However, we can't reclaim tax deducted at source from the dividends of UK company shares. Tax rules can change.

Taxman

HM Revenue and Customs.

Salary exchange

Salary exchange is an agreement between you and your employer where you exchange part of your gross salary (this is your salary before tax) or bonus in return for a non-cash benefit such as a pension contribution.

You choose an amount to exchange and it is taken from your gross salary so no National Insurance Contributions (NICs) are paid on it. The exchanged amount goes into your pension as an employer contribution.

Tax relief

If you choose to make personal contributions to the plan, outside of the salary exchange arrangement, these contributions may be eligible for UK tax relief. We will claim basic rate tax relief on your behalf and invest it in your plan. If you are a higher or additional rate taxpayer you may be able to claim additional tax relief on these contributions via your self-assessment tax return.

The value of the tax benefits of a pension plan depend on your personal circumstances. Both your circumstances and tax rules may change in the future.

We/us

Scottish Widows.

Income for life

The money your pension fund will pay out once you retire which is taxed in payment. If you decide to take a cash sum when you retire, it's normally tax-free.

Retirement date

Your selected retirement date.

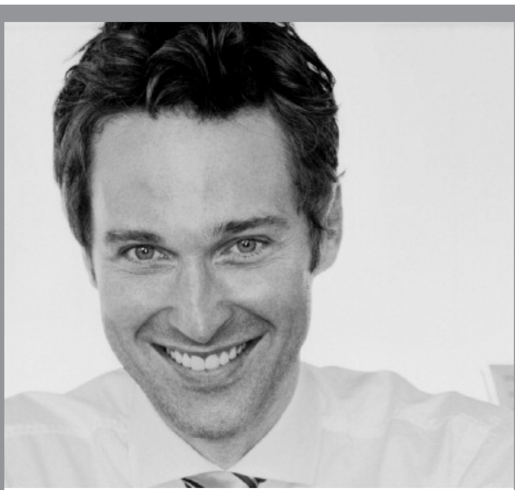
Total Annual Fund Charge

The charge made for managing and investing your plan.

What’s in it for me?

Here are some reasons why you should consider starting contributions into your company pension

- When you start paying in, your employer will normally start paying in too
- Using salary exchange to pay your pension contributions means you pay reduced National Insurance Contributions (NICs)
- The sooner you start paying in, the longer your pension fund has the opportunity to grow
- If you leave your job, you can take your pension fund with you, including the payments your employer has made
- When you retire, you can normally take a tax-free cash lump sum, plus a taxable income for life
- To help make your investment decision easier, we have designed some simple investment tools



“By starting to pay my pension contributions through salary exchange rather than directly, I can pay more into my pension and keep my take home pay the same.”

John, 27, Glasgow

What’s best for me?

A step-by-step look at making your pension decisions

Contributing to a pension

With both your employer and the taxman helping you save, it literally pays you to contribute

Scottish Widows is working with your employer and their pension advisers, to provide this company pension.

If you contribute, it could be of life-long benefit to you. By giving you this opportunity, your employer is showing how much they value:

- Your contribution to their business, and
- Helping you with your financial security in retirement.

Avoid having to work ‘til you drop

Whatever your personal ambitions, you’ll need money to enjoy life to the full. That’s where this company pension could help.

UK state retirement ages are going up. Depending on your age now, you may have to wait until 68 before getting your Basic State Pension.

But, by contributing this company pension you may be in a position to retire earlier or have a better lifestyle when you eventually stop work.

Whatever you want your retirement to be, having a pension could help you enjoy it more

Giving up work doesn’t mean giving up living. When you retire, what do you think you’ll be looking forward to most?

Enjoying the simple pleasures in life?

✓ your choice

- [ ] No longer having to work
- [ ] Spending more time at home and with your family
- [ ] Taking up new activities that you haven’t had time for to date

Or something more exotic?

- [ ] Seeing more of the world
- [ ] Buying a place in the sun
- [ ] Moving abroad

Why contribute?

A company pension is a highly tax-efficient way to help get the retirement income you need

Unless your retirement is already on the horizon, you may struggle to picture exactly what you'll be doing in 20–40 years' time. But, whatever you want your retirement to be, a company pension should help give you a financial cushion to enjoy it that bit more.

- When you contribute, there's the feel-good factor of knowing your company pension is there in the background, quietly doing its job.
- Because it's earmarked for your retirement, you can't dip into your company pension or fritter it away. So, although it's tied up until you retire, you should be able to rely on it being there when the time comes.
- You don't have to retire or stop work before taking your company pension. You can normally start taking your pension at any age from 55. But remember, the earlier you take your pension, the less time your pension fund has the opportunity to grow.

The sooner you start contributing, the longer your contributions have the potential to grow

Your retirement may seem a long way off, but don't fall into the trap of putting off contributing because you've got plenty of time. Take it from people retiring today, it will come round much faster than you think.

The flip side, of course, is that the longer you delay the more you'd need to pay in to try and get the same size of pension income.

The longer you live, the more money you're likely to need

Most people retiring at 65 will now live to their early-80's (based on current figures from the Office for National Statistics):

- Even by the time you've read this guide, the average life expectancy will have increased by about 5–10 minutes.

With new medical advances helping to cure life-threatening diseases, your life expectancy could continue to rise.

It's never too late

Don't assume it's too late for you to contribute. The chances are you could still have a lot to gain. In most cases, even a small pension is better than none at all – especially when your employer and the taxman are helping to pay for it.

Salary exchange

Your company pension offers salary exchange. This has the advantage of effectively reducing the amount of National Insurance Contributions (NICs) you pay.

With a typical company pension scheme, the employee pays contributions directly themselves into their pension plan. However, with salary exchange, you don't make contributions direct into your pension plan. Instead, your gross salary is reduced by the amount you want to exchange and this money is then paid into your pension plan as an employer contribution. Basically, this means that by exchanging rather than paying directly you don't pay NICs on the amount contributed towards your pension plan.

The result of salary exchange is:

- Exactly the same amount will be paid into your pension plan

and

- Your net income increases slightly as you pay less NICs

or

- You pay a little extra into your pension plan

and

- Your net income stays the same.

There are examples on page 8 and 9 showing how this works.

Salary exchange is a contractual agreement. Your employer will decide how long the agreement will last. Normally, you can't change or stop the exchange during the agreement period but your employer may include the option to change the agreement if you experience a 'lifestyle change'. Your employer can provide more information on this.

You can choose to either exchange an amount which will allow your take home pay to remain at the same level (as if you were making normal employee pension payments) and have the NIC saving paid into your pension fund, or you can keep your pension payments at the same level and increase your take home pay. These payments will be shown as employer payments on any correspondence you receive such as illustrations or annual statements.

Remember

Your employer may also be paying their own contributions to your pension plan.

Things to consider

Salary exchange may not be suitable for everyone. It's important to remember that by opting-in (or by not opting-out) you are entering into a legally binding contract. Other things that you should think about include:

- Other benefits which are linked to your salary, for example, benefits on death and over-time rates.
- Statutory benefits linked to your lower salary may also be impacted. These include:
  - State pension.
  - Statutory maternity, paternity and sick pay.
  - Working or child tax credit.
- As mortgage lenders usually base the amount which can be borrowed on the salary after the exchange, this will reduce the amount that you can borrow. However, your employer may decide to maintain a 'notional salary' (your original salary with no exchange). This is useful for things like mortgage references, over-time, life assurance multiples and salary reviews.

You may wish to speak to your employer or financial adviser for more information on salary exchange and whether it is suitable for you.

Here's how it works for basic rate taxpayers

Let's assume:

- You're a basic rate tax payer earning £24,000 a year
- You currently pay a gross pension contribution of £1,200 a year (or £100 a month)
- You now agree to a salary exchange of £1,412 a year to keep your take home pay the same but pay more to your pension.

Tax year 2013/14	Before exchange	After exchange
Gross earnings	£24,000	£22,588
Tax you pay	£2,912	£2,630
National Insurance you pay	£1,950	£1,780
Net earnings after tax and NI	£19,138	£18,178
Minus current pension contribution	£960 net (£1,200 gross)	n/a as amount has been exchanged
Take home pay	£18,178	£18,178

In the above example you have increased your pension contributions to £1,412 gross a year but kept your take home pay at the same level.

Let's look at another example. This time we'll assume:

- You're a basic rate tax payer earning £24,000 a year
- You currently pay a gross pension contribution of £1,200 a year (or £100 a month)
- You now agree to a salary exchange of £1,200 a year to keep your pension contributions at the same level and increase your take home pay.

Tax year 2013/14	Before exchange	After exchange
Gross earnings	£24,000	£22,800
Tax you pay	£2,912	£2,672
National Insurance you pay	£1,950	£1,806
Net earnings after tax and NI	£19,138	£18,322
Minus current pension contribution	£960 net (£1,200 gross)	n/a as amount has been exchanged
Take home pay	£18,178	£18,322

In the above example you have kept the gross payments to your pension at £1,200 and increased your take home pay to £18,322 a year.

Both the above examples assume that:

- You have a personal allowance of £9,440 a year (so you only pay tax on any amount earned above that) and
- You only pay NICs on any amount earned over £7,755, this is the 'primary earnings threshold' for tax year 2013/14. Please note: The NIC rate for employees is 12%.

You should remember that these are only examples and they aren't guaranteed. The value of the tax benefits of a pension plan depends on your individual circumstances. Your circumstances and tax rules may change in the future.

Please note: these examples look only at the employee contributions. Your employer may also be paying to your pension plan.

Here's how it works for higher rate taxpayers

Let's assume:

- You're a higher rate tax payer earning £60,000 a year
- You currently pay a gross pension contribution of £6,000 a year (or £500 a month)
- You now agree to a salary exchange of £6,207 a year to keep your take home pay the same but pay more to your pension.

Tax year 2013/14	Before exchange	After exchange
Gross earnings	£60,000	£53,793
Tax you pay	£13,822	£11,339
National Insurance you pay	£4,415	£4,291
Gross earnings after tax and NI	£41,763	£38,163
Minus current pension contribution	£4,800 net (£6,000 gross)	n/a as amount has been exchanged
Take home pay (before reclaim of higher rate tax relief)	£36,963	£38,163
Higher rate tax relief on gross pension contribution	£1,200	n/a as amount has been exchanged
Final disposable income	£38,163	£38,163

In the above example you have increased your pension contributions to £6,207 a year but kept your take home pay at the same level.

Let's look at another example. This time we'll assume:

- You're a higher rate tax payer earning £60,000 a year
- You currently pay a gross pension contribution of £6,000 a year (or £500 a month)
- You now agree to a salary exchange of £6,000 a year to keep your pension contributions at the same level and increase your take home pay.

Tax year 2013/14	Before exchange	After exchange
Gross earnings	£60,000	£54,000
Tax you pay	£13,822	£11,422
National Insurance you pay	£4,415	£4,295
Gross earnings after tax and NI	£41,763	£38,283
Minus current pension contribution	£4,800 net (£6,000 gross)	n/a as amount has been exchanged
Take home pay (before reclaim of higher rate tax relief)	£36,963	£38,283
Higher rate tax relief on gross pension contribution	£1,200	n/a as amount has been exchanged
Final disposable income	£38,163	£38,283

In the above example you have kept the gross payments to your pension at £6,000 and increased your take home pay to £38,283.

Both the above examples assume that

- You have a personal allowance of £9,440 a year (so you only pay tax on any amount earned above that) and
- You pay 20% tax on your earnings up to £32,010 and then 40% on any earnings above this amount;
- You pay NICs of 12% on any amount earned between £7,755 and £41,450 and NICs of 2% on any amount earned over £41,450.
- You do not have any other taxable income.

Higher or additional rate taxpayers can claim additional tax relief on any personal contributions they make via their self-assessment tax return.

The personal income allowance will be reduced for those with incomes over £100,000, tapering down to zero. Please ask your financial adviser for more details.

You should remember that these are only examples and they aren't guaranteed. The value of the tax benefits of a pension plan depends on your individual circumstances. Your circumstances and tax rules may change in the future.

Please note: these examples look only at the employee contributions. Your employer may also be paying to your pension plan.

What about relying on the State or using other investments?

A pension is one of the best ways to save for your retirement, but it's not your only option.

What will I get from the State?

Like most people, you'll probably get something from the Basic State Pension.

The age at which you first receive the State Pension will depend on your date of birth, but is expected to increase gradually to 68 by 2046. So many of us may have to work longer than we thought.

Here are the current amounts for the tax year 2013/14.

Basic State Pension	Single person	Married couple
Weekly amount	£110.15	£176.15
Monthly total	£477.31	£763.31
Yearly total	£5,727.80	£9,159.80

Will I get a full State Pension?

You'll need to find out. According to the Department for Work and Pensions, 15% of those reaching State Pension Age are entitled to less than the full amount of Basic State Pension.

How much you get will depend on how much you have paid in NICs during your working life. People reaching their State Pensionable Age (SPA) will need to have paid them for a full 30 years.

As a result of salary exchange, your NICs will be lower. This may impact your State Pension.

How do I get a State Pension forecast?

You can find out exactly how much money to expect by contacting The Pension Service. You can ask for a forecast by ringing them on 0845 3000 168 or applying for one online at **www.thepensionservice.gov.uk**

Will I get the State Second Pension?

How much State Second Pension (this is sometimes paid in addition to the Basic State Pension) you receive will be based on a combination of factors, including:

- Your average earnings
- How long you've been employed
- Your National Insurance Contribution history.

If you are resident overseas or a non UK national, the state benefit you're entitled to (if any) may differ from those described above. Please speak to your financial adviser for further details.

What else could you be relying on in your old age?

Some people enjoy planning their finances and being in control. Others avoid thinking about it for as long as possible, and some do nothing at all.

There are a wide range of investments out there and some or all of them may play a part in your thinking, alongside this company pension. Take a look below at some other options available to UK residents, and see how well they compare.

See how your company pension compares to some other investment options

	Investment options			
	Your company pension	Buy-to-let property	Inheriting money	ISAs
Your employer can pay in#	✓	✗	✗	✗
You can exchange your salary and increase your take home pay or your pension contributions	✓	✗	✗	✗
Other individuals can pay money in on your behalf (and you benefit from tax relief)	✓	✗	✗	✗
You can't spend the investment before you retire	✓	✗	✗	✗
You can take some of the proceeds or benefits tax-free	✓	✗	✓	✓
All of the income or proceeds is tax-free	✗**	✗	✓*	✓**
You don't have to give up your time to manage things	✓	✗	✓	✓

Your employer may change their level of contributions. Any employer contributions would stop if you leave the company.

* If under the UK inheritance tax nil rate limit, this can be tax-free.

** Please note it's not possible to reclaim the 10% tax credit on UK dividends.

Tax treatment depends on your personal circumstances and may be subject to change in the future.

For more information on any of these investment options or their tax implications, please speak to a financial adviser.

How much income will I need to live on when I stop work?

About two thirds of your earnings may be a good yardstick

Everyone's lifestyle, expectations and spending habits are different. But most people could live on about two thirds of their earnings.

Would two thirds of your current income be enough to live on? Have a think about your expenses now and what they'll be like when you stop working. Below we've tried to give you some ideas on ongoing, reducing, increasing and one-off expenses. Think about your own circumstances.

Expenses

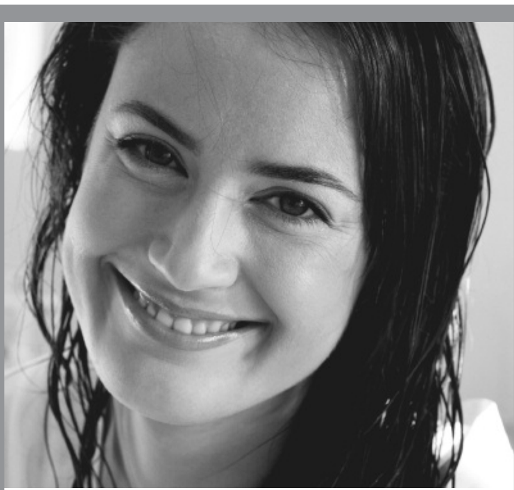
Ongoing	Reducing	Increasing	One-off
food	mortgage paid off	leisure activity costs	buying a car
drink	travel to work	medical or care costs	holidays
clothing	work clothes		replace the washing machine
bills			

The income needed to cover these various expenses can come from a number of sources e.g.:

- buy-to-let property
- income from savings
- freelance work

But a pension plan could be key to helping you put a bit more away to help make sure you have enough money in retirement to do all the things you plan.

The next section will help you think about how much to pay in.



“If I didn’t put the money into my pension, I’d only spend it on things I don’t really need.”

Sarah, 30, London

How much should I pay into my pension fund?

Very few pensioners complain about having too much money. So it's probably best to pay in as much as you can comfortably afford.

But remember, by paying into your pension through salary exchange rather than contributing directly yourself you can increase your pension contributions or your take home pay, plus your employer may also pay into your pension fund.

Finding enough spare cash for your company pension

With all the pressures on your bank account – mortgage, credit cards, bills, car, kids, leisure activities etc – you may wonder where you'll find enough money to pay into your company pension each month.

If so, it might be worthwhile taking a closer look at your spending. You may be surprised by how quickly little items of non-essential expenditure add up. This may encourage you to pay some of this money into your company pension instead – without spoiling your fun!

Little cutbacks could give you some spare cash to pay into your company pension.

	Approximate monthly saving
Walk to work once a month instead of taking a bus	£1.20
Eat one less chocolate bar a week	£2.30
Buy one less magazine a week	£13.00
Catch one less taxi a month	£8.50
Smoke one less cigarette a day (30p each)	£9.00
Have one less take away for two, a month	£20.00
Buy one less DVD a month	£10.00
Have one less glass of wine at the pub each week	£16.00
Money you could exchange into your company pension instead	£80.00

How much extra could you find in your budget?

If you kept a close eye on your shopping this month, how much extra do you think you could find to pay into your pension?

Try using the Indulge-o-meter in the supporting tools to find out how much you're spending on life's little luxuries.

I could find about	
£	a month

Topping up your company pension with extra payments

If you want to give your company pension a boost, you can increase your payments or add lump sums to it at any time. For example, using money from:

- Windfalls or winnings
- An inheritance or gift
- Other savings from your bank or building society.

Plus, you'll normally get UK tax relief on these payments too. You can read more about tax in the Key Features.

Increasing your payments as the years go by

A lot could happen to the value of today's money by the time you actually retire. So you'll need to think about how inflation could affect you.

To help you judge how quickly the rising cost of living can affect the buying power of money, here's an example.

	What £1,000 is worth based on 3% a year inflation
today	£1,000
after 10 years	£744
after 20 years	£553

Increasing your payments to your pension each year can help protect against the effects of inflation, and may help maintain the purchasing power of your pension.

“I’m leaving the investment side of things to Scottish Widows.”

Iain, 53, Edinburgh

How will my pension fund be invested?

You might expect your employer to say how your company pension will be invested. But that's not the case – instead, you are free to choose what happens with your pension fund.

You have two options:

- Simply choose one of our Pension Investment Approaches based on your feelings about risk, and let us manage this through to your retirement, or
- Be very 'hands-on' – selecting from our wide range of internally and externally managed investment funds.

This section of the guide explains what's involved with both options.

About our three risk-based Pension Investment Approaches

Not everyone wants to be actively involved with picking investments and keeping a close eye on what's happening in the market. If this sounds like you, one of our three specially designed Pension Investment Approaches may be just what you need. Simply tell us which one suits you best.

They all work in a similar way. The difference between them is how much investment risk they take in trying to help your pension fund grow. With all three approaches, we gradually reduce the risk the closer you get to retirement, to help protect the final value of your pension fund.

Need help choosing?

If you're unsure which approach may suit you best, use our Investment Decision Tool to find your match. It asks you 10 simple questions to help you decide your risk approach.

- You'll find an interactive version in the supporting tools or at **www.scottishwidows.co.uk/idt**
- Or, use the paper version on pages 19 and 20 of this guide.

Adventurous	**Adventurous Pension Approach** A plan using this Pension Investment Approach is expected to have the most frequent and noticeable ups and downs in value. It has the potential to provide the highest growth over the longer term, but it could also make the biggest losses.
Balanced	**Balanced Pension Approach** This Pension Investment Approach should have moderate ups and downs compared with the other two approaches.
Cautious	**Cautious Pension Approach** A plan invested in this Pension Investment Approach should experience smaller and less-frequent ups and downs in value than the other two approaches. But its growth potential is lower as a result.

What's special about these approaches?

They take into account the fact that investments need to do different jobs for your company pension at different times:

- for the main part they aim to grow your pension fund as much as possible – whilst matching the level of investment risk you've chosen
- the closer you get to retirement, they gradually switch from an aim of 'going for growth' to helping protect what you've built up.

How do we decide which investments to use?

That's easy. Everything is decided in advance, based on rigorous investment testing. Instead of switching investments in reaction to what's happening day to day in the stockmarket, we invest according to the approach you've selected and how close you are to retiring.

When originally designing our Pension Investment Approaches, we put a huge range of investments under the microscope. This enabled us to:

- Rule out unsuitable ones – too risky or not enough potential growing power
- Select types we felt were right for Scottish Widows company pensions
- Identify what we believe are the best investment combinations for people with different ideas about risk and different terms to retirement.

How do we monitor your investments?

We constantly monitor your company pension, to ensure it is invested according to your chosen approach:

- Up to 15 years before you retire – we check every three months to see if any investment ups and downs have caused the investment mix to go adrift. If it has, we adjust it. The new mix will be based on how much closer you are to retirement at that time.
- From 15 years before you retire – we gradually start replacing some of the higher risk investment funds with lower risk ones.
- In the last five years before you retire – we gradually start switching to the lowest risk investment funds. Although this has the effect of reducing the potential for growth, it helps to protect the value of your plan during the run-up to your selected retirement date.
- At your retirement date – your pension fund will be split approximately:
  - 25% in our Cash Fund
  - 75% in our Pension Protector Fund

  ready to provide your tax-free cash and income for life.

Want more information?

Please see our Pension Investment Approach Guide. For more information on our fund aims and risks, please refer to our Pension Funds Investor's Guide. You'll find these in the supporting literature.

Use our Investment Decision Tool

Our Investment Decision Tool is a quick questionnaire to show you which of our three Pension Investment Approaches may suit you best

An interactive version is in the supporting tools or at **www.scottishwidows.co.uk/idt**

What to do

Using the tool, which you can do in just a few minutes:

1. First answer the questions in the panels starting opposite, using the tick boxes as you go. There aren't any right or wrong answers, so go with your instinct!
2. At the end, add up your scores (these are shown within the tick boxes).
3. Then mark your total score on the investment scale overleaf.

Doing this will match you to one of our three Pension Investment Approaches – Adventurous, Balanced or Cautious.

That's all there is to it

But the final decision is yours. If you don't agree with the result, you're free to choose a different approach. You'll be responsible for deciding which investment approach suits you best.

If you need any more help deciding please speak to a financial adviser.

1. Your employer offers you a bonus, which you can take as cash, shares or a mixture of both. The shares have a 50/50 chance of doubling in value, or becoming worthless over the next year. What would you do?

✓ your choice

- [0] Take it all in cash
- [1] Take half cash and half shares
- [2] Take it all in shares

2. When it comes to investing, how would you describe yourself?

✓ your choice

- [0] Inexperienced
- [1] Reasonably experienced
- [2] Experienced

3. When it comes to investing, what are you most concerned about?

✓ your choice

- [0] Limiting loss is more important than getting above-average returns
- [1] Limiting loss and achieving above-average returns are equally important
- [2] Achieving above-average returns is more important than limiting loss

4. If you were investing in the UK stockmarket and it suddenly fell by 40%, what would you do?

✓ your choice

- [0] Get out quickly
- [1] Sell some of my investment
- [2] Stay put

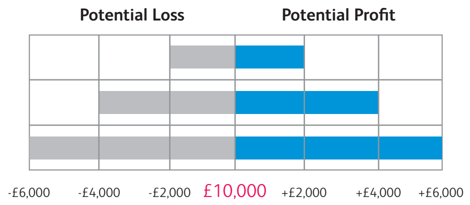
5. This chart shows how much you could make or lose in a year, with three imaginary investments of £10,000. But you won't know in advance what the result will be. Which one would you invest in?

✓ your choice

0

1

2



6. You are appearing on the hit game show 'Win a Million!' But you don't know the answer to the next question. What would you do?

✓ your choice

0 Not answer and take the £5,000

1 Eliminate 2 wrong answers, leaving a choice of 2. If you guess right you'll have £7,500. If not, you'll get only £2,500

2 Guess the answer. If you're right, you'll have £10,000. If not, you'll get nothing

7. You're offered a new sales job with a choice of three pay options. Which one would you take?

✓ your choice

0 £15,000 a year

1 £10,000 a year, plus a performance bonus of £0 to £10,000

2 £5,000 a year, plus a 'sky's the limit' performance bonus

8. How would you end this statement? "With a long time to go before I retire it's important to invest my pension..."

✓ your choice

2 All in shares

1 Mostly in shares, but also other investments

0 Mostly in lower risk investments but also some in shares

9. When making a big investment decision, what is more important to you?

✓ your choice

0 Avoiding losses

2 Wanting to make money

1 Both are equally important

10. Two years ago you invested £10,000 in a stockmarket fund. But the value recently fell to £8,500. What would you do?

✓ your choice

0 Switch what's left into something safer that's less likely to fall, but offers lower returns

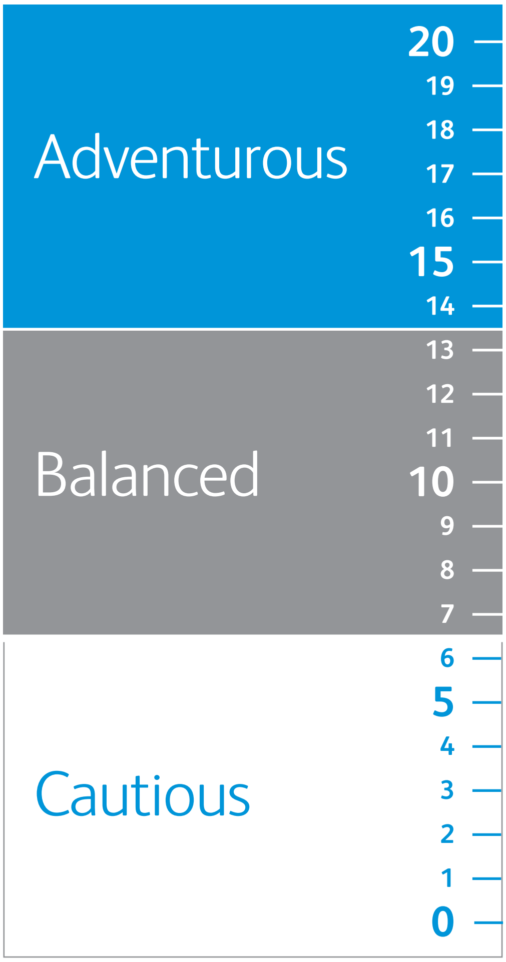
1 Stay where you are, in the hope of recouping your losses when the market picks up again

2 Stay where you are and invest more money while share prices are low, in the hope of making more money when the market picks up again

My total score is

Your result

Mark your total score on this investment scale, to see which of our three investment approaches might suit you best. If you'd like to know more about each approach, please see the **Pension Investment Approach Guide**. You'll find it in the supporting literature.



Using your result

How you invest your company pension is entirely up to you.

If you're happy with your result, all you need to do is select that approach on your joining form.

If you were on the border of two approaches, you will need to decide which one you prefer. Taking your retirement date into account may help you do this. For example, if it is:

- Quite a way off, you might go for the approach that has the higher growth potential of the two, or
- Just round the corner, you may want to opt for the one that should have fewer ups and downs.

Of course, you may decide you want to be a 'hands-on' investor instead. In which case, you can link your company pension to a selection of pension funds from our range. Please see page 22.

Want to take a more hands-on approach to investing your company pension?

Your other option

If you decide to invest in our investment funds instead of using our Pension Investment Approaches, you will be responsible for choosing funds that suit your attitude to risk. You can invest in up to 10 of them at one time (but there may be restrictions on the amount you can invest in some funds). Currently switches between them are free.

- Some funds are managed by Scottish Widows Investment Partnership (SWIP), and
- Some by other top UK investment managers, such as Fidelity, Schroders and Henderson.

The investment funds have been placed into our different risk approach ratings to help make your investment choice easier. You can find out more about them in our Pension Funds Investor's Guide in the supporting literature.

Please remember, if you go down this route:

- You should regularly review your choice to decide whether it's still right for you. If you decide it isn't, you can ask us to switch to another fund (or funds) as we won't automatically do this for you, and
- Some of the funds may have a higher yearly charge compared to those used for the Pension Investment Approaches. Please contact us for details of the charges for each fund.
- We may change the selection of funds we make available at any time.

Is being 'hands-on' right for you?

Have you done something like this before? If you're not confident about making the right moves at the right time, you may want a financial adviser to help you. Most of the investment funds have been placed into our different risk approach ratings to help you choose – but you'll be responsible for deciding when and where to invest and if/when to switch.

Our Self Investment Option

Additional investment choices are available through the Self Investment Option. This allows members to set up a personal pension plan through our Retirement Account product alongside their group pension plan and to invest directly in a wider range of funds or in stocks and shares.

This option is designed for experienced investors and you should speak to a financial adviser if you are unsure whether it is suitable for you.

Please contact your adviser or employer for more details.

Changing your investment choice later on

Whatever investment choice you make at the start, you're free to change your mind and switch to something else later on

Switching is currently free and you can:

- Ask to do it at any time
- Move from investment funds into one of our Pension Investment Approaches, or from an approach into one or more investment funds
- Spread your company pension in up to 10 investment funds at once.

But you can't invest:

- In more than one Pension Investment Approach at a time, or
- In both investment funds and a Pension Investment Approach at the same time.

Please note:
We reserve the right to delay the date of exchange for a switch. The period of the delay will be not more than six months if the units to be cancelled include units which relate to a fund which holds directly or indirectly assets in the form of real or heritable property. It will not be more than one month in all other cases.

Time to decide

What investments will you choose for your company pension?

- Are you going to be a 'hands-on' investor and self-select investment funds from our wide range of funds, or
- Choose one of our Pension Investment Approaches, and let us do the work?

You may want to make a note of your investment choices below.

Your investment choice

✓ your choice

- ☐ Adventurous Pension Approach
- ☐ Balanced Pension Approach
- ☐ Cautious Pension Approach
- ☐ Hands-on

Number of years until you retire ☐

Will my pension fund go up and down in value?

Yes, ups and downs are part and parcel of investing. But over the longer term the aim of our investment funds and the three Pension Investment Approaches is to achieve long-term growth.

Whatever you decide, remember that the value of the investment is not guaranteed and may go up and down depending on investment performance (and currency exchange rates where a fund invests overseas).

“I can take my company pension with me if I change jobs or become self-employed.”

Dean, 38, Edinburgh

Why your company has chosen Scottish Widows

A name you can trust

After researching the market, your employer has chosen us to provide your company pension. Here are some reasons why they felt we came out top:

- In the Ipsos Brand Tracker 2012, consumers rated us as one of the top financial organisations they would be very happy to deal with. Ipsos run these surveys across the financial services sector. Ipsos is an independent company whose focus is survey based market research.*
- We're part of the Lloyds Banking Group, one of the top 100 companies listed on the London Stock Exchange
- We're experts in group pensions, we currently look after over 40,000 schemes
- Giving an excellent and thoughtful service is very important to us.
- We've been around for nearly 200 years, and that's important. We've been helping people save for a long time and we want to see if we can help you do the same.

All these success factors help to make Scottish Widows one of the UK's leading financial institutions and a company you can rely on.

* Ipsos Data is based on a sample of 3,287 consumers who are solely or jointly responsible for making financial decisions in their household.

How to contribute

What next?

Deciding to contribute will help increase your chances of a financially secure retirement.

Please read the Key Features and Illustration. These give you important details about how your company pension works.

Need financial advice?

Scottish Widows has not provided you with advice. If you're not sure if this product is suitable for you, or if you're not confident about deciding how to invest, a financial adviser may be able to help you. You can:

- Use your own adviser, if you have one
- Speak to your employer's company pension adviser if they have one
- Find a UK adviser in your local area, at **www.unbiased.co.uk** The website is run by the body responsible for promoting professional financial advice in the UK, so you can be sure everyone listed is fully qualified and regulated
- Visit the Money Advice Service website **www.moneyadviceservice.org.uk** This contains free, clear, unbiased advice to help you manage your money.

Overseas applicants

The tax benefits referred to in this booklet are based on Scottish Widows' understanding of HM Revenue and Customs practices and UK law at the date of publication.

If your country of residence is not the UK, the laws and rules of the country in which you reside could affect the policy, including the benefits you can receive. You should speak with legal and/or tax professionals in your country of residence for full details.

How to contribute

Your employer or their adviser will give you details of how to start contributing to your company pension scheme.

If you are an overseas applicant please speak to your employer.

After you start contributing

After you start contributing, we will send you a welcome pack which includes:

- Your policy documents, including the terms and conditions (known as policy provisions) that apply to your company pension. The law of England and Wales will apply to the policy.
- A personal illustration
- Cancellation details, in case you've changed your mind about contributing

Regular updates

Every year we'll also send you a statement showing how much has been paid into your pension fund and what it's currently worth.

Remember that all payments made via salary exchange will show as 'employer payments' because you are using salary exchange.

Online access

By contributing to employer's company pension, you have online access to your policy. This includes:

- Current and historic fund values
- Access to unit purchase history
- Change address/contact details
- Request copies of previous annual benefit statements.

Our range of online services provides you with a quick and simple way to keep track of your pension plan.

You can access these facilities online at **www.scottishwidows.co.uk/corporate** There's a 'log-in or register' button at the top of the web page.

“Joining my company pension was actually a relief. Now I don’t have to worry about not having one any more!”

Paula, 53, Kent

Notes

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