

## Choosing investment options in retirement

How you invest the money in your pension in retirement can make a big difference to how long your pension money might last. You need to be comfortable taking some investment risk and understand that you may get back less than you paid in. You also need to be aware that there are different investment considerations when you're taking money out of your pension compared to when you're saving into it.

When it comes to choosing your pension investments in retirement, there are two main things you should consider.

### 1. Over what time period do you plan on taking money from your pension?

#### I plan on taking all the money from my pension within the next five years

If you'll be taking all your money within the next five years, you might not need to take as much risk with your investments. This is because you don't need them to keep growing in value over the long term.

#### I plan on taking the money from my pension over more than five years

If you plan on taking your money over more than five years, you might want to think about taking more investment risk. This gives your money the opportunity to keep on growing in value and last you through retirement.

But you also need to be comfortable with the amount of risk you take and what this might mean for the value of your pension over the short term. The more risk you take, the more you might expect your pension to grow. But there's also greater risk of large losses if markets fall.

Remember, your pension stays invested. So you'll have to be comfortable taking the risk that if investments don't perform well enough, they might not be able to sustain the amount of income you need, for as long as you need it.

You can **assess your attitude to risk** in just a few minutes using our online questionnaire developed by Oxford Risk.

#### I'd like an ongoing, guaranteed payment from my pension without having to worry about running out of money

If you'd like the assurance of a guaranteed income for life then a guaranteed income (also known as an annuity) might be for you.

Remember that once you decide to buy an annuity you can't change your mind. So it's important to speak to your adviser or seek financial advice before you commit. An adviser may charge a fee for this.

You can also get free impartial guidance over the phone or face-to-face with Pension Wise. Go to [pensionwise.gov.uk](https://pensionwise.gov.uk) or call 0800 138 3944. The Money Advice Service (MAS) guide is also available on the Pension Wise website.

### 2. How do you want your investments to be managed?

At Standard Life, we offer lots of investment options to meet a wide range of needs in retirement. To help you make this decision, we've split your investment choices into three categories:

- **Ready-made** – a small selection of options for customers who know how they plan to take their money and want to leave the day-to-day management of their investments to experts
- **Risk-based** – a range of five MyFolio Managed Funds for customers who want more control but don't want to manage their investments on a day-to-day basis
- **DIY** – a wide range of funds for customers who want to choose and manage their own investments

The table on the next page shows the investment options available depending on how you plan to take your money and how much or little involvement you want in managing your investments.

## Your plans

	Take all the money from my pension within the next five years	Set up a guaranteed income for life (an annuity) from my pension within the next five years	Take the money from my pension over more than five years	Leave the money invested in my pension for more than five years
Ready-made investment options	Short Term Income Fund	Annuity Targeting Pension Fund	Standard Life Active Retirement	
Risk-based investment options			MyFolio Managed Funds	MyFolio Managed Funds
DIY investment options	Full fund range	Full fund range	Full fund range	Full fund range

## How these options work

### Short Term Income Fund

- This fund holds lower risk investments with the aim of keeping the value of your money fairly stable
- The fund's value can go down as well as up, and it won't have as much opportunity to grow as higher risk funds

If you think this is the option for you, it's important to read the **fund factsheet**.

### Annuity Targeting Pension Fund

- This fund is designed to move in line with the cost of setting up a guaranteed income for life (an annuity). This gives you more confidence about the amount of income you'll get when you come to set it up
- It uses medium risk investments, so can go down as well as up in value, sometimes quite significantly

If you think this is the option for you, it's important to read the **fund factsheet**.

### Standard Life Active Retirement

- This option is designed for people who are planning to leave their money invested and take it in a way that suits them over the longer term (at least five years)
- Overall it's classed as a medium risk investment. So, at times, the value of your money can go down as well as up, sometimes quite significantly
- Your money is invested across three pots with varying levels of risk. This gives you a balance of lower risk investments for the money you need to take initially and medium risk investments for the longer term
- When you withdraw your money it's taken from each pot in turn – the lower risk pots first to give the medium risk investments an opportunity to grow in value
- It's up to you to check you're happy with how much money you have in each pot and that it lasts as long as you need it to
- You can reset how much money you have in each pot at any time

If you think this is the option for you, it's important to read the information in our **Standard Life Active Retirement** guide or on our **website**.

## MyFolio Managed Funds

- Choose an investment option based on how much risk you're comfortable taking
- Experts will then make sure the fund you've chosen continues to take the level of risk that it should. They'll also aim to produce the best possible returns for that level of risk
- You need to be comfortable taking responsibility for the level of risk you've chosen. You should review this regularly to make sure the fund you've chosen continues to meet your needs

For more on the MyFolio Managed Funds, see our [website](#) or our [MyFolio guide](#).

## Full fund range

- Choose from over 300 pension funds from leading fund managers, covering different asset classes, regions and investment styles
- You need to be comfortable taking responsibility for the fund or funds you've chosen, and review them regularly to make sure they continue to meet your needs

Find out more about these funds on our [website](#).

**Important:** the ready-made investment options are designed to meet specific aims. So if your plans change, you should review where you're invested.

If you're currently in a Standard Life Self-invested Personal Pension (SIPP), you may need to move into an Active Money Personal Pension to access the ready-made investment options.

Remember, the value of all investments can go down as well as up, and may be worth less than you paid in.

We hope you have found this information useful. If you're not sure what the right option is for you, think about speaking to a financial adviser, but please note there's likely to be a cost for this.

## Looking for advice?

If you need help planning for the future, we can help you find an adviser if you don't already have one.



Call us and we can put you in touch with 1825, Standard Life Aberdeen's financial advice business, or visit [standardlife.co.uk/1825](http://standardlife.co.uk/1825)



Or to find an independent adviser in your area, just visit [unbiased.co.uk](http://unbiased.co.uk)

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