Standard Life Active Retirement – For accessing your pension savings

Standard Life
There's a lot to look forward to

Note: When we refer to 'Standard Life' we mean Standard Life Assurance Limited.

Standard Life Active Retirement – a ready-made investment solution that allows you to access your pension savings while still giving your money the opportunity to grow.

Letting you make the most of your pension in retirement without having to worry about the day to day management of your investments.

You're in full control and have the flexibility to decide how much you take and when.

Contents

How do I know if it's right for me?

You've been paying into your pension over the years and now you want to start taking your money out.

Are you:

- age 55 or over
- looking for flexible access to your pension savings – to take what you want when you want it
- planning to take some money from your pension savings in the next five years and for the remaining money to last for more than five years
- comfortable leaving your pension savings invested in medium risk investments*
- looking for the ability to pass your money on to loved ones when you die
- willing to accept that your money isn't guaranteed to last throughout retirement

*A medium risk investment can offer the potential for more growth but it's also likely to go up and down in value in the short term. You may get back less than you paid in. See our 'Technical detail' section for more information on the risk levels of the investments within Standard Life Active Retirement.

Standard Life Active Retirement could be a good option if you:

✔ want to save time choosing your investments – looking for a 'ready-made' option

✔ are not confident making investment decisions.

Standard Life Active Retirement is available to customers who contact us directly either by phone or online.

I want access to my pension savings when I choose

Standard Life Active Retirement isn't for you if:

✘ you're planning to take out all your pension savings over the next five years

✘ you don't plan to take any money from your pension savings over the next five years

✘ you don't want to take any risk with your pension savings in retirement

✘ you want a guaranteed income for life (an annuity)

✘ you want to choose your own investments in retirement from our full fund range.

You can contact us to discuss your options.

Why keep your pension money invested?

Investing your money throughout retirement may help it last longer and keep up with the cost of living.

When choosing to take a flexible income in retirement your money stays invested. It's important to balance the longer term need for your pension savings to grow with the shorter term need for cash. Remember, if you're retiring at 60 it might need to last you for 30 years or more.

You'll still have to keep track of your pension and be comfortable it's suitably invested for your needs. And, as with any investment, remember the value can go up or down, and it may be worth less than you paid in – there are no guarantees.

My pension savings may need to last 30 years or more

Getting the right balance

In retirement you have to balance competing goals. Short term you need money to live on, longer term you want your pension to last.

Keeping all of your money in cash savings or low risk investments is unlikely to give you the growth you need to make your pension last and keep up with the cost of living. You might consider putting some in investments likely to provide higher growth.

But with higher opportunity for growth comes an increased risk that your investments could fall. A significant fall in value, particularly in the early years of your retirement, could reduce how long your money lasts. So it may be a good idea to hold a mix of growth and lower risk investments.

Of course there may be times when other retirement options might provide you with a better long term outcome. For instance when there are significant and sustained stock market falls. You need to be comfortable investing in retirement.

Here's where we can help

Standard Life Active Retirement has been designed to balance lower risk investments with those likely to provide growth.

I want money for today and money for tomorrow

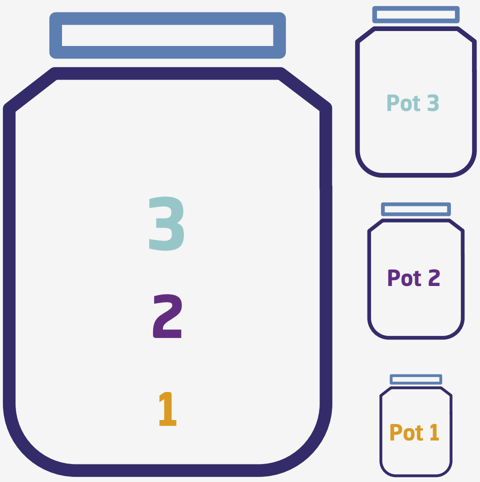
How does it work?

Standard Life Active Retirement splits your money between lower risk investments for spending today and growth investments for tomorrow.

1. You tell us how you want to take your pension savings – a regular income or lump sum withdrawals.
2. We automatically split your money across three pots so you have a mix of lower risk and growth investments.
3. The aim is for you to spend the money from Pot 1, then Pot 2 and finally Pot 3. This means Pot 3 has more opportunity to grow while you spend money from the lower risk pots.

The benefits:

- ✔ It spreads your investment risk particularly at the start of your retirement
- ✔ It gives your money the opportunity to grow (although your money is invested and can still fall in value)
- ✔ It doesn't invest in high risk funds.



Pot 3: Medium risk investments aiming to provide a higher return over the longer term.

Pot 2: Investments selected to provide a better return than Pot 1 while still remaining low to medium risk.

Pot 1: Lower risk investments designed to remain fairly stable.

What's a pot?

Each pot has a different mix of investments designed to achieve different aims. See our 'Technical detail' section for more information.

Important information

If you choose Standard Life Active Retirement, we decide how much goes in each pot at the start and manage the day to day investment decisions. We won't, except in limited circumstances, move money between pots.

You can review how much you have in each pot by logging into online servicing at any time or calling us.

You can 'reset' your money across the three pots at any time. For example, you might consider this if you do something that significantly changes your pension value, e.g. take a large withdrawal.

Your pension can't invest in any other funds while invested in Standard Life Active Retirement.

There may be some cases where your money isn't invested in Pot 3. For example, if you are taking a regular income and plan to empty your pension in seven years, your money will only be invested in Pots 1 and 2.

See our 'Technical detail' section for more information about resetting the amount you have in each pot.

Features and flexibility

Thinking about increasing your regular income?

If you are taking a regular income from your pension you may, over time, want to adjust this to keep up with the cost of living.

- Each year we will help you understand the impact of your withdrawals and investment performance on your pension value.

Resetting your pots

If you want, you can reset Standard Life Active Retirement at any time.

Resetting means that your remaining money is split between the three pots again. The new split is based on the current value of your pension and how much you want to take.

You might consider resetting if:

- you've added or removed a significant amount from your pension
- your income needs change
- you want to split your investment risk again across the three pots.

In limited circumstances we will reset for you automatically. See our 'Technical detail' section for more information about resetting the amount you have in each pot.

Paying more in

You can pay in other money you may receive, perhaps through employment or inheritance. However there are tax limits on how much you can pay in.

And, if it's right for you, you can move any other pensions you have into Standard Life Active Retirement. We call this 'consolidating'.

Consolidating your pensions will not be right for everyone. You need to be sure you're not giving up any valuable guarantees or benefits from your other pensions which could mean you're losing money.

See our 'Technical detail' section for more information about paying more into your plan.

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Any reference to tax is based on our current understanding and may change in the future. Tax benefit could vary depending on your personal circumstances and where you live in the UK.

Standard Life Active Retirement puts me in control

Help and support

With Standard Life Active Retirement we will:

- split your money across the different pots at the start and spread the risk for you
- actively manage the investments within each pot.

But remember, you should check regularly (at least once a year) that it's still the right option for you. And keep track of the money you're taking out so that it lasts.

Who does what?	You	Us
Decide if Standard Life Active Retirement is right for you	✔	
Decide how much money you're going to take out, and when	✔	
At the start, decide how much goes in each pot		✔
Make day to day investment decisions		✔
Decide to 'reset' the amount in each pot	✔	✔*
Decide to change your income level	✔	
Provide secure online access		✔
Check your balance, will it last as long as you need it to?	✔	
Check regularly that Standard Life Active Retirement is still right for you	✔	

*In certain limited circumstances

We encourage you to review your pension arrangements regularly. You can find out how much you have in each pot at any time by logging in to online servicing.

There is also information and tools online to help you make sure that Standard Life Active Retirement remains the right option for you.

Charges

Our charges cover both the investment and running costs of your pension.

We don't charge extra for:

- setting up or closing your pension plan
- transferring in other pensions
- taking money out of your pension pot
- setting up or changing regular income instructions
- resetting your Standard Life Active Retirement pots.

How much you pay in charges depends on the amount you have in each of the Standard Life Active Retirement pots and the value of your plan when you first invest. If you take all your tax free cash and invest the rest, we split your money over the pots in the following proportions:

- Pot 1 – 15%
- Pot 2 – 20%
- Pot 3 – 65%

Based on this split here's an example of what you could pay in charges. Your charges will change as you move through the pots to reflect the amount you have in each. As you take out money and the percentage you have in Pot 1 reduces, your overall charge will increase. Further discounts may apply. You should check your personal illustration to see your exact charges and discounts.

Plan value (after any tax-free cash has been taken)	Overall charge	The overall charge is made up of:	
		Combined total annual fund charges of the pots	MINUS fund discount
Less than £250,000	1.05%	1.35%	0.30%
£250,000 - £500,000	0.95%	1.35%	0.40%
£500,000+	0.85%	1.35%	0.50%

All charges shown are as at 31/8/21.

Charges and discounts explained

Overall charge

This is the overall amount you pay for being invested in Standard Life Active Retirement and covers both the management of your investments and running costs of your pension plan.

It's made up of:

- the combined total annual fund charges for the pots based on how much you have invested in each of them
- **minus** any fund discount which applies.

As already mentioned, your overall charge will vary depending on how much money you have in each pot.

Total annual fund charge

This is the charge for each of the pots. It's made up of a fund management charge (FMC) plus any additional expenses which apply.

As at August 2021, the total annual fund charges for each of the pots are:

- Pot 1 – 1.01%
- Pot 2 – 1.51%
- Pot 3 – 1.37%

- **FMC**

  This covers the costs of running the pots. It's shown as the annual rate, but it's deducted from each pot daily, which has the effect of reducing its unit price. The FMC is also sometimes referred to as the annual management charge (AMC).

- **Additional expenses**

  Additional expenses may also be deducted from the pots. They include items such as custodian, third party administration, trustee, registrar, auditor and regulator fees. Where the pots invest in other underlying funds, they may also include the management charges for these funds.

  As additional expenses relate to expenses incurred during the fund management process, they'll regularly increase and decrease as a percentage of each pot, sometimes significantly. The additional expenses figure is an annual rate, but where additional expenses apply, they're taken into account when the pots' unit prices are calculated each day.

Fund discount

We apply a fund discount. It has the effect of reducing the overall charge you pay.

How do you apply charges and the fund discount?

We adjust the value of your plan to reflect the charges and discount that apply.

We deduct the FMC and additional expenses from your plan each day. We apply the fund discount each month.

For more information about how we apply charges and discounts, see our terms and conditions.

Charges are not guaranteed. They are regularly reviewed and can be changed.

Frequently asked questions

How is the money split across the three pots?

Standard Life Active Retirement automatically splits your money between the three pots when you first set it up.

How much goes in each pot at the start depends on how you plan to withdraw your money:

- Lump sums
- Regular income – how much and over how many years you want it to last
- Or a mixture of both.

We don't include any money that you've told us you're going to take out immediately.

See our 'Technical detail' section for information on how the split is calculated.

Who manages the funds in each of the pots?

Standard Life's investment experts will review the funds in each pot against what they're aiming to achieve and may make changes.

When Pot 1 runs out why don't you top up from the other pots?

You can reset Standard Life Active Retirement at any time. We don't normally top up automatically as we don't know your personal circumstances.

Can I change the split?

No – we automatically split your money.

Will Standard Life tell me when one of my pots runs out?

No. You can view the value in each pot online via our secure customer website or on your annual statement.

How risky is it?

As with any investment there is always a risk. The highest risk fund that Standard Life Active Retirement invests in has been classed as medium risk. Remember, you may get back less than you paid in.

How can I see how much money I have and how it is performing?

Online at any time via our secure customer website. It's easy to register at **www.standardlife.co.uk/online**
We will send you a statement each year. Alternatively you can call us.

Is any of my money guaranteed?

No. All your money is invested so you need to be comfortable with this. If you're looking for a guaranteed income for life then you should consider other options, for example an annuity.

Can I change my mind and choose a different investment option?

Yes, you have complete flexibility. You can choose to come out of Standard Life Active Retirement and invest in something else at any time, penalty free.

If I make a one-off withdrawal, how long does it take to reach my account?

Normally five working days.

When shouldn't I choose Standard Life Active Retirement?

Standard Life Active Retirement is not for you if you:

- expect to take all your money within five years
- don't plan to take any money over the next five years
- expect to buy an annuity within five years
- are not comfortable with your pension savings being invested in medium risk investments.

What happens when I die?

Any remaining pension savings can go to the people or causes you care about. If you die before age 75 this will normally be tax free. If you die after age 75 it will normally be taxed as income. Please remember that tax rules may change in the future.

Standard Life will decide who should receive the money from your plan when you die. You can help by letting us know where you would like the money to go. See our guide to death benefits for more information.

What if I prefer to choose my own funds?

Then Standard Life Active Retirement isn't for you. If you still want flexible access to your pension savings you can always choose from our full fund range.

You can find more information on some of these questions in our 'Technical detail' section of this guide.

Technical detail and key risks

Where are the pots invested?

Each of the pots invests in what we call a blended fund. A blended fund is made up of one or more investments which we can change to meet the overall aim of the fund.

Pot 1 is invested in the Active Retirement 1 Pension Fund. This is a lower risk investment which is designed to remain fairly stable. You should expect some short term periods of fluctuations in value.

Pot 2 is invested in the Active Retirement 2 Pension Fund. It aims to provide a better return than Pot 1 while still remaining low to medium risk. Expect relatively modest yet frequent fluctuations in value.

Pot 3 is invested in the Active Retirement 3 Pension Fund. As a medium risk investment it can offer the potential for more growth than the other funds, helping your pension to last. For this reason, it's the last fund to be used for withdrawals. But it's also more likely to go up and down in value in the short term. Expect frequent fluctuations in value which at times may be significant.

These funds should only be bought as part of Standard Life Active Retirement. All of these funds can go down as well as up in value. Each fund, and your investment as a whole, may be worth less than you paid in. They can also invest in absolute return funds, and some will do so significantly. Absolute return funds come with additional risks. You can find more information on the risks of each of these funds in the factsheets. View or download these at **www.standardlife.co.uk/funds**

How is the split calculated?

Any tax free cash that you've decided not to take yet is allocated to Pot 1. For example, if your pension savings were worth £100,000 you'd normally be entitled to £25,000 as tax free cash. If you've only taken £10,000 of this, the remaining £15,000 is allocated directly to Pot 1.

How the remainder is split depends on how you're taking your money.

If you're planning to take a regular income, we look at how much income you want and over what time period and split your money as follows:

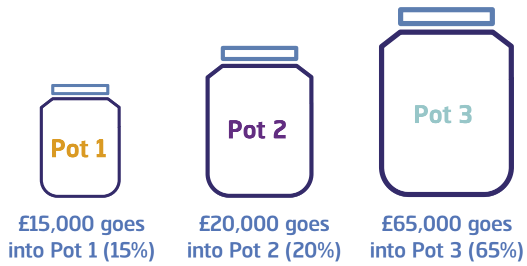
- 15% or three years' income (whichever is the higher) in Pot 1
- A maximum of 20% or four years' income (whichever is the higher) in Pot 2
- The remainder in Pot 3.

If you're not setting up a regular income from your pension, and instead plan to take money as you need it, your money is split:

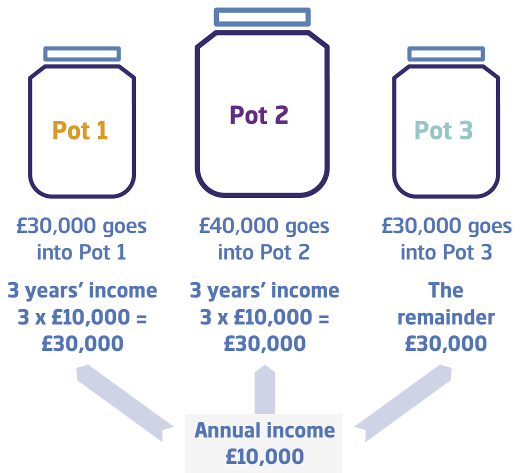
- 15% in Pot 1
- 20% in Pot 2
- 65% in Pot 3

As an example, suppose that after taking your full tax free cash allowance, you're left with pension savings worth £100,000.

If you're taking an income of less than 5% a year (£5,000), or plan to take lump sums as you need it, your split will be:



If you're taking an income of more than 5% a year (£5,000), your money will be split between the pots based on years of income. For example if you plan to take £10,000 per year, your split will be:



We will calculate the split between the Standard Life Active Retirement funds on the day we process your transaction.

There may be some occasions where the split shown above won't always be the case. See 'When will Standard Life Active Retirement work slightly differently?'.

When won't you split across the three pots?

If you are taking a regular income and tell us you plan to take all your money within seven years, your money is invested in Pots 1 and 2 only and not in Pot 3.

What happens when I reset?

You can choose to reset Standard Life Active Retirement at any time. This means taking the remaining money in your pension and splitting it across the three pots again. The new split is based on the current value and your current income requirements as described in the section 'How is the split calculated?'.

As a result of resetting, some of your money will normally move to the lower risk pots.

We will send you confirmation when your plan is reset.

When may Standard Life reset automatically?

There are some limited circumstances when we may automatically reset. We do this because what you are doing may materially change how long your money could last. These include:

If you make a significant payment into your plan:

- If once your plan has been set up any payments you make into it become significant. This could be a one off payment or several payments over time (see 'What is a significant payment?')

Or, if you are combining pensions (transferring):

- If when you first set up your plan you are taking a regular income and/or a one off taxable lump sum and at the same time one of the following also applies:
    1. You are transferring two or more pensions; or
    2. You are transferring one pension and making any one-off payments (see 'Transferring pensions').

What is a significant payment?

To determine whether payments-in are significant we look at:

1. Your payments-in less all withdrawals from the date you either set up Standard Life Active Retirement or from the date of your last reset whichever is later.
2. Your pension value when you set up Standard Life Active Retirement or the value at the date of your last reset whichever is later.

If your payments-in less all withdrawals are more than half of your pension value, we will consider this significant and automatically reset Standard Life Active Retirement.

Transferring pensions

If we are automatically resetting your pots due to your pension transfer, then we will normally allow 60 days for the transfer(s) to be received. We call this the transfer window.

We will process the reset as soon as possible after that, based on the transfers received so far. This will happen within 50 days of the transfer window ending.

If more money comes in after we've reset your pots, we'll only automatically reset again if the amount meets our significant payment rule.

What if I pay in more once my plan is set up?

You might decide to pay in more after you've set up Standard Life Active Retirement. If you do, the new money is split in the same way as when you first set up. If you've reset since then, it's split based on the most recent reset.

Once you start taking taxable withdrawals the amount you can pay into your pension that qualifies for tax relief will reduce.

See our 'Information about tax relief, limits and your pension' guide for details.

Reviewing your pots

It is important to review your pots regularly and to check you're happy with how much you have in each pot. You can reset Standard Life Active Retirement to split your money across the three pots again if necessary.

When will Standard Life Active Retirement work slightly differently?

In some cases you may see your money split into 'Funds not in drawdown yet' and 'Funds in drawdown.' Your money is split this way if you've taken some but not all of your tax free cash (including if you're still paying into your pension).

This will be shown as follows:

Funds not in drawdown yet:
Active Retirement 1 Pension Fund
Active Retirement 2 Pension Fund
Active Retirement 3 Pension Fund

Funds not in drawdown yet is money you can still take tax free cash from (normally 25% can be taken as tax free cash)

Funds in drawdown:
Active Retirement 1 Pension Fund
Active Retirement 2 Pension Fund
Active Retirement 3 Pension Fund

Funds in drawdown is money that you've already taken your tax free cash from. Withdrawals from this money are subject to income tax.

We split your money like this to help us with the administration of your pension. There's nothing for you to do.

What does this mean for me?

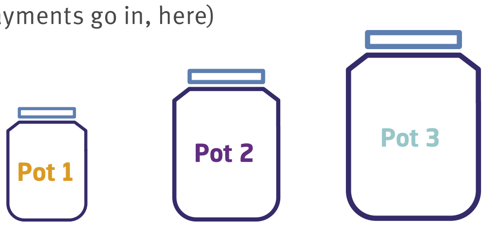
In most cases this doesn't affect how Standard Life Active Retirement works. But there are some circumstances where it means your withdrawals work slightly differently.

They are:

1. You're taking some taxable withdrawals while continuing to pay into your pension, or, you have chosen not to take all your tax free cash but want to take a taxable income.
2. You're taking tax free cash and a taxable lump sum immediately.

1. You're taking some taxable withdrawals while continuing to pay into your pension, or, you have chosen not to take all your tax free cash but want to take a taxable income.

Funds not in drawdown yet
(tax free cash is paid from, and your payments go in, here)



- Money you pay in goes into 'Funds not in drawdown yet'. It builds up another tax free cash allowance and is split between the three pots as previously described.
- When you take out more tax free cash it comes from Pot 1 in 'Funds not in drawdown yet'.

Funds in drawdown
(taxable withdrawals)

- Taxable withdrawals are taken from Pot 1, Pot 2 and then finally Pot 3 from 'Funds in drawdown'.
- This means you could take money from Pots 2 and 3 of 'Funds in drawdown' when you still have money in Pot 1 of 'Funds not in drawdown yet'.

2. You're taking tax free cash and a taxable lump sum immediately

Funds not in drawdown yet
(tax free cash is paid from here)

- Your tax free cash is paid from 'Funds not in drawdown yet'.

Funds in drawdown
(taxable withdrawals)

- You can tell us up front (either online or when you call us) that you want to take a taxable lump sum straight away. This money is held and paid out from Pot 1 of 'Funds in drawdown'.
- We put this money into Pot 1, in addition to the money normally held there, so that we can pay it out to you straight away.
- Once you've taken your taxable lump sum, Standard Life Active Retirement will work as previously described.

Key risks

As with any investment, the value of your fund(s) can go up or down and may be worth less than what was paid in.

You could run out of money. It's important that you regularly check to ensure the income you are taking continues to be sustainable, i.e. it lasts as long as you need it to. You need to keep an eye on your money and consider adjusting how much you take if necessary.

As your circumstances change, other options for taking income could be more suitable for you.

Inflation will reduce what your income can buy in future years. However it's important to consider the impact that increasing your withdrawals may have.

Market falls, particularly in the early years of retirement, mean Standard Life Active Retirement will fall in value and could run out earlier than you wanted.

Withdrawing a large proportion of your money after a market fall can have a significant impact on your pension. This particularly applies to money in Pot 3.

Significant and sustained market falls would reduce the sustainability of your retirement income.

Standard Life Active Retirement automatically places your money into different funds at the outset. In most cases, the proportions won't be automatically reset over time.

There will be specific investment risks attributed to each fund used within Standard Life Active Retirement. For more details please see the fund factsheets.

You can find more information on the risks of each of these funds in the factsheets. View or download these at **www.standardlife.co.uk/funds**

Find out more

Call us on 0800 032 8610

www.standardlife.co.uk/slar