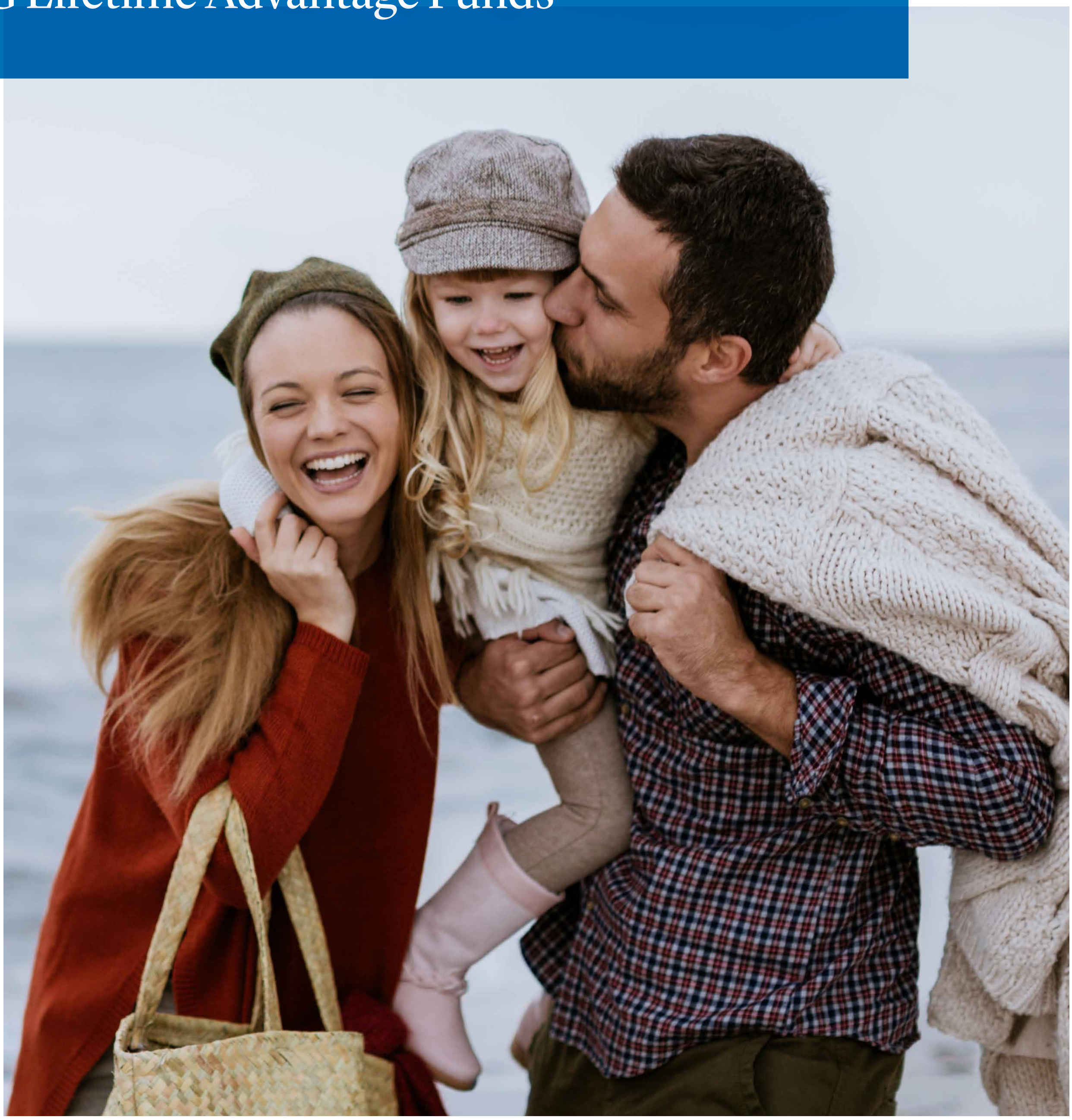
Your guide to Target Date Funds

L&G Target Date Funds
L&G Lifetime Advantage Funds



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1. Understanding target date funds

What are target date funds?

Target date funds can help grow your pension savings. They carefully manage the way your pension savings are invested up to and beyond a target date. This target date is usually when you plan to retire and want to start accessing your pension savings.

Target date funds are designed to grow your pension savings when you're young and protect your pension savings as you approach retirement.

How does it work?

Every target date fund targets a five-year range, and this is shown in the fund name. Your selected retirement date usually falls into this range. For example, if you plan to retire in 2042, your savings will be invested in the "L&G PMC 2040 - 2045 Target Date Fund".

Target date funds are in five-year ranges to provide a suitable option should you wish to retire at any time within the five-year period. If your retirement plans change, you can move to a different target date fund at any time.

Target date funds adjust your investments to fit your chosen retirement age. This should allow flexibility in how and when you access your pension savings.

Why invest?

Target date funds should also provide long-term investment growth, and they do this by investing in a wide range of assets. By not putting all your eggs in one basket, you aren't reliant on the performance of any one type of investment. This approach is known as diversification.

As you progress through your working life and get closer to retirement, we'll automatically change your mix of investments, so that you don't have to.

The three stages of investing in target date funds

There are three stages to investing in target date funds. These three stages are called Growth, Approaching Retirement, and Retirement. In this section, there's a little more detail on how we'll automatically change your mix of investments as you progress through the three stages of investing.

1

Stage 1: Growth

You're more than 10 years from your target retirement date.

Most of your pension savings will be invested in assets such as stocks and shares, property, and infrastructure. You can find out more about these investments on page 15. This stage aims to grow your pension savings over time.

There's a chance your pension savings could go down in value from time to time but, at this early stage, you should have time to make up short-term losses.[1]

2

Stage 2: Approaching retirement

You're within 10 years of your target retirement date.

A large proportion of your pension savings will start to move into assets such as bonds.

Although your pension savings are less likely to grow in value as much as they did during the growth stage, they are also less likely to suddenly fall in value as you approach retirement.[1]

3

Stage 3: Retirement

You've reached or gone beyond your target retirement date.

At this stage, you may be ready to take money from your pension straight away. Or you might not have decided how or when you're going to take your pension savings. Either way, we'll continue to manage your investments so that you can take your pension savings when you're ready.

Your pension savings will be mostly invested in a range of assets designed to give a modest return and offer you flexibility in how you take them, but with a lower risk of short-term ups and downs. For example, cash and bonds.[1]

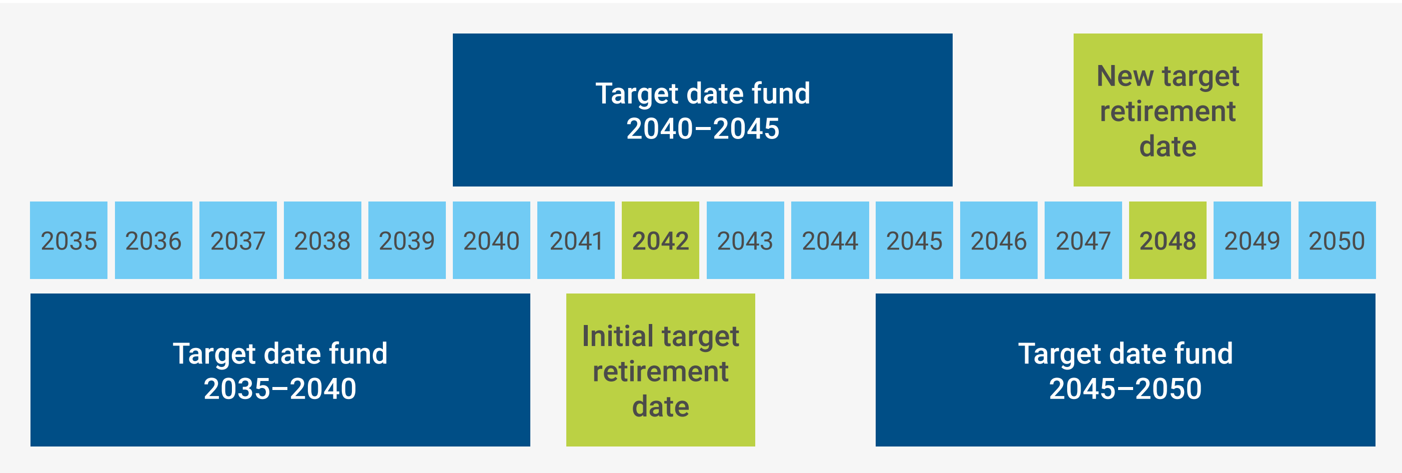
1. Expected rates of return are not guaranteed, are before the deduction of any fund management charges, fees and expenses, and product charges applicable to your scheme or plan. You can find more information about our charges on your scheme documents (for example, the Member's Booklet/Member's Policy Booklet, or Key Features documents). The value of an investment is not guaranteed and can go down as well as up. You may not get back the amount you originally invested.

Choosing the target date fund that meets your needs

What should you consider?

Many people don't have a clear idea about when they plan to retire. This is why we've created several sets of target date funds, where each fund targets a different five-year range for retirement.

The five-year target range for each of these funds begins and ends at the start of July. This means, for example, that if your target retirement date is in 2045 you'd need to consider if the 2040–2045 date range fund or the 2045–2050 date range fund is better for your plans.



Your employer may have chosen target date funds as the default investment option for your pension scheme. If so, your contributions will be invested in the target date range that matches the retirement date permitted by your scheme.

What happens if you change your retirement age?

If your retirement plans change, you can change your Selected Retirement Date. If necessary, we may automatically move your pension savings to the target date fund that matches your new retirement date.

For example, let's assume you were originally planning to retire in 2042, and then decide to change your Selected Retirement Date and retire in 2048. This example is shown in the diagram on the previous page.

Originally, your savings would be invested in a target date fund with [2040-45] in its name. When you update your Selected Retirement Date to 2048, we may move your pension savings to the target date fund with [2045-50] in its name. This will mean that the way your pension savings are invested is aligned to your new retirement date.

Likewise, if you then decide you'd like to move your retirement date to 2038, you'll need to update your Selected Retirement Date and we may move your pension savings into the target date fund with [2035-40] in its name. Again, this is to make sure that your investment is aligned with your new retirement date.

If your pension savings are moved to a new target date fund, it's important to remember that the asset mix, charges and risk rating for your investment may also change. It's therefore important to check that you're happy with the new fund. If necessary, we may automatically move your pension savings to the target date fund to match your new retirement date, and if so, we'll let you know at the time. If you prefer, you can opt out.

It's important to be aware that if you choose to invest in a different fund, you may be increasing or reducing the level of investment risk to which your pension savings are exposed.

What happens when you retire?

Target date funds are designed to help you take advantage of the flexibility that you have when it comes to taking your pension savings.

If you decide that you want to leave your pension savings invested beyond your Selected Retirement Date and take money out on a regular or occasional basis, you can leave your pension savings invested in your chosen target date fund. Alternatively, you can invest in a different fund or funds.

What about responsible investing?

Some investments within target date funds can be described as responsible. This means the L&G fund manager has considered Environmental, Social and Governance (ESG) issues. You can find more details on L&G's approach to responsible investments at https://www.legalandgeneral.com/esg-workplace/.

What are the advantages and disadvantages of investing in target date funds?

Advantages	Disadvantages
You don't have to choose which assets to invest in, as these are selected by the fund manager.	You aren't actively choosing how much to invest in each asset at any one time. The risk rating of the fund at any one time may not be aligned to your own investment risk profile and there may be another fund or lifestyle profile more suitable to your needs.
The fund is designed to target a flexible retirement income as you approach your retirement date.	The fund doesn't guarantee the value of your pension savings. The value of investments can go down as well as up.
The fund manager makes investment decisions based on market knowledge and experience and has the flexibility to make tactical investment decisions in the event of unexpected market movements.	The fund manager may not always make the correct investment decisions, the impact of which could become more significant if there are unexpected market movements.
The way in which the fund invests your pension savings will change over time rather than all at once, when the markets may be low.	Switching and the transition into investments such as bonds may happen too quickly – or too slowly – depending on your attitude to investment risk.
The way your pension savings are invested is aligned to your target retirement date. The fund aims to provide a balance between long-term investment growth and protecting the value of your pension savings as you approach retirement.	If your retirement plans change, you may find that the way your pension savings are invested doesn't reflect the way in which you intend to take your money or when you intend to retire.
The funds have been designed to allow you to remain invested beyond your target retirement date, giving you the flexibility to use your pension savings either in full or in part and at a time that suits you.	If you have a very clear idea of how you want to take your pension savings and when, there may be another fund or lifestyle profile more suitable to your specific plans.

What are the risks of investing in target date funds?

All investments carry some risk. It's important that you're aware and comfortable with the risks associated with investing your pension savings in a target date fund (this could be an L&G Target Date Fund or an L&G Lifetime Advantage Fund).

To help you with this, we give each of our L&G Target Date Funds and L&G Lifetime Advantage Funds a risk rating, in the same way that we do for all our funds.

It's important to be aware that the risk rating for an L&G Target Date Fund or an L&G Lifetime Advantage Fund will change over time. This is because the assets within each fund change over time.

For more information on how we assign risk ratings to our funds, please see **Your guide to risk and reward**.

You can find full details of the investment choices that are available to you in your online account. You can log in or register for an account at **legalandgeneral.com/myaccount**

What are the charges for investing in target date funds?

In return for managing your fund we will take a fund management charge (FMC). This charge is accounted for in the price of the fund's unit price and is reflected in the value of your pension savings.

Details of the FMC for the fund in which you are invested can be found in the fund factsheet.

Each L&G Target Date Fund and L&G Lifetime Advantage Fund has its own fund factsheet. You can access these in your online account.

Where can you find more information?

If you want to find out more about the objectives and charges for each fund, please see the fund factsheets.

You'll find a range of other useful information on your scheme website including a guide to the basics of investing and investment risk.

You'll also be able to access our retirement planner, which can help you work out what your current savings might be worth when you retire.

If you're not sure whether an L&G Target Date Fund or an L&G Lifetime Advantage Fund is right for you, you may want to speak to a financial adviser.

To find an adviser in your local area, go to unbiased.co.uk

Please note, financial advisers will usually charge a fee for their services.

2. L&G Target Date Funds

What is the aim of L&G Target Date Funds?

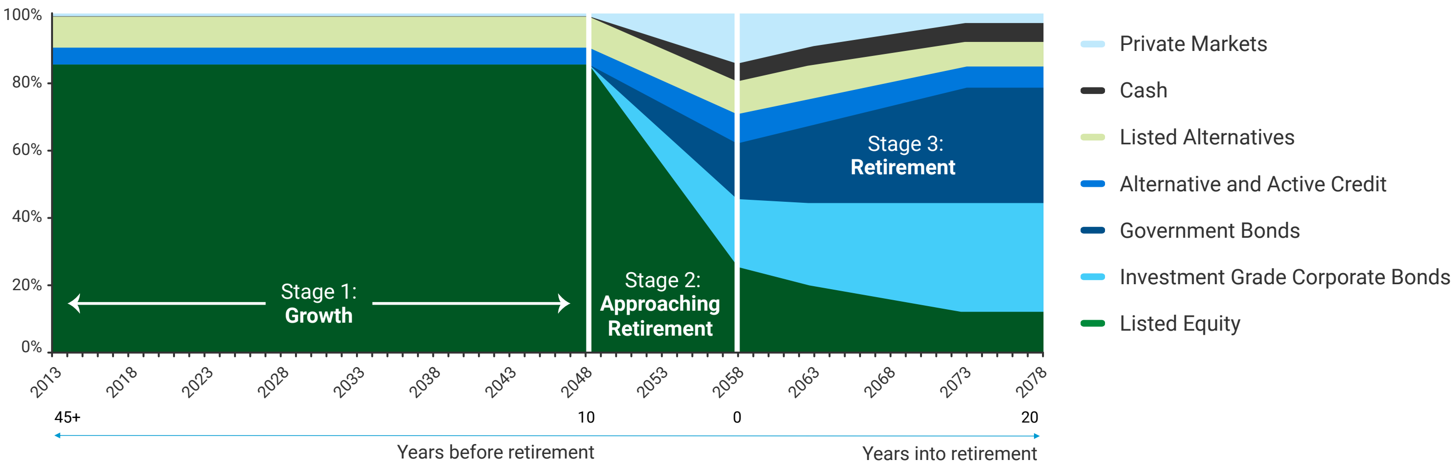
The L&G Target Date Funds (also known as L&G PMC [2015-2080] Target Date Funds), are Legal & General's original set of target date funds, launched in 2017. They aim to help investors build their real retirement income, while managing possible downside risk. The asset allocation of the fund aims to be aligned with the member's chosen retirement goals in the run-up to retirement.

Like other target date funds, if you're a long way from your target retirement date, we'll place more of your pension savings into assets such as company shares. Although they are more likely to go up and down in value in the short term, this type of investment is also more likely to grow your pension savings over the longer term.

If you're closer to retirement, we'll place more of your pension savings into assets such as bonds. Although they may not grow by as much, your pension savings are less likely to fall in value, enabling you to plan for your retirement with more confidence.

How will your pension savings be invested?

L&G PMC 2055–2060 Target Date Fund



This graph shows how a member's pension savings would be invested throughout the life of their Plan.

In the example, the member joined the Plan in 2013, aged 22, choosing to invest in the L&G Target Date Fund. Given that they intend to retire in 2058, aged 67, we have used the L&G PMC 2055–2060 Target Date Fund to show how the investment mix may change over time, as they move closer to and then beyond their target retirement date. PMC is a term used in our fund names and stands for Legal and General Assurance (Pensions Management) Limited ("PMC"). It is used to reflect the company responsible for managing the funds we offer.

The green areas show assets such as equities that have the potential to grow by more over the long term, but which may go down and up in value – by more and more often – in the short term. The blue areas show assets such as bonds that may not grow by as much over the long term, but which are less likely to go down and up in value in the short term.

It's important to note this graph is only an illustration of how the investment mix within an L&G Target Date Fund might change over time. Our fund managers continue to closely monitor each fund and it is possible that the investment mix of each individual fund may develop differently.

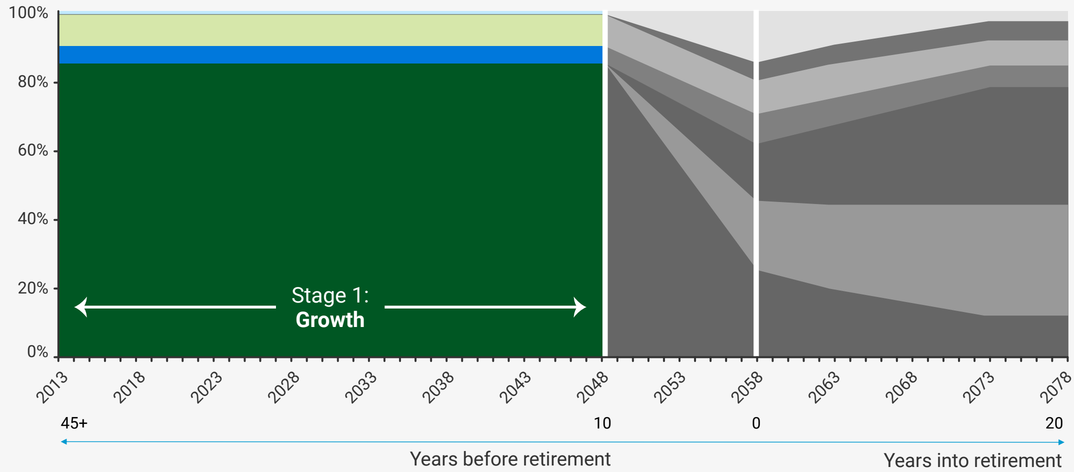
The three stages of investing in an L&G Target Date Fund

As mentioned earlier in this guide, there are three stages to investing in a target date fund. We refer to these as Growth, Approaching Retirement, and Retirement. Here we've provided a little more detail on where we move your pension savings as you progress through the three stages of investing in a L&G PMC [2015-80] Target Date Fund.

1

Stage 1: Growth

You're more than 10 years from your target retirement date.



Most of your pension savings are invested in assets such as stocks and shares, property and infrastructure – which can help to grow your savings more significantly over time.

There's a chance your pension savings could go down in value from time to time but, at this early stage, you should have time to make up short-term losses. By making sure we don't put all your eggs in one basket – which is known as "diversification" – we aim to reduce the risk of the value of your money falling in the longer-term.

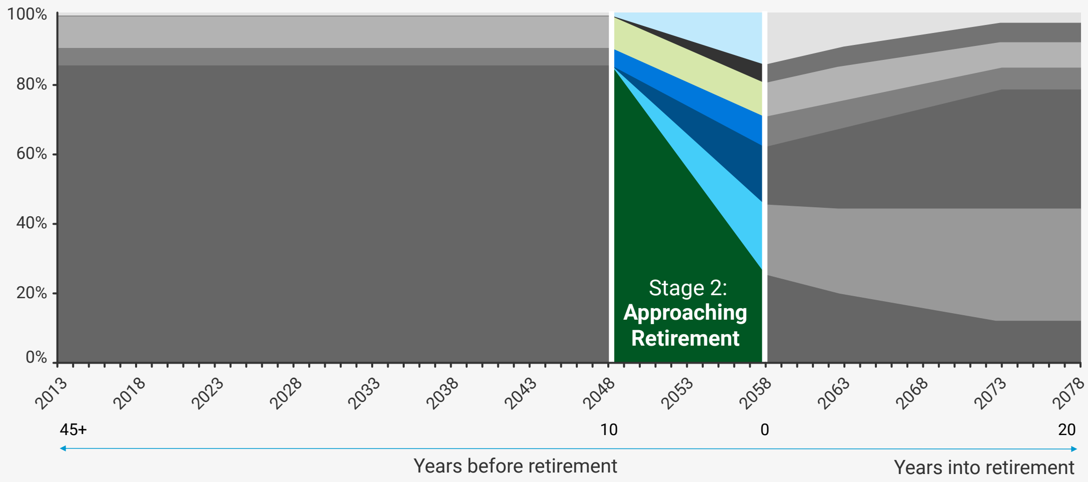
During this Growth stage, we aim to achieve, on average, a yearly return of 3.5%-4% above the Bank of England base rate. The Bank of England base rate is the interest rate set by the Bank of England when lending money to commercial banks and other lenders. This rate influences how much those banks and lenders charge when lending money, and the amount paid on cash savings.

The idea is to make sure that you're rewarded for the risk we take on your behalf. The value of an investment is not guaranteed and can go down as well as up. You may not get back the amount you originally invested.

2

Stage 2: Approaching retirement

You're within 10 years of your target retirement date.



A large proportion of your pension savings are about to be – or have already been – moved into assets such as bonds.

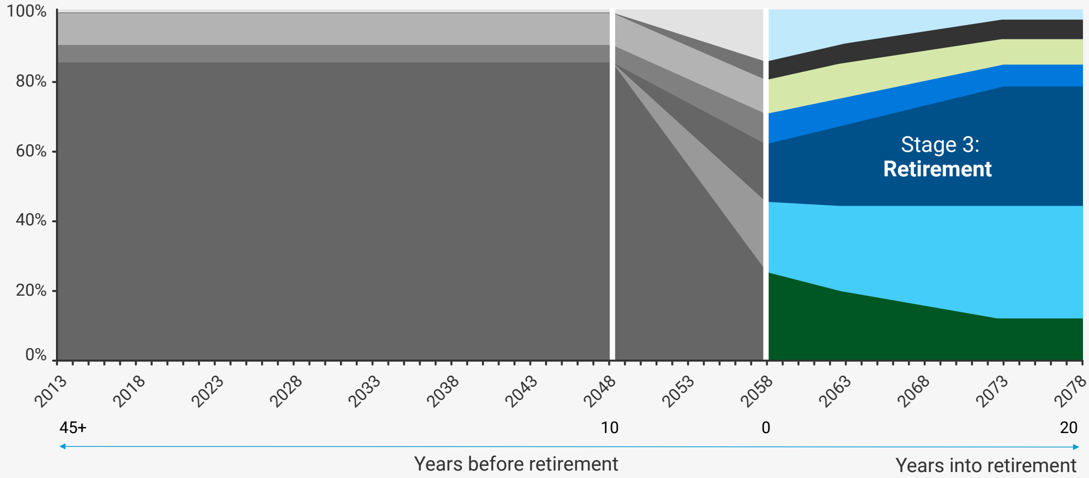
Although your pension savings are less likely to grow by as much as they did before, they are also less likely to suddenly fall in value as you approach retirement. This provides some protection against large market falls and is important as there will be, by this stage, less time for your funds to recover from turbulent times. The fund will keep some investment in assets such as stocks and shares as you may remain invested, even past your retirement date.

During this stage, as the asset mix of the fund changes, the return we aim to achieve will also change. This will happen on a gradual basis, going from 3.5% to 2.75% a year more than the Bank of England base rate. The current target return for each L&G Target Date Fund can be found in the factsheets in your online account. The value of an investment is not guaranteed and can go down as well as up. You may not get back the amount you originally invested.[2]

3

Stage 3: Retirement

You've reached – and possibly gone beyond – your target retirement date.



At this stage, you may be ready to take money from your pension. Alternatively, you might not have decided how or when you're going to take your pension savings. Either way, we'll continue to manage your investments so that you remain invested, and can take your pension savings when you're ready.

At this point, a large proportion of your pension savings will be invested in assets such as bonds, which offer a modest chance of increasing in value but are less likely to fall in value. A small part of your pension savings will still be invested in assets such as stocks and shares, which means you will, hopefully, continue to benefit from any investment growth, until you decide how you want to take your pension savings.

During this stage we aim to achieve a return of 1.5% a year more than the Bank of England base rate. The value of an investment is not guaranteed and can go down as well as up. You may not get back the amount you originally invested.[2]

2. Expected rates of return are not guaranteed, are before the deduction of any fund management charges, fees and expenses, and product charges applicable to your scheme or plan. You can find more information about our charges you scheme documents (for example, the Member's Booklet/Member's Policy Booklet, or Key Features documents). The value of an investment is not guaranteed and can go down as well as up. You may not get back the amount you originally invested.

Where will your pension savings be invested?

Each L&G Target Date Fund invests in a wide range of assets, such as company shares or government and corporate bonds. The mix of assets used will influence each fund's performance and likelihood to go up and down in value.

This table lists the different types of assets that an L&G Target Date Fund is likely to invest in at some point over the life of the fund.

Asset	Description
Cash	This consists of short-term lending to governments and companies and deposits that are due to be repaid within around one year. These investments are seen as similar to cash deposits because the amounts borrowed will be repaid quickly and can, generally, be bought and sold in bond markets quite easily. They are issued by governments and companies (typically financial institutions) that make regular interest payments to the bond holder.
Government Bonds	These are also called 'fixed interest securities'. They are issued by governments which make regular interest payments to the bond holder. Bonds can be traded and may be sold for more or less than the original amount paid. UK government bonds are called 'gilts'.
Alternative and Active Credit	The two main asset classes in this category are high yield bonds and emerging market debt. High yield bonds are investments in the debt of companies with credit ratings that are lower than strong, healthy companies. These companies pay higher interest because there is a greater chance that they will be unable to repay their debt. Emerging market debt is a term used to describe bonds issued by governments or companies in emerging markets. They also tend to offer higher returns to reflect the increased economic and political risks associated with investing in these emerging markets. They can also be harder to trade than bonds issued by the governments and companies of developed countries.

Investment Grade Corporate Bonds	These are ‘fixed interest securities’, such as bonds, that are typically issued by companies with some of the most secure credit ratings. Bond holders receive regular interest payments from the company that issues the bond. Bonds can be traded and may be sold for more or less than the original amount paid.
Private Markets (including unlisted infrastructure and property)	Unlike normal company stocks and shares, Private Market investments aren’t available to trade on a stock exchange. It includes, but is not restricted to, property, private equity and infrastructure. The value of the investment will depend on the value of the underlying assets owned and investors may receive income from the underlying assets.
Listed Alternatives	An investment in an asset class (includes, but is not restricted to, property, private equity, and infrastructure) that can be traded on an exchange in a similar way to stocks and shares. The value of the investment will depend on the value of the underlying assets owned and investors may receive a dividend if the asset performs well.
Listed Equity	An investment in the value of companies which are publicly listed or traded on an exchange – also known as stocks and shares. The value of the investment will depend on the value of the individual companies owned and investors may receive a dividend if a company performs well – for example if a company makes a profit. This category includes companies from around the world and across different industries.

To see a visual example of how your pension savings may be invested, and how the proportion of different assets held within each fund could change as you move to and through retirement, see the diagram on page 10.

For a more detailed breakdown of the mixture of assets currently held by the L&G Target Date Fund that you’re invested in, please see the fund factsheet in **your online account.**

Where to find more information?

If you want to find out more about the objectives and charges for each L&G Target Date Fund, please see the fund factsheets.

You'll find a range of other useful information on your scheme website including a guide to the basics of investing and investment risk.

You'll also be able to access our retirement planner, which can help you work out what your current savings might be worth when you retire.

If you're not sure whether an L&G Target Date Fund is right for you, you may want to speak to a financial adviser.

To find an adviser in your local area, go to unbiased.co.uk.

Please note, financial advisers will usually charge a fee for their services.

3. Legal & General Lifetime Advantage Funds

What is the aim of the L&G Lifetime Advantage Fund?

L&G Lifetime Advantage Funds (also known as L&G PMC [2015-2080] Target Date Funds), launched in 2024. They are a set of target date funds which aim to build pension scheme members' real retirement income, whilst seeking to manage possible downside risk as retirement approaches. The asset allocation of the fund aims to be aligned with members' goals in the run-up to retirement.

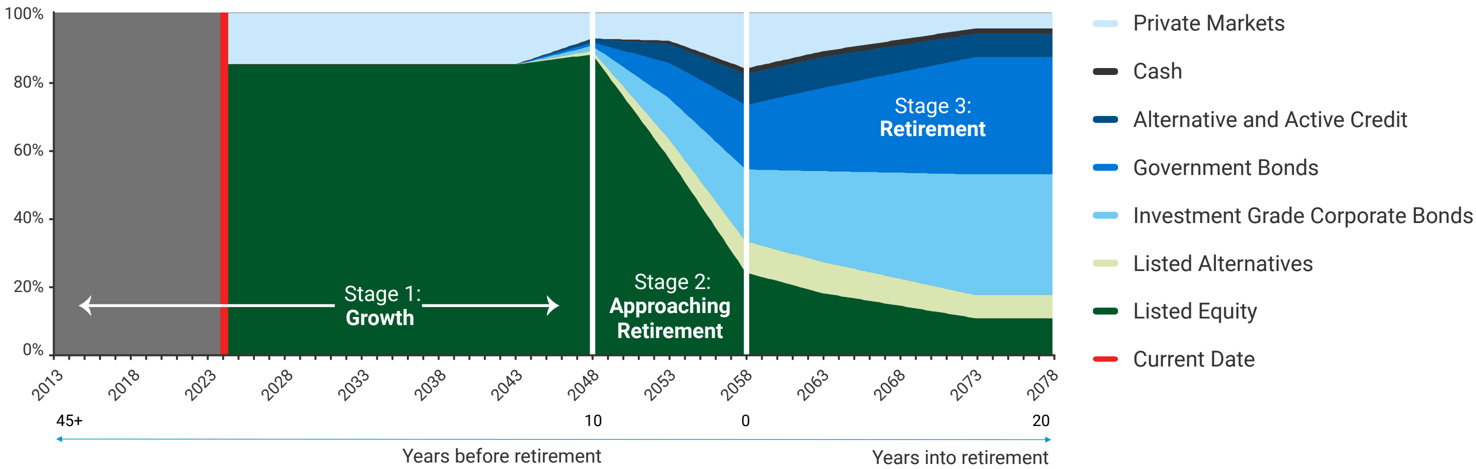
The fund provides exposure to a range of different asset classes that may include equities, bonds, cash and a range of private market or listed alternative asset classes. The fund may invest in actively or passively managed funds. The asset allocation of the fund is managed by Legal & General Investment Management and evolves overtime.

Like any other target date fund, if you're a long way from your target retirement date, we'll place more of your pension savings into assets such as company shares. These funds may also invest in private markets or listed alternative asset classes. Although they are more likely to go up and down in value in the short term, this type of investment also aims to grow your pension savings over the longer term.

If you're closer to retirement, we'll place more of your pension savings into assets such as bonds. Although they may not grow by as much, your pension savings are less likely to fall in value, enabling you to plan for your retirement with more confidence.

How will your pension savings be invested?

L&G PMC 2055–2060 Lifetime Advantage Fund



The graph shows how a member's pension savings would be invested throughout the life of their plan.

In the example, the member joined the plan in 2013, aged 22, choosing to invest in an L&G Lifetime Advantage Fund. Given that they intend to retire in 2058, aged 67, we have used the L&G PMC 2055–2060 Lifetime Advantage Fund to show how the investment mix may change over time, as they move closer to and then beyond their target retirement date.

The green areas show assets such as equities that have the potential to grow by more over the long term, but which may go down and up in value – by more and more often – in the short term. The blue areas show assets such as bonds that may not grow by as much over the long term, but which are less likely to go down and up in value in the short term.

It's important to note this graph is only an illustration of how the investment mix within an L&G Lifetime Advantage Fund might change over time. Our fund managers continue to closely monitor each fund and it is possible that the investment mix of each individual fund may develop differently.

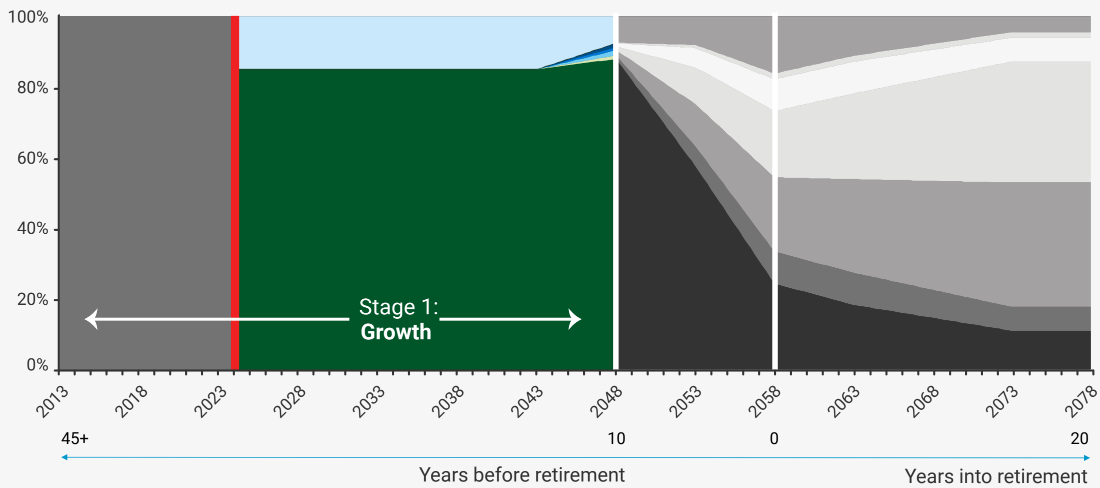
The three stages of investing in an L&G Lifetime Advantage Fund

As mentioned earlier in this guide, there are three stages to investing in a target date fund. We refer to these as Growth, Approaching Retirement and Retirement. Here we've provided a little more detail on where your pension savings will be invested and automatically moved to as you progress through the three stages of investing in an L&G Lifetime Advantage Fund.

1

Stage 1: Growth

You're more than 10 years from your target retirement date.



Most of your pension savings are invested in assets such as stocks and shares and may invest in private markets assets – which aim to grow your savings more significantly over time.

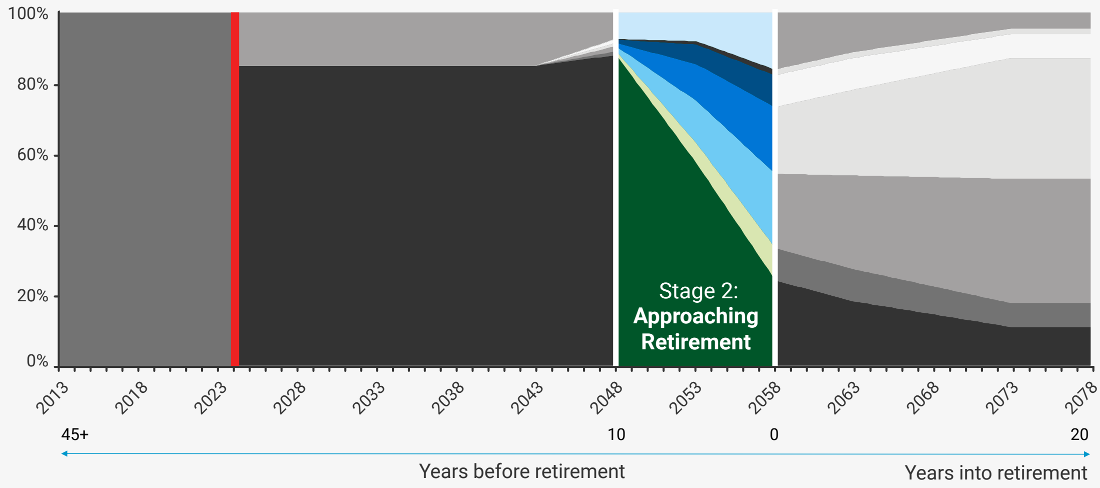
During this Growth stage, we aim to achieve, on average, a yearly return of 4.5% above the Bank of England base rate. The Bank of England base rate is the interest rate set by the Bank of England when lending money to commercial banks and other lenders. This rate influences how much those banks and lenders charge when lending money, and the amount paid on cash savings.

The idea is to make sure that you're rewarded for the risk we take on your behalf The value of an investment is not guaranteed and can go down as well as up. You may not get back the amount you originally invested.

2

Stage 2: Approaching retirement

You're within 10 years of your target retirement date.



Your pension savings start to move into different assets such as bonds.

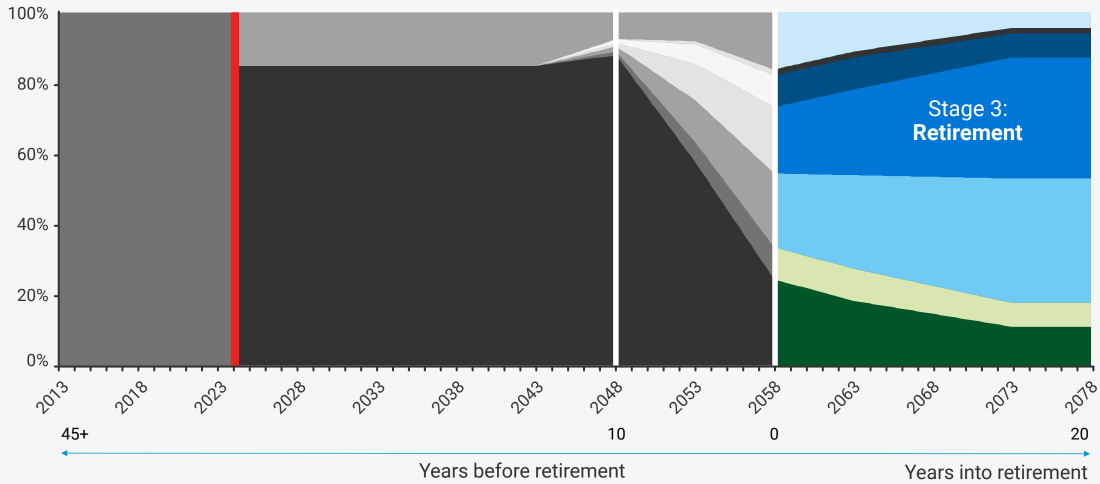
Although your pension savings are less likely to grow by as much as they did before, they are also less likely to suddenly fall in value as you approach retirement. This provides some protection against large market falls and is important as there will be, by this stage, less time for your funds to recover from turbulent times. The fund will keep some investment in assets such as stocks and shares as you may remain invested, even past your retirement date.

During this stage, as the asset mix of the fund changes, the return we aim to achieve will also change. This will happen on a gradual basis, going from (an average) 4.25% to 2.0% a year more than the Bank of England base rate. The current return we aim to achieve for each L&G Lifetime Advantage Fund can be found in the fund factsheet in your online account. The value of an investment is not guaranteed and can go down as well as up. You may not get back the amount you originally invested.[3]

3

Stage 3: Retirement

You've reached – and possibly gone beyond – your target retirement date.



At this stage, you may be ready to take money from your pension. Alternatively, you might not have decided how or when you're going to take your pension savings. Either way, we'll continue to manage your investments so that you remain invested and can take your pension savings when you're ready.

Your pension savings will be mostly invested in a range of assets designed to give a modest return and offer you flexibility in how you take them, but with a lower risk of short term ups and downs. For example, cash and bonds.

During this stage we aim to achieve an average return of 1.5% a year more than the Bank of England base rate. The value of an investment is not guaranteed and can go down as well as up. You may not get back the amount you originally invested.[3]

Where will your pension savings be invested?

Each L&G Lifetime Advantage Fund invests in a wide range of assets, which will influence the funds' performance and fluctuation (also referred to as fund volatility).

The table on page 14 lists lists the different types of assets that a Lifetime Advantage Fund is likely to invest in at some point over the life of the fund.

To see a visual example of how your pension savings may be invested, and how the proportion of different assets held within each fund could change as you move to and through retirement, see the diagram on page 19.

For a more detailed breakdown of the mixture of assets currently held by the L&G Lifetime Advantage Fund that you're invested in, please see the fund factsheet in **your online account**.

3. Expected rates of return are not guaranteed, are before the deduction of any fund management charges, fees and expenses, and product charges applicable to your scheme or plan. You can find more information about our charges you scheme documents (for example, the Member's Booklet/Member's Policy Booklet, or Key Features documents). The value of an investment is not guaranteed and can go down as well as up. You may not get back the amount you originally invested.

Charges, risk ratings and transition period

What are the Fund Management Charges?

Fund Management Charges (FMC) cover the costs of running your fund. The FMC will change as the investment mix changes over time. For more information, please refer to page 8 of the guide. The current charge is also shown in the fund factsheet which can be found in **your online account**.

Additional Expenses

Additional Expenses will apply and will vary throughout the life of the fund, the amount you will pay depends on your asset allocation at the time. The amount of additional expenses can be found in the fund factsheet available in **your online account**.

Performance fees

There are some components of a L&G Lifetime Advantage Fund that are subject to a performance fee. This is a fee payable to a fund manager if the investment provides returns above an agreed level. The amount of performance fees can be found in the fund factsheet available in **your online account**.

Risk ratings

As the assets within the fund change over time the fund risk rating may change as well. The specific risk rating for the L&G Lifetime Advantage Fund that you're invested in can be found in the fund factsheet in **your online account**.

For more information on how we risk rate our funds, please see **Your guide to risk and reward**.

The value of your investment is not guaranteed, can fall as well as rise, and you may not get back the value you invested.

You can find more information on the risks and potential rewards of investing on your scheme website and by viewing Your guide to risk and reward.

Transition period

From the funds' launch in July 2024, the investment mix gradually transitions to their long-term asset allocation. During this time, the actual amount you'll pay may be slightly lower than the Fund Management Charge displayed. Depending on which L&G Lifetime Advantage Fund you're invested in, the FMC will increase to the amounts shown in the individual fund factsheet by the end of the transition period.

Where to find more information

If you want to find out more about the objectives and charges for each L&G Lifetime Advantage Fund, please see the fund factsheets.

You'll find a range of other useful information on your scheme website including a guide to the basics of investing and investment risk.

You'll also be able to access our retirement planner, which can help you work out what your current savings might be worth when you retire.

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Legal & General Assurance Society Limited
Registered in England and Wales No. 00166055
We are authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Registered office for both companies: One Coleman Street, London EC2R 5AA

Q0055595 07/26 DC005002