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Barclays Pension Savings Plan (BPSP) Guide to investment pathways

Your guide to investment pathways

What is an investment pathway?

This guide is for members that have requested a quote to enter drawdown.

This guide explains the investment pathways available to you including the charges and risks associated.

Investment pathways are a way for you to select the funds that you're investing in when you're in drawdown.

You choose one of four objectives for what you'd like to do with your money within the next five years.

The objective you choose will be linked to an investment solution. When you choose your investment pathway, you won't be locked in and can change it at any time.

When it comes to taking money from your pension pot, you have a number of options.

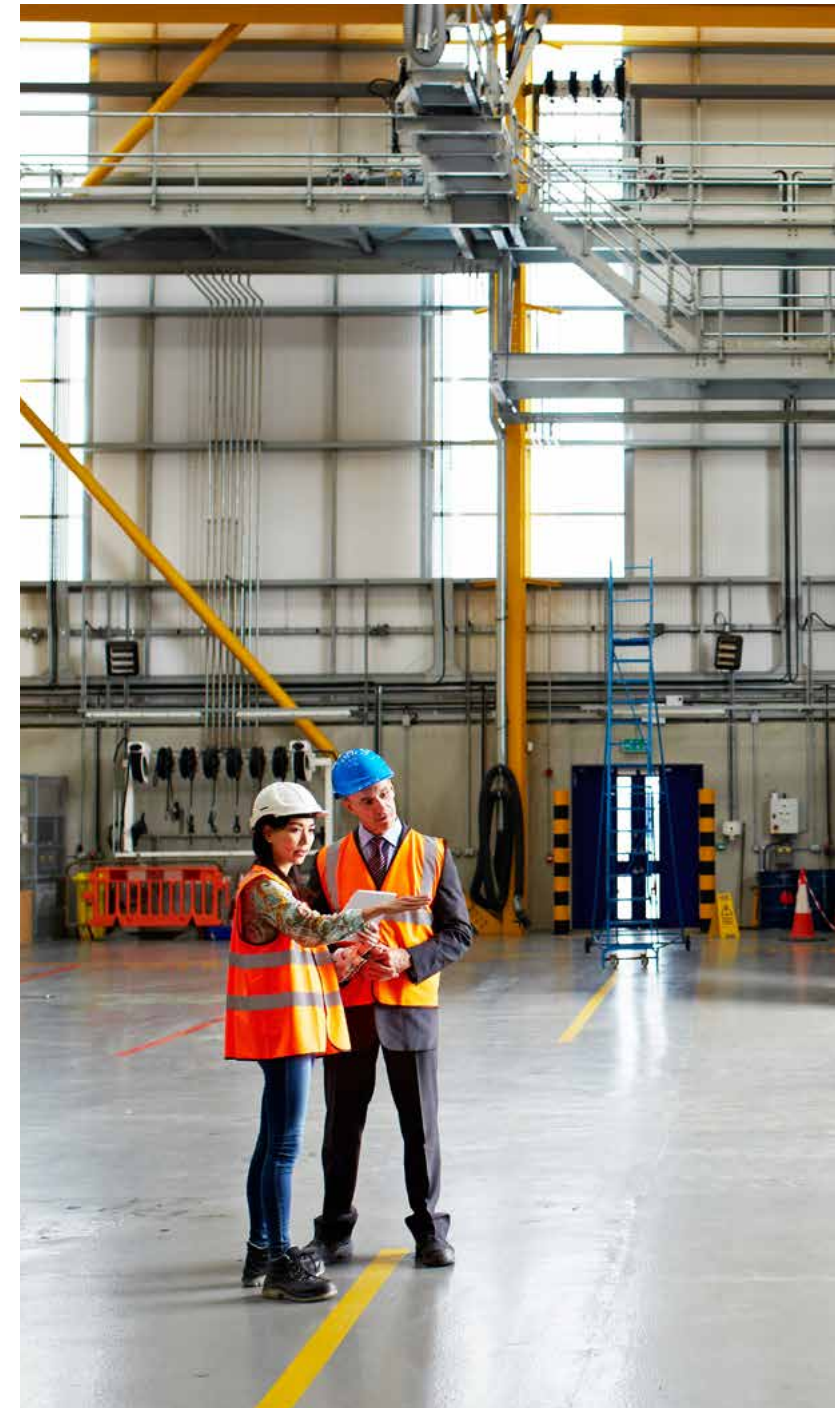
It's important to choose an investment strategy that best suits your future retirement plans.

The main options are:

- Take all of your pension pot in one go or a series of cash lump sums. The first 25% of each withdrawal will normally be tax-free.
- Take up to 25% of your pot tax-free and use the rest to buy a guaranteed income for life or a period of your choice. This is known as an annuity.
- Take up to 25% of your pot tax-free and leave the rest invested to provide a flexible income and/or occasional cash lump sums. This is known as flexi-access drawdown.

Whichever you choose, you can usually only take up to 25% of your pension pot as tax-free cash with the rest taxed as income.

This guide explains your investment options if you choose to take a flexible income.



Introducing investment pathways

If you choose to take a flexible income, you need to think about which funds to use for this part of your pension pot.

Investment pathways help make sure the money that remains invested supports your objectives in the future.

You can choose from four investment pathways.

Take a look at the options on this page and decide which option best suits your objectives for the next five years.

If you have more than one goal you might want to think about splitting your pension savings between the different investment pathways.

Once you've chosen, you don't need to do anything – we'll invest your pension for you in a way that supports your choices.

By choosing an investment pathway you're telling us to switch your flexi-access drawdown pension pot into a different fund, which may have different aims, charges and investment types from your previous funds. You may incur a transaction cost when buying or selling units in our funds. You can find out more about transaction costs by visiting legalandgeneral.com/transactioncosts (🔗 PDF)

Option 1: I have no plans to touch my money in the next five years

Leave it invested: You may be thinking about leaving this part of your pension savings for inheritance or investing it for later in retirement. This option aims for longer term investment growth.

Option 2: I plan to set up a guaranteed income (annuity) within the next five years

Be ready to buy an annuity: You're looking to use this part of your pension savings for a guaranteed income (annuity). You want to know exactly how much you're getting each year. This option will invest your savings until you've chosen the annuity that suits you.

Option 3: I plan to start taking a long-term income within the next five years

Start taking a flexible income: You may plan on using this part of your pension savings for an occasional or regular income in your early retirement years.

This option aims to support withdrawals with the potential for investment growth over a longer period.

Option 4: I plan to take my money within the next five years

Use it all: You're thinking about taking this part of your pension savings for holidays or rainy days.

This option aims to invest your pension savings in funds that are less likely to go up and down in value.

You don't have to choose an investment pathway. If you want to choose your own funds or leave your pension pot invested in your current funds, you can do that too. Whatever you choose to do, you'll need to regularly review your plans and goals.

You'll be able to see the full range of investment options available to you by logging in to your online account with Legal & General: myaccount.landg.com

Where will my money be invested?

Terms explained:

- Aims are the goals the funds aim to achieve.
- Asset allocation shows what type of investments a fund makes as it tries to achieve its aim.
- Performance shows whether a fund has made a profit or a loss over different time periods.

The investments supporting each pathway have been carefully selected to support your choices. For more information about each fund listed, including its aims, asset allocation and performance, click on the fund name.

You can find out more about transaction costs by visiting legalandgeneral.com/transactioncosts (↗ PDF).

Investment pathway

Option 1: I have no plans to touch my money in the next 5 years

Fund name

[BPSP Investment Pathway Option 1 Invest](#) (↗ PDF)

Fund aim

The fund aims to provide an appropriate investment solution for those who have no plans to touch their money in the next five years. It aims for longer term investment growth through exposure to a diversified range of asset classes.

Underlying investments may change from time to time.

Fund risk rating	Fund code	Fund specific risks	IMC	AE	FMC
4	BZ53	1, 2, 3, 5, 6a, 10, 22, 23, 30, 62	0.16%	0.00%	0.16%

By choosing an investment pathway you're telling us to switch your flexi-access drawdown pension pot into a different fund, which may have different aims, charges and investment types from your previous funds. You may incur a transaction cost when buying or selling units in our funds. You can find out more about transaction costs by visiting legalandgeneral.com/transactioncosts (↗ PDF)

Terms explained:

- Aims are the goals the funds aim to achieve.
- Asset allocation shows what type of investments a fund makes as it tries to achieve its aim.
- Performance shows whether a fund has made a profit or a loss over different time periods.

Investment pathway

Option 2: I plan to set up a guaranteed income (annuity) within the next 5 years

Fund name

BPSP Investment Pathway Option 2 Annuity ([↗ PDF](#))

Fund aim

The fund aims to provide an appropriate investment solution for those who plan to set up a guaranteed income (annuity) within the next five years. It will invest in a way that aims to protect your pension savings against changes in annuity rates until you decide on the annuity that suits you.

Underlying investments may change from time to time.

Fund risk rating	Fund code	Fund specific risks	IMC	AE	FMC
5	BZ63	1, 2, 3, 5, 6a, 10, 22, 23, 24, 62	0.14%	0.00%	0.14%

By choosing an investment pathway you're telling us to switch your flexi-access drawdown pension pot into a different fund, which may have different aims, charges and investment types from your previous funds. You may incur a transaction cost when buying or selling units in our funds. You can find out more about transaction costs by visiting legalandgeneral.com/transactioncosts ([↗ PDF](#))

Terms explained:

- Aims are the goals the funds aim to achieve.
- Asset allocation shows what type of investments a fund makes as it tries to achieve its aim.
- Performance shows whether a fund has made a profit or a loss over different time periods.

Investment pathway

Option 3: I plan to start taking a long-term income within the next 5 years

Fund name

BPSP Investment Pathway Option 3 Income ([↗ PDF](#))

Fund aim

The fund aims to provide an appropriate investment solution for those who plan to start taking a long-term income within the next five years. It aims to support withdrawals and to offer the potential for investment growth over a longer period by investing globally in a range of different asset classes.

Underlying investments may change from time to time.

Fund risk rating	Fund code	Fund specific risks	IMC	AE	FMC
4	B0A3	1, 2, 3, 5, 6a, 10, 22, 23, 30, 62	0.26%	0.01%	0.27%

By choosing an investment pathway you’re telling us to switch your flexi-access drawdown pension pot into a different fund, which may have different aims, charges and investment types from your previous funds. You may incur a transaction cost when buying or selling units in our funds. You can find out more about transaction costs by visiting legalandgeneral.com/transactioncosts ([↗ PDF](#))

Terms explained:

- Aims are the goals the funds aim to achieve.
- Asset allocation shows what type of investments a fund makes as it tries to achieve its aim.
- Performance shows whether a fund has made a profit or a loss over different time periods.

Investment pathway

Option 4: I plan to take my money within the next 5 years

Fund name

BPSP Investment Pathway Option 4 Take Money ([↗ PDF](#))

Fund aim

The fund aims to provide an appropriate investment solution for those who plan to take all their money within the next five years. It will invest in assets that are less likely to go up and down in value.

Underlying investments may change from time to time.

Fund risk rating	Fund code	Fund specific risks	IMC	AE	FMC
3	B2B3	2, 3, 62	0.12%	0.00%	0.12%

By choosing an investment pathway you’re telling us to switch your flexi-access drawdown pension pot into a different fund, which may have different aims, charges and investment types from your previous funds. You may incur a transaction cost when buying or selling units in our funds. You can find out more about transaction costs by visiting legalandgeneral.com/transactioncosts ([↗ PDF](#))

Fund risk ratings

There are certain risks involved with funds. We've added in the ones that are relevant to you on [page 11](#) and [page 12](#).

Interpreting risk

Risk can be interpreted in many ways; to some it is the likelihood of achieving a return on their retirement savings. To others, it could be as simple as the chance of losing money.

When looking at investment funds, different funds have different risks associated with them. These will be specific to the types of assets and geographic locations they're invested in.

One thing all risks have in common is uncertainty. The volatility of returns is the most common measure of uncertainty and this is what we use to determine our risk rating. Volatility refers to the rate the price of a fund fluctuates in value over a period of time.

Risk ratings can provide a useful indicator of a fund's current and previous level of risk. However, they should not be used as a guide to future investment performance. The funds matched to investment pathways have been selected with the aim of providing an appropriate level of risk for the chosen outcome. When you're looking at where to invest, it's important that you think carefully about the risk and reward profiles of our funds. Your outlook and circumstances are unique, so you'll need to decide how you want to invest your retirement savings. If you have any doubts or questions, we recommend you speak to a financial adviser. You can find one in your local area by visiting unbiased.co.uk. Please note, financial advisers will usually charge a fee for their services.

How frequently are risk ratings reviewed?

We update our fund documentation annually and calculate the latest fund risk ratings as part of this exercise. When calculating our fund risk ratings we use a standard industry approach and they reflect the volatility in the fund value over a suitable period of time.

The spectrum of risk: The Risk & Reward Profile

We organise our funds into seven risk rating categories. These categories are based on the risks, and potential reward, we think they present to your money. They are calculated on the assumption that you will keep your investment for at least five years. If you decide to invest in a fund for a shorter period of time, the actual risk rating may be significantly higher.

Risk ratings explained

Risk Rating	Description
1 Lowest	Funds with this risk rating have typically experienced the lowest volatility of all funds offered by Legal & General, based on historic performance. This means that these funds have the lowest potential for significant fluctuations in value compared with other funds.
2 Low	Funds with this risk rating have typically experienced low volatility compared to other funds offered by Legal & General, based on historic performance. This means that these funds have a low potential for significant fluctuations in value compared with other funds.
3 Low to Medium	Funds with this risk rating have typically experienced low to medium volatility compared to other funds offered by Legal & General, based on historic performance. This means that these funds have a low to medium potential for significant fluctuations in value compared with other funds.
4 Medium	Funds with this risk rating have typically experienced medium volatility compared to other funds offered by Legal & General, based on historic performance. This means that these funds have a medium potential for significant fluctuations in value compared with other funds.
5 Medium to High	Funds with this risk rating have typically experienced medium to high volatility compared to other funds offered by Legal & General, based on historic performance. This means that these funds have a medium to high potential for significant fluctuations in value compared with other funds.
6 High	Funds with this risk rating have typically experienced high volatility compared to other funds offered by Legal & General, based on historic performance. This means that these funds have a high potential for significant fluctuations in value compared with other funds.
7 Highest	Funds with this risk rating have typically experienced the highest volatility compared to other funds offered by Legal & General, based on historic performance. This means that these funds have the highest potential for significant fluctuations in value compared with other funds.

Our risk ratings aim to show you the potential fluctuations you may see in the value of your retirement savings over time.

However, they cannot predict what actually will happen, or when.

Funds can perform better or worse than the risk rating given.

More information on how we risk rate our funds and the different risk rating categories can be found in [Your Guide to Risk and Reward](#) ([↗ PDF](#)).

About investing

This page explains some of the charges and risks associated with investing. There are certain risks involved with funds. We've added in the ones that are relevant to you on [page 11](#) and [page 12](#).

What are the charges for investing?

Each of the funds carries a fund management charge (FMC). This charge is accounted for in the price of the unit and is reflected in the value of your fund. The FMC consists of the investment management charge (IMC) plus additional expenses (AE).

It includes investment management fees, fund administration fees, custody/custodian fees, auditing and accounting fees, and regulatory charges.

What is the total cost of running my pension?

To calculate the total cost of running a pension plan, you should add the annual management charge (AMC), which covers Legal & General's administration costs, to the FMC.

Getting help with your options

Before making your choice, we strongly recommend that you take advantage of the guidance and advice services available to help you make the most of your pension. Here are some good places to start:

Pension Wise by MoneyHelper

This free and impartial service helps you understand your options for using your pension pot, so you can choose the right one for you.

Provided by MoneyHelper, a government organisation, it offers clear and simple guidance online or over the phone.

To find out more or book an appointment visit moneyhelper.org.uk/pensionwise or call **0800 138 3944**.

Financial advice

If you're unsure about making an investment choice we recommend you speak to a financial adviser. You can find one in your local area by visiting unbiased.co.uk. Please note, financial advisers will usually charge a fee for their services.

Our WorkSave Pension Plan offers you a way of paying your financial adviser directly from your pension pot – this is called a facilitated adviser charge. The advice you receive must be related to the WorkSave Pension Plan, and it's from this plan that

we'll take the adviser charge. You must have enough money in your pot to pay for this.

The 'Facilitated Adviser Charge Guide' explains how this service works. You can find it at legalandgeneral.com/adviserchargeguide (PDF) and legalandgeneral.com/adviserchargeform.

For more information, you can contact us on **0345 026 7559**.

Please note that call charges will vary and calls may be monitored and recorded. Our helpline staff aren't authorised to give personal financial advice or recommend investment funds.

Fund specific risks

In the 'Fund specific risks' column of the fund list, you will have seen one or more numbers listed against each fund. Each number relates to a specific risk associated with that fund. This section contains descriptions for each of the fund specific risks listed.

1. Equities

The fund invests in equities (shares of companies), so there is a higher risk of the fund's value being volatile (i.e. going up and down) than with a fund which invests in most other asset types, particularly in the short term.

2. Fixed interest securities

Investment returns on fixed interest securities, such as corporate and government bonds, are particularly sensitive to trends in interest rate movements and inflation. Their values are likely to fall when interest rates rise. Such falls may be more pronounced in a low or negative interest rate environment, and longer dated fixed interest securities will fall by more than short dated fixed interest securities.

3. Risk of issuer becoming less secure

The fund invests in fixed interest securities. The financial strength of a company or government issuing the security determines their ability to make some or all of the payments due. If this financial strength weakens, the chances of them not making payments increases and this will reduce the fund's value.

5. Currency changes

The fund may hold assets in currencies that are not denominated in sterling. If the value of these currencies falls compared to sterling this may cause the fund's value to go down. Some funds may employ currency hedging as a means of protecting the fund's value against currency movements. In extreme market conditions, the hedge may not be perfect and the fund may be exposed to currency changes.

6a. Derivatives: in relation to funds using derivatives for "EPM" purposes

The fund may undertake derivative transactions as part of efficient portfolio management ("EPM") or reduction in investment risk in line with the Historic FCA Permitted Links rules.

10. Emerging markets

The fund invests in emerging markets where there may be limited information available publicly to investors. In general, emerging market issuers are not subject to accounting, auditing and financial standards and requirements similar to those required of developed market issuers. Also, local laws may prevent the repatriation of capital or profit from those countries into the UK. In addition, the stock markets and currencies of emerging markets can be volatile, due to the fact that the political and economic systems in these countries are still developing. In such cases delays in settlement may cause the

fund to have exposure to a third party broker or counterparty. This may result in a greater risk that the value of the fund might go down. The investments in these markets might also be bought and sold infrequently therefore resulting in large changes in their prices.

22. Stock lending

The fund manager may lend stock to other parties and it is usual for the borrower to provide collateral. If the borrower fails to return the borrowed stock, the collateral may not be enough to cover the value of the stock, resulting in a reduction in the fund value.

23. Inflation and index linked instruments

The fund invests in inflation-linked bonds, which are particularly sensitive to changes in inflation rates. Their values are likely to fall when inflation rates fall.

24. Pre-retirement funds

The fund is designed to be used as part of a pre-retirement strategy by investors who are expected to purchase an annuity at retirement.

30. Retirement income drawdown

Investors may receive less income through drawdown than if they had bought an annuity. They will not benefit from the security of a guaranteed income for life that an annuity offers. The policyholder should ensure that the pension scheme member speaks with his/her adviser about the level of income needed,

their potential sources of income and overall financial circumstances before deciding how to take retirement income from the fund.

62. Delayed repayment

This fund is able to delay paying out, which may mean that you have to wait to get your money. A delay may happen when market conditions mean it is difficult for the fund manager to cash in investments to pay out to investors. For example, a fund with investments in commercial properties may find they may take time to sell. Whilst waiting to complete on the sale of properties, the fund manager may suspend making payments to investors who want to cash in. The fund can only delay paying out if it is in the interests of all investors.

Taking control of your pension has never been easier.

Check how your investments are performing. You may even be able to change how your pot is invested. Log in or register at myaccount.landg.com

Contact us

Email: employerdedicatedteam@landg.com

Call us: 0345 026 7559

8.30am–7.00pm Monday to Friday. Please note that call charges will vary. We may record and monitor calls.

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