

# ING UK Pension Fund (Defined Contribution Section)

## Investment Guide

### Range of investment options

As a member of the Defined Contribution Section of the ING Pension Fund (“the Fund”) you have the opportunity to decide where your Accumulated Fund is invested by choosing from a range of funds.

This range has been selected to provide sufficient flexibility to meet your changing investment needs.

### What are the investment choices?

You will be able to choose to invest your Accumulated Fund either via the default lifecycle option, using Flexicycle, where you can customise your own lifecycle to a limited extent, or select your own options (known as Self Select). You can change these at any time. Those options are explained below.

### How do I choose what’s right for me?

Every member has their own unique circumstances and requirements for their retirement.

Until around age 55, the most important investment consideration for members is perhaps how their Accumulated Fund is invested. Members need to evaluate the levels of risk they are willing to expose their Accumulated Funds to as they grow, finding the balance of risk/return that is right for them.

Once a member reaches age 55 or so, how the Accumulated Fund is going to be used becomes a bigger issue. Members need to decide whether they might take their Accumulated Fund as a single taxable cash lump sum, use it to purchase an annuity, which will give them a predetermined income for life, or continuing to invest in retirement via a drawdown account which will provide a fund to be drawn upon as required.

You can choose investment options that are designed to address both of these issues; risk/return and the style of retirement income.

### What is a lifecycle?

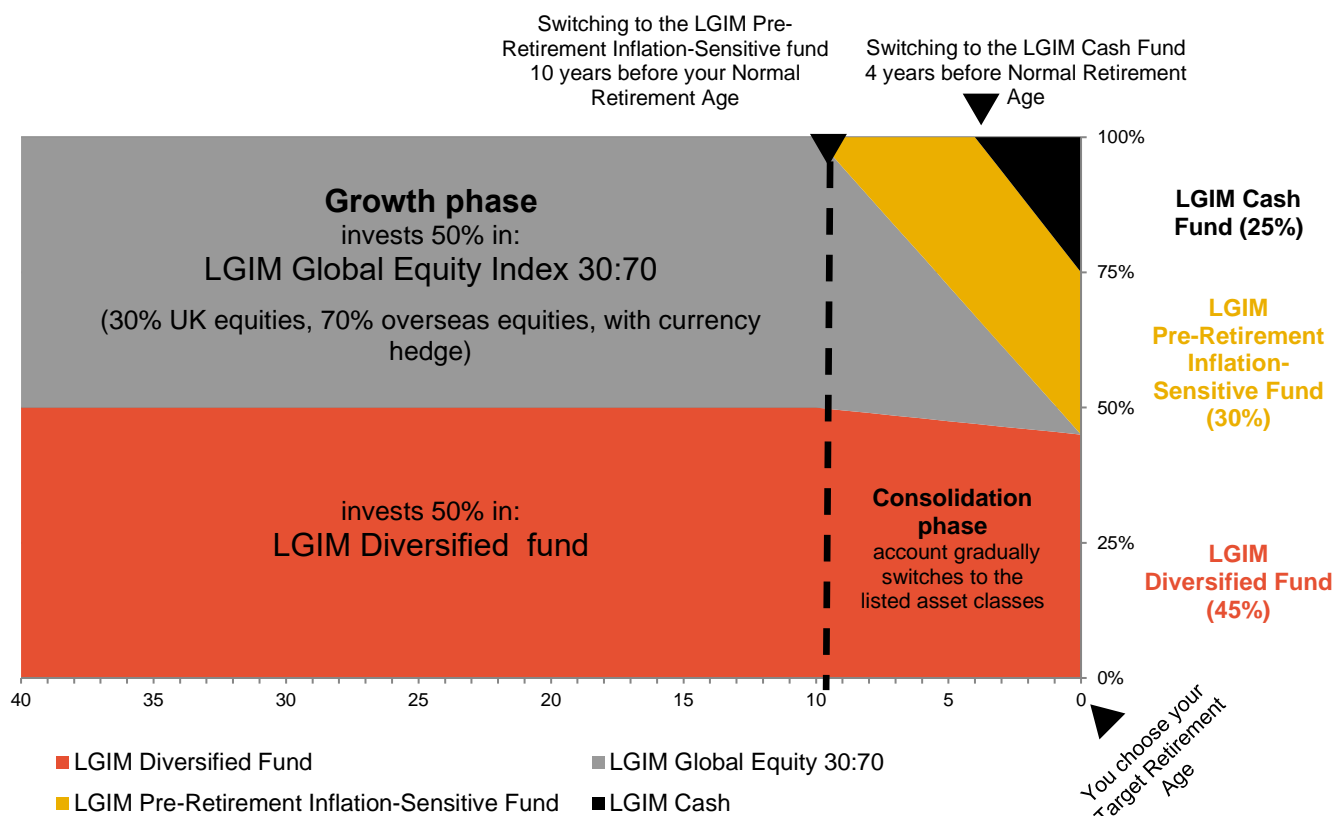
For most members, asset allocation should change over time to reflect the change to the nature of investment risk as they approach retirement. A lifecycle aims to deliver this by investing in growth assets (such as equities and diversified growth assets) in the early years, which should offer the greatest long term potential. As retirement approaches switching occurs automatically. This switching process introduces lower-risk assets (such as bonds and cash) as well as investing in growth assets. The switching process aims to preserve some capital growth achieved (by switching some of your investments into lower-risk assets) whilst also allowing the potential for future capital growth (by maintaining some of your investments in equities and diversified growth assets).

In addition, to the lifecycle described above, the Fund also allows you to invest via Flexicycle. This enables you to choose your retirement date, fund composition and retirement objective.

### The default lifecycle option

The default lifecycle has been designed for those who do not wish to make an investment decision. If you make no decision, your Accumulated Fund will be invested in the default lifecycle option – the Medium Risk Drawdown Lifecycle. Those who do not wish for their accounts to target drawdown should consider the choices available through the Flexicycle system or perhaps even self selection if they have a clear goal in mind for their Accumulated Fund and wish to take control over their investments.

The chart below shows how the investment allocation will work based on your chosen target retirement age (which will be age 65 unless you inform the Trustees otherwise).



The default lifecycle option will invest your Accumulated Fund as follows:

### Growth phase

When you are more than 10 years away from your Target Retirement Age, 50% of your Accumulated Fund will be invested in the Legal & General Investment Management (LGIM) Global Equity Index (30:70) Fund and the remaining 50% will be invested in the LGIM Diversified Fund.

The LGIM Global Equity Index 30:70 Fund invests 30% of the money it holds in UK Equities and 70% in Overseas Equities. This is to gain adequate exposure to the equities market to help your Accumulated Fund grow. The LGIM Diversified Fund invests in a broad array of asset classes including equities, corporate and government bonds as well as a range of alternative investments (such as sovereign debt, high yield bonds, infrastructure and real estate). This provides your account with a broad base of investments to help mitigate the risks caused by being reliant on the success of one type of asset.

### Consolidation phase

In the 10 years leading up to your chosen retirement date, as part of the consolidation phase, your Accumulated Fund will switch out of the Growth phase and into a combination of the LGIM Pre-Retirement Inflation-Sensitive Fund and LGIM Diversified Fund. In addition, four years before your Target Retirement Age your accumulated fund will begin to switch into the LGIM Cash Fund creating a 25% allocation at retirement.

## Flexicycle

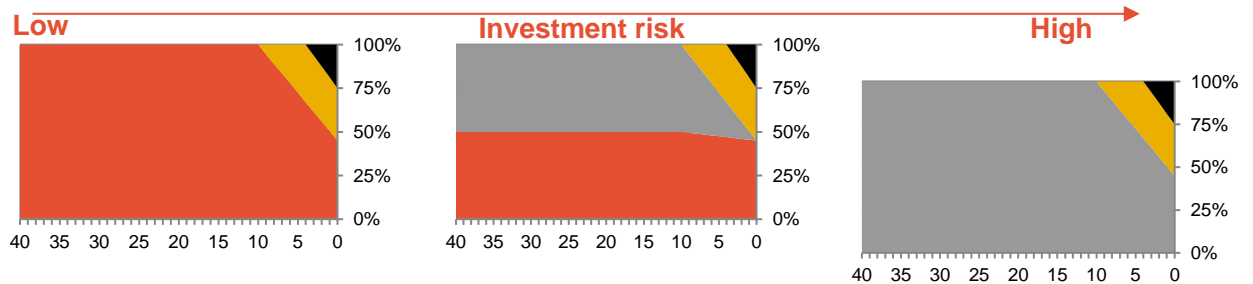
Flexicycle is a lifecycle where you get to choose the 'building blocks'. You have control over the following 'building blocks': The table below illustrates the six options that members can choose with nine overall outcomes.

Building Block	Investment risk		
	Low	Medium	High
	Options for members to choose		
Growth Phase	100% DGF (Active) - LGIM Diversified Fund	50% LGIM Diversified Fund (Active) and 50% LGIM Global Equity (Passive)	100% LGIM Global Equity (Passive)
Consolidation phase	Drawdown	Annuity Purchase	Cash lump sum
Retirement	Any Age between 55 and 75 (65 if you don't actively choose)		

Note: It is important that you review your chosen target retirement age regularly. If you wish to change this please make sure to notify Capita through [www.myingpension.com](http://www.myingpension.com) of this change as this will have an effect on the way in which your Accumulated Fund is invested.

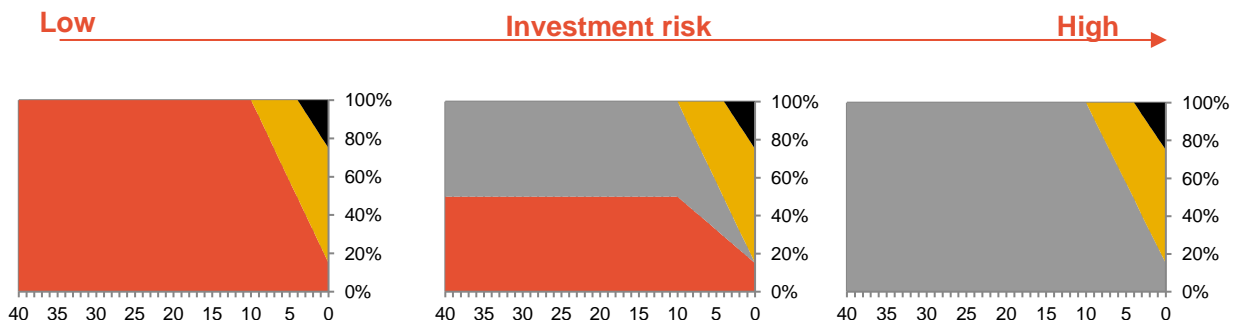
### Drawdown Strategies

These strategies are all intended to leave a member in a mix of assets suited to drawdown once they reach retirement. But they vary in the amount of risk taken. For the drawdown strategies the asset mix of the growth phase is maintained until retirement and makes up 45% of the at retirement portfolio.



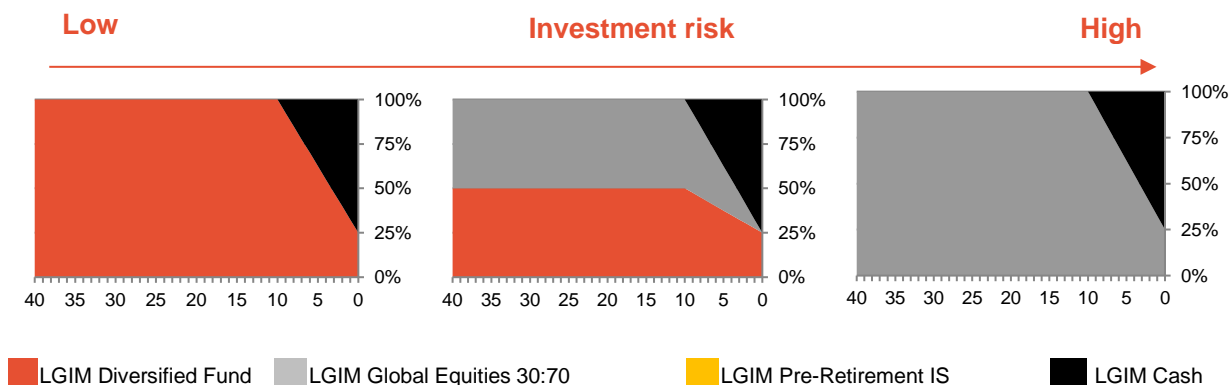
### Annuity Purchase Strategies

These strategies are all intended to leave a member in a mix of assets suited to annuity purchase once they reach retirement. But they vary in the amount of risk taken. In order to aim to outperform annuity prices, the annuity purchase strategies allow for some exposure to growth assets at retirement by allocating 15% to the asset mix selected by members for the growth phase.



## Cash Lump Sum Strategies

These strategies are all intended to leave a member in a mix assets suited to taking a cash lump sum or cash lump sums once they reach retirement. But they vary in the amount of risk taken. In order to achieve returns similar to or above inflation the lump sum strategies allow for some exposure to growth assets at retirement by allocating 25% to the asset mix selected by members for the growth phase.



## Self Select

If you opt for Self Select, you can choose to invest your Accumulated Fund in whatever proportion you want. Full details of the funds are set out below and additional information is also available in the fund factsheets available from [www.myingpension.com](http://www.myingpension.com).

Fund	Benchmark	Invests in	Total Expense Ratio (TER)*	Active/Passive management
LGIM 30:70 Currency Hedged Global Equity Index Fund	Global Equity (30:70) 75% Hedged	World Equities with a currency hedge	0.160%	Passive
LGIM MSCI ACWI Adaptive Capped ESG Index Fund	MSCI ACWI ex-Thermal Coal Cap Adapt Cap 2x ESG Universe	World Equities with a sustainability focus	0.229%	Passive
LGIM Overseas World (ex UK) Equity Index	FTSE World (ex UK)	World equities excluding the UK	0.176%	Passive
LGIM UK Equity Index	FTSE All-share	UK equities	0.080%	Passive
LGIM North America Equity Index	FTSE North America	North American equities	0.160%	Passive
LGIM Europe (ex UK) Equity Index	FTSE Developed Europe (ex UK)	European equities excluding the UK	0.200%	Passive
LGIM Asia Pacific (ex Japan ) Developed Equity Index	FTSE Developed Asia Pacific ex-Japan	Asian Pacific equities excluding Japan	0.220%	Passive
LGIM Japan Equity Index	FTSE Japan	Japanese equities	0.180%	Passive
LGIM World Emerging Markets Equity Index	FTSE Emerging	Emerging markets equities	0.360%	Passive
LGIM Diversified Fund	FTSE Developed World Index – 50% GBP Hedged	Multi Asset	0.190%	Passive

LGIM Hybrid Property 70:30 Fund	Composite Benchmark****	Property	0.500%	Active
LGIM Pre-Retirement Inflation-Sensitive	Composite Benchmark***	Fixed Interest	0.150%	Active
LGIM AAA-AA-A Corporate Bond – All Stocks – Index	Markit iBoxx GBP Non-Gilts ex BBB	Fixed Interest	0.120%	Passive
LGIM Composite Bond	Composite Benchmark**	Fixed Interest	0.128%	Active
LGIM Over 15 Year Gilt Index	FTSE Actuaries UK Conv Gilts Over 15 Years	UK Government Bonds	0.080%	Passive
LGIM Over 5 Year Index Linked Gilt Index	FTSE Actuaries UK Index-Linked Gilts Over 5 Years	UK Government Bonds	0.080%	Passive
LGIM Cash	7 Day LIBID	Cash	0.100%	Active

\* Total expense ratio is a measure of the total cost of a fund to the investor. Total costs may include annual management charges and various fees (purchase, redemption, auditing) and other expenses.

\*\* Composite Benchmark – FTSE A UK Gilts > 15 Years (30%), Markit iBoxx GBP Non-Gilts > 10 Year (40%) & FTSE A Index-Linked > 5 Years (30%)

\*\*\* Composite of gilts and corporate bond funds

\*\*\*\* Composite of the AREF/IPD UK Quarterly All Balanced Property Funds Index and the FTSE EPRA/NAREIT Developed Real Estate Index

Please note you can invest in as many Self Select funds as you wish.

### What are active and passive funds?

Most of the Self Select funds are passively managed and a few are actively managed.

A passive fund tries to match the fund's benchmark return by choosing investments in the same proportion as the benchmark. Such funds are sometimes referred to as 'tracker' funds.

An active manager, on the other hand, seeks to beat the market by choosing investments that they think will outperform. There is, of course, the risk that the manager makes more wrong decisions than correct ones and, as a result, underperforms the market. A passive manager will not make judgements of this kind.

Fees paid to active managers tend to be more than those paid to passive managers because the passive manager does not have to spend time and money researching the prospects of individual companies.

### Can I change how my investment is invested in the future?

You can review your investment options at [www.myingpension.com](http://www.myingpension.com)

Yes. If you wish to change your investment choice, you need to complete the investment choices form and return it to:

ING UK Pension Fund  
PO Box 555  
Stead House  
Darlington  
DL1 9YT  
Email: [ingukpf@capita.co.uk](mailto:ingukpf@capita.co.uk)

### Where can I get further information?

Further information can be obtained from Capita at the following email address:

[ingukpf@capita.co.uk](mailto:ingukpf@capita.co.uk) or by telephone on **0800 389 6709** or by writing to them at the address above.

## **What happens to my account within the Fund if the Company fails?**

In the unlikely event that something happens to the Company, your account within the Fund will not be affected. Your DC pension account within the Fund is ring-fenced so that neither the Company nor any potential creditors would be able to touch it. You would become a deferred member of the Fund. Please see the member guide for more details of your options on becoming a deferred member.

## **How secure are my investments in the DC Section?**

Your assets in the Fund's DC Section are held on behalf of the Trustees in an insurance policy with Legal & General. In the unlikely event of Legal & General being declared in default, the Trustees should generally be entitled to make a claim under the Financial Services Compensation Scheme (FSCS) – the UK's statutory 'fund of last resort'.

Based on the current FSCS limits, the Trustees should be able to make a claim for 100% of the value of your account (with no upper limit) if Legal & General became insolvent.

Further information on the FSCS can be found on their website [www.fscs.org.uk/](http://www.fscs.org.uk/)

## **Remember**

This guide is for information only and does not take into account your personal circumstances and does not constitute financial advice or investment advice. Please note that the Trustees, the Company and their service providers cannot provide you with financial advice. You should speak to an independent financial adviser if you would like assistance in reviewing your options. If you need more information or are unsure about any of the above you should seek independent financial advice. You can find an independent financial advisor at [www.moneyadvice.service.org.uk/en/articles/choosing-a-financial-adviser](http://www.moneyadvice.service.org.uk/en/articles/choosing-a-financial-adviser).

Please note the value of investments, and income from them, may fall as well as rise.

Exchange rates may also affect the value of overseas investments. As a result, an investor may not get back the amount originally invested. Past performance is not necessarily a guide to future performance.

Benefits under the Fund are subject to the Fund's Trust Deed and Rules as well as tax and other legislation. These take precedence over any other descriptions of benefits including anything contained in this guide.