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 a choice of well-established managers together with 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?

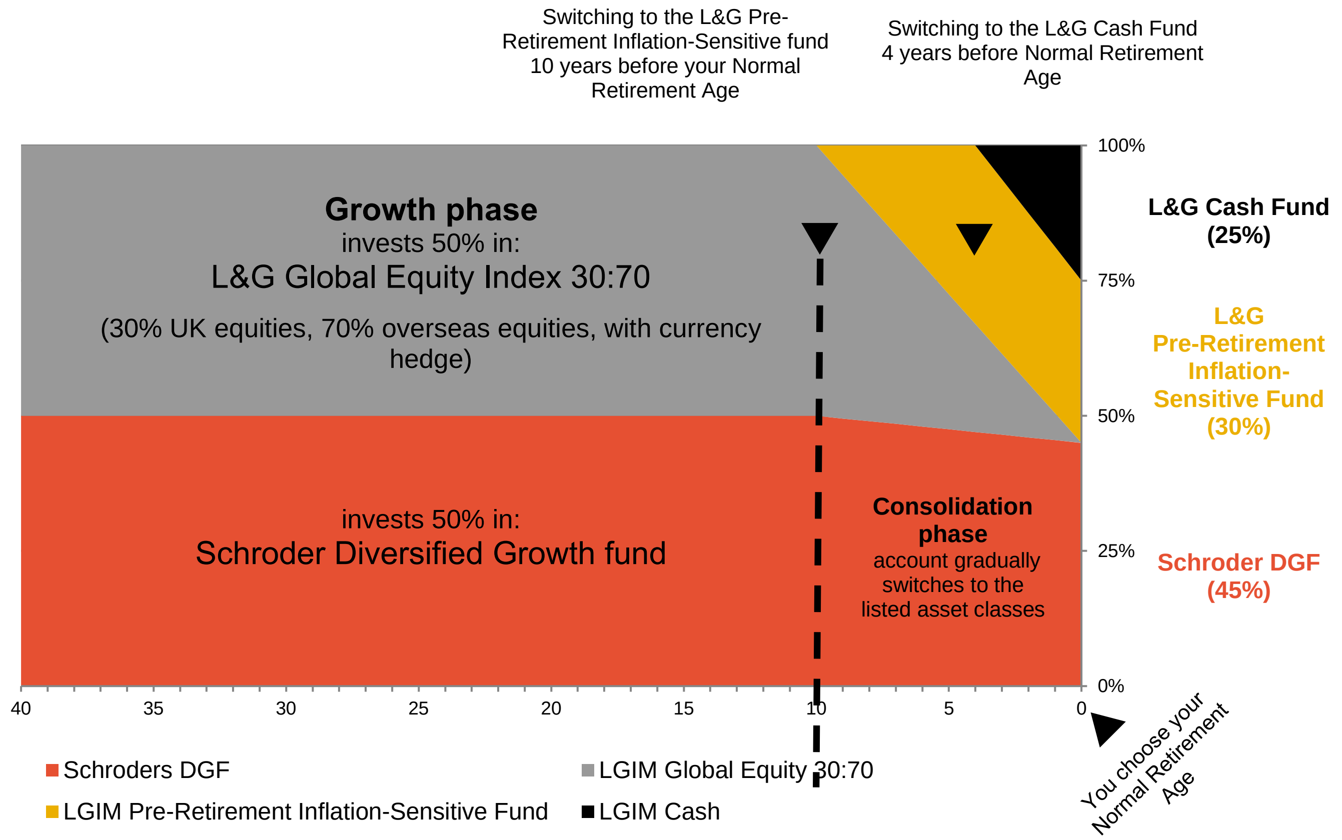
For most members, asset allocation should change over time to reflect the change to the nature of investment risk as they approach retirement. A lifecycle aims to deliver this by investing in growth assets (such as equities and diversified growth assets) in the early years, which should offer the greatest 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 Trustees have undertaken research into how members might want to access their Accumulated Funds at retirement and it is anticipated that the majority of members will wish to target draw down once they reach retirement. With that in mind the default option has been restructured to better help members achieve this. Those who do not wish their accounts to target draw down 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 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 chosen retirement age, 50% of your Accumulated Fund will be invested in the L&G Global Equity Index 30:70 Fund. The remaining 50% will be invested in the Schroder Diversified Growth Fund. The L&G 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 Schroder Diversified Growth Fund invests in a broad array of asset classes including equities, bonds and a range of other investments. 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 L&G Pre-Retirement Inflation-Sensitive Fund and Schroder Diversified Growth Fund. In addition, four years before your Normal Retirement Age your accumulated fund will begin to switch into the L&G Cash Fund creating a 25% allocation at retirement.

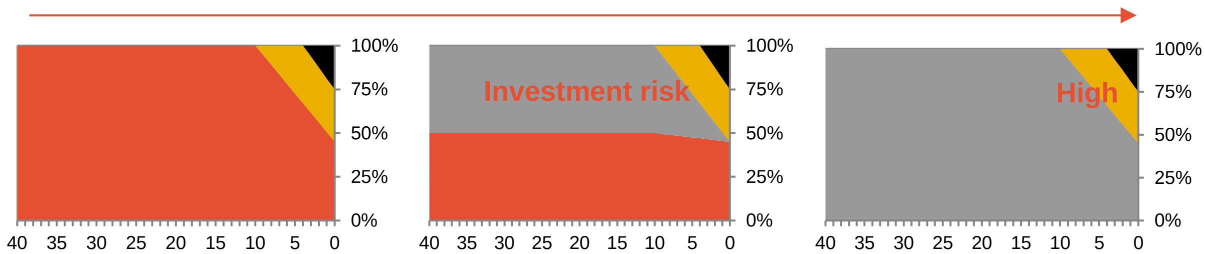
Flexicycle

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	Options for members to choose		
Growth Phase	Diversified Growth (Active)	**50%** Diversified Growth (Active) **50%** Global Equity (Passive)	Global Equity (Passive)
Consolidation phase	High Risk Growth (Draw down)	Annuity Purchase	Low Risk Growth (Cash lump sum)
Retirement	Any Age between 55 and 75 (65 if you don’t actively choose)		

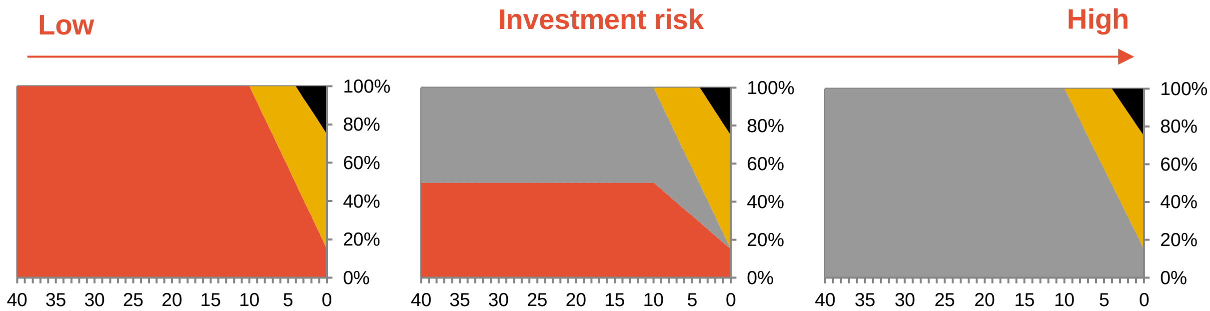
Note: It is important that you review your chosen retirement age regularly. If you wish to change this please make sure to notify Capita through **www.myingpension.com** of this change as this will have an effect on the way in which your Accumulated Fund is invested.

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, with the exception of the 50%:50% growth phase that becomes 100% Schroders DGF at retirement.



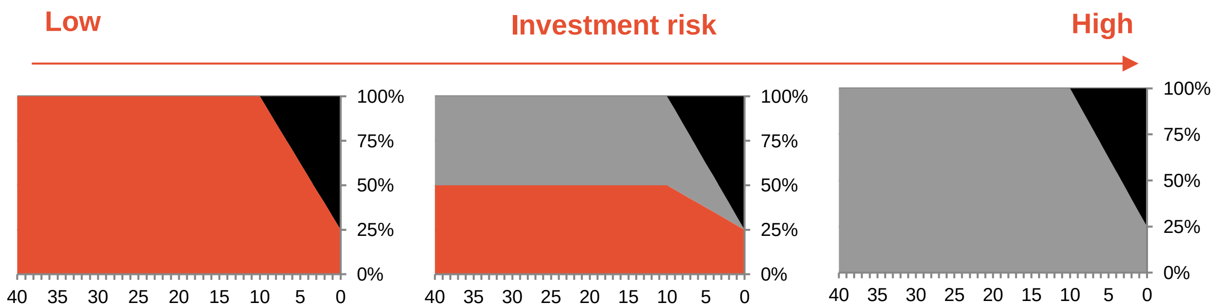
Annuity Purchase Strategies

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 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.



Schroders DGF LGIM Global Equities 30:70 LGIM Pre-Retirement IS Cash

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 in order of those with the highest risk at the top of the table and the lowest risk at the bottom. They are also available in the fund factsheets available from **www.myingpension.com**.

Fund	Benchmark	Invests in	Total Expense Ratio (TER)*	Active/Passive management
L&G 30:70 Currency Hedged Global Equity Index Fund	Global Equity (30:70) 75% Hedged	World Equities with a currency hedge	0.200%	Passive
L&G Overseas World (ex UK) Equity Index	FTSE World (ex UK)	World equities excluding the UK	0.220%	Passive
L&G UK Equity Index	FTSE All-share	UK equities	0.130%	Passive
L&G North America Equity Index	FTSE North America	North American equities	0.200%	Passive
L&G Europe (ex UK) Equity Index	FTSE Developed Europe (ex UK)	European equities excluding the UK	0.260%	Passive
L&G Asia Pacific (ex Japan) Developed Equity Index	FTSE Developed Asia Pacific ex-Japan	Asian Pacific equities excluding Japan	0.275%	Passive
L&G Japan Equity Index	FTSE Japan	Japanese equities	0.225%	Passive
L&G World Emerging Markets Equity Index	FTSE Emerging Markets	Emerging markets equities	0.450%	Passive
Schroder Intermediated Diversified Growth Fund	CPI + 5%	Multi asset	0.590%	Active
L&G Pre-Retirement Inflation-Sensitive	Composite Benchmark***	Fixed Interest	0.150%	Active
L&G AAA-AA-A Corporate Bond – All Stocks – Index	Markit iBoxx GBP Non-Gilts ex BBB	Fixed Interest	0.150%	Passive
L&G Composite Bond	Composite Benchmark**	Fixed Interest	0.160%	Active
L&G Over 15 Year Gilt Index	FTSE Acturaries UK Conv Gilts Over 15 Years	UK Government Bonds	0.100%	Passive
L&G Over 5 Year Index Linked Gilt Index	FTSE Actuaries UK Index-Linked Gilts Over 5 Years	UK Government Bonds	0.100%	Passive
L&G Hybrid Property 70:30 Fund[1]	Composite Benchmark****	Property	0.500%	Active
L&G Cash	LIBID 7 Day	Cash	0.125%	Active

[1] With effect from 20 March 2020 all trading has temporarily been suspended. Read more here.

*	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 are 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**

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
Capita Employee Benefits
145 Morrison Street
Edinburgh
EH3 8FJ

Where can I get further information?

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

ingukpf@capita.co.uk or by telephone on 0800 389 6709 or by writing to them at the address above.

What happens to my Fund within the Scheme if the Company fails?

In the unlikely event that something happens to the Company, your Fund will not be affected. Your Fund within the Scheme 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 Scheme. Please see the member guide for more details of your options on becoming a deferred member.

How secure is my Fund?

The assets of the Scheme are held on behalf of the Trustees in insurance policies with Legal & General and Schroders.

What happens if Legal & General or Schroders were to be declared in default?

In the unlikely event of Legal & General or Schroders being declared in default, the Trustees would be eligible to make a claim under the Financial Services Compensation Scheme (FSCS) - the UK's statutory 'fund of last resort'. The Trustees would be able to make a claim for 90% of the value of your Fund if Legal & General or Schroders became insolvent. This would be recovered from the FSCS, with no upper limit.

How can I find out more information about the FSCS?

Further details can be found on their website www.fscs.org.uk

Remember

Please note that neither the Trustees nor its advisors can give you financial advice.

This letter is not intended to constitute, nor should it be considered as financial advice.

We would encourage you to take time to consider your pension to ensure it meets your aims in retirement. 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.unbiased.co.uk.