Your investment guide

The investment options for your scheme

AVIVA

Welcome

Your employer has chosen Aviva to run your company pension scheme.

Your pension plan is an important part of your future. Please make sure you read the 'Your company pension scheme' or 'Your company stakeholder scheme' brochure alongside this guide to understand how your pension plan works and the options available to you.

Please be aware that this guide doesn't provide a personal recommendation. If you need a personal recommendation, you should seek financial advice. Your employer may have lined up a financial adviser that you can speak to. Alternatively, you can visit unbiased.co.uk to find an adviser in your area. An adviser may charge a fee for this service.

Deciding where to invest

Not everyone realises this, but the money you pay into your pension plan doesn't go into a savings account of some sort. It's invested, usually into one or more investment funds. And you can decide which ones.

Why your investment matters

Paying into your pension plan is an important first step. But knowing where your payments are invested is important, too. That's because the better this investment performs, the more money you could have when you come to take your retirement benefits. And, of course, the reverse is also true: if the investment under performs, you could have less.

Two things to consider

Your employer's company pension scheme gives you a choice of investment options to pick from (explained overleaf). If you don't pick one yourself, your money will be invested using the default option for this pension scheme. But if you want to make your own choice, here are a couple of things we recommend thinking about first:

1. How much involvement do you want to have?

Are you happy leaving your investment decisions to someone else? Or would you prefer to have full control over how your pension plan is invested? Your company pension scheme gives you two sets of options:

- **Low involvement:** For people who'd rather take a hands-off approach, making few or even no investment decisions. Your money will be invested using a pre-determined investment approach, so the investment decisions are made for you.
- **High involvement:** For people who want to be more involved in deciding how their pension plan is invested, and who want to choose their own investment funds.

We've indicated which options are low-involvement, and which are high, in our descriptions of the investment options available for this scheme (see overleaf).

2. What's your attitude to investment risk?

Your company pension scheme offers investment options to suit different types of investor – depending on the investment risk you're comfortable with, and the returns you're looking for.

Generally speaking, the higher risk an investment, the greater its potential for making higher returns. The downside is that its value is likely to go up and down more, so there's a greater chance of losing money. With lower risk investments there's less chance of you losing money, but the returns they're capable of tend to be lower and could possibly struggle to keep up with inflation.

Risk is the possibility of losing money.

Return is any gain on top of the original amount you invested.

It's important to choose an investment option that's suitable for the level of investment risk you're comfortable with. And remember that whichever option you choose, the value of your pension plan can go down as well as up, and it may be worth less than the amount paid in.

For more information about risk, see page 13 or visit aviva.co.uk/retirement/fund-centre/investment-funds/risk-ratings/

What if I don't make a choice?

If you don't make an investment choice, we'll invest your payments using the default investment option for your pension scheme. Read on to find out more.

Can I change my mind later?

Yes, you can change your investment choice at any time. You can do this online at MyAviva aviva.co.uk/existing-customers/. Or you can call our group pension helpdesk on 0800 145 5744 (we're open Monday to Friday, 9am to 5pm).

The investment options you can choose

You can decide where to invest the money that goes into your pension plan. Here are the options available for your company pension scheme.

1. The default option

High or low involvement? Low

Your company pension scheme has a default investment option, which your employer has chosen. Details of this can be found on page 7.

The default option is carefully governed to make sure it remains appropriate for our Company Pension members. We review it at least every 2 years and our Independent Governance Committee ensure that we abide by our duties. For more details please visit aviva.co.uk/retirement/pensions/workplace-pension/independent-governance-committee/

2. Alternative investment approaches

High or low involvement? High and low

If the default option is not right for you, but you don't want to pick your own funds, we have a range of investment approaches, where we make the investment decisions for you. Details of these can be found on pages 7 to 11.

3. Choose your own funds

High or low involvement? High

The most hands-on investment option you can pick, designed for experienced investors who are comfortable making their own investment decisions. You can choose up to 50 investment funds – from our full range of 200+ – to create a portfolio that's perfectly suited to you.

For details and fund factsheets of all our funds, please visit our fund centre at www.aviva.co.uk/retirement/fund-centre/. Please note that some of these funds may not be available to your plan. You can check what's available to you by calling our group pension helpdesk on 0800 145 5744 (we're open Monday to Friday 9am to 5pm), or signing up to MyAviva at aviva.co.uk/existing-customers once you have joined the scheme.

If you choose this option, it's important you review your fund choices at regular intervals.

How to select your investment option

If you're happy using the default option for this scheme, you don't need to do a thing. Your payments will be automatically invested into the default option.

But if you'd prefer to pick your own investment option, here's what to do:

1. **Choose your investment option:** You can pick from any of the options listed in this section of the guide. For more information about them and the funds available, please visit our fund centre at aviva.co.uk/retirement/fund-centre/pension-funds/ other-investment-options
2. **Let us know:** You can do this online at MyAviva aviva.co.uk/existing-customers/. Or you can call our group pension helpdesk on 0800 145 5744 (we're open Monday to Friday, 9am to 5pm). Remember, your money will automatically be invested in the default option at first. You can change your investment option any time after you've joined the scheme.

Not sure which option to pick? You might find it useful to speak to a financial adviser.
Find one near you at **unbiased.co.uk**

The investment approaches explained

When you first join the scheme, you will automatically be invested in the default investment option described on the next page. This option has been chosen by your employer [after taking financial advice [from [EBC name]]]. We also show some alternative investment options available to you. You can choose another investment option at any time after you've joined the scheme.

What is an investment approach?

In a nutshell, it's a pre-determined investment path where, at various stages, we'll automatically move your money between carefully chosen funds. In other words, it's a way of investing for your retirement without having to make your own investment decisions.

Growth in the early years

Typically, in the early years (normally more than 5, 10 or 15 years before your chosen retirement age), your money is invested in one or more funds that aim to grow your pension pot over the long term.

Please remember, the value of your pension pot can go down as well as up, and is not guaranteed – you might get back less than the amount paid in.

Focus on your retirement plans in later years

As you get closer to your chosen retirement age, we will automatically and gradually move your money into different types of funds which are designed to prepare your pension pot for how you might want to take your retirement benefits.

Things to consider:

- Lifestage approaches use automatic rebalancing. This is where we automatically adjust how your money is split between funds at regular, set intervals. We do this to control the level of investment risk you're exposed to and to prepare you for the way you wish to take your pension benefits at retirement. We rebalance your funds automatically on set dates, so there's a chance we may move your money at a time that wouldn't offer you the best return on your investment.
- We will automatically move your money on set dates, regardless of market performance and economic conditions at that time. As a result, it may not move at a time that gives you the best return on your investment.
- An investment approach works based on the age you've told us you want to retire at. If you decide to take your retirement benefits from your pension pot earlier or later than your chosen retirement age, it may be worth reviewing how your money is invested.
- If you intend to change the way you take your retirement benefits or how you invest your money, we recommend you speak to a financial adviser to go over your investment choices.
- If you're close to your chosen retirement age, there may be less chance for investment growth because you have less time to invest.
- Because we invest your money for growth in the early years, and aim to prepare for your retirement in later years, you could receive a lower return from the funds we move your money into than from the funds you were previously invested in. There's also a greater possibility that the investment returns on the funds we move your money to may not cover your charges.
- There is no guarantee that using a particular investment approach will benefit the pension pot you have for retirement.
- Whether an investment approach is right for you will depend on your individual circumstances, so we recommend you speak to a financial adviser.

Aviva My Future Focus Lifestage approach – Default

High or low involvement: Low

Objectives

This approach aims to provide growth in the early years, although the value of your pension pot could go up and down. It is designed to prepare your pension pot for flexible access at your chosen retirement age, including:

- taking your money as and when you need it, either as cash sums or as flexible income (known as drawdown)
- withdrawing all the money in your pension pot
- buying an income for your lifetime (known as an annuity)
- leaving your money where it is and making your choices later.

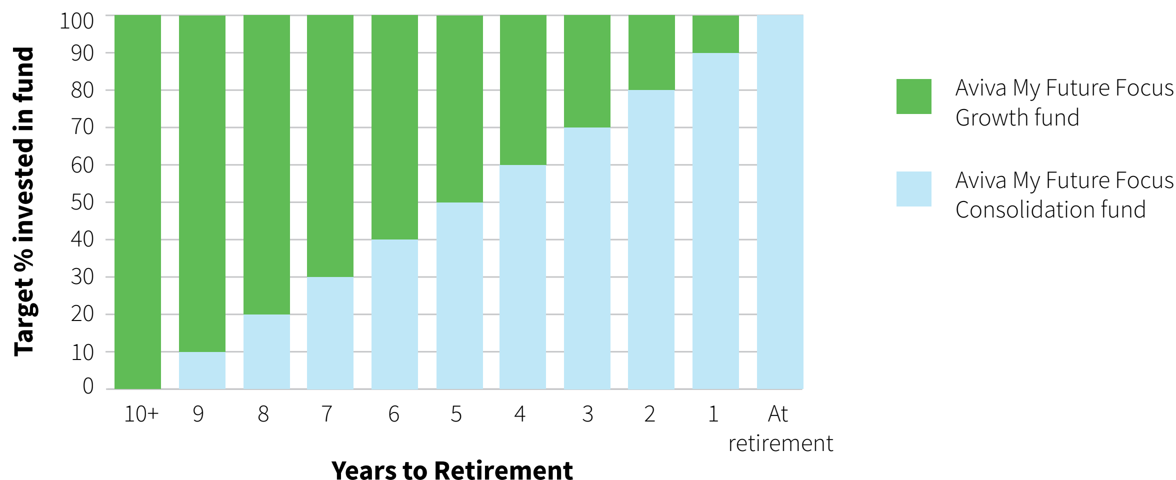
You can find more details about how you can take your pension benefits at www.aviva.co.uk/retirement/using-your-pension-money/.

How it works:

In the early years (up to 10 years before your chosen retirement age), the approach invests in the **Aviva My Future Focus Growth** fund, which aims to provide growth.

From 10 years to your chosen retirement age, your money gradually moves into the **Aviva My Future Focus Consolidation** fund, which continues to provide the potential for growth, but aims to avoid large falls in the value of your pension pot.

The exact fund split when you start investing depends on how far from your chosen retirement age you are at that time. The diagram below shows how we'll split your investment between funds as you head towards your chosen retirement age.



Details about each fund in the lifestage approach are shown on page 12. You can find further information about each fund at www.aviva.co.uk/retirement/fund-centre/.

Please remember, the value of your pension pot can go down as well as up, and is not guaranteed. This means you might get back less than the amount paid in.

For more information about lifestage investment approaches, see 'Terms and conditions (Lifestage investment approach)' in your essential guide to your company pension scheme.

Aviva My Future Focus Target Drawdown Lifestage approach

High or low involvement: Low

Objectives

This approach aims to provide growth in the early years, although the value of your pension pot could go up and down. It is designed to prepare your pension pot for:

- taking your money as and when you need it, either as cash sums or as flexible income (known as drawdown)
- leaving your money where it is and making your choices later.

Please note You will have a number of options available to you when you reach your chosen retirement age (even if you remain invested in this lifestage approach). However, this lifestage approach has been designed to prepare for the particular retirement option shown above.

This approach is **not** designed to prepare for:

- withdrawing all the money in your pension pot or
- buying an income for your lifetime (known as an annuity) at your chosen retirement age.

You can find more details about how you can take your pension benefits at www.aviva.co.uk/retirement/using-your-pension-money/.

How it works:

In the early years (up to 10 years before your chosen retirement age), the approach invests in the **Aviva My Future Focus Growth** fund, which aims to provide growth.

From 10 years to your chosen retirement age, your money gradually moves into the **Aviva My Future Focus Drawdown** fund, which continues to provide the potential for growth, but aims to help reduce large falls in the value of your pension pot.

The exact fund split when you start investing depends on how far from your chosen retirement age you are at that time. The diagram below shows how we'll split your investment between funds as you head towards your chosen retirement age.

You can find information about each fund at www.aviva.co.uk/retirement/fund-centre/.

Please remember, the value of your pension pot can go down as well as up, and is not guaranteed. This means you might get back less than the amount paid in.

For more information about lifestage investment approaches, see 'Terms and conditions (Lifestage investment approach),' in your essential guide to your company pension scheme.

Aviva My Future Focus Target Cash Lump Sum Lifestage approach

High or low involvement: Low

Objectives

This approach aims to provide growth in the early years, although the value of your pension pot could go up and down. It is designed to prepare your pension pot for:

- withdrawing all the money as a lump sum at your chosen retirement age.

Please note: You will have a number of options available to you when you reach your chosen retirement age (even if you remain invested in this lifestage approach). However, this lifestage approach has been designed to prepare for the particular retirement option shown above.

This approach is **not** designed to prepare for:

- taking your money as and when you need it, either as cash sums or as flexible income (known as drawdown)
- buying an income for your lifetime (known as an annuity) or
- leaving your money where it is and making your choices later.

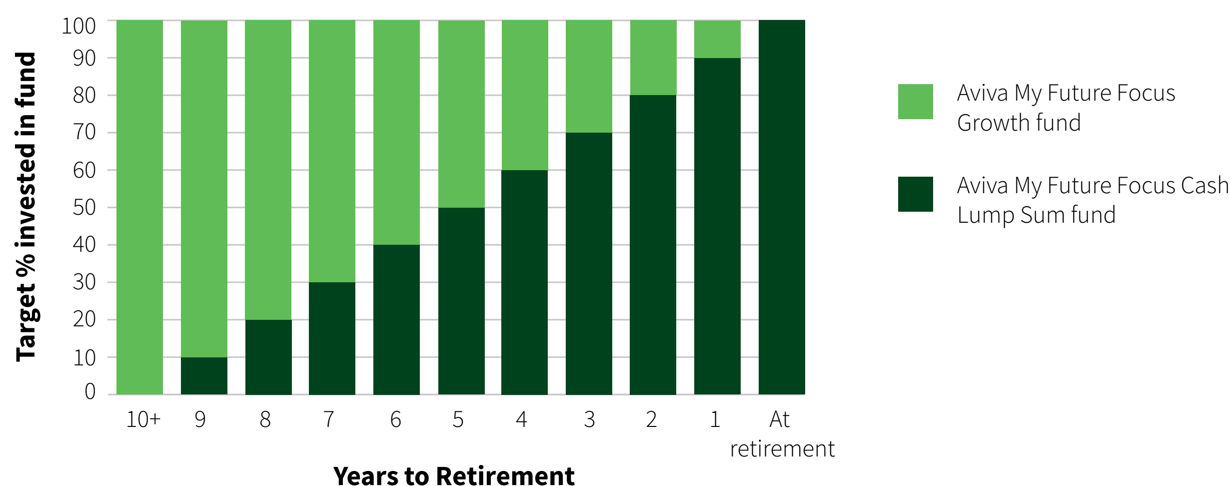
You can find more details about how you can take your pension benefits at www.aviva.co.uk/retirement/using-your-pension-money/.

How it works:

In the early years (up to 10 years before your chosen retirement age), the approach invests in the **Aviva My Future Focus Growth** fund, which aims to provide growth.

From 10 years to your chosen retirement age, your money gradually moves into the **Aviva My Future Focus Cash Lump Sum** fund, in preparation for taking your pension pot as a cash lump sum.

The exact fund split when you start investing depends on how far from your chosen retirement age you are at that time. The diagram below shows how we'll split your investment between funds as you head towards your chosen retirement age.



You can find information about each fund at www.aviva.co.uk/retirement/fund-centre/.

Please remember, the value of your pension pot can go down as well as up, and is not guaranteed. This means you might get back less than the amount paid in.

For more information about lifestage investment approaches, see 'Terms and conditions (Lifestage investment approach),' in your essential guide to your company pension scheme.

Aviva My Future Focus Target Annuity Lifestage approach

High or low involvement: Low

Objectives

This approach aims to provide growth in the early years, although the value of your pension pot could go up and down. It is designed to prepare your pension pot for:

- buying an income for your lifetime (known as an annuity) at your chosen retirement age.

Please note: You will have a number of options available to you when you reach your chosen retirement age (even if you remain invested in this lifestage approach). However, this lifestage approach has been designed to prepare for the particular retirement option shown above.

This approach is **not** designed to prepare for:

- taking your money as and when you need it, either as cash sums or as flexible income (known as drawdown)
- withdrawing all the money in your pension pot or
- leaving your money where it is and making your choices later.

You can find more details about how you can take your pension benefits at www.aviva.co.uk/retirement/using-your-pension-money/.

How it works:

In the early years (up to 10 years before your chosen retirement age), the approach invests in the **Aviva My Future Focus Growth** fund, which aims to provide growth.

From 10 years to your chosen retirement age, your money gradually moves into the **Aviva My Future Focus Consolidation** fund and the **Aviva My Future Focus Annuity** fund, in preparation for buying an annuity at retirement.

The exact fund split when you start investing depends on how far from your chosen retirement age you are at that time. The diagram below shows how we'll split your investment between funds as you head towards your chosen retirement age.

You can find information about each fund at www.aviva.co.uk/retirement/fund-centre/.

Please remember, the value of your pension pot can go down as well as up, and is not guaranteed. This means you might get back less than the amount paid in.

For more information about lifestage investment approaches, see 'Terms and conditions (Lifestage investment approach),' in your essential guide to your company pension scheme.

Aviva Stewardship Lifestage approach

High or low involvement: Low

Please note: This investment approach is not available to those in a Stakeholder Scheme.

The Aviva Stewardship Lifestage Approach is an ethical investment approach. It enables members to invest for their retirement while contributing to a sustainable future for the world around us. It is made up of funds from our Stewardship range.

You can find out more about our Stewardship philosophy by visiting **www.aviva.co.uk/retirement/fund-centre/stewardship/**.

Objectives

This approach aims to provide growth in the early years, although the value of your pension pot could go up and down. It is designed to prepare your pension pot for flexible access at your chosen retirement age, including:

- taking your money as and when you need it, either as cash sums or as flexible income (known as drawdown)
- withdrawing all the money in your pension pot
- buying an income for your lifetime (known as an annuity)
- leaving your money where it is and making your choices later.

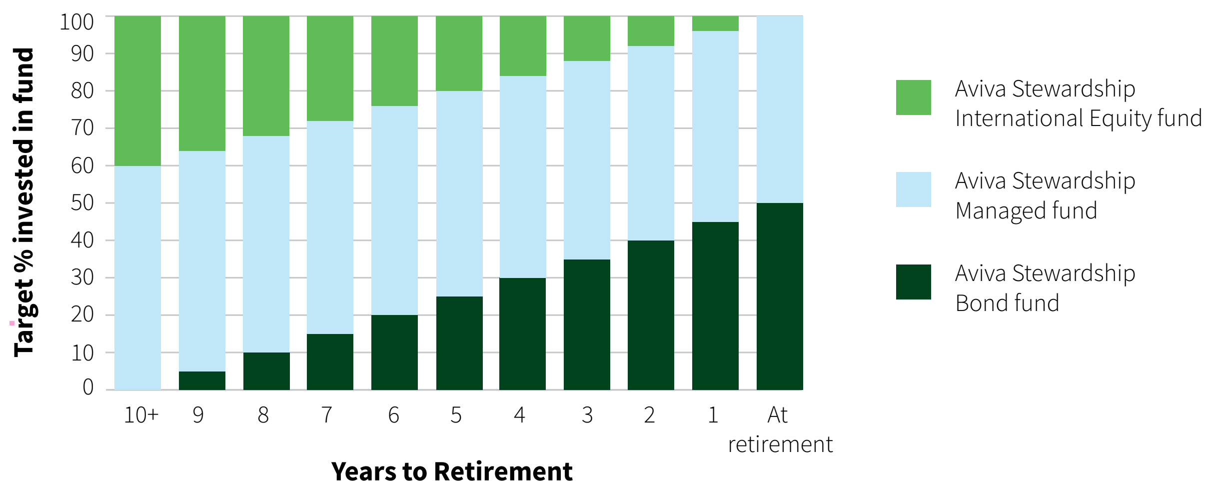
You can find more details about how you can take your pension benefits at www.aviva.co.uk/retirement/using-your-pension-money/.

How it works:

In the early years (up to 10 years before your chosen retirement age), the approach invests in two funds (40% in the **Aviva Stewardship International Equity** fund and 60% in the **Aviva Stewardship Managed** fund), which aim to provide growth.

From 10 years to your chosen retirement age, your money gradually moves into the **Aviva Stewardship Bond** fund and the money in the **Aviva Stewardship International Equity** fund gradually reduces. This continues to provide the potential for growth, but aims to help reduce large falls in the value of your pension pot.

The exact fund split when you start investing depends on how far from your chosen retirement age you are at that time. The diagram below shows how we'll split your investment between funds as you head towards your chosen retirement age.



You can find information about each fund at www.aviva.co.uk/retirement/fund-centre/.

Please remember, the value of your pension pot can go down as well as up, and is not guaranteed. This means you might get back less than the amount paid in.

For more information about lifestage investment approaches, see 'Terms and conditions (Lifestage investment approach)' in your essential guide to your company pension scheme.

The funds in the default investment option

Fund name	Risk rating	Risk warnings	Total Additional Yearly Charge
Aviva My Future Focus Growth	4	A, B, C, E, F	0%
Aviva My Future Focus Consolidation	2	A, B, C, E, F	0%

An explanation of the risk ratings and warnings we apply to our funds can be found on pages 13 and 14.

We regularly review the ratings we give the funds, so they may change from time to time. You can find the current risk rating, fund factsheets and other information about the funds at www.aviva.co.uk/retirement/fund-centre/

Charges

We'll give you details of the charges for your plan and the effect they have on your fund value in your personalised illustration.

Annual Fund charge

You'll pay an Annual Fund Charge (AFC), which covers the cost of running your pension plan. This is deducted monthly from the value of your plan.

Additional yearly charge

With certain funds you'll have to pay an additional yearly charge, which reflects the extra cost of managing these funds.

Fund manager expense charge (FMEC)

FMECs are additional charges that cover the fund manager's expenses connected with buying, selling, valuing, owning and maintaining the assets in the funds. This charge is taken into account in the unit price. FMECs may vary from year to year.

Total additional yearly charge

This is the total sum of the additional yearly charge and any fund manager expense charge (FMEC).

You can find details of all fund charges at our online fund centre – visit www.aviva.co.uk/retirement/fund-centre/ or call us on 0800 068 6800 (Monday to Friday 8am – 8pm, Saturday 8.30am – 5pm and Sunday 10am – 4pm).

How will My Future Focus invest responsibly?

Aviva and Aviva Investors have always believed that companies that conduct their business in a responsible and sustainable way are more likely to succeed over time. Aviva Investors takes an active approach as a shareholder, using its voice to promote good practice among those companies it invests in.

Aviva Investors also considers factors such as a company's impact on the environment, how it treats people such as its employees, and how it governs itself when deciding which companies to invest in. With some of the My Future Focus funds, Aviva Investors will increase the amount it holds in companies that score higher on these factors, while reducing the amount it holds in companies with a lower score.

Aviva’s risk ratings explained

We give each of our funds a risk rating, ranging from 1 (lowest volatility) to 7 (highest volatility). These ratings reflect the potential of a fund to go up and down in value. We calculate our risk ratings using historical performance data and information from the fund’s investment manager(s). We review our risk ratings annually and they may change over time.

Risk and return are linked. This means funds with a rating of 1 have a low risk of losing money, but your money might not grow very much. Funds with a rating of 7 have a much higher risk of losing money, but the potential for your money to grow over the long term is higher too.

	Risk rating	Fund type
7	**Highest volatility**	Funds typically investing in the highest risk sectors, such as specific themes or shares of companies in emerging markets. These funds offer the highest potential for long-term returns, but also experience the largest day-to-day price movements compared to other funds. They therefore present the highest risk that the value of your investment could fall.
6	**High volatility**	Funds typically investing in high-risk sectors, such as shares of companies in developed overseas markets. These funds offer high potential for long-term returns, but also experience large day-to-day price movements, and so present a significant risk that the value of your investment could fall.
5	**Medium to high volatility**	Funds typically investing in shares of companies in the UK or a mix of other major stock markets. These funds offer the potential for good returns over the long term, but fund prices will move up and down and so present a high risk that the value of your investment could fall.
4	**Medium volatility**	Funds typically investing in a mix of assets with the potential for better long-term returns than lower risk funds. Compared to lower risk funds there is a greater risk that the value of your investment could fall.
3	**Low to medium volatility**	Funds typically investing in assets like corporate bonds or a mix of assets where the day-to-day prices go up or down less than shares. There is still a risk that the value of your investment could fall.
2	**Low volatility**	Funds typically investing in assets like the highest quality corporate bonds, which normally offer better long-term returns than savings accounts. There is still a risk that the value of your investment could fall.
1	**Lowest volatility**	Funds typically investing in the lower risk sectors - like the money market - which usually aim to provide returns similar to those available from deposit and savings accounts. These funds offer the lowest potential for long-term returns, but also experience the smallest day-to-day price movements compared to other funds. They present the lowest risk to your investment, although there is still a risk it could fall in value.

Fund risk warnings

There are risks associated with investing in funds, or certain types of funds. We assign risk warnings to each fund to indicate which risks apply. These risks are explained below and on the next page. We recommend you read through these before making a fund choice.

Risk warning code	Risk warning description
A	**Investment is not guaranteed:** The value of an investment is not guaranteed and can go down as well as up. You could get back less than you have paid in.
	Specialist funds: Some funds invest only in a specific or limited range of sectors and this will be set out in the fund's aim. These funds may carry more risk than funds that can invest across a broader range or a variety of sectors.
	Suspend trading: Fund managers often have the ability, in certain circumstances, to suspend trading in their funds for as long as necessary. When this occurs, we will need to delay the 'cashing in' or switching of units in the relevant fund. You may not be able to access your money during this period.
	Derivatives: Derivatives are financial contracts whose value is based on the prices of other assets. Most funds can invest in derivatives for the purpose of managing the fund more efficiently or reducing risk. Some funds also use derivatives to increase potential returns, known as 'speculation'. For those funds we apply an additional risk warning (see Risk F).
B	**Foreign Exchange Risk:** When funds invest in overseas assets the value will go up and down in line with movements in exchange rates as well as the changes in value of the fund's holdings.
C	**Emerging Markets:** Where a fund invests in emerging markets, its value is likely to move up and down by large amounts and more frequently than one that invests in developed markets. These markets may not be as strictly regulated and securities may be harder to buy and sell than those in more developed markets. These markets may also be politically unstable which can result in the fund carrying more risk.
D	**Smaller Companies:** Where a fund invests in the shares of smaller companies, its value is likely to move up and down by large amounts and more frequently than one that invests in larger company shares. The shares can also be more difficult to buy and sell, so smaller companies funds can carry more risk.
E	**Fixed Interest:** Where a fund invests in fixed interest securities, such as company, government, index-linked or convertible bonds, changes in interest rates or inflation can contribute to the value of the investment going up or down. For example, if interest rates rise, the value is likely to fall.
F	**Derivatives:** Derivatives are financial contracts whose value is based on the prices of other assets. The fund invests in derivatives as part of its investment strategy, over and above their use for managing the fund more efficiently. Under certain circumstances, derivatives can result in large movements in the value of the fund and increase the risk profile, compared to a fund that only invests in, for example, equities. The fund may also be exposed to the risk that the company issuing the derivative may not honour their obligations, which could lead to losses
G	**Cash/Money Market Funds:** These are different to cash deposit accounts and their value can fall. Also, in a low interest rate environment the product or fund charges may be greater than the return, so you could get back less than you have paid in.
H	**Property Funds:** The fund invests substantially in property funds, property shares or direct property. You should bear in mind that • Properties are not always readily saleable and this can lead to times in which clients are unable to 'cash in' or switch part or all of their holding and you may not be able to access your money during this time • Property valuations are made by independent valuers, but are ultimately subjective and a matter of judgement • Property transaction costs are high due to legal costs, valuations and stamp duty, which will affect the fund's returns.
I	**High Yield Bonds:** The fund invests in high yield (non- investment grade) bonds. Non-investment grade bonds carry a higher risk that the issuer may not be able to pay interest or return capital. In addition, economic conditions and interest rate movements will have a greater effect on their price. There may be times when these bonds are not easy to buy and sell. In exceptional circumstances, we may need to delay the 'cashing in' or switching of units in the fund and you may not be able to access your money during this period.
J	**Reinsured Funds:** Where a fund invests in an underlying fund operated by another insurance company through a reinsurance agreement, if the other insurance company were to become insolvent, you could lose some or all of the value of your investment in this fund.

Get in touch

If there's something you want to know about your company pension scheme, you should ask your employer first. If you'd like to speak to us directly, please use the contact details below.

Call 0800 145 5744

Email contactus@aviva.com

Write to Aviva
PO Box 520
Surrey Street
Norwich
NR1 3WG

Lines are open Monday to Friday, 9am to 5pm.
Calls may be recorded to make sure we're doing a good job.

Need a Braille, large-type or audio version?

You can order our literature in Braille, large font or audio.
Just call **08000 686 800** or email **contactus@aviva.com** and tell us:

- the format you want
- your name and address
- the name or code of the document. The code is usually in the bottom left hand corner on the back of most documents.

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