Self-style Drawdown approach

This approach gives you the freedom to choose how the payments into your pension are invested (unless your employer has selected funds for you).

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With this investment approach, you get the opportunity to choose where to invest your money at various points on the road to your chosen retirement age (unless your employer has selected funds for you). You'll have to decide which of these options you want to take advantage of before you start using the approach. Please be aware that this guide doesn't provide personalised advice or give personal recommendations. 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 **www.unbiased.co.uk** to find an adviser in your area. An adviser may charge a fee for their services.

What is the Self-style Drawdown investment approach?

It's a pre-determined investment path. In the early years it gives you the freedom to make your own fund choices - but with the reassurance that, as you get closer to your chosen retirement age, we'll automatically move your money between funds.

Growth in the early years

In the early years (normally over 10 years before your retirement age) you can choose up to two funds to invest your money in. Typically, this phase should aim to grow your pension pot over the long term.

Focus on your retirement plans in later years

In the later years, we will automatically and gradually move your money into different funds to help prepare your pension pot for flexible access at your chosen retirement age:

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

Please note: At your chosen retirement age you will have a number of **retirement options** (even if you remain invested in this lifestyle approach) however this lifestyle investment approach has been designed to prepare for flexible access at your chosen retirement age.

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

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

Things to consider

- The Self-style Drawdown investment approach is a pre-determined investment path on which we'll automatically move your money between specified funds.
- 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.
- This investment approach works based on the age you've told us you want to retire. 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 you should aim for growth in the early years, and we 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 Self-style investment approach will benefit the pension pot you have for retirement.
- 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.
- Whether a Self-style investment approach is right for you will depend on your individual circumstances, so we recommend you speak to a financial adviser.

If you're choosing a new investment option, make sure it's suitable for your circumstances and the level of risk you're comfortable with.

How it works

This investment approach goes through up to three stages, depending on how long you have left before your chosen retirement age when you start using it. To find out whether this option is available under your plan please visit: **aviva.co.uk/retirement/fund-centre/pension-funds/other-investment-options** or check your policy documents.

If you have more than ten years before your chosen retirement age:

Stage 1: at the start

We invest all payments in 1 or 2 funds of your choice, which should typically aim to grow your pension pot. If you choose two funds you'll need to tell us how you want to split your money between them (e.g. 50/50%, 65/35%). The level of risk you are exposed to will depend on the funds you choose.

Stage 2 (optional): starting ten years before your chosen retirement age

We'll invest any new payments in 1 or 2 different funds of your choice. The aim of this stage is to allow you the opportunity to try to lower the risk to your pension pot, but will depend on the funds you choose. During this time, we'll also gradually move your existing investment across month-by-month. Or you can continue with your original fund(s) choice.

Stage 3: starting between seven and three years before your chosen retirement age (you choose)

You have two options:-

1. Invest 100% of any new payments into the Aviva Pension Diversified Assets Fund I, a low to medium volatility risk fund which aims to help reduce fluctuations in the value of your pension pot. Your existing investment will gradually move into this fund too; or
2. Invest 75% of any new payments in the Aviva Pension Diversified Assets Fund I, a low to medium volatility risk fund which aims to help reduce fluctuations in the value of your pension pot, and 25% of your new payments into the lowest volatility risk Aviva Pension Deposit fund, in preparation for taking part of your pension pot as a cash sum. We'll also gradually move your existing investment month by month, 75% into the Aviva Pension Diversified Assets Fund I and 25% into the Aviva Pension Deposit fund.

Please note:

You can't join this lifestyle approach if you have five years or less to your chosen retirement age.

The diagram below shows how your payments are invested over the three stages.

We'll write to you before we start moving your money – and you can change your investment choice at any time. For more information visit our online investment centre at:
aviva.co.uk/retirement/fund-centre/pension-funds/other-investment-options

How the approach works

Stage 1 Over 10 years before your chosen retirement age	Stage 2 (optional) Starting ten years before your chosen retirement age	Stage 3 Starting seven to three years before your chosen retirement age (you choose when)
All new payments **Fund A** e.g. Aviva Pension Property fund **Fund B (optional)** e.g. Aviva Pension UK Equity fund	**All new payments** **New Fund A** e.g. Aviva Pension Mixed Investment (0-35% Shares) fund **New Fund B (optional)** e.g. Aviva Pension Mixed Investment (40-85% Shares) fund **The rest of your pension pot** Moved monthly into the above new fund or funds NOTE: if you don't choose this optional stage, new payments and your existing investment will continue to invest in your original fund choice.	**New payments** **Option 1** 100% into Aviva Pension Diversified Assets Fund I **OR** **Option 2** 75% into Aviva Pension Diversified Assets Fund I 25% into Aviva Pension Deposit fund **The rest of your pension pot** Gradually moved into the above new fund or funds

Is this your workplace pension scheme's default investment?

If your employer is using this approach as the default investment for their scheme, your employer will have picked which funds to use, as well as when your money will be switched between them.

For full details, please ask your employer or read your policy information.

The funds

Stage 1 and 2

You can choose which funds to invest in from the range of funds available to your plan.

Please note: If you have one of the following pension schemes, you can only choose funds that do not have an Additional Yearly Charge:

- Group Personal Pension Aug-Oct 2000 (UK)
- 98 Series Group Personal Pension (UK)
- Millennium – Variable Money Purchase and Variable Group AVC and DCSR and DCSR post 6 June 2011.

Visit our online fund centre at: **aviva.co.uk/retirement/fund-centre/** to view all the funds available under your pension scheme.

Stage 3

Aviva Pension Diversified Assets Fund I

Risk rating: 3
Risk warnings: A, B, C, D, E, F, I

The objective of the fund is to provide long term growth through exposure to a range of asset classes that can include, but is not limited to equities, fixed interest, cash, property and commodities. The fund may also use derivatives.

This fund is part of a range of funds that have been designed to offer different risk options. This fund is designed to provide a lower risk option, with the expectation of less potential for growth, than Diversified Assets Fund II.

Aviva Pension Deposit fund

Risk rating: 1
Risk warnings: A, B, E, G
The fund aims to protect capital by investing typically in deposit investments and similar assets with governments, first class banks and major companies. Although the fund aims to provide a lower risk return, the value can fall.

Want to know more?

An explanation of the risk ratings and warnings we apply to our funds can be found on pages 4 to 5.

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 **aviva.co.uk/retirement/fund-centre/**.

What are the charges?

You'll have to pay charges for the cost of running your pension plan, which you will find details of in your policy document. You might also have to pay additional fund charges for the investment funds you pick yourself.

For details of additional charges you'll have to pay for investing in certain funds, visit:
aviva.co.uk/retirement/fund-centre/.

Investing in a With-Profit Fund

You can invest in our With-Profit Fund, or Stakeholder With-Profit Fund if you are a stakeholder scheme member, during stage 1 or 2. However, if you do so, please bear in mind that we may apply what's known as a 'market value reduction' (MVR) when your money is switched out of the fund. This is likely to occur following a large or sustained fall in stock markets or when investment returns are below the level we normally expect. It's a reduction we sometimes have to make so that customers who remain invested in a with-profit fund are not disadvantaged when others leave. We apply a market value reduction to make sure that all investors receive their fair share of the returns earned over the period of their investment. If an MVR is in force when we switch your money from a with-profit fund, it will reduce the value of your investment.

For more information about with-profits, visit **aviva.co.uk/retirement/products/select-investment/funds-to-invest-in/with-profits/**.

Investing in property funds

If you choose a property fund or a fund that's fully or partly invested in land or buildings, any automatic fund switches will be carried out each month as usual.

However, if you want to switch your money out of one of these funds, transfer your funds to another provider, or elect to take your benefits before your originally chosen retirement age, we may defer payments out of the funds for up to six months. This is because buying and selling properties takes longer than other assets such as equities or cash.

After such a delay, the unit price received will be the price applicable at the end of the deferred period.

Our risk ratings explained

Aviva calculates its risk ratings using historical performance data, based upon the methods set by European Union rules. We also carry out further research using information from the underlying fund's investment manager(s). We review each fund's risk rating annually and it may change over time. The timing of your investment decisions is very important and you should consult a financial adviser. Past performance is not a guarantee of future performance.

Our risk ratings go from 1 to 7, with 1 being the lowest and 7 the highest. As a point of reference, a fund with a risk rating of 4 (medium volatility) would typically experience the volatility you would expect from a fund invested in a range of different types of investment (for example shares, property and bonds) without any bias to a particular investment type.

Risk rating	Risk rating description
1 (Lowest volatility)	The historical performance of funds with this risk rating has typically experienced the lowest volatility of all the funds Aviva has rated. This means that these funds have the lowest potential for substantial changes in value compared with other Aviva funds.
2 (Low volatility)	The historical performance of funds with this risk rating has typically experienced low volatility compared with other funds Aviva has rated. This means that these funds have a low potential for substantial changes in value compared with other Aviva funds.
3 (Low to medium volatility)	The historical performance of funds with this risk rating has typically experienced low to medium volatility compared with other funds Aviva has rated. This means that these funds have a low to medium potential for substantial changes in value compared with other Aviva funds.
4 (Medium volatility)	The historical performance of funds with this risk rating has typically experienced medium volatility compared with other funds Aviva has rated. This means that these funds have a medium potential for substantial changes in value compared with other Aviva funds.
5 (Medium to high volatility)	The historical performance of funds with this risk rating has typically experienced medium to high volatility compared with other funds Aviva has rated. This means that these funds have a medium to high potential for substantial changes in value compared with other Aviva funds.
6 (High volatility)	The historical performance of funds with this risk rating has typically experienced high volatility compared with other funds Aviva has rated. This means that these funds have a high potential for substantial changes in value compared with other Aviva funds.
7 (Highest volatility)	The historical performance of funds with this risk rating has typically experienced the highest volatility of all the funds Aviva has rated. This means that these funds have the highest potential for substantial changes in value compared with other Aviva funds.

Risk Warnings

There are risks associated with investing in funds, or types of funds. To help you understand these risks, we assign risk warnings to each fund. We explain all of these warnings in detail below. Please note that not all of these warnings apply to each fund and there is no direct relationship between the number of fund risk warnings and the investment risk rating for each fund.

Risk	Description
A – General	**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.

What if I change my mind?

If you want to change where your money is invested you can do so. We strongly recommend you speak to a financial adviser before making a final decision. If you don't have a Financial Adviser you can find one via
www.unbiased.co.uk

It may be possible to do your research and change your investments online using MyAviva - the most straight forward way to manage your pension.

Log in or register for **MyAviva**. Alternatively, please call us on 0800 068 6800. Calls will be recorded.

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