Important information about your pension savings

A guide to transferring your savings from the Defined Contribution section of the AXA UK Group Pension Scheme to LifeSight

Introduction

From 1 October 2020, AXA will introduce a new way to save for your future with a Master Trust called LifeSight. This change will result in the current Defined Contribution (DC) section of the AXA UK Group Pension Scheme (the Scheme) being closed to all future contributions.

As well as AXA closing the Scheme to future contributions, as the Trustee of the Scheme, we have also decided to transfer all **existing** DC section savings that members have built up into LifeSight. We believe that this is in the best interests of members, allowing you to take full advantage of the benefits LifeSight has to offer.

As part of the move to LifeSight, the fund options in which your account is invested will also change. Over the past year, we have been reviewing the investment strategies and options available to members, with the intention of making some changes that aim to generate higher investment returns at a lower cost and provide more ethical funding options.

The move to LifeSight has now provided the opportunity to minimise the market impact of this by making the two changes at the same time. This booklet provides further details about how the investment strategies have changed and the new fund options available to you within LifeSight.

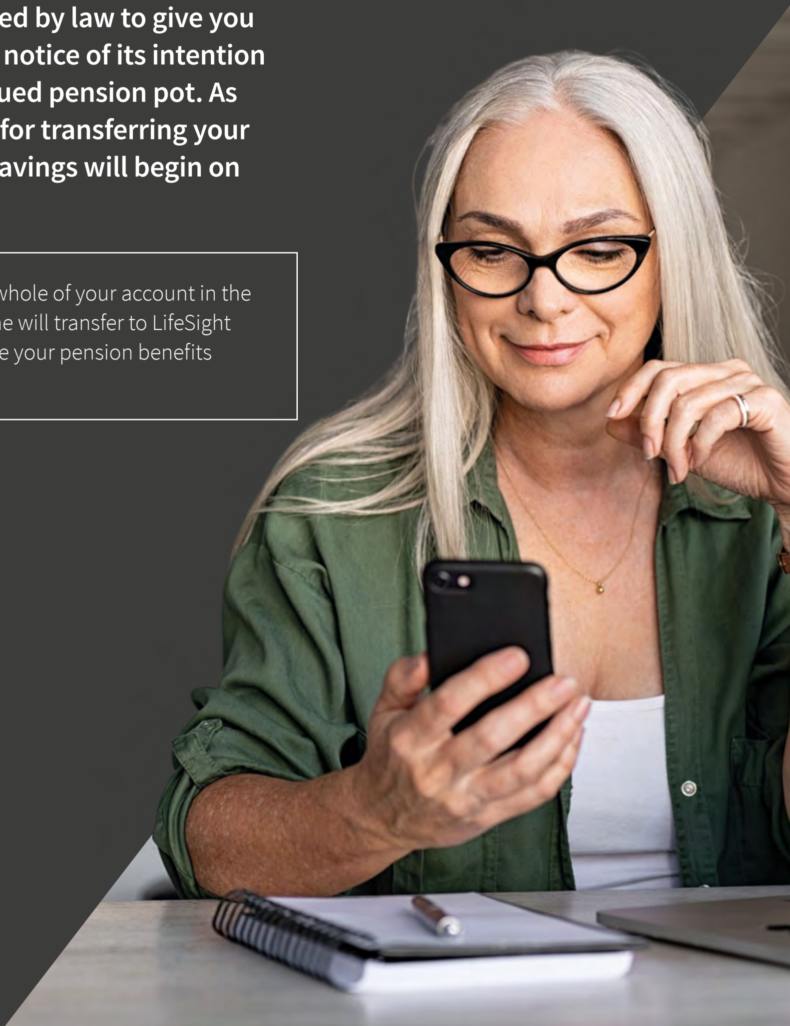
As explained during AXA's consultation, risk benefits (such as death in service) will no longer be provided from the Scheme from 1 October 2020, and will instead be provided in a different way as explained in the letter you have been sent from AXA.

AXA has already written to you with information about the benefits of LifeSight and how Master Trusts work, but for further information you can also download LifeSight's Key Features guide at **epa.towerswatson.com/doc/LIF/pdf/key-features-savings.pdf**.

The transfer process

The Trustee is required by law to give you at least one month's notice of its intention to transfer your accrued pension pot. As a result, the process for transferring your existing DC section savings will begin on 7 October 2020.

Under this transfer, the whole of your account in the DC section of the Scheme will transfer to LifeSight and LifeSight will provide your pension benefits going forward.



Freeze period

To enable the transfer of your account to LifeSight, there will be a period of around 10 weeks from 7 October 2020, during which you will not be able to change your investment choices, transfer your savings to another pension arrangement or take your benefits. This is known as a freeze period.

We've outlined a number of key considerations in respect of the freeze period on the next page. If you have already started any of the processes outlined, please ensure you complete the required steps by the dates specified in the table. If you are unable to do so, you may need to restart the process once your account has moved to LifeSight.

LifeSight will manage the investment transition as efficiently as possible in order to minimise costs and limit any out of market exposure, meaning that your investments will behave as though they had been invested throughout the transition.

We expect the transfer of all existing DC section savings to be completed by mid-December.

You will then receive a closing statement from the Scheme in January 2021.

It should be noted that this move will result in a change of Trustee. Your DC benefits will, in future, be held in LifeSight rather than the Scheme, and it will be the LifeSight Trustee (which is independent from AXA) which will be responsible for providing your benefits. A new AXA governance committee will also be formed to provide further oversight.

Freeze period – key considerations

We've outlined a number of considerations in respect of the freeze period in the table below. If you have already started any of the processes outlined, please ensure you complete the required steps by the dates specified in the table. If you are unable to do so, you may need to restart the process once your account has moved to LifeSight.

If you want to:	Then you need to:
Change your investments Change how your existing savings in the DC section of the Scheme are invested	If you want to change where your **existing savings** are invested, you will need to do so at **aegon.co.uk/targetplan** before **7 October 2020**. If you don't make a change before the freeze period, you will need to wait until after the transfer is complete and make the changes through your online account with LifeSight. Please remember, any **future contributions** you make will be automatically invested in the default strategy in LifeSight, which is the new AXA Drawdown Lifecycle strategy (see page 12). You'll be able to change where your **future contributions** are invested once the transfer of your existing savings has been completed and your account is being managed by LifeSight. There is no cost to you as a result of your account being transferred to LifeSight. However, just as in the current Scheme, there will be transaction charges if you choose to change your investment choices in the future.
Retire Take your benefits from the DC section of the Scheme **Transfer out** Transfer your savings in the DC section of the Scheme to a different arrangement	If you already have your paperwork, please complete and return it to Aegon by **2 October 2020**. If you have not begun the process, but wish to do so, please contact Aegon urgently using the contact details on the back page. Aegon will make every effort to complete your request before the freeze period, but cannot make any guarantees they will be able to do so as each individual situation is very different. If you miss the above deadline, you will need to wait until after your DC section account has been transferred to LifeSight before you can take your benefits or transfer out.
Transfer in Transfer savings from another pension scheme into the DC section of the Scheme	If you have already begun the process, Aegon will proceed with the transfer in, providing that they receive the funds before **2 October 2020**. If you have not begun the process, but wish to do so, please contact Aegon urgently using the contact details on the back page. Aegon will make every effort to complete your request before the freeze period, but cannot make any guarantees they will be able to do so as each individual situation is very different. If you miss the above deadline, you will need to wait until after your DC section account has been transferred to LifeSight before you can start a new transfer in process.

If you are already in the process of any of the steps mentioned in the table, and have completed all of the required paperwork, then Aegon will ensure that the change is processed before the transfer to LifeSight takes place.

Changes to your investments

As part of the move to LifeSight, the fund options in which your account is invested will change. The following pages provide further information about how the investment strategies have changed and the new fund options that will be available to you within LifeSight.

A reminder of your current investment options

In a DC pension arrangement, like the DC section of the Scheme and the new LifeSight Master Trust, you have your own personal account. While you are contributing, you build up a pot of money in that account which you'll use to provide income once you retire.

The money in your account is invested, with the aim of helping it increase in value. The value of your account will fluctuate over time in line with how your investments perform. You can choose where your account is invested from a range of options.

By the time you reach retirement, your account will be worth the value of the contributions that you and AXA have paid in, including any investment gain or loss that you have made, less any applicable charges.

Currently, you have two main investment options as outlined on the next page – choosing a **Lifecycle strategy** or making a **Freechoice** fund selection. You can also invest in a mix of both options if you wish.

As part of the move to LifeSight, the two main options outlined on the next page **will not change**. You will still be able to choose from two Lifecycle strategies, make a Freechoice fund selection or invest in a mix of both options if you wish. However, while the main options will not change, the underlying structure of each option will change and is explained in detail further on in this booklet.

1 Choose a Lifecycle strategy

Also known as the 'do it for me' option. With a Lifecycle strategy, you don't need to make a decision about the specific funds you invest in as your account will be automatically invested in different funds at different times. Broadly, a Lifecycle strategy aims to grow your account when you are far from retirement by investing in higher-risk funds that are more likely to bring a greater return, and then protect its value as you approach retirement by gradually moving to lower-risk funds. Although this is known as the 'do it for me' option, you should keep your decision to invest your account under this option under review in order to check it remains appropriate for you.

There are currently two different Lifecycle strategies to choose from – the **AXA Drawdown Lifecycle strategy** and the **AXA Annuity Lifecycle strategy**. Which you choose depends on the type of income you may want when you retire. New versions of both of these strategies will be available following the move to LifeSight, with the underlying investment mix changing as explained on the following pages.

> The AXA Drawdown Lifecycle strategy is the default investment option and is where you will be automatically invested if you haven't made an active investment choice. The new version of this strategy will also remain the default option in LifeSight.

2 Make a Freechoice fund selection

Also known as the 'leave it to me' option. With Freechoice, you choose from a range of funds. This gives you more control over how your account is invested, but no automatic transition of your investments takes place as you approach retirement.

Under the Freechoice option, you take an active role in managing your investments. You are responsible for deciding on the specific funds you want to invest in and when it's the right time to make changes.

Your new investment options

What's changing and why?

In summary, the key changes to your investment options as a result of the move to LifeSight are as follows:

- The current AXA Drawdown and Annuity Lifecycle strategies will be superseded by **new** AXA Drawdown and Annuity Lifecycle strategies. The names of these strategies will not change, but their underlying structure and the funds they are invested in will.

- The timing of when your account will start to move into lower-risk funds (the 'transition phases') within the new AXA Drawdown Lifecycle strategy will change. This aims to give your account longer to grow.

- The underlying funds that the new Lifecycle strategies are invested in will change in line with the new Freechoice fund options available within LifeSight.

- In most cases, the Freechoice fund options will change. The Trustee has worked with LifeSight to agree a new range of funds which can be broadly mapped to the existing range in the DC section.

- The charges that apply to the new fund portfolio will change. In the majority of cases, these will be the same or lower than the current charges.

- A new fund – the AXA Diversified Fund – is being introduced. This is a fund unique to AXA and will be part of the new AXA Drawdown Lifecycle strategy.

The changes are intended to:

- Improve the Lifecycle strategies from a risk and return perspective by giving your account longer to grow and investing it in a wider range of assets.
- Adapt to the changing market by offering investments which will continue to target growth after retiring for members who invest in the Drawdown strategy.
- Address member feedback and the growing market need by introducing underlying Environmental, Social and Governance (ESG) funds in our default investment option.
- Maintain a broad range of funds which will be very similar in nature to the existing fund mix (i.e. where there is a property fund, it will be replaced by another property fund).
- Provide equal or lower charges on the new fund range wherever possible.

It's important to remember that, whilst the move to LifeSight will result in a number of changes to your investment options, it will have no impact on the level of pension savings you have already built up in the Scheme.

Your new investment options

A detailed look at what's changing

Changes to the Lifecycle strategies

There will continue to be two Lifecycle strategies available – the **new** AXA Drawdown Lifecycle strategy and the **new** AXA Annuity Lifecycle strategy. The one you choose will depend on what you might want to do with your account when you retire.

New AXA Drawdown Lifecycle strategy

The Drawdown Lifecycle strategy assumes that you will choose a drawdown arrangement when you retire. This means that when you retire, your account stays invested and you withdraw money from it as and when you need it. As you get closer to retirement, this strategy will invest in a mix of funds that are likely to provide long-term growth as well as protecting their value.

This is the default option, so if you don't make a choice, you will be invested in this strategy.

New AXA Annuity Lifecycle strategy

The Annuity Lifecycle strategy assumes that you will use your account to buy an annuity when you retire. An annuity is a product that you can buy from an insurance company, which pays you a set amount each month for the rest of your life. As you get closer to retirement, this strategy will invest in bonds and gilts funds which help protect the value and buying power of your account.

Changes to the underlying funds in the Lifecycle strategies

While the aims of both Lifecycle strategies remain the same as they are currently in the DC section of the Scheme, the underlying funds that they invest in will change. The tables below provide a comparison of the funds which make up the **existing AXA Lifecycle strategies** versus the funds that will make up the **new AXA Lifecycle strategies** within LifeSight.

Drawdown Lifecycle strategy comparison (default option)

<table>
<tr><th>Current fund range</th><th>Total fund cost (%)*</th><th>New fund range</th><th>Total fund cost (%)*</th><th>Difference</th></tr>
<tr><td>AXA Cash – Active Fund</td><td rowspan="4">0.28 – 0.53</td><td>LifeSight Cash Fund</td><td rowspan="4">0.24 – 0.53</td><td rowspan="4">An AXA specific strategy replacing two funds with LifeSight equivalents, removing the AXA Absolute Return Bond Fund and changing the AXA Diversified Active Fund from a blend of Schroders Dynamic Multi Asset and Invesco Perpetual Global Targeted to the new AXA Diversified Fund.</td></tr>
<tr><td>AXA Diversified Active Fund</td><td>AXA Diversified Fund</td></tr>
<tr><td>AXA Absolute Return Bond Fund</td><td>Removed from new AXA Drawdown Lifecycle strategy</td></tr>
<tr><td>AXA Global Equity Passive Fund</td><td>LifeSight Equity Fund</td></tr>
</table>

Annuity Lifecycle strategy comparison

<table>
<tr><th>Current fund range</th><th>Total fund cost (%)*</th><th>New fund range</th><th>Total fund cost (%)*</th><th>Difference</th></tr>
<tr><td>AXA Global Equity Passive Fund</td><td rowspan="5">0.17 – 0.61</td><td>LifeSight Equity Fund</td><td rowspan="5">0.24 – 0.27</td><td rowspan="5">Replacing all the AXA funds with LifeSight equivalents to form the new AXA Annuity Lifecycle strategy. This is a medium risk strategy.</td></tr>
<tr><td>AXA Diversified Active Fund</td><td>LifeSight Diversified Growth Fund</td></tr>
<tr><td>AXA Cash – Active Fund</td><td>LifeSight Cash Fund</td></tr>
<tr><td>AXA UK Long Gilts – Passive Fund</td><td rowspan="2">LifeSight Bonds Fund</td></tr>
<tr><td>AXA UK Corporate Bonds – Passive Fund</td></tr>
</table>

* Please note that the fund charges shown in this booklet are correct at the time of publishing, but are subject to change.

Changes to the Lifecycle strategy transition phases

Lifecycle strategies automatically switch your investments from higher-risk funds to lower-risk funds as you move closer to retirement. There are three key phases and the timeline for transitioning between each will change following the move to LifeSight.

1

Growth phase

In the new AXA Annuity Lifecycle strategy, the Growth phase will be the same – lasting until you are 25 years from your Target Retirement Age (TRA). In the new AXA Drawdown Lifecycle strategy, the Growth phase will now continue until 15 years before your TRA, rather than 25 years as it is currently. This will give your account longer to grow.

2

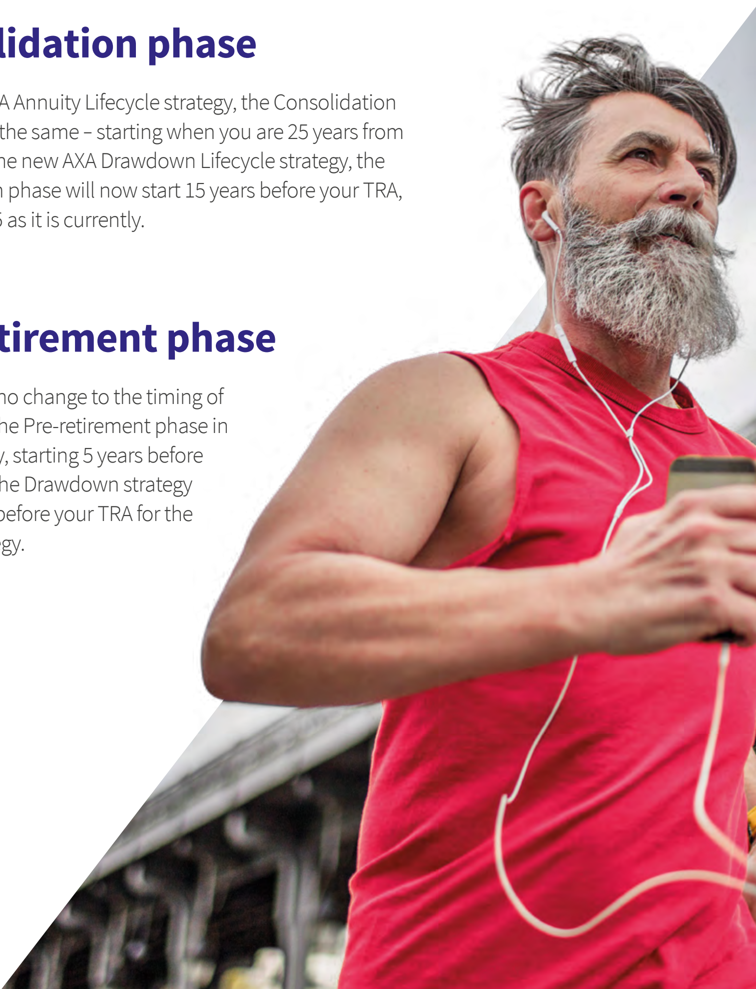
Consolidation phase

In the new AXA Annuity Lifecycle strategy, the Consolidation phase will be the same – starting when you are 25 years from your TRA. In the new AXA Drawdown Lifecycle strategy, the Consolidation phase will now start 15 years before your TRA, rather than 25 as it is currently.

3

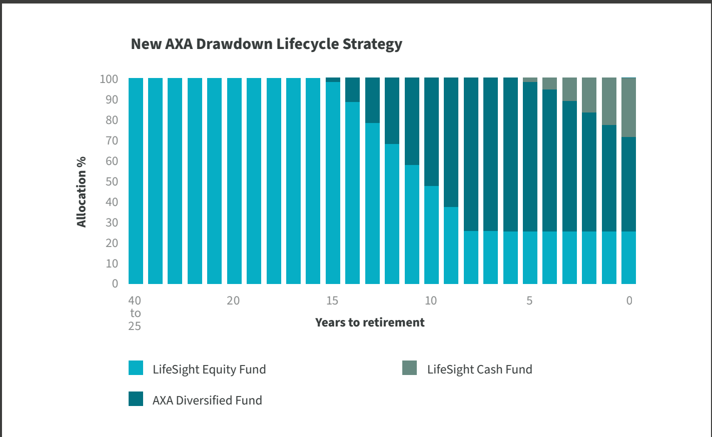
Pre-retirement phase

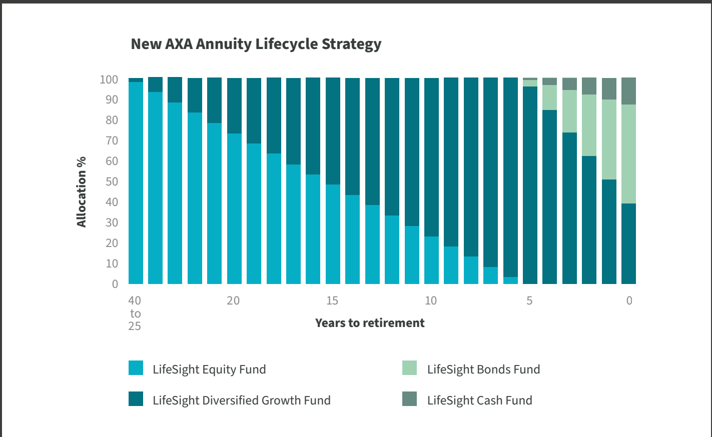
There will be no change to the timing of transition to the Pre-retirement phase in either strategy, starting 5 years before your TRA for the Drawdown strategy and 10 years before your TRA for the Annuity strategy.



The charts below demonstrate how your investments will switch as you move towards retirement. Under the new AXA Drawdown Lifecycle strategy, you will now be invested in funds that aim to grow the value of your account while you are more than 15 years from retirement.

The new AXA Annuity Lifecycle strategy follows a pattern that is similar to the existing AXA Annuity Lifecycle strategy with the Consolidation phase starting 25 years from retirement and the Pre-retirement phase starting 10 years from retirement.





The stage at which you move through the transition phases is determined by your Target Retirement Age (TRA). If you need longer to save, or want to retire earlier or later, it's important to update this. You can do this at **aegon.co.uk/targetplan** before 7 October 2020 or through your new online account with LifeSight after the transfer of your existing savings is complete in mid-December. If you haven't set a TRA, the Scheme and LifeSight's default TRA is age 65.

Changes to the Freechoice option

Following the move to LifeSight, you will still be able to make a Freechoice selection. The Trustee has worked with LifeSight to agree a new range of funds which can be broadly mapped to the existing range in the DC section. A comparison of the current and new range of Freechoice funds is summarised in the table on the opposite page.

There will also be changes to the charges for these funds. In the majority of cases, these will be the same or lower than the current charges.

	Current fund name	New fund name	Current total fund cost (%)*	New total fund cost (%)*
Funds that are changing	AXA UK Corporate Bonds – Passive Fund	UK Corporate Bond Fund	0.18	0.1769
	AXA UK Long Gilts – Passive Fund	UK Fixed Interest Gilts Fund	0.17	0.16
	AXA UK Long Index Linked Gilts – Passive Fund	UK Index Linked Gilts Fund	0.17	0.16
	AXA Cash – Active Fund	LifeSight Cash Fund	0.16	0.19
	AXA Emerging Markets Fund	Emerging Markets Equity Fund	1.01	0.2988
	AXA Global Equity – Active Fund	MFS Global Equity Fund	0.81	0.83
	AXA Global Equity Passive Fund	LifeSight Equity Fund	0.28	0.236
	AXA Overseas Equity – Passive Fund	Developed Market Equity Fund (Unhedged)	0.17	0.175
	AXA UK Equity – Active Fund	Framlington UK Select Opportunities Fund	0.93	1.01
	AXA UK Equity – Passive Fund	UK Equity Fund	0.17	0.1581
	AXA Property Fund**	Property Fund	0.94	0.78
	AXA Shariah Law – Passive Fund	Shariah Equity Fund	0.46	0.45
	AXA Socially Responsible Investment Fund	Ethical Global Equity Fund	0.46	0.28
	AXA Absolute Return Bond Fund	UK Corporate Bond Fund	0.51	0.1769
	AXA Diversified Active Fund	AXA Diversified Fund (run by Architas***)	0.61	0.63
Funds that are not changing	Architas Diversified Real Assets Fund		1.27	1.23
	Architas Multi Asset Passive Moderate Fund		0.62	0.60
	Framlington UK Select Opportunities Fund		1.00	1.01

* Please note that the fund charges shown in this booklet are correct at the time of publishing, but are subject to change.

** The AXA Property Fund is currently suspended with investments going into a Suspended Cash Fund during this time instead. Investments in these funds will not be transitioned to LifeSight at this time. Once the suspension is lifted, we will transfer your investments into LifeSight. We will contact you again when this happens.

*** Please note that the AXA Diversified Fund will be launched by Architas before being run by LionTrust on an ongoing basis from November 1st.

Your new investment options

What does this mean for me?

Your letter includes a personalised summary of how you are impacted by the investment changes and where the savings you have already built up in the closing DC section will be invested once they are transferred to LifeSight.

You should consider whether your investment choices are appropriate for what you currently want to do with your money when you retire. The changes outlined in this booklet will happen automatically – you do not need to take any action unless you wish to make a change to your investments.

If you want to change where your **existing savings** are invested, you will need to do so at **aegon.co.uk/targetplan** before 7 October 2020, when the freeze period starts.

If you don't make a change before the freeze period, you will need to wait until after the transfer is complete and make the changes through your online account with LifeSight.

Please remember, any **future contributions** you make will be automatically invested in the default strategy in LifeSight, which is the new AXA Drawdown Lifecycle strategy. You'll be able to change where your future contributions are invested once the transfer of your existing savings has been completed and your account is being managed by LifeSight.

Once you are a member of LifeSight, you can also use the LifeSight ageOmeter tool to see how your investment approach, and your chosen level of investment risk, could affect your future goals.

Key terms explained

We know pensions and investments can be a little confusing, so we've included an explanation of some of the more complex terms below.

Active fund	A fund that is managed by a team of investment managers who actively follow market trends and make decisions on when to buy or sell stocks. Charges are typically higher than those of a passive fund.
Annuity	An annuity is a product you can buy from an insurance company. It provides you with a guaranteed income for life. There are different types of annuity available.
Asset class	An asset class is a type of investment, for example, equities or bonds.
Blended fund	A blended fund helps to spread the risk by investing a combination of different investments within the same asset class.
Diversified Growth fund	A fund that invests in a wide variety of asset classes.
Drawdown	A retirement option allowing you to keep your account invested after retirement and withdraw money from it as and when you need it.
Freechoice strategy	One of two investment strategies available. You take control of your investments and decide how much to invest in each of the available funds.
Lifecycle strategy	The other investment strategy available to you, with two different types of Lifecycle strategy available. You don't need to make a decision about the funds you'll invest in – LifeSight will do that for you.
Passive fund	A fund that mirrors a market index and does not have an investment management team making active decisions about what stocks to buy or sell, and when. Charges are typically lower than those of an active fund.
Transition phases	If you choose a Lifecycle strategy, the funds you're invested in automatically transition from higher-risk investments when you're further away from retirement towards lower-risk investments as you get closer to retirement. These phases are based on the Target Retirement Age you set.
Target Retirement Age (TRA)	The age at which you plan on accessing the benefits from your pension scheme. You can choose to retire at a different age between 55 and 75, but you should think about the financial implications of this first. If you don't make a decision, the Scheme will default you to age 65.

Keeping in touch

For questions relating to your pension savings in the DC section of the AXA UK Group Pension Scheme:

Aegon will continue to administer your pension benefits within the existing Scheme until they are transferred over to LifeSight.

0345 603 4048

axapensionsadmin@aegon.co.uk

Aegon, PO Box 17486, Edinburgh, EH12 1NU

For questions about your pension savings in LifeSight (from 1 October 2020 onwards):

Willis Towers Watson will become your new Scheme Administrator.

01737 230 473

lifesightsupport@willistowerswatson.com

For general queries:

Visit the AXA pensions website at:

pensions.axa-employeebenefits.co.uk

or contact the AXA Pensions Team on:

pensions.uk@axa.co.uk