

## Changes to the LifeSight Default Investment Options

Following a review, LifeSight and AXA have agreed a change to the default investment option in the LifeSight Master Trust (the strategy most members will have their funds invested in).

### What's changing?

The current default investment option in LifeSight is the **AXA Drawdown Lifecycle Strategy**, which automatically manages the mix of assets and level of investment risk as you approach your target retirement date.

Under the agreed change, the new default will be the **LifeSight's Medium Risk Drawdown Strategy**, which operates a similar approach to managing asset allocation and investment risk, albeit with a different mix of fund being used. If you're 25 or more years from your target retirement date, the underlying assets you hold are the same under either investment option.

### General Questions:

#### 1. Why is this change happening now?

The AXA Drawdown Lifecycle Strategy was introduced as a bespoke investment strategy for members when AXA first launched with LifeSight in 2020. As part of the ongoing governance of LifeSight, and following discussions with AXA, the LifeSight Trustees have decided to close this Lifecycle strategy and change the default investment strategy to the Medium Risk Drawdown Lifecycle Strategy.

This investment change is based on a Trustee decision made following extensive assessments carried out by the Trustees, AXA and their respective investment advisers. It is a change of the default investment strategy, which is where members' funds and contributions are invested if they do not make another choice. It is a legal requirement for an arrangement like LifeSight to put in place a default investment strategy, as some members do not want or feel able to make their own investment decisions.

The Trustee must consider the whole membership and make decisions regarding the appropriate level of risk versus potential investment returns, based on the current profile of the members (age, time to retirement age, contribution levels etc). The Trustee carries out at least triennial reviews of the membership, to ensure that the default remains the most appropriate for most of the members, most of the time. However, the default will not necessarily be suitable for every member, which is why LifeSight, and AXA encourage members to review their investments on a regular basis to make sure they are invested in a way that is appropriate for their personal circumstances and future plans for their LifeSight savings.

In the month or so ahead of this change, both LifeSight and AXA have sent communications to members to ensure they are aware of what is happening and to give them the opportunity to make their own decisions as to where is the best place for them to invest their LifeSight savings.

**2. Should this change be happening now given the current market volatility and economic challenges?**

This change was approved in principle approximately a year ago, prior to recent events. AXA and the LifeSight Trustee are continuously monitoring the situation, a final go/no go decision will be made at the end of October ahead of the change.

**3. With the markets the way they are at the moment, do you think that they will recover to make up for the losses occurred these last few years?**

The key thing to note is that pensions are a long-term savings vehicle. Markets will fluctuate; however, it is expected that over the long-term positive returns will be achieved.

**4. Will there be a go/no go decision?**

There will be a go/no go decision on whether the actual trade should go ahead at the end of October 2022.

**5. Are we going to lose money in this transfer?**

A same day trade will be performed within the LifeSight platform which will mean there is no out of market exposure. The value of your total pension pot will be the amount invested in the Medium Risk Drawdown lifecycle strategy.

**6. Can I transfer other pensions into my LifeSight account, and if so, how do I go about doing this?**

Yes, it is possible to transfer other pensions into your AXA Pension. You can do this by completing a transfer enquiry form on your LifeSight account online, the team will then contact you to progress.

**7. Should I transfer my old pension and are there any charges imposed by LifeSight to transfer benefits in?**

No. There are no charges imposed by LifeSight to transfer a previous pension arrangement into LifeSight.

We are not able to offer advice as to whether it is beneficial to transfer in pensions from previous employers. However, there are some things that you should consider before going ahead. If it is a final salary or Defined Benefit (DB) arrangement you will need to obtain financial advice before proceeding. If it is a Personal Pension or a Defined Contribution (DC) arrangement like LifeSight then you should review the choice of funds available, compare the Annual Management charges (AMC) and consider your risk spread. For some older policies you need to check if there are any exit penalties or guaranteed annuity rates you are giving up by transferring.

**8. How can I find an IFA?**

You can find out about using a financial adviser at:

Unbiased

<https://www.unbiased.co.uk/>

Money Helper

<https://www.moneyhelper.org.uk/en/getting-help-and-advice/financial-advisers/choosing-a-financial-adviser>

**9. Where do we find details of the HUB for one time guidance/advice?**

You will find details of HUB and the support available to you when planning your retirement on the AXA Pensions Site [Ready to Retire | Your Journey | AXA Pensions \(axa-employeebenefits.co.uk\)](#)

**10. Is anything similar happening to the Defined Benefit (DB) pension administered by Capita?**

The Defined Benefit (DB) or 'final salary' section is completely separate to your LifeSight account and there is no impact from this change.

**Questions Relating to Funds & Investments:**

**11. Where can I find the fund factsheets?**

You will find the fund factsheet on your LifeSight account under: **My Investments / Fund Performance.**

The fund factsheets show the top ten holdings, regional split and sector split and past performance over the last 5 years. Key information documents are also available under the 'Investment' tab on LifeSight.

**12. What does DGF stand for?**

Diversified Growth Fund (DGF) and is a fund that aims to provide long term capital growth by investing in a diversified mix of asset classes.

**13. How can I check what fund I am in?**

You can check which fund you are in through your LifeSight account under: **My Investments / Review & Change my investments**

If you are in the current default AXA Lifecycle strategy it will look like this:

Type of investment option chosen:	LIFECYCLE
Selected fund:	AXA Lifecycle

**14. How do you select a different Drawdown fund?**

Through your LifeSight account under: **My Investments / Review & Change my investments**

**15. How often can we switch funds under the 'self-select' option?**

There is no limit on the number of switches you can make, however it takes a couple of days to process each request, and there is a small transaction charge each time you do a trade.

**16. If I'm happy with the current split, will I get a small charge for this move and then will I get another small charge to change it back again after the blackout?**

If you are currently in the AXA Drawdown Lifecycle Strategy and you decide to take no action, the split of your pension pot will change to be in LifeSight's Medium Risk Drawdown Strategy. If you elect to switch to another Lifecycle strategy, there isn't a specific charge to switch between funds, however there is an indirect very small transaction charge, which relates to the difference in the bid and offer price. The key thing to note is that a same day trade is performed and the total value of your pension pot immediate before and after the trade will be the same.

**17. What is the exposure to bonds within the Lifecycle strategy?**

The proportion of your funds in bonds in the Medium Risk Drawdown strategy will depend upon the amount of time you have until you reach your selected Target Retirement Age. We can advise that bonds form part of the investment allocation within the DGF fund.

Based upon the 30 June 2022 Fund Factsheet for the LifeSight Diversified Growth Corporate Bonds 29.1%:

- Investment Grade Corp Bond All Stocks Index 21.9%
- High Yield Bond 4.3% BNY
- Mellon Efficient US Fallen Angels Beta 3.0%

Government Bonds 10.4%:

- EM Passive Local Currency Govt Bond 7.9%
- EM Passive USD Govt Bond GBP Hedged 2.4%

Equities 34.4%

Alternatives 26.1%:

- Infrastructure Equity MFG - GBP Hedged 14.1%
- Heitman Global Prime Property Sec 7.8%
- Global Prime Property Sec - GBP 4.3%

**18. China is a high-risk investment due to covid holding back the economy, issues around modern slavery and problems in their property market. Has there been any changes in investment strategy to reflect this?**

The LifeSight Trustee is responsible for regularly reviewing the investment options available to members via LifeSight and they are supported in this by a large team of investment advisers, analysts and researchers whose job it is to analyse the market and choose the best solutions, funds and instruments to support LifeSight's overall investment strategy, and most importantly, it's members. This includes looking at global markets to assess their suitability and longer-term viability.

The LifeSight Trustee also believes that sustainable investment practices (which includes effective integration and stewardship of environmental, social and governance (ESG) factors, not least with regards to climate change) are part of good financial risk management, and that they should produce better outcomes for members over the long-term. The Trustee regularly monitors the sustainability integration and stewardship activities of its investment managers and has oversight on the most impactful areas – currently Legal & General Investment Management's (LGIM) stewardship activities, the activities of the Fiduciary Manager, and issues of particular importance such as climate change or social movements.

**19. Are there still "green" investments in the new Lifecycle strategy?**

**20. Are any of the self-select funds ethically based e.g., green companies, non-fossil fuel funds?**

Yes, it is a legal requirement for the LifeSight Trustees to consider ESG. LifeSight offer two funds with ESG built into them (LifeSight Equity Fund and LifeSight Global Equity Smart Beater ESG Fund). The LifeSight Equity Fund is included in the default Lifecycle, it focuses on three areas 1) an exclusion policy for certain companies, 2) stewardship governance process to vote against certain policies at AGMs, 3) rank of companies on ESG scores. LifeSight believe will give a better long-term outcome. There are also solely ethical based funds such as the Shariah Law, and those that look at environment, governance, and social factors.

**Questions Relating to the Blackout Period:**

**21. Does blackout period effect everyone (all funds) or just those invested in AXA Drawdown Lifecycle strategy?**

Only funds invested in the AXA Drawdown Lifecycle ("the current Default Strategy") will be subject to the change. This includes the LifeSight Equity fund, LifeSight Diversified Growth fund and the LifeSight Cash fund. The blackout will apply to all funds held by a member, if they have any money invested in the current Default Strategy.

If a member has more than one contribution pot, and at least one is invested in the AXA Drawdown Lifecycle Strategy, then their whole account will be subject to the blackout, meaning they will not be able to switch their other investments until the blackout lifts.

If a member is not invested in the AXA Drawdown Lifecycle Strategy at all, none of their funds will be subject to change and the blackout will not apply.

**22. During the blackout period, is there any period where our investments are out of market?**

No. A same day trade will be completed on the LifeSight platform, meaning there is no out of market exposure.

**Questions Relating to Fees:**

**23. Is there a charge for this for this change?**

**24. I didn't fully understand the cost of the transfer if there is no change to current pot vs pot invested in the new drawdown post the transfer, does this mean no charge will impact us personally?**

A very small transaction cost will arise as a result of this switch, which depends on where you are invested within the lifecycle strategy. However, it is important to note that the value you held prior to the switch will be the same as the value reinvested.

**25. Are the fees related to the switch significant to the overall pot?**

No. The fees of switching to different asset classes within the lifecycle strategy are expected to be very small compared to your overall pot.

**26. How will the charges be calculated?**

**27. What, if any, would the changes in charges be between the two drawdown funds?**

The LifeSight funds are priced on a single swinging basis. This means that on any given day a single price is used for all trades undertaken on that dealing day. The single price can be based on either the bid price or the offer price. The price is based on whether there are net purchases (offer price) or net sales (bid price). The transaction cost is built into the unit price and is the difference between the mid-price (zero cost) and the dealing price.

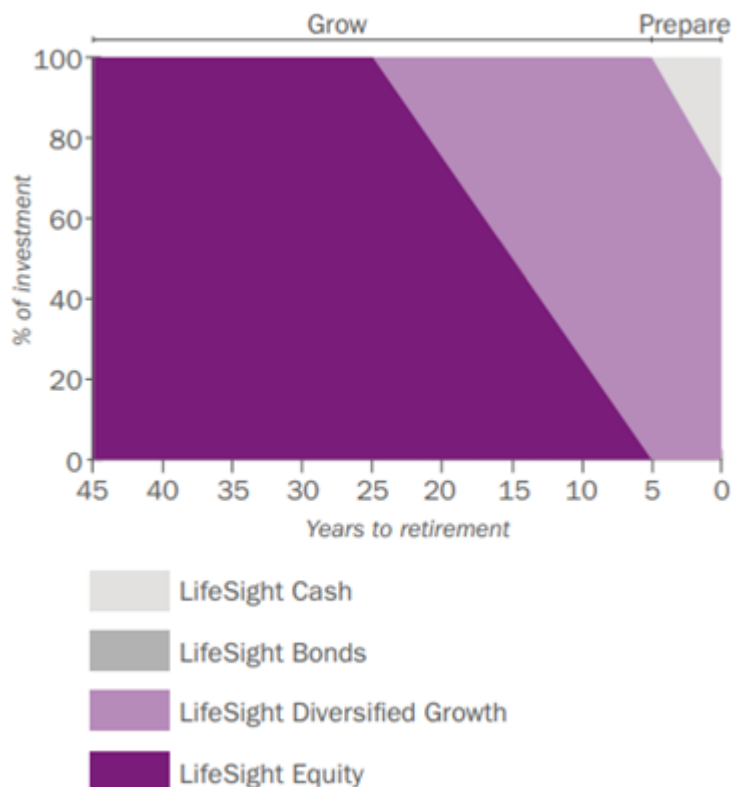
**Questions Relating to Target Retirement Age:**

**28. How do I change my Target Retirement Age?**

You can change your Target Retirement Age within your LifeSight account under: My Investments / My Target Retirement Age.

**29. Why is it important to update my Target Retirement Age?**

It is important to update your intended retirement age in LifeSight as the intention of the Lifecycle strategy is to gradually move you from risky to less risky assets as you approach your Target Retirement Age, so you reach year zero at your TRA.



**30. If I reach my Target Retirement Age (TRA) and then decide not to retire, what happens? Do my contributions continue but are just invested in the less risky investments?**

The ideal position is that you move your TRA to align with the age you are planning to retire. However, if you do not change your TRA then your investments will continue to remain as at point of zero years to retirement. Under the LifeSight Medium Risk Drawdown Strategy this is 25% Cash and 75% in the Diversified Growth fund.

**31. If you select and change your target retirement age from the default of 65, to a lower age will the fund investments change automatically to the lower risk investments?**

A trade will be performed to move you to the new position/allocation based upon the period of time to your new TRA. Please see chart above. You can choose to go online and submit a request to change your TRA, this will have needed to be completed before the Blackout period starts on 19th October 2022 or after it has ended.

**Questions Relating to Retirement:**

**32. If I'm 10 years to retirement, the current strategy is around about 40% equity and 60% Diversified. In the Medium risk, it's around 20% Equity and 80% Diversified. Will this move to the diversified fund happen immediately on transfer?**

The switch will occur during the blackout period, and you will see the new splits when the blackout period ends around 1st November 2022.

**33. For those of us getting close to retirement the move will mean a big sell of equities. Is this wise when it will crystallize current market losses?**

**34. I am worried that now equities are at a low, by converting to a more cash/bond focused mix I am going to lock in losses?**

The switch to the new default lifestyle will be undertaken as a same day transfer, therefore the total value of your pension pot pre-transfer will be the same amount invested in the new default. As part of any investment switch, the LifeSight Trustee considers market volatility prior to proceeding with a change. If the volatility at the point of instruction is deemed too high, the switch will not take place.

You can choose to implement a different lifecycle strategy, LifeSight offer 9 in total. There is for example a High-Risk Drawdown strategy where the switch from Equities starts later in the process and also you can adjust your TRA age, which may potentially help you to achieve the outcome you are seeking. Alternatively, there is a range of free choice funds you can choose to invest within.

A blackout is now in place until 2 November; you will have the opportunity to make changes to your investment choices once the blackout is lifted.

**35. From what age can I retire?**

Currently the minimum you can access any pension benefits is age 55, however this age is expected to change to 57 from 2028.

We are not qualified to provide financial advice, so you may wish to speak to a financial advisor as it is sensible to consider whether it is in your best interest to retire at this time. Using tools such as ageOmeter will help you to understand whether your current pension provision will provide the retirement income you are seeking or whether it may be more beneficial to defer retirement.

### **36. Can we semi retire i.e., move to part time, and still take the 25% lump sum?**

Yes, you can access your pension pot currently at any time after age 55 (age 57 from 2028). You are entitled to up to 25% of the value of your pot value as a tax-free cash lump sum. If you are planning to draw your pension and carry-on working, care is required to ensure that you do not inadvertently reduce your Annual Allowance (total of yours and AXA contribution to any approved pension arrangement in a tax year) from £40k to £4k per annum.

### **37. Can I use my LifeSight account to purchase an annuity?**

Yes, at retirement you can use some or all of your LifeSight savings to buy an annuity. Annuities would need to be bought from a separate insurance company and the cost would depend on the type of annuity you wanted (increasing/non-increasing, guarantee period and attaching spouse's pension), and the rates offered.

### **38. What's the difference between Drawdown and Annuity?**

An annuity is an insurance policy you can buy when you retire using the money in your Account, which guarantees to pay you an income for the rest of your life (depending on the terms of the annuity). Drawdown is a way of accessing your pension when you retire while allowing the remainder of your pension pot to remain invested; you can draw funds as and when you need or set up regular payments. You can use LifeSight to access drawdown or transfer your savings to another drawdown provider.

### **39. Where can we see what the income will be from Pension if we choose to retire at the suggested age?**

There are several tools and modellers within your LifeSight account to help you see the potential income you may have in retirement. There is the ageOmeter, spending planner and savings planner under 'My Resources'.

### **Questions Relating to Contributions:**

### **40. Will my future contributions still be allocated to my current investment choices after these changes take place, or will a new pot for the Medium Risk Drawdown Strategy be created?**

Your contributions will continue to be invested as per your instruction.

If your current instruction is to invest your contributions in the default investment strategy, then this will continue after the bulk switch, with your contributions being invested in line with the medium Risk Drawdown strategy.

### **41. How do I change my contributions?**

Contributions can be changed through the MAX benefits system when the monthly windows open, if you do not have access to MAX, please contact your payroll or complete one of the forms on our website: [Forms & guides | Library | AXA Pensions \(axa-employeebenefits.co.uk\)](#)

### **Contact Details:**

### **42. How do I contact LifeSight?**



You can contact the administration team at LifeSight as follows:

Telephone: 01737 230 473

Email: [lifesightsupport@willistowerswatson.com](mailto:lifesightsupport@willistowerswatson.com)

Write to: LifeSight Administration Team, PO Box 758, Redhill, Surrey, RH1 9GT

**43. How do I access my LifeSight account, what do I do if I can't log on?**

You will have received your LifeSight log in details by email or post, if you are still unable to login or have mislaid your details, please contact LifeSight on the details above.

**44. How do I contact the AXA Pensions Team?**

You can email the AXA Pensions Team on [pensions.uk@axa.co.uk](mailto:pensions.uk@axa.co.uk)