Building for the future – Investment guide

For members of the
AXA UK Group Pension Scheme

February 2017

Introduction

When you retire, you use the money in your Personal Account for your retirement income.

Your retirement income depends on these key things:

- how much you and the Company have paid into your Personal Account;
- where you choose to invest the money paid in;
- the performance of your investments and investment charges; and
- your age when you retire.

This guide sets out all the investment options available to you in the AXA UK Group Pension Scheme ('the Scheme'). It's your step-by-step guide to help you achieve the retirement you want.

Why should you read this guide?

This guide:

- explains the basics of investing;
- tells you more about your investment options;
- highlights key things to consider when you make your investment decisions; and
- tells you how to confirm your investment decision.

Jargon explained

Some technical terms are used in this guide – these are explained on pages 22 and 23.

How to choose your investments

Finding the right investment option doesn't need to be complicated. This table covers the key things you need to think about when making your decision.

Things to do	Where can you find out more?
Set your retirement goals	Page 4
Learn how investments work	Page 6
Lifecycle or Freechoice – decide what's right for you	Page 8
Review the investment options	Page 11 to 17
Make your decision	Page 19 to 20

Finally, don't forget to review your decision at least once a year.

Do I have to choose where I invest my Personal Account?

No, you don't have to. If you don't, we'll invest your Personal Account in the Drawdown Lifecycle Strategy – go to page 12 for details. This may not be right for you though – we'd encourage you to look at all of the options available in this guide.

Getting the retirement income you want

Knowing how much retirement income you want and actually need is a big factor in deciding which investments may be best for you.

Step 1 – How much do you need?

No matter how far away your retirement is, it's important to start thinking about the kind of things you intend to do and the financial responsibilities you might have.

For example:

- If you're likely to have similar financial obligations as you do in your working life, you'll probably need a similar level of income in retirement.
- If you think you're likely to have less (e.g. your mortgage will be paid off) you may not need as much. But don't forget, having more free time might mean you have more time for things like holidays and meeting up with friends. You may even be helping your family financially.

The Department for Work & Pensions (DWP) has set out how much you might need each year when you retire (for a modest lifestyle) based on how much you earn now:

How much you earn at work (before you retire)	How much of this income you may need when you retire
Less than £12,200	80%
£12,201 to £22,400	70%
£22,401 to £32,000	67%
£32,001 to £51,300	60%
Over £51,300	50%

So for example, if you earn £25,000, you may need £16,750 each year when you've retired. Some of this will come from the State Pension – but the rest will come from your savings. Depending on your personal circumstances, you may need more.

If you're on track to receive what you need from the Scheme – that's great. If not, you need to think about how you'll get there – we explain on the next page.

Back to basics – how does your pension work?

When you work for AXA

- Every month you and the Company pay money (contributions) into your Personal Account.
- The Government also helps you save by providing you with tax relief on your contributions.
- To help your savings grow, you choose where to invest your Personal Account from a range of investment options.

When you retire

Your retirement income depends on:

- how much you and the Company have paid into your Personal Account;
- where you choose to invest the money paid in;
- the performance of your investments and investment charges; and
- your age when you retire.

To find out more about how the Scheme works read the member guide available at **www.axa-employeebenefits.co.uk**

Jargon explained

The technical terms used in this section are explained on pages 22 and 23.

Step 2 – How will you get on track?

There are a number of things that could help you get the retirement income you need. You could:

- work longer and build up a larger Personal Account that way; or
- pay more into your Personal Account to help it grow.

You may also have savings outside of the Scheme you plan to use when you retire – from previous pension schemes, ISAs, property, etc. You should factor these savings in when you're thinking about how you'll get on track.

Finally, the performance of the funds you choose to invest in can also affect the size of your Personal Account.

Not sure how much retirement income you're on track to get from the Scheme?

Use myPath at:
https://lwp.aegon.co.uk/targetplan

It will also show you how changing how much you pay into the Scheme, your chosen retirement age and investments could impact how much you may get when retire.

Use 'TargetBuilder' for an idea of how much you might need when you retire.

Not sure how much you might get from the State Pension?

Visit: **www.gov.uk/calculate-state-pension**

Not sure how much will you get from your other pension schemes?

Contact the relevant scheme administrator. If you've lost track of them, visit **www.gov.uk/find-lost-pension**

Step 3 – Understanding investment basics

The money you and the Company pay into your Personal Account needs to grow so you have enough when you retire.

To help it grow, you can invest your Personal Account into funds like equities, property, bonds, and cash. Each of these types of investments aims to increase the value of your Personal Account (known as a return) and come with an associated level of risk.

Here’s an overview of the different investment types:

Cash: As the name suggests, cash funds invest in various cash-based investments. Cash funds are lower risk than equities or bonds and gilts – but the expected return is lower too.

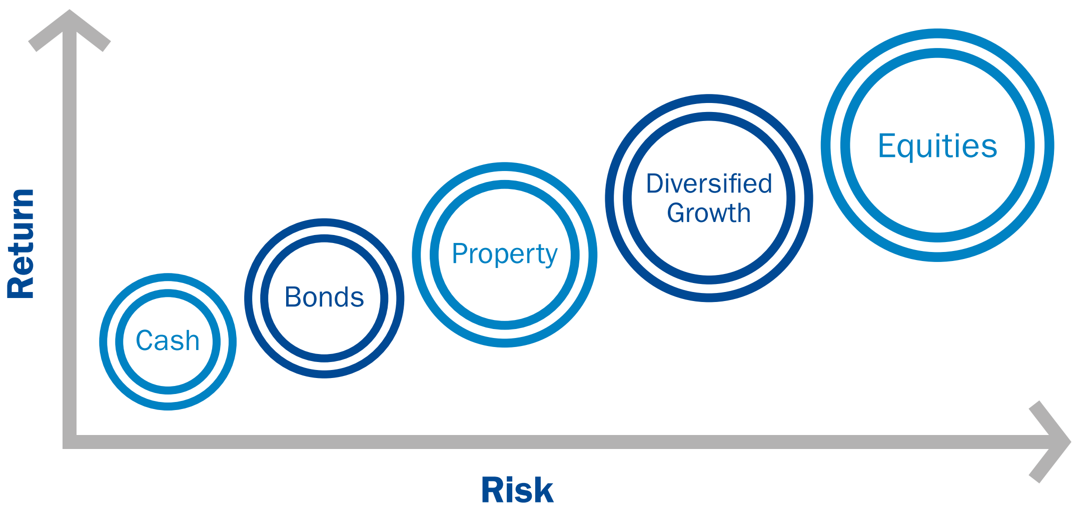
Bonds and gilts: Bonds are loans issued by companies, banks and large organisations. A rate of interest is usually paid on the money loaned. UK Government bonds are ‘gilts’. Bonds and gilts may produce a higher return than cash, but lower returns than equities.

Property: Investment in a wide range of retail and industrial properties in the UK. Returns are based on property values and rental income. Property tends to be lower risk than investing in equities but higher risk than cash and bonds.

Diversified growth funds: A diversified growth fund aims for high returns by investing in funds like equities. But balances this risk by also investing in funds which aren’t expected to go up or down as much in value. So it tends to be lower risk than an equity fund but higher risk than bond and cash funds.

Equities: Equities are shares in companies and in the long term to have higher expected growth than bonds, gilts or cash. However, their higher level of risk means that they can also sometimes change dramatically in value in a very short amount of time (this is known as volatility). Equities are higher risk than the other investment types.

The chart below outlines the level of risk and return broadly associated with each investment type:



What are the different risk types?

There are three types of investment risk you need to know about:

Capital risk – the risk that your investments may drop in value. This can happen with all equity, bond and even cash funds.

Inflation risk – the risk that your investments won't keep up with the cost of living (inflation). Even if they do grow in value, if they don't grow quicker than inflation then their real value goes down. This can happen with low capital risk funds, such as a cash fund.

Pension conversion risk – the risk that you invest in funds that don't help protect the buying power of your Personal Account as you get closer to retirement if you decide to buy an annuity.

Step 4 – What is your attitude to investment risk?

Now you know the investment basics, you'll need to decide what level of risk you're comfortable taking with your Personal Account.

A good way to think about it is:

- A higher risk investment option might suit someone:
  - Who isn't on track to get the amount they need when they retire.
  - Who's further away from retirement, so has time to ride out any ups and downs of their investments' performance.
- A lower risk investment option might be better for someone who's closer to retirement and wants to protect the value of their Personal Account.

For more help understanding your attitude to risk – why not use the 'Risk Questionnaire' available at **https://lwp.aegon.co.uk/targetplan**

It's time to think about which investment option may be appropriate for you. Go to page 8.

Lifecycle Strategy or Freechoice range – what type of investments do you prefer?

Our two Lifecycle Strategies are ready-made investment options for members who do not want to select their own investment funds.

If you prefer to choose which funds your Personal Account's invested in, we're delighted to offer the Freechoice range. This includes 18 different funds, three of which are provided by AXA so there should be something to meet most members' needs.

Not sure which is right for you – why not take our Lifecycle vs Freechoice quiz below?

Take our Lifecycle vs. Freechoice quiz

Tick 'yes' or 'no' for each question to find out whether Lifecycle or Freechoice may suit your needs:

	Yes	No
Are you happy to have investments chosen and managed for you?		
Do you find investments hard to understand?		
Are you comfortable managing your own investment decisions?		
Would you prefer an investment option that automatically switches your investments as you approach retirement?		

Have you mostly answered 'yes' or 'no'?

- If you ticked mostly 'yes', one of the Lifecycle Strategies might suit your needs – see the summary on page 9 and go to page 11 for more details.
- If you ticked mostly 'no', you may prefer to choose your own investments from the Freechoice range – see the summary on page 9 and go to page 14 for more details.

Key differences

	Lifecycle Strategies	Freechoice range
What does it include?	Ready-made strategies that invest in a different mix of funds during your working life. In the earlier stages they invest in higher risk funds (e.g. equities), to give your Personal Account a chance to grow. Then invest in lower risk funds as you approach retirement.	You create your own strategy by choosing the investments you want (from a range of 18 funds) – to suit your own needs and attitude to investment risk.
Who makes the decisions?	Your funds switch automatically as you approach retirement – see page 13.	You decide which funds to invest in from a range selected by the Trustees (with help from investment advisers). We won't change the funds you're invested in unless you tell us to.
What should you consider?	Whether you may want to take income drawdown or an annuity when you retire – go to page 11. Because the funds begin to switch automatically 25 years before you retire – it doesn't take into account what's happening in the investment markets when this happens.	Your funds do not switch automatically – you should review your options regularly.
What would I have to do?	Decide when you want to retire – so that your Personal Account invests in the right funds at the right time. Review how your Personal Account is doing regularly to check it is helping you achieve your savings goals. If not; would a Freechoice fund be more appropriate?	Decide when you want to retire – and make sure you invest your Personal Account in the right funds at the right time. Review your chosen fund(s) regularly to check it is helping you achieve your savings goals. If not; is another Freechoice fund(s) or one of the Lifecycle Strategies more appropriate?
Where can I find out more?	Go to page 11. If you need advice contact a financial adviser (see page 21 for details).	Go to page 14. If you need advice contact a financial adviser (see page 21 for details).

Can I invest in a mix of Lifecycle Strategy and Freechoice funds?

Yes. You can request that your Personal Account is invested in one of the Lifecycle Strategies and one or more of the Freechoice funds.

Contact the Scheme Administrator for more information – contact details on page 21.

What happens if I don't make a decision?

We'll invest your Personal Account in the Drawdown Lifecycle Strategy. This is the default investment option for anyone who doesn't tell us where to invest their Personal Account.

For more information about the Drawdown Lifecycle Strategy see page 12.

Do I have any other options?

If you don't want to invest in the Lifecycle Strategies and don't feel any of the Freechoice funds are right for you – you can move some of your Personal Account to another provider – see page 18 for details.

Lifecycle Strategies – the ready-made option

If you prefer to let someone else manage your investments, one of the Lifecycle Strategies might be right for you.

What do you need to know?

Lifecycle Strategies:

- automatically invest in higher risk funds while you're younger to give your Personal Account the best chance to grow; and
- gradually move you to lower risk funds the closer you get to retirement to protect the value of your Personal Account.

There are two Lifecycle Strategies to choose from – the Drawdown Lifecycle Strategy and Annuity Lifecycle Strategy. Which you choose depends on the type of income you want when you retire. Use the quiz below to help you decide which of our Lifecycle Strategies you might want to read more about.

Take our Drawdown vs Annuity Lifecycle Strategy quiz

Tick 'yes' or 'no' for each question:

	Yes	No
Would you like the flexibility to take extra money if I need it once you've retired?		
Will you want to take all of your savings as cash immediately?*		
Are you prepared to continue to monitor, and if necessary, make changes to your investments after you retire?		
Is security more important to you than flexibility?		
Is it important to you to be able to leave your pension to your loved ones if you die?		
Do you want to make a one off decision about the type of retirement income you want?		
Do you want a guaranteed income for life?		

* The first 25% is tax-free. You will pay tax at your marginal rate of income tax on the rest.

What do your answers mean?

- If you ticked 'yes' for at least two of the first three questions, you may want to investigate the Drawdown Lifecycle Strategy – see the summary on page 12.
- If you ticked 'yes' for at least two of the last four questions, you may want to investigate the Annuity Lifecycle Strategy – see the summary on page 12.

Jargon explained

The technical terms used in this section are explained on pages 22 and 23.

Key differences

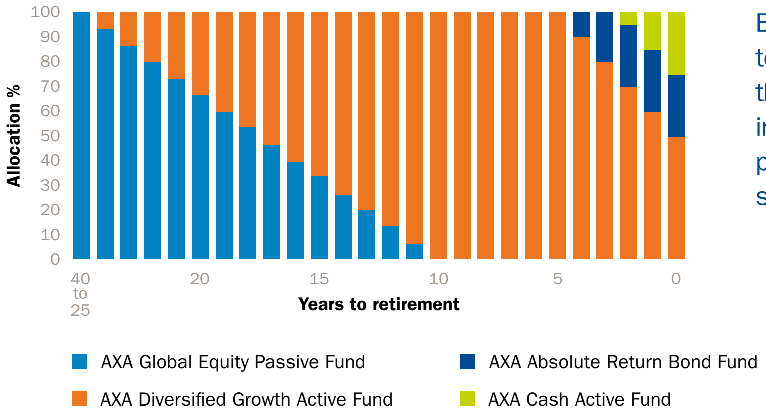
	Drawdown Lifecycle Strategy	Annuity Lifecycle Strategy
Who is this for?	This is for members who wish to take some form of income drawdown when they retire. It's also, where we invest your Personal Account if you don't tell us where to invest it. For more information about income drawdown read the 'Guide to annuities and income drawdown' and 'Your retirement options guide' – available at **www.axa-employeebenefits.co.uk**	This is for members who wish to buy an annuity when they retire. For more information about annuities read the 'Guide to annuities and income drawdown' and 'Your retirement options guide' – available at **www.axa-employeebenefits.co.uk**
What happens as I get closer to retirement?	As you get closer to retirement, it invests in a mix of funds that are likely to provide some long-term growth – as well as some stability in value (see the chart on page 13).	As you get closer to retirement, it invests in bonds and cash funds which help protect the buying power of your Personal Account.

As you can see from the chart on page 13, both strategies:

- invest 100% in equities until you're 25 years from retirement; and
- then invest in diversified growth funds so that you're still seeking high returns – but balancing that by also investing in funds which aren't expected to go up or down as much in value.

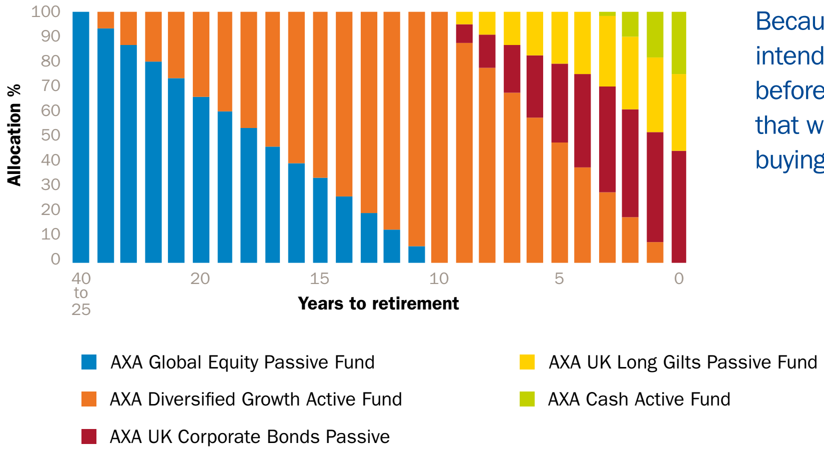
When you're within 10 years of retirement, the investment approach for each changes as shown in the chart on page 13.

Drawdown Lifecycle Strategy



Because it's designed for members who wish to take some form of income drawdown – less than five years before you retire, it also starts investing in a mix of funds which are likely to provide some long-term growth – as well as some stability in value.

Annuity Lifecycle Strategy



Because it's designed for members who intend to buy an annuity – less than 10 years before you retire it starts investing in funds that will help protect your Personal Account's buying power.

Each of the funds these strategies invest in carry different charges – you can find out more about the individual funds and their charges at **https://lwp.aegon.co.uk/targetplan**

If you need advice contact a financial adviser – you can find a list at **www.unbiased.co.uk**

When you're ready to make a decision go to page 19.

Case study: Jamie

Jamie's 42 and recently started working at AXA.

He took the Lifecycle vs. Freechoice quiz and decided he really doesn't want to manage his own investments. So he's decided that one of the Lifecycle Strategies would be better for him.

After taking the Drawdown vs Annuity Lifecycle Strategy quiz, he decides the Drawdown Lifecycle Strategy best meets his needs.

Jamie would like to retire at 67 (that's when he'll get his State Pension) – so he goes to **https://lwp.aegon.co.uk/targetplan** to confirm his selected retirement age.

Freechoice range – create your own investment mix

The Freechoice fund range is a great option for you if you'd prefer to choose where your Personal Account's invested. It gives you the flexibility to choose the investment fund(s) that's right for you.

What do you need to know?

The Freechoice range gives you access to all of the investment funds available in the Scheme. You can also choose when to switch out of them – if you think something else will better meet your needs.

To decide which fund(s) is right for you, you still need to consider:

- What performance are you hoping to achieve?
- How much risk can you take?
- Do you want to invest in a mix of different funds?
- The charge for the funds you invest in.

Jargon explained

The technical terms used in this section are explained on pages 22 and 23.

What performance are you hoping to achieve?

When you think about the performance you want to achieve, consider:

- whether you're pretty much on track to get the retirement income you need – and don't need your investments to work very hard; or
- if you're off track and need your investments to work a bit harder for you.

Some of the funds available like equities will work harder – and they may produce higher investment returns. But they come with higher risk (see 'Understanding investments' on page 6).

Other funds like bonds aren't likely to produce as strong a return as equities – but may not drop in value as much when there are changes in the investment markets (see 'Understanding investments' on page 6).

Don't forget retiring later and paying more in could also help increase the size of your Personal Account – see the member guide for more information.

How much risk do you want to take?

As you'll see in the table on pages 15 and 16 – each fund comes with a different level of risk. The different levels are explained below:

High risk – funds that are most likely to go up and down in value but have the greatest potential for high returns.

Medium risk – funds that could moderately change in value but are expected to bring in a modest rate return.

Low risk – funds that aren't expected to drop in value as much but are expected to provide a lower return.

Do you want to invest in a mix of different funds?

Investing in a mix of different funds, e.g. equities and property could help you manage investment risk. If one of the investments is performing poorly, another may perform better – meaning your Personal Account's value is to a degree, protected.

Do you want to invest in funds managed by AXA?

The Trustee has introduced three funds into the Freechoice range that are managed by AXA entities:

- Architas Diversified Real Assets Fund.
- Architas Multi Asset Passive Moderate Fund.
- Framlington UK Selected Opportunities Fund.

Further details are provided on page 16.

The charge for the funds you invest in

Each fund comes with a different charge. The charges are taken directly from your Personal Account.

When you think about how much investment return you need – also think about the how much it will cost to invest in your chosen fund (see the table below).

Your options

This table sets out the list of available funds to invest in, the associated risk and cost for each:

Asset class	Fund name*	Description	Objective	Risk rating**	Charge***
Bonds	Absolute Return Bond Fund	Invests in a range of global debt instruments – from AAA government bonds to high yield and emerging market bonds.	To outperform sterling 3 month LIBOR (London Interbank Offered Rate) over the long-term.	Low	0.72%
	UK Corporate Bonds – Passive Fund	Invests in UK corporate bonds.	To perform in line with the iBoxx £ Non-Gilts Index.	Medium	0.20%
	UK Long Gilts – Passive Fund	Invests in long-term inflation linked bonds issued by the UK Government.	To perform in line with the FTSE UK Gilts Index- Linked Over 5 Years Index.	Low	0.19%
	UK Long Index Linked Gilts – Passive Fund	Invests in long-term fixed bonds issued by the UK Government.	To perform in line with the FTSE UK Gilts Over 5 Year Index.	Low	0.19%
Cash	Cash – Active Fund	Invests in deposits and other short-term money market instruments.	To provide for returns marginally higher than the 7 Day Sterling LIBID (London Interbank Bid Rate).	Low	0.18%

* To find out more about the funds visit **https://lwp.aegon.co.uk/targetplan**

** This is the risk that fund could drop in value (known as capital risk).

*** These percentages are based on Total Expense Ratio (TER) as at 30 June 2016.

Asset class	Fund name*	Description	Objective	Risk rating**	Charge***
Equities (Global)	Emerging Markets Fund	Invests in listed shares in emerging market countries.	To outperform the MSCI (Morgan Stanley Capital International) Emerging Markets Index over the long-term.	High	1.03%
	Global Equity – Active Fund	Invests in global listed shares.	To outperform the MSCI World Index over the long-term.	High	0.83%
	Global Equity – Passive Fund	Invests in global listed shares.	To perform (as closely as possible) in line with: • 60% FTSE ALL World Developed Ex-UK Index. • 30% FTSE All Share Index. • 10% MSCI EMF Index.	High	0.23%
	Overseas Equity – Passive Fund	Invests in overseas listed shares.	To perform in line with the FTSE World ex-UK Index.	High	0.19%
	UK Equity – Active Fund	Invests predominantly in UK listed shares.	To outperform the FTSE All Share Index over the long-term.	High	0.95%
	UK Equity – Passive Fund	Invests predominantly in UK listed shares.	To perform in line with the FTSE All Share Index.	High	0.19%
Property	Property Fund	Invests in a range of different types of property funds.	To achieve a diversified exposure to a range of commercial property assets such as offices, shopping centres and retail warehouses.	High	0.98%
Other funds	Diversified Growth Active Fund	Invests in a range of assets including shares, property, commodities, bonds and money markets.	To produce a return equivalent to the Retail Price Index (an inflation measure) plus 5% –typically over a 5 to 7 year period.	Medium	0.71%
	Shariah Law – Passive Fund	Invests in global listed shares that are Shariah compliant.	To perform in line with the Dow Jones Islamic Titans 100 Index.	High	0.48%
	Socially Responsible Investment Fund	Invests in global listed shares in companies that operate in a sustainable and responsible manner.	To perform in line with the FTSE4Good Global Equity Index by investing in companies which conform to a range of ethical and environmental guidelines.	High	0.48%
Funds Managed by AXA	Architas Diversified Real Assets Fund	Invests in a range of physical assets including infrastructure, commodities and specialist property.	To target long term growth by investing in a range of non-traditional asset classes with a focus on physical assets such as infrastructure, commodities and specialist property. The fund aims to do this while targeting a level of risk less than equities and greater than bonds.	Medium	1.30%
	Architas Multi Asset Passive Moderate Fund	Invests in a range of assets including shares, property, commodities, bonds and money markets.	To target medium to long term total returns by investing across a diversified range of asset classes. It aims to do this while targeting a level of risk which is less than equities and greater than bonds.	Medium	0.61%
	Framlington UK Selected Opportunities Fund	Invests predominantly in UK listed shares.	To outperform the FTSE All Share Index over the long-term.	High	1.02%

For more information about the funds and their recent performance, look at the fund factsheets at **https://lwp.aegon.co.uk/targetplan**

If you need advice contact a financial adviser – you can find a list at **www.unbiased.co.uk**
A financial adviser may charge you a fee for their services. When you're ready to make a decision go to page 19.

Case study: Anna

Anna's 30 years old and has been with AXA for three years. She's been a member of the Scheme since she started.

When she joined, her Personal Account was invested in the Lifecycle Strategy. Now she's decided she wants to manage her own investments.

After careful consideration, she's decided she's comfortable taking higher investment risk. Anna's decided to invest 75% of her Personal Account in the Global Equity – Active Fund and 25% in the Diversified Growth Active Fund.

Anna visits **https://lwp.aegon.co.uk/targetplan** to make the changes. She'll review her next benefit statement to see how her new options have performed in the first year. But Anna knows that since she's still relatively far from retirement she'll have time to ride out any short-term ups and downs in investment performance.

Partial transfer

If you would like to invest your Personal Account in a fund that isn't offered in the Scheme – once a year you can contact the Scheme Administrator to request a partial transfer of your Personal Account to another approved pension arrangement:

- You need to confirm to the provider of the approved pension arrangement, where you'd like them to invest your money.
- You must leave at least £1,000 of your Personal Account invested in the Scheme.

For more information please contact the Scheme Administrator using the contact details on page 21.

Next steps

What you need to do now depends on how far you are from retirement.

If you're just starting your career…

To do list	Tick
Make sure you understand how your Personal Account works – see the member guide for full details.	
Make sure you read this guide and understand the investment basics.	
Think about the retirement income you may need and the age you might want to retire.	
Decide which investment option and funds are right for you.	
Look at the fund factsheets if you need any more information.	
Seek help – if you need it.	

If you're in the middle of your career…

To do list	Tick
Find out whether you're on track to get the retirement income you need – use myPath **https://lwp.aegon.co.uk/targetplan**	
If you're off track – consider whether paying more in or changing your retirement age would help.	
Review your investment options – make sure they're still suitable – is now a good time to invest in a mix of higher and / or lower risk funds?	
Read this guide again to remind yourself of the investment basics.	
Look at the fund factsheets if you need any more information.	
Seek help – if you need it.	

If you're planning to retire within the next 10 years…

To do list	Tick
Find out whether you're on track to get the retirement income you need – use myPath at **https://lwp.aegon.co.uk/targetplan**	
If you're off track – consider whether paying more in or changing your retirement age could help.	
Think about the type of retirement income you might want – income drawdown or annuity (refer to the retirement options guide).	
Make sure you invest in funds that will suit your retirement needs – and reflect the fact that you will be retiring soon.	
If you're invested one of the Lifecycle Strategies – make sure it's the one that will help you achieve the retirement income you want.	
Read this guide again to remind yourself of the investment basics.	
Look at the fund factsheets if you need any more information.	
Seek help – if you need it.	

If you're planning to retire within a year...

To do list	Tick
Make sure your Personal Account is invested in a fund(s) that reflect that you're retiring within the year.	
Make sure your Personal Account is invested in funds that reflect the type of retirement income you want to take e.g. income drawdown or annuity (refer to the retirement options guide).	
Read the DC retirement options guide for more information about the retirement options available to you and details of the retirement process.	
Seek help – if you need it.	
If you're invested in one of the Lifecycle Strategies – check the Scheme Administrator knows you plan to retire within the year.	

Tell us where to invest your Personal Account

When you're ready go online to make your decision:

- Visit **https://lwp.aegon.co.uk/targetplan**
- Insert your User ID and password.
- Go to 'Fund Choices' to make your decision.

Remember to review your investments regularly – particularly as you get closer to retirement.
Refer to this guide again if you need help.

Scheme Administrator and other resources

Address: **BlackRock Employee Savings Service Centre***
PO Box 705
Peterborough
PE1 1ZL

Tel: **0845 603 4048**
Email: **axapensionsadmin@aegon.co.uk**
Website: **https://lwp.aegon.co.uk/targetplan**

You'll find fund factsheets for all the funds referred to in this guide on the above website.

** You may have read that Aegon bought BlackRock's Defined Contribution business. There's no change to the service you receive but you will see the Aegon name appearing in website links and email addresses.*

www.axa-employeebenefits.co.uk

For information about the Scheme and tools such as the retirement options guide.

www.unbiased.co.uk

If you're still unclear which investment option is best for you, consider seeking financial advice. It's a big decision. You can find a list of financial advisers in your area on this website.

www.moneyadviceservice.org

This money advice website provided by the Government offers impartial information on pensions.

www.pensionsadvisoryservice.org.uk

The Pensions Advisory Service offers free independent guidance on your retirement options. You'll find a range of resources on their website. You can also call them on 0845 601 2923.

www.citizensadvice.org.uk

The Citizens Advice Bureau will also offer free independent guidance on your retirement options from April 2015. You can find out more about them on their website.

Your guide to pensions jargon

Technical terms explained

Term	Description
Actively managed fund	A fund where an investment manager attempts to produce returns that are higher than the benchmark (such as the FTSE 100 Index). But there is also a risk that their returns could fail to match the benchmark.
Annuity	An insurance policy you can buy when you retire using the money in your Personal Account. It pays an income for the rest of your life.
Benchmark	A standard an investment fund's performance is measured against – typically a market index like the FTSE 100.
Cash	Investment in various cash-based investments.
Corporate bonds	Loans issued by companies, banks, and large organisations. At a specified date, the owner of the loan is paid a fixed amount of money. A rate of interest is usually paid on the money loaned.
Diversified growth fund	A diversified growth fund: – aims for high returns by investing in funds like equities; but – balances this risk by also investing in funds which aren't expected to go up or down as much in value.
Equities	Shares in companies. The holders of the shares in a company together own the business and receive a payment from the profits of the business.
Freechoice funds	A range of different investment funds for members who prefer to choose where their Personal Account is invested. You can choose to invest your Personal Account in one or more of these funds. You're responsible for monitoring their performance and deciding if and when to switch funds.
Gilts	Bonds issued by the UK Government. They are considered to be less risky than corporate bonds.

Term	Description
Income drawdown	Under income drawdown, each year you withdraw a retirement income from a pension arrangement and leave the rest invested. You have the flexibility to take out as much money as you like each year.
Lifecycle Strategy	A ready-made investment option which automatically invests in higher risk funds at first and gradually moves you to lower risk funds the closer you get to retirement.
Passively managed fund	A fund where the investment manager aims to achieve a return that is close to a chosen benchmark, for example the FTSE 100. Unlike an active fund manager who will seek to outperform the benchmark.
Property	Investment in a wide range of retail and industrial properties investments in the UK. Returns are based on property values and rental income.
Scheme Administrator	BlackRock / Aegon – they are responsible for the day-to-day administration of the Scheme.
Shariah Law Investment	An investment option that's consistent with aspects of Islamic law. Islamic scholars verify the investments and exclude investments in companies that profit from such things as arms, alcohol, tobacco, and pork.
Socially Responsible Investment	An investment option for those who want to ensure that their investments don't encourage unethical practices or industries e.g. tobacco, nuclear, weapons. Socially responsible investment managers often favour companies that are working towards environmental sustainability, upholding universal human rights, and have positive relations with their shareholders.
Total Expense Ratio (TER)	The cost associated with managing and operating an investment fund – including investment management fees and other operational expenses.

Important notes

This guide is for information only. It does not take into account your personal circumstances and does not constitute financial advice. Neither AXA nor the Scheme Administrator can provide you with advice. We strongly recommend that you seek financial advice if you're not sure what action to take.

The value of investments, and income from them, may fall as well as rise. This includes equities, government or corporate bonds, and property, whether held directly or in a pooled or collective investment vehicle. Investments in developing or emerging markets may be more volatile and less marketable than in mature markets.

Exchange rates may also affect the value of an overseas investment. As a result, an investor may not get back the amount originally invested. Past performance is not necessarily a guide to future performance.