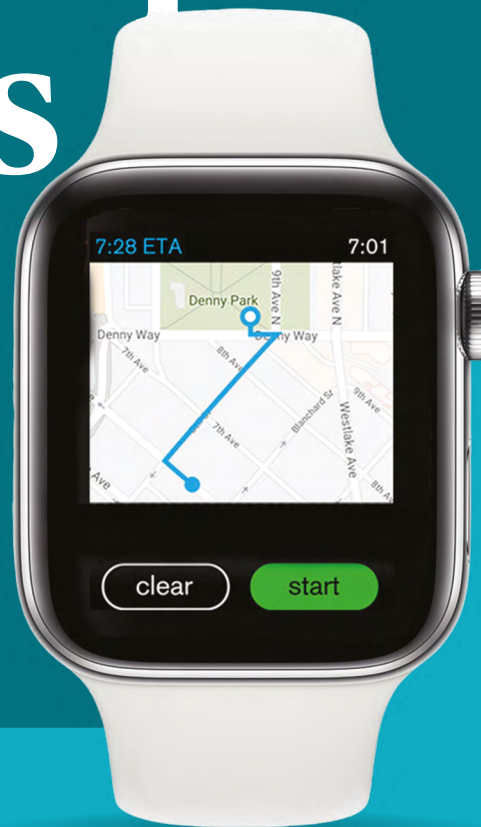




AXA UK Group
Pension Scheme

A guide to the proposed changes



Proposed changes to your
Defined Contribution (DC)
pension arrangements.

Introduction

As explained in the enclosed letter, AXA¹ is proposing to make some changes to the current pension arrangements.

In summary, it is proposing to:

- Close the AXA UK Group Pension Scheme's (the Scheme) DC section on 30 April 2020.
- Set up a 'Master Trust arrangement' to replace the current DC section of the Scheme, to start receiving contributions from 1 May 2020.
- Transfer all accrued (built up) DC member savings to the Master Trust so no further benefits are provided from the DC section.

We believe the proposed changes would be positive for members. If the proposals go ahead, the Master Trust arrangement would replace the DC section with no impact on the level of pension savings you have already built up in the Scheme. Your current pension contribution rates (yours and AXA's) would be unaffected and would continue as they are today, unless you choose to change your personal contribution. You would also continue to enjoy a good range of investment options.

This guide provides more information about Master Trusts and why we are proposing the change. Please read it carefully to understand what the proposed changes would mean to you.

What happens next?



10 February

60-day consultation period starts

Read this guide and visit the website to ensure you understand the proposed changes. Provide your feedback or ask a question, if you want to (see page 11). We'll update the website with answers to your questions during the consultation period.

10 April

Consultation period ends

You have until this date to provide feedback or ask a question. You can do so by emailing our dedicated consultation inbox at axamastertrustuk@axa-uk.co.uk.

April

Confirmation of decision

AXA will consider all feedback and will decide, along with the Trustee of the Scheme, whether the proposed changes should go ahead. We will contact you to let you know our decision.

1 May

Proposed start date of the new Master Trust

If the changes were to go ahead, future contributions would be directed to the new Master Trust from this date.

After May

Transfer of all accrued DC member savings

If AXA decides to proceed with the proposed changes, the pension savings you've already built up in the DC section of the Scheme would be transferred to the Master Trust in the following months. The Trustee would write to you separately about this.

Consultation period

It is a legal requirement that we consult with you about this proposal. As a result, we are now entering into a 60-day consultation period with active and eligible members of the DC section of the Scheme, during which you can provide feedback and ask questions about the proposed changes.

Further details are also available on our website at pensions.axa-employeebenefits.co.uk/mastertrust (please see covering letter for your password) where we will provide regularly updated FAQs throughout the consultation. We will write to you again in April 2020 once the consultation period has ended and a final decision has been reached.

¹In this guide, the term "AXA" shall be read to refer to the company in the AXA Group which is your employer. The full list of employing entities in respect of these proposals are: AXA UK Plc, Architas Ltd, AXA Assistance (UK) Limited, AXA Travel Insurance Ltd, AXA Business Services (Private) Limited, AXA Global Healthcare (UK) Ltd, AXA Group Operations UK Ltd, AXA Group Services Limited – Ireland, AXA ICAS Limited, AXA Investment Managers Limited, AXA Liabilities Managers (UK Branch), AXA Partners Services Limited, AXA PPP Healthcare Group Ltd, AXA Services Ltd, AXA Strategic Ventures Europe, Health-on-Line Company UK Ltd, PPP Taking Care Limited and The Permanent Health Company Limited.

Why is AXA proposing these changes?

Your pension arrangements are a very important part of your benefits package. Like all companies, AXA regularly reviews the benefits that it offers its employees. We want to ensure that we're offering a pension scheme that's flexible, future-proofed and suitable for the different ways that members of the Scheme can now take their pension benefits at retirement.

Following a recent review of the current arrangement, which we undertook with our specialist advisers and the Trustee, we've decided that now would be the right time to introduce a new scheme that is able to offer you an improved member experience through better online facilities, a strong range of investment options and easy access to a wider range of options at retirement.

The pensions landscape has changed significantly in recent years, resulting in increased regulation of DC arrangements like the DC section of the current Scheme. A Master Trust provides the opportunity for participating employers, like AXA, to contract the operation and governance of our DC pension plan to experts, significantly reducing time, cost and risk, without sacrificing quality. You can read more about Master Trusts on page 6.

If we go ahead with the change, we wouldn't be alone. Many other companies now use Master Trusts to provide pension benefits to their employees – with over 16 million people in the UK now saving into a Master Trust. You can read about some of the reasons why on page 8.

It is a legal requirement that we consult with you about this proposal. We won't make a final decision about whether to proceed with the proposed changes until after the consultation period is over and we, along with the Trustee of the Scheme, have reviewed all of the feedback we receive.

Trustee support

We have consulted and worked collaboratively with the Trustee of the Scheme throughout this process. It should be noted that, if the proposed changes were to go ahead, the current Trustee would no longer be responsible for governing the DC section of the Scheme, with that responsibility falling to an independent trustee separate from AXA, along with a new AXA governance committee. We are grateful for the collaboration shown by the current Trustee throughout the process.

The proposed changes

AXA is proposing to make the following changes to the AXA UK Group Pension Scheme:

- Close the Scheme's DC section on 30 April 2020.
- Set up a 'Master Trust arrangement' to replace the current DC section of the Scheme, to start receiving contributions from 1 May 2020.
- Transfer all accrued (built up) DC member savings to the Master Trust so no further benefits are provided from the DC section.

If the proposals go ahead, from 1 May 2020 your future pension contributions, together with AXA's contributions, would be paid into the Master Trust.

From 1 May 2020, you'd start to build up pension benefits in the Master Trust. This means that from 30 April 2020, the DC section of the Scheme would close to all future contributions.

This only means that future contributions to the current Scheme would stop, it doesn't mean the savings you've already built up would be lost. Everything you have already built up would remain invested in the Scheme, with any future contributions being directed to the new Master Trust going forward.

The pension savings you've already built up in the Scheme would stay there until they are also transferred to the Master Trust. If AXA decides to proceed with the proposed changes, the Trustee will write to you about transferring these benefits into the Master Trust. It is anticipated that this transfer would be made shortly after 1 May 2020.

Master Trusts

A Master Trust is a type of DC trust-based pension scheme in which multiple employers can participate. There is one trustee and a single trust structure, but there are multiple separate sections which relate to different employers (who are generally not associated with each other). Each of the separate sections of the Master Trust will have their own bespoke requirements and benefit structure.

A number of pension scheme types now exist in the workplace pension market. Master Trusts are one of the most popular with over 16 million people in the UK now saving for their retirement via a Master Trust. They are highly regulated and have to go through a robust authorisation process, followed by a supervision process under The Pensions Regulator.

You can read more about Master Trusts and how they work on page 6.

The new proposed Master Trust

As part of our review, we have undertaken a detailed selection process for the new Master Trust provider. All providers we considered are authorised by The Pensions Regulator.

As a result, should the changes go ahead, we have decided that the new Master Trust would be **LifeSight**, provided by Willis Towers Watson. You can read more about LifeSight on page 9, including a number of the key benefits and features which would be available to members and were an important factor in our decision.

What do the proposed changes mean for me?

You have been sent this communication as you are a current active or eligible member of the DC section of the Scheme and, should the proposed changes go ahead, you would be affected.

The proposal would result in the DC section of the current Scheme being closed and the new LifeSight Master Trust replacing the DC section. There would be no impact on the pension savings you have already built up in the Scheme. Future contributions would be directed to the new Master Trust and the savings you have already built up in the DC section of the Scheme would be transferred to the Master Trust.

The proposed change would not affect your current pension contribution rates (yours or AXA's) which will continue as they are today, unless you choose to change your personal contribution.

Members would benefit from the improved experience offered by the new Master Trust – including having access to a wider range of options at retirement from within the Master Trust (see page 6).

In summary:

- How much you and AXA pay into your pension would not change.
- Everything you have already built up remains invested in the Scheme and would be transferred to the Master Trust shortly after the closure of the DC section.
- You'd have access to a wider range of options at retirement, directly from the Master Trust rather than needing to transfer to another arrangement.
- The Master Trust would offer you access to improved online tools and you'd be able to make changes to your investment options, contribution rate and target retirement age at any time.

Additional Scheme benefits

It's important to note that, if you have a deferred pension in the Defined Benefit (DB) section of the Scheme, it is unaffected by these proposals and would remain deferred in the DB section until you take it.

If the proposal proceeds, the DC section will be closed so that no future benefits will be payable from it. This would include any current death in service and ill-health benefits you may be eligible for under the Scheme. The Master Trust cannot replicate these benefits, so instead we would put in place alternative arrangements to preserve your eligibility and mirror the level of cover currently provided under the Scheme. Death benefits would be provided under a stand-alone death in service trust and ill-health benefits through a separate AXA arrangement.

What do I need to do?

The consultation period will run from 10 February to 10 April 2020, during which time you should:

- Read this guide and your letter carefully to find out about the changes we're proposing.
- Visit our website at pensions.axa-employeebenefits.co.uk/mastertrust to read the FAQs (please see covering letter for your password).
- Provide feedback or ask a question about the proposed changes, if you want to, by emailing axamastertrustuk@axa-uk.co.uk.

If you don't want to provide feedback or ask a question, you don't need to do anything. When the consultation period is over, and we have considered all of the feedback we receive, we will contact you again to let you know whether or not the proposed changes will go ahead.

Master Trusts explained

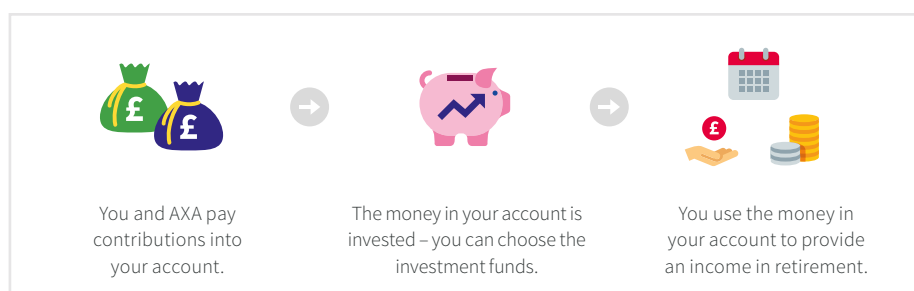
What is a Master Trust?

A Master Trust is a type of trust-based pension scheme in which multiple employers can participate. There is one trustee and a single trust structure but there are multiple separate sections which relate to different employers (who are generally not associated with each other). Each of the separate sections of the Master Trust has their own bespoke requirements and benefit structure.

Although many different employers participate, membership is set up and administered separately for each organisation, so AXA² would have its own section in the Master Trust.

How does it work?

Both the current Scheme and the proposed Master Trust are DC pension schemes (sometimes called 'Money Purchase' schemes). They both work like this:



In a DC pension scheme, 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. AXA also makes contributions to your account, which helps it grow.

The money in your account is invested, with the aim of helping it to 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.

At retirement, you can choose what kind of income you want your account to provide:

- **An Annuity (a guaranteed income for life)**
You could use the value of your account to buy an annuity. This is an insurance product which guarantees you an income for life. There are different types of annuity available.
- **Drawdown (flexible income as and when you need it)**
You could enter into a drawdown arrangement. This is where your account remains invested and you withdraw money from it as and when you need it.
- **Cash**
You could take your whole account as a cash lump sum.

Whatever option you choose, you can take up to 25% of the value of your account as a tax-free cash lump sum. The rest of your money is taxed as income as you receive it. You can also choose a mix of the options – for example, buying an annuity with some of your account and using the rest for drawdown.

One of the key benefits of the proposed move to a Master Trust for members would be the improved access to all of the retirement options above. Under the current DC section of the Scheme, in order to take up the drawdown option, members have to transfer to a drawdown arrangement outside of the Scheme as it does not provide this option. The Master Trust would be able to facilitate the income drawdown option.

²If the proposed changes went ahead, AXA UK Plc would have its own section in the new Master Trust with the other entities outlined in the footnote on page 2 being participating employers in the AXA section.

What are the key differences between the current Scheme and a Master Trust?



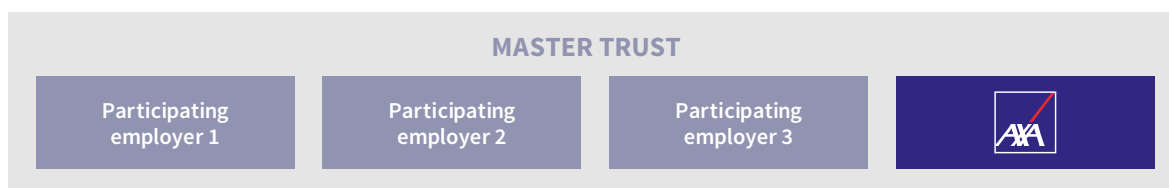
Read more about LifeSight, our chosen Master Trust should the changes go ahead, on page 9.

1. Who participates?

Under our current Scheme, only AXA employees have accounts and pay money into the Scheme.

In a Master Trust, employees from multiple companies have accounts and pay in. These companies are called 'participating employers'. Each participating employer has their own bespoke requirements and benefit structure, meaning it can choose how much it and its employees contribute. All members from all participating employers have access to the same online facilities and support.

Each participating employer has its own section within the Master Trust, so if one employer decided to leave the Master Trust for any reason, other employers would not be affected.



2. Who governs (looks after) it?

The current Scheme is looked after by its own Trustee Board which operates separately from AXA. Of the Directors that sit on the Trustee Board, two are nominated by AXA, three are nominated by the Scheme's members, and two are independent Trustees.

A Master Trust is also looked after by its own Trustee Board who are responsible for overseeing the whole Master Trust, not just one participating employer. Just as the current AXA Scheme, the Master Trust's Trustee Board operates separately from the company that runs the Master Trust and any of the participating employers. The Trustee Boards of Master Trusts are typically made up of industry professionals who have experience working with pensions and other trust-based arrangements.

AXA UK Plc would continue to be involved in the governance of the new arrangement and would set up a governance committee with responsibility for monitoring the investments and administration of the Master Trust in the interests of AXA members.

3. The benefits it provides

As well as the money building up in your account, in some cases the current Scheme provides benefits for you and/or your loved ones if you become too ill to work or if you die while working for AXA.

Master Trusts cannot replicate these additional benefits so, if the changes went ahead, we would put in place alternative arrangements to preserve your eligibility and mirror the level of cover currently provided under the current Scheme.

4. The retirement options available

In the current Scheme, members have to transfer the value of their account to another pension arrangement in order to take full advantage of all the options available to them at retirement. As detailed on page 6, the Scheme doesn't offer retirement products such as drawdown arrangements directly to its members. As a result, in order to take up these options, members have to transfer to an arrangement outside of the current Scheme.

Master Trusts can offer a wider range of options at retirement, as well as providing access to guidance and advice for members specific to their circumstances.

What are the benefits of a Master Trust?

In addition to the considerations already covered in this guide, a Master Trust has several benefits:

- Employers can still decide the contribution rates for themselves and their employees.
- The Master Trust's buying power is greater, because it has more members and therefore more money held in it. This means it can often negotiate lower investment charges, offer a strong range of investment options, provide easy access to a range of options at retirement, and deliver more communications, tools and support to members than smaller schemes typically can.
- The Master Trust's governance is robust and it is authorised and supervised by The Pensions Regulator.

With the pensions landscape continuing to change, as well as increased regulation of DC arrangements, the proposed changes would not only ensure that members benefit from the above factors, but would also ensure the scheme is governed on a day-to-day basis in a way that is most efficient and appropriate to meet these evolving requirements.

Scheme comparison at a glance

	Current DC section of the Scheme	Master Trust	
Type of scheme	Defined Contribution scheme.	Defined Contribution scheme.	No change
Governance	Looked after by a Trustee Board, including AXA appointed and member-nominated Trustees.	Looked after by an independent Trustee Board, separate from AXA. AXA UK Plc governance committee set up with responsibility for monitoring the investments and administration of the Master Trust in the interests of AXA members. Authorised and supervised by The Pensions Regulator.	Change
Contributions	Contributions paid in by you and AXA.	Contributions paid in by you and AXA, no change in amounts unless you choose to change your personal contribution.	No change
Investment options	A full range of options with default options for those who do not want to make a choice. Reviewed from time-to-time by the Trustee of the Scheme.	A full range of options with default options for those who do not want to make a choice. Reviewed from time-to-time by AXA and the Master Trust's Trustee Board.	No change
Sponsoring employer	Only AXA participates.	Several employers participate. Membership is set up and administered separately for each organisation.	Change
Administration	Administered by Aegon.	LifeSight, administered by Willis Towers Watson.	Change
Additional benefits	In some cases, provides benefits if you are too ill to work or die in service.	Ill-health and death in service benefits would be provided separately by AXA.	Change
Retirement options	Limited options at retirement from within the Scheme.	Provides a wide range of options at retirement from within the Master Trust.	Change

Please remember that the amount that you and AXA contribute to your pension would not change as part of these proposals and there would be no impact on the level of pension savings you have already built up in the Scheme. Everything you have already built up remains invested in the Scheme and would be transferred to the Master Trust in the future.



A Master Trust is subject to a high level of governance and a strict regulatory regime. It has to go through a detailed authorisation process with The Pensions Regulator and as part of that it has to prove that it meets various standards in relation to its systems, processes and finances. Once the Master Trust is authorised it is then subject to continued supervision from The Pensions Regulator which is designed to ensure that the Master Trust continues to meet the authorisation standards and ongoing criteria.

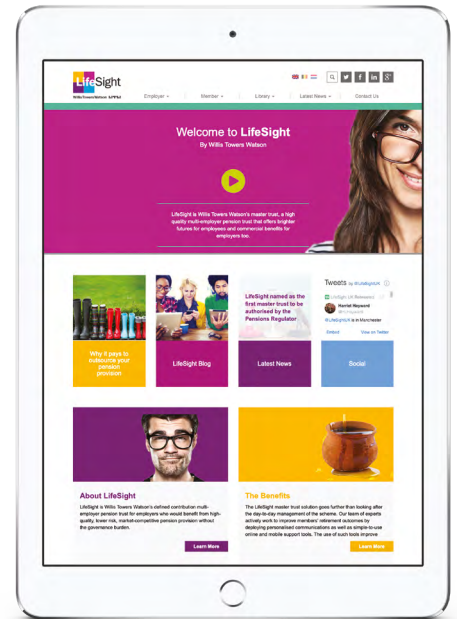
Introducing LifeSight

The proposed Master Trust from Willis Towers Watson

Having undertaken a detailed selection process, we have decided that, should the proposed changes go ahead, the new Master Trust would be LifeSight, provided by Willis Towers Watson. As well as providing AXA with the high quality governance and administration we would want from a Master Trust provider, we believe LifeSight would also offer an enhanced experience for members and have captured a few headlines below.

What is LifeSight?

LifeSight is one of the leading Master Trusts primarily catering for large employers and is authorised by The Pensions Regulator. LifeSight has gained both the Pensions Quality Mark Ready (PQM Ready) and the Retirement Quality Mark (RQM) from the Pensions and Lifetime Savings Association (PLSA). PQM Ready recognises high quality Master Trusts and requires high standards of governance and clear communications. The RQM recognises the quality of the options offered at retirement.



How will LifeSight benefit members?

LifeSight offers a range of benefits and extra features which would be available for members should the proposals go ahead, including:

- An enhanced online experience, including access to their online retirement planning tool “ageOmeter” and a range of other calculators and planners.
- A personalised experience. The more information you provide to LifeSight, the more personal they can make your experience.
- Continued flexibility over how you save, choosing the contribution level that’s right for you and providing a strong range of investment options.
- Improved options and flexibility at retirement from within the Master Trust.
- A wider range of tools, information and support throughout a member’s savings journey – including the HUB Helpdesk, where you can speak to someone who is familiar with the choices available to you at retirement.



If the proposals go ahead, we will provide more information about LifeSight, including access to a range of materials with more detail about the features outlined above. In the meantime, you can visit lifesight.com to find out more.

Next steps

1.

We have now entered into a **60-day consultation period** with active and eligible members of the DC section of the Scheme, during which you can provide feedback and ask questions about the proposed changes by emailing our dedicated consultation inbox at axamastertrustuk@axa-uk.co.uk.

2.

Visit our website at pensions.axa-employeebenefits.co.uk/mastertrust (please see covering letter for your password) where we will provide regularly updated FAQs throughout the consultation.

3.

We will write to you again in **April 2020** once the consultation period has ended and a final decision has been reached.

4.

If the proposed changes go ahead, the change would take place from **1 May 2020**.

5.

If AXA decides to proceed with the proposed changes, the pension savings you have already built up in the Scheme would be transferred to the Master Trust. The Trustee would write to you to provide you with notification of the transfer.

New investment strategies

We are aware that the Trustee has been working on a project to review the investment strategies available to members of the DC section of Scheme. If the proposals go ahead, the new Master Trust would provide the opportunity to implement a new range of strategies and funds. AXA and the Trustee are currently working with LifeSight to consider the potential fund range and will write to you with more detail about this as soon as we have any further information.



How to provide feedback

To provide feedback or ask a question about the proposed changes, send an email to our dedicated consultation inbox at **axamastertrustuk@axa-uk.co.uk**.

Please do not use this email address to ask questions about your specific circumstances. If you have a specific question about your pension, please contact the AXA UK Pensions Team using the details set out below.

We will consider all feedback and will update the website at **pensions.axa-employeebenefits.co.uk/mastertrust** with answers to frequently asked questions throughout the consultation period. Please refer to your covering letter for your password to access the website.



Contact

If you have a specific question about your AXA pension in the current Scheme, please contact the AXA UK Pensions Team on **020 7920 5164** or **pensions.uk@axa.co.uk**.

You can also manage your pension online with TargetPlan at **aegon.co.uk/targetplan**.

Further information can also be found on the AXA pensions website at **pensions.axa-employeebenefits.co.uk**.



The benefits provided by the Scheme are governed by the Scheme's Trust Deed and Rules (copies of which are available on request) and AXA may make changes to benefits in the future. Nothing in this communication confers any right to benefits; save as provided by the Trust Deed and Rules and in the event of any inconsistency between this communication and the Trust Deed and Rules, the Trust Deed and Rules will prevail. This communication does not constitute legal advice or financial advice and should not be relied upon as such. The description of legislation in this communication is intended as a basic guide only, not a comprehensive or exhaustive guide to the legislation.