



For members

## Your investment options

TargetPlan Retirement Income Account



Welcome – you've already taken a big step towards the retirement you want by opening a TargetPlan Retirement Income Account. Now it's time to choose where to invest your retirement savings. This guide aims to help you make an informed choice.

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## Why your investment options matter

Choosing where to invest your retirement savings is one of the most important decisions you'll make, especially as you get close to retirement.

You have three options for how to take your retirement benefits. You can:

- Stay invested and maybe take an income from your savings
- Buy an annuity (which is a guaranteed income)
- Take a cash lump sum

Or you can do a combination of all three. All options are taxed as earned income, apart from any tax-free cash entitlement.

Whichever option you intend to choose, it's important that the investment funds you select are appropriate.

If you don't have a financial adviser and would like one, you can visit [MoneyHelper](#) to find the right one for you. There may be a charge for any advice they give.

### Important information

The value of an investment, and any income you take from it, can fall as well as rise and isn't guaranteed. You could get back less than has been paid in.



## Pros and cons of staying invested

### Pros

- ✓ More time for your money to grow, so possibility of higher income in retirement
- ✓ Keep control of your money – you choose where to invest and how much income or cash to take
- ✓ Keep your options open – you're still free to buy an annuity or take cash
- ✓ Better manage your tax liability by taking more or less income or cash year to year

### Cons

- ✗ Your savings could fall in value meaning you end up with less than you invested
- ✗ If you take too much income or cash, you could run out of money too soon, especially if your savings don't grow enough to sustain the level of income you've chosen.
- ✗ Your income isn't guaranteed like an annuity
- ✗ It's harder work – you still have the responsibility to monitor your investments and manage your income and tax liability

This information is based on our understanding of current taxation law and HMRC practice, which may change.

# What to think about when choosing investments



If you decide to stay invested, the decision about which fund to invest in will depend on lots of things, including:

- The amount of income you need – you may want to pace yourself by not taking too much income early on
- How long you anticipate drawing income for – if you've retired relatively young, you may want to think about budgeting so that your money lasts longer
- Other investments and sources of income you have – if you have other sources of income, you may feel you can take a higher cash lump sum or income from your account, but if this is your main source of income, you may want to be more conservative with your withdrawals
- The cash lump sum you take – you can take some or all of your pension pot as cash, but remember you still need an income to live on<sup>1</sup>
- Your attitude to risk – generally speaking, higher-risk investments have greater potential for long-term growth than lower-risk investments, but also a greater chance of falling in value and by greater amounts. Investing is about choosing a balance that works for you

<sup>1</sup> You'll be taxed at your marginal rate on anything above the tax-free lump sum you take, which could be up to 25% of your pension pot. This is based on our understanding of current taxation law and HMRC practice, which may change.

# Making your choice more manageable

We've broken down your investment choices to make it easier.



## Investment Pathways

We offer four Investment Pathway funds, designed to match how you want to take your benefits, whether it's staying invested, taking income, taking guaranteed income (annuity) or cashing in your benefits.



## Self-select

If you have the time and experience to build your own investment portfolio – either on your own or with a financial adviser – then you can choose from the full self-select range of funds available.

### ✓ Good to know

You can only invest in one pathway option initially, but you can switch into another pathway fund or add another later. You can also choose funds from our self-select range in addition.



## Investment Pathways

We've designed our four Investment Pathway funds to match your retirement options:

- **Option 1** – no plans to touch my money within the next five years
- **Option 2** – plan to set up guaranteed income within the next five years
- **Option 3** – plan to start taking long-term income within the next five years
- **Option 4** – plan to take out all my money within the next five years

Simply decide how you want to take your retirement benefits, then choose the pathway option that matches that choice. Before deciding, it's important to read the fund factsheet for details of where each fund invests and any risks. You may want to speak to a financial adviser if you're unsure.

### **ⓘ Important information**

The value of an investment can fall as well as rise and isn't guaranteed. The value of your pension pot when you come to take benefits may be less than has been paid in. Options 2 and 4 aren't designed for long-term investing so if you don't take your benefits within the next five years, the value of your investment could be eroded by inflation, meaning you can buy less with your savings.



## Investment Pathway options

1

### **Aegon TargetPlan Growth Pathway**

No plans to touch my money within the next five years

This fund is aimed at investors who have no plans to access their money in the next five years. It's designed for those who want to stay invested once they reach retirement, without drawing an income.

2

### **Aegon TargetPlan Annuity Pathway**

Plan to set up guaranteed income within the next five years

This fund is aimed at investors who plan to set up a guaranteed income (annuity) within the next five years.

3

### **Aegon TargetPlan Flexible Income Pathway**

Plan to start taking long-term income within the next five years

This fund is aimed at investors who plan to stay invested and start taking an income within the next five years.

4

### **Aegon TargetPlan Cash Pathway**

Plan to take out all my money within the next five years

This fund is aimed at investors who plan to cash in all their savings within the next five years.



## Self-select

If you're a confident investor or already have a financial adviser, you can sign in to your online pension account at [aegon.co.uk/targetplan](https://aegon.co.uk/targetplan) to see the full self-select range of funds available.

You have a choice of around 80 funds (as at June 2024) investing in different regions of the world and in different asset classes such as equities (company shares), bonds (loans to governments, local authorities or companies), property (shares in property companies or physical property such as warehouses or office blocks), cash and specialist funds. This allows you to build a portfolio (collection of funds) to match your own investment goals and attitude to risk.

Or you may find it easier to invest in one of our multi-asset funds – they invest in a ready-made mix of asset classes.

TargetPlan also offers a number of responsible investment options for you to choose from. To find out more about what responsible investing means and how you can invest for a sustainable future, go to our responsible investing hub at [aegon.co.uk/responsibleinvesting](https://aegon.co.uk/responsibleinvesting).

Be sure to read the fund factsheet for details of where each fund invests and its risk profile before deciding.

# Help choosing funds

There's lots of support in the **Help and support** section at [aegon.co.uk/targetplan](https://aegon.co.uk/targetplan). This includes helpful tips on what to think about when choosing investment funds, information about the trade-off between investment risk and growth potential, and things you might want to consider if you're approaching retirement.

## Charges

Each fund has an annual management charge (AMC), that covers the cost of managing the investments of the fund, managing the funds and administering your retirement savings. It's a fixed percentage based on the fund value. Some funds may also have additional expenses that are paid in addition to the AMC. These include things like fees paid to the trustee/depositary, custodian, auditors and registrar and are reviewed yearly and may change. The total fund charge is the sum of the AMC and the additional expenses.

You'll find these on your fund list online by going to **View and manage** from your dashboard and selecting **Fund information** under **More options**.

Charges are deducted daily, directly from the funds, so the latest valuation for your total investments on your dashboard is the figure after they've been deducted.

We may vary these charges. If we do, we'll let you know.

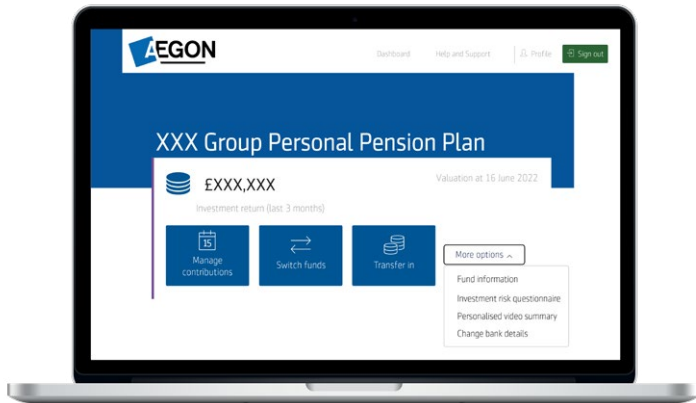
# Finding your investment information online

Your online services allow you to:

- ✓ See what you're currently invested in
- ✓ Find out more about the investment funds available to you
- ✓ Change your investment fund (known as switching)

[Sign in](#) to your TargetPlan account and from your dashboard select **View and manage** – this will take you to your pension summary page so you can:

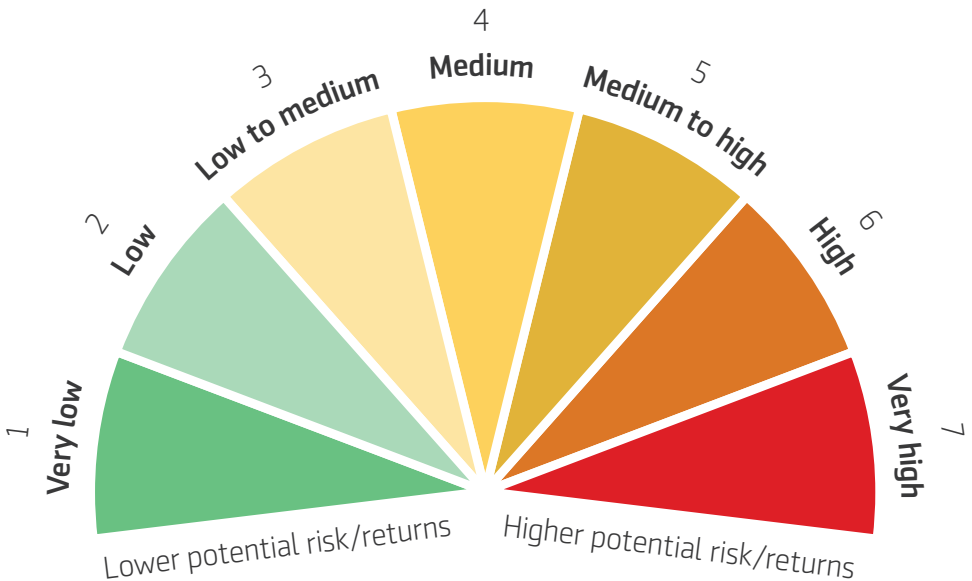
- See your current investments – these are towards the bottom of the page in the section titled **Your investment allocation**
- Find fund information – including details of charges and links to fund factsheets – select **Fund information** under **More options**
- Switch investment funds – select the **Switch funds** button under your plan value or at the bottom of the page.



# Working out your risk level

It's important you're comfortable with the level of risk you're taking. Generally, the more risk a fund takes, the greater its potential for growth over the long term, but the greater the chance it will fall in value, and by greater amounts. Less risky funds tend to have lower growth potential, but also tend to fluctuate less in value – although they can still fall in value.

To help you, all your funds have been given a relative risk profile which you'll find on the fund factsheets. These range from 1 – Very low to 7 – Very high, as shown below:



These risk profiles only apply to investment funds available via TargetPlan. Other risk ratings – from Aegon or other providers – aren't comparable. Ratings are reviewed regularly and can change.

## Risk questionnaire

To help you decide your risk level, you can use the handy investment risk questionnaire available at [aegon.co.uk/targetplan](https://aegon.co.uk/targetplan) by going to **View and manage** and selecting **More options**.

But other things like how long you're investing for, how much you need to live on in retirement, and other investments you have, will also affect your investment fund choices.

Remember to review your choices regularly as your attitude to risk or personal circumstances may change.



## Other sources of help

Picking a suitable investment fund depends on your own circumstances, so if you're in any doubt, you can get help online at [MoneyHelper](#). MoneyHelper offers general, impartial and free information and guidance on pensions and retirement.

Or you can speak to a financial adviser. You can find one near you at [MoneyHelper/choosing-a-financial-adviser](#). There may be a charge for any advice they give. Aegon can't offer advice.



## Want to know more?



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Aegon UK



aegon.co.uk/targetplan

Call charges may vary.

Our email system and the way we deal with data internally is secure. However, we're unable to ensure the security of emails before they reach us.

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