Standard Life
Part of Phoenix Group

Smoothing your journey to retirement

Standard Life Smoothed Return Pension Fund

Designed to provide you with a little more peace of mind to, and through, retirement.

What's to come

The Standard Life Smoothed Return Pension Fund is designed with the needs of Fidelity pension customers in mind. You will either have an existing Fidelity Adviser Solutions pension account or your financial adviser will be discussing opening one for you.

We've designed this Customer Guide to give you an overview of the Standard Life Smoothed Return Pension Fund. We recommend you read this guide after reading our **Beginners guide to smoothing** and before the **Standard Life Smoothed Return Pension Fund Technical Guide – What you need to know**. You should speak to your financial adviser if you have any questions.

We've included a glossary on page 11 to help explain some of the terms used in this guide.

Providing a smoother investment experience

Are you saving and investing for retirement? Already in retirement? Looking to grow your pension savings? Or even planning to take an income from your pension savings in later life?

No matter where you are on your retirement journey there will be times when you may not want your pension savings to be exposed to the day-to-day ups and downs of investment markets.

Market movements, (the day-to-day ups and downs), can be unpredictable. We are living in uncertain times and we've all seen the effects that global conflict, political uncertainty and high inflation can have on our savings and investments. And while there are benefits to investing, there may be times when you want some shelter against some of those day-to-day ups and downs – especially if you are thinking about retiring or are already in retirement.

It is important to recognise that all investments carry risk. Even cash investments can lead to a significant reduction in the purchasing power of your cash savings, when interest rates are less than inflation.

That's why we've developed the Standard Life Smoothed Return Pension Fund.

The Fund, which is how we'll refer to it throughout this document, is designed to help you grow your pension investment while aiming to provide some shelter from the daily uncertainty of investing. We do this using a process known as smoothing. **The benefit?** The smoothing process aims to flatten some of the ups and downs seen in the value of your investments, helping to reduce the worry of investing by offering the potential to provide a smoother investment experience.

What is the Standard Life Smoothed Return Pension Fund?

The Fund is a smoothed fund that invests across a wide range of different types of asset, across a range of geographical locations. It's designed to provide growth over the long term and is particularly suitable for people who are looking for a low-medium risk[1] investment.

Unlike traditional funds, it undergoes a smoothing process, which can help shelter your money from some of the daily ups and downs often seen in investment markets.

Investing in this Fund provides no guarantees to your investment.

The smoothing process we use is based on an Estimated Growth Rate (EGR), which is the rate at which we expect the underlying investments to grow in value over the long term. This aims to help provide a smoother path and some peace of mind to, and through, retirement.

You can find out more about how the EGR and smoothing process work on the following pages.

[1] as rated by Distribution Technology

How does it work?

When you invest in the Fund, your money is pooled together with that of other investors.

The Fund is split into units, which you buy as part of your investment. Pooling investors' money creates a bigger fund and allows a spread of different investment types to be bought.

Before we get into the detail, it's important you understand some of the key terms we use when explaining how our smoothing process works.

What is the Smoothed Price?

The Smoothed Price is the value of the investment in the Fund with the application of the smoothing process. This is the price you receive when you buy or sell units in the Fund.

The Smoothed Price moves in line with the EGR and any smoothing adjustments, less the fund charge.

What is the Estimated Growth Rate (EGR)?

The EGR is the annual rate at which the underlying investments are expected to grow over the long term. We use this rate and any smoothing adjustments, less the fund charge, to calculate the Fund's unit prices at the end of each working day.

We use data from external asset management companies, who specialise in analysis of different asset types and how they might perform in future market conditions, to calculate the EGR.

We review the EGR at least every quarter and, as a result, it may reduce, increase or stay the same.

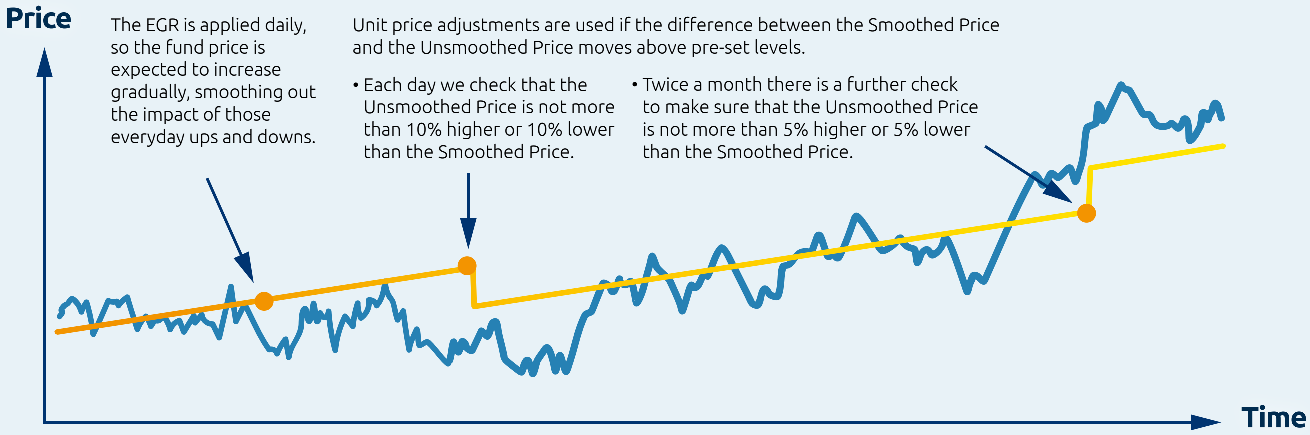
The actual performance of the Underlying Fund could be higher or lower than the EGR.

What is the Unsmoothed Price?

The Unsmoothed Price is the value of the investment in the Fund without the application of the smoothing process. This value may be higher or lower than the Smoothed Price.

This price moves up and down each day in line with any market movement, less the fund charge.

The graph below shows how the smoothing process works.



Smoothed Price – moves in line with the EGR and aims to flatten the ups and downs – giving you more predictable returns.

Unsmoothed Price – shows how the price moves up and down each day.

Graph is for illustrative purposes only.

Over the longer term, we expect the Fund to grow in line with the EGR, but this does depend on the investment markets. There may also be times when the value of your Fund could fall, sometimes frequently, or significantly, if for instance there are sustained falls in the investment market over an extended period of time. So while the Fund smooths out some of the daily ups and downs, it doesn't provide any guarantees and you may get back less than was paid in.

If you'd like more information, you should read the **Standard Life Smoothed Return Pension Fund Technical Guide – What you need to know** or speak to your financial adviser.

The Standard Life Smoothed Return Pension Fund Technical Guide – What you need to know, provides information on how we monitor and control the smoothing mechanism (section B), as well as information on certain extreme circumstances where the smoothing mechanism may be reset (section B) or suspended (section E).

Smoothing process – making it real

Let's take a look at a couple of examples of what could happen when investment markets rise or fall. These are illustrative examples, which have been simplified to help explain how smoothing works. If you have any questions you should speak to your financial adviser.

What happens when markets go up?

Sanjay holds units in the Fund, valued at £10,000.

- The Smoothed Price is 200p
- The Unsmoothed Price is 221p
- The difference between the two prices is 10.5%

We put limits in place to ensure that the Unsmoothed Price does not diverge from the Smoothed Price beyond 10%.

Given the difference is more than our pre-set level of 10%, the Smoothed Price is adjusted to 215.48p reducing the gap to 2.5%.

Sanjay's investment would now be worth £10,773.75 after the adjustment.

What happens when markets fall?

Sandra holds units in the Fund valued at £10,000.

- The Smoothed Price is 223p
- The Unsmoothed Price is 200p
- The difference between the two prices is 10.3%

Given the difference is more than our pre-set level of 10%, the Smoothed Price is adjusted to 205p, reducing the gap to 2.5%.

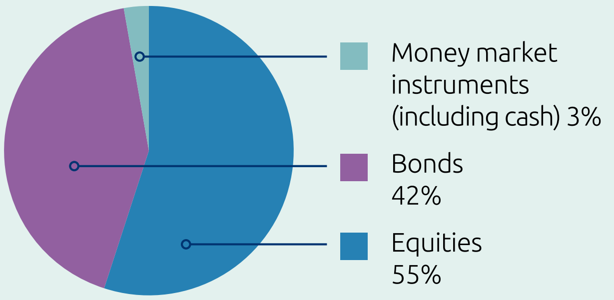
Sandra's investment would now be worth £9,192.83 after the adjustment.

How your money is invested

The Fund is a multi-asset fund, which means your money is spread across a range of different investment types including equities (stocks and shares), bonds (loans to a government or company), and money market instruments (including cash).

We aim to further reduce the risk your pension investment is exposed to, by spreading the money across a range of geographical regions, including the UK, Europe, the US and Japan. It's a practical way to make sure you aren't keeping all of your eggs in one basket.

Where you are invested



The pie chart shows the allocation of investment types at the time of publication (April 2024). For the most up-to-date allocation, please take a look at the latest fund factsheet.

What are the charges?

We apply an annual management charge (AMC) which covers the costs of administering the Fund and providing the smoothing mechanism. There are no additional expenses for this investment. You can find details of the AMC in the fund factsheet.

The AMC does not include any charges relating to your Fidelity pension account including, for example, platform charges or an adviser charge. Please speak to your financial adviser for more details.

Investing or withdrawing your money

When you invest in the Fund, your money is initially held within a Feeder Fund for a period of 10 working days.

When you take money out of the Fund, there can be a delay of 10 working days on certain transactions. The unit price may go down as well as up during this period.

Investments and withdrawals will also be subject to a settlement period.

Please see section C of the **Standard Life Smoothed Return Pension Fund Technical guide – What you need to know** for more information.

Feeder Fund

This is the Standard Life Smoothed Return Feeder Pension Fund that you are initially invested in, prior to your investment being moved to the Fund. It will grow in line with the EGR less the fund charge.

Is it right for you?

The Fund is designed to help you build and consolidate your pension investment while aiming to provide some shelter from the daily uncertainty of investing.

The Fund is designed:

- To give you some peace of mind that your pension investment will reduce your exposure to some of the ups and downs in investment markets when approaching – and during – your retirement
- To provide the potential for the growth of your pension investment over the medium to long term (you should usually be prepared to leave your pension investment invested for a minimum of five years), each time you make a new investment
- To invest in a diversified portfolio, covering different investment types and geographical regions – making sure you are never over-exposed to risk in any one investment type or geographical area
- To provide the potential for a more consistent level of regular income linked to the value of your Fund compared to that provided by an unsmoothed fund
- To help you remain invested and reduce the likelihood you disinvest during periods of market volatility (when it is often a relatively poor time to do so)

You may consider taking out the Fund if you:

- Already have a pension account with Fidelity or are considering consolidating other pension plans into it
- Are looking for the potential for steady growth alongside a degree of protection from the effects of daily market ups and downs on your investments as you head towards, and through, retirement
- Have between £250,000 and £500,000 in your pension pot – though the Fund may be suitable if you have smaller or larger amounts
- Would like to receive a regular income from your pension investment during your retirement
- Are thinking about making further regular or single contributions into your pension account and beginning to think about your future retirement strategy
- Would like to use this Fund alongside other investment options as part of your retirement planning, giving you the flexibility to build a plan that works for you

The Fund may be suitable for you if you:

- Are aged between 45 and 75 and invested in a UK personal pension
- Are looking to invest for the medium to long term, normally at least five years
- Are worried about daily market ups and downs, and would prefer a more stable performance from your investments
- Would like to invest across a range of different asset classes and geographical regions to spread the risk of your investment
- Accept that the Fund could fall in value, sometimes frequently, or significantly. For example, if there are sustained falls in the investment markets over an extended period of time

The Fund may not be suitable for you if you:

- Cannot accept any risk to your pension investment
- Are looking for capital guarantees or income guarantees
- Are investing for less than a minimum of five years
- Need instant access when you plan to withdraw some or all of your money

How people can find the Fund useful

Annette is 50 and has saved into various pension plans throughout her career.

She is now thinking about planning her retirement and is looking to simplify the administration of her financial affairs by bringing her personal pensions together into a single plan.

Thinking of retiring at some point between her 63rd birthday (when her mortgage is repaid) and 65, Annette and her financial adviser discuss the need to carefully manage the risk that her pension savings are exposed to as she approaches retirement, whilst still being invested for the potential of growth over the medium to long term.

Annette has £350,000 invested across a number of different personal pensions and her financial adviser recommends that she consolidates them all into one plan - the Fidelity pension account. This enables her financial adviser to construct a well-diversified investment solution to meet Annette's risk profile, spreading her investment across several funds. This includes allocating £150,000 to the Fund to help provide Annette's pension savings with some shelter from the day-to-day uncertainty often seen in investment markets.

This approach will allow Annette and her financial adviser to evolve the investment solution over time as Annette gets closer to retirement – balancing the need for growth potential with the aim of cushioning falls in value in times of poorer market performance. The Fund can help by aiming to deliver consistent returns to help provide shelter from day-to-day fluctuations in value through a smoothing mechanism.

Bob is a 62-year-old widower who has built up pension savings of £400,000. He is looking to retire when he reaches 64.

Bob doesn't want to make the commitment required by an annuity to cover his retirement income and likes the flexibility of being able to withdraw a lump sum and/or an income from his Fidelity pension account. He has no immediate need for a cash lump sum and his financial adviser has recommended he use flexi-access drawdown to fund his monthly income until he becomes eligible for the State Pension at 66, at which point they will review his retirement plan further.

Bob's financial adviser recommends he switch £30,000 into a low-risk money market fund to cover his expenditure between age 64 and 66 and invest the remainder into the Fund. Between the ages of 64 and 66, Bob's monthly income need will be met by encashing some of his investment in the low risk money market fund each month. Bob and his financial adviser are comfortable that the combination of the low-risk money market fund and the potential smoothed growth available through the Fund could offer him a more stable investment solution than the other funds available through his pension account.

Jennifer is 48 years old and is a self-employed project management consultant. She has been paying into a personal pension for just over 18 years.

Over this time, Jennifer has built up pension savings of approximately £180,000. Whilst she has previously been happy to be fairly adventurous with her pension investments, following a review with her financial adviser she feels that she now wants to take a little less risk with some of the pension savings that she has built up.

Jennifer's financial adviser recommends switching some of her existing Fidelity personal pension investments into the Fund to help provide a degree of greater predictability of future returns for her pension investments. Jennifer switches £120,000 of her existing pension investments into the Fund, providing her with the peace of mind that a large proportion of her pension investment is now invested in a well-diversified smoothed fund.

The case studies above are for illustrative purposes only and do not constitute advice.

Planning for your retirement

When planning for retirement, you'll need to think carefully about how much money you will need for the rest of your life. For some, this can be a difficult or worrying time, as it can be hard to imagine your salary or regular wages coming to an end.

To make the most of your pension savings in retirement, your financial adviser will have discussed various topics with you including your current financial circumstances and your future financial goals. If you've not yet had these discussions with your financial adviser, we've listed a few things you may want to consider.

Think about your outgoings

Generally, looking at your regular monthly outgoings like rent or mortgage repayments is a good place to start. You will also need to consider utility bills and any other regular monthly payments that you are likely to make – along with other items of household expenditure, such as fuel and groceries. It can be useful to think about the money you need for these things as 'Essential Income'.

And of course, thinking about your future needs isn't just about the practical, everyday things. You will probably also want to factor in the cost of regular holidays, leisure and your favourite sporting activities. It can be useful to think about the money you need for these things as 'Lifestyle Income'.

It's also important to remember that your needs and the activities you enjoy may change over the course of your retirement.

How long will your money need to last?

There are a lot of things to think about when choosing how to make the most of your pension savings in retirement. It's important you speak to your financial adviser, if you've not already done so, before you make any decisions.

When thinking about the duration of their retirement, people can often underestimate the period of time they will need to plan for. You may be surprised at how long you need your money to last.

A man aged 65 today is, on average, expected to live for a further 20 years; and a woman aged 65 today is, on average, expected to live for a further 22 years.*

Quite simply, you may need your retirement savings for longer than you think.

*Source: Life expectancy calculator – Office for National Statistics (ons.gov.uk)

Get financial advice

Choosing a way to access your money in your retirement is a significant decision, so it's important you choose the right options for you as it could impact the total income you receive for the rest of your life. That's why people thinking about their retirement options should always speak to their financial adviser.

Helping you decide

The Fund is only available through a financial adviser as part of a pension solution available with Fidelity. Your financial adviser will be able to explain the benefits of the Fund to you in detail and advise you as to its suitability.

Pension Wise

Money Helper

From age 50, you can also get free impartial guidance from a service called Pension Wise, a service from MoneyHelper.

Visit **www.moneyhelper.org.uk/pensionwise** or call 0800 138 3944

MoneyHelper guides are also available at **www.moneyhelper.org.uk**

About Standard Life and Fidelity

How the Fund is managed

We set and govern the investment strategy and the strategic asset allocation of the Fund – deciding exactly where your money should be invested – as well as overseeing its performance.

We have appointed Fidelity to ensure the Fund is managed in line with the investment objectives we have set – helping to deliver the best possible outcomes for customers like you.

Standard Life
Part of Phoenix Group

Standard Life has been trusted to look after the life savings and retirement needs of people like you for nearly 200 years. With some of the strongest financial credit ratings in the pension and investment industry, you can be confident your money will be with a company that's in it for the long run. Standard Life is part of Phoenix Group, a company which looks after around 12 million customers across the UK and Europe and £283 billion in investments[1].

[1]Correct as at 31 December 2023.

Fidelity
INTERNATIONAL

Fidelity is a leading investment expert in equities, fixed income, real estate and multi asset solutions. With 2.57 million customers, serving institutions, financial intermediaries, and individual investors worldwide, Fidelity is responsible for total client assets of £629.9 billion[1].

[1]Correct as at 31 December 2023.

Some useful terms and definitions

Some of the language used in financial services can be confusing – you may find these definitions useful when considering the Fund.

- **Annuity** – a guaranteed income for life.
- **Consolidate** – bringing together or transferring various pensions you may have acquired over time into one larger pot.
- **Estimated Growth Rate (EGR)** – The EGR is the annual rate at which the underlying investments are expected to grow over the long term. We use this rate and any smoothing adjustments, less the fund charge, to calculate the Fund's unit prices at the end of each working day. We use data from external asset management companies, who specialise in analysis of different asset types and how they might perform in future market conditions, to calculate the EGR. We review the EGR at least every quarter and, as a result, it may reduce, increase or stay the same.
- **Inflation** – a general increase in prices combined with a fall in the value of money.
- **Investment types** – the various types of investment that Fund Managers can choose from when creating a fund. These can be shares in companies, securities, bonds and sometimes property and foreign currencies.
- **Life expectancy** – this is quite simply the average life span of men and women in the UK as calculated by the Office for National Statistics using all available data (ons.gov.uk).
- **Smoothing** – a process which is designed to reduce volatility by evening out the ups and downs of the investment market.
- **The Fund** – the Standard Life Smoothed Return Pension Fund.
- **Smoothed Price** – the value of the units in the Fund with the application of the smoothing process.
- **Underlying Fund** – the unit-linked portfolio managed by Fidelity International.
- **Unsmoothed fund** – a typical fund without the application of a smoothing process.
- **Unsmoothed Price** – the value of the various units in the Fund without the application of the smoothing process. This value may be higher or lower than the Smoothed Price.

Important information

The information here is not financial advice. If you're unsure, you should speak to your financial adviser.

The value of an investment can go down as well as up and you may get back less than was paid in.

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