

Standard Life Smoothed Return Pension Fund suitability wording

The paragraphs below are designed to help you when compiling a suitability report to support a personal recommendation to a retail client to invest in the Standard Life Smoothed Return Pension Fund (referred to as the Fund). These paragraphs explain the benefits of the Fund and are for information only. They are not intended to make up the full details of the suitability report for your client. It is your responsibility to ensure the suitability report specifies the advice given and why, reflects an understanding of the potential benefits as well as the potential risks, and that your recommendation meets your client's demands and needs.

Please note that if you use this information, or similar text for any reason, you should satisfy yourself as to the appropriateness for your clients' and ensure that it is kept up to date and meets your compliance requirements. Whilst we've taken care to ensure the accuracy of the information, Standard Life do not accept liability resulting from your use of it.

Why Standard Life?

Founded in 1825, Standard Life is a brand that has been trusted to look after people's life savings and retirement needs for nearly 200 years and is part of the Phoenix Group, the UK's largest long-term savings and retirement business. Phoenix Group administers £283 billion of assets on behalf of around 12 million customers across the UK and Europe¹.

Standard Life is financially sound and has an AKG Overall Financial Strength rating of B+ 'Very Strong'². AKG Financial Analytics Ltd has specialised in the provision of financial strength assessment and ratings for over 30 years. These ratings are designed for use by financial advisers, working on behalf of customers, to assess a company's ability to maintain the operational capability to meet the needs of its customers.

¹ Correct as at 31 December 2023

² Source: AKG Financial Strength Assessment of Phoenix Life Limited trading as Standard Life November 2023

Why the Standard Life Smoothed Return Pension Fund (the Fund)?

The Fund aims to grow the money you invest in it over the medium to long term (minimum of five years) whilst offering the potential to provide a smoother investment experience - helping to reduce some of the worry of investing. It is designed to give you some peace of mind that your pension investment won't be exposed to some of the daily ups and downs in investment markets when approaching – and during – your retirement.

The Fund is a multi-asset solution, which means your investment is spread across different investment types, for example equities (stocks and shares), bonds (loans to a government or company), and money market instruments (including cash). It is also spread across different geographical regions, such as the UK, Europe, the US and Japan. A well-diversified portfolio can help reduce investment risk.

Unlike most other funds, the Fund undergoes a smoothing process, which aims to shelter your money from some of the daily uncertainty of investing, helping to provide a smoother investment journey.

The Standard Life smoothing mechanism is designed to reduce some of the daily ups and downs of investment markets. This is done using an Estimated Growth Rate (EGR) methodology. Standard Life set the EGR for the Fund based on a very specific formula, which looks at long-term capital market growth and risk assumptions to calculate an annualised growth rate that they expect the Fund to perform at over the long term. The EGR is reviewed at least every quarter.

Each day, your investment in the Fund will usually increase in line with the EGR and any smoothing adjustments, less the fund charge – however this depends on the performance of investment markets. It's important to remember that the EGR is not a guarantee of future performance, and you may get back less than was paid in.

On a daily basis, Standard Life look at how the Fund is performing versus the EGR. If the performance differs too much, they'll amend the value of your investment in the Fund - which could go down as well as up. These amendments are called Unit Price Adjustments (UPAs) and are intended to ensure that long term performance remains in line with the Fund's underlying assets over the longer-term. This means that while your investment may not benefit from the full growth of the market, it will be sheltered from some of the market downturn.

Standard Life is responsible for selecting and overseeing a fund manager for the Fund on an ongoing basis. Following a comprehensive and strict governance process, Standard Life have appointed leading global asset manager Fidelity.

Standard Life regularly review the Fund's asset allocation and investment selections with Fidelity to ensure performance and risk-management align with the investment objectives and expectations set by Standard Life – aiming to deliver the best possible outcomes for investors in the Fund.

The Fund can be used as an investment solution on its own or as part of a broader portfolio of different investments.

Why I'm recommending using the Standard Life Smoothed Return Pension Fund for drawdown

Market ups and downs can have a big impact on the value of your investment, especially when you combine it with taking regular withdrawals. Withdrawing money at regular intervals from an investment when the performance isn't doing well, means that your investment needs to work harder to try and recoup any losses. The Fund aims to reduce some of the daily ups and downs of investment markets and could help to dampen the impact on your investment of withdrawing money during times when investment markets fall. This potentially makes the Fund a suitable option to withdraw an income from.

Charges

Standard Life apply an annual management charge of 0.80% which covers the cost of administering the Fund and providing the smoothing mechanism. There are no additional expenses for this investment.

standardlife.co.uk

Phoenix Life Limited, trading as Standard Life, is registered in England and Wales (1016269) at 1 Wythall Green Way, Wythall, Birmingham, B47 6WG.

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