

Appendix 1

What are my new investment choices?

Default option

If you don't want to choose how your AVC is invested, it will be invested in the L&G Cash Target Date Fund. The charge for this fund is 0.42% per annum or, put another way, £4.20 a year for every £1,000 you have saved. This is 0.08% p.a. cheaper than the current default option with Aviva.

How do Target Date Funds work?

Target Date Funds manage where your AVC savings are invested according to how far you are from retirement, which corresponds to your Normal Pension Age under the Fund.

Some years from retirement your AVCs are invested with the aim of giving a good return versus inflation over the long term. As you near retirement, the fund gradually moves to more cautious investments to help protect the value of your savings. Then, in the last few years before your retirement, your savings are increasingly moved into investments intended for someone expecting to take all their AVCs as a cash lump sum. All L&G Target Date Funds invest a large proportion of their assets in a responsible way, which should take advantage of new opportunities as the world moves to a low carbon economy.

Self-select funds

If you don't feel the Target Date Funds meet your needs, you can choose from these self-select funds.

Fund	Where invested	Total Charge % p.a.
Future World ²	Company shares	0.51
Global Equity Market Weights (30:70) Index Fund 75% GBP Currency Hedged	Company shares	0.41
HSBC Islamic Global Equity Index	Company shares	0.62
Ethical Global Equity	Company shares	0.57
Baillie Gifford Global Impact	Company shares	0.80
Fossil Fuel Free Climate Equity Index	Company shares	0.47
Future World UK Equity Index	Company shares	0.40
Future World Multi-Asset	Mix of assets	0.43
Retirement Income Multi-Asset	Mix of assets	0.61
Sustainable Property ³	Commercial Property	1.45
Future World Corporate Bond (CCAT)	Corporate Bonds	0.42
Fixed Interest	Bonds	0.36
Over 5-year Index Linked Gilt Index	Inflation-linked bonds	0.35
Future World Annuity Aware	Long-dated bonds	0.39
Cash	Cash and short-term bonds	0.36

How are charges deducted?

The charges above include both L&G's costs of running our AVC arrangements and the fund managers' costs for investing your AVCs. These charges are deducted from the value of the funds before their unit prices are calculated each day.

² L&G's Future World range of funds all have a stronger focus on responsible and sustainable investment

³ Only available for transfers from Aviva and Utmost, you will not be able to invest new contributions into this fund.

These charges do not include transaction costs when the fund managers buy and sell investments as part of their day-to-day management of the funds. Such costs vary from fund to fund and from day to day according to market conditions.

What will happen to my AVCs built up with Aviva and Utmost?

If you are still paying AVC contributions, from January 2023 these contributions will be invested in the L&G Cash Target Date Fund unless you choose one of the other self select funds. Likewise your AVCs built up with Aviva and Utmost will be transferred to L&G and be invested in the same funds as your AVC contributions.

If you are not currently paying AVCs, all the AVCs that you have built up will be transferred to the default L&G Cash Target Date Fund corresponding to your Normal Pension Age. Again you can choose to invest in any of the self select funds.

If you are invested in the Aviva Pre-retirement Fixed Interest Fund

There is one exception to moving existing AVCs to the default Cash Target Date Funds. If you are invested in Aviva's Pre-retirement Fixed Interest Fund, these will be moved to L&G's Future World Annuity Aware Fund which is very similar to the Aviva fund.

You can choose to have your AVCs in the Aviva Pre-retirement Fund transferred to another investment option if you wish (see section below).

Choosing another investment option

If you let us know by 15 January 2023, you can choose:

- To have your future AVCs invested in another investment option
- To have your AVCs invested in a Cash Target Date Fund with a different age range.

If you ask to change where your future AVCs are invested by **15 January 2023**, the transfer of any AVCs you have built up with Aviva and Utmost will be invested in the same way as your future AVCs.

To help you if you wish to self select, please see Appendix 2 for a comparison between the Aviva and L&G funds.

How do I choose another investment option?

If you want to choose where your AVCs are initially invested you will need to use the e-form that will be available from a dedicated L&G website www.legalandgeneral.com/apfavcscheme.

Members near retirement

If you have any AVCs invested in the:

Aviva (ex-Friends Life) With Profits Fund and are within 2 years of your Normal Pension Age; or
Aviva Property Fund and are within 5 years of retirement

We are awaiting some clarification from Aviva and we will contact you again regarding the options for transferring your AVCs in these funds. This is because the guarantee provided by the With Profits Fund which may be of value to you close to your retirement, while there can be additional costs selling investments in property funds which could be material to members nearer retirement.

You would then need to let us know by **16 February 2023** how you would like your AVCs paid to-date to be transferred.

Please note you will not be able to continue to contribute to these Aviva funds.

It is important to let us know if you are planning to retire before **30 June 2023**. We can then consider whether any special arrangements should be made for you.

How will my existing AVCs be transferred?

Access to your AVCs

Moving the records and funds for hundreds of members worth millions of pounds is a major exercise. Therefore to ensure that it all goes smoothly for everyone, there will be a period from **16 February to 15 April 2023** when you won't be able to get information about or make changes to your AVCs.

Transfer costs

There can be some costs when Aviva and Utmost sell units of the funds you're currently invested in and L&G buy units of funds your AVCs are transferred into. These costs are taken out of the funds before the unit prices are calculated, so they're not visible to you, e.g. for a fund investing in company shares (equities) these implicit costs can be in the region of 0.6% to 0.7% of the value being moved.

When can I take my AVCs?

We have set the age at which you are expected to take your AVCs to your Normal Pension Age. If you want to change the age at which you're planning to take your AVCs, you will be able to do this on-line with L&G. Though please remember that the earliest you can normally take your AVCs under current laws is age 55 and you must take your AVCs by age 75.

What will I be able to do on-line with L&G?

L&G will write to you once you have AVCs invested under our new arrangements. This communication will give details of how you can log-in to "Manage your Account" at any time where you can:

- See how much your AVC savings are worth;
- Change where your existing AVC savings and/or future AVC payments are invested;
- Change the date you expect to retire;
- See how much your AVCs might be worth when you retire.

L&G also have a helpline you can call.

Where can I get more information?

From L&G

L&G have a website www.legalandgeneral.com/apfavcscheme where you can find more about the investment options and the e-form if you want to choose where your AVCs are initially invested.

L&G will provide a benefit statement in May showing the value of your AVCs after the transfers from Aviva and Utmost.

From the Fund

We hope this note is of help to you. If you have any questions on these changes or how they affect the rest of your benefits, please contact the Member Services Team via email: avonpensionfund@bathnes.gov.uk or call **01225 395100**.

Financial advice

While there will be lots of information available from L&G, neither the Fund nor your employer nor L&G can offer you financial advice. If you are unsure about what course of action is right, we suggest you seek independent financial advice. You can find a local independent financial adviser (IFA) at: www.unbiased.co.uk Please beware of pension scams and only use an adviser regulated by the Financial Conduct Authority.

Appendix 2

How the Aviva and L&G funds compare

We are taking the opportunity to rationalise the fund range (where there have been several Aviva funds investing in similar ways), as well as adding some funds investing in ways not previously offered to you, your new investment options with L&G **broadly** compare with the previous Aviva [and Utmost] funds as follows:

Where they invest	Old Aviva funds	New L&G funds
Shares in companies:		
Listed on the major stock-markets around the world	Baillie Gifford International BlackRock (50:50) Global Equity Index Tracker BlackRock (60:40) Global Equity Index Tracker BlackRock World (Ex-UK) Equity Index Global Equity	Future World ¹ Global Equity Market Weights (30:70) Index Fund 75% GBP Currency Hedged
Around the world whose businesses comply with Shariah Law	-	HSBC Islamic Global Equity Index
Around the world whose businesses meet a selection of ethical criteria	Stewardship UK Equity	Ethical Global Equity
Around the world having a positive impact on society and the environment	-	Baillie Gifford Global Impact
Around the world who are not involved in fossil fuels.	-	Fossil Fuel Free Climate Equity Index ¹
Listed on stock exchanges in major regional stock exchanges	BlackRock European Equity Index Tracker BlackRock US Equity Index European North American Pacific Basin	² Future World ¹ Global Equity Market Weights (30:70) Index Fund 75% GBP Currency Hedged
Listed on the London stock exchange	BlackRock UK Equity Index BNY Mellon UK Equity UK Equity	Future World UK Equity Index ¹
A mixture of different types of assets:		
With a bias to investing assets expected to give good growth	Baillie Gifford Managed BNY Mellon Multi-Asset Balanced Managed Multi-Asset Index Growth Stewardship Managed	Future World Multi-Asset ¹
More cautious mix of assets	Multi-Asset Index Cautious	Retirement Income Multi-Asset

Property:		
Commercial property in the UK	Property	Sustainable Property ^{1 3}
Bonds:		
Corporate bonds issued by companies	BlackRock Over 15 Year Corporate Bond Index Tracker	Future World Corporate Bond ¹
Fixed interest bonds issued by companies and governments	Fixed Interest	Fixed Interest
Longer-dated corporate and government bonds	BlackRock Over 15 Year Gilt Index Tracker Pre-retirement Fixed Interest	Future World Annuity Aware ¹
Inflation-linked bonds	BlackRock Over 5 Year Index-Linked Gilt Index Tracker Index Linked	Over 5-year Index Linked Gilt Index
Cash:		
Cash	Cash	Cash
With Profits:		
With Profits	Friends With Profits	-

¹ With more responsible, sustainable and climate change aware business practices.

² Global Equity Funds generally give a better balance between risk and return than funds invested in a single region of the world.

³ Only available for transfers from Aviva and Utmost, **not for future AVCs.**