How contributions are invested

AVIVA

Retirement
Investments
Insurance
Health

This guide explains how contributions will be invested. Please read it alongside the Key features document.

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Where are contributions invested?

A default investment solution has been created for your employer's pension scheme, into which contributions will be invested. This means you don't have to make your own investment decision.

This solution has been chosen by your employer after taking advice from their advisers.

Although your employer has made this selection for those who don't make an investment choice, there are no guarantees that this solution is the most suitable for your own personal circumstances.

Contributions will be invested in the Aviva Pension Cash FP Fund.

The value of an investment is not guaranteed and can go up and down. You could get back less than the amount paid in.

Details about the fund in the investment solution are shown in 'More about the fund' starting on page 4.

More about the fund

Each fund is divided into units of equal value and contributions are used to buy units in the funds you choose. The price of the unit depends on the value of the investment fund. We work out the value of your personal fund based on the total number of units you have in each fund. If the unit price goes up and down, so will the value of your personal fund.

The fund you're invested in

The following table shows the fund which makes up the investment solution. It shows the fund's aim, risk rating, risk warnings, the fund AMC and additional expenses.

Please see information about risk ratings and risk warnings starting on page 7.

Risk rating		Fund name	Fund aim	Fund AMC	Additional expenses
1	**Lowest volatility**	Aviva Pension Cash FP	The fund aims to provide short-term liquidity by investing in money market instruments, bonds and cash. It may invest in short-term bonds issued or backed by the UK Government or supranational agencies as well as commercial paper, cash and near cash assets such as deposits and certificates of deposit. **Risk warnings** A, E, H	0.00%	0.00%

Please note the details of each fund may change over time. For up-to-date details, you can view fund factsheets at: **www.avivafunds.co.uk**.

Investment governance

Aviva has a dedicated investment team who have a clear objective to develop and maintain a robust investment range. They proactively monitor and review all the funds that are offered through all our pension schemes, adding new funds that are worthy of inclusion.

The fund range may change from time to time. As a result, the funds that are available now may not be available in the future. If you are invested in a fund that is closed, we will write to you and offer an alternative investment fund.

Charges

We deduct the following charges from your plan:

Annual management charge

An AMC is taken from each fund during the course of your plan.

The AMC is made up of two parts:

- A scheme AMC which is taken out of the value of your pension plan over its lifetime to cover administration costs and investment charges and may change over time.
- For certain funds, a fund AMC applies. These charges are taken by fund managers for managing the fund. The charge varies according to the funds you invest in.

The fund AMC is shown in the fund table starting on page 4. Please see your illustration for further details of the charges that apply.

Additional expenses

There are additional expenses associated with some funds, and these are reflected in the unit price. The additional expenses reflect the cost of managing the assets and include fees to auditors, trustees and valuers. The additional expenses may change as the expenses incurred by the fund change and the size of the fund changes. We regularly review the expenses and update our literature and annual statements accordingly.

Changes to funds

Please note that there may be circumstances when the fund managers decide to increase the fund AMC. If this happens, you can switch to another fund.

We may choose to close the fund concerned, but please be assured that whatever action we take, we will write to inform you and explain the choices you have at the time. Please see the Terms and conditions for more information.

Types of investment

You can choose which funds you invest your money in. The fund manager uses this money to buy the assets that make up the fund's investments. Generally, each fund offered by Aviva invests in one of four main asset classes which are described below.

Please note that although your money is invested in a fund, you do not own any of that fund's underlying assets. For example, you won't receive a dividend from shares in an equity fund or rental income from a property held by a property fund. These are reflected in the value of the fund itself.

Money market

The 'money market' is a mechanism for short-term borrowing and lending between organisations. Money market investments typically include what are described as 'near-cash instruments', such as certificates of deposit, floating rate notes and treasury bills. They are not to be confused with deposit accounts with banks or building societies.

Although less risky than other asset classes, there could be circumstances where these investments fall in value, for example, if an organisation defaults. Their value could also be eroded over time due to the effects of fund charges, product charges and inflation.

Fixed interest

Referred to as bonds, these are loans to a government or a company which pay a fixed interest rate for a set period until the loan is repaid to the investor. The most common bonds are government bonds (known in the UK as gilts) and corporate bonds (issued by companies). If a government or company defaults on the loan, then the interest will not be paid. For this reason UK gilts are seen as less risky than corporate bonds, as the UK government is less likely to be unable to repay them.

Property

Property investment usually means commercial property, such as offices and retail, leisure and industrial developments. It can also include residential property. As well as the potential increase in their value, property investments can also produce rental income. Property can be subject to heavy falls and sharp increases in value. It can also take more time to buy and sell property than investments in other asset classes.

Shares

Shares are also known as equities. Shareholders have a 'share' in a company's assets. Shares are bought and sold on stock markets and their value can go up and down depending on the fortunes of the company and stock markets in general. Companies may also pay a share of profits to shareholders, known as dividends. While there is more opportunity for potential gains with shares than some asset classes, there is also greater risk that they will fall in value.

Your approach to investment risk

Aviva calculates its risk ratings using historical performance data, based upon the methods set by European Union rules. We also carry out further research using information from the fund's investment manager(s). We review each fund's risk rating annually and these may change over time. The timing of your investment decisions is very important and you should consult a financial adviser. Past performance is not a guarantee of future performance.

Our risk ratings go from 1 to 7, with 1 being the lowest and 7 the highest. As a point of reference, a fund with a risk rating of 4 (medium volatility) would typically experience the volatility you would expect from a fund invested in a range of different investments (for example shares, property and bonds) without any bias to a particular investment type. Remember that all investment funds carry some element of risk but this varies from fund to fund.

Risk rating		Risk rating description
7	**Highest volatility**	The historical performance of funds with this risk rating has typically experienced the highest volatility of all the funds Aviva has rated. This means that these funds have the highest potential for substantial changes in value compared with other Aviva funds.
6	**High volatility**	The historical performance of funds with this risk rating has typically experienced high volatility compared with other funds Aviva has rated. This means that these funds have a high potential for substantial changes in value compared with other Aviva funds.
5	**Medium to high volatility**	The historical performance of funds with this risk rating has typically experienced medium to high volatility compared with other funds Aviva has rated. This means that these funds have a medium to high potential for substantial changes in value compared with other Aviva funds.
4	**Medium volatility**	The historical performance of funds with this risk rating has typically experienced medium volatility compared with other funds Aviva has rated. This means that these funds have a medium potential for substantial changes in value compared with other Aviva funds.
3	**Low to medium volatility**	The historical performance of funds with this risk rating has typically experienced low to medium volatility compared with other funds Aviva has rated. This means that these funds have a low to medium potential for substantial changes in value compared with other Aviva funds.
2	**Low volatility**	The historical performance of funds with this risk rating has typically experienced low volatility compared with other funds Aviva has rated. This means that these funds have a low potential for substantial changes in value compared with other Aviva funds.
1	**Lowest volatility**	The historical performance of funds with this risk rating has typically experienced the lowest volatility of all the funds Aviva has rated. This means that these funds have the lowest potential for substantial changes in value compared with other Aviva funds.

Please note:

These investment risk ratings are based on our interpretation of investment risk and are only meant as a guide. These levels of investment risk are not guaranteed and may change in the future.

The colours in this table may be different to those used online; however, the ratings and approach to investment risk remain the same.

Fund risk warnings

There are risks associated with investing in funds, or types of funds.

Starting on page 4 we show which risk warning or warnings apply to each fund. These risk warnings are explained below.

Please note that we only show the warnings that apply to the funds in the investment solution and there is no direct relationship between the number of fund risk warnings and the investment risk rating for each fund.

Risk warning code	Risk warning description
A	**Investment is not guaranteed:** The value of an investment is not guaranteed and can go down as well as up. You could get back less than you have paid in.
	Price: At times, the way a fund's price is calculated may need to change to ensure that those moving into and out of the fund and existing unitholders/shareholders are treated fairly and are not disadvantaged by any large cash flows.
	Suspend trading: Fund managers have the ability, in certain circumstances, to suspend trading in their funds for as long as necessary. When this occurs we will need to delay the 'cashing in' or switching of units in the relevant fund. You may not be able to access your money during this period. The circumstances in which we may delay a switch, withdrawal or transfer can include but are not limited to the following: • If a large number of customers want to take money out of the same fund at the same time. • If there are practical problems selling the assets in which a fund is invested. • If the fund (or part of it) is managed by an external company, they may insist on a delay.
	Stock lending: Where a fund is involved in the temporary transfer of securities, there is a risk that the borrower may not be able to return the security to its owner. This may have a negative effect on the performance of the fund.
	Derivatives: Most funds can invest in derivatives for the purpose of efficient portfolio management or risk reduction. For funds that also use derivatives for investment purposes, we apply an additional risk warning due to the possible increase in the risk and volatility of the fund.
E	**Fixed interest:** Where a fund invests in fixed interest securities, such as corporate or government bonds, changes in interest rates can contribute to the value of the investment going up or down. If interest rates rise, the value is likely to fall. Bonds with a lower credit rating are known as sub-investment grade or junk bonds. These carry an increased risk that the issuer of the bond will be unable to continue the interest payments or return the capital at maturity.
H	**Cash/Money market funds:** These are not cash deposit accounts but invest in money market instruments and short-term bonds and can fall in value. In a low interest rate environment, the charges applied to a cash fund may be greater than its return, so you could get back less than you have paid in.

Should I make a different investment choice?

We understand that some people may find the investment solution provided does not match their attitude to investment risk or it invests in areas that they wouldn't choose for themselves.

It's important to ensure that your investments are right for you and are in line with the amount of investment risk you are prepared to take.

How much risk you are prepared to take will depend on your own personal circumstances, such as how long you have left until you retire and whether you have made other provisions for retirement.

You should consider your own personal views and opinions on money.

If you would like to choose your own investments, you may select different funds.

Please view the 'Choosing your own investment funds' guide for all the options available. It provides detailed information about each fund, such as the aim, its associated risks and the charges, together with any investment programmes available to you.

Once you've decided where to invest contributions, you can update your plan using Membersite or contact us using the details on page 10.

You can currently switch funds at any time. However, in exceptional circumstances we may need to delay the switching of the funds.

We do not currently charge for switching funds but we could introduce a charge in the future in accordance with the Terms and conditions. We will tell you if this changes.

For more information about switching, please refer to the Terms and conditions.

More information and help

Further information

If you feel you would like advice with your pension planning, please speak to a financial adviser. If you don't have an adviser, you can find one at **www.unbiased.co.uk**.

GOV.UK provides impartial UK government information on pensions, visit **www.pensionwise.gov.uk**.

Membersite allows you to easily monitor and make changes to your pension plan: **www.aviva.co.uk/membersite**.

How to contact us

Your employer will normally be your first point of contact. They will be able to help you with queries about your salary and contributions.

You can contact us with any queries about your pension plan in the following ways:

Call us on **0345 602 9221** at the following times: Monday to Friday between 8.30am and 6pm. We may record calls to improve our service. Calls may be charged and these charges will vary; please speak to your network provider.

Fax us on **0345 600 0624**.

Email us at **ngp.questions@aviva.com**.

Email is not a secure form of communication and you should not email us with any personal information about you or personal details about your pension with us. For similar reasons, we will not reply by email if to do so would compromise your security.

Write to us at
Aviva, PO Box 1550, Salisbury, SP1 2TW.

Aviva provides millions of customers worldwide with insurance, savings and investment products. We're the UK's largest insurer and one of Europe's leading providers of life and general insurance.

In everything we do, we have one goal. To make everything simpler, better and more rewarding for our customers. We call it Good Thinking. This is our promise to customers. This could be by helping people save for their retirement. By giving safer drivers a way to save on their car insurance. Or simply by making people's policies easily accessible online through MyAviva.

Find out more about retirement and pensions at
www.avivaretirement.co.uk

This information is based on Aviva's understanding of current legislation, regulations, guidance and practice as at January 2017 and is not providing legal or financial advice.

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