

Your pension yearly statement – things to consider

Your pension fund is probably one of your biggest assets so it's essential that you review it regularly. You should discuss your yearly statement with your adviser as it provides the opportunity to carry out a review. The growth rates used in the illustration are appropriate for funds with a high equity or property content. If you invest in less volatile funds such as fixed interest or money market funds, returns over the medium to long term are expected to be lower but more stable. This short leaflet provides you with some pointers to the areas you may wish to discuss. You can then decide, with the help of your adviser, whether you need to take any action.

Your Zurich pension fund choice

It's important to review the funds in which your pension is invested on a regular basis, particularly if the economic environment or your personal circumstances have changed. For example:

- From time to time, usually during times of economic uncertainty, you may want to consider moving your money into funds that tend to rise or fall less sharply in value. If you do this, you and your adviser should regularly review when to move funds again. Keeping your money in these funds for longer than is necessary could result in lower returns than you might otherwise achieve from a fund that invests in shares.
- If you are planning to retire and buy a pension in the next five to ten years you may wish to progressively reduce the amount you have in funds that invest in shares, in favour of less volatile funds such as fixed-interest or money market funds. These funds offer more stable returns but with a lower potential for growth.
- You can find out how each of your Zurich pension funds is invested across the four main areas of equities, properties, fixed interest and money market, by reading the fund fact sheets which are on the following website:

www.zurich.co.uk/life
(then go to Existing customers and select Fund information)

These fund fact sheets also give important information about the objectives and features of the funds and their performance over various periods.

- You should also consider your fund choice under this plan in relation to any other investments you may own, whether or not they are in pension plans.

Self-investment

- If you have chosen to invest part of your pension fund in individual assets, such as specific shares, you may find that their values fluctuate more sharply than collective investments such as Zurich pension funds. You should monitor these investments closely.

Taking benefits from your plan

• **Income drawdown**

If you are already drawing an income from your pension fund, it is equally important to regularly review your fund choice. Your strategy needs to provide for both short term income and investment growth. Your adviser will explain the rates of growth you require from your pension fund to maintain the level of income you have chosen.

You should regularly review the amounts of income you are taking to ensure that your future income needs can continue to be supported. This is particularly important where your investments are exposed to markets that are falling over a prolonged period.

You may also wish to make use of the flexibility that the plan offers by changing the amount or frequency of income you are currently taking.

You should also regularly review the suitability of your income drawdown arrangement and in particular, when it is most appropriate to use your remaining fund to buy a pension in the form of a guaranteed income for life (annuity).

• **Buying a pension**

If you are in a position to take benefits and are considering buying a guaranteed income for life (annuity) with your pension fund you will have to make some important decisions. For example, do you want your income to increase each year? Do you want your spouse, registered civil partner or other dependants to receive an income if you die before them? If you are not in good health you may be able to obtain a better guaranteed income for life (annuity) from some insurance companies. Your adviser can shop around to see which company offers you the best terms.

Obtaining financial advice

Your adviser will help you to review your pension fund investments and decide what's right for you. Their service will typically include monitoring the investment performance of your plan and the asset classes, objectives and strategies of the funds in which you are invested. They will also be able to help you understand the advantages and disadvantages of the options available to you.

If you don't have an adviser, we can help you find one, or you can find one near you at unbiased.co.uk. You can also find an adviser and get a review at vouchedfor.co.uk.

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