

Changes to the Pick & Mix fund range

June 2016

The Trustees of Finmeccanica FuturePlanner regularly review the investments available to members to ensure that they remain appropriate and useful as tools for meeting retirement objectives.

Recently, we carried out a review of the "Pick & Mix" fund range with the assistance of our investment advisers. As a result of this review, and following advice from our investment advisers, we have made available two new funds that may be suitable if you are looking to purchase an income for life (an "annuity") at retirement. Specific details of the changes are set out below.

Please note that the changes will take effect from 1 July 2016. Whilst the changes are being made there will be a two business day "black out" period starting from 29 June 2016 during which members will not be able to make any changes in their holdings in the funds due to be removed.

What's changing and why?

- **New FuturePlanner Fixed Annuity Protection Fund**

The Trustees are introducing a new fund, called the "FuturePlanner Fixed Annuity Protection Fund", whose day-to-day value is designed to change broadly in line with the prices of fixed annuities. Investing in this fund therefore attempts to "lock-in" the value of your Retirement Account in terms of the amount of fixed pension you could purchase at retirement.

- **New FuturePlanner Inflation-Linked Annuity Protection Fund**

The Trustees are introducing a new fund, called the "FuturePlanner Inflation-Linked Annuity Protection Fund", whose day-to-day value is designed to change broadly in line with the prices of inflation-linked annuities. Investing in this fund therefore attempts to "lock-in" the value of your Retirement Account in terms of the amount of pension you could purchase, where that pension increases each year in line with inflation.

- **Remove the FuturePlanner Government Bond Fund and FuturePlanner Government Index-Linked Bond Fund**

As these new funds overlap significantly with the two new annuity protection funds, the Trustees have chosen to remove the FuturePlanner Government Bond Fund and FuturePlanner Government Index-Linked Bond Fund – both of which had low take up.

What's the difference between a "fixed annuity" and an "inflation-linked annuity"?

Fixed interest annuities (or "fixed annuities") provide a series of regular payments for the remainder of your life. In this instance, the amount of the payments received are fixed and known at the point of purchasing the annuity.

Inflation-linked annuities also provide a series of regular payments for the remainder of your life. However, in this instance, the amount of the payments received by the member depends on the rate of inflation, and is not known at the point of purchasing the annuity. The payments are intended to move broadly in line with the price of goods and services.

What are the fees for the new funds?

The annual fund charges ("Total Expense Ratio" or "TER") of the new funds will be a little higher than the options currently available, and are outlined in the below table:

Current Fund	TER	New Fund	TER
FuturePlanner Government Bond Fund	0.23%	FuturePlanner Fixed Annuity Protection Fund	0.25%
FuturePlanner Government Index-Linked Bond Fund	0.23%	FuturePlanner Inflation-Liked Annuity Protection Fund	0.25%

As an example, if you were invested in the new FuturePlanner Fixed Annuity Protection Fund, there is a charge of 0.25%. So for each £100 invested you would pay 25p a year.

There may also be the usual buying and selling costs associated with trading funds (although the Trustees are making every effort to reduce these as much as possible). The Trustees feel this is a positive step for members wanting to purchase an annuity at retirement and the associated benefits outweigh the small increase in fees.

Further Information

If your Retirement Account is currently invested in the FuturePlanner Government Bond Fund and/or the FuturePlanner Government Index-Linked Bond Fund, we will write to you separately outlining how this change will be made and the options available to you.

If you want to know more or have any questions about your benefits in the scheme you can contact the FuturePlanner administration team at Aon by:

Email: futureplanner@aon.co.uk

Telephone: 0345 8500688

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