SAUL start
Your retirement savings

SAUL Start
Your guide to investing

April 2023

Legal & General

Contents

Part 1: Introduction

Why should I read this guide?

This guide has been designed to help you understand:

- how contributions are invested
- what you should be aware of if you want to make your own investment decisions
- the choices you will need to consider when it comes to investing your pension pot as you approach retirement.

We've tried to make it easier to understand by using plain English.

Where we've used a term you may not be familiar with, we've highlighted it in blue and have included a definition in the 'Terms explained' section on page 21.

Investing your pension savings

Your pension savings are invested with the aim of preserving their value or making them grow over time.

How will my pension savings be invested?

Ongoing contributions will be invested in the default investment option and will continue to be invested in this way unless you tell us otherwise.

You don't have to stay invested in the default option. You can make your own investment decisions if you want to. See 'What if I want to make my own investment choices?' for more information.

What is the default investment option?

The Trustee is required by law to choose an investment option for members who do not want to make their own investment decisions.

This is known as the default investment option, since it's where your pension savings will be invested unless you choose to make your own investment choices. The Trustee must keep this default investment option under review and may make changes over time.

The current default investment option selected by the Trustee is the SAUL Start Default Lifestyle. For more information about this fund, please see the fund factsheet and 'What is a lifestyle profile?' section on page 7.

What if I want to make my own investment choices?

You can change the way your pension savings are invested at any time.

If you're thinking of making your own investment decisions, there are a number of funds to choose from. The 'Your fund range' section on page 14 provides a list of funds available.

However, before you make any investment decisions, you should read this guide, as it contains important information about investing and highlights some of the things you need to think about before making any investment choices.

Please note that:

- you will only be able to switch into investments that are listed in the 'Your fund range' section of this guide on page 14
- you may not be able to switch back into a fund or lifestyle profile that you previously switched out of
- neither your employer, nor the Trustee, nor Legal & General can offer you investment advice.

It's also important to be aware that all investments carry some degree of risk and, as a result, the value of your pension savings can fall as well as rise.

To find out more about the risks of investing, please see the 'Balancing risk and reward' section of this guide on page 9.

Part 2: About investing

This section looks at the basics of investing and should be helpful, whether you're new to investing or have previously chosen your own investments.

What is an investment fund?

An investment fund is controlled by a fund manager who invests in asset classes on your behalf.

For more details on the different types of asset, see the 'What is an asset?' section on page 6.

The fund manager can choose to invest in a range of assets from bank deposits and cash to shares and property. Different funds will have different aims and the fund manager will invest in assets that are aligned to the objectives of the fund.

Whatever the specific objective of the fund, the ultimate goal of any fund is to help your money grow (or preserve its value) although there is no guarantee that this will happen.

When you invest in a fund, you buy a small part of it called a unit. The price of these units can vary. If the unit price goes up, the value of your investment will increase. Similarly, if the unit price falls, so will the value of your investment.

Types of fund management

There are two main types of fund management: active and passive.

Active fund managers take an active 'hands-on' role in making investment decisions. They continually research companies or other investments in the search for growth potential. They may buy and sell assets frequently in the hope of earning returns that beat their market sector.

Passive fund managers adopt a more 'hands-off' approach. Instead of trying to beat a particular sector or market index, for example the FTSE 100 Index, they aim to replicate it. As a result, passive funds tend to have lower management costs than active funds.

Active funds, typically hold fewer assets, so the impact of any one company underperforming could be greater. They can, however, provide access to asset classes that may not be available via a passive fund.

Active funds generally take on more risk than passive funds within the same asset class. Whilst this means that investors have the potential for higher returns, it means that the chance of making a loss is also greater.

To find out more about the risks of investing see the 'Balancing risk and reward' section on page 9.

About Investing

What is an asset?

Assets are the building blocks of funds.

Different funds invest in different assets and this can have a significant effect on a fund's performance and its volatility. Each type of asset has its own characteristics and also has different risks. The table below illustrates the key characteristics of the four main types of asset.

	Shares	Property	Bonds	Cash
What is it?	A share in the value of a company.	Commercial property such as offices, shops, warehouses, factories and other business buildings.	A loan which can be returned on a specified future date.	Short-term deposits with governments and financial institutions such as banks and building societies.
Are they called anything else?	Equities.	N/A	Fixed interest securities. UK Government bonds are often referred to as 'gilts'.	Bank deposits.
Who Issues them?	Public companies.	N/A	Governments or companies.	N/A
Can they generate an income?	Yes. If the company makes a profit, it may return money to shareholders in the form of a dividend.	Yes. The rent paid by tenants generates a regular income.	Yes. The issuer will normally make regular interest payments to the holder.	Yes. Although the rate of interest on cash deposits is normally quite low.
Can they grow in value?	Yes. If the value of the company increases, the value of each individual share will increase.	Yes. If property prices increase, the value of your investment will increase.	Yes. It may be possible to sell for more than the original investment amount.	Yes. But only if the interest is retained. Although any growth is likely to be limited.
How volatile are they?	**High.** The price of a share can be very volatile in the short term.	**High.** Property prices can fluctuate in the short term.	**Moderate to high.** Bonds are particularly sensitive to movements in interest rates and inflation.	**Low.** Cash is widely regarded as the least volatile investment asset.
Can they fall in value?	Yes but only if the value of the company decreases, causing the value of each individual share to decrease.	Yes but only if property prices fall, causing the value of your investment to fall.	Yes although the value of your investment is only likely to fall if interest rates rise and could increase if interest rates fall.	Yes although any fall in value is likely to be limited.
How long should I hold this investment?	Medium to long term.	Long term.	Short to medium term.	Short term.

What is a lifestyle profile?

In addition to offering you a range of funds, you can also invest your pension savings in a lifestyle profile.

The default investment option for SAUL Start is a lifestyle profile, which gradually moves your money into cash as your approach your retirement date.

How does a lifestyle profile work?

A lifestyle profile is an investment strategy that automatically moves your money, over a period of time, into funds that reflect the way you want to take your money when you get to your selected retirement date, such as taking a regular income or cash lump sums. Alternatively, it may also target a specific objective for your pension pot such as:

- buying a guaranteed income (an annuity)
- taking cash
- taking flexible income (drawdown) by transferring your SAUL Start pension to another pension scheme.

Can I change the way my pension savings are invested?

Yes. You can change the way in which your pension savings are invested at any time. You can also change your selected retirement date and leave it invested for longer.

If you invest in the default investment option, please be aware it's not possible to invest in other funds at the same time.

The default investment option is not risk-free.

To find out more about the risks associated with investing, see the ‘Balancing risk and reward’ section on page 9.

There is one lifestyle profile available to members of SAUL Start.

For more information, please see the ‘Your lifestyle profile’ section on page 19.

What is a lifestyle profile?

Investing in a lifestyle profile can have advantages as well as disadvantages. It’s important that you understand what these are before choosing to invest in one.

Advantages	Disadvantages
You don’t have to choose which funds to invest in as these are automatically selected for you by the lifestyle profile.	You aren’t actively choosing how much to invest in each fund at any one time. There may be another fund or lifestyle profile more suitable to your needs.
The lifestyle profile is designed to target a particular outcome as you approach your retirement date.	A lifestyle profile doesn’t guarantee the value of your pension savings. The value of investments can go down as well as up.
Your savings are automatically switched for you as you approach your selected retirement date.	You don’t choose when to change your investment as it is setup by the lifestyle profile.
The automatic switching makes sure your savings are moved gradually rather than all at once, which could be when markets may have fallen or are more volatile.	The timing of switches is automatic and happens at fixed times. They don’t take market conditions into account which means you may miss out on growth in the market.
The way your savings are invested at your retirement date is designed for a particular outcome. For example, taking all of your pension pot as cash, buying a guaranteed income (an annuity), or taking flexible drawdown (income and occasion lump sums) directly from your pension pot.	The aim of the lifestyle profile may not match the way you intend to use your pension pot or reflect your attitude to risk. It may also be unsuitable if you don’t take your pension benefits as intended at your selected retirement date. In this case, you should review where your pension pot is invested and whether this remains suitable for your needs.

Balancing risk and reward

When it comes to investing your pension savings, there are different types of investment risk that you should be aware of.

Investment risk

This is the risk that your pension savings may fall in value and it's a risk that applies to all funds.

However, the more time there is until your selected retirement date, the less concerned you might be about short-term falls. In this case, you may be more willing to accept a higher degree of investment risk for the chance of higher rewards.

Expectation risk

This is the risk that your pension savings may not grow by as much as you want or need.

It's important to check your investments regularly to see whether you're on track to meet your goals. If your investments aren't performing as you expected, you may need to consider increasing your pension contributions or delaying your retirement.

Annuity rate risk

When you reach your selected retirement date, you may want to convert your pension pot into a guaranteed income (an annuity).

The cost of buying an annuity is influenced by economic conditions and annuity providers' assessment of life expectancy. This means that the cost of buying an annuity (often referred to as the annuity rate) can change. Therefore, if annuity rates fall, there is a risk that your pension pot won't buy the amount of pension income you need or expect.

Inflation risk

This is the risk that prices of goods and services will increase by more than the value of your investments. This means that you may not be able to buy the same things in the future, that you can afford to buy today.

Opportunity risk

If you delay purchasing a guaranteed income (an annuity) at outset, should you want to do so at a later date, annuity rates may have fallen and, as such, the amount of income you could buy may be less generous.

Fund-specific risks

These are the risks that apply to an individual fund.

Different funds will invest your money in different assets and in different ways to achieve their aims. As a result, each fund is likely to have a different set of risks.

For details of the specific risks that apply to each of the funds available to you, please see the list of funds in the 'Your fund range' section on page 14.

A detailed explanation of what each of these are can be found in the 'Fund-specific risks' section on page 15.

Balancing risk and reward

Almost all investment involves some degree of risk. It's important that you understand - and are comfortable with - the risk you may be taking before making any investment decisions.

Risk versus reward

Taking a higher degree of risk generally comes with the potential for higher rewards. It also means, however, that there's a greater chance of your investment falling in value.

Accepting a lower degree of risk generally means that your investment is less likely to fall in value. However, in return, this will usually mean that your investment has less potential for growth. In other words, the reward will be less.

Example

When you put money into a bank account, there's almost no risk of losing it. However, the interest you're likely to receive – your reward – will probably be quite low.

Investing your money in the shares of a single company carries a much higher risk. If something happens to the company, it will affect the value of your shares.

If the company performs poorly the share price is likely to fall and, in the worst case, you could lose all your money.

However, if the company is really successful the share price could rise, which means that your investment could be worth much more than you originally invested.

If you're not comfortable making your own investment decisions, your pension savings will be automatically invested in the default investment option, which has been chosen by the Trustee as they believe it's suitable to meet the needs of most members.

You can find more about the default investment option for SAUL Start in the 'Investing your pension savings' section on page 4.

Unexpected events

What if there is a special situation?

On occasions, unexpected and emergency situations arise that might need special action to be taken. These may include:

- A major incident that has a serious effect on investment values or results in the closure of parts of a city.
- The unplanned closure of one or more of the main stock markets around the world.
- Times when property investments are not easy to sell.
- Actions by overseas governments, which result in assets invested in the country concerned being frozen.
- A major systems failure, either ours or one of the external organisations which we rely on to value our funds.

In these situations, our main priority is to protect the interests of you and other investors. We'll take any action we believe necessary to achieve this.

As an example, some actions that might be considered include:

- Delaying dealing with cashing in requests, fund switches or other payments. We'll still keep to any statements which we've made in your member's booklet.
- Giving what we believe is a fair estimate of the value of the assets which are impossible to get an accurate value for.

How are your investments protected?

When one insurance company invests its assets with another it's known as reinsurance. This reinsurance arrangement has its own rules and impacts on your right to claim compensation in the event that an insurance company enters insolvency.

In this case, it's when Legal & General Assurance Society (LGAS) invests its assets with Legal & General Assurance (Pensions Management), referred to as PMC for pensions management company.

In the unlikely event that LGAS becomes insolvent or is otherwise unable to meet its financial obligations, you may be able to claim back any losses from the Financial Services Compensation Scheme (FSCS). The FSCS pays compensation to customers who lose money if a firm is unable to pay them what they owe. You can find out more at fscs.org.uk.

In the unlikely event that PMC becomes insolvent, LGAS will attempt to recover the full value of your investments. If it's unable to do so, LGAS will be responsible for making up any shortfall.

In the unlikely event that an external insurer becomes insolvent, PMC will attempt to recover the full value of your investments held by the external insurer. If it's unable to do so, you may lose some or all of your pension savings.

The protection described here relates only to insolvency or other circumstances in which the fund manager is unable to meet its financial obligations. Reductions in fund values through market movements or poor performance are not covered.

Part 3: Your investment options

You can change the way in which your pension savings are invested at any time. This section looks at the options available to you if you want to make your own investment decisions.

How many funds can I invest in?

There are a number of funds to choose from and you can invest in as many as you wish, in whatever proportions you want.

Fund factsheets are available for each of these funds and include details about the fund's aims, asset allocation and performance. A full list, including links to each of these fund factsheets, can be found in the 'Your fund range' section on page 14.

The default investment option incorporates a lifestyle profile where your pension savings will gradually move towards cash as you approach your selected retirement date. You can find out more in the 'Your lifestyle profile' section on page 19.

If you invest in the default investment option, you can't invest in any other funds at the same time.

Who decides which investment options are available?

The SAUL Trustee has chosen these funds and lifestyle profiles.

The Trustee will review the selection of funds from time to time. In the future, this could mean that certain investments will be removed or new ones added.

How do I change my investments?

You can change the way your pension savings are invested at any time.

You can do this:

- **Online:** Go to www.legalandgeneral/mya
- **By email:** saul@landg.com
- **By phone:** You can call Legal & General's dedicated helpline for SAUL Start members on **0345 026 0001**.

Call charges will vary. Legal & General may record and monitor calls.

Please remember that neither your employer, nor the Trustee nor Legal & General are providing financial advice.

If you want to make your own investment decisions, you should speak to a qualified financial adviser. You can find one in your local area at unbiased.co.uk.

Please note that advisers will usually charge for their services.

Your investment options

Depending on which funds or lifestyle profile you choose to invest in, the amount you pay in charges could differ.

Who manages the funds?

All the funds are managed by professional fund managers. If you choose to invest in a fund that is not managed by Legal & General, then you need to be aware that you will still be buying units in a Legal & General fund. Legal & General will then use the money you contribute to buy units in the manager's own fund (called the 'authorised fund').

What are the charges for investing?

Each of the funds carries a fund management charge (FMC). This charge is accounted for in the price of the unit and is reflected in the value of your fund.

The FMC consists of the investment management charge (IMC) plus additional expenses (AE). It includes investment management fees, fund administration fees, custody/custodian fees, auditing and accounting fees, and regulatory charges.

Different funds have different charges and these are shown in the list of funds on the following page.

If you invest in the lifestyle profile, the charges you'll pay will be calculated on the proportion of your pension savings invested in each fund (or funds) at that time.

What is the total cost of running my pension?

To calculate the total cost of running a pension plan, you should add the annual management charge (AMC), which covers Legal & General's administration costs, to the FMC.

The AMC for this plan is 0.33%.

The FMC varies from one fund to another. Details of the FMC for each fund can be found in the 'your fund range' section on page 14.

Your employer also pays the equivalent of 1% of your salary to help cover the costs of running the Plan and of paying death-in-service benefits.

It's important to be aware that, in certain circumstances, we may need to make changes to our charges or introduce new charges.

Your fund range

You can invest your pension savings in any of the funds listed below. To find out more information about each fund listed, including its aims, asset allocation, charges and performance, simply click on the fund name.

Default investment option

The below fund forms your lifestyle profile (see page 19 for more information about the SAUL Start Default Lifestyle).

Lifestyle name	Fund code
SAUL Start Default Lifestyle	LDO3

Self-select options

The below funds form your self-select options.

Fund name	Fund code	Fund specific risks [1]	IMC [2]	AE [2]	FMC [2]
SAUL Start Global Equity Fund	B2Z3	1, 5, 6a, 10, 15, 22, 34, 36, 37, 39, 62	0.18%	0.00%	0.18%
SAUL Start Growth Fund	B1Z3	1, 2, 3, 5, 6a, 10, 15, 22, 36, 37, 62	0.16%	0.00%	0.16%
SAUL Start Money Market Fund	B2Y3	2, 3, 13, 39, 62	0.08%	0.01%	0.09%
SAUL Start Shariah Fund	B3Y3	1, 5, 10, 11, 39, 61, 62	0.23%	0.12%	0.35%

[1] See the 'Fund-specific risks' section for more details.
[2] See the 'Your investment options' section for an explanation of these charges.

Fund-specific risks

In the 'Fund-specific risks' column of the fund list in the 'Your fund range' section, you will have seen one or more numbers listed against each fund. Each number relates to a specific risk associated with that fund. This section contains descriptions for each of the fund-specific risks listed. You'll see there are some numbers missing from this list. Although Legal & General applies these risks to a wide range of funds, only the risks that might apply to the funds in this guide are shown in this list.

1. Equities

The fund invests in equities (shares of companies), so there is a higher risk of the fund's value being volatile (i.e. going up and down) than with a fund which invests in most other asset types, particularly in the short term.

2. Fixed interest securities

Investment returns on fixed interest securities, such as corporate and government bonds, are particularly sensitive to trends in interest rate movements and inflation. Their values are likely to fall when interest rates rise. Such falls may be more pronounced in a low, or negative interest rate environment and longer dated fixed interest securities will fall by more than short dated fixed interest securities.

3. Risk of issuer becoming less secure

The fund invests in securities. The financial strength of a company or government issuing the security determines their ability to make some or all of the payments due. If this financial strength weakens, the chances of them not making payments increases and this will reduce the fund's value.

5. Currency changes

The fund may hold assets in currencies that are not denominated in sterling. If the value of these currencies falls compared to sterling this may cause the fund's value to go down. Some funds may employ currency hedging as a means of protecting the fund's value against currency movements. In extreme market conditions, the hedge may not be perfect and the fund may be exposed to currency changes.

6a. Derivatives: in relation to funds using derivatives for EPM purposes

The fund may undertake derivative transactions as part of efficient portfolio management (EPM) or reduction in investment risk in line with the Historic FCA Permitted Links rules.

Fund-specific risks

10. Emerging markets

The fund invests in emerging markets where there may be limited information available publicly to investors. In general, emerging market issuers are not subject to accounting, auditing and financial standards and requirements similar to those required of developed market issuers. Also, local laws may prevent the repatriation of capital or profit from those countries into the UK. In addition, the stock markets and currencies of emerging markets can be volatile, due to the fact that the political and economic systems in these countries are still developing. In such cases delays in settlement may cause the fund to have exposure to a third party broker or counterparty. This may result in a greater risk that the value of the fund might go down. The investments in these markets might also be bought and sold infrequently therefore resulting in large changes in their prices.

11. Market sector

The fund invests in companies from a particular market sector (such as financial companies or oil companies) which means that there is a higher level of risk because the fund's investments are not diversified across a variety of market sectors. As a result, the value of an investment in this fund may go up and down more often and by larger amounts than funds that invest in a wider range of market sectors, particularly in the short term.

13. Money market

The fund invests in money market products, with banks and other financial institutions. There is a risk of investing in money market products, if the financial institutions which hold the deposits suffer financial difficulties or become insolvent, they may not pay back some or all of the amount invested with them. This could mean that the Fund might not get back the full amount deposited and its value will fall. Some money market investments may be illiquid. The value of money market securities may fall due to changes in interest rates – including periods of negative interest rates, inflation, creditworthiness, wider credit events or extensions to the anticipated term of investments. If this happens the value of your fund may fall.

15. Exclusions

The investment policy applied to this fund may mean that it can't invest in some companies or in certain sectors. These restrictions mean that should the sectors in which the fund can't invest be the best performing ones, the value of the fund will not increase as strongly as the value of funds which can invest in these sectors.

Fund-specific risks

22. Stock lending

The fund manager may lend stock to other parties and it's usual for the borrower to provide collateral. If the borrower fails to return the borrowed stock, the collateral may not be enough to cover the value of the stock, resulting in a reduction in the fund value.

34. Underwriting commission

In order to generate additional income for a fund, PMC may approve underwriting issuance of new stock for a fund which would be a natural holder of the stock once issued. By underwriting the issue of new stock the fund receives income in exchange for agreeing to buy a pre agreed number of shares in the stock at fixed price in the event that the new issue is not fully subscribed for. Whilst the Fund would not underwrite a substantial proportion of any new issuance, there is a risk that the fund buys the issuance at a price above the market price. The fund may be directly impacted by this process or indirectly via other PF Sections.

36. Exclusion of companies who do not meet LGIM's standards in accordance with LGIM's Climate Impact Pledge

Legal & General have made a commitment to address climate change by engaging directly with the largest companies in the world who hold the key to meeting the 2 degree Paris climate change target (COP 21). The companies will be assessed by LGIM for robustness of their strategies, governance and transparency. Within this fund's investment policy, companies that fail to meet LGIM's minimum standards in low carbon transition and corporate governance standards may be excluded from the fund.

37. Turnover

The fund uses an investment strategy which is not benchmarked against a traditional market capitalisation index. Alternative indices may have features such as greater turnover and higher weighting to less liquid stocks than a traditional index. Consequently the dealing costs associated with the turnover of securities within the fund may be high and impact the performance of the fund against the index.

Fund-specific risks

39. Portfolio diversification

The fund should be utilised as part of a diversified investment strategy within a wider portfolio of funds. These funds are not designed to be solely invested in.

61. Reinsurance credit agreement

This fund invests in a PMC fund, which in turn invests in a unit linked life fund provided by an insurer outside of the Legal & General Group. This is achieved through a re-insurance agreement between PMC and the external insurer.

Legal and General Assurance Society Limited (LGAS) bears the credit risk of PMC becoming insolvent but does not take on the re-insurance credit risk associated with the insolvency of the external insurer. This means that if PMC becomes insolvent, LGAS will make good any shortfall in the value of your investments which it’s unable to recover from PMC. However, if the external insurer becomes insolvent, the value of your investment held within this fund will be at risk.

In the event that the external insurer becomes insolvent, the value of your investment held in this fund will not be covered by the Financial Services Compensation Scheme.

62. Delayed repayment

This fund is able to delay paying out, which may mean that you have to wait to get your money. A delay may happen when market conditions mean it’s difficult for the fund manager to cash in investments to pay out to investors. For example, a fund with investments in commercial properties may find they may take time to sell. Whilst waiting to complete on the sale of properties, the fund manager may suspend making payments to investors who want to cash in. The fund can only delay paying out if it’s in the interests of all investors.

Your lifestyle profile

A lifestyle profile is an investment strategy that offers the potential to grow your pension savings over the long term. Normally, it will move your pension savings into funds that prepare you for retirement as you approach your selected retirement date.

The Trustee has created a lifestyle profile within the default investment option. In the five years leading up to your selected retirement date, your money will gradually move into a fund that the Trustee has selected as being appropriate if you intend to take it as cash. You can view the factsheet for this lifestyle profile on your scheme website.

Who is it designed for?

The lifestyle profile is designed for members who intend to take all of their pension pot as cash at their selected retirement date.

What are the aims?

To provide an investment strategy that offers you the potential to grow your pension pot in the long term.

The Growth Phase Fund for your pension savings will be the SAUL Start Growth Fund. Then, when you're five years from your selected retirement date, your pension savings will gradually be moved into the SAUL Start Money Market Fund. This invests in the short-term money markets, such as bank deposits and Treasury Bills. This is done to help provide capital protection with growth in line with short-term interest rates.

This strategy aims to reduce the risk of a sharp fall in markets reducing the value of your pension pot when you reach your retirement date. The final investment choice may not be suitable if you don't take pension benefits as intended at your retirement date.

Where can I find out more?

For more information about the, please see the SAUL Start Default Lifestyle Factsheet.

Once you reach your selected retirement date, automatic switching will stop. This strategy may not be suitable if you don't take pension benefits as intended from your selected retirement date. You should review your selected retirement date on a regular basis, as it will determine where your pension pot is invested as you approach retirement.

It's also important to review your investment strategy on a regular basis, after your selected retirement date, to ensure that the funds in which your pension pot is invested remain suitable for your needs.

To find out more about investing in a lifestyle profile, including the advantages and disadvantages, see the 'What is a lifestyle profile?' section on page 7.

Approaching retirement?

You now have a choice about what you can do with your pension savings. Until 5 April 2028, you can take your pension at any time from age 55. After that date, you'll need to wait until age 57 to take money from SAUL Start. If you haven't already, you might want to start thinking about how you want to use your pension pot and when you intend to take it.

Is there anything I should be doing now?

Your pension savings will be invested in the default investment option unless you tell us otherwise.

Following the introduction of the new pension freedoms, you now have a choice about what you can do with your pension savings from age 55 onwards.

With this in mind, it's important to regularly review your pension savings, to see if you're on track to achieve your retirement goals, especially if you're aged 50 or over.

What are my options at retirement?

You'll have a number of options available to you without having to leave this plan but you may want to shop around to find what's best for you.

You don't have to stay with Legal & General. You have the right to transfer some or all of your pension savings to one or more providers.

You'll need to fully understand the tax implications of these options and any impact they may have on your entitlement to State benefits.

Part 4: Terms explained

Throughout this guide, we've highlighted in blue a number of terms you may not be familiar with. Here's a list of those terms along with a definition.

Annuity

An insurance policy that uses the value of your pension pot to provide you with an income, which can be payable for the rest of your life, depending on the type of annuity you buy.

The amount you receive will depend on a number of things including the value of your pension pot, your age, your health and the annuity rates available when you purchase one.

Assets

Assets are the building blocks of investment funds – they are the things that funds invest in. There are four main types of asset: shares, bonds, property and cash.

Bonds

Sometimes called 'fixed interest securities', Bonds are basically IOUs - a promise to pay back the original investment at a set date in the future, plus payments at regular intervals in between.

Some bonds are 'index linked', which means these regular payments increase in line with inflation. A bond issued by a company is normally called a corporate bond. Bonds are also issued by governments, with UK government bonds often referred to as gilts.

Bonds make money in two ways. As well as receiving interest type payments from the company or government, bonds can be traded in a similar way to shares. This means it may be possible to sell a bond for more or less than it was bought for.

Bonds often provide more modest returns than shares but tend to be less volatile over the short to medium term.

Cash

When you invest in cash, you're investing in short-term deposits with governments and major financial institutions, such as banks and building societies. Although your pension savings may not grow by very much when it's invested in cash, investing in cash can be useful.

For example, investments held in cash are very secure. What's more, the value of investments in cash tend to be far more stable than investments in other types of asset. Cash can be a useful investment option to preserve the value of your pension pot as you get close to your selected retirement date.

Terms explained

Default investment option

The default investment option is an investment which the Trustee believes will meet the needs of most members. If you don't want (or feel unable) to make your own investment decisions, your pension savings will automatically be invested in the default option.

Derivatives

An investment whose characteristics and value depend upon the characteristics and value of one or more other assets or indices, typically a commodity, bond, equity or currency.

Examples of derivatives include contracts for difference, futures and options.

Equities

See 'shares'.

Fixed interest

See 'bonds'.

Fund

Your pension savings are invested in one or more investment funds.

A fund is an investment that pools together the money from many individuals. Fund managers then use it to invest in a wide range of assets. Each investor is issued with units, which represent a portion of the holdings of the fund.

Gilts

These are bonds issued by the UK Government. For more information please see 'bonds'.

Growth phase

If you invest in a lifestyle profile, the Growth Phase Fund(s) is where your pension savings will be 100% invested in the early years before you begin to approach retirement. These are usually chosen for their potential to grow your investment over a long period of time. As you get closer to retirement, the lifestyle profile will begin to gradually switch your pension savings out of the Growth Phase Fund(s) into other funds which are chosen to better protect the value of your pension pot in those final years.

Lifestyle profile

A lifestyle profile is an investment strategy that offers the potential to grow your pension savings over the long term. In most cases it will normally move your pension savings into different funds as you approach your selected retirement date or target a specific objective such as:

- buying a guaranteed income (an annuity)
- taking cash
- taking flexible income (drawdown).

To find out more about the advantages and disadvantages of investing in a lifestyle profile, please see the 'What is a lifestyle profile' section on page 7.

Terms explained

Pension pot

The value of all your contributions plus any investment growth, less charges.

Property

In investment terms, property means commercial property such as offices, shops, warehouses, factories and other business buildings. Investors in property look to make money in two ways: from rent paid by tenants and from rises in the value of the property itself.

Property can offer good prospects for long-term returns but property prices can fall too - particularly in the short term.

Selected retirement date

Your selected retirement date is the date you will take your benefits from the plan and can be any time from age 55.

This date is automatically set by the scheme when you join. Should you wish to change this date, you can do so at any time.

Shares

Shares, also known as ‘equities’, are where you buy a small part of a company. If the company is seen to be successful, their shares may be in high demand, pushing up the share price.

Share values can go up and down a lot in the short term but can offer long-term growth potential. Shares are suitable for medium to long-term investments – that’s to say at least five years, preferably longer.

Trustee

The Trustee is SAUL Trustee Company Ltd (1 King's Arms Yard, London EC2R 7AF) who look after SAUL on behalf of its members, including making decisions about how SAUL’s money is invested and making sure that SAUL abides by the law and its own rules.

The Trustee is responsible for the management and administration of the plan in accordance with the formal documents that govern the plan and relevant UK legislation.

They are also responsible for the safekeeping of the money and investments belonging to the plan.

Terms explained

Units

All investment funds are divided into units. Contributions are used to buy units in the funds you have chosen at the price applicable on the day we invest your money.

The price of units can rise and fall. The total value of your pension savings can be calculated by multiplying the number of units you hold by the price of each unit.

Volatility

A fund can go up or down in value. The extent to which its value might change, and how often, will determine whether it's regarded as having high, moderate or low volatility.

For example, the value of a fund that invests in shares can change by a relatively large amount on a daily basis. This type of fund is regarded as having high volatility.

The value of a cash fund, however, is likely to change by only a relatively small amount over a number of months. This type of fund is regarded as having low volatility.