

# Flexible Drawdown Lifestyle Strategy

The default arrangement for IWDC and AVC Extra members

See glossary terms overleaf for explanations of key terms used

## A typical retirement journey



## Saving for the long term

**Typical investor:** Members who want to gradually draw down their pension pot as cash in the future.

**Objective:** Lifestyle strategies share a common objective. They aim to build pension savings when you still have a long way to go until you retire, and reduce any potential risk of a fall in value as you near retirement.

In the final ten years as you approach your Target Retirement Age (TRA), they automatically and gradually move your money from a higher-risk fund (the Long Term Growth Fund) into lower-risk funds (the Corporate Bond Fund and the UK Government Fixed-Interest Bond Fund).

With this strategy, a greater proportion of your money is left invested in higher-risk funds when you reach your TRA, which means the money you keep invested has the chance to keep growing and potentially last you longer in retirement (see chart below).

More information about each fund is available on the fund fact sheets.

### ABOUT THIS STRATEGY

TYPICALLY SUITED TO:

Members who want limited input and to draw down their pension pot as cash gradually.



LONG-TERM GROWTH & SECURITY



MANAGED RISK



EQUITIES & BONDS

\* You can invest in any combination of strategies and funds

**Unit price:** Daily single priced (see glossary).  
**Strategy charges:** The charges for the strategy depend on the charges of the underlying funds.

### You may not get back all the money you have invested.

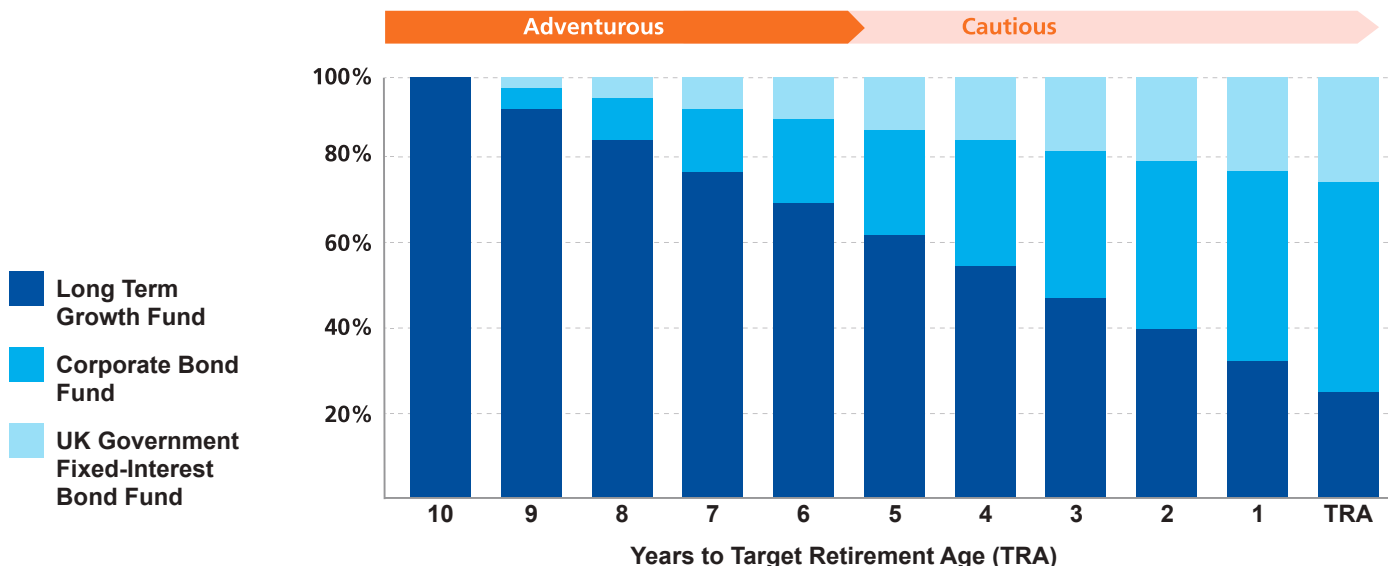
If you are approaching retirement, you should think carefully about your investment choices to make sure they meet your needs.

Making fund choices is an important decision that could have a significant effect on your benefits. Consider taking financial advice before making any decisions about your personal finances.

Find a list of Independent Financial Advisers (IFAs) in your area at [unbiased.co.uk](http://unbiased.co.uk).

## How the fund switch works

The example below shows how your investments may gradually switch between the funds. This is an illustration, and not the exact process. The Trustee closely monitors investment performance and may make changes to the switching process where appropriate.



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## What do we mean by risk?

Investments can experience rises and falls in value. Generally speaking, the larger the expected rises and falls in your investment value, the higher the risk rating.

Examples of risks that can influence the value of your investment can be found on the fund fact sheets.

Risk isn't necessarily bad for you. All funds carry some risk. Your investment choices depend on your own attitude to risk.

## Lifestyle strategy risk explained

The funds in this Strategy each have a different level of risk. The ratings are a guide only, and should not be viewed as a reliable forecast of actual future performance.



### THE LONG TERM GROWTH FUND IS A HIGH-RISK FUND

The Long Term Growth fund invests in a range of asset classes across global markets. The aim is to achieve growth in excess of inflation over the longer term, but with lower risk than investing purely in shares (equities).



### THE CORPORATE BOND FUND IS A MEDIUM-RISK FUND

The Corporate Bond fund predominantly invests in bonds issued by global companies rather than the UK government, and aims to generate returns by spreading investments across a range of companies from around the world.



### THE UK GOVERNMENT FIXED-INTEREST BOND FUND IS A MEDIUM-RISK FUND

The UK Government Fixed-Interest Bond Fund invests in UK government bonds which provide a fixed rate of interest. It aims to build pension savings that will provide a fixed rate of income.

## Target Retirement Age (TRA)

For members of the Railways Pension Scheme, British Railways Superannuation Fund and the BTC (Male Wages Grades) Pension Scheme, we will assume your TRA will be 60. This may not be the same as your Normal Retirement Age. For British Transport Police Force Superannuation Fund members, we will assume your TRA will be age 55. Again, this may not be the same as your Normal Retirement Age.

If you decide to use the lifestyle strategy, and intend to retire at an age which is different to the TRA for your Pension Scheme, you can set a personal TRA to be used for the lifestyle strategy. This will ensure that the switching takes place over the years prior to your chosen TRA.

## Glossary

**Asset classes:** Groups of similar investment types, such as cash, equities, property and bonds.

**Daily single priced:** Share price is set daily. Investors pay that set price to buy and sell shares in the fund.

**Equities:** These are shares in companies. By investing in equities, you are entitled to a share of any profits.

**Normal Retirement Age (NRA):** The age from which you can retire without any reductions to your pension.

**Target Retirement Age (TRA):** This is the age when you plan to take your benefits. You will be asked to set a TRA if you invest in a lifestyle strategy, which changes your investments to lower-risk funds as you get closer to retirement.

## Points to remember

This factsheet is designed to help you learn more about the funds, but is not a recommendation that it is suitable for your own circumstances and retirement plans.

**The Trustee and Railpen cannot give you financial advice about your fund choices.**

The Trustee – which is responsible for overseeing the defined contribution arrangements – reserves the right to make changes to the available fund choices (including withdrawing funds). The Trustee can also make changes to how each fund is made up, its comparator, management and charges.

## What to do next

One of the best and easiest ways to manage your pension arrangements is by registering for, or signing in to, your personal myRPS account at [railwayspensions.co.uk](https://www.railwayspensions.co.uk).