Investing some time

Get retirement-ready in the EY Flexible Savings Plan

A guide for when you've got less than 10 years until you retire.

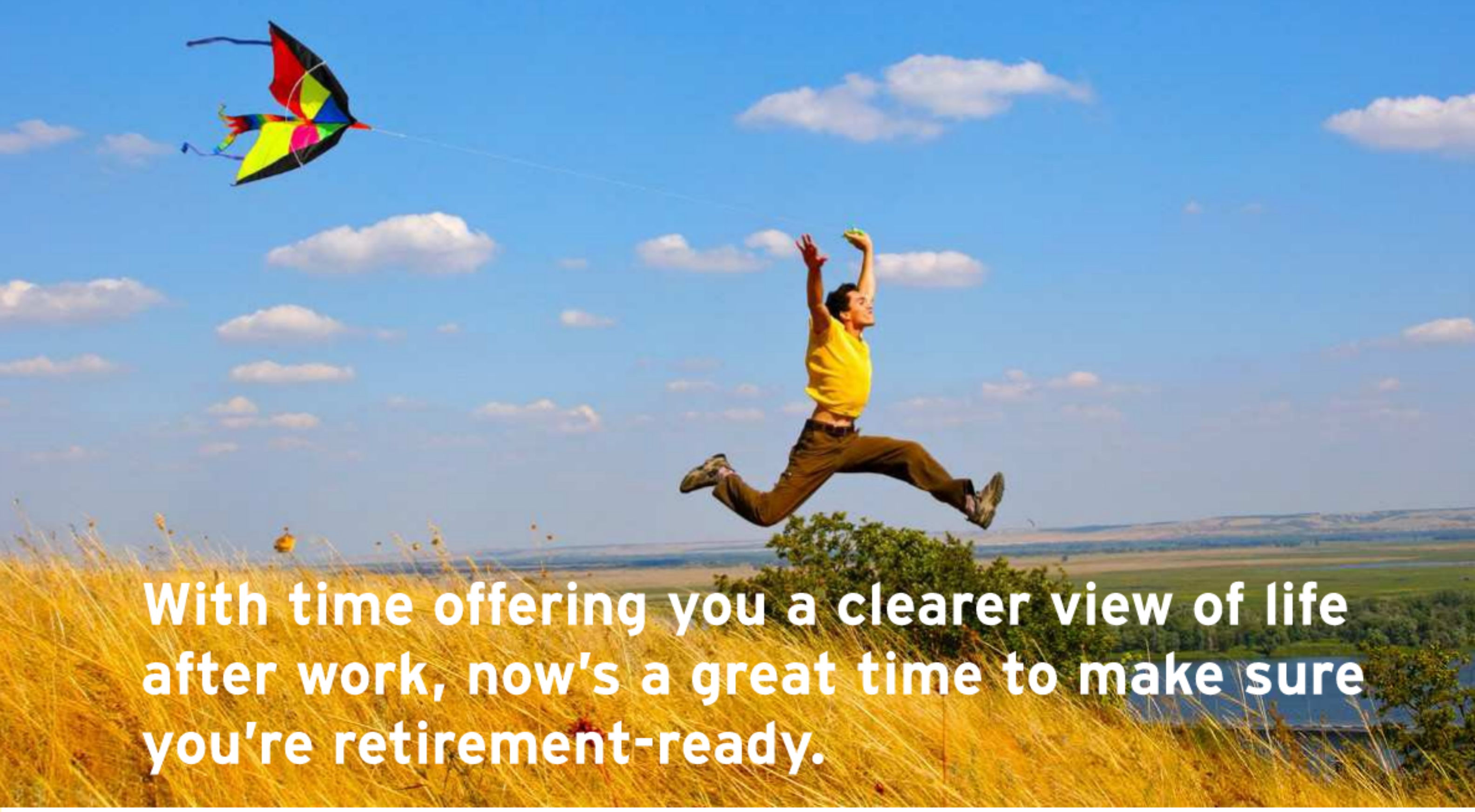
EY

Building a better working world

How far away is the horizon?*

Perspectives change and shift depending on our place in the world. Has your view changed?

*See   for answer.



With time offering you a clearer view of life after work, now's a great time to make sure you're retirement-ready.

You may have a good idea of when you would like to retire and take your benefits from the Plan, or you may not have thought about this yet. What you do and how you plan are personal choices based on your own circumstances.

Whatever stage of planning you're at, with 10 (or fewer) years to go until you retire*, now's a good time to focus on what you want and make sure your choices in the EY Flexible Savings Plan (the Plan) match those decisions. Remember: time is still on your side. You can still make a big impact on how much you have when you retire, especially if you prepare properly.

What can you do?

As a member of the Plan, you're already saving for your future in a way that's tax efficient; and, even better, in a way where EY will help you save too. But while saving as much as you can into the Plan affects how much you'll have in the future, did you know that how your savings are invested has a big impact too?

On a simple level, if your investments perform well you'll receive investment returns, but remember that your investments can go down too and may be worth less than what was paid in. Now, as you're getting closer to your retirement, it's also time to start thinking about how you might like to use your retirement savings and making sure you're invested in a way that best matches your plans.

Is this guide for me?

This guide gives an overview of the main things to consider when preparing for retirement, plus your investment options 10 years before you retire. In particular we've concentrated on the Focused strategy. This is because if you've made no other choices, your Plan investments will soon start to automatically move into funds which prepare your savings for taking a tax-free lump sum and buying a regular income for life (annuity). See to find out more.

Your retirement-ready investment choices in the Focused strategy invest differently from when you're more than 10 years from retirement. To find out more about these, read your .

The Plan is a Group Flexible Retirement Plan provided by Standard Life.

Remember to contribute!

You've still got time, if you want to save as much as you can for your future. Plus, in the Plan, EY will match your contributions (up to a maximum of 6% of salary), so - at the maximum - your contributions would be 12% every month for the cost to you of just 6%. Don't miss out.

Visit to find out more.

*10 years to retirement is assumed based on your selected retirement age. If you haven't selected one, this will be age 65. If this age isn't right for you, you can change it on *at*

10 year check up

At 10 years out, you might have a better idea what you're planning to do with your time in the future, but do you know if you're on track to afford what you want?

The choices you make now can have a lasting impact on your future. Make sure you know what you're on track to receive and consider how this compares to the cost of what you want to do.

▶ What will the Plan provide?

It's easy to see an estimate of your retirement income online by visiting **standardlifepensions.com/ey/tools**. On these pages, you'll be able to use a variety of tools to help you plan towards retirement, including a **retirement planner**. This helps you work out what your finances might look like in retirement and allows you to estimate how much more you may need to invest to compensate for any shortfall in your intended retirement income.

▶ What else are you expecting?

Many of us will have worked in different roles during our career, which means you might have retirement savings in more than one pension plan. You might also have other savings or investments that you're planning to use as income when you retire, such as savings accounts, ISAs and property. And don't forget you have a State pension too! Now is the right time to gather all your pension information and sources of income together, in order to get a complete picture of your potential financial position in your life after work.

▶ What will your future cost?

When thinking about your retirement income, consider your other financial commitments and plans. Will the mortgage be paid off? Will the children have moved out? Are you planning to downsize? Or are you thinking of borrowing money to buy a holiday home or a new car? Remember that it can be harder and more expensive to get mortgages and loans if you're not in permanent employment.

Understanding how much you might spend when you retire makes planning for the future so much easier. It gives you a goal to aim for. One way you can understand how much you might spend is to set a realistic budget, based on what you know now about your spending. Try the budgeting tool at **standardlifepensions.com/ey/tools**, or the one from the Money Advice Service at **www.moneyadviceservice.org.uk/en/tools/budget-planner** to get you started.

A good guide

You are now close enough to retirement for any projections of your income to be more helpful.

Start the search

If you're not sure what other retirement savings you have where, you can contact the administrators of your previous company schemes or private pension plans and request retirement estimates. If you don't have their contact details, you can use The Pension Tracing Service at to track down your previous pension(s).

Don't forget the State

The basic State pension might not be enough to live on, but you have paid for it and are entitled to it. You can find out more about State pensions and request a State pension statement (previously called a pension forecast) at **www.gov.uk/state-pension-statement**

Once you have the full picture, does your expected retirement income meet what you think you'll need? If not, you still have some time to make changes to boost it. You can choose to:

- **Contribute more:**
  EY helps you by contributing up to a maximum of 6% if you contribute too. To find out more, visit at

- **Work longer:**
  You can retire from age 55 onwards. But you may want to consider working longer than you'd originally planned to benefit from continued contributions from you and EY. Plus, keeping your savings invested gives them more opportunity to grow in value. You might also like to consider how you plan to move from working to retirement. For example, will you be at work on Friday and retired on Monday? Five days a week is a lot of time to fill: do you know what you'll do with it? Or if you enjoy work and would like to continue on a part-time basis, will you gradually reduce your working hours and ease into retirement?

- **Invest smart:**
  It's always been important to understand your investment options and how you can match your choices to your personal circumstances and savings goals. But the closer you get to retiring, the more important it becomes to ensure that where you choose to invest also takes account of the ways in which you might want to access your savings in future.

  Don't forget: your investments can go up or down in value and may be worth less than what was paid in.

What age was the oldest woman to climb Everest?*

Your future can be what you make it. What will you be doing?

*See for the answer.

How long could you be retired?

Government estimates for the UK show that life expectancy for people aged 65 in 2012 was:

- Around age 86 for men; and
- Around age 89 for women.

When planning and making your decisions, it's important to remember that you could be living on your retirement income for many years.

Source: Office for National Statistics,

Good to know

If you want an extra level of investment choice, you can switch your savings into the Standard Life Self-Invested Personal Pension (SIPP). Through the SIPP, not only do you have access to a range of over 300 funds, but you also have access to over 2,000 mutual funds. You can find out

.

Remember to get advice if you need it

If you are unsure about your Plan choices or what investment decisions to make, you should seek financial advice. For details of how to find a financial adviser, visit **www.unbiased.co.uk**

What's your plan?

It's up to you how you take your retirement savings when you come to retire.

From April 2015, you'll have more freedom on what you can do with your retirement savings from the age of 55. You'll be able to take up to 25% of your savings as a tax-free lump sum to spend, save or invest as you wish. All of the options below target taking 25% as a tax-free lump sum. And there's much more flexibility on what you can do with the rest of your savings, including:

1 Go for consistency

An **annuity** gives you a guaranteed income for the rest of your life. It's a contract with an insurance company, purchased in your name, with the retirement savings you have built up, less any cash sum that you decide to take. How much you'll get depends on things like: the value of your retirement savings, your age, who you want to provide for if you die, where you live, your health, and annuity rates at the time of buying your annuity.

What should I consider?

- **It's guaranteed:**
  Annuities offer a regular income for life.
- **There are lots of options:**
  For example, you can have an income that stays the same (fixed level) or one that increases over time.
- **You only choose once:**
  Once you buy an annuity, the terms of the contract can't be changed and you can't cash it in. This also means that you don't need to continue to monitor and manage your retirement savings once you've retired.
- **Providing for your dependants:**
  You can choose an annuity with a dependant's pension, but including this option means your own starting pension would be lower. However, if you don't opt for this, your pension won't pass on to your family.
- **Shop around:**
  There are lots of different providers of annuities and their rates can vary considerably, so make sure you shop around – it could make a big difference to the amount of income you get.

2 Aim for flexibility

You can move your savings to a plan where your money stays invested and you take an income from your savings – known as **income drawdown** or **flexible income**. It gives you flexibility, for example if you have other income or aren't intending to retire completely. But it's more complex than an annuity, and you'll need to regularly review your investments.

What should I consider?

- **Flexibility and responsibility:**
  It will be up to you to decide how often and how much you take out. You'll be responsible for managing your finances and your investments during your retirement. With this option, it's important that you plan your retirement spending so that your drawdown funds last. If you spend too much during the early years or your investments don't perform well, **you could run out of money**.

- **Tax:**
  Most income drawdown payments will be taxable. If the payments push you into a higher tax band, you may end up paying higher rates of tax on them.

- **Providing for your dependants:**
  Compared to an annuity, you'll have more flexibility over how your dependants can take any remaining savings, if you die. For example, your dependants could continue to take an income or buy an annuity. It's also possible to pay any remaining savings to your beneficiary(ies) as a lump sum, with potentially significant tax advantages. Again, you would need to consider the tax impact of this choice.

Note: There are currently some restrictions on what/how much you can drawdown. Full flexibility will be offered from April 2015 – please visit to find out more about these Budget changes.

3 Take the cash

From April 2015, you can take all of your savings as a one-off **cash lump sum** or as a series of **cash lump sums**. The first 25% will be tax-free, but the rest will be taxed at your marginal income tax rate.

What should I consider?

- **Tax:**
  Taking all of your savings as a single lump sum may mean that you end up paying a higher rate of tax than if you withdrew your savings gradually.

- **Flexibility and responsibility:**
  Once you take your savings as cash, it's up to you how you use them. You'll be responsible for managing your finances during your retirement.

You may need to set up another plan to take advantage of some of these options. To find out more about these options, visit

A three-tier approach

The Plan offers three investment strategies, based on three levels of involvement and control. In this guide, we concentrate on your ***retirement-ready*** choices in the Focused strategy.

Choose a strategy

Focused
Low involvement, less control

Guided
Medium involvement, some control

Open
High involvement, full control

Work through the detail

Focused: Choose an **approach** based on your savings and retirement objectives

Guided: Select from **13 Plan specific funds**, based on the types of assets you're interested in.

Open: Select from a range of over **300 funds**, based on the specific funds and managers you're interested in.

Remember
Read your to find out about these options

Early years
1. Maximised Diversification
2. Balanced DEFAULT*
3. Maximised Potential

10 years to retirement

Consider
How are you going to take your savings?

Retirement ready
1. Regular Income DEFAULT*
2. Flexible Income
3. Cash

Review!

Focused: Your investments will follow a pre-set strategy but you should review them regularly to make sure your choices remain right for you. You should also remember to set and check your retirement age.

Guided and Open: It will be up to you to decide if and when your investment choices change over your working life.

*What if I don't make a choice?

If you haven't made a choice, you'll automatically be invested in the **Focused** strategy, following the **Balanced – Regular Income** Lifestyle Profile. In the 10 years leading up to your selected retirement age, you'll automatically move into the Regular Income approach, which prepares your savings for taking a 25% tax-free lump sum and buying a regular income for life (annuity) with the rest.

The EY independence factor

Audit independence is very important for all employees of EY regardless of service line. Partners and professional employees, including their immediate family members, are prohibited from holding a financial interest in an audit client of any Country Practice. But they are allowed to invest in an open-ended mutual fund that is an audit client, provided they are not a 'covered person' for the mutual fund audit client. This means that audit client funds will be prohibited for some individuals and not for others depending on whether the individual is a covered person. The list of funds which are subject to independence restrictions can change at any time so it is important to monitor all fund investments regularly.

Within the three strategies offered through the Plan (see above), EY and its advisers monitor two of them (the Focused and Guided strategies) to ensure the funds offered comply with EY's independence policies. However, the Open range is not monitored by EY, so it's your responsibility to monitor your savings within this range to ensure that you are not investing in prohibited funds. Further details on the Independence Policy can be found in the **Guide to Independence**.

Involvement: **Low**
Less control

Focused

An investment strategy where you make choices based on your savings and retirement objectives.

This is a good option to consider if you're not a particularly confident investor. This is because you're making your choices based on what you hope to achieve and your attitude to risk rather than focusing on investment specifics like underlying assets, funds and fund managers. The Focused strategy, also referred to by Standard Life as 'Lifestyle Profiles', uses a feature called lifestyling, which gradually and automatically moves your retirement savings into appropriate funds as you get nearer your selected retirement age, so you don't have to spend lots of time managing your choices. That said, you should still check in every now and again (maybe once a year) to make sure your choices still match your plans.

You can find out more about lifestyling on page 10 of Standard Life's **Plan** guide.

The Focused strategy splits your choices by how long you have to retire:

Early years

If you have 10 years or more before you retire*, you can follow one of three approaches that aim to grow your savings.

Read your
for more information.

> 10 years before retiring* <

Retirement-ready

When you have 10 (or fewer) years before you retire*, you can choose your investment approach based on how you're planning to take your savings when you stop working.

*We count "10 years" as the 10 years before your selected retirement age (see below).

Your retirement-ready choice

While you're further from retirement, the Focused strategy invests in funds that aim to increase the value of your savings in the longer term. Now you've reached your retirement-ready years, you have a different choice to consider. You can choose from three retirement-ready approaches which are broadly suited to the main ways you might take your savings when you stop working.

Have you got the right age?

Your retirement-ready choices in the Focused strategy start to take effect when you're 10 years from your retirement age.

Your retirement age can be any age from age 55, but if you haven't chosen one for your Plan savings, it will be set at age 65.

If you don't think this is right for you, you can change it by visiting at

Focused (continued)

Each option invests in a way that targets you taking the maximum tax-free lump sum (currently 25%) when you come to retire. You then need to decide what you want to do with the rest:

DEFAULT

1 FOCUS ON **Regular Income**

From around 10 years before your selected retirement age, you'll automatically start to be moved into funds which are designed to prepare your retirement savings for taking a 25% tax-free lump sum and buying a regular income for life (annuity) with the rest. See for more about annuities.

If you select this approach, by the time you retire you'll be invested:

Martin's focus:

"I like to know what I'm getting so I can plan. I also don't want to spend time managing my investments after I retire. That's why I like the idea of an annuity: it's regular, guaranteed income. I can provide for my partner and, once I make my choice, I don't need to worry about my retirement finances after I retire. I also know I want to take the maximum tax-free cash to help pay off the mortgage, so the Regular Income approach suits my needs."

- **75%** in the SL EY Pre-retirement (fixed) - Passive Fund.

SL EY Pre-retirement (fixed) - Passive Fund	Overall charges†
Aim: to provide an element of protection from changes in the cost of buying a fixed annuity (or one which increases by a fixed amount each year). **Invests in:** a number of passively-managed gilt funds and sterling denominated corporate bond funds. **Current underlying funds:** SL Vanguard UK Long Duration Gilt Index Pension Fund (67%), SL Vanguard UK Investment Grade Bond Index Pension Fund (33%). **Fund code:** AADG **Standard Life volatility rating:** 4	0.26%

Tip: The value of long-term government bond (gilt) funds generally moves in the same way as the cost of buying an annuity. So if annuities get more expensive to buy, the value of these funds is also likely to go up. This can help reduce the overall risk to your retirement income.

- **25%** in the SL EY Money Market - Active Fund (see for fund overview).

†What's the cost?

The charges listed above are overall costs and shown as a percentage of your fund. They include the yearly charges for managing the fund, usually known as the annual management charge (AMC). However, Standard Life calls this the fund management charge (FMC). As well as the FMC, the above overall charges include any additional expenses and are less the rebate that Standard Life offers to EY and its members on all investment options. For a full fund list and charges, please see Standard Life's guide and, for performance information, see the individual fund factsheets at

2 FOCUS ON **Flexible Income**

From around 10 years before your selected retirement age, you'll automatically start to be moved into funds which are designed to be appropriate if you want to use your retirement savings to take a 25% tax-free lump sum and a flexible income (income drawdown) with the rest. See for more about this option.

If you select this approach, by the time you retire you'll be invested:

Daniel's focus:

"I want to take my Plan savings in varying amounts after work; some years I'll need more, others I'll need less. I also have time and investment knowledge, so I'm comfortable managing my investments into retirement. Because I'll have income from other sources, I'm also going to monitor the drawdown of my Plan savings while keeping in mind the overall effects on my tax bill. I like the flexibility income drawdown offers, especially when it comes to the options I have providing for my family on death."

▶ **75%** in the SL EY Diversified Assets – Active Fund.

SL EY Diversified Assets – Active Fund	Overall charges†
Aim: to provide long-term growth (but with lower volatility than an equity-only fund over the medium term). **Invests in:** one or more funds that invest in a diversified portfolio of assets such as equities, bonds and money market instruments, as well as investment strategies such as derivatives. **Current underlying funds:** SL Schroder ISF Global Diversified Growth Pension Fund (50%), SL SLI Global Absolute Return Strategies Pension Fund (50%). **Fund code:** DFEA **Standard Life volatility rating:** 4	0.95%

Tip: Diversified assets funds aim to grow the value of your savings in the long term, but because they invest in a variety of different asset classes their value is generally more stable (less volatile) than if you were to invest in pure equity funds. For more about the different types of asset classes, risks and help on some common investment terms, see your .

▶ **25%** in the SL EY Money Market – Active Fund (see below for fund overview).

3 FOCUS ON **Cash**

From around 10 years before your selected retirement age, you'll automatically start to be moved into funds which are designed to be appropriate if you want to take your retirement savings as a one-off lump sum or a series of lump sums. Remember, the first 25% will be tax free, but the rest will be taxed at your marginal income tax rate. See for more about this option.

If you select this approach, by the time you retire you'll be invested:

Anne's focus:

"My Plan savings are a small part of my overall retirement savings, so I will be using those other savings to fund the majority of my retirement income. I like that I have the option to take these as cash when I retire as I plan to use this money to help with my final mortgage repayments and I am considering investing the rest either with my other savings or elsewhere. Like Daniel, I am comfortable taking on the responsibility of managing my income and investments after I retire."

▶ **100%** in the SL EY Money Market – Active Fund.

SL EY Money Market – Active Fund	Overall charges†
Aim: to maintain capital value (before inflation) and provide returns (before charges) in line with short-term money market rates. **Invests in:** one or more short-term money market funds (which usually invest in deposits and short-term money market instruments). **Current underlying funds:** Standard Life Deposit and Treasury Pension Fund. **Fund code:** DDBA **Standard Life volatility rating:** 1	0.25%

Tip: In some circumstances, the value of assets in money market funds may fall. Their returns may also be lower than the rise in the cost of living (inflation).

Focused (continued)

Making your choice

How your investments will move into your retirement-ready choice over the 10 years to retirement will depend on your ***early years*** approach. So to make your choice on (or if you call the helpline), you'll have nine different codes to choose from because there are three alternative paths from the three different early years approaches. So if you're:

Coming from...	You can move to...	One of three retirement-ready options
Focused (Maximised Diversification)		**Maximised Diversification - Regular Income** Lifestyle Profile *Code: 2EYP*
		Maximised Diversification - Flexible Income Lifestyle Profile *Code: 5EYP*
		Maximised Diversification - Cash Lifestyle Profile *Code: 8EYP*
Focused (Balanced)		**Balanced - Regular Income** Lifestyle Profile *Code: 1EYP* DEFAULT
		Balanced - Flexible Income Lifestyle Profile *Code: 4EYP*
		Balanced - Cash Lifestyle Profile *Code: 7EYP*
Focused (Maximised Potential)		**Maximised Potential - Regular Income** Lifestyle Profile *Code: 3EYP*
		Maximised Potential - Flexible Income Lifestyle Profile *Code: 6EYP*
		Maximised Potential - Cash Lifestyle Profile *Code: 9EYP*

You can find out how you're currently invested on . You can also see how and when your retirement savings will move into different funds in the 10 years leading up to retirement, following each of these nine alternative paths, in Standard Life's guide.

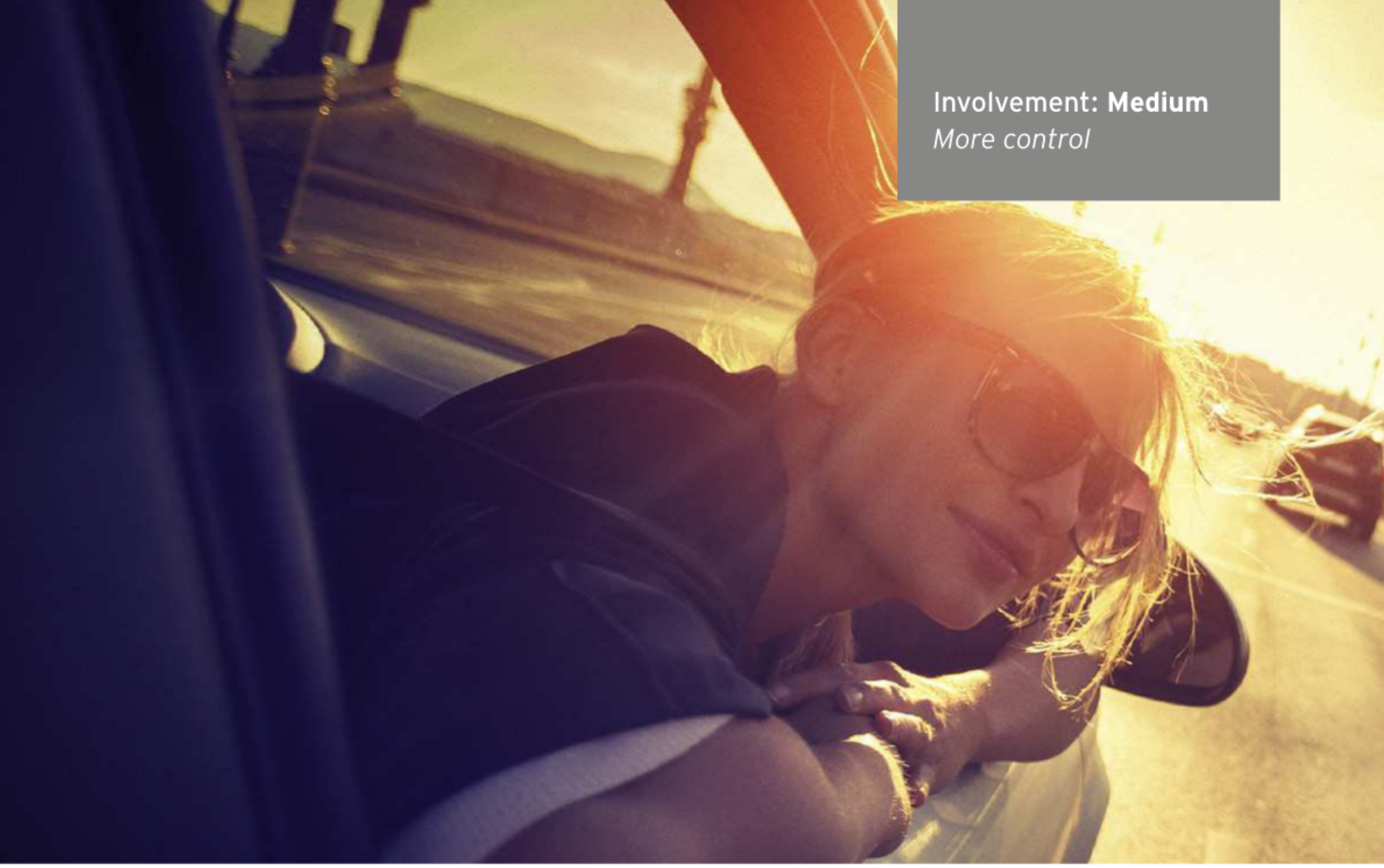
Keep in mind

- **Take action:** If you want to select the Focused strategy with the Flexible Income or Cash approach, visit at . You don't need to do anything if you want to select the Regular Income approach. Remember: you can change your investment choices throughout the year.

- **All in:** You can only invest in one Focused approach at any one time. So if you select the Flexible Income approach, all of your investments will follow this selection. This doesn't mean you can't change your approach. You can also choose to switch entirely to the Guided or Open strategies; it's up to you.

- **Regular check-ups:** EY and Standard Life will regularly monitor the funds in the Focused strategy to make sure they continue to perform in line with objectives. We expect that, from time to time, we may need to add or remove funds and change the design of the approaches in this strategy. We will let you know of any structural changes, but make sure you review your choices regularly anyway to make sure they remain relevant.

- **Rate it:** We've included the Standard Life volatility rating in the fund descriptions. (Volatility relates to how often and how sharply the market price of an investment changes – see .) For more about how these volatility ratings work, read Standard Life's guide.



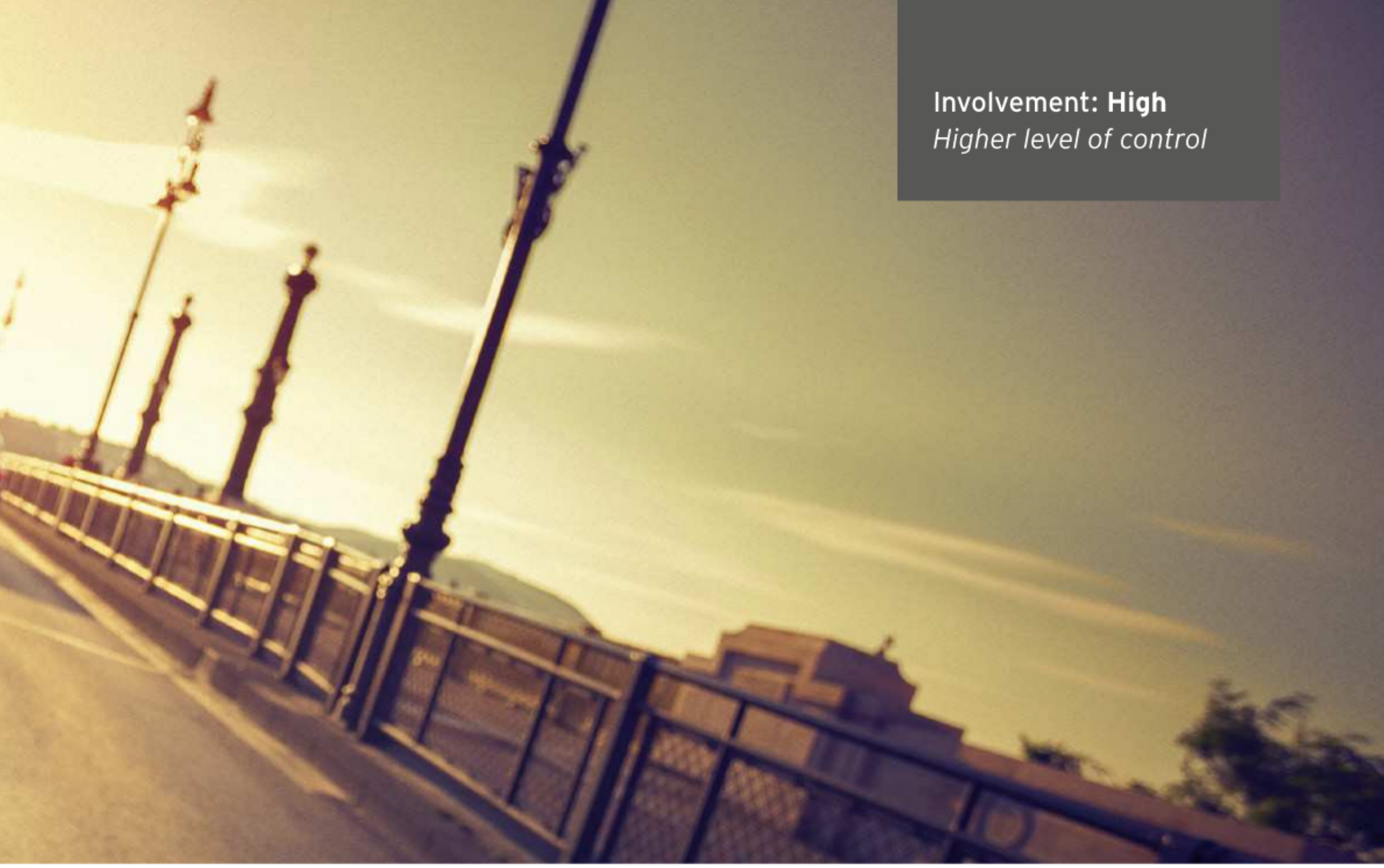
Involvement: **Medium**
More control

Guided

An investment strategy where you make choices based on the types of assets you want to invest in from a range of funds selected specially for the Plan.

Within this strategy, you decide where your retirement savings are invested and if and when you wish to change funds. You can change (switch) your funds as often as you want. You can choose from 13 funds (though you can't invest in more than 12 funds at any one time). These funds have been created exclusively for our Plan members and you can make your choice simply by the type of asset you wish to invest in.

Remember
EY and Standard Life will monitor the funds in the Guided strategy to make sure they continue to perform in line with their objectives. We expect that, from time to time, individual managers will need to be replaced, and we may need to add or remove funds. This might be in respect to a down rating of a particular fund or because EY now audits one of the funds, and so it might be significant for independence reasons. But you'll be responsible for making sure that the funds you pick meet your needs and how you feel about risk.



Open

An investment strategy where you make choices based on specific funds and their managers, from the complete range of over 300 funds.

As with Guided, in the Open strategy you decide where your retirement savings are invested and if and when you wish to change funds. You can change (switch) your funds as often as you want.

The range of funds you can choose from within this strategy requires the most involvement and gives experienced investors the ability to choose funds based on a particular manager.

Read your , to find out more about the Guided and Open strategies.

It's all about you

Within both the Guided and Open strategies, because you choose your own funds, your savings will not automatically switch into funds that are appropriate for how you're planning to take your retirement income (as it does if you make no other choices in the Focused strategy).

This means it's particularly important that you monitor your investment options regularly, especially as you get closer and closer to retiring.

You can review and make changes to your investment choices by visiting
at

Remind me about risk

Risk is an integral part of investing. There are different types of investment risk and it's up to you to decide how much you're willing and able to take.

There are lots of different types of investment risk. But, generally speaking, the more you're comfortable taking with your investments, the more potential you have for higher growth over time, and vice versa. Here are some other more common investment risks to consider as you get closer to retiring:

- **Capital risk**
  This is the risk that the value of your investments will fall and you won't get back all the money you invested. It's what most of us think of when we think of 'risk'.

- **Volatility**
  This relates to how often and how sharply the market price of an investment changes. So, the higher the volatility, the less stable the value of your investment or fund is likely to be.

- **Annuity risk**
  This is the risk that your Plan savings will buy less pension on retirement. The cost of converting your savings into an income (annuity) is linked in part to the price of long-term government bonds.

Your attitudes and circumstances will affect your ability to take risk and make investment decisions. Visit to find out more. You'll also be able to try our risk questionnaire at to find out more about your own attitude to risk.

Remember

The closer you get to retiring, the less time you have for your savings to recover from any significant falls in value.

What age was the oldest woman to climb Everest?

73. Her name is Tamae Watanabe, and, in 2012, she made her second visit to the summit.

She'd already climbed Everest 10 years earlier, aged 63.

Source:

What's your next move?

Make a choice

If you haven't made any choices, you'll currently be in the **Focused** strategy, with a **Balanced – Regular Income** Lifestyle Profile for your investments. If you continue to make no choice, your investments will automatically start to follow the Regular Income approach. If this isn't what you want, you'll need to get online at at and make changes. As a minimum, we'd encourage you to choose your selected retirement age here.

Know more

- Visit at to remind yourself of your other Plan choices. You'll also be able to access more Plan and general savings information.
- Read your for your investment choices when you're further from retiring, including more on risk and common investment terms.
- Try the tools on **standardlifepensions.com/ey/tools**
- Read Standard Life's guide to find out more about the Focused strategy lifestyle profiles and all other funds available.
- If you are unsure which investment option to choose, you may wish to seek advice from a financial adviser. There may be a cost for this. For details of how to find a financial adviser, visit **www.unbiased.co.uk**

Get in touch

For more details about the funds available, contact:

Phone: 0845 278 5643 (call charges will vary)

Website: www.standardlifepensions.com/ey

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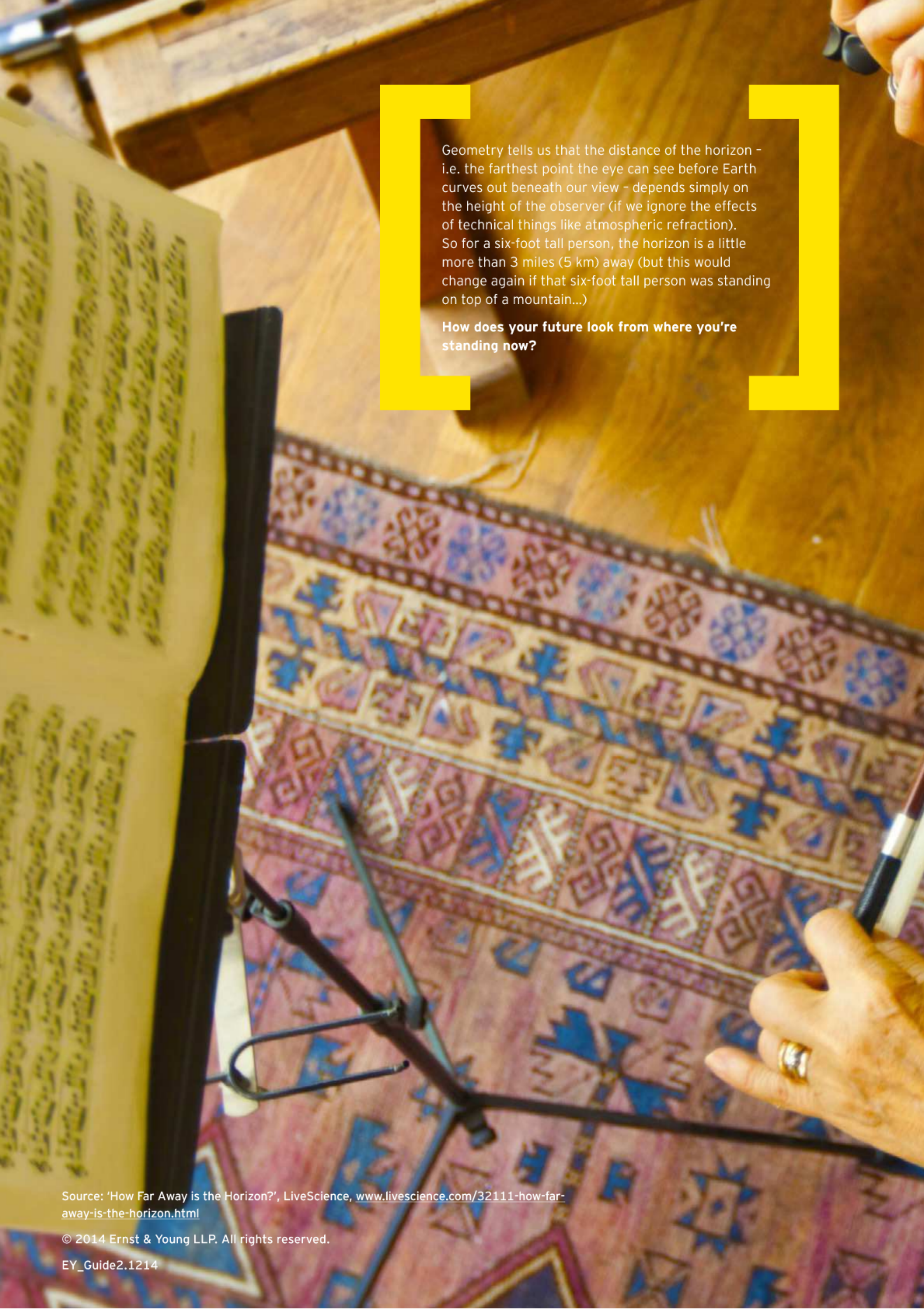

Geometry tells us that the distance of the horizon – i.e. the farthest point the eye can see before Earth curves out beneath our view – depends simply on the height of the observer (if we ignore the effects of technical things like atmospheric refraction). So for a six-foot tall person, the horizon is a little more than 3 miles (5 km) away (but this would change again if that six-foot tall person was standing on top of a mountain...)

How does your future look from where you're standing now?

Source: 'How Far Away is the Horizon?', LiveScience, www.livescience.com/32111-how-far-away-is-the-horizon.html

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