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0345 026 5006

Mon-Fri 8.30am – 7.00pm
Sat 9.00am -12.00 noon

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Legal & General
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Cardiff
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Alliance Healthcare & Boots Retirement Savings Plan (“the Plan”)

IMPORTANT NEWS ABOUT HOW YOUR PENSION IS INVESTED

We are pleased to announce we’re changing the default investment option for the Alliance Healthcare & Boots Retirement Savings Plan.

The default investment option is how your contributions are invested unless you tell us otherwise.

The current default investment option is the Legal & General Global Equity Market Weights 30:70 Index 75% Currency Hedged/AAA-AA-A Corporate Bond Lifestyle Profile.

With effect from 20th July 2017 the new default investment option will be the Legal & General (PMC) Multi-Asset Fund, which is considered more appropriate for the majority of plan members. How this affects you depends on how close you are to your selected retirement date.

If you are more than 3 years from your selected retirement date as shown above, we will automatically move your retirement account and any future contributions into the new default investment option. If you’re happy for us to proceed on that basis, you need take no further action.

If you don’t want your retirement account and any future contributions moved into the new default investment option, you will need to notify us in writing to the above address or call the helpline before 13th July 2017.

Continued overleaf...

If you are less than 3 years from your selected retirement date as shown above, we will not automatically move your retirement account to the new default investment option. As you may already have plans for how and when you plan to take your money, we will leave your retirement account and future contributions with the **current default investment option.**

If you don't want to stay in the current default investment option, you can change your investments by using our online account management facility at www.legalandgeneral.com/manageyouraccount or calling the helpline.

If you wish to change your selected retirement date, please contact us at the address above.

WHY WE ARE CHANGING THE CURRENT DEFAULT INVESTMENT OPTION

The current default investment option was put in place when the Plan was launched in 2010 and was designed to give members moderate long-term growth. It assumed that 25% of the retirement account would be taken as tax-free cash and the rest used to buy a guaranteed income for life – otherwise known as an annuity – at their selected retirement age. To meet this objective, we would gradually move their savings into safer investments in the ten years leading up to their selected retirement age in order to reduce the risk of a sudden fall in value due to stock market fluctuations.

Since that time, government legislation means that members have more freedom in how they take their pension savings. Many are now choosing to take their pension as cash, sometimes even before their selected retirement age, either in one go or in a series of withdrawals over a period of time. In some circumstances, people are leaving their money invested beyond their selected retirement age and using it to provide a regular income and the occasional cash lump sum as and when required.

OPTIONS AS YOU APPROACH RETIREMENT

In view of the above, we are changing the default investment option to one that aims to provide well-diversified long-term growth at a relatively low level of risk, but that doesn't automatically move into lower risk investments as someone approaches their selected retirement age. This should support greater flexibility in how and when a member decides to access their pension pot.

Although there will be no automatic switching under the new option, you may wish to consider moving your savings from the Legal & General (PMC) Multi-Asset Fund into something less risky as you approach retirement, depending on how and when you plan to take your retirement savings. With that in mind, we would like to draw your attention to three specialist investment strategies. Starting three years before your selected retirement age, they are designed to gradually move your savings into assets more closely aligned to how you intend to take your money:

Cash Lifestyle Profile

If you plan to take your entire retirement account as cash in one go or over a relatively short period, the Cash Lifestyle Profile will gradually move your money into the Cash Fund

Drawdown Lifestyle Profile

If you plan to leave your retirement account invested to provide an income over the medium long term – either as monthly payments or occasional lump sums or a combination of the two – the Drawdown Lifestyle Profile will gradually move your money into the Retirement Income Multi-Asset Fund. This fund aims to provide an income over the long term combined with relatively low volatility.

Annuity Lifestyle Profile

If you plan to buy a guaranteed income for life or over a fixed period (an annuity) the Annuity Lifestyle Profile will gradually move 75% of your money into our Pre-Retirement Fund and 25% into the Cash Fund in order to reduce the likelihood of a sudden fall in value due to a stock market downturn

Please note that less risk does not mean no risk and the value of your investments may go down as well as up.

If you would like to know more about these lifestyle profiles and how to select one, please use our online account management facility www.legalandgeneral.com/manageyouraccount

THE IMPACT ON THE POTENTIAL FOR GROWTH

The aim of the new default investment option is to provide continuous growth both up to and through retirement and it does not move into less risky funds in the later years like the current option. This means it has greater potential for growth in the later years than the current option.

However, it also has greater volatility which means the value may go up and down more significantly and we are unable to guarantee you will get greater returns from the new default investment option than if you had stayed in the current one.

There is also a small cost, known as a transaction cost, involved with making any fund switch. We estimate that the cost will range from 0.38% to 0.57% of the value of your pension pot being switched to the new default investment option. This cost will not be shown in changes to the number of units you hold or on your annual benefit statement but reflected in the unit prices used to calculate the value of your pension pot.

Remember, you can switch funds at any time by using the online **Manage Your Account** facility available at the address below.

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THE TWO OPTIONS AT A GLANCE

Current default investment option

Code: LMIY

Name: Global Equity Market Weights 30:70 Index 75% Currency Hedged/ AAA-AA-A Corporate Bond Lifestyle Profile

Aim: To provide long-term growth by investing in global equities and corporate bonds before moving into less risky assets as you approach your retirement date. It assumes you will purchase an annuity after taking the maximum tax-free cash sum.

In the early years, this option invests in the following Legal & General funds:

Fund code	Fund name	Fund Management Charge	Additional Expenses*
NRJY	L&G (PMC) Global Equity Market Weights (30:70) Index Fund 75% GBP Currency Hedged	0.20%	0.00%
NEMY	L&G (PMC) AAA-AA-A Corporate Bond All Stocks Index Fund	0.20%	0.00%

As you reach 10 years to your retirement date, we begin to move your money into these less risky funds:

Fund code	Fund name	Fund Management Charge	Additional Expenses*
NENY	L&G (PMC) Pre-Retirement Fund	0.20%	0.00%
EABY	L&G Cash Fund	0.20%	0.01%

New default investment option

Aim: To provide long-term investment growth through exposure to a diversified range of asset classes. The diversified nature of the Fund means that the Fund is expected to have less exposure than an equity-only fund to adverse equity market conditions. However, the Fund may perform less strongly than an equity only fund in benign or positive market conditions.

Fund code	Fund name	Fund Management Charge	Additional Expenses*
NTWY	L&G (PMC) Multi-Asset Fund	0.23%	0.00%

*This is a variable charge and covers various fees and expenses that fund managers may have to pay. Additional Expenses can vary throughout the year.

For more information, please visit Fund Information on your Plan website.

KEEPING TRACK OF YOUR PENSION SAVINGS

Use our online account management system to keep track of your savings and for a wide range of supporting information to help you make the most of your money including:

- Descriptions of the other funds and investment options available including past performance information
- A retirement planning tool that lets you see the impact of changing your selected retirement date, investment strategy and contribution levels
- How to make a change to your investment option.

If you haven't already registered for **Manage Your Account**, all you need is your pension account number shown at the top of this letter. If you don't have internet access, please contact us directly for assistance.

Register for online account management at
www.legalandgeneral.com/manageyouraccount

Please note you may not be able to change your investments while we are moving the Plan from the current default investment option to the new one.

THINGS TO THINK ABOUT NOW

- Is the new default investment option right for you?
- If you are approaching retirement, consider whether any of the supporting lifestyle profiles are appropriate for how and when you are likely to take your retirement account benefits
- Do you need to change your selected retirement age?

If you have any queries, please contact our member support team at the address above.

Thank you for saving with Legal & General.

Your sincerely,



Keith Stoneham
Head of Customer Services

DISCLAIMER

This letter is for information only and does not constitute financial advice. Our helpline staff are not authorised to give financial advice or recommend alternative funds. If you require financial advice, please speak to a professional financial adviser. You will find a list at **www.unbiased.co.uk**