

# A GUIDE TO INVESTMENT PATHWAYS



Investment funds to help meet your plans



**NFU Mutual**  
RETIREMENT PLANNING



# YOU'VE DECIDED TO TAKE AN INCOME FROM YOUR PENSION POT

This guide is designed to help you understand how your pension pot will be invested, as you have chosen to use your Select Pension Plan for Income Drawdown and decided to do this without taking financial advice. You have told us what plans you have for your pension pot in the next five years.

You can find more information on setting up and running Income Drawdown without financial advice on our website [nfumutual.co.uk/incomedrawdown](https://www.nfmutual.co.uk/incomedrawdown) or from our specific guide available from your local agency office.

This guide is not personal advice or a recommendation. If you are unsure whether the choices you have made are right for you, you should contact us for further guidance or to take financial advice.

# INVESTING YOUR MONEY IN INCOME DRAWDOWN

The money you are moving in to Income Drawdown needs to be invested in one or more of the investment funds we offer.

We offer a range of funds. However, at the current time, you have told us you do not want to choose a fund. In this situation, your money is invested in to one of our four Investment Pathway funds. These are explained below.

## INVESTMENT PATHWAY FUNDS

The money you are moving in to Income Drawdown, after taking your tax-free cash sum, will be invested in the Investment Pathway fund that best suits the plans you have for this pot of money in the next five years.

**You can choose from the following four options;**

- **Option 1** – I have no plans to touch my money in the next 5 years
- **Option 2** – I plan to use my money to set up a guaranteed income (buy an annuity) within the next 5 years
- **Option 3** – I plan to start taking my money as a long-term drawdown income within the next 5 years
- **Option 4** – I plan to take all my money out within the next 5 years.

These options have been set by the Financial Conduct Authority, all companies who offer Investment Pathway funds will present you with the same four options.

Once you have decided which option matches your plans we will invest your money in the investment fund that we use for that option. Each of these Investment Pathway funds invest in funds that we make available to all our investors in the Select Pension Plan. The funds we use for each option are described over the page.



# INVESTMENT PATHWAY FUNDS

Investment pathway	Which of our investment funds does this invest into?	What is your 5 year plan?
<p>1. I have no plans to touch my money in the next 5 years</p>	<p>40 - 85% Mixed Portfolio</p>	<p>You are looking to defer taking any further money from this pension pot for at least the next 5 years. You would therefore expect your investment to have the potential to grow over and above returns achievable from a bank or building society.</p>
<p>2. I plan to use my money to set up a guaranteed income (buy an annuity) within the next 5 years</p>	<p>Gilt and Corporate Bond Fund</p>	<p>You want a guaranteed income (an annuity) but are looking to defer buying it for up to 5 years and you want your investment to have the potential to grow your pension pot in that time.</p>

## How can this fund help meet your plan?

This fund invests in a range of assets with the aim of achieving growth by investing in shares, normally up to 85% of the fund's investments. By investing a high proportion of its assets in shares, the fund has the potential to achieve real growth over a minimum of 5 years. As shares can rise and fall more sharply than other types of investment, the fund holds other less volatile investments, to provide potentially more consistent investment returns.

For customers with a plan to stay invested in this fund, through its investments in shares and other investments, it has the potential to grow the value of a pension pot over that time.

This fund aims to provide consistent returns by buying Government and company debt both UK and overseas. Such investments pay interest over the time the money is lent and also benefit as the Government or company repay the loan made at a future set date.

For customers with a plan to buy a guaranteed income, this fund offers the potential for growth through its flow of interest and loan repayments. Changes in interest rates can impact the returns to the fund as can situations where the borrower does not repay the loan.

Please note, the value of the funds can fall and you may get back less than you invested.

Investment pathway	Which of our investment funds does this invest into?	What is your 5 year plan?
<p>3. I plan to start taking my money as a long-term drawdown income within the next 5 years</p>	<p>20 - 60% Mixed Portfolio</p>	<p>You are looking to take regular withdrawals from your pension pot within the next 5 years and to grow the remaining money invested in the pot. You want your fund to have the potential to provide growth.</p>
<p>4. I plan to take all my money out within the next 5 years</p>	<p>Gilt and Corporate Bond Fund</p>	<p>You are looking to take your remaining pension pot as cash in the next 5 years. This means that you want some potential for growth over that time. However, holding money in cash for several years can result in the buying power of your money reducing e.g. if your returns don't keep pace with inflation.</p>



You can find detailed information about each fund in the Key Investor Information Document for that Investment Pathway fund. These can be found by visiting [nfumutual.co.uk/investmentpathways](https://nfumutual.co.uk/investmentpathways).

### How can this fund help meet your plan?

This fund holds a spread of investments. These include shares from around the world, normally up to 60% of the investments held, and interest paying investments such as Government and company debt, both UK and overseas. The allocation to shares gives this fund the potential to achieve real growth over a minimum 5 year term. As shares can rise and fall more sharply than other types of investment, the fund's holding of other less volatile investments can provide potentially more consistent investment returns.

For customers with a plan to start taking income, this fund by holding a range of different investments aims to provide income with the potential for capital growth.

This fund aims to provide consistent returns by buying Government and company debt both UK and overseas. Such investments pay interest over the time the money is lent and also benefit as the Government or company repay the loan made at a future set date.

For customers with a plan to take their money out, this fund with its flow of interest payments and loan repayments has the potential to offer growth whilst keeping the money tax efficiently within the pension plan. Changes in interest rates can impact the returns to the fund as can situations where the borrower does not repay the loan.

Please note, the value of the funds can fall and you may get back less than you invested.

# QUESTIONS AND ANSWERS

## **Can I invest in more than one Pathway fund?**

You can only invest in one Pathway fund at a time – that fund should be the one that best fits your plans over the next five years. However, if you decide to have more than one retirement drawdown account to meet different objectives, you can select a different pathway for each account. Otherwise, just select the fund that best fits your plans over the next five years.

## **How will I know the value of my Investment Pathway fund?**

You will be able to see the current value of your Investment Pathway fund at any time by logging in to your online My Investment account. You can set up your online account by visiting the My Investments registration page on our website at [nfumutual.co.uk/myi](https://www.nfmutual.co.uk/myi)

Each April, July, October and December you will also see a quarterly statement giving you details of your plan.

## **Can I change Pathway funds?**

You can change your Pathway fund at any time to a fund which may better suit your plans. That could be another Pathway fund, or a fund chosen from the range we make available to all Select Pension Plan customers. For example, you may be invested in the pathway fund for ‘I have no plans to touch my money in the next 5 years’ but then decide to change to the pathway fund for ‘I plan to start taking my money as a long-term drawdown income within the next 5 years’.

### **What happens at the end of 5 years?**

When you first invest in Income Drawdown, your Investment Pathway fund will reflect the plans you have for the next five years. Towards the end of that five years, we will contact you to ask what your plans are for the following five years. Depending on what your plans are, your money could stay invested in the same Pathway fund or we will move it to another Investment Pathway fund that better suits your then plans.

### **Where can I find more information about each Investment Pathway fund?**

You can find more from the Key Investor Information Document. These can be found on our website at [nfmutual.co.uk/investmentpathways](https://nfmutual.co.uk/investmentpathways)

### **Can we change the investment fund for an investment pathway?**

We can change the investment fund for any investment pathway if we believe it is more likely to meet the objectives of that pathway. If we change the fund for your pathway we will give you 30 days notice before making the change. You can choose to change your pathway if you wish.



## NEXT STEPS

To speak to us about your retirement options and for more information, call **0800 622 323** - option 3, or visit **[nfumutual.co.uk](https://www.nfumutual.co.uk)**

Please note: The Gilt and Corporate Bond fund, as well as investing in the Government of the United Kingdom and Northern Ireland, the fund may invest in Government and other public securities of the following European Economic Area (EEA) States:

Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain and Sweden, and in addition the Governments of Australia, Canada, Japan, New Zealand, Norway, Switzerland and the United States of America

To obtain a free copy of the Key Investor Information Document, Key Features Document, Prospectus or the annual and half yearly reports of the NFU Mutual OEICs, in English, call 0800 622 323 during normal working hours or write to us at N.F.U. Mutual Unit Managers Limited, Tiddington Road, Stratford upon Avon, CV37 7BJ.

We're committed to supporting our customers, whatever your circumstances or needs we're here to help.



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