Combined Nuclear Pension Plan (CNPP) – LifePath funds

LifePath funds aim to provide you with an opportunity to grow your retirement savings with the CNPP, whilst automatically and gradually moving your savings to lower risk investments and, to align your CNPP pension account to the way in which you intend to take your retirement benefits, as you approach your target retirement age.

At your target retirement age, you can choose how to use your CNPP pension account. You can continue your investment journey into retirement by transferring your account from the CNPP into an income drawdown arrangement, which involves leaving your pension fund invested and withdrawing an income from it as and when needed. You can also transfer out and buy an annuity (if you wish to receive a guaranteed income), which involves using your pension to buy a guaranteed income for the remainder of your life, or transfer out to a separate pension arrangement and take it as a cash lump sum.

The move to reduce risk and align to your retirement choice is based upon your selected target retirement date – this will be set at 65 unless you've told Aegon otherwise. In order that this can be done appropriately for each individual, **it is important that you register with TargetPlan and keep your target retirement date updated**. You can change your target retirement age at any time by visiting TargetPlan at **www.aegon.co.uk/targetplan.**

Target retirement age
It is important to consider when you intend to retire and use your savings. Ideally you would do this no later than 10 years before the age on which you plan to retire as your chosen LifePath fund will start to de-risk towards a particular retirement product.

On TargetPlan you can model numerous different target retirement ages before making any changes to your target retirement age. You cannot change anything unintentionally as a warning will pop up to ask if you are sure you wish to proceed.

Ideally you should only need to make this type of change once during your CNPP membership, but we all know that life does not always go as planned so you can change your planned target retirement age more than once.

Please note that any fund switches can lead to a transaction cost depending on market conditions.

LifePath Funds
There are three LifePath funds on offer to CNPP members. LifePath Flexi, LifePath Retirement and LifePath Capital. LifePath Flexi is the default fund, this means that if you have not made a fund choice your money will be invested in this fund. The other two LifePath funds are both self-select funds.

LifePath Flexi (the default fund) – this fund assumes that you will transfer your CNPP account into an income drawdown account at your target retirement age. The LifePath Flexi fund will automatically change the asset mix towards an asset allocation of approximately 40% global equities (shares) and 60% fixed interest at your target retirement age.

LifePath Retirement – this fund assumes that you will transfer out of the CNPP and purchase an annuity with an annuity provider. Please note that Aegon does not offer annuities and you will be required to engage financial advice to seek an annuity provider of your choice. The LifePath Retirement fund will automatically change the asset mix towards a split of approximately 75% fixed interest and 25% cash by your target retirement age with the aim of ensuring that even if the value of your pension savings goes down just before you retire, the size of annuity you can buy should stay broadly the same.

LifePath Capital – this fund assumes that you will transfer your pension fund out of the CNPP at retirement. The LifePath Capital fund is designed to automatically change the investment mix towards 100% cash-like investments and will invest in the Aegon BlackRock Cash (BLK) fund upon reaching your target retirement age. The cash fund aims to produce a return in excess of its benchmark mainly by being invested in sterling-denominated cash, deposits, and other similar money-market investments.

How does LifePath work?

Early career phase – 35 years or more from your target retirement age. In the early years, your priority is likely to be to build up your pension savings as much as possible. Over the longer term, equities have been shown to provide returns in excess of inflation and often higher than those seen for other types of investments such as government bonds or cash savings. When you're more than 35 years from your target retirement age, LifePath provides such investments, but also aims to diversify the risk. LifePath does this by investing in equities from a variety of regions and countries and by investing in other types of assets such as commercial property.

Mid-career phase (between 35 and 10 years before retirement). LifePath gradually reduces investment in equities and introduces a variety of government bonds, corporate bonds, and other fixed income investments. During your mid-career and as your pension savings build up, you might become more concerned about protecting your pension savings from the ups and downs of stock markets. As the number of years to target retirement age reduces, the LifePath funds gradually reduce the amount invested in these riskier equity investments and move towards less risky bond investments.

Please note that all three LifePath funds invest in the same types of investments at the same allocations when you are more than 10 years from your target retirement date. It's only 10 years or less from your target retirement age when the LifePath funds change how they investment with the aim of targeting the three different retirement options.

Approaching retirement phase (within 10 years of retirement). LifePath gradually transfers from growth assets (equities and bonds) into the final allocation which depends on which LifePath fund you have selected.

You can change your choice of LifePath fund if you change your mind about how you are going to use your retirement savings. Remember that all three LifePath funds invest in the same way if you're more than 10 years from your target retirement age.

LifePath on TargetPlan – www.aegon.co.uk/targetplan

Each LifePath fund has a different date range that coincides with your retirement year – therefore when you visit TargetPlan and view the funds, you'll see different LifePath funds with a date range next to their name. This indicates the fund that you'll be invested in based on the year that you intend to take your retirement benefits. For example, if you're planning on taking your retirement benefits in 2041, you'll be invested in the LifePath fund with a date range of 2040-2042.

If you change your target retirement date and this moves you into a different date range, Aegon will automatically move you into the correct version of the LifePath fund. Therefore, by changing your target retirement age you can alter how your pension savings are invested.