The Legal & General Target Date Funds allow you to match your investment strategy to a range of ‘target dates’. This will normally include the date at which you currently plan to retire. Each Target Date Fund adjusts the way your savings are invested as you move closer to and then into retirement, giving you the flexibility to decide when and how you want to use your pension pot.

This type of fund is relatively new in the UK. The idea is that you save in a single fund along with other people who have a similar target retirement date in mind.

How does a Target Date Fund work?
Each Target Date Fund invests in a wide range of assets such as company shares, government and corporate bonds, property, infrastructure and other investments.

For a more detailed description of the different ways in which you can invest your pension savings, and the things you should think about when making investment decisions, please see the investment information on your scheme website.

For a description of each of the main asset types, please see the investment information on your scheme website.

Why choose a Target Date Fund?
The Target Date Funds are designed to help build your retirement income. They also aim to reduce your exposure to investment risk, particularly as you approach your Selected Retirement Date, by adjusting the mixture of assets within the fund. Each Target Date Fund targets a different five year ‘target range’. This means we have a Target Date Fund to suit your requirements, whatever your future retirement date may be. It also means you can change to a different Target Date Fund at any time, should your retirement plans change.

Each Target Date Fund has its own fund factsheet. You can access these factsheets by going to your scheme website or by logging in to Manage Your Account.

By investing in a variety of different assets, members get the benefit of diversification. Put simply, by not putting all your eggs in one basket, you aren’t reliant on the performance of any one type of asset.

As you progress through your working life and get closer to retirement, we will adjust the mix of investments within the fund, so that you don’t have to.

If you’re a long way from your target retirement date, the fund will invest more of your pension savings in higherrisk investments, such as company shares. Although they are more likely to go up and down in value in the short term, this type of investment is also more likely to grow your pension savings over the longer term.

If you’re closer to retirement, we will invest more of your pension savings in lower-risk investments, such as bonds. Although they may not grow by as much, your savings are less likely to fall in value, enabling you to plan for your retirement with more confidence.
Choosing the right Target Date Fund

Most pension scheme members don’t have a clear idea about when they intend to retire. This is why we’ve created a range of these Funds, each targeting a different five-year period.

Please note that the five year target range for each of these funds begins and ends at the start of July. This means, for example, that if your target retirement date is in 2050 you will need to consider whether the 2045-2050 Target Date Fund or the 2050-2055 Target Date Fund is more likely to fit your plans.

As shown in the example below, if you think you’re likely to start taking your money from your pension pot in 2042, you would select the Legal & General (PMC) 2040-2045 Target Date Fund.

If your employer has chosen the Target Date Funds as the default investment option for your pension scheme, your contributions will be invested in the fund with the target date range that matches your scheme retirement date. Please note that, if you want to, you can choose to invest in a different Target Date Fund at any time by going to your scheme website and logging on to Manage Your Account. If you decide to change your plan’s Selected Retirement Date or choose a different Target Date Fund, you may want to think about changing both, to keep them in line. You have the flexibility to choose.
What happens if my retirement plans change?

If your retirement plans change in the future, you can simply select a different Target Date Fund that matches your new target retirement date.

For example, as shown below, if you decide you want to keep working until 2048, you would simply choose the Legal & General (PMC) 2045-2050 Fund instead.

And, because there’s no limit on how often you can change funds, if you subsequently decide that you want to change your retirement date again, you can simply choose another Target Date Fund to fit with your new plans.

It’s important to be aware that, if you choose to invest in a different Target Date Fund, you may be increasing or reducing the level of investment risk to which your pension savings are exposed. To learn more about investment risk and how we risk rate our funds, please see the section on page 8: What are the risks of investing in a Target Date Fund?

What happens when I reach my target retirement date?

The Target Date Funds are designed to help you take advantage of the flexibility that members now have when it comes to taking their pension savings.

If you decide that you want to leave your pension pot invested beyond your target retirement date and take money out on a regular or occasional basis, you can leave your savings invested in your chosen Target Date Fund. Alternatively, you can move your pension pot into a different fund or to another pension provider.

If you’d like to find out more about the ways in which you can take money from your pension pot, please see the Freedom and Choice brochure.
How will my pension savings be invested?

The graph below shows how a member’s pension savings would be invested throughout the life of their plan. In the example shown, the member joined the plan in 2010, aged 19. Given that they intend to retire in 2058, aged 67, we have used the 2055-2060 Target Date Fund to show how the investment mix changes over time, as they move closer to and then beyond their target retirement date.

The green areas show higher-risk assets that have the potential to grow by more over the long term but which may go down and up in value - by more and more often - in the short term. The blue areas show lower-risk assets that may not grow by as much over the long term but which are less likely to go down and up in value in the short term.

It’s important to understand that this is only an illustration of how the investment mix within a Target Date Fund might change over time. Although our fund managers will continue to closely monitor each Target Date Fund, it is possible that the investment mix of each individual fund may evolve differently to the way it is shown on the graph below.

Investing responsibly

At Legal & General, we think that companies with a sustainable business strategy are more likely to produce sustainable returns for our investors over the long term. So we invest responsibly: to create the future world that we all want to live in.

Legal & General (PMC) 2055-2060 Target Date Fund

To find out more about each of the assets listed above please see the section on page 6: What do the Target Date Funds invest in?
The four stages of investing in a Target Date Fund

The way your pension savings are invested will depend on how close you are to your target retirement date. Although there are four different stages, members who are closer to their retirement date when they begin investing in a Target Date Fund may find that their pension savings are initially invested in one of the later stages.

**Stage 1: Higher growth**
You’re more than 30 years from your target retirement date. Most of your pension savings are invested in higher-risk assets, such as company shares, which can help to grow your savings more quickly. There’s a chance your pension savings could go down in value from time to time but, at this early stage, you should have time to make up short-term losses.

**Stage 2: Steady growth**
You’re around 10 to 20 years from your target retirement date. Your pension savings are invested in a more balanced spread of assets, ranging from company shares to bonds. You’re still looking for growth but your savings may not go up by as much in the short term, in return for more stability over the longer term.

**Stage 3: Approaching retirement**
You’re anywhere from around one to 10 years from your target retirement date. A large proportion of your pension savings is about to be - or already has been - switched into lower-risk investments such as bonds. Although your savings are less likely to grow by as much as they did before, they are also less likely to suddenly fall in value as you approach retirement.

**Stage 4: Retirement**
You’ve reached - and possibly gone beyond - your target retirement date. You may want to take money from your pension pot straightaway. Alternatively, you might not have decided yet how you’re going to take your pension pot or when. Either way, you can leave your pension pot where it is and it will continue to be invested in mostly lower-risk assets such as bonds, which offer modest growth but are less likely to fall in value. A small part of your pension pot will still be invested in higher-risk assets, which means you will, hopefully, continue to benefit from any investment growth, until you decide what to do.

To find out more about the ways in which you can take money from your pension pot, please see the Freedom and Choice brochure.
What do the Target Date Funds invest in?

The type of assets in which a fund invests will have an effect on its performance and volatility. The table below lists the different types of asset that a Target Date Fund is likely to invest in at some point, over the life of the fund.

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash</strong></td>
<td>This consists of short-term lending to governments and companies and deposits that are due to be repaid within around one year and have been awarded one of the two highest available short-term credit ratings by recognised credit rating agencies. These investments are seen as equivalents to cash deposits because the amounts borrowed will be repaid shortly and can, generally, be bought and sold in bond markets quite easily. They are issued by governments and companies (typically financial institutions) that make regular interest payments to the bond holder.</td>
</tr>
<tr>
<td><strong>Fixed interest government bonds</strong></td>
<td>These are ‘fixed interest securities’ issued by governments which make regular interest payments to the bond holder. Bonds can be traded and may be sold for more or less than the original amount paid. UK Government bonds are called ‘gilts’.</td>
</tr>
<tr>
<td><strong>Inflation-linked bonds</strong></td>
<td>These are ‘fixed interest securities’ issued by governments and companies, which make regular interest payments to the bond holder. These payments will change on a regular basis in line with the prevailing rate of inflation. Bonds can be traded and may be sold for more or less than the original amount paid.</td>
</tr>
<tr>
<td><strong>Investment grade corporate bonds</strong></td>
<td>These are ‘fixed interest securities’, such as bonds, that are issued by companies with some of the most secure credit ratings. Bond holders receive regular interest payments from the company that issues the bond. Bonds can be traded and may be sold for more or less than the original amount paid.</td>
</tr>
<tr>
<td><strong>High yield and emerging market debt</strong></td>
<td>High yield bonds are investments in the debt of companies with credit ratings that are lower than strong, healthy companies. These companies pay higher interest because there is a greater chance that they will be unable to repay their debt. Emerging market debt is a collective term used to describe bonds issued by governments in emerging markets. They also tend to offer higher yields to reflect the increased economic and political risks associated with investing in these emerging markets. They can also be harder to trade than bonds issued by the governments of developed countries.</td>
</tr>
<tr>
<td><strong>Infrastructure and commodities</strong></td>
<td>Investments in infrastructure can include major projects, such as building new roads, railways and hospitals. Typically long-term projects from which investors will receive regular fixed interest payments. Commodities are normally raw materials or primary agricultural products, such as copper or coffee, that can be traded on an exchange. Investment returns will depend on whether the commodity was sold for more or less than the price at which it was purchased.</td>
</tr>
<tr>
<td><strong>Direct property and REITs</strong></td>
<td>Investors in direct property receive income in the form of rents and may make a profit if the property is sold for more than the price at which it was purchased. Investors should be aware that properties can take time to sell. An investment in a Real Estate Investment Trust (REIT) can be traded on an exchange in a similar way to stocks and shares. The value of an investment in a REIT will depend on the value of the underlying properties owned by the trust and investors may receive a dividend if the trust performs well.</td>
</tr>
<tr>
<td><strong>UK equities</strong></td>
<td>These are investments in the shares of companies that are publicly listed on the London Stock Exchange. The value of this investment will depend on the performance of the company and this will be reflected in the share price. Shareholders may receive payments from the company in the form of dividends.</td>
</tr>
<tr>
<td><strong>Overseas equities</strong></td>
<td>This category includes investments in companies that are publicly listed on global stock markets, including emerging markets and private equity, which will typically be more volatile than equities issued by companies in developed markets. The value of this type of investment will depend on the share price of the company and any movements in the exchange rate between the pound and the foreign currency in which the share is priced. Shareholders may receive payments from the company in the form of dividends. Emerging markets are considered more risky than developed markets due to higher risks such as the increased chance of political instability. Private equity may also be deemed to be more risky because, for example, it is not as easy to buy and sell compared to the shares of companies that are traded on a stock market.</td>
</tr>
</tbody>
</table>

To see an illustration of how your pension savings might be invested, and how the proportion of different assets held within each fund would potentially change over time, as you go to and through retirement, please see on page 4 of this guide How will my pension savings be invested?

For a more detailed breakdown of the mixture of assets currently held by the Target Date Fund in which you’re invested, please see the fund factsheet viewable via Manage Your Account or on your scheme microsite.
What are the advantages and disadvantages of investing in a Target Date Fund?

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>You don’t have to choose which assets to invest in, as these are selected by the fund manager.</td>
<td>You aren’t actively choosing how much to invest in each asset at any one time. The risk rating of the fund at any one time may not be aligned to your own investment risk profile and there may be another fund or lifestyle profile more suitable to your needs.</td>
</tr>
<tr>
<td>Target Date Funds are designed to reduce investment risk as you approach your retirement date.</td>
<td>Target Date Funds don’t guarantee the value of your pension savings. The value of investments can go down as well as up.</td>
</tr>
<tr>
<td>The fund manager makes investment decisions based on market knowledge and experience and has the flexibility to make tactical investment decisions in the event of unexpected market movements.</td>
<td>The fund manager may not always make the correct investment decisions, the impact of which could become more significant if there are unexpected market movements.</td>
</tr>
<tr>
<td>The way in which a Target Date Fund invests your pension savings will change over time rather than all at once, when the markets may be low.</td>
<td>Switching and the transition into lower-risk investments may happen too quickly - or too slowly - depending on your attitude to investment risk.</td>
</tr>
<tr>
<td>The way your pension savings are invested is aligned to your target retirement date. The fund aims to provide a balance between long-term investment growth and protecting the value of your pension savings as you approach retirement.</td>
<td>If your retirement plans change, you may find that the way your pension savings are invested doesn’t reflect the way in which you intend to take your money or when you intend to retire.</td>
</tr>
<tr>
<td>The Target Date Funds have been designed to allow you to remain invested beyond your target retirement date, giving you the flexibility to use your pension savings either in full or in part and at a time that suits you.</td>
<td>If you have a very clear idea of how you want to take your pension savings and when, there may be another fund or lifestyle profile more suitable to your specific plans.</td>
</tr>
</tbody>
</table>

What are the risks of investing in a Target Date Fund?

All investments carry some risk. It’s important that you’re aware and comfortable with the risks associated with investing your pension savings in a Target Date Fund.

To help you with this, we give each of our Target Date Funds a risk rating, in the same way that we do for all our other funds. It’s important to be aware, however, that the risk rating for a Target Date Fund will change over time. This is because the proportion of higher risk assets held by the fund will reduce as members get closer to their target retirement date.

For more information on how we risk rate our funds, please see Your guide to risk and reward. For each fund’s specific risk rating, please see the individual fund factsheets, viewable on our Fund Centre website.
Where can I get more information?
If you want to find out more about the objectives and charges for each Target Date Fund, please see the fund factsheets. You’ll find a range of other useful information on your scheme microsite including a guide to the basics of investing and investment risk. You’ll also be able to access our retirement planner, which can help you work out what your current savings might be worth when you plan to retire.

If you’re not sure whether a Target Date Fund is right for you, you may want to speak to a financial adviser. To find an adviser in your local area go to unbiased.co.uk. Please note, financial advisers will usually charge a fee for their services.

What are the charges for investing in a Target Date fund?
In return for managing your Target Date Fund we will take a fund management charge (FMC). This charge is deducted on a daily basis and is reflected in the fund’s unit price. Details of the FMC for the Target Date Fund in which you are invested can be found on the fund factsheet.

The value of your investment is not guaranteed, can fall as well as rise, and you may not get back the value you invested.
You can find more information on the risks and potential rewards of investing in the investment information section on your scheme website.

Contact us
legalandgeneral.com/workplacepensions

Legal & General (Portfolio Management Services) Limited
Registered in England and Wales No. 02457525
We are authorised and regulated by the Financial Conduct Authority.

Legal & General Assurance Society Limited
Registered in England and Wales No. 00166055
We are authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Registered office for both companies:
One Coleman Street, London EC2R 5AA

Q005595 01/21 DC000716