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Your investment guide

NFU Mutual Retirement Benefit Scheme

LET'S GET STARTED

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Welcome

Choosing how to invest your retirement savings is an important decision as it will ultimately affect how much money you have at retirement.

Whether you dream about holidays, enjoying some time with your family or spending more time on your hobbies when you eventually stop working, you'll need money to pay for the lifestyle you'd like in retirement.

This may be the first time you've had to think about investments – and it can seem scary, but it doesn't need to be. Whether you're an experienced investor or completely new to making investment choices, there are options to suit everyone – and there's more than one way to reach your chosen lifestyle in retirement!

This guide takes you through the steps you need to think about and explains your investment choices. You should also read the Scheme Guide for a more general introduction to the NFU Mutual Retirement Benefit Scheme.

We can't give you financial advice about the decisions you need to make, but we can help with any questions you may have. You can contact us using the details provided on page 22. If you'd like financial advice, you can speak to an NFU Mutual Staff Financial Adviser or an independent financial adviser using the contact details provided on page 22.

Trust Deed and Rules

The information in this guide summarises many aspects and benefits under the Scheme. A full and thorough description of the Scheme and all conditions under which benefits are payable are detailed in the Trust Deed and Rules, which is a legal document governing the provision of benefits. This document may be inspected on request by contacting the Secretary to the Trustee. In the event that the benefits and conditions described in this guide differ from the Trust Deed and Rules, the Trust Deed and Rules will prevail.

A quick overview

The defined contribution (DC) section of the NFU Mutual Retirement Benefit Scheme (the Scheme) is designed so you can be as 'hands on' – or 'hands off' – as you want to be. You can choose how you'd like to invest the money in your personal account. You can opt for a 'hands-on' approach, where you select the investments (self-select), or take a more 'hands-off' approach and use one of our automatic investment strategies (lifestyle).

Choosing a **lifesyle** strategy

....means that in the early stages of your career, your money is automatically invested for growth (growth phase). The lifestyle strategy then automatically and gradually moves some of your money into less risky investments as you approach your retirement date (transition phase).

We offer three lifestyle strategies designed to meet your own attitude towards risk and how you want to use your personal account at retirement. If you don't make a decision, we'll use the Drawdown Lifestyle Strategy. You need to be sure that you're comfortable with this strategy and the risk you'll be taking.

The **self-select** option

...means you can select your own investments from a range of funds. You can choose one fund or a number of funds. This option means that you have to review your investments regularly and make decisions, so you need to be comfortable with managing your own account. If you choose to select your own funds, your money doesn't automatically move into less risky funds as you approach your retirement date.

In a DC scheme like ours, you have flexibility to use the money that builds up in your account in a variety of ways. The lifestyle strategies match the three main options you have at retirement:

- Keep your retirement savings invested and draw an income from it (drawdown lifestyle)
- Buy an annuity with your retirement savings, to provide a guaranteed income (annuity lifestyle)
- Take your retirement savings as cash (cash lifestyle)

The aim of investing is to make the value of your account grow. The flowchart on the next page will guide you through the choices you have.

Investment decision tree

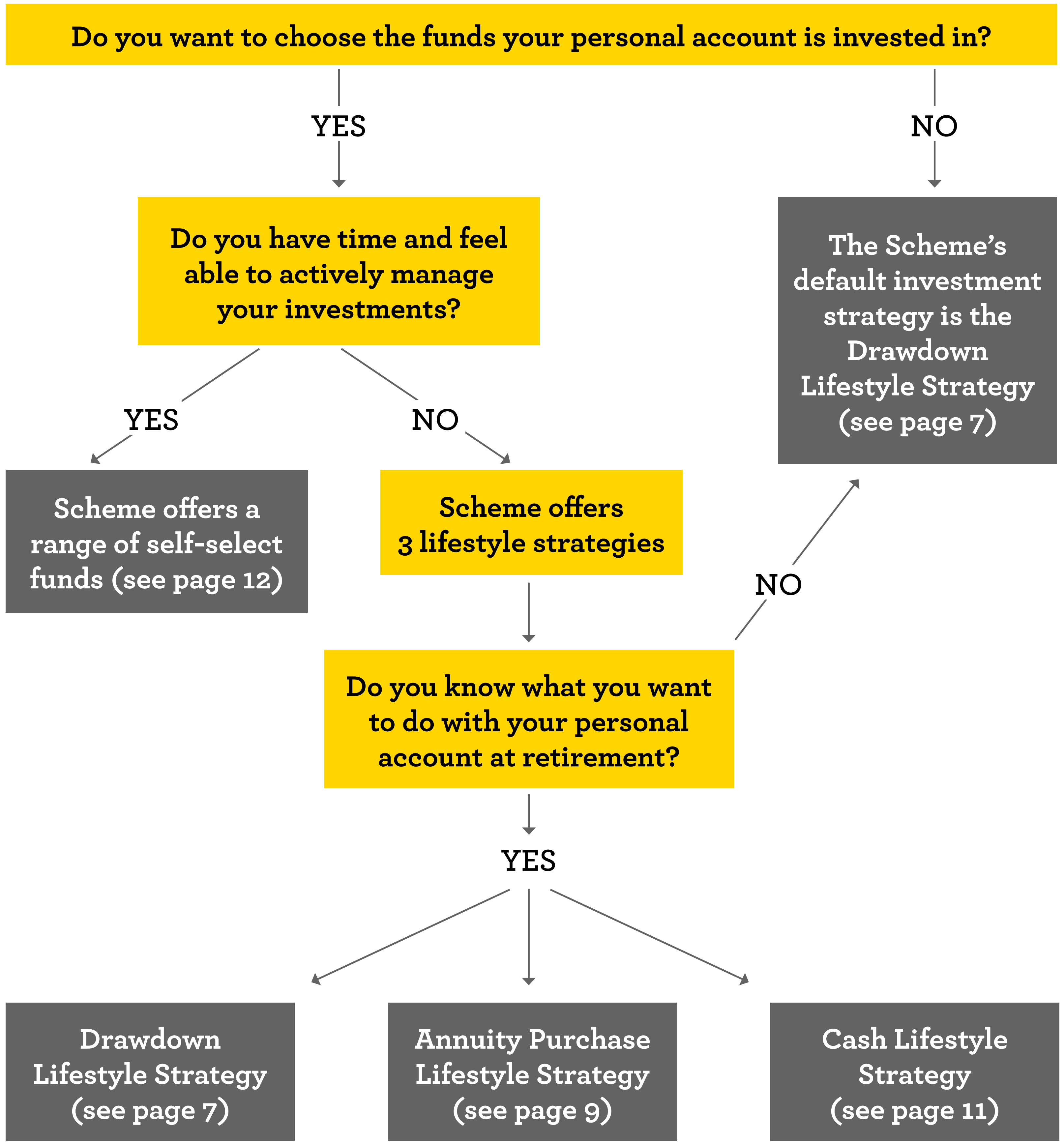
You may not have decided how you want to use your account when you retire. The *Drawdown Lifestyle Strategy* is the 'default' option. This means you'll automatically be placed in this option if you don't make an investment choice. Your retirement savings will start to switch into different investment funds when you're three years from retirement, which is why we suggest that you make a note to check when you get closer to your selected retirement date and revisit your investment choices to make sure that you're invested in the funds that most closely reflect the option you intend to choose at retirement.

The decision tree on the right hand side can help you choose how you want your account to be invested.

I think I'll keep my account invested and take sums of money from it.
(Please note that you'd have to transfer your retirement savings to another provider as it's not possible to keep it invested in the Scheme after you've retired.) The Drawdown Lifestyle Strategy is designed for members who want to keep their account invested and take sums of money directly from it. You can read more about the Drawdown Lifestyle Strategy on page 7.

I'd like to use my account to buy an annuity (a regular retirement income)
The Annuity Lifestyle Strategy (page 9) has been designed to track the cost of buying an annuity (an insurance product that provides a guaranteed income in exchange for a lump sum payment).

I'd like to take the money in my account as cash.
You might choose the Cash Lifestyle Strategy (page 11) if you think you'll cash in your personal account and not take an income at all.



Lifestyle – a ‘hands-off’ approach

If choosing your own investment funds seems daunting or if you don’t have the time to manage your personal account regularly, you can select an automatic investment option – a lifestyle strategy.

Lifestyle strategies are designed to automatically move your investments as you approach retirement. When you’re young, you can generally afford to take risk but you might wish to take less risk as you approach retirement:

Growth phase

In the early stage, your money is invested in riskier assets with more potential for growth.

Transition phase

In the run up to retirement, your money gradually moves into investments that more closely match how you plan to use your account at retirement.

Lifestyle strategies

There are three lifestyle strategies that you can choose from. Each lifestyle strategy has been designed to meet different attitudes to risk and the different ways you can take your personal account at retirement.

1 Drawdown Lifestyle Strategy

Growth phase

Invests in the NFU Mutual Mixed Portfolio Max 100% Shares Fund Shares Fund for growth until you're seven years from your target retirement age.

Transition phase

When you're **seven** years from your target retirement age, your investments will automatically begin to move to the **NFU Mutual Mixed Portfolio 40-85% Shares Fund**.

When you're **three** years from your target retirement age, we start to move **25%** of your fund into the **NFU Mutual Deposit Fund**.

When you retire, your pension savings will be invested **75%** in the **NFU Mutual Mixed Portfolio 40-85% Shares Fund** and **25%** in the **NFU Mutual Deposit Fund**.

Who is it designed for?

The Drawdown Lifestyle Strategy assumes you'll take your income using income drawdown.

It assumes you'll take a tax-free cash lump sum which is why 25% is invested in the NFU Mutual Deposit Fund.

It also assumes that you'll continue to invest the remaining 75% in similar funds to the 40-85% Shares Fund over the longer term as you gradually de-risk to take income during your retirement.

If you don't make an investment choice, your personal account will be invested in the Drawdown Lifestyle Strategy.

Find out more about **drawdown** ▸▸▸

About drawdown

You might choose this option if you think you don't want to buy an annuity – at least, not right away. Instead, you'd keep your retirement savings invested and withdraw regular amounts. You'd need to transfer your personal account to another arrangement as the Scheme doesn't offer a drawdown facility.

You'll need to carefully manage your investments after retirement to make sure you don't run out of money.

You can still buy an annuity later on if you wish to have a guaranteed income.

When you join the Scheme, your personal account will automatically be invested in the drawdown lifestyle strategy. If you want to invest it differently, you can select another option through the online member access site, My Work Pension, provided by the Trustee's pension administrators, Trafalgar House.

Just visit **www.myworkpension.co.uk**

2 Annuity Purchase Lifestyle Strategy

Growth phase

Invests in the NFU Mutual Mixed Portfolio Max 100% Shares Fund for growth until you're seven years from your target retirement age.

Transition phase

When you're within **seven** years of your target retirement age your money will automatically start moving so that when you retire, **75%** will be invested in the **Legal & General Over 15 Year Gilt Index Fund** and the remaining **25%** in the **NFU Mutual Deposit Fund**.

Who is it designed for?

You might choose this option if you think you'll buy an annuity when you retire. It moves 75% of your fund to the Legal & General Over 15 Year Gilt Index Fund to broadly match the cost of buying an annuity. It assumes you'll take a tax-free cash lump sum which is why 25% is invested in the NFU Mutual Deposit Fund.

Find out more about **annuities** ▸▸▸

About annuities

An annuity is a regular retirement income that you purchase from an insurer, which pays you an income every year for life. The amount of income you receive will depend on how much money you have on the date you buy it and what it costs to buy a pension at that date (the cost can go up and down significantly so it's always a good idea to shop around and get the best deal).

There are several different types of annuity policy that you can buy, and it's worth getting help from an adviser on which one is likely to be best for you. For example, some annuities will provide you with a fixed amount of pension every year, whilst others will increase your income to keep up with the cost of living. Sometimes you'll get a higher payment if you're in poor health or a smoker. Once you've bought the policy, most annuities are guaranteed to be paid for life.

3 Cash Lifestyle Strategy

Growth phase	Transition phase
Invests in the NFU Mutual Mixed Portfolio Max 100% Shares Fund until you're seven years from your target retirement age.	When you're **seven** years from your target retirement age, your investments will automatically begin to move to the **NFU Mutual Mixed Portfolio 40-85% Shares Fund**, so that **three** years before your target retirement age your pension savings will be invested **100%** in this fund. When you're **three** years from your target retirement age, we move your pension savings so that at retirement **100%** of your fund will be invested in the **NFU Mutual Deposit Fund**.

Annuity Purchase Lifestyle Strategy (Pre 2022) and Cash Lifestyle Strategy (Pre 2022)

These strategies will close to new investors from 14 July 2022 and will only be available to existing investors. Information is available on request by emailing rbs@nfumutual.co.uk or by telephoning 01789 202619.

Who is it designed for?

You might choose this option if you think you'll cash in your pension and not take an income at all.

Self-select – a 'hands-on' approach

If you want to choose how your account is invested and you don't want to invest in one of the three lifestyle strategies, the Trustee has made 12 investment funds available.

To be a self-select investor, you need to be confident about making your choices and also have the time to monitor your investments. Unlike the lifestyle options, your self-select investments won't automatically move from higher to lower-risk investments – you'll have to manage this process yourself.

The next five pages list the funds you can choose and tell you more about what they invest in, what investment style is used, how much the managers take as charges and also how they compare with each other in terms of risk and return.

RISK RATING

This is the risk that the value of your investments may fall

Low risk — High risk

RETURN RATING

This is the risk that long-term growth will not keep up with inflation

High growth — Low growth

These ratings have been suggested by our investment advisers, Hymans Robertson LLP, to help you understand your investment choices. They may not directly reflect the risk ratings applied by investment managers.

You can find out more about investments in general on pages 18 to 21.

Equity funds

Fund name	Investment objective	Long-term return potential	Risk of ups and downs	Total fund charge (% of fund each year)	Investment style
NFU Mutual UK Equity Fund GB00BYXPBF16	To provide long-term growth by investing in UK quoted company stocks and shares. The portfolio invests predominantly in blue-chip companies.			0.25%	Active
L&G UK Equity Index Fund PMC Code AS-UK Equity Index (Charges Included)	The investment objective of the fund is to track the performance of the FTSE All-Share Index to within +/-0.25% p.a. for two years out of three.			0.12%	Passive
L&G World (ex UK) Equity Index Fund PMC Code CC – (Charges Included)	The investment objective of the fund is to track the performance of the FTSE World (ex UK) Index (less withholding tax where applicable) to within +/-0.5% p.a. for two years out of three.			0.22%	Passive
NFU Mutual International Fund GB00BYXPB848	To provide long-term growth by investing globally. The fund invests in a number of stocks throughout the world. The fund is biased towards the world's major equity markets. Investments can also be made in the smaller markets, which can be more unstable, but can also produce good returns. The fund invests in assets which are denominated in currencies other than sterling. The fund's value can therefore go up and down due to changes in currency exchange rates.			In the region of 0.43%	Active

More details about each of the funds are available on **Mutualnet**.

RISK RATING: Low risk … High risk

RETURN RATING: High growth … Low growth

Diversified funds

Fund name	Investment objective	Long-term return potential	Risk of ups and downs	Total fund charge (% of fund each year)	Investment style
NFU Mutual Mixed Portfolio Max 100% Shares Fund	To provide capital growth (net of fees) over the long term (a period of at least 5 years). The fund invests up to 100% of its assets in other funds managed by NFU Mutual or third-party managers. The other funds may be actively managed or may be passively managed (closely linked to the performance of a market index) and no more than half of the assets will be invested in passive funds. Through its investment in other funds, the fund will have an exposure to shares of companies (equities), fixed income securities (such as bonds), money market instruments and cash. Up to 100% of the assets of the fund will be in equities. The fund can also invest indirectly in property and may also seek exposure to alternative assets.			In the region of 0.35%[1]	Active
NFU Mutual Mixed Portfolio 40 – 85% Shares Fund GB00BYXPBB77	To provide capital growth and income (net of fees) over the long term (a period of at least 5 years). The fund invests up to 100% of its assets in other funds managed by NFU Mutual or third-party managers. The other funds may be actively managed or may be passively managed (closely linked to the performance of a market index) and no more than half of the assets will be invested in passive funds. This fund can invest up to 85% in shares.			In the region of 0.32%[1]	Active

[1] The Total Fund Charge for these funds will depend on the asset allocation underlying each fund throughout any given year.

More details about each of the funds are available on **Mutualnet**.

	Low risk					High risk
RISK RATING						

	High growth					Low growth
RETURN RATING						

Property funds

Property funds	Investment objective	Long-term return potential	Risk of ups and downs	Total fund charge (% of fund each year)	Investment style
NFU Mutual Mixed Portfolio 20 – 60% Shares Fund GB00BYXPB954	To generate long term (5+ years) capital growth and income (net of fees). It will mainly invest in funds managed by NFU Mutual Unit Managers Limited and third-party funds with compatible objectives. It's intended that through these funds, the fund will gain exposure to a mix of UK and international equities, fixed income stocks and cash. The fund can invest indirectly into property in line with regulatory restrictions. The fund manager has the ability to invest directly in equities, fixed income stocks and cash. The expectation is, however, that the fund will gain the predominant part of its exposure indirectly through funds. The total exposure to equities will not exceed 60%.			In the region of 0.39%[1]	Active
NFU Mutual Property Fund GB00BYXPBD91	To provide long-term growth by investing in property-related shares and/or property. The valuation will reflect UK property and stock market values. However, the fund does not currently invest directly in property.			0.35%	Active

More details about each of the funds are available on **Mutualnet**.

RISK RATING: Low risk … High risk

RETURN RATING: High growth … Low growth

Bonds

Fund name	Investment objective	Long-term return potential	Risk of ups and downs	Total fund charge (% of fund each year)	Investment style
NFU Mutual Index-Linked Fund GB00BYXPB731	To provide a return from a portfolio investing predominantly in index-linked bonds. The fund will invest in a portfolio investing in index-linked government or investment grade corporate index-linked securities, denominated mainly in sterling, to provide a total return related to inflation-linked income and redemption payments. In the short term, however, the fund may not provide much inflation protection.			0.15%	Active
L&G Over 15 Year Gilts Index Fund PMC Code AM-Over 15 Year Gilts Index (Charges Included)	To track the performance of the FTSE Actuaries UK Conventional Gilts Over 15 Years Index to within +/-0.25% p.a. for two years out of three.			0.12%	Passive
NFU Mutual Fixed-Interest Fund GB00BYXPB400	To provide a return from a portfolio investing mainly in gilts and investment grade corporate bonds. The fund will invest in a portfolio of bonds and other fixed and floating rate securities denominated mainly in sterling and issued by governments, government agencies, supra-national and corporate issuers (including preference shares).			0.15%	Active

More details about each of the funds are available on **Mutualnet**.

RISK RATING — Low risk … High risk

RETURN RATING — High growth … Low growth

Cash funds

Fund name	Investment objective	Long-term return potential	Risk of ups and downs	Total fund charge (% of fund each year)	Investment style
NFU Mutual Deposit Fund GB00BYXPB392	To maintain capital stability by investing in secure UK money market accounts. The fund is an ideal temporary haven for your money while you're deciding where to invest it for the longer term. The fund isn't intended as a long-term investment. The fund invests principally in deposits and in money market assets, which includes deposits in banks and other financial institutions. If any of these get into financial difficulties or become insolvent, they may not pay back some or all of the amount invested in them. This could mean that you might not get back the full value of your investment.			0.25%	Active

More details about each of the funds are available on **Mutualnet**.

RISK RATING Low risk … High risk

RETURN RATING High growth … Low growth

More about investments

Risk & reward

All investments involve some risk, but not all risk is bad.

When it comes to investing, falling short of money in retirement is the biggest risk most people face. Managing risk is about understanding when taking higher and lower investment risk is appropriate for your individual circumstances.

The key risks you need to think about when choosing your funds are:

Investment risk – the value of your investments can go down as well as up and be worth less than you paid for them. Your investments may lose value shortly before you are due to retire and buy a pension.

Inflation risk – over time, your investments may not grow quickly enough to keep pace with inflation.

Pension conversion risk – the cost of buying an annuity might increase shortly before you retire.

How you choose to manage these risks depends on your aims and how comfortable you are with different kinds of risk.

For example, if you're a long way from your retirement you may choose to invest in shares or similar assets and take some more investment risk, in the hope of getting better growth on your money in the long term. By taking this risk, the value of your personal account might have more investment growth, but this isn't guaranteed and you might see the value of your retirement savings rise and fall more frequently. Taking this approach could protect you from the risk of your investments not growing quickly enough to keep up with the cost of living (inflation risk).

If you're nearer to retirement and plan to buy an annuity, you might choose to invest in bonds which will help you to minimise the risk that the cost of pensions might rise shortly before you retire (pension conversion risk).

Another way to manage risk is to spread your investments across different types of investment funds, different markets or different countries. This is known as 'diversification'. The idea behind this is that if one market sector loses value, your other funds may not be impacted.

The cost of living is rising

Have you noticed an increase in the cost of your food shopping over the years? It costs you more to buy a pint of milk today than five years ago. This is because the cost of living goes up and this is known as inflation. When investing your money for a long time, you need to consider investments that keep up with the increase in living costs.

Types of investment

When you invest your personal account, your money is invested in a fund. Each fund invests your money in different areas (asset classes) according to the level of risk you're willing to take. The main types of investment you're likely to come across are equities, property, bonds and cash.

It's important to understand the different levels of risk for each of the asset classes. In this case, risk means how much the value of your investments may go up or down in value. And you should always remember that past performance doesn't guarantee what the future returns might be.

Equities

Shares, also known as 'equities', are where you buy a small part of a company. This entitles you to a share of any profits the company makes. If the company is seen to be successful, their shares may be in high demand, pushing up the share price. Share prices do also fall, sometimes dramatically. Share values can go up and down a lot in the short term but can give you great long-term growth potential.

Property

In investment terms, property means commercial property such as offices, shops, warehouses, factories, leisure facilities and other business buildings. These may be direct investments in physical properties or investments in shares of property companies. Investors in direct physical properties look to make money in two ways: from rent paid by tenants and from rises in the value of the property itself. Property can offer good prospects for long-term returns but property prices can fall too – particularly in the short term. Investing in shares in property companies is a more accessible method of investing but will act in a similar manner to equity markets.

Bonds

When you buy a bond, you're effectively lending money to either the Government (gilts) or companies or similar bodies (corporate bonds) which will be paid back with interest over a period of time. Bonds can either pay out the same rate of interest each year, or vary their interest payments in line with inflation. All bonds carry an element of default risk, which is the risk that the lender won't be able to honour its obligations, or default. As gilts are backed by the UK Government, they're typically seen as very safe investments so they have a lower expected return. Corporate bonds may have a higher level of default risk, depending on the credit worthiness of the issuing company. This will be reflected in the associated potential returns, where the higher the risk of default, the higher the expected return and the lower the risk of default, the lower the expected return. Investments in bonds often grow less than investments in shares, but they also tend not to go up and down so much in the short to medium term however, their value can fall sharply in adverse market conditions.

Cash

You may not think of cash as an investment but it's an important asset in its own right. Although your retirement savings may not grow very much when they're invested in cash, investing in cash can be useful. For example, investments held in cash are normally very secure. What's more, the value of investments in cash tend to be far more stable than investments in other types of asset. Cash can be a useful investment option as you get close to retirement and is used in each of the lifestyle strategies in the last few years before retirement (via the NFU Mutual Deposit Fund used to fund your tax-free cash sum if you decide to take one).

Investment styles

Active management is where a fund manager aims to outperform the relevant market index by using their skill and judgement to select the stocks which will outperform the market. As a result of this active management style, active management funds such as the NFU Mutual Funds available to DC members typically result in higher total fund charges.

Passive management is where a fund manager aims to track the performance of the relevant market index as closely as possible. As a result of this passive management style, passive management funds, such as the Legal and General Funds available to DC members, typically result in lower total fund charges.

Making your choices

If you don't make an investment choice

When you join the Scheme, your contributions will be automatically invested in the Drawdown Lifestyle Strategy. You need to be sure that you're comfortable with the lifestyle strategy you're invested in and the risks. You can find out more about this strategy on page 7. You can select another option once you've joined the Scheme through the online member access site, My Work Pension, provided by the Trustee's pension administrators, Trafalgar House.

Just visit **www.myworkpension.co.uk**.

How to make your choice

Once you've read this investment guide, take the following easy steps to make your investment choice:

Step 1

Understand your investment options and consider your attitude to risk.

Step 2

Think about how and when you'd like to take your benefits when you retire.

Step 3

Decide between the hands-off lifestyle strategies or the hands-on self-select options.

Step 4

Get financial advice if you need it.

Step 5

Make your choice by visiting **www.myworkpension.co.uk**

You can update your fund selection at any time via My Work Pension.

Getting in touch

No one connected with the Scheme can give you financial advice. This includes the Trustee and its advisers. However, we're happy to answer any questions you may have. If you have a question about the Scheme or your benefits and can't find the answer on **Mutualnet**, please contact the Secretary to the Trustee by emailing rbs@nfumutual.co.uk or by telephoning 01789 202619 or 01789 202256.

If you'd like financial advice, you can speak to an NFU Mutual staff financial adviser by telephoning 0800 622 323 or contact your local staff financial adviser.

You can also use an independent financial adviser (IFA). If you don't have an IFA, you can find one by visiting **www.unbiased.co.uk**

Help & information

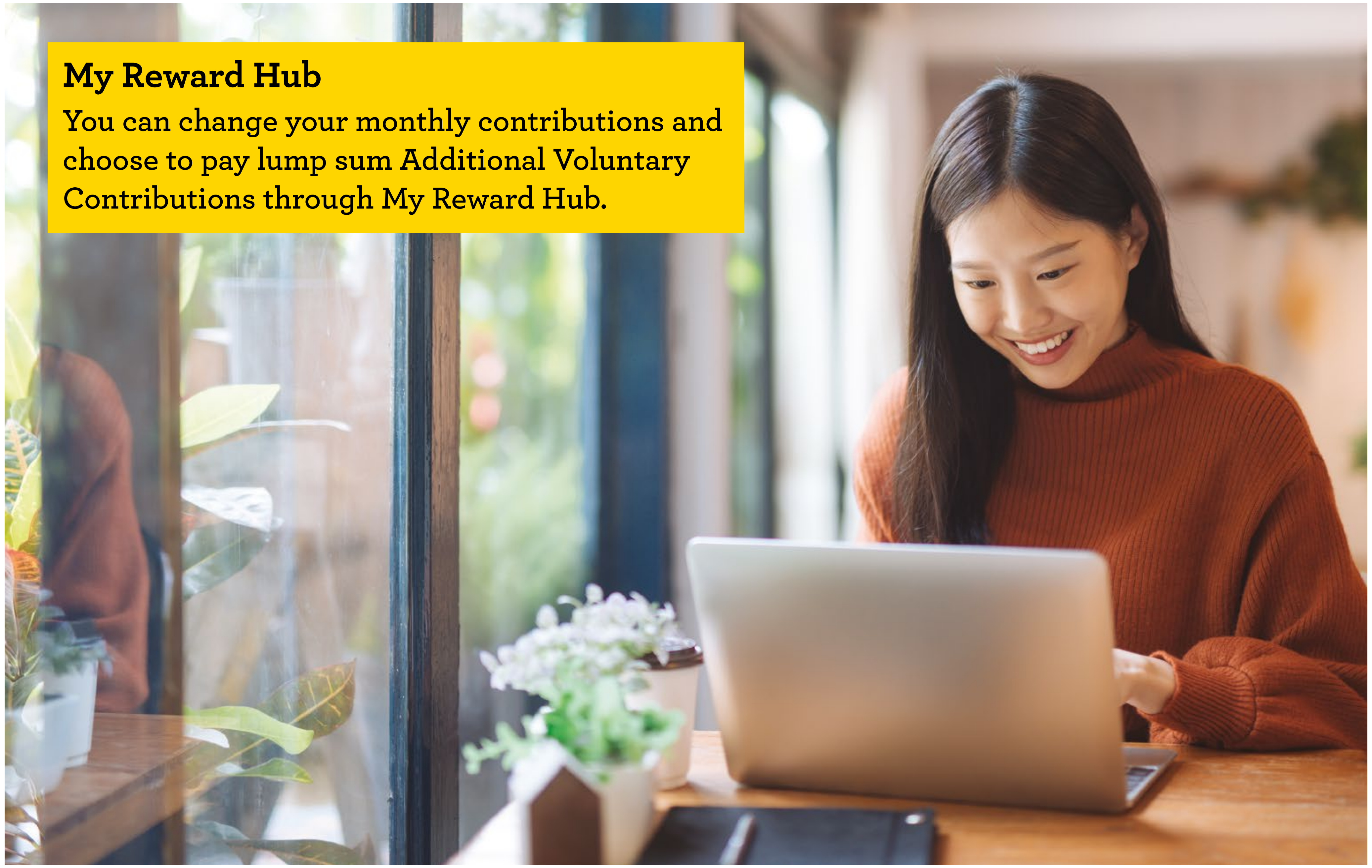
The pensions website

All members can access information through the Scheme's website **www.nfumstaffpensions.co.uk**. Active members can also visit the Retirement Benefit Scheme pages on **Mutualnet**.

My Work Pension

My Work Pension is an online pension portal provided by the Trustee's pension administrator, Trafalgar House. You can use My Work Pension to access your pension details online, view your current fund value, view the benefits you could get at retirement using the Pension Modeller, decide where to invest and choose from several funds or lifestyle strategies, keep up to date with your pension and fund performance and update your beneficiaries.

If you haven't activated your My Work Pension account or you'd like some assistance accessing or navigating your account, please contact Trafalgar House. To do this, you can access My Work Pension via **www.myworkpension.co.uk**, call Trafalgar House on 020 3386 5703 or email **nfumutual@thpa.co.uk**.



My Reward Hub

You can change your monthly contributions and choose to pay lump sum Additional Voluntary Contributions through My Reward Hub.

MoneyHelper

MoneyHelper is an easy way to get free, trusted help for your money and pension choices. Offering impartial help that's quick to find and easy to use, MoneyHelper is available online or over the phone, providing clear money and pensions guidance, as well as pointers to trusted services, if you need more support.

MoneyHelper helps people to clear their debts, reduce spending and make the most of their income to build up savings and pensions and know their options. For money help that's free to use, go to **www.moneyhelper.org.uk**

The Pension Tracing Service

If you think you have pensions elsewhere and you're not sure how to find them, the Pension Tracing Service can help.

The Pension Service 9, Mail Handling Site A, Wolverhampton WV98 1LU

0800 731 0193

www.gov.uk/find-pension-contact-details

The Pensions Regulator (TPR)

The Pensions Regulator was set up under the Pensions Act 2004. It has the responsibility to regulate the operation of occupational pension schemes in the United Kingdom. The statutory objectives of the TPR are as follows:

- To protect the benefits of members of work-based pension schemes.
- To promote good administration of work-based pension schemes.
- To reduce the risk of situations arising that may lead to claims for compensation from the Pension Protection Fund.

The Pensions Regulator, Telecom House, 125-135 Preston Road, Brighton BN1 6AF

www.thepensionsregulator.gov.uk

The Pensions Ombudsman

The Pensions Ombudsman is appointed under the Pension Schemes Act 1993 and can investigate and determine any complaint or dispute of fact or law in relation to any pension scheme made or referred in accordance with the Act. The decision made by the Pension Ombudsman is binding on the parties involved, subject to the right of appeal to the High Court on points of law.

The Pensions Ombudsman, 10 South Colonnade, Canary Wharf E14 4PU

0800 917 4487

enquiries@pensions-ombudsman.org.uk

www.pensions-ombudsman.org.uk