

► Effective from 1 April 2018

# Consumer Guide

SLOC With-Profits Fund for Pension Plans



*Life's brighter under the sun*



**Sun Life Financial  
of Canada**



## Contents

Aims of this guide	4
What does this guide cover?	4
How is the with-profits pension business managed?	5
What affects the value of my plan?	6
What if I decide to cash in my plan early or transfer my plan?	7
How does Sun Life Financial of Canada manage exposure to risk?	7
Are there any more details I should know?	7
Where can I find out more?	8

## Aims of this guide

This guide explains briefly how we manage the SLOC With-Profits Fund for pension plans. It covers Individual Money Purchase (IMP) plans, Individual Transfer Pension (ITP) plans, and Irish Personal Pension Plans.

The SLOC With-Profits Fund contains both life insurance and pension plans. We have prepared a separate guide for life insurance plans.

Please note that this guide is only relevant to individual pension plan-holders. If you are a member of a group pension scheme please contact your scheme trustee for details of how your plan operates.

### Why this guide is important

Please read this guide alongside your latest bonus statement and plan documents.

It gives important information about how the plans that depend on it work and what you or your beneficiaries can expect to get back from it.

Please keep it in a safe place with your other plan documents. If you need copies of these documents please contact us on **0345 072 0223**.

## What does this guide cover?

### This guide covers:

- investing in the SLOC With-Profits Fund for pension plans; and
- how our approach to managing the SLOC With-Profits Fund for pension plans affects the amount you or your beneficiaries get back from your plan.

Our approach can change from time to time. For example, we may change our approach to managing the SLOC With-Profits Fund as a result of changes in the business or economic environment, or to protect plan-holders' interests. We will tell you if we make alterations that may significantly affect your plan.

## How is the with-profits pension business managed?

The with-profits pension business is essentially managed on a 'deposit administration' basis.

Under this approach, your money, less charges as set out in your plan conditions, is invested with that of other plan-holders to provide benefits for you on your retirement. Pension regulations determine how and when you can receive the money in your plan.

For pension business, the SLOC With-Profits Fund invests in fixed interest investments such as bonds (loans to the Government or companies) and cash deposits.

The amount of interest and/or dividend credits added to your plan each year is based on a number of factors including:

- the return on the assets in which your premiums have been invested, after allowing for the expenses of administering your plan;
- any guarantees for your type of plan; and
- the financial condition of the SLOC With-Profits Fund.

The return on the assets is determined by the rates available on fixed interest investments on the dates we invest money for you and other plan-holders.

Generally, the interest and/or dividend credits will not change much from year to year throughout the lifetime of your plan. However, in exceptional circumstances, such as if there were large falls in asset values; you may get reduced interest and/or dividend credits. In any event, the level of interest and/or dividend credits will not fall below the minimum guaranteed level as shown in your plan conditions.

Different types of plans receive different amounts of interest credits and/or dividends. The yearly statement we send you includes information about the current interest credit and/or dividend for your plan.

We are not allowed to pay any profits from the SLOC With-Profits Fund to our shareholders.

Most pension plans benefit substantially from the value of their guaranteed benefits, so none receive any distribution of inherited estate.

### Looking ahead

Under the terms of the Scheme, the Company can convert the fund to providing fixed benefits once the value of the investments has reduced to a certain size. Assuming the fund reaches this point without any alteration to the Scheme, the Company will consider the best course of action in order to continue to ensure the orderly run off of the fund for the benefit of the plan-holders going forward.

## What affects the value of my plan?

Many factors affect what you'll get back from your plan. These are the main ones:

### a Investment performance

The most important factor affecting the value of your plan is the investment performance of the assets in which your premiums have been invested. These assets earn a return through both the income received (for example, interest), and also through any profits or losses on the sale of investments.

The investment strategy of the SLOC With-Profits Fund for pensions business is to provide a stable return through investment in fixed interest bonds (loans to the Government or companies) and cash deposits. The assets invested for the benefit of with-profits pension plan-holders are used for the benefit of those plan-holders. For this reason, pension plan-holders do not receive any return or surplus that may occur on the assets invested for the benefit of with-profits life insurance plan-holders.

We review our investment strategy at least annually, but more frequently if investment market conditions change sharply. In doing so we take the following factors into consideration:

- the SLOC With-Profit Fund's current and expected future financial

position and the need to make sure there is enough money in the fund to meet our obligations to plan-holders;

- the level of guarantees in the fund;
- the expected cash flows of the SLOC With-Profits Fund; and
- the stability of investment returns.

We manage the risks that come with investing by choosing assets of good quality and by setting limits on, for example, how much we invest in any one asset or type of asset.

### b Guarantees to you or your beneficiaries

Guaranteed amounts from your plan will be paid on the set event or date stated in your plan document. The set event may be the end of the plan's term (called the 'vesting date'), or if you die.

These guarantees may include guaranteed annuity rates if these apply for your type of plan. Your plan conditions will explain the guarantees applicable to your plan.

### c Our expenses

We make deductions for expenses as outlined in the conditions of your plan.

These expenses include the costs of setting up and administering your plan, commission, and fees for investment management and administration.

## What if I decide to cash in my plan early or transfer my plan?

If you cash in your plan early or transfer your pension to another company we do not guarantee the minimum amount payable unless your plan specifically states that a guaranteed minimum is payable in these circumstances. The amount we pay you is calculated with the objective of achieving a fair balance between plan-holders who leave early and those who remain in the fund.

Pension regulations determine how and when you or your beneficiaries can receive the money in your plan.

## How does Sun Life Financial of Canada manage exposure to risk?

The SLOC With-Profits Fund is exposed to a number of risks. The biggest risk comes from the need to pay all guarantees when they are due. This may occur at a time when asset values have fallen. We aim to manage the exposure of the SLOC With-Profits Fund to this and other risks.

We do not plan to expose the SLOC With-Profits Fund to any new risks, and in particular we are no longer writing any new business in the SLOC With-Profits Fund. This will help to reduce the risks to which the SLOC With-Profits Fund is exposed.

## Are there any more details I should know?

This guide explains as simply as possible how the SLOC With-Profits Fund is managed for pension plans. This may be all you wish to know. We have included some additional background information in the following paragraphs.

Sun Life Assurance Company of Canada used to be a mutual insurance company. This meant that the with-profits plan-holders owned the company. On 22 March 2000, the company was reorganised by a demutualisation, and became a shareholder-owned company. Eligible plan-holders received cash or shares, except for pension plans where tax regulations prohibited this, in which case the benefits were paid to the plan trustees who used the proceeds to enhance the members' plan benefits.

As part of the reorganisation, the existing U.K. with-profits plans were transferred to Sun Life Assurance Company of Canada (U.K.) Limited. In order for this to take place, it was necessary for a legal Scheme to be approved in the High Court.

This Scheme set up the SLOC With-Profits Fund in a new and more formal way. It also set out principles for the way in which we have to manage the SLOC With-Profits Fund in future.

We have published our Principles and Practices of Financial Management (PPFM), which describes in detail how we manage the SLOC With-Profits Fund. We have set up a With-Profits Committee, which is an advisory committee to the Board of Directors, to make sure that we do manage the SLOC With-Profits Fund in this way. Our With-Profits Actuary gives us advice, particularly on matters where the PPFM provides us with flexibility as to how we operate the SLOC With-Profits Fund.

You should note that this guide represents a simplified version of the information contained in the PPFM, which will take precedence if there is any inconsistency. Furthermore, if there is any inconsistency between the PPFM and the terms of the High Court Scheme referred to above, the terms of the Scheme will apply.

## Where can I find out more?

For more detailed information about how Sun Life Financial of Canada with-profits plans work, and how we manage the SLOC With-Profits Fund please contact us on **0345 072 0223** and ask for a copy of our Principles and Practices of Financial Management (PPFM). Alternatively, you can read it on our website, **[www.sloc.co.uk](http://www.sloc.co.uk)**

If you need financial advice you will need to contact a financial advisor who may make a charge for this. You can obtain a list of advisers at **[www.unbiased.co.uk](http://www.unbiased.co.uk)**

Sun Life Assurance Company of Canada (U.K.) Limited, incorporated in England and Wales, registered number 959082, registered office at Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, trades under the name of Sun Life Financial of Canada and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

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