



Thanks for taking a few minutes to learn more about where your retirement savings are invested.

Even if investments are not really your thing, we'd like you to understand the changes we're making and the reasons behind them.

WHAT'S YOUR INVESTMENT VINTAGE?

Target Date Funds – a new way to invest your retirement savings



HELLO

The Rolls-Royce Retirement Savings Trust is our big, UK scheme that's open for retirement saving. Eight out of ten of us have our retirement savings in the Savings Trust's default investment programme.

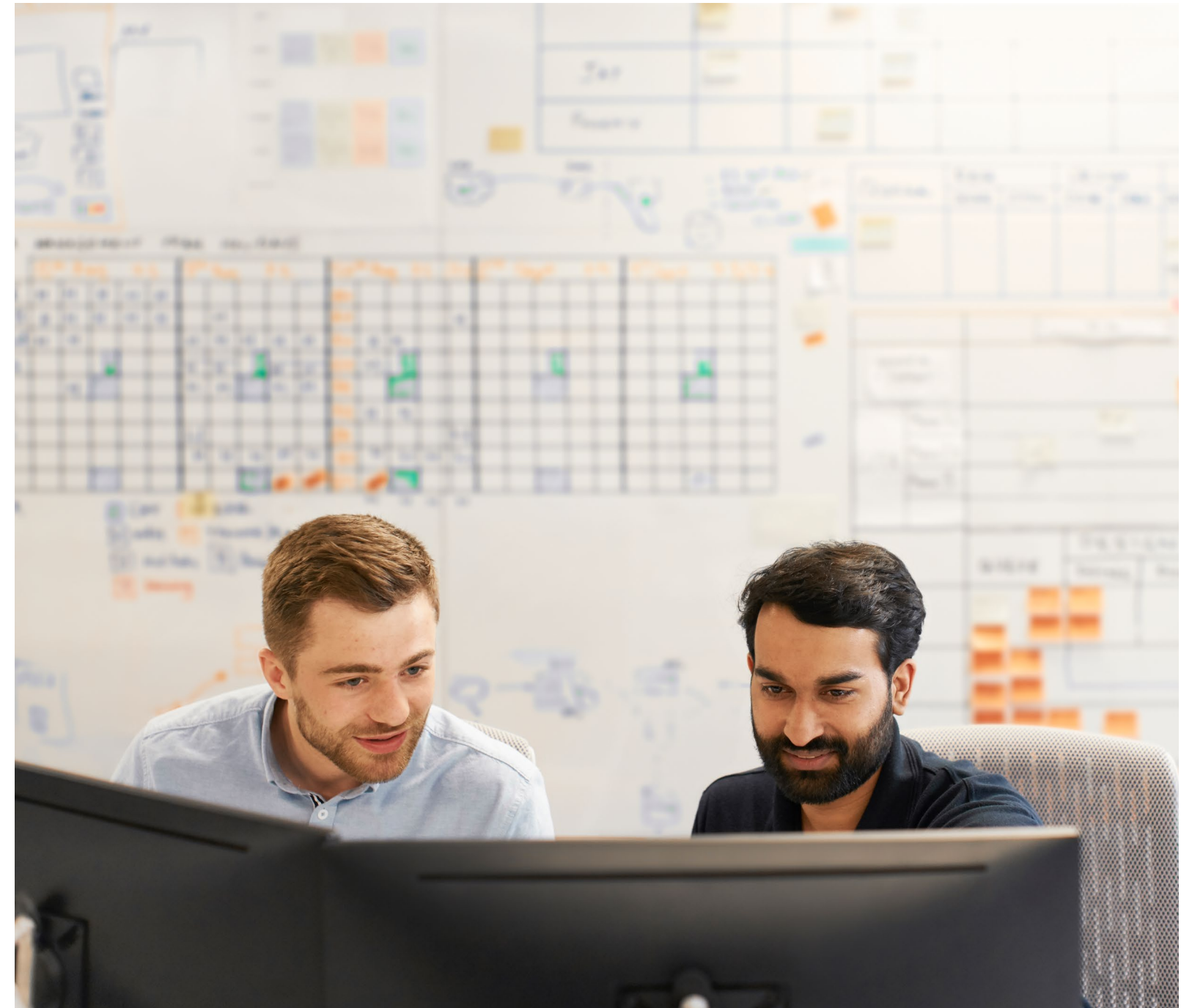
Our new target date funds are great for people who don't want to make investment decisions. Most of us aren't experts in this area and prefer to leave the people who are to make an informed choice for us.

So while we're not asking you to enrol in a crash course on equities, bonds and yields, please take a few minutes to learn a bit more about this new type of investment solution...



You can use the tabs along the top of this guide to explore the world of target date funds and find out why the Trustee Board is making the move to this type of investment.

The Savings Trust has been awarded the Pension Quality Mark (PQM) Plus by the Pensions and Lifetime Savings Association (PLSA), which is the highest standard that can be achieved by a scheme. In order to achieve this prestigious award, the PLSA had to be satisfied that the Trust meets certain contribution requirements, is well managed, and has good member communications.



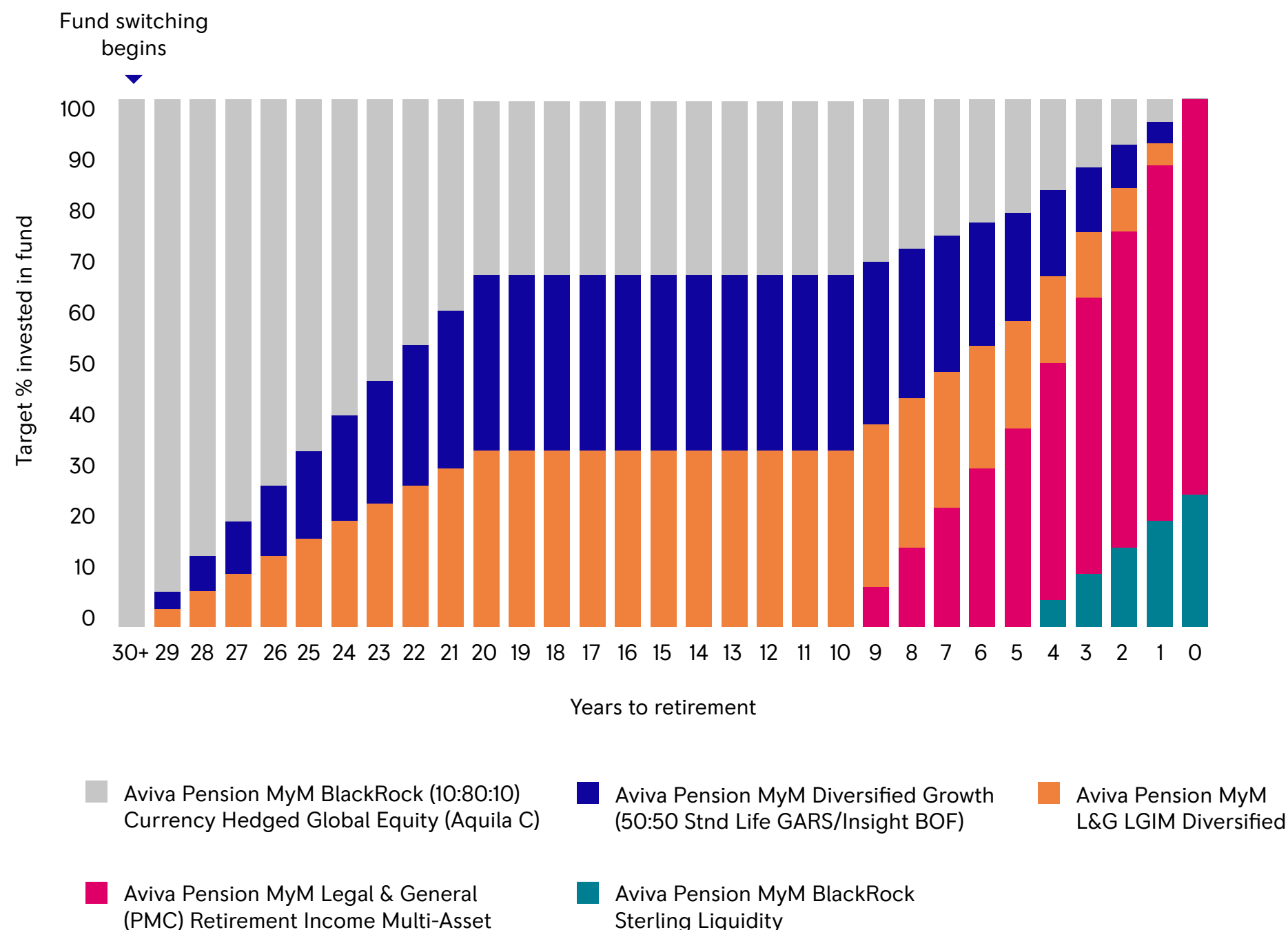
WHAT'S CHANGING AND WHY?

Our current default investment programme

The default investment programme is selected by the Trustee Board. This programme is for those of you who don't want to make investment decisions yourself.

Right now, the default programme is the Drawdown Lifestyle investment programme (see graphic). It uses up to five separate investment funds over the 30 years to your retirement date, slowly switching your retirement savings from higher to lower-risk investments.

From June 2023, we're closing this investment programme for those of you who are more than three years away from your retirement date. At the same time, we're also removing the Savings Trust's other Lifestyle programmes.



Our new default investment solution

In their place, we're launching a Target Date Fund (TDF) solution, with investments into BlackRock funds, as our new default. The TDF solution aims to deliver these benefits:



Simplicity

There's just one TDF for anyone who doesn't want to make an investment decision.



Flexibility

If your retirement plans change, just update your retirement date. The TDF takes care of rebalancing your investments, so they'll fit in with your new retirement date.



Value

The change delivers over £500,000 of fee savings every year across the Savings Trust membership. Lower charges mean more contributions in everyone's account. Find out more about the fees you pay in the **Your questions answered** section.



Environmental, Social and Governance (ESG)

In our 2022 survey, 70% of you said it was important to have ESG investments as part of your retirement savings. The TDF solution gives us an opportunity to offer a more sustainable investment proposal.



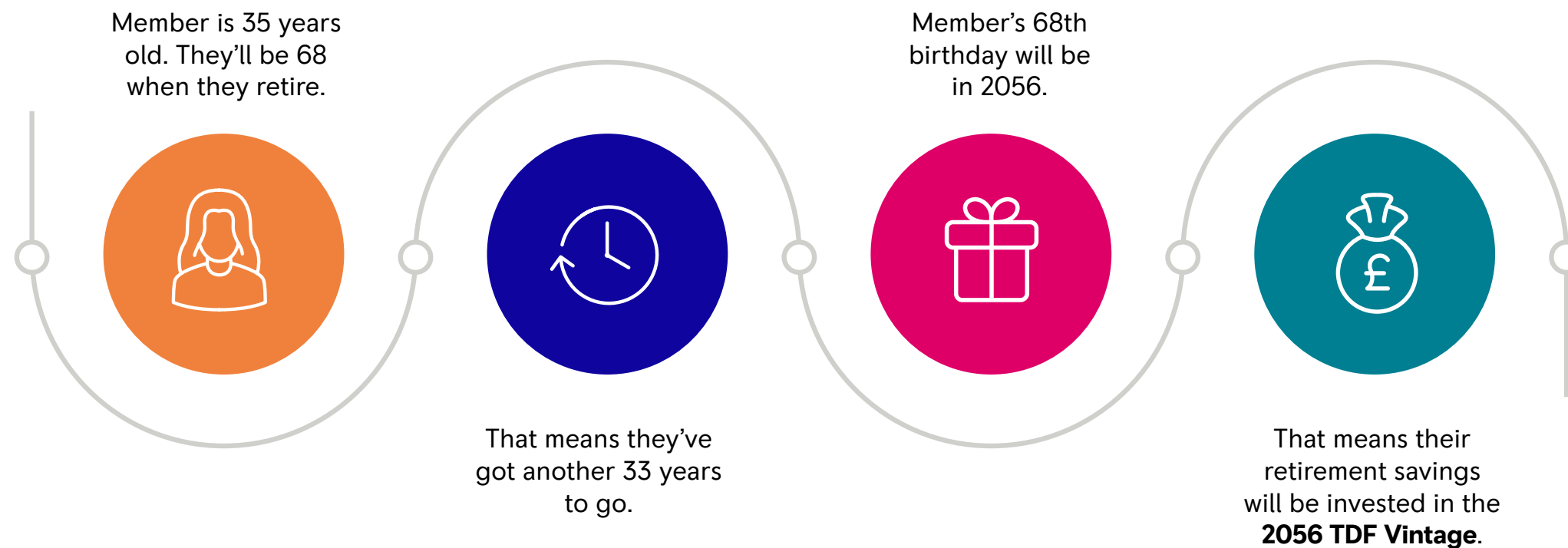
WHAT'S A TARGET DATE FUND?

The contributions that you and Rolls-Royce make to the Savings Trust are invested with the aim of providing you with the best possible income when you choose to retire.

A Target Date Fund (TDF) invests in lots of different funds that gradually shift from higher to lower-risk investments as you approach your retirement date.

There's a TDF available for every year in which you could retire. These are called 'vintages' and yours will be the year in which you expect to reach your retirement date.

Target Date Funds work like this...



Do you know what your Savings Trust retirement date is? To find out, and to update it if you want to, check out the **'Age matters' section** of this newsletter.



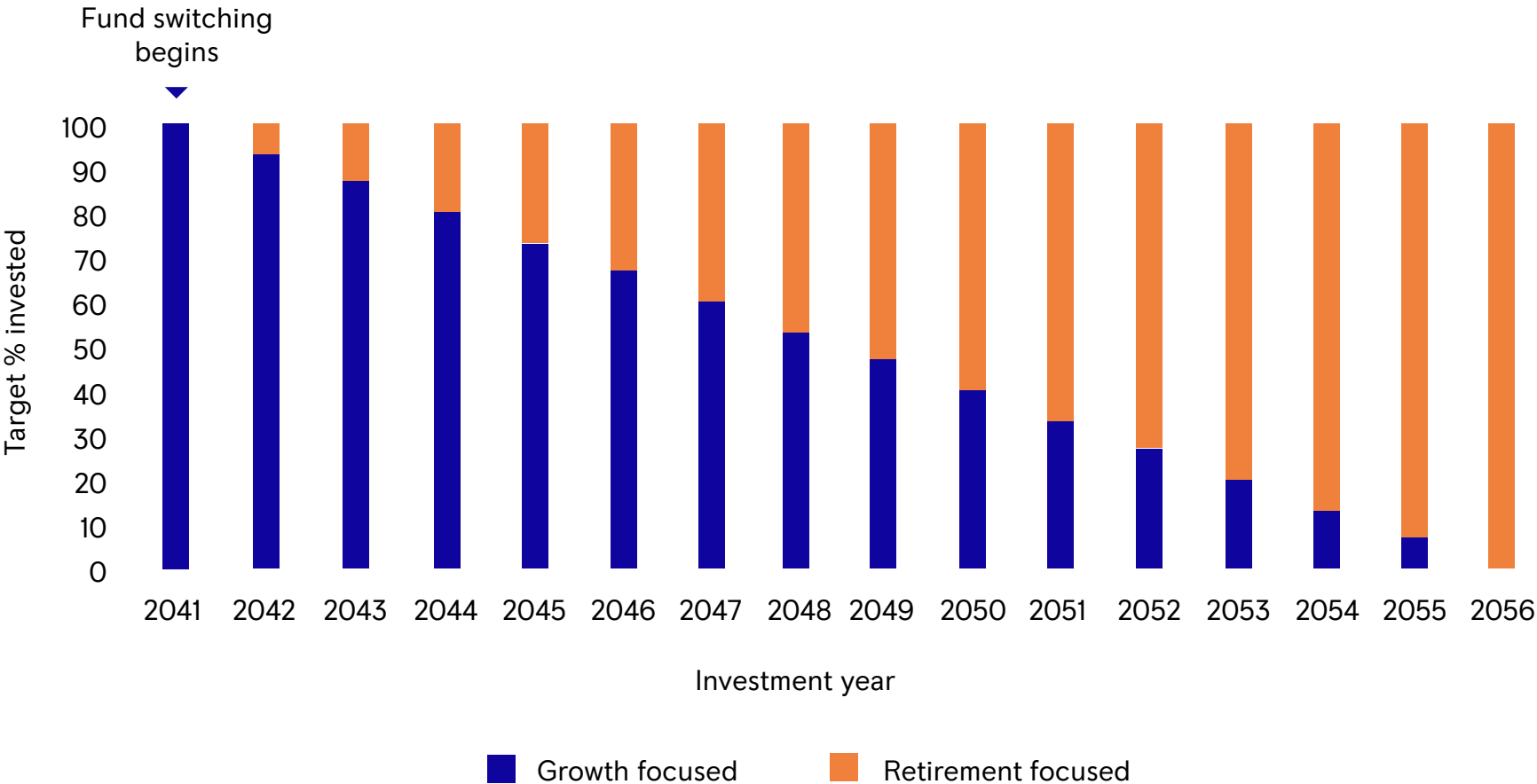
What's a Target Date Fund?

TDF – our new default investment solution

Each vintage in the TDF solution is invested in funds managed by BlackRock, one of the world's leading asset management firms.

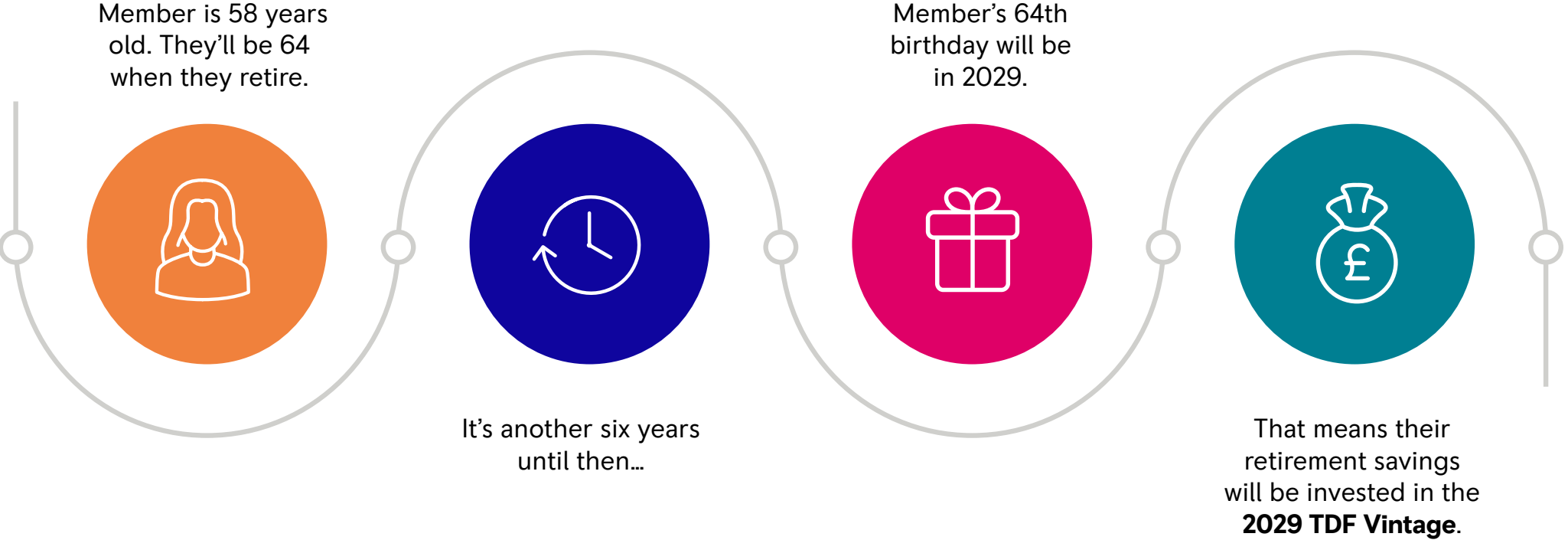
The combination of investment funds that make up each TDF vintage changes every year once you get within 15 years of your retirement date. We call this 15-year period a 'glidepath'. The goal is to gradually shift your savings from **growth-focused investments** to **retirement-focused ones**. BlackRock selects the exact mix of investments within the funds that it manages, based on their expertise. All you need to do is set your retirement date and let the experts take care of the rest.

Sample glidepath for the 2056 TDF Vintage (for illustrative purposes only)



What's a Target Date Fund?

Here's an example of how it works if you're within the 15-year glidepath...

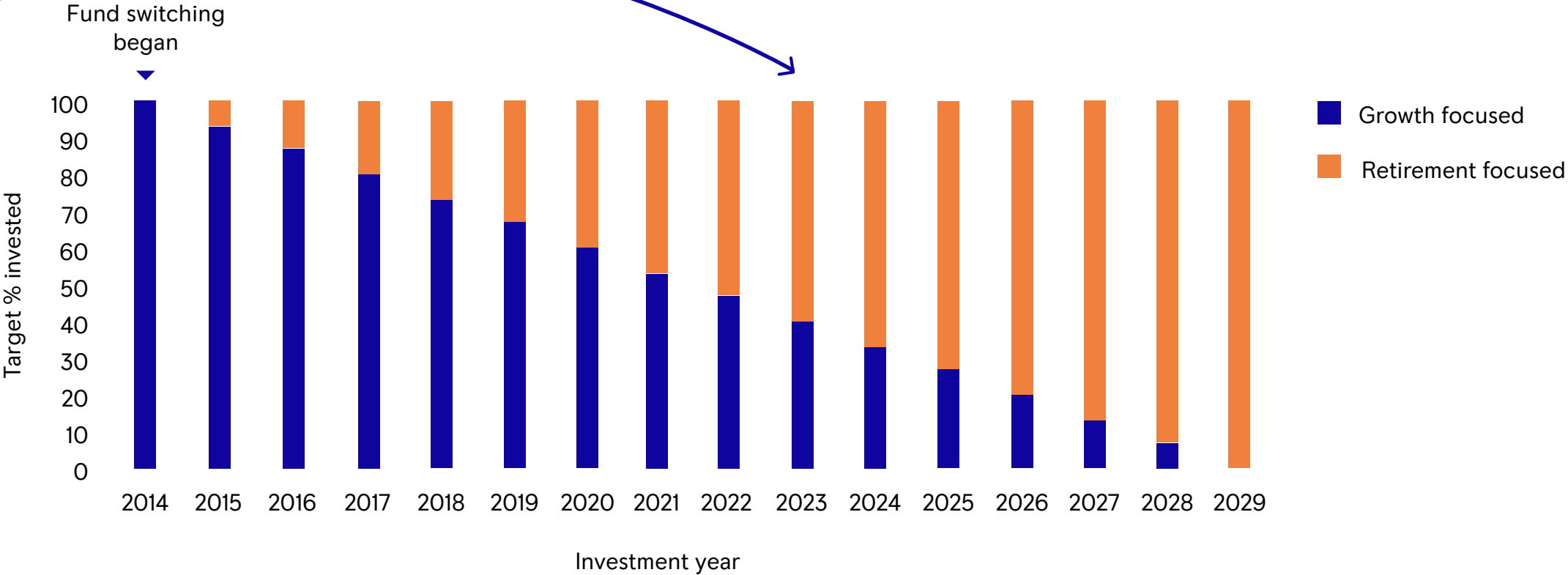


With six years until 2029, you'd be here on the glidepath, with 40% of your savings invested in **growth-focused investments** and 60% in **retirement-focused investments**.

When you reach your retirement date, everything is invested in retirement-focused investments. It remains there until you:

- Take your retirement savings, or
- Change your retirement age to a date in the future.

For further details, please take a look at the **scheme booklet**.



HANDS-OFF OR HANDS-ON: INVESTING YOUR RETIREMENT SAVINGS

When it comes to investing, your first decision is whether to go hands-off or hands-on. It's one or the other – you can't mix and match between the two.

1 Hands-off

If you don't want to decide where your money is invested, we can manage it for you. We'll invest your money using the **Rolls-Royce Target Date Funds** chosen to suit most members. **In the pensions industry, this is known as the 'default' option. You may also see it referred to as the default in some of our communications.**

The hands-off option exclusively uses the Target Date Fund (TDF) solution to invest your savings.

Eight out of ten of us are already using the hands-off method.

If you choose the hands-off method, all you need to do is make sure your retirement age is as realistic as possible and keep it under review as your retirement plans evolve. Find out how to do this in the **'Age matters' section** of this newsletter.

Remember, the TDF only starts to move investments once you're 15 years or less from your retirement date. So if you're in your 20s or 30s, you don't need to worry about this yet.

2 Hands-on

You could choose one or more of our self-select funds instead. This means you'll need to keep an eye on your investments yourself to make sure they'll give you what you need.

The hands-on option allows you to choose from a range of investment funds. We call this 'self-selecting'.

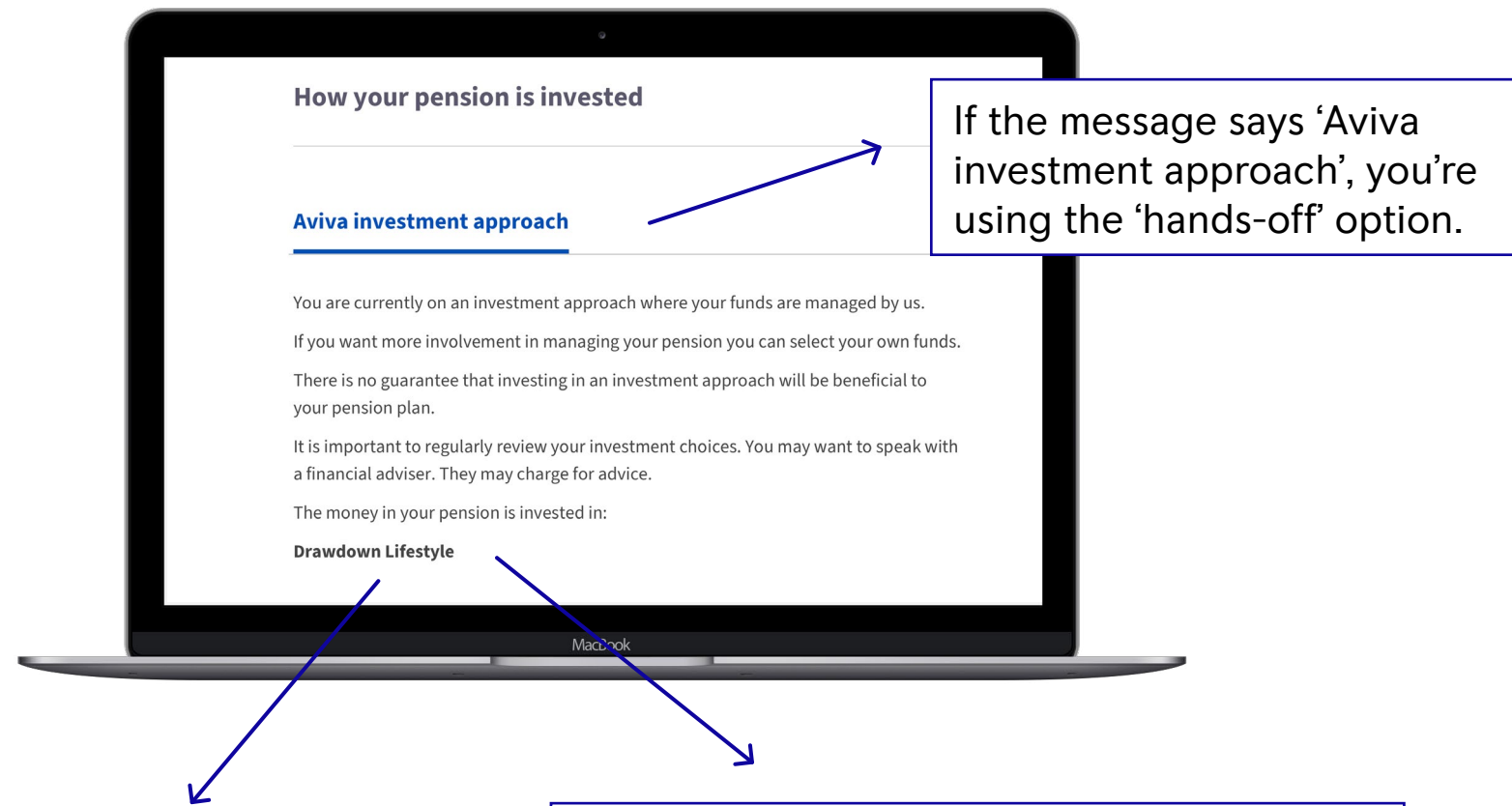
The key difference between this and the hands-off option is that you make the choices, including how many funds to invest in and the proportion of your retirement savings that you want to allocate to each fund. You will need to keep this under review throughout your membership, as the choices you make won't change unless you amend them yourself.

You can find out about the self-select funds in the **scheme booklet** or by logging in to your MyWorkplace account.

Hands-off or hands-on?

Check your current investment programme

If you're not sure what your current investment strategy is right now, it's easy to find out. Once you're in your MyWorkplace account, select 'how your pension is invested'.



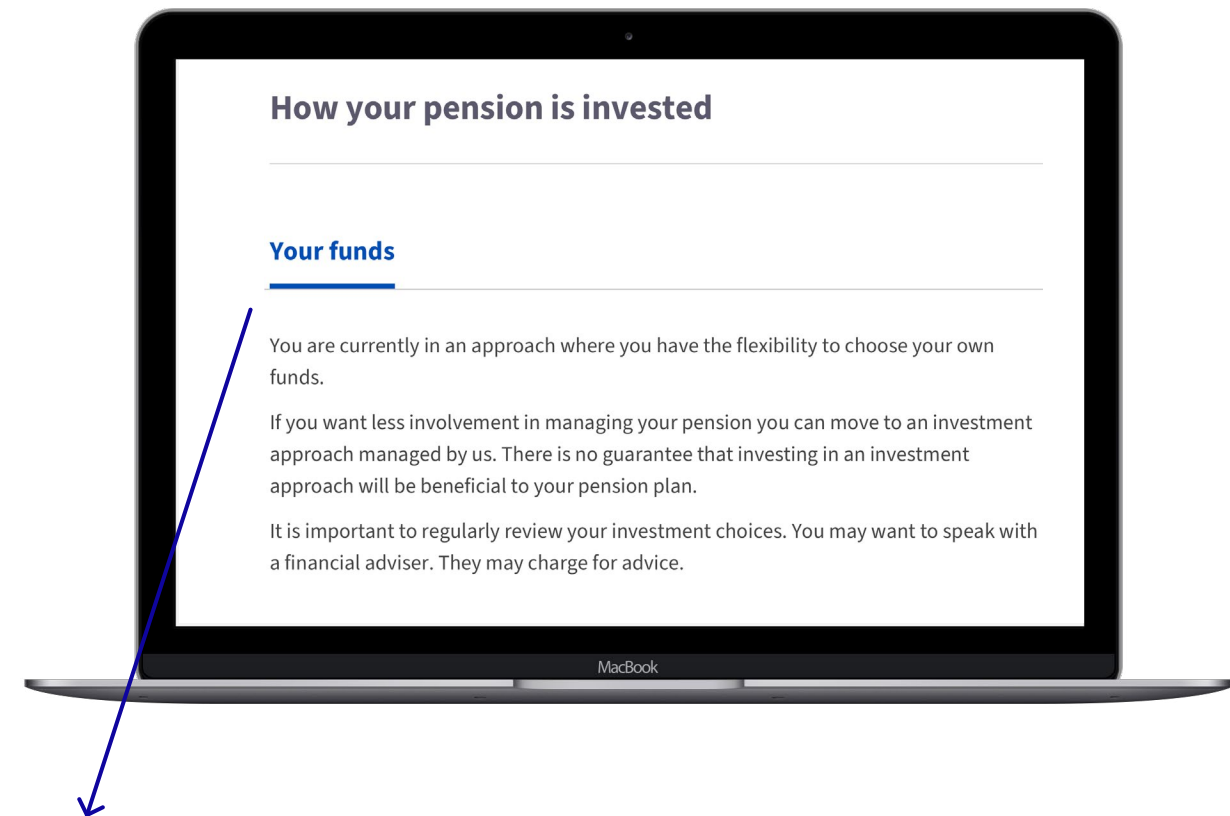
You can also see what your current Lifestyle programme is as well – but remember, we're closing these for most members in June.

Drawdown Lifestyle is the current default hands-off (Lifestyle) investment programme. It's being replaced by the TDF programme.

Annuity Lifestyle – being closed.

Cash Lifestyle – being closed.

The three Lifestyle programmes are being replaced by the TDF programme unless we've told you otherwise in our initial communication.



If the message says 'Your funds', you're using the 'hands-on' option and selecting your own investment funds. The introduction of the TDF solution does not affect your investment choices.

Changing between these investment methods

You can switch between these two methods at any time by using MyWorkplace. Once you're in your account, head to **how your pension is invested** and then select **change investments**.

YOUR SAVINGS TRUST RETIREMENT AGE AND WHY IT MATTERS


If you use the 'hands-off' option, your retirement savings will be invested in a Target Date Fund (TDF). And that target date will be the year in which you reach your retirement date.

This retirement date is personal to you, and we'll all have a different one in mind. That's why you're allowed to choose your own.

New members of the Savings Trust automatically have a retirement date that matches their State Pension Age, but some members who've been in the scheme for a while may have a different age, like 65. You can change this at any time to reflect the age you think you're likely to retire.

Choosing a realistic retirement date is key to getting the best out of TDFs. That's because when you're within 15 years of your retirement date, the TDF automatically starts to shift your savings from investments that are focused on long-term growth, to investments that are more suitable for retirement.

That's why reviewing and setting your personal retirement age is so important. And it's easy to do in MyWorkplace.



If you use the **hands-on** method to choose your own investments, it's still worth checking and amending your retirement age on MyWorkplace. It sets your retirement date when using MyWorkplace's retirement forecaster and is used by Aviva to issue your retirement paperwork at the right time.

AVIVA'S MYWORKPLACE

There's a lot you can do on MyWorkplace. Here's a guide to our top three to get you started...

1 Check and amend your retirement age

Your retirement age

This is the age at which you are estimating that you will retire.

Your current retirement age

65 (23/09/2035)

Your retirement age is not fixed and can be changed at any time.

[Change retirement age](#)

Log in and head to your Workplace Retirement account - on the app, you'll need to tap **More from your pension**, then **More pension details** to get there.

Head to the **Your pension today** section to see your current retirement age. If you want to change it, select **Change retirement age** and follow the instructions.

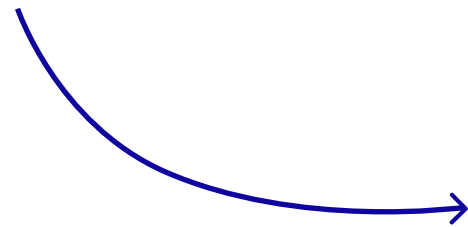
If you amend your retirement age before we make the change to the TDF solution, you may see a prompt about changing your Investment Programme End Date (IPED). See the **Your questions answered** section of this guide for help.



You can view and manage your Savings Trust membership 24/7 with Aviva's MyWorkplace app and website.

2 Get a retirement forecast

If you want to see what your retirement savings might provide at retirement, the retirement savings calculator could help.



Retirement Savings Calculator

Get a detailed pension forecast to see what retirement lifestyle you might expect, then explore what changes you could make to improve your outcome.

[View pension forecast](#)

It already knows what you and Rolls-Royce are paying in, as well as your retirement age, so all you need to do is add in any other retirement savings that you have and decide whether you want the State Pension added into the mix.

Your results are also linked to the Pensions and Lifetime Savings Association's **Retirement Living Standards**, making it easier to see what standard of living is possible in retirement and how you can influence it.

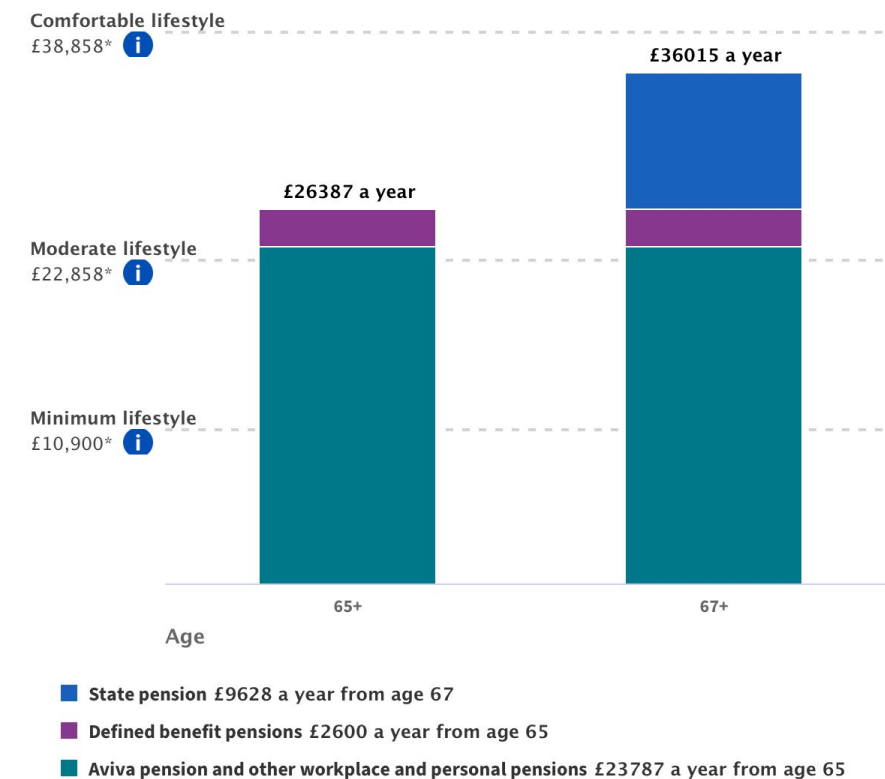
Your retirement lifestyle

See how close you may be to the **Retirement Living Standards** ⁱ which are based on independent research into typical retirement costs.

[Overview](#) [Details](#) [Your target](#)

The figures shown in this graph are the **middle values of your estimated yearly retirement incomes**. These figures are not guaranteed.

Revised forecast [Show current](#)



3 Update your death benefit beneficiaries

If you die before taking your retirement savings, it's up to the Trustee Board to decide where to pay death benefits. This can often be a large sum of money, so please help the Trustees by making sure your plan beneficiaries are always up to date on MyWorkplace.

Once you're in your account, select **your policy beneficiaries**. Then select **manage beneficiaries** to review your current beneficiaries and make any changes.

The Trustees use this information to distribute your death in service life cover (current employees only) and the value of your Savings Trust account to your beneficiaries.

Your plan beneficiaries

You can name people on this plan who should be considered for paying your pension to, in the event of your death.

Add, remove and manage your beneficiaries.

[Manage beneficiaries](#)



TIMELINE

To get things ready for the new TDF solution, there will be a period where those of you who use the default ‘hands-off’ method won’t be able to access MyWorkplace, or make changes to your investment choices.

This is known as a policy freeze period. It allows Aviva to prepare their administration platform and implement the changes detailed in this newsletter.

If you use the ‘hands-on’ method of investing your savings, you’ll be able to continue using MyWorkplace without interruption.

4 May 2023: Change to the default investment programme announced

17 May 2023: Online financial education seminars begin – [book here](#)

5 June to 30 June 2023: Policy freeze is in place

30 June 2023: Policy freeze ends with the TDF solution implemented. Updated MyWorkplace available to use by all members



YOUR QUESTIONS ANSWERED

I'm in my 30s, how am I supposed to choose my retirement age?

Your retirement age will have already been set in the scheme – it'll be 67, unless you've changed it. The TDF solution only starts to move where your retirement savings are invested once you're within 15 years of your retirement age, so in this example, you'll have until you're 52 to think about it.

Do I have to retire at my retirement age?

No. Your retirement age is only used to put you in the right TDF vintage – it doesn't commit you to retirement at that age. However, if your plans change, it's a good idea to update it so that your retirement savings are invested appropriately.

I'm currently in the cash or annuity Lifestyle programme – what should I do?

Unless we've told you otherwise, you'll be moved into the TDF solution that's replacing all three of our existing Lifestyle investment programmes. The TDF solution has the same aims as your existing Lifestyle programme – aiming to provide investment growth when you're younger and protect that growth as you get older.

Why can't I choose more than one TDF vintage when using the hands-off investment option?

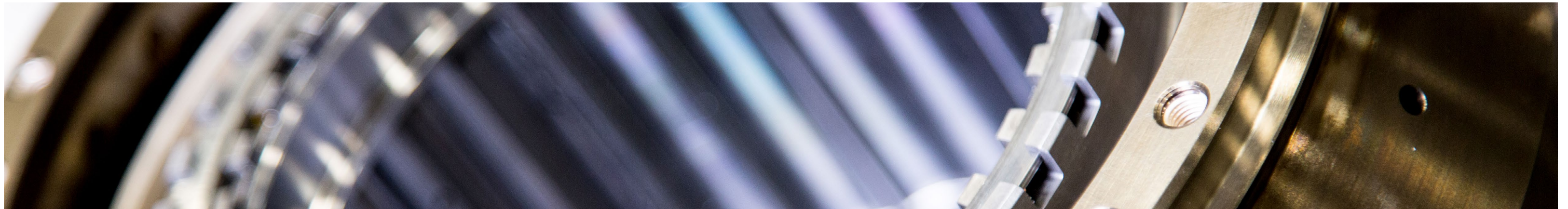
The hands-off investment option invests your money in a TDF vintage that's tailored to the year you expect to retire. This default investment programme is designed for people who don't want to make investment decisions, so it's deliberately kept as simple as possible. However, all the TDF vintages will be available to select from as part of the hands-on investment option, alongside the existing range of investment funds.

Can I see the investment funds that make up my TDF vintage?

Yes, these will be available in your TDF vintage fund factsheet. These will be updated monthly and available to view in MyWorkplace.

Where can I find out more information about investments in the Savings Trust?

This newsletter introduces the change to the TDF solution as our new default investment programme. For full details of all your investment options, please read the Savings Trust's **scheme booklet**.



How do the charges for the TDF solution compare to the current default investment programme?

You pay an Annual Management Charge (AMC) for all TDF vintages, regardless of how far you are from your retirement age. The AMC is currently 0.305% and is used to pay the fees of Aviva to run your account and to cover the costs of the TDF vintages investing into the funds managed by BlackRock. The AMC for the previous default investment programme ranged between 0.25% and 0.56%, depending on the combination of the investments being used.

What happens to my investments during the policy freeze?

During the freeze, your money remains invested. Aviva invest the value of your Savings Trust account into the funds that make up your TDF vintage before the sale of your old investments are completed. This makes sure that you're protected from out of market exposure as far as is practicable.

Once the policy freeze ends, you'll see two transactions – one out of your old investments and the other, a few days later, into your TDF vintage. As your money has been invested throughout, the two values are likely to be different, depending on market performance between the two dates.

I've tried to change my retirement age but I'm getting a warning message about changing my investment programme end date (IPED). What should I do?

In the current default investment programme, you can set a retirement age **and** an IPED. Once we've launched the new TDF solution, you'll only need to set your retirement age to get the right TDF vintage. The IPED option will be removed.

If you're getting this message, you may find it easier to change your retirement age after we've moved you to the TDF solution. If you want to change your IPED now, go to Change investments > Pension details & options > set up, change or remove Lifestyle investment programme > When would you like your programme to end.



WHERE TO GET HELP

Got a question that hasn't been answered here?

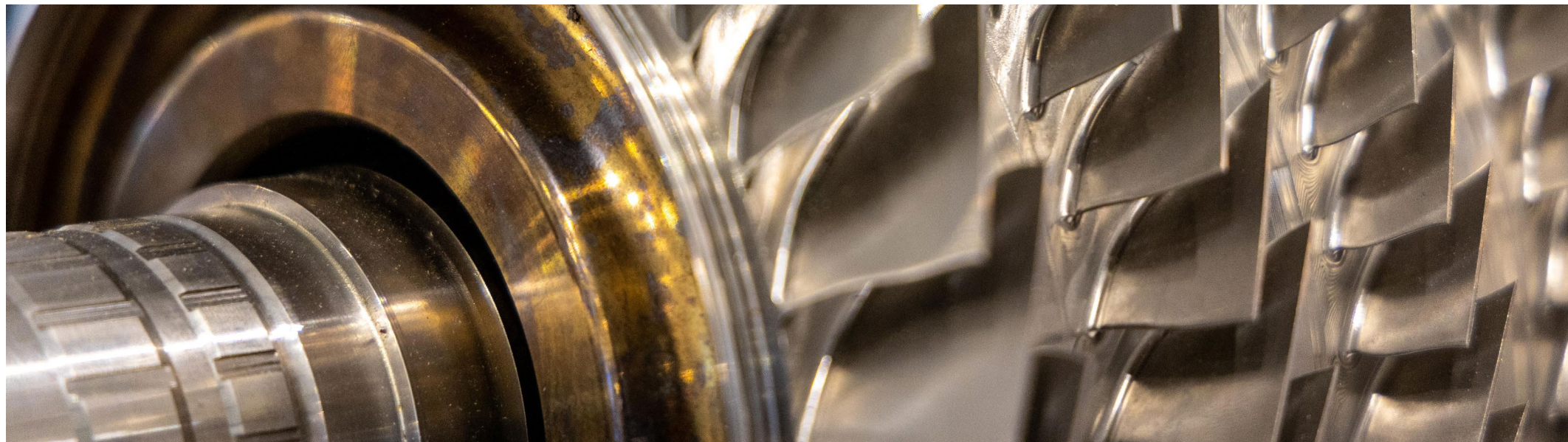
If this overview of the changes we're making hasn't answered all of your questions, don't worry.

Start by looking here:

Your Member Guide: this guide from Aviva includes more detailed information about the new TDF solution, plus all the other information you need to know about the Savings Trust.

The Rolls-Royce Pensions website: this website is the home of the Savings Trust, with all the latest Savings Trust information.

If you've got a question that hasn't been answered in this guide, the member guide or the pensions website, here's who you need to contact.



Aviva

Speak to Aviva about anything you see on MyWorkplace, or to get help with registering or logging in. You can also contact them if you need information about your funds and where they are invested.

Telephone: 0345 604 0803
(Monday to Friday, 8am to 5.30pm)

Email: rolls-royce.mymoney@aviva.com

Write: Aviva, P.O. Box 2284, Salisbury, SP2 2HY

Rolls-Royce pensions team

Get in touch with us if you have questions about the contribution structure or the rules of the scheme.

Telephone: 01332 333335
(Monday to Thursday, 8am to Midday)

Email: pensions.web@rolls-royce.com

Write: Rolls-Royce Pensions Team (ML-90),
P.O. Box 31, Derby DE24 8BJ

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