

Key Features of the Vanguard Personal Pension

Vanguard Managed Pension Service

December 2023

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About this document

This document provides you with important information which you should know before investing with Vanguard. It sets out the main features of investing in funds into the Vanguard Personal Pension, a simple low cost Self Invested Personal Pension ("**SIPP**") through the Vanguard Managed Pension Service, which will manage the funds within your account. It describes the aims of the product, your commitment as an investor, the risks involved, the charges which you will pay, the tax implications, and how we administer your investments.

This document should be read together with Vanguard's Managed Pension Service Terms and Conditions which form the legal agreement between you and Vanguard.

About Vanguard

Vanguard Asset Management, Limited ("**Vanguard**") provides the Vanguard Personal Pension through its online service for personal investors. Vanguard is authorised and regulated by the FCA. Vanguard's registered office is at 4th Floor, The Walbrook Building, 25 Walbrook, London EC4N 8AF.

For more information about Vanguard, please visit our website at www.vanguardinvestor.co.uk

Vanguard will not undertake any assessment of your personal circumstances as part of the Vanguard Managed Pension Service and will not make any personal recommendations to you. If you are unsure about any matter you should consider taking independent professional advice in relation to your individual circumstances and requirements.

Key Features of the Vanguard Personal Pension and Vanguard Managed Pension Service

Its Aims

- The aim of the Vanguard Personal Pension is to build up a sum of money, in a tax efficient way, to help you meet your future retirement needs.
- To grow the value of your investments over the long term where you are willing to take investment risk but don't have the time or expertise to manage your own investments. Vanguard, will "rebalance" your investments as appropriate to remain within the stated parameters of the pre-built investment portfolio you have chosen.
- When you decide the time is right (and Government regulations allow), you can access your pension savings with Vanguard from the minimum pensionable age (currently age 55 but increasing to age 57 from 6th April 2028, unless you are suffering from ill health), buy an annuity or transfer to another pension provider to support your retirement needs. It is important to note that the Vanguard Managed Pension Service does not currently offer access to pension benefits, which would be facilitated by moving to our Do It Yourself Service.

This is something that we hope to offer in the near future.

Your Commitment

- To satisfy the minimum initial Contribution or the minimum monthly Contribution for regular investors.
- Be prepared to keep your money invested and to not have access to it, until the minimum pensionable age.
- Agree to be bound by our Vanguard Managed Pension Service Terms and Conditions and to pay any charges associated with your Vanguard Personal Pension Account.
- Understand the features, benefits and risks of the Vanguard Personal Pension.
- You must notify us of a change of address or any other important change to your personal details. Please note that, if you move abroad, we reserve the right to place restrictions on your account. This may mean that you are prevented from making additional investments or switching existing holdings into other funds. If required to do so, we may also inform any relevant foreign authority about your investments.

Risks

Payments into your Vanguard Personal Pension

When you Transfer a pension from another provider to your Vanguard Personal Pension, you may give up guarantees over the way you access your benefits, the amount you receive and any increases that apply to your pension in the future.

Any Transfer to your Vanguard Personal Pension may be subject to penalties applied by your existing provider, this may reduce the value of your Transferring pension. It may also be necessary for your existing funds to be sold and transferred as cash meaning that your Vanguard Personal Pension would not be invested in the markets for a period of time.

Where you have Transferred into the Vanguard Personal Pension from another Authorised Scheme, you may change your mind and cancel your Vanguard Personal Pension by informing us in writing within 30 calendar days from the date of requesting the Transfer. If your Transferring Authorised Scheme has already released the Transfer value they may refuse to take your Transfer back. You will need to choose an alternative Authorised Scheme to receive the Transfer value. We'll pay back your Transfer, less any fall in value of investments you have made due to market movements.

The amount you contribute into your Vanguard Personal Pension, and the performance of the funds that you are invested in under the Vanguard Managed Pension Service, will affect the eventual size of your pension. If you delay paying into your Vanguard Personal Pension, your investment growth may be lower as a result.

The rules relating to the tax relief you receive on Contributions may change in the future.

Taking pension benefits

Pension benefits are generally only accessible from age 55, increasing to 57 from 6th April 2028 (minimum pensionable age).

If you take pension benefits earlier than you originally intended, the amount you receive could be less than expected.

In general, under current legislation, you have the option to draw up to 25% capped at £268,275 of your pension savings as a tax-free lump sum. Any withdrawals over and above this amount are subject to Income Tax. If you take a large proportion of income in a short period you may end up paying a higher rate of tax than usual.

The pension savings you build up during your working life are designed to provide you with an income during your retirement. You should take care to ensure that any amount you withdraw from a pension does not risk your savings being unable to support your income requirements in retirement.

The Vanguard Managed Pension Service does not currently offer access to your pension benefits and you would have to move to our Do It Yourself Service or another pension provider in order to access your funds. This is a service which we hope to offer in the near future.

Pensions and tax rules may change in the future.

General investment risks

It is important to understand the risks before investing. All investments involve some degree of risk. Some of the risks involved are described below.

What you get back depends on how your investments perform, the charges which are made, and any other deductions. The performance of investment funds is not guaranteed, and past performance is not a reliable indicator of future results. The value of investments, and the income from them, can fall as well as rise. You may get back less than you invest.

Any money held as cash within your Vanguard Personal Pension will not benefit from any rises in the stock market.

Inflation will affect the real value of your investments (including any cash) in the future. If the growth of your investments (after the deduction of charges) is lower than the rate of inflation, the real value of your investments will be reduced over time.

Although Vanguard is committed to low-cost investing, fund charges can vary and may increase, and these will reduce the potential for growth and / or income.

Levels of tax and available tax reliefs may change in the future. Any tax benefits are subject to your individual circumstances.

If you opt to cancel your Vanguard Personal Pension, within the 30 day cancellation period, you could get back less than you invested.

If you transfer money into your Vanguard Personal Pension from another pension scheme, the final pension benefits you receive could be less than if you stayed in your existing scheme.

Where the underlying funds in the Vanguard Managed Pension Service are not invested in sterling, a movement in exchange rates may have a positive or negative effect on the gain or loss.

Specific risk factors for funds

Investment funds carry certain risks which are specific to their objectives and the management of their assets.

The investment products offered on this website may not be suitable for all investors. If you are unsure of the implications or of the suitability for you of a particular fund, you should obtain personal advice from an authorised financial adviser.

Questions and Answers

What is the Vanguard Managed Pension Service and the Vanguard Personal Pension?

The Vanguard Managed Pension Service manages the investments in your Vanguard Personal Pension. The Vanguard Personal Pension is a UK registered pension scheme (recognised as a SIPP). It is a long-term, tax-efficient savings product designed to help you invest for your retirement.

Is the Vanguard Personal Pension a Stakeholder or Workplace Pension?

No, the Vanguard Personal Pension is neither a stakeholder nor a workplace pension. These pensions incorporate a set of minimum standards laid down by the government in relation to costs, minimum payment levels and terms and conditions. Stakeholder or workplace pensions are generally available and may meet your needs at least as well as the Vanguard Personal Pension. If you are in any doubt about which pension may best meet your needs, you should consider getting professional advice from an authorised financial adviser.

Could the Vanguard Personal Pension be right for me?

It could be right for you if you:

- wish to manage your pension online;
- would like to build your pension fund in a tax-efficient way;
- want to benefit from tax relief on your Contributions, subject to Government limits;
- would like to consolidate your previous pension savings into one account;
- appreciate that pensions are a long-term investment, not generally accessible before age 55 increasing to 57 from 6th April 2028;
- not looking to take money from your pension within the next 5 years.

Who can open an account?

The Vanguard Personal Pension is available to individual applicants aged 18 or over who reside in the UK and pay tax in the UK.

The Vanguard Personal Pension is not available to US persons.

If you already hold, or wish to open, a Vanguard Personal Pension, JISA, ISA or General Account it is not possible to open an account through the Vanguard Managed Pension Service.

You must have a UK bank account, as defined in the Vanguard Managed Pension Service Terms and Conditions, in order to make Contributions to, or receive Benefits from, your Vanguard Personal Pension.

Joint named accounts are not permitted.

How do I open an account?

You must open your account online. Please have your National Insurance Number to hand. Before opening your account, you should carefully read these Key Features, our Privacy Policy, and Vanguard Managed Pension Service Terms and Conditions (which you must accept in order to open an account). You will also be asked to confirm your nationality and to the extent you are a non-UK national or have dual nationality you will be required to provide details of your passport (or such other form of national identification as may be acceptable to us to verify your nationality).

Who can pay Contributions into my pension?

An account opened through the Vanguard Managed Pension Service must be opened with a personal Contribution in line with the minimum amount. In addition to any personal Contributions you wish to make, once your Vanguard Personal Pension Account has been opened, we can also accept Contributions paid by another person on your behalf (such as a relative provided that they are an existing client of the Vanguard personal investor service) which are treated as your Contributions for tax purposes. In addition, the Vanguard Personal Pension can also accept payments from an employer in circumstances where:

- (i) you are a company director of your own limited company
- (ii) that limited company is incorporated and domiciled in the UK; and
- (iii) any Contributions are made directly from your company's bank account which you have been authorised to use.

We don't accept Direct Debits from business accounts but you can make one-off payments from a company debit card as often as you like. You may make one contribution whilst we are verifying your company and as often as you like once that has been completed.

Once you have reached age 75 we will no longer accept any Contributions paid by you or on your behalf.

How much can I contribute?

Your initial personal Contribution must be at least £500. The minimum Contribution under a regular savings plan must be £100 per month. These are net amounts before any tax relief has been applied.

There is no maximum Contribution, although you should be aware that the total contributions made to all your pension schemes by or on your behalf are subject to the "Annual Allowance" which is detailed on our website. You may also be eligible to "carry forward" unused relief from the three previous tax years.

Do I get tax relief on my Contributions?

You may get tax relief on your Contributions, subject to your personal circumstances and certain rules laid down by HMRC.

In each tax year, you will get tax relief at the highest rate you pay on your earned income such as your salary (also known as your "marginal rate"), or £3,600, if higher.

We will claim basic rate relief (currently 20%) on your behalf from HMRC – for example, if you pay £400, we will reclaim £100 in tax relief, giving a total Contribution of £500 to your Vanguard Personal Pension.

If you pay income tax above the basic tax rate, you may claim the additional relief due in excess of the basic rate via your self-assessment tax return.

If you are a resident in Scotland or Wales different tax bands and rates may apply.

When will tax relief be added to my Contributions?

We expect to receive tax relief around 6-10 weeks after the date the Contribution was made to your Vanguard Personal Pension. On receipt of this, we shall invest the tax relief in accordance with your investment plan.

However in circumstances where basic rate relief would still be outstanding when full encashment of the benefits was requested, (e.g. on retirement or death of a member), we may, at our discretion, pre-fund any tax-relief we believe is due to ensure a full settlement can be made without delay. Tax relief for Employer payments is claimed through the company tax return, not the pension.

Are "high earners" subject to the same Contribution limits and tax reliefs?

In this context, "high earners" are defined as anyone with taxable income of £260,000 or above. In this case the Annual Allowance is reduced by £1 for every £2 of taxable income earned over £260,000. This means that anyone with taxable income of over £360,000 is subject to a maximum Annual Allowance of £10,000.

Should you be impacted by the Tapered Annual Allowance you may wish to seek professional advice from an authorised financial adviser.

Can I still make Contributions if I have drawn any pension Benefits?

The Vanguard Managed Pension Service does not currently offer access to your pension benefits and you would have to move to our Do It Yourself Service or another pension provider in order to draw from your funds. This is a service which we hope to offer in the near future.

Anyone who has "flexibly accessed" their pension has a reduced Money Purchase Annual Allowance ("MPAA") of £10,000 per annum.

If any of the following "trigger events" takes place, then the member will be subject to MPAA for that tax year in question and all subsequent years:

- Payment of an Uncrystallised Fund Pension Lump Sum ("UFPLS");
- Payment of income drawdown (note that payment of tax-free cash lump sums do not trigger the MPAA);
- Existing "Flexible" Drawdown income in place as at 5 April 2015;
- Payment of "capped" income drawdown in excess of the Government Actuary's Department maximum; and
- Taking of a stand-alone lump sum if you have primary protection and a protection tax-free lump sum greater than £375,000 at 5 April 2006.

What happens if I exceed the Annual Allowance or Money Purchase Annual Allowance?

If you exceed the Annual Allowance, you may be able to carry forward any unused allowance from the three previous tax years ("Carry Forward"). To take advantage of Carry Forward, you must have been a member (even if no Contributions were made) of a UK registered pension scheme for the tax year(s) in question. The amount available to carry forward will be the difference between the Annual Allowance for the year in question and the sum paid in that year to all of your pension schemes.

If the total pension contributions paid across all your pension schemes for the tax year (including any amount carried forward from previous years), exceed your available Annual Allowance, then you will be liable for a tax charge on the excess. The charge is based on your marginal income tax rate (i.e. the highest rate at which you pay tax on your income).

If you are subject to the reduced money purchase annual allowance, you will not be able to Carry Forward any unused allowance from previous years.

Scheme Pays

If you exceed the Annual Allowance or the MPAA within your Vanguard Personal Pension and this results in an Annual Allowance tax liability equal or greater to £2,000, you may request Vanguard to pay your Annual Allowance charge from your Vanguard Personal Pension provided that, (i) we receive our Scheme Pays Declaration duly completed and signed within the relevant dates prescribed by HMRC; and (ii) you have sufficient funds to pay the full Annual Allowance tax liability due to HMRC. You may request a Scheme Pays Declaration from us by secure message.

Is there a limit to the pension fund I can build up?

Whilst there is no limit to the amount of pension savings you can accrue, if this exceeds a threshold (known as the "Lifetime Allowance" and which is detailed on our website) you may have to pay tax on any excess. This figure takes into account all private and workplace pensions, including those from which you are already drawing Benefits from.

The Government intends to abolish the Lifetime Allowance in 2024. In circumstances where a Lifetime Allowance tax charge would have been due, you will now be taxed at your marginal rate.

You may already have a protected Lifetime Allowance or lump sum amount in which case any future payment of Contributions to registered pension schemes (such as the Vanguard Personal Pension) may have an impact upon the protection that you hold.

If you are in any doubt about the protection you may have in place you should contact an authorised financial adviser.

Can I transfer existing pensions to Vanguard?

Yes, you can Transfer your existing pension Benefits from other UK registered pension schemes. You can only make a transfer into the Vanguard Managed Pension Service once you have opened your Vanguard Personal Pension Account. If you would like to make a transfer into the Vanguard Managed Pension Service, you will first need to contact us either by secure message or by calling us on 0800 587 0460. We will discuss the transfer with you and will let you know if it can proceed. If the Pension you are transferring includes Vanguard Funds, these may be able to be transferred into your Vanguard Personal Pension Account without first being sold to cash. However, Vanguard ETFs cannot be transferred into the Vanguard Managed Pension Service without first being sold to cash. We would only be able to make a transfer if it is something which is offered by your existing provider. All investments in non-Vanguard Funds and Vanguard ETFs must be transferred in cash. These holdings will then be rebalanced in line with the portfolio which we will manage for you.

We cannot accept partial transfers of pensions where benefits have been taken.

If you started taking benefits from your pension before 6 April 2006 or if your pension is in capped drawdown we won't be able to accept your transfers. If you're not sure, phone your pension provider before starting a transfer.

Please note that we cannot accept Transfers of Safeguarded Benefits in excess of £30,000 unless you have received positive advice from an appropriately qualified financial adviser. Safeguarded Benefits include final salary (also known as defined benefits) schemes or money purchase (also known as defined contribution) schemes that contain a Guaranteed Minimum Pension ("GMP") and/or a Guaranteed Annuity Rate ("GAR") entitlement.

Where a Transfer involving Safeguarded Benefits is requested, we will require the appropriate Advice Declaration (which we will send to you) confirming that an authorised financial adviser has confirmed it is in your best interests to make the Transfer to Vanguard, to be completed and returned prior to accepting the Transfer into the Scheme.

For further information about Transfers please see our 'Transferring your pension' factsheet which is available on our website at www.vanguardinvestor.co.uk.

Can I transfer my Vanguard Personal Pension to another pension plan?

Yes, within the Vanguard Managed Pension Service you can transfer the total value of your Vanguard Personal Pension to another Authorised Scheme.

We do not permit partial Transfers of uncrystallised (pre-retirement) funds to other Authorised Schemes within the Vanguard Managed Pension Service.

Investments

Which funds are available?

We invest in a diversified range of Vanguard index funds spanning equity and fixed income across the globe. The pre-built investment portfolios available through the Vanguard Managed Pension Service will consist of a mix of broadly diversified, low-cost index funds. Within each fund, investors' money is pooled to purchase a diversified portfolio which may include shares, bonds and other securities, depending on the individual fund's investment objective and policy. Many of the funds aim to replicate the performance of a particular index of securities (these are known as "index" or "tracker" funds), but funds which pursue an actively-managed investment strategy are also available, together with certain "funds of funds" which themselves invest in other Vanguard funds.

Can I hold cash in my account?

No, we may hold cash in your Vanguard Personal Pension while we decide where to invest, for example, or to pay charges. Any cash above a value of £100 will be invested in line with the funds which we select for you. Cash held in your account will be out of the market and so will not benefit from any market growth whilst not invested. We will deposit any cash you pay us in one or more trust accounts with one or more authorised banks. You may earn a rate of interest on cash as described in the Vanguard Managed Pension Service Terms and Conditions.

Cash in your Vanguard Personal Pension will be held on trust by the Trustee. Any cash held in this way will not be Client Money for the purposes of the FCA Rules.

How do I invest?

You may make a lump sum payment electronically using a UK bank debit card. We do not accept payments made from pre-paid cards, credit cards, cheque or through other types of payment provider. Once you have made your initial investment we will manage your account on your behalf under the Vanguard Managed Pension Service and you will not be able to make your own investment decisions. Instead, we will make investments and manage your account on your behalf in line with the pre-built investment portfolio you accept when you sign up for the service. If you wish to make monthly payments into the Vanguard Managed Pension Service you may set up a Regular Savings Plan by completing a direct debit mandate linked to your bank account. We will notify you when the payments will be collected. You can increase, reduce or stop your monthly payments under a Regular Savings Plan at any time, although it may not be possible to implement your instructions until after the next collection point. To view how your funds are being invested log into your account and your dashboard will display your account. We will not complete investment order(s) before we receive

payment in full from you. Payments made by direct credit transfer may not be received by us as cleared funds for up to two Business Days. All investments must be made in pounds sterling.

How are Funds priced?

All Funds are normally priced on each business day, at the applicable pricing point. When we buy or sell investments under Vanguard Managed Pension Service, the transaction will be carried out at the price which is calculated (based on the net asset valuation of the relevant Fund) at the next Fund pricing point.

Please note that shares in ETFs are listed on the London Stock Exchange, and as a result, their price is affected by supply and demand during the trading day. Normally, ETF trades will be placed at the next dealing point (10.15am or 2.10pm), free of any brokerage charge. Alternatively, you may opt to use our quote and deal service to trade at a market quoted price. This service carries a charge of £7.50 per trade.

For more information about Fund pricing, please visit www.vanguardinvestor.co.uk. In addition, the Order Execution Policy appended to the Vanguard Client Terms describes how we deliver the best possible result for you when dealing in investments for you.

What documentation will I receive?

It is a feature of Vanguard's personal investor service that we will only issue documents online, and you consent to this by accepting the Vanguard Managed Pension Service Terms and Conditions. You may of course download or print any items which you wish to retain in hard copy form. At least once every quarter, we will provide you with a summary statement and valuation of your account investments, and this will confirm all the investment transactions which you have made since the previous statement. You may log in to your account at any time for a current valuation of your holdings. We will also provide you with an annual statement detailing the actual costs and charges which your account and the investments in it have incurred during the preceding year. We will also disclose details of our relevant policies to you on our website, including summaries of our Conflicts of Interest Policy and Order Execution Policy which appear in Vanguard's Managed Pension Service Terms and Conditions. You can ask us for further information about our policies and services at any time. You are also entitled to ask us for copies of certain telephone calls and electronic communications which relate to or are intended to lead to the conclusion of an order, as explained in Vanguard's Managed Pension Service Terms and Conditions.

Can I change my mind? What are my cancellation rights?

Yes – you may cancel your Vanguard Managed Pension Service and your Vanguard Personal Pension by informing us in writing via secure message within 30 days from the date we served you with cancellation rights, normally this will be the date when the Vanguard Personal Pension was opened. Similar rights also apply in respect of:

- (i) any Transfer payment received;
- (ii) the first occasion of any Regular Savings Plan payments;
- (iii) any personal one-off Contributions.

On cancellation of your Vanguard Managed Pension Service and your Vanguard Personal Pension, any Contributions or Transfers paid will be refunded to the source of payment. The amount refunded following cancellation may be less than the amount you originally contributed and will depend on how the Contribution or Transfer was made. Cancellation amounts will be calculated as follows:

- amount will be equal to the market value of the Transfer;
- The first occasion of any Regular Savings Plan payments – the cancellation amount will be equal to the full value of the Contribution;
- Personal one-off Contributions – the cancellation amount will be equal to the lesser of the value of the Contribution or market value

It is important to note that cancellation rights do not apply to payments made by Employers or Third Parties.

You will need to inform us via Secure Message if you wish to cancel your Vanguard Personal Pension, Transfer, Contribution or when you take specific benefits.

If we have made investments prior to cancelling your Vanguard Personal Pension we will sell your holdings within five working days. Where investments are sold, you may get back less than you originally invested because of investment market value loss suffered between the date of your investment in the Fund and the date we receive and implement your instructions to cancel.

Product charges will also apply until your Vanguard Personal Pension is closed, and charges which have already been deducted will not be refunded.

How do I switch investments?

The Vanguard Managed Pension Service offers a managed investment service, as such it is not possible to manage any part of the investments yourself.

How will my investments be held?

The Trustee will register your Fund holdings in its name (Vanguard Pension Trustee UK Ltd) and will hold them on trust on your behalf. You will remain the beneficiary.

What charges will I pay?

Vanguard is committed to keeping costs low for all investors. The following charges will apply to the Vanguard Managed Pension Service.

Fund charges

These are set by Vanguard and apply at the level of the particular Fund(s) in which you invest.

The Ongoing Charges Figure (“OCF”) is expressed as an annual percentage of the value of a Fund, and includes Vanguard’s charge for managing the Fund and its assets as well as administrative expenses such as the fees of the independent custodian and of the registrar and audit and regulatory expenses.

In addition, the Funds will incur transaction costs (including when buying and selling underlying investments) and other incidental costs. These costs are included within the estimate of costs and charges disclosure provided as described under the heading “How will costs and charges affect my investment?” below.

Vanguard Account and Management fees

The Account fee is what you pay in return for the provision of Account services. These services include the fund dealing facility (which involves aggregating investors’ orders to make bulk trades), the recording of transactions and holdings, the safeguarding of your investments by our Nominee or the Trustee (as relevant), payment of benefits (where applicable) and other ancillary services. These comprise certain online services as well as the provision of access to our personal investor service representatives.

The Account fee is an annual charge which we accrue daily and deduct in arrears at the end of each quarter from your Vanguard Personal Pension. The amount which you pay is based on the overall value of your Account(s), including any cash held. The rate of charge is 0.15% per annum of the value of your account holdings up to £250,000, such that the maximum annual charge is £375 for all accounts with Vanguard.

The management fee is what you pay in return for the Vanguard Managed Pension Service – including our initial composition of the pre-built investment portfolios, making the initial investments for you in line with your chosen pre-built portfolio and our ongoing monitoring and rebalancing of your investments within the parameters of that investment portfolio. The amount you pay is based on the overall value of your account, including any cash held. The rate of charge is 0.30% per annum of the value of your account holdings.

The account fee (0.15%) and the management fee (0.30%) will be deducted as one account fee. This is how it will appear on your costs and charges statement. The account fee (0.15%) portion is capped at £375 per year for all accounts with Vanguard.

We will deduct the fee from available cash (and, failing that, from fund holdings) within your Account(s) in accordance with the divestment strategy set out in the Vanguard Managed Pension Service Terms and Conditions. You may also elect to pay your Vanguard Personal Pension fee by direct debit.

Transaction fees

If you sell an ETF through our optional quote and deal service, we will deduct a fixed charge of £7.50 to cover the fee of our nominated stockbroker.

Payments made to you via CHAPS at your request will be charged at the rate of £25 per payment.

Interest on cash

Interest will be earned on cash balances at a managed rate, meaning that it will be fixed and updated from time to time. The rate will be determined by reference to the interest we receive from the bank(s) we deposit your money with and the cost to us of managing cash within your account. We will retain any extra interest we receive on your cash above the stated rate to cover the costs of administration. Further information on the applicable interest rates can be found [here](#).

In the event that we are not able to sufficiently recover our costs from the interest we receive we reserve the right to levy an additional service fee by written notice in line with the Vanguard Managed Pension Terms and Conditions.

We will let you know if this changes in the future.

How will costs and charges affect my investment?

What you get back will depend on the performance of the Fund(s) in which you are invested and the impact of charges and other deductions, including any income which is paid out. Performance cannot be guaranteed.

An estimate of the effect of costs and charges is provided when you invest a lump sum in any fund or, in the case of a regular savings plan, when you set it up. Each year you will receive a statement setting out the costs and charges which you actually incurred in the previous year and their impact on the value of your fund investments.

What could your Vanguard Personal Pension be worth in the future?

The Financial Conduct Authority is a financial services regulator. It requires us to give you this important information to help you to decide whether the Vanguard Personal Pension is right for you. You should read the information below carefully, so you understand the investment you're making, and then keep it safe for future reference.

The generic pension illustration that follows gives you an idea of how much your Vanguard Personal Pension could be worth in the future in a number of scenarios. We've calculated these possible amounts using standard assumptions. What happens might be different from what we've assumed, so we cannot guarantee these figures. What you might get back depends on several things including the amount you invest, how long for, as well as external factors such as investment returns, inflation, interest rates, annuity rates and charges.

The value of investments can go down as well as up and you may get back less than you pay in. The projected amounts also include inflation at 2.0% per year. They should be read with your investment plan.

We'll send you an annual statement showing all the payments into your pension, as well as the costs and charges that have been taken out.

Differences between this generic pension illustration and your investment plan

We give you an investment plan when you apply for a Vanguard Personal Pension through our Vanguard Managed Pension Service, where we will choose your funds and manage them for you.

You should read both your generic pension illustration and your investment plan carefully as they give you important information about your Vanguard Personal Pension and the Managed Pension Service.

Here are the main differences between the two documents.

Generic pension illustration	Investment plan
Takes into account: <ul style="list-style-type: none"> examples of investment amounts standard growth rates set by the financial services regulator a range of years to retirement 	Takes into account: <ul style="list-style-type: none"> how much you pay into your pension projected growth rates of the funds we choose for you age you plan to start taking money from your pension
Assumes your asset mix never changes as you approach the age you plan to start taking your pension.	Reflects that your asset mix changes as you approach the age you plan to start taking your pension to help protect it from losses.
Use this to compare our costs and charges with those of other pension providers.	Use this to see our costs and charges based on the projected growth rates of the funds we choose for you.
Available on our website and online application.	Available on our online application.

Example 1: A single payment or transfer

The tables below show potential pension values based on either a single payment – including tax relief – or a transfer of 3 different amounts. They show the potential value of your pension and taxable annual pension that you could receive at retirement assuming your investments grow at 5.0% per year. These tables assume two starting ages, age 35 or age 55.

The values shown are proportionate to the payment. So, for example, doubling the payment would double the value of your pension at retirement, as well as double the taxable annual pension for the same number of years to retirement. For other years to retirement the ratio may vary.

The below table includes figures for someone age 35:

Years to retirement	Age at retirement	Single payment of £500		Single payment of £10,000		Single payment of £50,000	
		Value at retirement	Taxable annual pension	Value at retirement	Taxable annual pension	Value at retirement	Taxable annual pension
22	57	£837	£41	£16,700	£828	£83,700	£4,140
25	60	£899	£47	£17,900	£934	£89,900	£4,670
30	65	£1,010	£58	£20,200	£1,160	£101,000	£5,810
35	70	£1,130	£74	£22,700	£1,480	£113,000	£7,440
40	75	£1,270	£99	£25,500	£1,970	£127,000	£9,860

The below table includes figures for someone age 55:

Years to retirement	Age at retirement	Single payment of £500		Single payment of £10,000		Single payment of £50,000	
		Value at retirement	Taxable annual pension	Value at retirement	Taxable annual pension	Value at retirement	Taxable annual pension
1	56	£511	£31	£10,200	£611	£51,100	£3,050
5	60	£562	£30	£11,200	£605	£56,200	£3,020
10	65	£632	£38	£12,600	£762	£63,200	£3,810
15	70	£711	£49	£14,200	£986	£71,100	£4,930
20	75	£799	£65	£15,900	£1,300	£79,900	£6,540

The effect of costs and charges

The account fee (0.15%) and the management fee (0.30%) will be deducted as one account fee. This is how it will appear on your costs and charges statement. The account fee (0.15%) portion is capped at £375 per year for all accounts with Vanguard.

This means that if the projected pension value is more than £250,000, the actual account fee costs that we deduct from your account will be lower than the example. But this will depend on the value of the funds we choose for you and other accounts you may have with us. The last example in the tables above and below show the reduction in fees once the account cap has been reached.

The table below shows how costs and charges can affect the value of your pension. All providers must give you this information to help you compare their charges, but they can present it in different ways. So, when comparing illustrations, make sure you're comparing like for like.

All values shown in the table below are cumulative and have been adjusted to include 2.0% inflation.

They show that costs and charges reduce the return on your investment. The reduction from the amount shown in the 'If there were no charges' column to the amount shown in the 'After all charges are taken' column means that charges reduce the growth rate from 5% to 4.39% (the reduction is less than this in the examples where our platform fee is capped due to account size).

The below table includes figures for someone age 35:

Years to retirement	Age at retirement	Single payment of £500			Single payment of £10,000			Single payment of £50,000		
		Total paid into your Managed Pension	Managed Pension value if there were no charges	Managed Pension value after all charges are taken	Total paid into your Managed Pension	Managed Pension value if there were no charges	Managed Pension value after all charges are taken	Total paid into your Managed Pension	Managed Pension value if there were no charges	Managed Pension value after all charges are taken
22	57	£500	£958	£837	£10,000	£19,100	£16,700	£50,000	£95,800	£83,700
25	60	£500	£1,040	£899	£10,000	£20,900	£17,900	£50,000	£104,000	£89,900
30	65	£500	£1,210	£1,010	£10,000	£24,200	£20,200	£50,000	£121,000	£101,000
35	70	£500	£1,400	£1,130	£10,000	£28,100	£22,700	£50,000	£140,000	£113,000
40	75	£500	£1,630	£1,270	£10,000	£32,600	£25,500	£50,000	£163,000	£127,000

The below table includes figures for someone age 55:

Years to retirement	Age at retirement	Single payment of £500			Single payment of £10,000			Single payment of £50,000		
		Total paid into your Managed Pension	Managed Pension value if there were no charges	Managed Pension value after all charges are taken	Total paid into your Managed Pension	Managed Pension value if there were no charges	Managed Pension value after all charges are taken	Total paid into your Managed Pension	Managed Pension value if there were no charges	Managed Pension value after all charges are taken
1	56	£500	£515	£511	£10,000	£10,300	£10,200	£50,000	£51,500	£51,100
5	60	£500	£579	£562	£10,000	£11,500	£11,200	£50,000	£57,900	£56,200
10	65	£500	£671	£632	£10,000	£13,400	£12,600	£50,000	£67,100	£63,200
15	70	£500	£778	£711	£10,000	£15,500	£14,200	£50,000	£77,800	£71,100
20	75	£500	£903	£799	£10,000	£18,000	£15,900	£50,000	£90,300	£79,900

Example 2: A regular monthly payment until your retirement

The tables below show potential pension values based on regular monthly payments – including tax relief – of 2 different amounts. They show the potential value of your pension and taxable annual pension that you could receive at retirement assuming your investments grow at 5.0% per year. These tables assume two starting ages, age 35 or age 55.

The values shown are proportionate to the payment. So, for example, doubling the payment would double the value of your pension at retirement, as well as double the taxable annual pension for the same number of years to retirement. For other years to retirement the ratio may vary.

The below table includes figures for someone age 35:

Years to retirement	Age at retirement	Monthly investment of £250		Monthly investment of £1,000	
		Value at retirement	Taxable annual pension	Value at retirement	Taxable annual pension
22	57	£86,300	£4,260	£345,000	£17,000
25	60	£101,000	£5,290	£408,000	£21,200
30	65	£130,000	£7,500	£524,000	£30,100
35	70	£162,000	£10,600	£656,000	£42,900
40	75	£198,000	£15,300	£805,000	£62,100

The below table includes figures for someone age 55:

Years to retirement	Age at retirement	Monthly investment of £250		Monthly investment of £1,000	
		Value at retirement	Taxable annual pension	Value at retirement	Taxable annual pension
1	56	£3,030	£181	£12,100	£724
5	60	£15,900	£855	£63,600	£3,420
10	65	£33,700	£2,030	£135,000	£8,140
15	70	£53,800	£3,730	£215,000	£14,900
20	75	£76,400	£6,250	£306,000	£25,000

The effect of costs and charges

The account fee (0.15%) and the management fee (0.30%) will be deducted as one account fee. This is how it will appear on your costs and charges statement. The account fee (0.15%) portion is capped at £375 per year.

This means that if the projected pension value is more than £250,000, the actual account fee costs that we deduct from your account will be lower than the example. But this will depend on the value of the funds we choose for you and other accounts you may have with us. The last example in the tables above and below show the reduction in fees once the account cap has been reached.

The table below shows how costs and charges can affect the value of your pension. All providers must give you this information to help you compare their charges, but they can present it in different ways. So, when comparing illustrations, make sure you're comparing like for like.

All values shown in the table below are cumulative and have been adjusted to include 2.0% inflation.

They show that costs and charges reduce the return on your investment. The reduction from the amount shown in the 'If there were no charges' column to the amount shown in the 'After all charges are taken' column means that charges reduce the growth rate from 5% to 4.39% (the reduction is less than this in the examples where our platform fee is capped due to account size).

The below table includes figures for someone age 35:

Years to retirement	Age at retirement	Monthly investment of £250			Monthly investment of £1,000		
		Total paid into your Managed Pension	Managed Pension value if there were no charges	Managed Pension value after all charges are taken	Total paid into your Managed Pension	Managed Pension value if there were no charges	Managed Pension value after all charges are taken
22	57	£66,000	£92,800	£86,300	£264,000	£371,000	£345,000
25	60	£75,000	£110,000	£101,000	£300,000	£443,000	£408,000
30	65	£90,000	£144,000	£130,000	£360,000	£578,000	£524,000
35	70	£105,000	£183,000	£162,000	£420,000	£735,000	£656,000
40	75	£120,000	£229,000	£198,000	£480,000	£917,000	£805,000

The below table includes figures for someone age 55:

Years to retirement	Age at retirement	Monthly investment of £250			Monthly investment of £1,000		
		Total paid into your Managed Pension	Managed Pension value if there were no charges	Managed Pension value after all charges are taken	Total paid into your Managed Pension	Managed Pension value if there were no charges	Managed Pension value after all charges are taken
1	56	£3,000	£3,040	£3,030	£12,000	£12,100	£12,100
5	60	£15,000	£16,100	£15,900	£60,000	£64,500	£63,600
10	65	£30,000	£34,800	£33,700	£120,000	£139,000	£135,000
15	70	£45,000	£56,500	£53,800	£180,000	£226,000	£215,000
20	75	£60,000	£81,700	£76,400	£240,000	£326,000	£306,000

Important information and assumptions

- We have assumed investments will grow at 3% each year after we have applied inflation at 2.00%. We have not applied inflation to your total payments. These rates are not guaranteed and growth could be more or less than this.
- This illustration does not take into account:
 - any restrictions on the amount you can save or take out of your pension
 - tax you have to pay because of the amount you've paid into your pension
 - any restriction or change that may apply to the maximum single payment you're entitled to because of any single payment protection you have
- The taxable annual pension will be lower if you take a tax-free lump sum.
- Fund charges will apply. The illustrations in this document assume a total average fund charge of 0.16% across the funds that we choose for you and a total cost of 0.61% (including also the management fee (0.30%) and account fee (0.15%)). This charge, and the additional expenses that are part of it, are likely to change over time. Your actual charges may be higher or lower than this figure and will depend on the funds we choose for you.
- The growth rates of your investments could be lower or higher than in these illustrations, depending on the performance of the funds and the pre-built investment portfolio you have selected. If lower growth rates were used, then the future values and pension values shown would be lower. Fund performance could vary significantly, which means you could get back more or less than this.
- These figures are only examples and are not guaranteed – they are not minimum or maximum amounts. What you will get back depends on how your investment grows and any tax you have to pay.

- Cost and charges may vary.
- Your pension income will depend on how your investment grows and interest rates when you start taking money from your pension.
- When we worked out the illustrated pension income (annuity) we assumed that:
 - when you turn your account into an annuity it will not increase each year in line with inflation
 - you don't take a cash sum and your value of your fund is used to purchase an annuity
 - the annuity will be paid at the beginning of every month
 - the annuity won't be guaranteed
 - you do not want to provide an annuity for anyone else after you die
- If you were to die before purchasing an annuity, death benefits equivalent to the value of your account would be paid to your dependent or to a nominated beneficiary. Depending on when these are paid, you might have to pay tax.

What are the tax implications?

The amount of tax which you will pay depends on your personal circumstances. UK residents and UK domiciled funds are subject to the UK tax regime. Funds domiciled in Ireland are subject to the tax rules of that jurisdiction, but UK tax applies to any capital gains and income which UK residents receive from them. The tax information provided below is based on our understanding of current UK tax legislation and HMRC practice, which may change in the future. If you are in any doubt about the implications of buying, holding or selling an investment, you should speak to an independent adviser.

Tax and Pensions

Investments made in your Vanguard Personal Pension are free from both Capital Gains Tax and Income Tax.

Any interest payable on Cash Deposits held is paid gross.

Benefits taken from your Vanguard Personal Pension may be subject to tax at your marginal rate depending on your personal circumstances at the time.

How can I assess the performance of the Vanguard Managed Pension Service?

We will provide you with a valuation of your investments every quarter.

In addition, if you want to assess the performance of the Vanguard Managed Pension Service more generally, you can request this information using the contact details set out below.

Benefits

When can I take my benefits?

The Vanguard Managed Pension Service does not currently offer access to your pension benefits and you would have to move to our Do It Yourself Service or another pension provider in order to draw from your funds. This is a service which we hope to offer in the near future.

The information below relates to pension benefits available via our Do It Yourself Service or another pension provider.

You can draw Benefits from your Personal Pension, whether you have stopped working or not, at any age from 55, increasing to 57 from 6th April 2028, as detailed below. Alternatively you can take benefits in the form of an annuity or transfer to another pension provider to meet your retirement needs.

If you are in ill health, and can supply medical evidence to confirm you are unable to carry on any occupation, you may be eligible to draw Benefits prior to age 55, increasing to 57 from 6th April 2028.

If you have a life expectancy of less than 12 months, you may be eligible to draw all of your Benefits as a lump sum.

Can I take a tax-free lump sum from my Vanguard Personal Pension?

Yes, subject to certain rules laid down by HMRC, the value of which will be up to 25% capped at £268,275.

Any amounts drawn above this will incur tax at your marginal rate. Members holding protected lump sum rights may be entitled to draw a higher tax-free lump sum from their pensions.

You should note that, subject to Applicable Regulations, you are not permitted to "recycle" a tax-free lump sum Benefit you receive by investing it back as a contribution into any pension you may have.

If you are in anyway unsure about taking a tax-free lump sum you should contact an authorised financial adviser.

Are any other taxable lump sums available from the Vanguard Personal Pension?

Yes, another form of Benefits is permitted and can be taken on an ad-hoc basis as you may require.

This Benefit option is known as a Single Cash Lump Sum (sometimes referred to as an uncrystallised funds pension lump sum or UFPLS) and allows up to 25% capped at £268,275 of any sum drawn from your Vanguard Personal Pension to be paid tax-free with the balance subject to income tax at your highest marginal rate of tax.

Uncrystallised simply means that you have not yet used or 'crystallised' an amount in your Vanguard Personal Pension to provide you with Benefits so may also be thought of as "unused funds". It is not possible to draw a Single Cash Lump Sum payment from "used" (or crystallised funds) – i.e. those that either have or still are being used to provide Benefits.

If you wish to withdraw Benefits from your Vanguard Personal Pension via a Single Cash Lump Sum, you must have sufficient cash available in your Vanguard Personal Pension Account, in order for Vanguard complete your Single Cash Lump Sum withdrawal request.

You should note that once you have drawn a Single Cash Lump Sum payment, your maximum Annual Allowance in respect of future Contributions reduces to £10,000 per Tax Year.

What about drawing pension income – what options do I have?

- Flexible Income (Drawdown), an option which, following the payment of a tax-free lump sum, allows you to take a regular income from the remaining balance in your Vanguard Personal Pension Account whilst leaving your Vanguard Personal Pension invested. The level of income required can be amended (up or down) and will be subject to tax at your marginal rate.
- Purchase a guaranteed income (also known as an annuity) – this requires you to exchange all or part of your Vanguard Personal Pension in return for an income payable for either a fixed term or for the rest of your life. Vanguard do not provide annuities but you may Transfer Out your Vanguard Personal Pension to an annuity provider if required.
- A combination of the above
- The pension benefits you receive from your Vanguard Personal Pension are not fixed and are not guaranteed for life. Your ability to continue to withdraw income from your Vanguard Personal Pension will depend on the value of assets remaining within your Vanguard Personal Pension. It is your responsibility to ensure that you have sufficient assets to support your retirement needs.

- We will disinvest the assets in your Vanguard Personal Pension Account on a proportionate basis. Where you opt to draw part of your Benefits, we shall aim to disinvest a sufficient amount to support the tax free lump sum you have requested whilst attempting to mitigate any market movements that may affect your investments during the time elapsed between your request and settlement of your Benefits. This may result in a small cash balance resulting in the crystallised arrangement of your Vanguard Personal Pension which will be the lessor of 10% or £10 of the tax free lump sum required. This is to avoid delays in processing and paying your tax-free lump sum. You may re-invest any residual cash left in your Vanguard Personal Pension Account but please be aware that until it's re-invested it will not benefit from any market returns.
- When you move more money into the part of your Vanguard Personal Pension Account that is designated for flexi-access, and opt to invest this into new investments, you will need to update your disinvest strategy within your Account to allow us to continue to pay your income.
- For Flexible Income (Drawdown) withdrawals you may specify which assets you may wish to sell down to cash to provide your Flexible Income (Drawdown) payments. There is no upper or lower level to the amount of income that can be drawn – hence it is possible to draw only the tax free lump sum and no income, cash in the full fund of which up to 25% capped at £268,275 will be tax free subject to the cap across all your pensions) or somewhere in between to suit your circumstances.
- In order to draw Benefits from your Vanguard Personal Pension for the first time you must have reached age 55, increasing to 57 from 6th April 2028.
- Transfer to another pension provider to meet your retirement needs.

You should note that once you have taken income from your pension, your maximum Annual Allowance in respect of future Contributions reduces to £10,000 per Tax Year.

MoneyHelper Service

Deciding what Benefits to take from your Vanguard Personal Pension is an important decision to make. Consequently we recommend that you seek relevant guidance or advice to ensure you can make an informed decision regarding the Benefits you plan to take.

MoneyHelper is a Government backed service where you are entitled to receive free and impartial guidance in a variety of formats, including online, by telephone or face to face. Go to www.moneyhelper.org.uk or call 0800 011 3797 (or +44 20 7932 5780 if you're outside the UK).

The objective of MoneyHelper is to help educate and inform people as they near retirement such that they can make informed decisions on how best to use their pension savings from the date these come into payment.

You should note that the guidance does not replace professional financial advice provided by authorised financial advisers.

What happens to my Vanguard Personal Pension investments if I die?

Upon receipt of your death certificate, we will sell all investments held in your Vanguard Personal Pension and place the proceeds in cash while the decisions are made on the nominee distribution. The cash will remain within the Vanguard Personal Pension rather than forming part of your estate. All applicable charges will continue to be deducted. We will, however, cease to collect any further direct debits if you were investing under a regular savings plan, and we will cancel any regular withdrawal facility which you may have set up.

The treatment of benefits payable on your death largely depends on whether this takes place before or after age 75.

If you die before age 75, then your remaining Vanguard Personal Pension can normally be paid out as a tax-free lump sum to your beneficiaries (up to the value of the Lifetime Allowance). Alternatively, your remaining Vanguard Personal Pension can be used to provide a tax-free income for your beneficiaries aged 18 or over. This may be provided by purchasing an annuity, drawing an income from a new Vanguard Personal Pension or by transferring to another pension provider. Where a beneficiary is under the age of 18 an income can only be provided by transferring to another provider.

If you die after age 75, then the same options as outlined above are available to your beneficiaries. However, the recipient of such Benefits will be taxed at their marginal rate of tax.

Other information

Client status

If you open a Vanguard Personal Pension through the Vanguard Managed Pension Service, we will treat you as a "retail client" for the purposes of the FCA Rules, which gives you certain rights and protection. These rights include access to compensation and our complaints procedure, as noted further below.

Terms and Conditions

These Key Features give you a summary of the Vanguard Personal Pension opened through the Vanguard Managed Pension Service. Full details are set out in Vanguard Managed Pension Service Terms and Conditions, which you should read carefully and which you must accept as part of the account opening process. These terms form a legal agreement between you and Vanguard, governed by English law.

Compensation

Vanguard is covered by the Financial Services Compensation Scheme ("FSCS"). You may be entitled to compensation from the Scheme if we are unable to meet our financial obligations to you. This may apply separately to both your investments and any cash held in your Vanguard Personal Pension and the maximum amount of compensation available depends on the type of investment business, the FSCS compensation limits applying at the time of any failure and the circumstances of your individual claim.

Further information on compensation under the Scheme is available as follows:

FSCS 10th Floor,
Beaufort House
15 St Botolph Street
London EC3A 7QU

Telephone: 0800 678 1100
Email: enquiries@fscs.org.uk
Website: www.fscs.org.uk

Complaints procedure

Should you wish to complain about any aspect of our services, please first inform us using any of the contact methods described in the "How to contact Vanguard" section below.

Information about our complaints procedure is available on request.

If you are not satisfied with our handling of your complaint, you may refer it to either of the following:

Financial Ombudsman Service
Exchange Tower
Harbour Exchange Square
London E14 9SR

Telephone: 0800 023 4567 (call charges will vary)
Email: complaint.info@financial-ombudsman.org.uk
Website: www.financial-ombudsman.org.uk

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

Telephone: 0800 917 4487 (call charges will vary)
Email: enquiries@pensions-ombudsman.org.uk
Website: www.pensions-ombudsman.org.uk

Making a complaint will not affect your right to institute legal proceedings.

Who regulates Vanguard?

Vanguard Asset Management, Limited is authorised and regulated in the UK by the Financial Conduct Authority (FCA). You can view the Financial Services Register for our details by going to <https://register.fca.org.uk/>.

The FCA's contact details are:

The Financial Conduct Authority
12 Endeavour Square
London E20 1JN

Telephone: 0800 111 6768 (call charges will vary)
Website: www.fca.org.uk

How to contact Vanguard

We recommend that you contact us through secure messaging via your online account at www.vanguardinvestor.co.uk. Alternatively, you may email us at personalinvestors@vanguard.co.uk. Please do not include any account details if you contact us by email.

You can also call us on 0800 5870460. (Please refer to our website for details of our opening hours).

Important Information

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