

BAPTIST PENSION SCHEME, DC PLAN - YOUR INVESTMENT OPTIONS

INTRODUCTION - WHAT ARE MY INVESTMENT OPTIONS IN THE DC PLAN?

You can choose where the contributions to your pension account are invested, from a range of funds provided by Legal & General (L&G).

Some people actively select the funds in which they invest and the DC plan offers a range of options.

If you do not want to actively choose your own investments, then your pension account is managed on your behalf, by L&G. Your contributions are invested in a 'default' fund that's designed to suit as broad a range of people as possible.

This document provides details of the DC Plan default fund which is called The Baptist Pension Scheme Default LS Option. Further information on the full range of investment funds available is provided in the L&G welcome pack.

On joining the DC Plan your contributions and those of your employer are initially invested in the Baptist Pension Scheme Default LS Option, which is a Lifestyle strategy. You are free to switch your investment out of the Default LS Option at any time you wish after receiving your welcome pack from L&G.

WHAT IS A LIFESTYLE STRATEGY?

A Lifestyle strategy is an investment option where the contributions paid during most of your career go into a fund that is typically invested mainly in equities and other assets that are expected to give a higher return, to offer you the potential for growth over the long term.

However, in the years approaching your selected retirement date, we steadily switch your investment into funds that have lower risks. The value of investments can go down as well as up. It's particularly important to remember this if you are close to taking your benefits.

HOW DOES A LIFESTYLE STRATEGY WORK?

A Lifestyle strategy offers an automatic switching process during the final years leading up to your selected target retirement date. Your investment is gradually moved into the lower risk funds. These funds are generally regarded as less volatile than funds that invest in equities, and they should reduce uncertainty about the amount of pension you can buy, or the amount of lump sum you can take when you retire. However, their value can go down as well as up, and as the process of switching your pension account between funds is automatic, you will not have control over the timing of when your funds are moved.

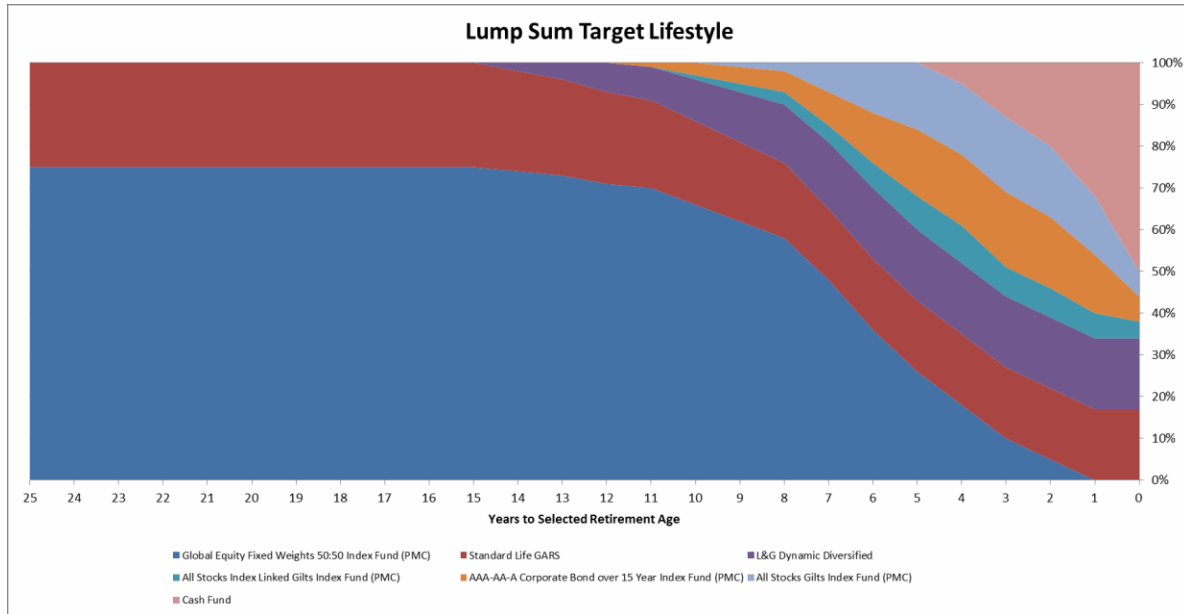
DEFAULT LS OPTION DESCRIPTION:

The Default LS Option incorporates a default "Lump Sum Pathway", that is, it is designed particularly for those members who expect to take their pension account at retirement as a lump sum. For those members who expect to use their pension account to buy an annuity at retirement or to use "Drawdown", alternative Pathways are available and can be selected via the L&G website.

The Default LS Option is invested initially with a 75% split between an equity fund (the L&G PMC Global Equity Fixed Weights (50:50) Index Fund) and 25% in the L&G Standard Life Global Absolute Return Strategies Fund (a diversified fund that aims to achieve a positive return in all markets). This automatically switches:

- fifteen years from your target retirement age partly into the L&G Dynamic Diversified Fund, then
- twelve, eleven and ten years respectively from retirement into the L&G (PMC) 6A Corporate Bond All Stocks Index Fund, the L&G All Stocks Index Linked Gilts Index Fund (PMC) and the All Stocks Gilts Index Fund (PMC); and
- five years before retirement into the L&G Cash Fund.

More information about the funds is available on the L&G website.



WHAT ARE THE CHARGES ON THE LIFESTYLE STRATEGY?

The Lifestyle strategy investment charges are calculated using the member borne charges for the underlying funds that you are invested in (these total to an overall investment fund charge of 0.32% per year). For information of these charges please refer to the fund information listed in the Freestyle Options on the L&G website.

CAN I SWITCH OUT OF A LIFESTYLE STRATEGY?

Yes, you are free to switch your pension account out of your selected Lifestyle strategy (and/or Pathway) at any time you wish after receiving your welcome pack, but L&G must receive this notification in writing or via 'manage your accounts' online. If you are already in the automatic switching period this will stop immediately. Switching is currently free of charge.

YOUR OTHER INVESTMENT OPTIONS

Contributions received by the DC Plan are invested in line with your chosen investment fund choices from one of the following options:

- Default LS Option
- Ethical 1 Lifestyle
- Ethical 2 Lifestyle
- Freestyle – a range of individual investment fund options

Full details of the Lifestyle options and the various Freestyle investment fund options are available via the L&G website (site access details are provided in the L&G welcome pack).