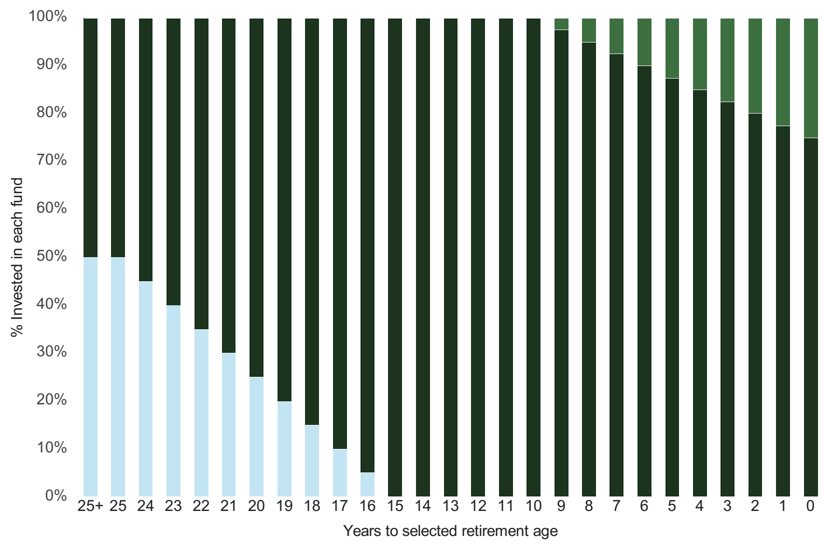
Target: Flexible Income

Switching Period: 25 years

How does this lifestyle profile work?



The way your savings are invested can be divided into 3 separate phases:

1. Growth Phase

Initially, your savings are invested with the aim of increasing the value of your pension pot, in the following funds:

- 50% in the Pace Growth (Shares) 2021 Fund (BPY3)
- 50% in the Pace Growth (Mixed) Fund (BVL3)

2. Switching Phase

When you are 25 years from your selected retirement date, we will start to gradually move your savings into the following funds on a quarterly basis, as shown in the table above:

- Pace Growth (Shares) 2021 Fund (BPY3)
- Pace Growth (Mixed) Fund (BVL3)
- L&G Cash 3 (EAB3)

By investing in lower-risk funds, your savings are less likely to go down in value by as much, or as often. This also means they may not go up in value by as much over the long term, when investments are performing well.

3. At retirement

When you reach your selected retirement date, automatic switching will stop and your pension savings will be invested:

- 75% in the Pace Growth (Mixed) Fund (BVL3)
- 25% in the L&G Cash 3 (EAB3)

For details of the funds included in this lifestyle profile, please see the underlying fund factsheets by logging on the The Co-operative Pension Scheme microsite at: **co-operativebank.co.uk/pensions**

What are the aims of this lifestyle profile?

This lifestyle profile is designed for members who want to keep their pension account invested after retirement age and take sums of money directly from it (doing this is known as 'income drawdown'). The sums of money can either be taken as a series of cash sum payments or as a regular income. You should note that this option is not available directly from Pace and you would be required to transfer to another arrangement at retirement.

Initially, your pension pot will be invested 50% in a shares fund and 50% in a mixed fund that invests in a mixture of investments. The strategy of investing in the shares fund aims to target a higher level of growth over the long term. The strategy of investing in the mixed fund aims to target investment growth while also seeking to reduce risk by spreading your investment.

Between 25 and 15 years from your retirement date, all of your pension pot will be gradually moved into the mixed fund with the aim of targeting some investment growth while attempting to reduce investment risk as you approach retirement.

When you are 10 years from your retirement date, we will start to gradually move your pension pot so that, when you reach your retirement date, you will be 75% invested in the mixed fund that can be used to provide an income and 25% will be invested in a cash fund which is unlikely to fall in value, but is also unlikely to grow very much.

Once you reach your retirement date, automatic switching will stop.

The aims of this lifestyle profile have been agreed between The Co-operative Group/Bank, Legal & General and the Pace Trustees. Please note this does not necessarily mean that this lifestyle profile is suitable for you and your circumstances and there are other investment options available to you.

This strategy may not be suitable if you don't take pension benefits as intended from your retirement date. You should review your retirement date on a regular basis, as it will determine where your pension pot is invested as you approach retirement.

It's also important to review your investment strategy on a regular basis, after your retirement date, to ensure that the funds in which your pension pot is invested remain suitable for your needs.

Please note you will normally only be able to take 25% of your pension pot tax free. If you intend to take flexible income, the amount of pension income you might receive is not guaranteed. Should you choose to buy an annuity, the amount of income you get will depend on the annuity rate available at the time, and this can change.

What is a lifestyle profile?

A lifestyle profile automatically moves your money into less risky funds, over a period of time, with the aim of protecting your savings as you get closer to retirement.

In most cases, a lifestyle profile will also invest your savings in funds that reflect the way you want to take your money when you get to your selected retirement date, such as taking regular income or cash lump sums.

For more information on lifestyle profiles and the different ways you can take money from your pension pot , as well as the investment options that are available to you, please go to your scheme microsite.

The advantages of investing in a lifestyle profile

You don't have to choose which fund(s) to invest in as the funds are set in the lifestyle profile.

Lifestyle profiles are designed to reduce investment volatility or to target a specific objective as you approach your selected retirement date.

Your money is automatically switched for you as you near your selected retirement date.

The automatic switching ensures that your money is moved gradually rather than all at once at a time when the markets may be low.

The final investment holding is designed for a particular outcome. For example, taking all of your pension pot as cash, buying a guaranteed income (an annuity), or taking flexible drawdown (income and occasional lump sums) directly from your pension pot.

The disadvantages of investing in a lifestyle profile

You aren't actively choosing how much to invest in each fund at any one time. There may be another fund or lifestyle profile more suitable to your needs.

A lifestyle profile doesn't guarantee the value of your pension savings. The value of investments can go down as well as up.

You don't choose when to change your investment as it is set by the lifestyle profile.

The timing of switches is automatic and happens at fixed times. They don't take market conditions into account which means you may miss out on growth in the market.

The aim of the lifestyle profile may not match the way you intend to use your pension pot or reflect your attitude to risk. It may also be unsuitable if you don't take pension benefits as intended at your selected retirement date. In this case, you should review where your pension pot is invested and whether this remains suitable for your needs.

Important

This lifestyle profile may not be suitable for you or your circumstances and you should be aware that there are other investment options available.

It may also not be suitable if you don't use your pension savings as intended from your retirement date.

You should review your retirement plans on a regular basis, both before and, if appropriate, after your retirement date, to ensure that the funds in which your pension savings are invested remain suitable for your needs.

It's also important to remember that the value of investments can go down as well as up. This is particularly important if you are approaching your selected retirement date.

Lifestyle profiles are not risk free. You can find more detail about the risks associated with the funds in this lifestyle profile in our fund factsheets. Factsheets for each of the funds included in this lifestyle profile can be accessed from your scheme website or by logging into our Manage Your Account facility.

Changing the way your savings are invested

You can change the way your pension savings are invested at any time. You can also choose a different selected retirement date, should your retirement plans change. It's important to be aware that, if you're pension savings are invested in a lifestyle profile, you can only invest in one lifestyle profile at any one time, and you cannot invest in any other funds.

If you're thinking about making your own investment decisions we suggest you read the investment information available on your scheme website. You may also want to speak to a financial adviser. Please note that a financial adviser may charge a fee for their advice.

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