

**THE INDUSTRY-WIDE COAL STAFF SUPERANNUATION
SCHEME - MINES RESCUE SERVICE SECTION.**

YOUR INVESTMENT GUIDE.

Working in association with



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PART 1: INTRODUCTION



WHY SHOULD I READ THIS GUIDE?

This guide has been designed to help you understand:

- how contributions are invested.
- what you should be aware of if you want to make your own investment decisions.
- the choices you will need to consider when it comes to investing your [pension pot](#) as you approach retirement.

We've tried to make it easier to understand by using plain English.

Where we've used a term you may not be familiar with, we've highlighted it in [blue](#) and have included a definition in the 'Terms explained' section.



We suggest you read this guide in conjunction with the Member's booklet, which you'll find on your scheme website.

INVESTING YOUR PENSION SAVINGS

Your pension savings are invested with the aim of preserving their value or making them grow over time.



HOW WILL MY PENSION SAVINGS BE INVESTED?

Any contributions that you and Mines Rescue Services Ltd make will be invested in the Legal & General Cash Lifestyle Profile, which is the [default investment option](#) for the scheme, as selected by the [Trustees](#).

This is how contributions will continue to be invested unless you tell us otherwise.



WHAT'S THE AIM OF THE LEGAL & GENERAL CASH LIFESTYLE PROFILE ?

When you are three years from your retirement date, we will start to gradually move your [pension pot](#) from the Legal & General (PMC) Multi-Asset Fund 3 into the Legal & General Cash Fund 3.

When you reach your retirement date, your pension pot will be invested 100% in the Legal & General Cash Fund 3.



WHAT IF I WANT TO MAKE MY OWN INVESTMENT DECISIONS?

You can change the way your pension savings are invested at any time. You have the option to do this only for existing funds, for ongoing contributions, or both. There are four funds and one [lifestyle profile](#) currently available.

It's important to be aware that all investments carry some degree of risk and, as a result, the value of your pension savings can fall as well as rise.

For more information on investment risk and the different types that you should be aware of, please see the 'Balancing risk and reward' section.

The 'Your investment funds' section provides a list of funds available to you and lists details of the Fund Specific Risks that relate to each individual fund.

For more information on what these are, go to the 'Fund Specific Risk Definitions' section.



WHAT IS A DEFAULT INVESTMENT OPTION?

The Trustees are required by law to choose an investment option for members who do not want to make their own investment decisions.

This is known as the default investment option, since it is where your pension savings will be invested unless you choose to make your own investment choices. The Trustees must keep this default investment option under review and may make changes over time.

PART 2: ABOUT INVESTING

This section looks at the basics of investing and should be helpful, whether you're new to investing or have previously chosen your own investments.

£ WHAT IS AN INVESTMENT FUND?

An investment **fund** is controlled by a fund manager who invests in **asset** classes on your behalf.

For more details on the different types of asset, see the 'What is an asset?' section.

The fund manager can choose to invest in a range of assets from bank deposits and **cash** to **shares** and **property**. Different funds will have different aims and the fund manager will invest in assets that are aligned to the objectives of the fund.

Whatever the specific objective of the fund, the ultimate goal of any fund is to help your money grow (or preserve its value) although there is no guarantee that this will happen.

When you invest in a fund, you buy a small part of it called a **unit**. The price of these units can vary. If the unit price goes up, the value of your investment will increase. Similarly, if the unit price falls, so will the value of your investment.

£ TYPES OF FUND MANAGEMENT

There are two main types of fund management: active and passive.

Active fund managers take an active 'hands-on' role in making investment decisions. They are continuously researching companies or other investments in the search for growth potential. They may buy and sell assets frequently in the hope of earning returns that beat their market sector.

Passive fund managers adopt a more 'hands-off' approach. Instead of trying to beat a particular sector or market index, for example the FTSE 100 Index, they aim to replicate it.

As a result, passive funds tend to have lower management costs than active funds.

Active funds, typically hold fewer assets, so the impact of any one company underperforming could be greater. They can, however, provide access to asset classes that may not be available via a passive fund.

Active funds generally take on more risk than passive funds within the same asset class. Whilst this means that investors have the potential for higher returns, it also means that the chance of making a loss is also greater.

To find out more about the risks of investing see the 'Balancing risk and reward' section.

ABOUT INVESTING

£ WHAT IS AN ASSET?

Assets are the building blocks of funds.

Different funds invest in different assets and this can have a significant effect on a fund's performance and its **volatility**. Each type of asset has its own characteristics and also has different risks. The table below illustrates the key characteristics of the four main types of asset.

	SHARES	PROPERTY	BONDS	CASH
WHAT IS IT?	A share in the value of a company.	Commercial property such as offices, shops, warehouses, factories and other business buildings.	A loan which can be returned on a specified future date.	Short-term deposits with governments and financial institutions such as banks and building societies.
ARE THEY CALLED ANYTHING ELSE?	Equities.	N/A	Fixed interest securities. UK Government bonds are often referred to as 'gilts'.	Bank Deposits.
WHO ISSUES THEM?	Public companies.	N/A	Governments or companies.	N/A
CAN THEY GENERATE AN INCOME?	Yes. If the company makes a profit, it may return money to shareholders in the form of a dividend.	Yes. The rent paid by tenants effectively generates a regular income.	Yes. The issuer will normally make regular interest payments to the holder.	Yes. Although the rate of interest on cash deposits is normally quite low.
CAN THEY GROW IN VALUE?	Yes. If the value of the company increases, the value of each individual share will increase.	Yes. If property prices increase, the value of your investment will increase.	Yes. It may be possible to sell for more than the original investment amount.	Yes. But only if the interest is retained. Although any growth is likely to be limited.
HOW VOLATILE ARE THEY?	High. The price of a share can be very volatile in the short term.	Moderate to High. Property prices can fluctuate in the short term.	Moderate. Bonds are particularly sensitive to interest rate movements and inflation.	Low. Cash is widely regarded as the least volatile investment asset.
CAN THEY FALL IN VALUE?	Yes but only if the value of the company decreases, causing the value of each individual share to decrease.	Yes but only if property prices fall, causing the value of your investment to fall.	Yes although the value of your investment is only likely to fall if interest rates rise and could increase if interest rates fall.	Yes although any fall in value is likely to be limited.
HOW LONG SHOULD I HOLD THIS INVESTMENT?	Medium to long term. Normally for at least 5 years.	Long term.	Short to medium term.	Short term.

WHAT IS A LIFESTYLE PROFILE?

In addition to offering you a range of funds, you can also invest in a lifestyle profile.



HOW DOES A LIFESTYLE PROFILE WORK?

A [lifestyle profile](#) is an investment strategy that offers the potential to grow your pension savings over the long term. In most cases a lifestyle profile will normally move your pension savings from higher [volatility](#) into lower volatility [funds](#) as you approach your [selected retirement date](#). Alternatively, it may also target a specific objective for your [pension pot](#) such as:

- buying a guaranteed income (an [annuity](#))
- taking [cash](#).
- taking flexible income (drawdown).

This will happen automatically closer to your selected retirement date.



CAN I CHANGE THE WAY MY PENSION SAVINGS ARE INVESTED?

Yes. You can change the way in which your pension savings are invested at any time. You can also change your selected retirement date and leave it invested for longer. If you decide to invest in a lifestyle profile please be aware that you can only choose one lifestyle profile at a time. It's also not possible to invest in any other funds at the same time.

Lifestyle profiles are not risk free.

To find out more about the risks associated with investing, see the 'Balancing risk and reward' section.



There is one lifestyle profile available to members of this scheme. For more information, please see the 'Your Lifestyle Profiles' section.

WHAT IS A LIFESTYLE PROFILE?

Investing in a lifestyle profile can have advantages as well as disadvantages. It's important that you understand what these are before choosing to invest in one.

THE ADVANTAGES AND DISADVANTAGES OF INVESTING IN A LIFESTYLE PROFILE

ADVANTAGES	DISADVANTAGES
You don't have to choose which fund(s) to invest in as the funds are set in the lifestyle profile.	You are not choosing where to invest. There may be another fund or lifestyle profile more suitable to your needs.
Lifestyle profiles are designed to reduce investment volatility or to target a specific objective as you approach your selected retirement date.	A lifestyle profile doesn't guarantee the value of your pension savings. The value of investments can go down as well as up.
Your money is automatically switched for you as you near your selected retirement date.	You do not choose when to change your investment as it is set by the lifestyle profile.
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 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 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 income (drawdown) directly from your pension pot.	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.

BALANCING RISK AND REWARD

When it comes to investing your pension savings, there are different types of investment risk that you should be aware of.



INVESTMENT RISK

This is the risk that your pension savings may fall in value and it's a risk that applies to all [funds](#).

However, the more time there is until your [selected retirement date](#), the less concerned you might be about short-term falls. In this case, you may be more willing to accept a higher degree of investment risk for the chance of higher rewards.



EXPECTATION RISK

This is the risk that your pension savings may not grow by as much as you want or need.

It's important to check your investments regularly to see whether you're on track to meet your goals. If your investments aren't performing as you expected, you may need to consider increasing your pension contributions or delaying your retirement.



ANNUITY RATE RISK

When you reach your selected retirement date, you may want to convert your [pension pot](#) into a guaranteed income (an [annuity](#)). The cost of buying an annuity is influenced by economic conditions and annuity providers' assessment of life expectancy. This means that the cost of buying an annuity (often referred to as the annuity rate) can change.

Therefore, if annuity rates fall, there is a risk that your pension pot won't buy the amount of pension income you need or expect.



INFLATION RISK

This is the risk that prices of goods and services will increase by more than the value of your investments.

This means that you may not be able to buy the same things in the future, that you can afford to buy today.



OPPORTUNITY RISK

If you delay purchasing a guaranteed income (an annuity) at outset, should you want to do so at a later date, annuity rates may have fallen and, as such, the amount of income you could buy may be less generous.



FUND SPECIFIC RISKS

These are the risks that apply to an individual fund.

As mentioned earlier, different funds will invest your money in different [assets](#) and in different ways to achieve their aims. As a result, each fund is likely to have different set of risks.

For details of the specific risks that apply to each of the funds available to you, please see the list of funds in the 'Your investment funds' section.

A detailed explanation of what each of these are can be found in the 'Fund Specific Risks' section.



If you're not comfortable making your own investment decisions, your pension savings will be automatically invested in the [default investment option](#), which has been chosen by the [Trustees](#) as they believe it is suitable to meet the needs of most members.

You can find more about the default investment option for the scheme in the 'Investing your pension savings' section.

BALANCING RISK AND REWARD

Almost all investment involves some degree of risk. It's important that you understand - and are comfortable with - the risk you may be taking before making any investment decisions.

RISK VERSUS REWARD

Taking a higher degree of risk generally comes with the potential for higher rewards. It also means, however, that there's a greater chance of your investment falling in value.

Accepting a lower degree of risk generally means that your investment is less likely to fall in value. However, in return, this will usually mean that your investment has less potential for growth. In other words, the reward will be less.

EXAMPLE

When you put money into a bank account, there's almost no risk of losing it.

However, the interest you're likely to receive - your reward - will probably be quite low.

Investing your money in the **shares** of a single company carries a much higher risk. If something happens to the company, it will affect the value of your shares.

If the company performs poorly the share price is likely to fall and, in the worst case, you could lose all your money.

However, if the company is really successful the share price could rise, which means that your investment could be worth much more than you originally invested.

ATTITUDE TO RISK TOOL

Legal & General has developed a web-based tool to help you understand your attitude to investment risk.

This tool uses five Customer Risk Profiles on a scale from A to E, some of which are also broken down further into lower, middle or upper sub-categories.

It contains detailed descriptions of each of these Customer Risk Profiles to help you decide what type of investor you might be.

You can also complete the online questionnaire, which has been designed to help you identify which Customer Risk Profile matches your own attitude to investment risk and may help you to decide which funds are right for you.

For more information about our funds and how Legal & General risk rates them, see the 'Fund Risk Rating Descriptions' section.

To use the tool go to www.legalandgeneral.com/atrtool

PART 3: YOUR INVESTMENT OPTIONS

You can change the way in which your pension savings are invested at any time. This section looks at the options available to you if you want to make your own investment decisions.



HOW MANY FUNDS CAN I INVEST IN?

There are four [funds](#) to choose from and you can invest in as many as you wish, in whatever proportions you want.

Fund factsheets are available for each of these funds and include details about the fund's aims, [asset](#) allocation and performance,.

A full list, including links to each of these fund factsheets, can be found in the 'Your investment funds' section.



HOW MANY LIFESTYLE PROFILES CAN I INVEST IN?

There is one [lifestyle profile](#), details of which can be found in the 'Your lifestyle profiles' section.

If you invest in a lifestyle profile, you cannot invest in any other [funds](#).



WHO DECIDES WHICH INVESTMENT OPTIONS ARE AVAILABLE?

The [Trustees](#) of the plan have chosen these funds and lifestyle profile.

The Trustees will review the selection from time to time. In the future, this could mean that certain investments will be removed or new ones added.



HOW DO I CHANGE MY INVESTMENTS?

You can change the way your pension savings are invested at any time.

You can do this:

- **Online:** Go to your scheme microsite and select '[Manage Your Account](#)'.
- **By phone** Call Legal & General on **0345 070 8686**.
Call charges will vary. Legal & General may record and monitor calls.

YOUR INVESTMENT OPTIONS

Depending on which fund(s) or lifestyle profile you choose to invest in, the amount you pay in charges could differ.



WHO MANAGES THE FUNDS?

All the **funds** are managed by professional fund managers. If you choose to invest in a fund that is not managed by Legal & General, then you need to be aware that you still will be buying **units** in a Legal & General fund.

Legal & General will then use the money you contribute to buy units in the manager's own fund (called the 'authorised fund').



WHAT ARE THE CHARGES FOR INVESTING?

Each of the funds carries a Fund Management Charge (FMC). This charge is accounted for in the price of the unit and is reflected in the value of your fund.

The Fund Management Charge (FMC) consists of the Investment Management Charge (IMC) plus Additional Expenses (AE).

It includes investment management fees, fund administration fees, custody/custodian fees, auditing and accounting fees, and regulatory charges.

Different funds have different charges and these are shown in the list of funds on the following page.

If you invest in a **lifestyle profile**, the charges you'll pay will be calculated on the proportion of your pension savings invested in each fund (or funds) at that time.



WHAT IS THE TOTAL COST OF RUNNING MY PENSION?

To calculate the total cost of running a pension plan, you should add the Annual Management Charge (AMC), which covers Legal & General's administration costs, to the Fund Management Charge (FMC).

The AMC for the scheme is 0.37%.

The FMC varies from one fund to another. Details of the FMC for each fund can be found in the 'Your investment funds' section.



It's important to be aware that, in certain circumstances, we may need to make changes to our charges or introduce new charges.

YOUR INVESTMENT FUNDS

- 🎯 You can invest your pension savings in any of the funds listed below. To find out more information about each fund listed, including its aims, asset allocation and performance, simply click on the fund name.


FUND NAME	FUND CODE	KEY ASSETS	FUND SPECIFIC RISKS ¹	IMC ²	AE ³	FMC ²
L&G (PMC) Global Equity Market Weights (30:70) Index Fund 75% GBP Currency Hedged 3	NRJ3	Shares	12, 13, 29	0.14%	0.00%	0.14%
L&G (PMC) Multi-Asset Fund 3	NTW3	Shares	12, 13, 14, 15, 29, 31	0.13%	0.00%	0.13%
L&G (PMC) Pre-Retirement Fund 3	NEN3	Bonds	14, 15, 20, 29	0.12%	0.00%	0.12%
L&G Cash Fund 3	EAB3	Cash	24	0.09%	0.01%	0.10%

Please see page 14 for the Fund Risk Rating Descriptions and page 15 for Your Risk Meter.

¹ See the 'Fund Specific Risks' section on page 16 for more details.

² See the 'Your investment options' section on page 12 for an explanation of these charges.

FUND RISK RATING DESCRIPTIONS

 Legal & General risk rates its [funds](#) on a scale that uses five Fund Risk Rating categories, from 1 (the lowest risk) to 5 (the highest risk).

The table below provides a description of each Fund Risk Rating Category. We've given a risk rating to each of the funds available to you and have arranged them on a scale called a risk meter in the 'Your risk meter' section'. Each fund has a place on the scale and, as such, you can quickly and easily compare the relative risk of one fund against all the other funds available.

Fund Risk Rating category	Additional rating within category	Fund Risk Rating category description (Note: all investment funds can go up or down in value and can lose money)
5	UPPER	Funds in these categories may invest in either single investment types or a wide variety of investments that will go up and down in value a lot from day to day. Funds may tend to invest in less stable investment areas, for example certain overseas or emerging markets, where economic or political conditions create an extra degree of uncertainty.
	LOWER	
4	UPPER	Funds in these categories hold investments that are expected to go up and down in value a lot from day to day. Funds are likely to invest in a range of investment types, including higher proportions of riskier investment types. Funds towards the middle and top of this band will hold investment types that have gone up or down more in value over the past ten years than funds at the bottom. For example, this may be because those funds are designed to invest in areas or investment types that are more likely to experience larger changes in value than other investment types
	MIDDLE	
	LOWER	
3	UPPER	Funds in these categories hold investments that will go up and down in value. Funds may not hold all investment types and tend to focus on investments that do not typically change in value a lot from day to day. Funds may also invest in a range of investment types to try to limit the effect of one or more investment types performing poorly but fund values could still fall significantly over time. Funds towards the middle and top of this band will hold investment types that have gone up or down more in value in the past than funds at the bottom. For example, this may be because those funds have invested in riskier investment types or they have focused on single investment types.
	MIDDLE	
	LOWER	
2		Funds in this category invest in short-term money markets such as bank deposits and Treasury Bills. These funds do not invest in any asset types where the capital value can fall, such as fixed interest securities. The value of the fund's assets would only fall if a deposit holder or the UK Government were unable to meet their obligations. If the interest earned by the fund's assets is insufficient to cover the annual fund charge and any additional fund expenses, the value of your fund will fall.
1		There are no funds in this category.

YOUR RISK METER



FUND RISK CATEGORY	FUND NAME
5 UPPER	
5 LOWER	
4 UPPER	L&G (PMC) Global Equity Market Weights (30:70) Index Fund 75% GBP Currency Hedged 3
4 MIDDLE	
4 LOWER	L&G (PMC) Multi-Asset Fund 3
3 UPPER	L&G (PMC) Pre-Retirement Fund 3
3 MIDDLE	
3 LOWER	
2	L&G Cash Fund 3
1	

THE SPECTRUM OF RISK

The Risk Meter shows a 'spectrum of risk'.

As such, although two funds could be in the same fund risk category, they won't necessarily have the same level of risk.

A fund near the top of one fund risk category might have a more similar risk profile to a fund near the bottom of the category above it than to funds lower down in its own category.

These ratings are calculated without knowing your personal attitude to investment risk.

Therefore, when you're looking at where to invest it's important that you don't just rely on this Risk Meter.

You need to look at - and think carefully about - all the different investment risks.

Your circumstances and outlook are unique and it's this that should be influencing your investment decisions.

If you have any doubts or questions, you should talk to a financial adviser.



Please remember that neither Mines Rescue Services Ltd, nor the Trustees nor Legal & General can provide financial advice.

If you want to make your own investment decisions, you should speak to a qualified financial adviser. You can find one in your local area at www.unbiased.co.uk. Please note that advisers will usually charge for their services.

FUND SPECIFIC RISKS

In the 'Fund Specific Risks' column of the fund list in the 'Your investment funds' section, you will have seen one or more numbers listed against each fund. Each number relates to a specific risk associated with that fund. This section contains descriptions for each of the fund specific risks listed. You'll see there are some numbers missing from this list. Although Legal & General applies these risks to a wide range of funds, only the risks that apply to the funds in this guide are shown in this list.



12. CURRENCY CHANGES

The fund may have investments valued in currencies that are not sterling (British pounds):

- If the value of these currencies falls compared to sterling, this may mean the value of your fund will go down.
- If arrangements are made to protect the fund against currency movements (known as 'hedging') and the currencies rise compared to sterling, your fund will not benefit from those gains.



13. EQUITIES (COMPANY SHARES)

Investments in company shares tend to be riskier than for many other types of investment. This is because there's a higher risk of the value of shares falling, more often and by a larger amount than for many other asset types, especially in the short term.



14. FIXED INTEREST SECURITIES

Investment returns on fixed interest securities smaller - corporate and government bonds, and other types of debt - are particularly sensitive to trends in interest rate movements and inflation. Their values are likely to fall when interest rates rise. Such falls may be more pronounced in a low interest rate environment. Longer dated fixed interest securities will fall by more than short dated fixed interest securities.



15. RISK OF ISSUER BECOMING LESS SECURE

The financial strength of a company or government issuing a fixed interest security (such as a bond or other types of debt) determines their ability to make some or all of the payments they are committed to. If their financial strength weakens, the chances of them not making payments increases.



16. HIGH YIELD BONDS

The fund invests in higher yielding bonds (known as 'sub-investment grade' bonds). Compared to lower yielding bonds (known as 'investment grade' bonds) there is a greater risk that the fund will not receive back, either on time or at all, some or all of the amount invested or interest that is due to be paid.



17. DERIVATIVES

This fund uses derivatives for investment purposes and so may be higher risk than funds that don't. Sometimes using derivatives could give lower returns, or cause the value of your fund to fall even though the market is rising.

FUND SPECIFIC RISKS



18. DERIVATIVE COUNTERPARTY RISK

The fund may have derivative contracts with companies such as banks or other financial institutions. If these companies experience financial difficulty, they may be unable to pay back some or all of the interest, original capital or other payments that they owe. If this happens, the value of your fund may fall.



19. SMALLER COMPANIES

The fund invests in smaller companies. Investments in smaller companies tend to be riskier than investments in larger companies because they can:

- be harder to buy and sell
- go up and down in value more often and by larger amounts, especially in the short term.



20. CONCENTRATION OF INVESTMENTS

Most funds have lots of individual investments, so don't rely upon the performance of just a few. The whole of this fund, or a large part of it, has relatively few individual investments.

This means that a fall in the value of an individual investment can have a major impact on the overall performance of your fund.



21. EMERGING MARKETS

The fund invests in countries where investment markets are not as well developed as those in the UK.

This means that investments are generally riskier than those in the UK because they:

- are not as well regulated
- are more difficult to buy and sell
- have less reliable arrangements for the safekeeping of assets
- are more exposed to political and taxation uncertainties.

The value of the fund can go up and down more often and by larger amounts than funds that invest in developed countries, especially in the short term.



23. COMMERCIAL PROPERTY

Property can be difficult to buy or sell. This could mean:

- cash builds up waiting to be invested, so the fund will underperform when property returns are greater than the interest earned, and/or
- property may have to be sold for less than expected.

If an exceptional amount of withdrawals are requested, the fund manager may be forced to sell properties quickly. This could mean that properties are sold for less than expected which would reduce the value of your investment.

If the size of the fund falls significantly, the fund may have to invest in fewer properties. This may lead to an increase in risk.

Rental growth is not guaranteed and unpaid rent could affect the performance of your investment.

The value of property is generally a matter of valuer's opinion rather than fact and the true value of a property may not be recognised until the property is sold.

FUND SPECIFIC RISKS



24. DEPOSIT

The fund has money on deposit with companies such as banks or other financial institutions.

If any of these suffer financial difficulty, they may be unable to pay back some or all of the interest, original amount invested or other payments they owe. If this happens the value of your fund may fall.



27. SOCIALLY RESPONSIBLE OR RELIGIOUS INVESTMENTS

The standards used for this fund mean that it cannot invest in some companies or in certain market sectors, for example tobacco or mining. Because this fund limits the companies it may invest in, it is riskier than funds that don't have such restrictions.



28. MONEY MARKETS

The fund may have derivative contracts with companies such as banks or other financial institutions.

If these companies experience financial difficulty, they may be unable to pay back some or all of the interest, original capital or other payments that they owe. If this happens, the value of your fund may fall.



29. DELAYED REPAYMENT

This fund is able to delay paying out, which may mean that you have to wait to get your money.

A delay may happen when market conditions mean it is difficult for the fund manager to cash in investments to pay out to investors.

For example, a fund with investments in commercial properties may find they may take time to sell. Whilst waiting to complete on the sale of properties, the fund manager may suspend making payments to investors who want to cash in.

The fund can only delay paying out if it's in the interests of all investors.



30. FEW BOND ISSUERS

The fund invests almost exclusively in fixed interest bonds from a single or small number of issuers, such as companies or governments.

If any of these issuers experience financial difficulty, they may be unable to pay back some or all of the interest, original investment or other payments that they owe. If this happens, the value of your fund may fall.



31. LIQUIDITY

This fund has investments that, rather than being traded on a stock exchange, are traded through brokers or investment banks, matching buyers and sellers. This makes the investments less easy to buy and sell than those that are traded on an exchange and on any particular day there may not be a buyer or a seller for the investments.

In times of market uncertainty or if an exceptional amount of withdrawals are requested it may become less easy for your fund to sell investments. If this happens, the value of your fund may fall and in extreme circumstances this may also force a delay in buying and selling your investment in the fund.

The fund can only delay paying out if it is in the interests of all investors and with the permission of the fund trustee or depositary.

YOUR LIFESTYLE PROFILE

A lifestyle profile is an investment strategy that offers the potential to grow your pension savings over the long term. Normally, it will move your pension savings from higher volatility into lower volatility funds as you approach your selected retirement date and may also target a specific objective such as cash, guaranteed income (an annuity) or flexible income (drawdown).



You can choose to invest your pension savings in the [lifestyle profile](#). For more detailed information on this, see the description on [page 4](#). You will also find a link to the factsheet for the [lifestyle profile](#) on your scheme website.



IMPORTANT

Once you reach your [selected retirement date](#) automatic switching will stop.







This strategy may not be suitable if you don't take pension benefits as intended from your selected retirement date. You should review your selected 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 selected retirement date, to ensure that the funds in which your pension pot is invested remain suitable for your needs.

To find out more about investing in a lifestyle profile, including the advantages and disadvantages, see the 'What is a lifestyle profile?' section.

CHOOSING YOUR OWN INVESTMENTS

🎯 There’s a lot to think about when it comes to choosing your own investments. We’ve created this step-by-step guide to help you consider all the relevant things before making any investment decisions.

Step 1	Step 2	Step 3	Step 4	Step 5	Step 6
					
Identify your attitude to risk	Things you may want to consider.	Find out about Legal & General's Fund Risk Ratings.	See how the funds compare in terms of risk.	Consider funds that suit your risk profile.	Making sure you're happy with your choice.
<p>Legal & General has developed an Attitude to Risk tool that can help you to identify how you feel about risk.</p> <p>It can also provide you with an indication of the Customer Risk Profile that most closely fits you.</p> <p>Each profile offers a description of the different levels of investment risk that a typical person with that attitude to investment risk may be prepared to take.</p> <p>See the 'Balancing risk and reward' section for more information.</p>	<p>When choosing funds you may want to consider:</p> <ol style="list-style-type: none"> 1. Investing in a range of different investment types. 2. How much you understand about investing. 3. Your income needs in retirement. 4. How often you'll review and change your investments. 5. The timing of your investment and whether you're making one-off or gradual investments. 	<p>Legal & General has created five Fund Risk Rating categories, using a scale of 1 (lowest risk) to 5 (highest risk).</p> <p>The definitions in the 'Fund risk rating descriptions' section will provide you with a broad description of the level of risk attached to the funds within each category.</p>	<p>Legal & General has risk rated all its funds and has placed them on a risk meter, which you will find in the 'Your risk meter' section.</p> <p>This will help you identify the relative risk of investing in one fund compared to the other funds in that range.</p>	<p>You can decide on the level of risk you want to take.</p> <p>You may want to invest in funds from a single Fund Risk Rating category or you may prefer to invest in a range of funds across more than one Fund Risk Rating category.</p> <p>You can find more information on all the funds available to you, including details of each fund's Fund Risk Rating category in the 'Your investment funds' section.</p>	<p>It's important to be comfortable with the risks associated with each fund before investing.</p> <p>You should also review your fund choices regularly to ensure they remain appropriate for your needs. To do this go to the scheme website and select 'Manage Your Account'.</p> <p>You may want to seek financial advice before making any investment decisions. For more information on how to find a financial adviser see in the 'Your risk meter' section.</p>

APPROACHING RETIREMENT?

You now have a choice about what you can do with your pension savings from the age of 55 onwards. So, if you haven't already, you should start thinking about how you want to use your pension pot and when you intend to take it.



IS THERE ANYTHING I SHOULD BE DOING NOW?

Your pension savings will be invested in the [default investment option](#) unless you tell us otherwise.

Following the introduction of the new pension freedoms, you now have a choice about what you can do with your pension savings from age 55 onwards.

With this in mind, it's important to regularly review your pension savings, to see if you're on track to achieve your retirement goals, especially if you're aged 50 or over.

We've created the flowchart on the right to help you identify what you might want to be thinking about, if you haven't already.



WHAT ARE MY OPTIONS AT RETIREMENT?

You'll have a number of options available to you without having to leave this plan but you may want to shop around to find what's best for you.

You don't have to stay with Legal & General. You have the right to transfer some or all of your pension savings to one or more providers.

Alternatively, if you have pension savings with other providers, you may want to consider consolidating them into your Legal & General pension plan.

You'll need to fully understand the tax implications of these options and any impact they may have on your entitlement to State benefits.

APPROACHING RETIREMENT?

Whether you want more information on the investment options available to you, impartial guidance from an independent government-backed service or wish to speak to a financial adviser, help is available.

WHERE CAN I GET MORE INFORMATION?

THE SCHEME WEBSITE

The website contains information intended to help you if you're thinking of making your own investment decisions.

In addition, you'll be able to access Legal & General's online:

- Attitude to Risk tool
- Retirement Planner

You'll also be able to log in to [Manage your Account](#).

MONEY ADVICE SERVICE

The Money Advice Service produces a free guide 'Your pension: it's time to choose', which contains information regarding your options and helpful tips on how to shop around for the best deal.

To find out more, go to their website at:

www.moneyadvice.org.uk/en/categories/pensions-and-retirement

PENSION WISE

When you want to access your [pension pot](#) you'll be offered free and impartial guidance from an independent government backed service called Pension Wise to help you understand your options.

You will be offered an appointment either face to face or over the phone.

To find out more, go to their website at:

www.pensionwise.gov.uk

FINANCIAL ADVICE

If you're still unsure about your options we recommend you speak to a financial adviser.

To find a financial adviser in your local area go to:

www.unbiased.co.uk

Please note, financial advisers will usually charge a fee for their services



Retirement Planner tool

Not sure what your plans are?

Legal & General has developed an online tool designed to help you make your retirement choices.

If you'd like to use the tool, please go to your scheme website or log on to [Manage your Account](#).

PART 4: TERMS EXPLAINED

Throughout this guide, we've highlighted in blue a number of terms you may not be familiar with. Here's a list of those terms along with a definition.

? ANNUITY

An insurance policy that uses the value of your [pension pot](#) to provide you with an income, which can be payable for the rest of your life, depending on the type of [annuity](#) you buy.

The amount you receive will depend on a number of things including the value of your pension pot, your age, your health and the annuity rates available when you purchase one.

? ASSETS

Assets are the building blocks of investment [funds](#) – they are the things that funds invest in. There are four main types of asset: [shares](#), [bonds](#), [property](#) and [cash](#).

? BONDS

Sometimes called 'fixed interest securities', Bonds are basically IOUs - a promise to pay back the original investment at a set date in the future, plus payments at regular intervals in between.

Some bonds are 'index linked', which means these regular payments increase in line with inflation. A bond issued by a company is normally called a corporate bond. Bonds are also issued by governments, with UK government bonds often referred to as [gilts](#).

Bonds make money in two ways. As well as receiving interest type payments from the company or government, bonds can be traded in a similar way to shares. This means it may be possible to sell a bond for more or less than it was bought for.

Bonds often provide more modest returns than shares but tend to be less [volatile](#) over the short to medium term.

? CASH

When you invest in [cash](#), you are investing in short-term deposits with governments and major financial institutions, such as banks and building societies. Although your pension savings may not grow by very much when it's invested in cash, investing in cash can be useful.

For example, investments held in cash are very secure. What's more, the value of investments in cash tend to be far more stable than investments in other types of asset. Cash can be a useful investment option to preserve the value of your pension pot as you get close to your [selected retirement date](#).

? DEFAULT INVESTMENT OPTION

The [default investment option](#) is an investment which the Trustees believe will meet the needs of most members. If you don't want (or feel unable) to make your own investment decisions, your pension savings will automatically be invested in the default option.

? DERIVATIVES

An investment whose characteristics and value depend upon the characteristics and value of one or more other assets or indices, typically a commodity, bond, [equity](#) or currency.

Examples of [derivatives](#) include contracts for difference, futures and options.

4. TERMS EXPLAINED

? EQUITIES

See 'shares'.

? FIXED INTEREST

See 'bonds'.

? FUND

Your pension savings are invested in one or more investment funds.

A fund is an investment that pools together the money from many individuals. Fund managers then use it to invest in a wide range of [assets](#). Each investor is issued with units, which represent a portion of the holdings of the fund.

? GILTS

These are [bonds](#) issued by the UK Government. For more information please see 'bonds'.

? LIFESTYLE PROFILE

A lifestyle profile is an investment strategy that offers the potential to grow your pension savings over the long term.

In most cases it will normally move your pension savings from higher [volatility](#) funds into lower volatility funds as you approach your [selected retirement date](#) or target a specific objective such as:

- buying a guaranteed income (an [annuity](#))
- taking cash
- taking flexible income (drawdown).

To find out more about the advantages and disadvantages of investing in a lifestyle profile, please see the 'What is a lifestyle profile' section.

? PENSION POT

The value of all your contributions plus any investment growth, less charges.

? PROPERTY

In investment terms, property means commercial property such as offices, shops, warehouses, factories and other business buildings. Investors in property look to make money in two ways: from rent paid by tenants and from rises in the value of the property itself. Property can offer good prospects for long-term returns but property prices can fall too - particularly in the short term.

? SELECTED RETIREMENT DATE

Your selected retirement date is the date you will take your benefits from the plan and can be any time from age 55.

This date is automatically set by the scheme when you join. Should you wish to change this date, you can do so at any time.

? SHARES

Shares, also known as '[equities](#)', are where you buy a small part of a company. If the company is seen to be successful, their shares may be in high demand, pushing up the share price.

Share values can go up and down a lot in the short term but can offer long-term growth potential. Shares are suitable for medium to long-term investments – that's to say at least five years, preferably longer.

4. TERMS EXPLAINED

? TRUSTEES

The current Trustees are the Trustees of The Industry-Wide Coal Staff Superannuation Scheme.

The Trustees are responsible for the management and administration of the plan in accordance with the formal documents that govern the plan and relevant UK legislation.

They are also responsible for the safekeeping of the money and investments belonging to the plan.

? UNITS

All investment **funds** are divided into units. Contributions are used to buy units in the funds you have chosen at the price applicable on the day we invest your money.

The price of units can rise and fall. The total value of your pension savings can be calculated by multiplying the number of units you hold by the price of each unit.

? VOLATILITY

A fund can go up or down in value.

The extent to which its value might change, and how often, will determine whether it's regarded as having high, moderate or low volatility.

For example, the value of a fund that invests in **shares** can change by a relatively large amount on a daily basis. This type of fund is regarded as having high volatility.

The value of a **cash** fund, however, is likely to change by only a relatively small amount over a number of months. This type of fund is regarded as having low volatility.