Scottish Widows
Retirement Account Team
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<Policyholder Salutation, firstname, surname>
<address1>
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<postcode>

<Month Year>

Dear <Salutation>

Important information regarding your Retirement Account fund supermarket investment - <Policy No> <additional numbers to appear where applicable>

Currently, the charges you pay for investing in fund supermarket funds includes the costs of:

- managing the funds, and
- making the funds available through the fund supermarket.

Our regulator, the Financial Conduct Authority, has decided to introduce new rules, effective from 6 April 2014, which mean in future these costs will be split out and shown separately. This is to make it clearer for you to see what you're paying for each service. For Retirement Account, the change will become effective from 10 March 2014.

Due to the new rules, fund managers will be closing their existing funds to new investments and introducing new funds. From 10 March 2014, only fund supermarket funds which meet the new rules will be available for new investments, changes to regular payments, and fund switches. Apart from unchanged existing regular payments, you will not be able to make any other new investments in the current funds from 10 March onwards.

Retirement Account already sets out, clearly and separately, the charges you pay for advice, investments and our services. These changes will make things even clearer.

What does this mean for you?

For the time being, your plan can remain invested in the existing fund(s) and you can continue to make regular payments to these funds provided you don't change them in any way. Between now and April 2016 fund managers will move your existing investments over into new funds. We expect these new funds will have the same or similar aims and investments to the existing funds. We will write to you as each fund you're invested in is changing. All the existing funds will be completely closed by April 2016 at the latest.

Any new fund supermarket investments, changes to regular payments, or fund switches you make on or after 10 March 2014 must be made into one or more of the new funds.

What do you need to do?

You don't need to do anything. You can remain invested in the existing fund(s) until the fund manager moves your investment into a new fund. If no new fund is available, your investment will move to the Control Account. We will write to you if this is going to happen and ask you to contact your financial adviser to choose an alternative fund.

Continued overleaf

For any new investments, changes to regular payments, or fund switches, you must choose new funds from 10 March 2014 onwards.

How are my plan charges affected?
For each existing fund supermarket fund, a single charge currently applies. We refer to this charge as the Total Expense Ratio. This charge includes the cost of managing the fund, plus the cost of making the fund available to you through the fund supermarket. The charge is deducted from the value of the fund, and so is included in the calculation of unit prices.

For as long as your plan remains invested in existing fund supermarket funds, a single charge will continue to apply to each existing fund. Details of the charges for each existing fund supermarket fund are provided in the relevant fund factsheets.

For investments made in new fund supermarket funds, two separate charges will apply:

- **Total Annual Fund Charge**
  This is to pay for the cost of managing the fund. It will be deducted from the value of the fund, and so will be included in the calculation of unit prices.
- **Fund Supermarket Platform Charge**
  This is to pay for making the funds available through the fund supermarket. It will be automatically deducted each month by selling units from your plan's largest fund supermarket fund holding. The platform charge will be calculated only on the value of investments your plan holds in new fund supermarket funds. It will not take into account any amounts which remain invested in existing fund supermarket funds.

Details of the charges for each new fund supermarket fund will be available in the 'Fund supermarket list and charges guide' and in the relevant fund factsheets from 10 March 2014.

We believe the changes will make it clearer for you to see what you're paying for.

We've written to your financial adviser to explain the changes. Please contact your financial adviser if you have any questions, or call us on 08457 166 733. If you call us, please have your Retirement Account number to hand. We're available between 8am and 6pm from Monday to Friday and 9am to 12.30pm on Saturday.

Thank you for investing with Scottish Widows.

Yours sincerely

Louise Grant
Senior Manager
Retirement Account