Investment Guide for ZCashBuilder members

ZCashBuilder

#YourPensionYourFuture

Notes

This guide aims to provide you with information on the investment options available to you in ZCashBuilder and some of the factors you might want to think about before deciding where to invest your savings.

This guide is for you if:

- You only have benefits in ZCashBuilder or
- Your ZCashBuilder benefits are separate to your final salary benefits. This could be because it relates to a separate period of service (you left and rejoined Zurich, or perhaps opted out of the scheme and rejoined).

If you have ZCashBuilder benefits and final salary benefits within the same period of service, then there is a separate Investment Guide which you can find on the Scheme website **www.zpen.info**. This would also apply if the final salary benefits within that period of service have already been taken and you now just have ZCashBuilder benefits in the scheme.

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Section 1: Introduction

When saving for retirement, how much you save is important but also how you invest your contributions. Your savings have an opportunity to grow through investment returns which over a long period can have a big impact on the size of your fund and the options available to you when you decide to take your benefits.

You can choose where your ZCashBuilder contributions are invested but making an investment decision to meet your retirement plans can feel a little overwhelming, particularly if retirement is many years away. This investment guide aims to:

- Set out the investment options available in ZCashBuilder by explaining them in a simple, easy-to-understand way.
- Help you to make an informed choice on where you want to invest your ZCashBuilder savings by highlighting some of the things you should think about including:
  - The level of risk you feel comfortable taking.
  - When and how you would like to take your benefits.
  - How much control you want over where your ZCashBuilder savings are invested.

The Trustee reviews all the funds on a regular basis. For the Z Funds and the lifestyle strategies, the Trustee may change the names, underlying funds and fund make up. Where you choose to invest in a specific fund, you are assumed to have consented to allow the Trustee to make such changes as it considers appropriate within the scope of your original choice.

Remember:

✓ Regardless of when you can afford to retire, saving more gives you more options and improves the likelihood of achieving your retirement income goals.

✓ The earlier you start saving, the more time you have to get investment returns and benefit from the compounding of these returns over time. You can put as much as you want into your pension but there are annual and lifetime limits on how much tax relief you get on your pension contributions. (See Section 6: Further information)

✓ Pensions are long-term savings, and over the long term you want your investments to grow. But, over the short term the market may go up and down.

✓ You should regularly review how your savings are invested and consider if your investments are suitable for your desired retirement goals. We would suggest you do this at least once a year, but ideally more.

Section 2: What are my options?

	The default option	The lifestyle options	The self-select options
	If you don't want to make a decision	**Choose a lifestyle strategy that fits with your plans**	**Choose your own investment funds from the Trustee's selected shortlist**
What is it?	There is a default lifestyle strategy if you don't want to make a decision. This is the Drawdown Lifestyle and assumes you will be taking your benefits at State Pension age. See Section 6: Further information to find out how to check your State Pension age.	3 lifestyle strategies targeting the 3 options at retirement: • Cash Lifestyle: 100% cash. • Drawdown Lifestyle: 25% cash, 75% drawdown. • Annuity Lifestyle: 25% cash, 75% annuity purchase. All the lifestyles gradually switch your savings into lower-risk investments during the 10 years before your target retirement age.	A range of investment funds selected by the Trustee. The range includes different types of investments offering different levels of risk and return.
What should I be thinking about?	Taking your retirement savings: when and how (and whether this is the right option for you).	Taking your retirement savings: when and how.	• Investment risks. • Fund charges. • Taking your retirement savings: when and how.
This may be suitable for you if...	• You don't want to, or don't feel comfortable making a decision about where your savings are invested. • You have considered the options and decided this is the best option for you.	• You know when and how you want to take your benefits and are comfortable with the gradual switch into lower-risk investments in the 10 years before you take your benefits.	• You want to have more fund choices and decide where your savings are invested. • You are comfortable regularly monitoring your investments and making any changes as necessary.
More information	Click **here**	Click **here**	Click **here**

Section 3: How do I decide which option is for me?

Deciding where to invest can be a very personal decision and there are lots of different things to consider. Below we provide some information on the key topics to consider when deciding where to invest your ZCashBuilder savings:

- **Investment risks:** all investments come with some risks and it is important to understand the relationship between investment risks and growth potential (or return).
- **Responsible investment and sustainability:** it may be important to you that your savings are not invested in certain industries or that the firms you are invested in behave in a sustainable way.
- **Fund charges:** each investment fund comes with a charge to cover the costs of managing the investments and administering the scheme. It is important you are aware of the charges before deciding where to invest.
- **When and how you plan to take your retirement savings:** thinking about when and how you might want to take your savings helps you make sure your savings and retirement plans are aligned.
- **How much you want to be involved in where your savings are invested:** different options are available depending on how much you want to be involved.

3.1 Investment risks

Understanding investment risk is particularly important in the context of growing or protecting the value of your ZCashBuilder savings and if you intend to choose your own investment funds. Whatever option you choose there will always be some level of risk and the approach you decide to take will be a very personal decision and may change over time.

Risk	What is it?	When is it most important to manage this risk?	How is it managed?
Opportunity cost	If you are too cautious with how your savings are invested, you may not achieve the investment returns you potentially could if you made different investment choices.	When you still have many years until taking your benefits and therefore you should have time to recover from any market falls.	By investing in assets which are expected to grow over the longer term.
Capital risk	The value of your investment falls in value. This risk can vary by type of investment but generally the more capital risk that is taken, the greater the potential for higher returns but the more exposed your savings may be to sharp falls in value. A lower-risk level does the opposite – offering lower returns but potentially smaller losses.	When you are approaching retirement and have less time to make up any losses from market falls.	By investing in lower-risk assets and diversification (holding a range of different assets). The lifestyle strategies moving into lower-risk funds in the 10 years before retirement is an example of reducing the capital risk closer to retirement.
Inflation risk	The risk that your investment returns are lower than the rate of inflation, meaning that the 'true' value of your ZCashBuilder funds falls, ie it will buy fewer goods and services than if it had kept up with or exceeded inflation.	This is important at all stages throughout your investment journey but particularly: • in periods of high inflation • if you are close to retirement and plan to drawdown your savings • if you are invested in cash (which you may be if you are close to retirement).	By investing in assets which are expected to outperform, or match, inflation over the long term.
Retirement conversion risk	This is the risk that your fund is not invested in a way similar to how you wish to take your ZCashBuilder savings as you approach your target retirement age. There are three ways in which you can 'spend' your ZCashBuilder savings and aligning your investments with your plans is an important part of your retirement planning. See section 3 for more details.	As you approach retirement, but especially within the final four years when each lifestyle begins to transition into funds appropriate for your desired retirement outcome.	By choosing an investment option or lifestyle that is suitable for your retirement target, be this income drawdown, cash or purchasing an annuity at retirement.

All investments go up and down over time. But generally, the longer you invest, the more chance your savings have to ride the ups and downs of the market. If you are under age 45, for example, you are in a great position to invest for the long term and take more risk and you should have enough time to withstand any market dips. Pensions are long-term savings and there will be both market ups and downs over the years; it is important to remember this if you are thinking about making a short-term investment decision based on sudden market movements.

In summary: If you are a long way from retirement, taking more investment risk can provide greater potential to grow your savings over the long term. However, this would also mean that your money is more exposed to the risk of significant changes in value – both up and down. As you approach retirement the more you may want to consider protecting the value of your savings so you may find fund choices with less expected investment risk more suitable.

3.2 Responsible investment and sustainability

Responsible investment is an approach to investing that explicitly acknowledges the importance of environmental, social and governance (ESG) factors as part of the long-term health and stability of markets as a whole and the role managers can play in investment stewardship.

Examples of the sorts of issues that investors take account of when considering ESG factors are set out in the table below.

Environmental: considers the impact a company has on the planet today and in the future	Social: considers the impact a company has on its people and its communities	Governance: considers how well a company is run
• Climate Change • Waste pollution • Deforestation	• Human rights • Modern slavery • Working Conditions • Child Labour	• Board diversity and structure • Executive pay • Bribery and Corruption • Tax strategy

There are a number of different ways of investing responsibly and the current funds available to you use one or more of these:

Exclusion: not investing in companies that do not meet certain criteria, for example, those who rely on income from fossil fuels, produce single-use plastics, manufacture controversial weapons or use child labour.

Stewardship: is voting and engaging with companies with the aim of encouraging them to develop and improve their approach to ESG practices so they perform better in the long run.

Screening: is assessing a company for ESG policies and practices and may include comparisons to its competitors.

- Positive screening is investing in companies that score highly in these assessments.
- Negative screening is excluding, or reducing, the investment in companies who score poorly in these assessments.

The Trustee recognises that pensions are a long-term investment and that climate change and the transition to a lower carbon economy could have a material impact on member outcomes over the short, medium and long term. It also believes that climate change is important to many of its members.

In the default strategy Z Growth Fund and Z Cautious Growth Fund both use an investment fund which takes these factors into account and aims to reduce its carbon intensity by 70% as a step on the path to net zero. This fund is managed by Legal and General Investment Managers (LGIM) which is a large fund manager that engages in stewardship activities and uses its size to engage with companies and influence them.

Information on how the Trustee has included responsible investment into the self-select funds is on the next page.

If it's important to you that your savings are not invested in certain industries or that the firms you are invested in behave in a sustainable way you can choose your own investment funds from the Trustee's selected shortlist which includes:

Z Growth Fund invests in a fund managed by Legal and General Investment Managers (LGIM) which:

- invests in global equities, including emerging markets.
- targets a carbon emissions reduction of 70% with a commitment to target net zero emissions by 2050. It does this by investing more in companies involved in the production of green revenues and reducing their exposure to fossil fuels, and less in companies with the highest carbon exposure.
- excludes investments in coal, oil sands, controversial weapons and companies that continue to not meet the UN Global Compact.

LGIM has a comprehensive programme of stewardship activities and uses its size to engage with companies and influence them.

- **LGIM Future World:** aims to track the FTSE All-World ex-CW Climate Balanced Factor Index which invests in global equities but favours companies which are less carbon intensive or earn green revenues. The fund excludes companies in controversial weapons and pure coal as well as those that haven't signed up to LGIM's Climate Impact Pledge. It can also choose to exclude companies that fail to meet LGIM's standards on low carbon transition and corporate governance standards.
- **UK Equity Index Fund:** aims to track the FTSE All-Share Custom ESG Screened Index which invests in UK equities but screens for:
  - Controversial weapons
  - Small arms
  - UN Global Compact compliance
  - Thermal coal and oil sands (where revenue is above a certain threshold)
- **World ex-UK Index:** aims to track the FTSE Developed ex-UK Custom ESG Screened Index which invests in global equities, excluding the UK, and screens for companies that invest in:
  - Controversial weapons
  - Small arms
  - UN Global Compact compliance
  - Thermal coal and oil sands (where revenue is above a certain threshold)
- **Z Cautious Growth Fund:** invests in Z Growth Fund (see above) and an actively managed bond fund which includes carbon targets in its investment strategy demonstrating its commitment to net zero.

Responsible investment and sustainability are very current issues.
Keep an eye out on www.zpen.info for more information.

3.3 Fund charges

The fund, or funds, you choose each come with a charge to cover the costs of managing the investments and administering the scheme. Each fund has an individual charge which can be found on the factsheet or on the table in section 4.3 These charges are a percentage of your total investment.

This example shows how much you would pay in a year if you have £10,000 invested in Z Growth Fund:

£10,000 x 0.29% = £29 per year

It is important that you are aware of the current charges before making your choice.

The charges depend on the types of investments the fund holds and the way in which the investment managers invest. Some of the investment options are made up of multiple funds whose fees may change slightly over time, whilst the underlying funds can also be changed, resulting in changes to fees.

3.4 Taking your benefits: when and how

It's never too early to be thinking about when and how you might want to take your retirement savings; both are important decisions, but it's also important to know that you can change your mind if your plans change over time.

WHEN you plan to take your retirement savings is an important decision, but you can change your mind if your plans change.

Target retirement age: is the age at which you are aiming to take your ZCashBuilder savings. If you are invested in the default lifestyle or one of the alternative lifestyles it is important to set your target retirement age as this will allow us to start reducing the expected investment risk you are exposed to ten years before you take your savings and start moving you into the funds that more closely align with how you plan to take your benefits.

If you are invested in the default lifestyle and you don't set your own target retirement age the Trustee will use your State Pension age, which is likely to be at age 67 or 68. You can find your State Pension age here: **GOV.UK**

You can change your target retirement age if your plans change but you may also want to think about:

- if you are less than ten years of your target retirement age then changing your target retirement age may also change the funds you are invested in.
- if you want to retire earlier than your target retirement age you could find you are invested in higher-risk investments than could be appropriate, which may leave you at risk of market falls affecting the value of your savings when you come to take your benefits.
- if you choose not to retire until some years after your target retirement age your savings may be held in a fund with a lower expected investment risk for a longer period of time than intended and may have missed out on investment growth and a higher value of savings when you come to take your benefits.

If you choose your own investment funds from the Trustee's selected shortlist you do not need to set a target retirement age but you should regularly review your investments and consider whether you are comfortable with the level of investment risk you are taking. This becomes more important as the date you plan to take your benefits gets closer.

You can change your target retirement age by logging into the website (www.zpen.info) clicking on Account Details and Change current investment holdings. Down the bottom of the screen is the option to enter your target retirement age.

HOW you plan to take your retirement savings is also important to manage the retirement conversion risk. ZCashBuilder has 3 lifestyle strategies you can choose from, one targeting each of the options at retirement so if you wish you can choose one to match your retirement choice.

Drawdown: is a way of using your retirement savings to provide you with a regular income in retirement where you can choose how much you take and when. An income drawdown strategy exposes you to investment risk (as it is intended that your pension savings remain invested), which means you may experience capital loss if market conditions deteriorate. The risk is that if your savings are invested in low-risk investments before and during drawdown they may not achieve enough investment growth to keep funding the income you wish to take during your retirement.	**Drawdown Lifestyle:** holds 25% cash at retirement to match the amount you are able to take as your tax-free cash sum. The remainder is invested in Z Cautious Growth Fund, which has some bonds to reduce volatility and investment risk, but also some equities to provide some investment growth.
Annuity: purchasing an annuity provides you with a guaranteed income until you die and, if you choose to, a pension for your spouse after your death. The risk is that if the value of your savings falls due to a market downturn shortly before you purchase the annuity you may find that the size of the annuity you can buy is reduced.	**Annuity Lifestyle:** holds 25% cash at retirement to match the amount you are able to take as your tax-free cash sum. The remainder is invested in the Z Annuity Fund, which aims to perform broadly in line with an annuity (no annual increases).
Cash: taking your ZCashBuilder savings as a cash lump sum. The risk is that if the value of your savings falls due to a market downturn just before you want to take your cash, the amount you have to take will be reduced.	**Cash Lifestyle:** holds 100% cash at retirement. Investing in cash immediately before you take your retirement savings gives you more certainty of the amount available to you as your savings are less likely to be going up and down due to market movements.

More information on the lifestyle strategies can be found **here**. You can switch between the lifestyles if your retirement plans change, although if you make changes when you are less than 4 years from taking your retirement savings there is likely to be a change in the way your savings are invested.

Please note that if you are resident in the Isle of Man then you have different retirement options to those listed above.

3.5 How much involvement do you want over where your savings are invested?

Whichever option you choose, it is important that you regularly review your investment choices and ensure they are right for you, both in terms of the investment risks and your retirement plans. We would suggest you do this at least once a year, but ideally more.

- **The default option:** If you don't feel comfortable making a decision about where your savings are invested, or don't want to make a choice, then you don't have to do anything. If you choose this approach, you will be invested in the default lifestyle strategy. The Trustee decides, and monitors, the investment funds used in the default option, which is currently the Drawdown Lifestyle. More information can be found **here**.

- **The lifestyle options:** If you know how and when you want to take your retirement savings, but don't want to manage where your savings are invested then you may want to opt for one of the 3 lifestyle strategies. The Trustee decides, and monitors, the investment funds used in the lifestyle strategies. In the 10 years before retirement your savings will be gradually moved into lower-risk investment funds, and then into investment funds designed to be appropriate to how you plan to take your savings: cash, drawdown or annuity purchase. More information on these options can be found **here**.

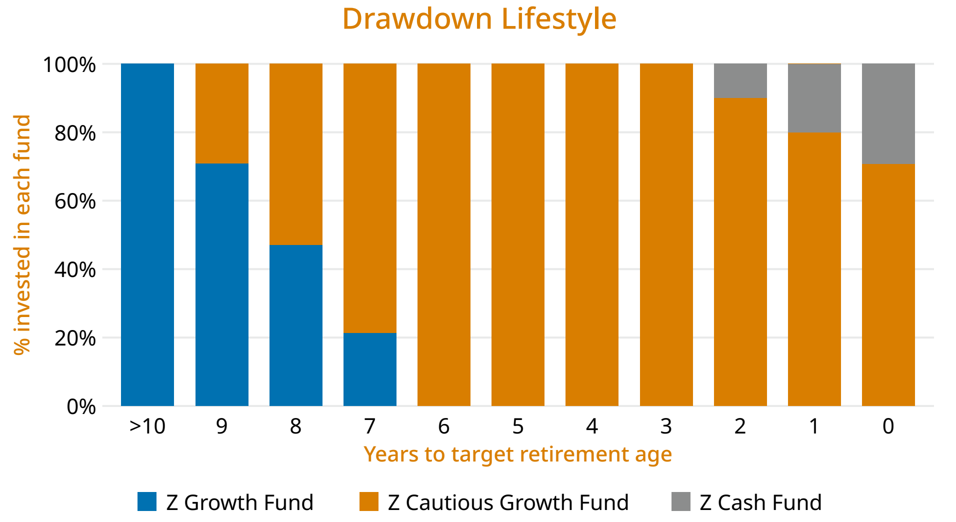
- **The self-select options:** If you want to choose and manage where your savings are invested then you may want to consider the self-select funds where you can choose from a range of 13 funds covering different types of investments. You need to regularly monitor your investments to ensure you remain satisfied with the level of investment risk and performance. Regular reviews will also enable you to make changes as and when you want to. The 4 funds used in the lifestyle strategies are available to choose on an individual basis. More information on the options can be found **here**.

4.1 The default option

If you do not make a decision about where you want your contributions to be invested then you will be invested in the default arrangement which is the Drawdown Lifestyle.

Key features:

- Invested in Z Growth Fund up to 10 years before retirement
- Automatically reduces the investment risk in the 10 years before retirement
- Assumes you will be taking 25% of your savings as cash and the remainder will be used for drawdown.
- Assumes you will be taking your retirement savings at your State Pension age.



Z Growth Fund: aims to provide long-term investment growth whilst you are still some years from retirement. It does this by providing diversified exposure to UK and overseas equity markets.

Z Cautious Growth Fund: aims to provide long-term investment growth above inflation whilst also managing the investment risk in the years up to retirement and into drawdown.

Z Cash Fund: invested in cash to match the 25% of your savings you can take as tax-free cash when you take your savings.

You should carefully consider whether this option is right for your personal circumstances and retirement plans. If not, you should update your investment option and/or your target retirement age.

4.2 The lifestyle options

ZPen offers three different investment strategies to choose from which reflect the options available to you when you take your retirement savings. You don't have to decide yet. If you are unsure as to which investment strategy might be right for you, you may wish to seek financial advice.

What is a lifestyle strategy? Lifestyle strategies have 3 phases aimed at managing the investment risks you face:

The growth phase is where you try to build up your savings.

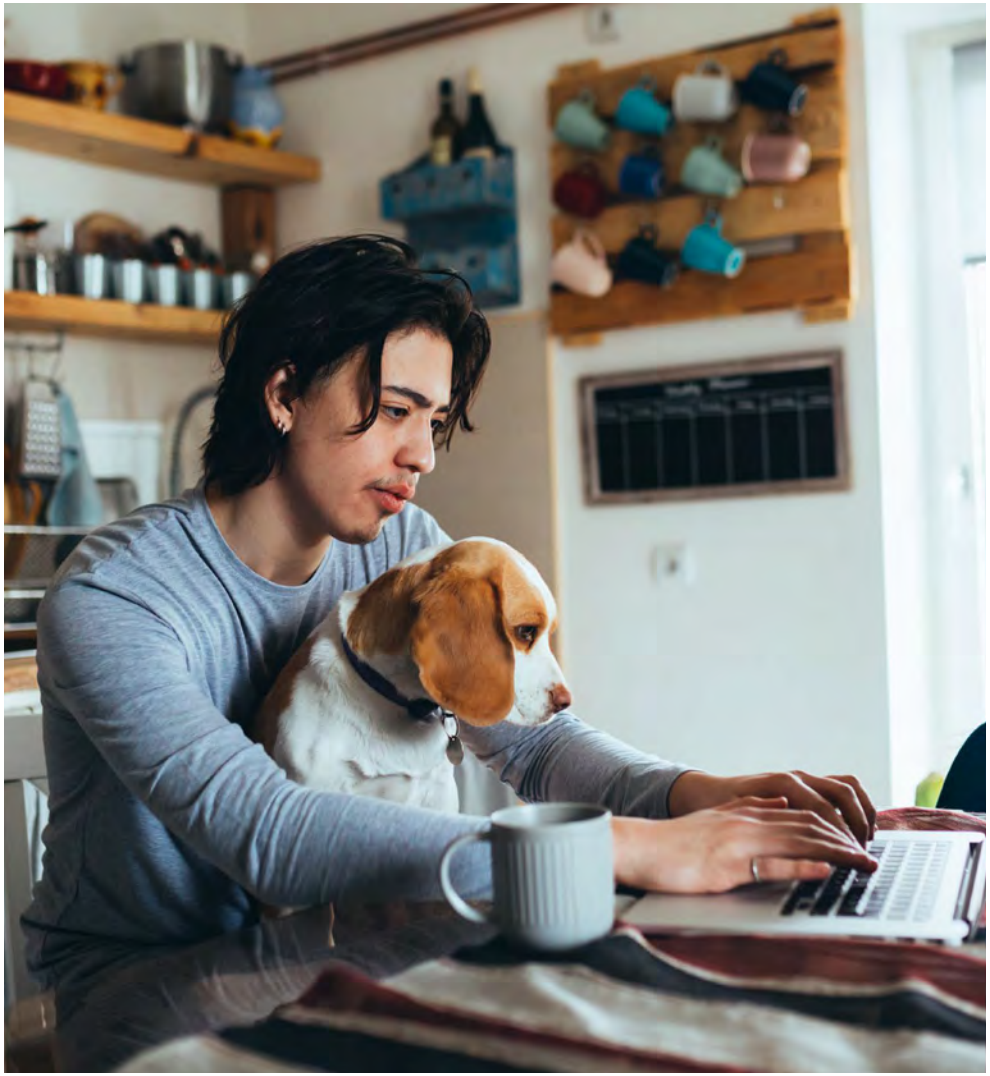
It aims to achieve higher investment returns by taking more risk whilst you are still some years from retirement.

The consolidation phase is where you start reducing your expected investment risk to protect the investment growth you have achieved to date. This starts 10 years before your target retirement age.

It aims to reduce your capital risk by gradually moving your savings to funds with a lower expected risk, whilst still aiming for above inflation growth.

The prepare phase is where your savings start aligning your preferred retirement option with your preferred retirement age. This phase starts 3 years before you retire if you are in the Cash or Drawdown Lifestyle and 4 years before you retire if you are in the Annuity Lifestyle.

It aims to align with how you plan to use your retirement savings.



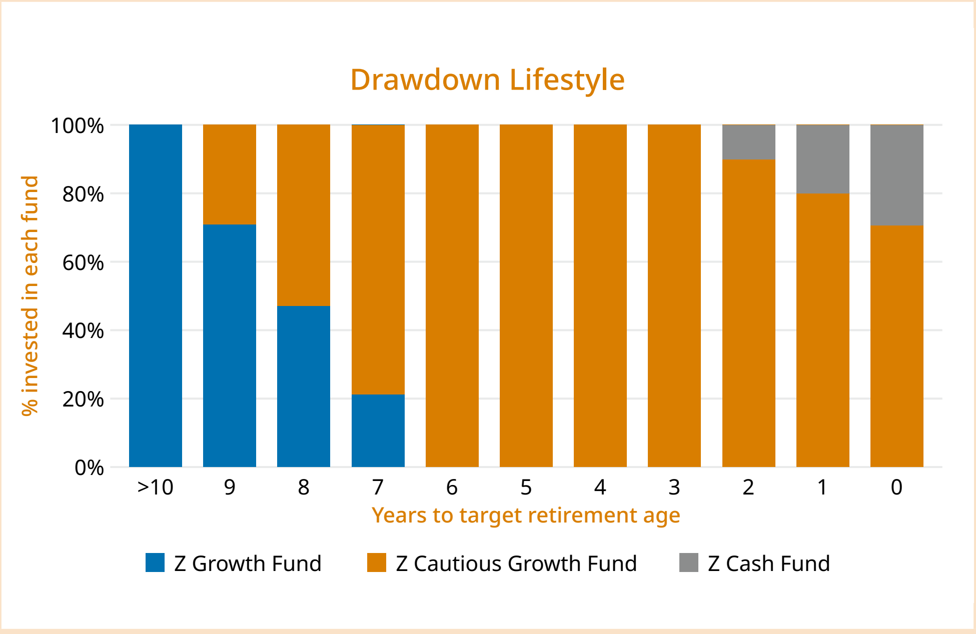
Each of the lifestyles is made up of Z Funds and each of these funds is also available separately as a self-select option. In designing these lifestyle strategies, the Trustee aims to manage some of the investment risks for you:

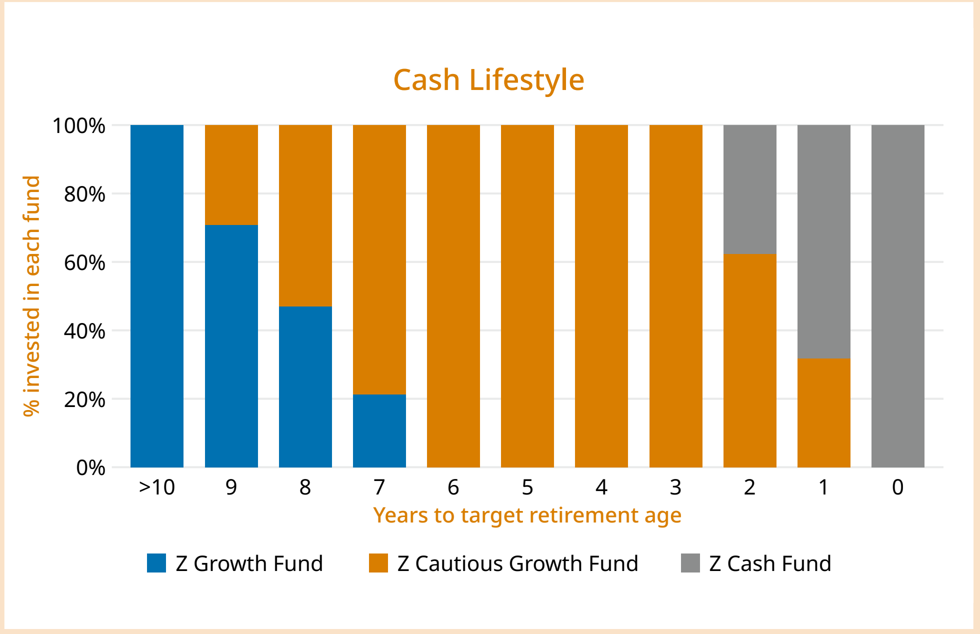
Z Growth Fund (the growth phase)	The fund aims to: • Provide long-term investment growth whilst you are still some years from retirement. It does this by providing diversified exposure to UK and overseas equity markets. • Mitigate opportunity cost: by taking investment risk when you are some years before retirement and have time to make up any losses arising from market falls. • Mitigate inflation risk: by providing long-term growth above inflation so that your investments grow in real terms. • Reduce the long-term risk of climate change and the transition to the low carbon economy by targeting a reduction in carbon emissions of 70% with a commitment to target net zero emissions by 2050.
Z Cautious Growth Fund (the consolidation phase and prepare phase for drawdown)	The fund aims to: • Provide long-term investment growth above inflation whilst also managing the volatility in the years up to retirement. • Manage some investment risk by holding a mix of equities and bonds • Reduce inflation risk by achieving growth above inflation so that your investments don't go down in real terms. • Reduce the retirement conversion risk for those planning to drawdown their savings by continuing to provide some investment growth. • Reduce the risk of climate change and the transition to the low carbon economy by using funds which include carbon targets and a commitment to net zero by 2050. • Reduce the funds sensitivity to interest changes by using an active bond manager who can react quickly to market movements.
Z Cash Fund (prepare phase)	The fund aims to: • Provide capital preservation and liquidity in the years immediately before retirement. • Reduce the capital risk of market falls shortly before you take your savings. • Reduce the retirement conversion risk by matching the proportion of your savings at retirement that you are expected to take as cash.
Z Annuity Fund (prepare phase for those looking to purchase an annuity)	The fund aims to: • Reduce the investment risk and volatility in the approach to retirement for members who are planning on using their savings to purchase a non-increasing annuity. • Manage the retirement conversion risk for those looking to purchase a level (non-increasing) annuity.

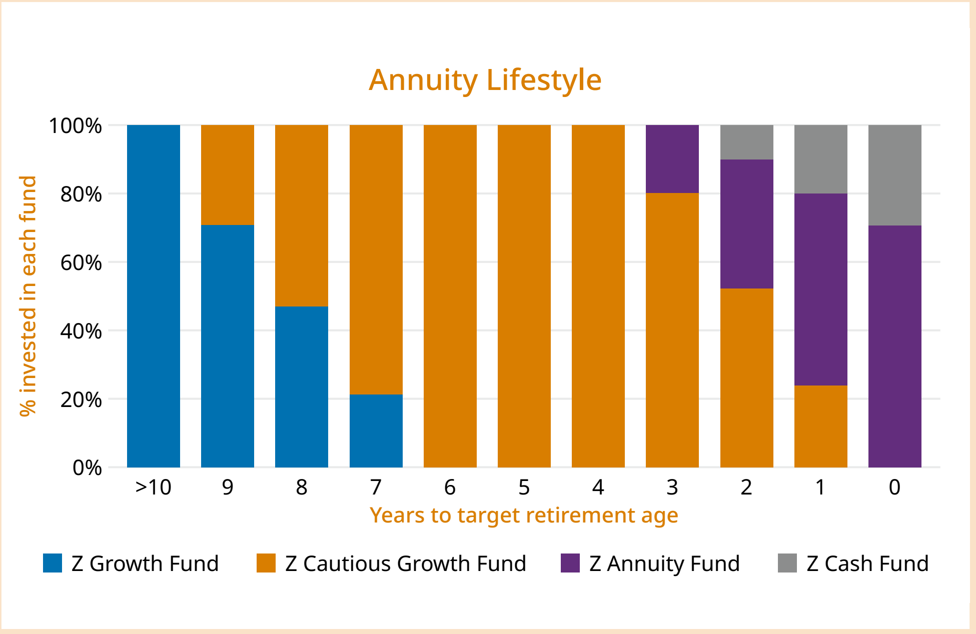
The ZPen Lifestyles:

- Whichever Lifestyle you choose, you will be invested in the Z Growth Fund if you are more than 10 years from your target retirement age.
- When you are 10 years from your target retirement age, the lifestyle strategy will start automatically moving your savings into a fund with lower expected investment risk (Z Cautious Growth Fund). This fund includes some equities with the continued aim of producing above inflation returns but also includes some bonds to provide diversification and protect against market falls.
- If you are in the Annuity Lifestyle, when you are 4 years from retirement, your savings will automatically start switching into the Z Annuity Fund and Z Cash Fund.
- If you are in the Cash or Drawdown Lifestyles, when you are 3 years from retirement your savings will be automatically switched into Z Cash Fund.

These strategies are invested in the same funds and in the same proportions up to 4 years before target retirement age, which means that if your plans change before retirement you can switch between them with minimal change to your investment funds.







4.3 The self-select options:

The following table lists the fund choices available. These are grouped by type of investment and provides a brief summary of each type of investment (asset class) and fund. More information on each fund is available on the fund factsheets which can be found **here**. If you are unsure as to which investment strategy might be right for you, you may wish to seek financial advice.

Asset class	Fund	Summary of fund	Fund objectives	Charges
Equities	• Equities are shares in companies, both in the UK and overseas. • They tend to produce the highest expected return but with the highest expected risk. Over the long term these investments should generate strong growth compared to investments with lower levels of risk. • There will be greater fluctuations in value which at times may be dramatic. • Overseas equities are held in the currency of the country (unless stated) so include some currency risk (the risk that changes in the value of sterling against another currency will affect the value of the overseas equities).			
	Z Growth Fund	This is invested in the LGIM Low Carbon Transition Global Equity Index fund which: • is invested 100% in passively managed global equities, including emerging markets • targets a reduction of 70% carbon emissions with a commitment to target net zero emissions by 2050 • excludes investments in coal, oil sands, controversial weapons and companies that continue to not meet the UN Global Compact • uses currency hedging to reduce the risk that changes in the value of sterling against the developed currencies could also affect your fund value.	To provide long term investment growth whilst members are still some years from retirement by providing diversified exposure to UK and overseas equity markets, whilst also reducing its carbon footprint as part of its commitment to climate change.	0.28%
	UK Equity Index	The fund invests in the shares of UK companies weighted according to the size of the companies (known as market capitalisation). In addition to the risks of investing in equities, this fund has the added risk of only being invested in the UK market where a high percentage of the index is invested in just a few large companies.	The fund aims to provide long-term investment growth and achieve a return that is consistent with the return of the FTSE All Share Custom ESG Screened Index.	0.26%

Asset class	Fund	Summary of fund	Fund objectives	Charges
	World ex-UK Index	The fund invests in the shares of overseas companies, weighted according to the size of the companies (known as market capitalisation). This includes companies in Europe, Japan, Far East, US and Canadian markets. This fund includes the additional risk that changes in the value of sterling against other currencies could also affect your fund value.	The fund aims to provide long-term investment growth and achieve a return in line with the FTSE Developed ex-UK Custom ESG Screened Index.	0.27%
	HSBC Islamic Fund	The fund invests in the shares of companies (UK and overseas) and that are compliant with Islamic Shariah principles.	The fund aims to provide long-term investment growth and achieve a return in line with the Dow Jones Islamic Titans 100 Index.	0.52%
	L&G Future World Fund	The fund invests in the shares of companies (UK and overseas) by systematically selecting companies that exhibit specific factors/ characteristics compared to the broader market and also favouring those which are less carbon intensive or earn green revenues. Companies are assessed by LGIM for the robustness of their strategies, governance and transparency via LGIM's Climate Impact Pledge.	The fund aims to provide long-term investment growth and achieve a return in line with the FTSE All-World ex-CW Climate Balanced Factor Index.	0.43%
Multi-Asset	• Hold a mix of investments including equities and bonds • Tend to be lower risk that 100% equity funds but still aiming to grow savings • Because these funds include allocations to different types of investments with higher risk expectations, for example equities, they can still fluctuate in value			
	Scottish Widows Managed Fund	This fund invests in a broad range of companies and major markets across the world, including emerging markets. It may also invest in fixed interest securities, cash and property and can use derivatives to manage the fund efficiently when considered appropriate.	The fund aims to provide capital growth through exposure to shares with the remainder providing exposure to a mix of different types of investments.	0.61%
	Z Cautious Growth Fund	This fund is invested in: • 55% Z Growth Fund • 45% Wellington Global Credit ESG Fund	The fund aims to provide long-term investment growth above inflation whilst also managing the investment risk in the years up to retirement. It does this by holding a 55% allocation to the Z Growth Fund with the rest being invested in global corporate and government bonds.	0.35%

Asset class	Fund	Summary of fund	Fund objectives	Charges
Property	• Property funds tend to invest in commercial property. • Property funds can temporarily close, meaning that it is not possible to invest, disinvest or switch funds for a period of time. • Like equity funds, property funds aim to provide long-term growth but because they are not directly linked to the equity market they can provide some diversification.			
	Property	The fund invests in a range of business properties, mainly in the UK but also overseas. Property transactions tend to be larger and more complex than many other types of investments so the fund may hold a proportion of cash awaiting suitable investment opportunities.	The fund aims to achieve long-term growth by investing in mainly high quality commercial and industrial properties.	0.87%
Bonds	• Bonds are debt securities issued by companies (corporate bonds) or governments (sovereign bonds). Gilts are bonds issued by the UK government. • Bond funds are expected to be lower risk than equities but can still fluctuate in value. • Bonds can also be used to reduce investment risk and volatility in the run up to retirement for those planning to purchase an annuity.			
	Corporate Bond All Stocks Index Fund	The fund invests in investment grade bonds issued by companies and held in Sterling.	The fund aims to track an index that covers a broad spectrum of investment grade corporate bonds.	0.25%
	Index Linked Over 5 years Gilt Index	The fund invests in UK government index-linked securities that have a maturity period of 5 years or longer.	The fund aims to produce returns consistent with the FTSE UK Gilts Index.	0.25%
	Z Annuity Fund	The fund invests in a mix of corporate and government bonds to reflect the investments underlying a typical non-increasing annuity. The fund can’t provide full protection against changes in annuity rates since these depend on a number of different factors for each individual.	This fund aims to reduce the investment risk and volatility in the approach to retirement for members who are planning on using their fund to purchase a non-increasing annuity.	0.28%

Asset class	Fund	Summary of fund	Fund objectives	Charges
Cash	• This is the lowest risk choice of the funds available. • Over time, the investment should give lower, but steady growth with some fluctuation in value. • Suited for shorter-term investments because there is a risk that interest rates do not match inflation, particularly in periods of high inflation and over the longer term. • In certain circumstances the return may be less than the charges.			
	Z Cash Fund	Holds investments which tend to produce more stable returns with low volatility.	The objectives of this fund are to: • provide a high level of capital security. • provide a high level of liquidity. • to achieve a return that at least matches the return (before fees) of the benchmark.	0.06%

The Trustee reviews all of the funds on a regular basis. For the Z Funds and the lifestyle strategies the Trustee may change the name or strategy including altering the underlying investments within the Z Funds and closing or replacing funds.

Where you make a choice to invest in a specific fund, you are assumed to have consented to allow the Trustee to make such changes and select such replacement arrangements as it considers appropriate within the scope of your original choice.

Section 5: Changing where you are invested

You can change where you are invested by logging in to the **website**. Under Account Details you will see the following options:

- **Change current investment holdings:** this will allow you to change where your current savings are invested. It will not change where your future contributions are invested.
- **Change Future contribution investments:** this will allow you to change where your future contributions are invested. It will not change where your current savings are invested.

If you want both your current savings and future contributions to be invested the same way then you will need to change both options.

Clicking on either of these options brings up a table that lists the self-select funds and lifestyle options available to you. Fill in the table to select your new investment choices and click on Next. The next page gives you the opportunity to review your changes before clicking to confirm.

When you select a lifestyle you will also need to enter a target retirement age before progressing to the next page.

If you are just joining ZCashBuilder you will be invested in the **default strategy** unless you tell us otherwise by following the instructions 'change where my future contributions are invested' before the first contributions are paid across.

Money Helper

This website provides free and impartial information on lots of different topics relating to money and personal finances, including pensions and retirement. As well as information on the website there is the option to ring or have a webchat.

Pension Wise

This website is aimed at those aged 50 and over and provides free and impartial government guidance about defined contribution pension options in the UK. You can book an appointment over the phone or online to discuss your retirement options.

You can also find out more on your retirement options here Retiring (zpen.info)

Finding an independent financial adviser – www.vouchedfor.co.uk.

Neither the Scheme Trustee (Zurich Financial Services UK Pension Trustee Limited) nor any member of the Zurich Group (i.e. Zurich Insurance Group Ltd (registered in Switzerland with number CH-020.3.023.086-6) and its direct subsidiaries) are able to provide you with financial advice or accept any liability for any decision you make with regard to your ZCashBuilder investments.

Check your State Pension age

Check your State Pension age (Isle of Man)

HMRC information on tax on your pension contributions:

Annual allowance – GOV.UK

Section 7: Glossary

Active management

A type of investment fund manager where managers aim to outperform the benchmark by market timing and stock selection.

Annuity

A guaranteed income for the rest of your life that you can choose to purchase with your pension pot.

Bonds

Is a fixed income instrument that represents a loan made to a borrower. Bonds are issued by companies (corporate bonds) and governments to finance projects and operations. The issuer of the bond pays interest during the term of the bond and the amount of the loan at the end date.

Carbon emissions

Means gases, mainly carbon dioxide, emitted when fossil fuel is used in vehicles, buildings, industrial processes and so on. Carbon emissions are used to calculate the carbon footprint.

Cash

The cash lifestyle assumes you will be taking your Scheme benefits as cash. The amount you can take tax free is subject to HMRC limits and if you only have ZCashBuilder benefits in the Scheme you will be limited to taking 25% tax free (under current HMRC rules).

Default

This refers to the investment fund or strategy which is used when a member does not make a choice.

Diversification

Is a risk management strategy that mixes a variety of investments with the aim of reducing risk by limiting the amount invested in any single investment or type of investment.

Drawdown

Is a way of using your pension pot to provide you with a regular income. You can choose how much and when you take it.

Lifestyle strategy

An investment strategy that gradually and automatically moves your money from higher-risk investments to lower-risk investments as you approach the time when you will take your ZCashBuilder benefits. The lifestyle strategies have 3 stages:

- **A growth phase:** more investment risk is taken here with the aim of growing your pension pot.
- **A consolidation phase:** as you near your target retirement age your investments are gradually moved into lower-risk investments.
- **At retirement:** when your investments reflect how you are expecting to take your benefits.

Market Capitalisation

For a company this is the total value of a publicly traded company's shares. A market capitalisation weighted index is one where the amount of each stock held is in proportion to the total value of its shares. So, large companies will account for a higher proportion of the index, and fund, than smaller companies.

Passive management

A type of investment fund management where managers aim to track the returns of a particular market index, eg FTSE All-Share.

Pooled funds

Collect money from multiple investors, and schemes, and put it in one fund. This enables investors to benefit from economies of scale including lower trading costs and diversification.

Responsible Investment

Taking environmental, social and governance (ESG) factors into account when making investment decisions.

State Pension age

The age at which you will be eligible to start receiving your State Pension payments. When you are eligible to start receiving these payments is set out in legislation and depends on when you were born. You can check your State Pension age at **Check Your State Pension age**

Target retirement age

An age, specified by you, at which you are aiming to take your ZCB benefits.

- Because a lifestyle strategy is designed to reduce the investment risk automatically as you approach your target retirement age we need to know when you are likely to take your ZCashBuilder benefits. Provided that you have reached the minimum age set by the Government (currently age 55) it is up to you to decide when to take your benefits but we target a specific age so we can start reducing the investment risk in the years before. This is your target retirement age.
- Logging in to the scheme **website**, click on Account Details and ZCashBuilder investments. Below the list of your funds will be a statement that says "You have currently selected to take your e-Z plan at age [.....]". The age shown here is your target retirement age for any benefits in a lifestyle strategy.
- You can change your target retirement age by logging in to the website, clicking on Account Details and Change current investment holdings. Down the bottom of the screen is the option to enter your target retirement age.

Volatility

Is the degree to which investments can go up and down at any given time. Highly volatile investments can be prone to making sharp upward and downward moves. Investments with low volatility are less likely to see such spikes and are therefore more stable.

Z funds

Refers to the scheme specific funds: Z Growth Fund, Z Cautious Growth Fund, Z Cash Fund and Z Annuity Fund.

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