Rolls-Royce Retirement Savings Trust
Covid-19 and its impact on your retirement savings

As well as its impact on daily life, the Coronavirus outbreak is contributing to significant instability in investment markets.

Please be assured that the Trustee Board of the Rolls-Royce Retirement Savings Trust is working with its advisers to closely monitor developments. We're sending you this update because you may be understandably concerned about the impact of the current instability on your retirement savings, as well as on the day-to-day administration of your pension plan.

Stock markets in particular have been experiencing significant price falls. At the same time some investments that are less exposed to risk, such as government bonds, have increased in value. Market fluctuations may continue for some time as governments try to ease the economic impact of the virus, and the markets attempt to interpret and respond to it. While no one can predict exactly how markets will perform over the coming weeks and months, it is important not to lose sight of the bigger picture.

For many people, retirement saving is a long-term process and it's important not to make any snap decisions based on day-to-day market conditions. The more years you are away from the time you plan to take your retirement savings, the more time there is to ride out short-term market fluctuations. For example, a 25-year-old member is able to take at least a 30-year outlook when investing their retirement savings, even if they plan to start taking them as soon as they can.

When investment values are low, contributions to your retirement savings buy more. If investment values recover in future, the value of those investments already bought will go up as well. Therefore, if you have a long time before you start to take your retirement savings, you're encouraged to bear all of this in mind and try not to focus too much on short-term market movements.

Most of our members have their retirement savings invested in the 'default' investment strategy chosen by the Trustee Board. This is designed to give you the opportunity to achieve the long-term investment growth needed to build your retirement savings and then gradually reduce your exposure to risk before you start to draw on them. If you are closer to the age you plan to draw your retirement savings, this may cushion some of the impact of market volatility.

However, this may not be the case if you are close to your selected retirement age, but do not have your retirement savings invested in the default strategy. Further information on your investments is provided in this document.

In addition to the impact on your investments, we also wanted to reassure you that the Trustee Board is working closely with Aviva, to ensure that the Trust continues to run smoothly (for example if you are retiring shortly or transferring money in from another provider).

We are working hard to ensure that your retirement savings are administered efficiently and safely during this period of uncertainty. At this stage, we have no concerns with the business continuity policies and procedures that Aviva has in place to ensure there is no disruption to the service you will receive, but we will continue to monitor this closely to be ready to respond quickly as the situation develops.

What do you need to do?

You don't have to do anything, and we recommend you **think carefully** before making any decisions or changes based on the current investment market conditions. Everyone is different and any decision you take will be a personal one that should reflect your own goals and circumstances.

It may be tempting to move your retirement savings to lower risk investments, or to start to draw on them early. However, while this may make you less exposed to investment risk in future, it will also 'lock in' any recent investment losses.

Some more information, including things to think about is available on the **Trust's microsite** workplace.aviva.co.uk/rollsroyceretirementsavingstrust/. There's also a host of information about how the Trust works, including your investment options in the member and investment guides.

If you are aged 50 or over, the Government Pension Wise service is available to give you free and impartial guidance on your choices from 'Defined Contribution' plans like ours. For information, and to arrange a face to face, online or telephone consultation about your options, visit pensionwise.gov.uk.

Seeking authorised financial advice may also be an option to consider, although you are likely to have to pay for this. You can search for an Authorised Financial Adviser in your area by visiting unbiased.co.uk. Information can also be found on the website of the **Pension Regulator**, which includes a statement from the **Pensions Advisory Service** regarding the Coronavirus thepensionsregulator.gov.uk/en/contact-us/scheme-members-who-to-contact.

What are the Trust's default investment strategies?

Our three default investment strategies are all 'diversified' strategies.

This means they're not just invested in stocks and shares (or 'equities') but spread across a range of investment types. It aims to offer potential for long-term growth while limiting the likelihood of sharp rises and falls in the value of your retirement savings, particularly just before you are due to take them.

Around three years before your selected retirement age, your savings are gradually shifted into investments that carry less risk. This shift increases in pace around ten years from your selected retirement age. This ensures your investments are not as exposed to swings in investment values as those of someone who is further away from retirement and can afford to take more risk.

The standard retirement age for members who don't select an alternative is 65. You should review your selected retirement age and make sure you are happy it is realistic for your plans. This is important as the age you have selected sets the date for the process of shifting to lower risk investments to begin if you wish to change your selected retirement age, you can do this through the MyAviva website at www.avivamymoney.co.uk/Login if you have already registered.

What if I've selected my own investments?

If you've chosen funds other than the default investment strategy, we suggest you keep these choices under regular review and consider seeking authorised financial advice if you aren't sure what is the best investment option for you.

What other things should I do?

The further you are from your selected retirement date, the more any investment decisions you make now could affect how much money will be in your retirement savings when you choose to draw them. It's worth thinking about:

- What do you need the savings to do when you stop working?
- How long are you going to invest the savings?
- What level of investment risk are you comfortable with?

What are your savings goals?

It's important to consider how much you're going to need to live on when you stop work. Think about all the sources of income you will have to fund life after work, including State pensions, your savings, and any other pensions you've built.

How long are you going to be investing?

The longer you have until you need to start drawing on your retirement savings, the easier it is to take a long-term view when investing.

You can use the **Pension Forecaster** on the MyAviva website at www.avivamymoney.co.uk/Login to see how much you might receive from your retirement savings at any permitted age. This can help you estimate when you will be able to afford to stop work and therefore how long you need to invest and what is a realistic retirement age to select.

What level of investment risk are you comfortable with?

Different investments carry different levels of risk and potential for growth. That's why it's important to know how you feel about investment risk.

It's important to strike the right balance. More risky investments could provide better returns over the longer-term, BUT, over the shorter-term the value of your retirement savings could go down, leaving you with less than was paid in. If you take a very cautious approach to investing, there is a risk that the value of your savings will not keep up with inflation. You have to accept some level of risk when you make an investment, but how much depends on what you want to achieve and how quickly you hope your money will grow.

Finally, you can access a **Risk Profiler** tool in the **Fund Research** section of the MyAviva website at www.avivamymoney.co.uk/Login to help you identify how much investment risk to take, based on your own savings goals.

IMPORTANT NOTE
This update is provided for information only and does not constitute financial advice. If you need advice, you should contact an Authorised Financial Adviser. You can search for an Authorised Financial Adviser in your area by visiting unbiased.co.uk

Trustee Board of the Rolls-Royce Retirement Savings Trust

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