

Your pension investment choices

FUNDS AVAILABLE



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This guide contains basic information about the funds you can choose to invest in with your Stakeholder Pension Plan.

For more information on funds and fund selection go online at **standardlife.co.uk** to:

- access the fund selection tool
- look at individual fund fact sheets
- request a fund switch if you have registered for our online service.

Alternatively you can call us on 0845 60 60 012 for information. Please have your plan number available.

Call charges may vary and calls may be recorded/monitored to help improve customer service.

We are sorry we are unable to offer any financial advice. If you are in any doubt about which investment fund(s) you should choose, we strongly recommend you speak to a financial adviser.

Your pension investment choices

Standard Life offers a comprehensive range of investment funds, to help you to achieve a balance between the amount of risk you are willing to take and the potential rewards you want to achieve.

We organise our funds into 'hands off' ready-made and 'hands on' pick your own groups depending on how involved you may want to be in managing your funds. If you are unsure of which funds to choose you may wish to seek financial advice.

Option 1 'Hands off' Ready-Made Funds

- 'Hands off' ready-made funds invest in a mix of different assets such as cash, bonds and equities. You can invest in one of these or a mixture of all four. Information on the different asset classes is on page 5.
- Once you have decided on the funds you wish to invest in, an expert will decide how much to invest in each area, and manage your investment to keep it in line with your chosen risk group. Risk groups are covered in more detail on page 6.
- You need only select one fund, although you may choose more if you wish.

If you want a low level of involvement in the management of your investment fund(s), 'hands off' could be the option for you. However, it is still important to monitor the performance of your fund(s), especially as you near retirement.

Option 2 'Hands on' Pick Your Own Funds

- You will need to build your investment portfolio from a number of funds – this can contain a mixture of funds from the 'hands on' and 'hands off' fund lists.
- It is up to you to regularly monitor the performance of your funds and decide whether to change funds.
- You may need to adjust your portfolio regularly to keep it in line with your investment profile.

If you have good investment knowledge and want a high level of involvement and control over your investments, 'hands on' could be the option for you

Important Information

Before making your investment choices please make sure you read the following information, which includes details of some of the risks you should be aware of:

- **Before buying a product, you need to be aware of the risks and commitment involved. Details are available in the Key Features Document.**
- The return on your investment in investment-linked funds is directly related to the performance of the assets in which they invest. For more information on assets please see the guidance notes.
- With Profits operates in a different way to other types of investment. If you are considering investing in with profits, please read the relevant Key Features Document and our 'Understanding With Profits' booklet. Latest versions of our 'Understanding With Profits' booklets are available on our website at www.standardlife.co.uk/cfppfm.
- The price of units in investment-linked funds depends on the value of the underlying assets and can go down as well as up. You may not get back as much as you invest.
- The volatility ratings for funds are kept under review and might be subject to change. Ratings are correct at date of publication. For more information on volatility ratings please see the guidance notes.
- The sterling value of overseas assets in these funds may rise and fall as a result of exchange rate fluctuations.
- The asset mix for each fund is continuously reviewed and may be changed in line with developments in the relevant markets. A proportion of each fund may be held in cash.
- You can switch your payments in and out of various funds to change the mix of investments but you can only invest in 12 funds at any one time. The maximum number of different funds you can invest in during the term of your plan is 20.
- The charges are not guaranteed. They are regularly reviewed and may be changed in line with developments in the relevant market.
- As part of our investment strategy we may lend some assets of these funds to selected financial institutions, with the objective of enhancing the returns to the fund. In certain circumstances, for example if the institution encountered financial difficulties and was unable to return the asset, the fund could suffer a loss. We use a number of controls, such as obtaining security from the borrower and monitoring their credit rating, in order to reduce the risk to the fund.

Guidance Notes

The following notes contain further information about the fund tables provided in this guide, and explain the terms used within them.

Asset Classes

An asset class is a specific category of assets or investments, such as equities, bonds or cash. Assets within the same class generally exhibit similar characteristics, such as similar risks and returns. Please note that the value of investments in each asset class can go down as well as up. Past performance is not a reliable guide to future performance but the following information explains how these asset classes have historically related to each other.

Equities

- These are stocks and shares in companies. Historically, equities have produced the highest returns, and offer the best chance of beating inflation over the long term. However, they also carry greater risk – over the short term their value can go up or down significantly.

Bonds

- Governments and companies issue bonds as a type of loan in order to borrow money. In return they may promise to repay the loan at a future date and may also pay interest. Historically bonds have produced better returns than cash, but lower returns than equities.

Cash

- Investing in cash means putting your money on deposit (for example, in a bank account) where it earns interest. This does offer more security than equities, or bonds, but has less potential for growth.

Risk groups

To help you select the funds which best meet your needs, we have categorised them into risk groups - Cautious, Balanced and Opportunity.

Cautious

- The Cautious group offers some potential for growth. While this growth is limited compared to the Balanced and Opportunity groups, the Cautious group offers more stability. As such it may suit investors with a short term to retirement (for example, 2 to 5 years) who prefer the prospect of stability to the potential for growth.

Balanced

- The Balanced group offers more potential for growth than the Cautious group, but in turn is less stable. It may suit investors who have a medium term to retirement (for example, 6 to 10 years) who are happy to use this term to ride out stock market ups-and-downs in expectation of higher potential returns.

Opportunity

- The Opportunity group offers the greatest potential for growth, but carries with it the greatest risk. As such it may suit investors with a longer term to retirement (for example, more than 10 years) and who are confident to ride out stock market ups-and-downs in order to seek the greatest potential returns.

Please note the value of investments in each risk group can go down as well as up and you may get back less than you pay in.

If you are unsure of which risk group to choose you may wish to seek advice from a financial adviser.

Fund types

Managed

- These funds are managed by a single fund manager. The fund manager will decide what percentage of your money to place in different types of assets (depending on your risk group) ,such as equities (also known as shares) and bonds (which are loans to governments or companies). Please see previous section 'Risk Groups' for more information.

With Profits

- With profits operates in a different way to other types of investment. If you are considering investing in with profits, please see the Key Features Document and our 'Understanding With Profits' booklet for the product you're considering. For more detailed information on how we operate our with profits business, please see our Principles and Practices of Financial Management (PPFM) document. This is available on request or can be viewed on our website: www.standardlife.co.uk.

Lifestyle profiles

- Lifestyle profiles automatically move your money into less volatile funds as you approach retirement. This can help investors who do not want to do this themselves, but want to protect their pension fund from potential stock market falls when nearing retirement. You can only combine Lifestyle Profiles with the with profits fund available to you. For more information on Lifestyle profiles please read our leaflet 'Stakeholder Pension Plan from Standard Life Lifestyle profiles' (GSPP41). You can find the version code at the foot of the back page on the left-hand side.

Please note that the value of investments in each fund type can go down as well as up.

Fund name and fund code (important for application forms)

- This provides the name of the fund and internal code used by Standard Life. Please enter both of these in full in the appropriate boxes when completing an application form. This will help us process your application more quickly. If you are switching funds on an existing plan please quote the name and code to help us process your application more quickly.

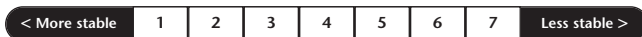
Annual Charge

- This is the Annual Management Charge that applies to money invested in a fund. The charge for your pension plan may be lower or higher than illustrated in this guide – please see your Key Features Document or Illustration for more information about the charges that apply to you.

Volatility

- This rating of a fund is an indicator of how much the fund price might vary. The higher the volatility rating, the less stable the fund price is likely to be. You can use this to help you decide how much risk you are comfortable taking with your investments.

The volatility ratings for funds are kept under review and might be subject to change. Ratings are correct as at date of publication.



We allocate ratings by considering:

- how the fund price has varied from month to month in the past, relative to other funds available for this product
- how investments in similar asset classes vary from month to month and the investment policy of the fund.

Typically, the higher the volatility rating, the greater the potential investment return, but also the greater potential for losses.

Option 1: 'Hands off' Ready-Made Funds

'Hands off' ready-made funds invest in a mix of different assets such as equities and bonds. To help you select the fund which best meets your needs, we have categorised them into risk groups – Cautious, Balanced and Opportunity. These also cover a range of different fund types including – Managed, With Profits and Lifestyle profiles.

If you need more help to understand this table please see the Guidance notes on page 5.

Ready-made

Risk Group	Fund Type	Fund Name	Fund Code	Volatility	Annual Charges
Opportunity	Lifestyle (Note 1)	Standard Life Stakeholder FTSE* Tracker Lifestyle	1FTT	5	1.00%
		Standard Life Stakeholder Global Equity 50:50 Active Lifestyle	1GEA	5	1.00%
		Standard Life Stakeholder Global Equity 50:50 Passive Lifestyle	1GEP	5	1.00%
	Managed	Standard Life Stakeholder Global Equity 50:50 Tracker	H8	5	1.00%
		Standard Life Stakeholder Global Equity 50:50	HT	5	1.00%
		Standard Life Stakeholder Stock Exchange	FB	4	1.00%
Balanced	Lifestyle (Note 1)	Standard Life Stakeholder Balanced Managed Lifestyle	3BAL	4	1.00%
	With Profits (Note 2)	Standard Life Stakeholder With Profits 2006	BO	4	1.00%
		Standard Life Stakeholder With Profits Fund	AW	4	1.00%
	Managed	Standard Life Stakeholder Ethical	G7	4	1.00%
Cautious	Lifestyle (see Note 1)	Standard Life Stakeholder Managed	FA	4	1.00%
		Standard Life Stakeholder Cautious Managed Lifestyle	3CAU	3	1.00%
	Managed	Standard Life Stakeholder Cautious Managed	F8	3	1.00%

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Notes

1. If you invest in a Lifestyle profile and you wish to combine this with another investment option, you can only combine it with investments in with profits. You cannot combine it with any other investment fund or Lifestyle profile.
2. If you took out your plan before we demutualised on 10 July 2006 you can invest in the Standard Life Stakeholder With Profits Fund. If you took out your plan after we demutualised, you can invest in the Standard Life Stakeholder With Profits 2006 Fund.

Are you approaching retirement?

If you are nearing retirement (for example if you are 5 years or less away), you may want to consider investing in funds aimed at protecting your pension funds in line with your plans for retirement. The following two funds do not offer significant potential for growth but do offer a higher degree of stability. They are intended to 'lock-in' your retirement plans by investing any funds set aside for a tax-free lump sum in very stable assets and your planned pension fund in assets that go up and down broadly in line with Lifetime Annuity (pension) prices.

As the two funds are not 'hands off' ready-made, you should choose a mix that is in line with what you plan to do with your pension plan at retirement. For example, if you planned on taking a 25% tax-free lump sum at retirement, you could choose to invest 25% in the Standard Life Stakeholder Sterling Fund and 75% in the Standard Life Stakeholder Protection Fund.

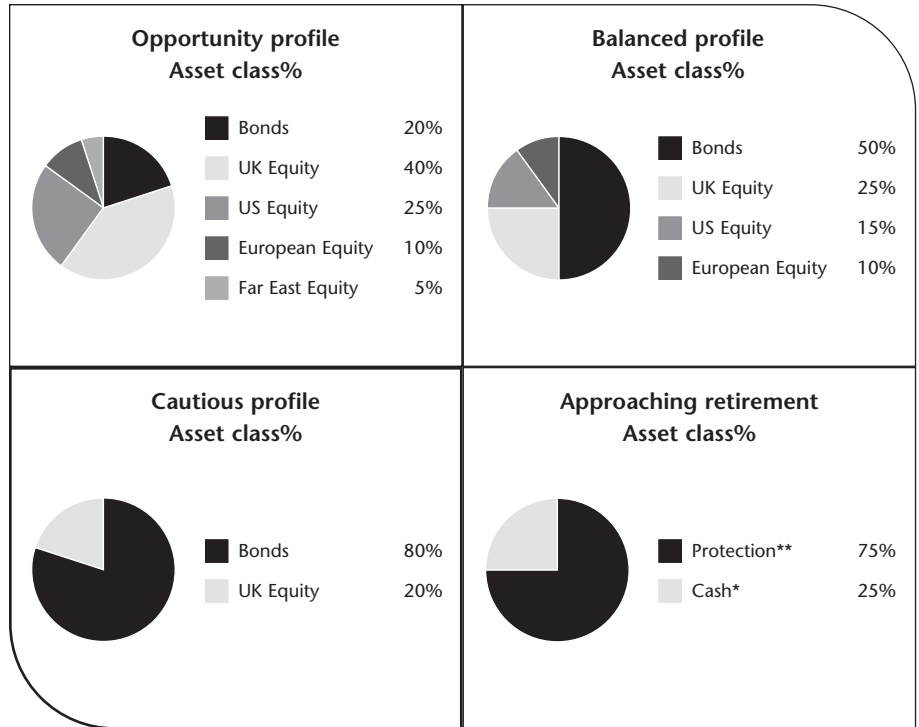
- The Standard Life Stakeholder Protection Fund is designed for investors approaching retirement and considering annuity purchase. This fund has a very different aim from all other investment-linked funds. It offers an investment which will rise and fall broadly in line with long-term interest rates, one of the main factors affecting the cost of an annuity. This helps investors protect their pension income against sudden falls in the stock market or against Lifetime Annuity price rises. This fund does not offer any guarantees as to the amount of pension that will be paid at retirement. It may not be suitable for those who intend to buy a pension which increases each year at a rate linked to inflation.
- The Standard Life Stakeholder Sterling Fund is invested wholly in cash – the most stable investment. This fund helps investors who are looking for a temporary home for their investment just before they retire and it is particularly suited to funds set aside for a tax-free lump sum. The fund invests not only in bank/building society deposits but also holds other short-term sterling assets. Some of the cash investments that the fund may hold are not 'guaranteed' in the same way as high street bank or building society accounts are. Therefore, in extreme circumstances, it is possible that the value of the fund may fall.

This is not investment advice and these funds may not be suitable for your needs. If you are at all unsure, please seek financial advice.

Picking your own asset mix

It is very important that you pick an asset mix and build a portfolio that will meet your individual needs. At Standard Life, we have developed an asset mix for each risk group – Cautious, Balanced and Opportunity – plus a fourth asset mix intended for people nearing retirement. You may wish to use these for guidance to help build your own asset mix.

Please note these asset mixes are for illustrative purposes only, and should not be taken as advice. If you are in any doubt about picking an asset mix, we strongly recommend you speak to a financial adviser.



* 'Cash' refers to the Standard Life Stakeholder Sterling Fund.

** 'Protection' refers to the Standard Life Stakeholder Protection Fund.

Option 2: 'Hands on' - Pick your own

You can pick your own funds to build your own portfolio from one, or a combination of: equities, bonds and/or cash – these are often referred to as 'asset classes'. You can choose from the 'hands on' or the 'hands off' fund lists.

Please note that the value of investments in each asset class can go down as well as up.

Pick your own

Asset Class	Fund Name	Fund Code	Volatility	Annual Charge
UK Equities	Standard Life Stakeholder FTSE* Tracker	G6	5	1.00%
	Standard Life Stakeholder UK Equity	FN	5	1.00%
European Equities	Standard Life Stakeholder European Equity Tracker	H4	6	1.00%
	Standard Life Stakeholder European	FE	6	1.00%
North American Equities	Standard Life Stakeholder US Equity Tracker	H2	6	1.00%
	Standard Life Stakeholder North American	FK	6	1.00%
Far East Equities	Standard Life Stakeholder Japanese	FJ	7	1.00%
Overseas Equities	Standard Life Stakeholder Overseas	GZ	6	1.00%
	Standard Life Stakeholder Overseas Tracker	H5	6	1.00%
	Standard Life Stakeholder International	FO	6	1.00%
Bonds	Standard Life Stakeholder Corporate Bond	HH	2	1.00%
	Standard Life Stakeholder Fixed Interest	FP	2	1.00%
	Standard Life Stakeholder Index-Linked	FL	2	1.00%
	Standard Life Stakeholder Protection	F9	3	1.00%
Cash	Standard Life Stakeholder Sterling	GS	1	1.00%

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If you need more help to understand this table please see the **Guidance notes on page 5**.

Looking for more information?

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Standard Life House, 30 Lothian Road, Edinburgh EH1 2DH,
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