My Default Strategy for the J.P. Morgan UK Pension Plan

Prepared with you in mind

October 2019
Introduction to the Default Strategy

The Plan offers 2 ways for you to invest your pension account:

1. Your choice of Freestyle funds
2. The Default Strategy

If you don’t make your own investment choice, your pension account will be invested in the Default Strategy: Annuity (5 year) with a Target Retirement Age of 60. Read more on page 3.

Why read this guide?

How you decide to invest your pension account is important, as the performance of your investments will affect the amount of money you get when you retire.

This guide explains how the Default Strategy works, and the options you have within this strategy. For information about the full range of investment options available in the J.P. Morgan UK Pension Plan (the Plan), read your My Investments and My Fund Range guides.

Learn

Read this guide

Here you’ll find more about:

- The Default Strategy and how it works (page 5)
- Your options within the Default Strategy (page 5)

Act

Decide how to invest your pension account

Think about your own circumstances and attitude to risk:

- Decide if you wish to invest in one of the options within the Plan’s Default Strategy
- Decide which option in the Default Strategy may be right for you (page 7)
- Choose your Target Retirement Age (TRA) (page 7)
- Understand the blended funds and how investment charges apply (page 8)

Review

Get online

Visit MyPension to review and change your investment choices:

- Find out how to login to MyPension and review your investment choices (page 10)
- Remember why it’s important to stay on top of your investment choices (page 9)

If you have any questions, contact the Plan’s administrator (page 12).

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My Investments explains more about how investing works and will help you decide how to invest your pension account.

My Fund Range gives you detail on the performance and objectives of each of the funds available in the Plan’s fund range.

The value of your investments can go down as well as up and past performance is not a guide to future performance. If you are unsure about making investment decisions, you should seek impartial financial advice. For details of how to find a financial adviser visit the Money and Pensions Service website.

Neither the Trustee nor J.P. Morgan (the Company) are authorised to give you investment advice, nor are they responsible for the performance of the investment funds.
What is the Default Strategy and how does it work?

The Trustee provides a default investment option (the Default Strategy), for Plan members who do not wish to make their own investment choices as they progress through their career.

If you have not made any investment choices since joining the Plan, you will be invested in this Strategy. However, you may also actively decide that the Default Strategy best suits your investment needs and you can make a choice to invest in the Default Strategy at any time.

The Default Strategy invests your pension account for you by following a pre-set investment route that switches into different funds gradually over a number of phases:

- **Initial Growth phase**
- **Mid Growth phase**
- **Retirement phase**

While the Default Strategy has been designed to suit a broad range of Plan members, it may not be right for you. The Trustee recommends that you should seek impartial financial advice when considering your pension investments and provisions, to take account of your wider financial circumstances and planning.

### Initial Growth phase

Your pension account will be invested in the Initial Growth Portfolio until you are age 40. During this phase your retirement savings (pension contributions) will be invested across a number of funds, which you will see displayed on MyPension as a single, combined fund, otherwise know as a blended fund. The funds that make up this blended fund are shown below and have either a global equity or private markets focus. The Trustee believes that this combination of higher-risk investments provides a broad set of sources of return with the potential to enhance long-term returns for members.

#### Initial Growth Portfolio

- 55% Partners Group Generations Fund
- 15% LGIM FTSE Global Developed Small Cap Equity Index Fund
- 15% LGIM MSCI Minimum Volatility Equity Index Fund
- 15% LGIM Global Equity Fixed Weight (30:70) Index Fund*  

### Mid Growth phase

From age 40 to 50, your pension account will gradually switch into the Mid Growth Portfolio.

This is also a blended fund, made up of 5 funds allocated in different proportions. It aims to manage risk while still growing your pension account.

#### Mid Growth Portfolio

- 30% Partners Group Generations Fund
- 20% Nordea Diversified Returns Strategy Fund
- 20% Baillie Gifford Diversified Growth Fund
- 20% Standard Life Global Absolute Return Strategies Fund
- 10% LGIM Diversified Fund

### Retirement phase

The Retirement Portfolio is made up of 2 funds aligned to taking your savings as 25% tax-free cash and using the rest to buy an annuity. (For more about aligning your investments with your retirement plans, see page 7).

#### Retirement Portfolio

- 75% JPM Life UK Liquidity Fund
- 25% LGIM Pre-Retirement Fund

* Within the Default Initial Growth portfolio, the LGIM Global Equity Fixed Weight (30:70) Index Fund will be split into its component parts, with GBP currency hedging applied to the entire overseas developed markets equity allocation (compared to the current level of 75% GBP hedging).
Within the Default Strategy, there are 3 alternative options to choose from for the final, Retirement phase. Your decision should be based on your attitude to risk and your retirement plans. Read more on page 7.

**Default Strategy: Annuity (5 year)**
This option invests your pension account in the portfolios described on page 3.

**Default Strategy options with Alternative Endpoints**
- **Drawdown Target** or **Drawdown and Cash Target**, your pension account will remain invested in the Mid Growth Portfolio until your selected Target Retirement Age (TRA) or the point at which you actually access your benefits (whichever is later).
- **Drawdown and Cash Target** option, 25% of your pension account will gradually switch into JPM Life UK Liquidity Fund starting 21 months before your TRA.

**A note about buying an annuity**
As an annuity is a once-only purchase, under current legislation you generally can’t change your mind once you’ve used your pension account to buy one. However, it is likely to guarantee an income for the rest of your life so that you do not have to continue to manage your savings and income throughout your retirement. You can buy an annuity through the Plan’s annuity comparison process, provided by HUB Financial Solutions (HUB).

Alternatively, you can shop around yourself and buy an annuity from your own choice of insurance provider on the open market, if you prefer. There are many different types of annuities available on the open market so, before you buy, you should speak to an impartial financial adviser for help deciding whether an annuity is the right option for you and to help you choose the most suitable product.

**The right Default Strategy option for you will depend on your attitude to risk and your retirement plans.**

**For more information about the 4 Default Strategy options, turn to page 5.**

**A note about transferring to an income drawdown arrangement**
If you don’t wish to buy an annuity at retirement, then transferring to an income drawdown provider may be more suitable for you. You could also choose to take all of your pension account as cash at your TRA (known as an uncrystallised funds pension lump sum, or UFPLS), but there could be potential income tax implications for doing so that you should consider carefully.

Once you have transferred your savings to a drawdown arrangement, they are likely to remain invested in funds of your choosing and you will have the flexibility to draw an income over time, in line with your changing needs and circumstances. Through this option, you can either take all of your tax-free cash (usually 25%) after transferring as a single lump sum, or you can access your tax-free cash incrementally throughout your retirement. It will be up to you to manage and monitor your savings throughout your retirement. Remember that you could run out of money during your retirement if you take this option and do not manage your savings carefully or are significantly affected by poor investment returns.

If you opt for income drawdown, you will need to transfer your pension account from the Plan to an income drawdown arrangement. You can choose whichever provider you like for your drawdown facility. In addition, the Company has negotiated competitive drawdown terms with 2 providers. You can find out more in My Retirement guide.
The 3 Default Strategy options

Why choose this option?
This option invests in funds that align with taking 25% of your pension account as a tax-free cash lump sum and using the remainder to buy an annuity.

How it works
Up to age 40 it invests your pension account in the Initial Growth Portfolio then gradually switches into the Mid Growth Portfolio from age 40 to 50. It remains invested there until 6 years from your Target Retirement Date, when it gradually switches into the Retirement Portfolio.

The underlying funds which make up the Retirement Portfolio are the LGIM Pre-Retirement Fund (75%) and the JPM Life UK Liquidity Fund (25%).

These funds generally offer less growth, but more stability, in the years approaching retirement. The JPM Life UK Liquidity Fund is intended to invest your funds for taking as tax-free cash and the LGIM Pre-Retirement Fund (which invests in bonds) is intended to broadly match changes in the cost of buying an annuity (a guaranteed income in retirement, purchased through an insurance company).

*Please note that if your TRA is before age 56, then your pension account will start switching into the Default Retirement Portfolio before age 50. In addition to this, in the initial 12 months of the final switching period you may have a small fund holding in the Default Initial Growth Portfolio, as this switching term does not complete until you reach age 50.

If you do not intend to use your Plan pension account to purchase an annuity to provide income in your retirement, this option may not be suitable for you. Turn to page 6 for more information on the Alternative Endpoints.
Alternative Endpoints

If you’re not planning to buy an annuity or withdraw all of your savings as an immediate lump sum when you retire, you can choose a Default Strategy option with an Alternative Endpoint.

Why choose this option?
This option targets investments that align with transferring the whole of your pension account to an income drawdown arrangement, from which you would withdraw income flexibly, throughout your retirement, in line with your changing needs and circumstances. If your retirement savings are likely to be invested in an income drawdown arrangement throughout your retirement, the potential for future investment growth remains an important consideration and your investments should still have time to recover from any short-term volatility.

How it works
From age 50, your pension account remains invested in the Mid Growth Portfolio until you choose to take your retirement benefits or transfer them out of the Plan. You should only invest in this option if you are comfortable with investing your savings in funds which are generally more volatile than bonds and liquidity funds.

The graphs shown here assume that your TRA is age 60.
Deciding which Default Strategy option is right for you

Have you decided how you wish to use your Plan savings in retirement?

Yes

I’m planning to buy an annuity and take 25% tax-free cash

I’m thinking of moving to a drawdown arrangement and drawing an income flexibly, over time.

I’m considering taking the full value as a cash lump sum (UFPLS)

Choose the Default Strategy option that aligns with your plans

Default Strategy: Annuity (5 year)
Your investments will start to gradually switch into lower-risk funds in the 5 years leading up to your TRA.

Drawdown Target or Drawdown and Cash Target
If you plan to use your savings for income drawdown, you may want to choose the Drawdown Target or Drawdown and Cash Target endpoint. Find out more on page 6.

None of the Default Strategy endpoints specifically target a full cash lump sum
If you are planning to access your benefits in this way, you should consider the options available to you in the Plan, including moving some, or all, of your savings into lower-risk Freestyle funds as you approach your Target Retirement Age (TRA), to avoid a sudden fall in the value of your investments.

Choose your Target Retirement Age (TRA)

Your TRA is the age that you think you’ll want to take your savings from your pension account. Currently it can be at any age between age 55 and 75.

This is because this age determines when your investments begin switching into more defensive investments, such as bond and/or liquidity funds, as you approach retirement. It’s important that you review the age you’ve chosen to ensure it’s in keeping with your retirement plans.

If you do not select a TRA, it is assumed that you will retire at age 60, the Plan’s default retirement age, for the purpose of your benefits within the Plan.

If the options within the Default Strategy don’t align with how you would like to invest your savings, or if would like more control over your investments, you can choose to invest in one or more of the Plan’s Freestyle funds. Read the My Investments guide to find out more about Freestyle, and the My Fund Range guide for a summary of each of the individual funds.

No

Start by familiarising yourself with the Plan’s investment options in My Investments guide, and try the modeller tool, MyPlanner. The My Retirement guide also sets out the retirement options available to you in more detail.

Once you have considered the options, follow the other side of this flowchart to think about other choices you may want to make.

If you don’t feel ready to make a decision, don’t worry. You can review and change your investments at any time.

Until you make a choice, you will be automatically invested in the Default Strategy: Annuity (5 year) with a Target Retirement Age of 60.

But remember, while this is designed to suit a broad range of Plan members, in the long term, it might not be right for you.

As you get closer to retirement you should decide how you wish to use your Plan savings, and invest them accordingly.
Understanding blended funds

The Plan’s fund range is on an investment platform managed by Legal & General Investment Management (LGIM). A key advantage of an investment platform is that it gives the Trustee the flexibility to create blended funds, which combine several underlying funds in proportions that are designed to meet certain objectives (see the breakdowns on page 3).

Blended funds allow the Trustee to diversify the sources of risk and return that investors are exposed to and manage the allocations over time. The Trustee believes the blended ‘portfolios’ offer good potential returns for the level of risk you take by investing in the Default Strategy.

The investment platform also offers the Trustee greater flexibility, from time to time, to add or remove funds from the blend, or to adjust the underlying proportions invested in each. Such decisions would only be taken after a careful review of, for example, performance, members’ needs, or market developments. Default Strategy investors will be notified before any significant change. The Trustee works continuously to ensure all members have access to suitable investment options, including the blended funds, and that those funds perform in line with expectations over time. You can find out more about other types of funds within the range in My Investments guide. For further resources, see page 11.

Understanding charges

Your savings in the Plan are subject to investment charges depending on the funds you are invested in. Over your saving lifetime, investment charges can have a significant impact on the level of retirement income you ultimately receive. The Trustee has negotiated (and continues to negotiate) investment charges for our funds that are generally lower than those you’d be charged if you were to invest in the same investments via the normal retail market. The charges for the funds that make up the Default Strategy are outlined below:

*The charges quoted are based on the final allocations for these funds and will differ from the fees applicable during the period over which the funds transition from the current position to the final one. These charges are correct as at 31 March 2019, and the TERs may vary over time in line with underlying fund expenses.

<table>
<thead>
<tr>
<th>Portfolio Type</th>
<th>AMC</th>
<th>TER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mid Growth Portfolio</td>
<td>0.54% p.a.</td>
<td>0.34% p.a.</td>
</tr>
<tr>
<td>Initial Growth Portfolio</td>
<td>0.31% p.a.</td>
<td>0.34% p.a.</td>
</tr>
<tr>
<td>Default Retirement Portfolio</td>
<td>0.08% p.a.</td>
<td>0.08% p.a.</td>
</tr>
</tbody>
</table>

Risk and return expectations for the Plan’s funds

The chart below shows all of the Plan’s funds grouped by risk rating, where 12 indicates the highest risk. The height of each fund grouping indicates the volatility of the potential long-term investment return in Sterling terms and the dotted line shows the average potential long-term investment return.

**Funds** (Funds shown in **bold** are the underlying funds of the Default Strategy portfolios)

1. JPM Life UK Liquidity
2. LGIM Over 5 Year Index Linked Gilts Index
3. LGIM Pre-Retirement
4. Fidelity Aggregate Bond Insight Bonds Plus 300
5. Aberdeen Standard Investments Pooled Property LGIM Euro Liquidity (in Sterling terms)
6. JPMAM Flexible Credit
7. LGIM Diversified
Aberdeen Standard Investments Global Absolute Return Strategies
Baillie Gifford Diversified Growth
Partners Group Generations
Nordea Diversified Returns Strategy
8. LGIM UK Equity (5% Capped) Index
JPM Life Balanced
LGIM MSCI World Minimum
Volatility Equity Index
9. LGIM (Developed) Equity Index (Unhedged)
LGIM (Developed) Equity Index (Hedged)
LGIM Global Equity Fixed Weight (30:70) Index*
10. Baillie Gifford UK Equity Focus Pension
JPM Life UK Dynamic
11. LGIM North America Equity Index
LGIM Asia Pacific (ex-Japan) Equity Index
Baillie Gifford Positive Change
12. LGIM World Emerging Markets Equity Index
Baillie Gifford Emerging Markets
LGIM FTSE Global Developed Small Cap Equity Index
JPM Life All-Emerging Markets Equity

*The default strategy invests in the 100% Sterling hedged version of this fund.
Reviewing your investments

Choosing your investments isn’t a one-off decision. Even if you choose the Default Strategy, where your investments are switched automatically for you over time, it is a good idea to review your investment decisions regularly, or if your plans change, to make sure your choices still meet your needs now and when you retire.

There are 3 things you should consider:

1. **Your attitude to risk**
   
   As you progress through your career, or if your personal financial circumstances change, your attitude to risk and/or your retirement plans may also change.
   
   You may wish to review your investment choices to balance the amount of risk you’re prepared to take for the chance of investment returns. See the chart on page 8.

2. **Your Target Retirement Age**
   
   If you are invested in the Default Strategy, your Target Retirement Age (TRA) determines when your pension account automatically switches into the Retirement phase.
   
   The Plan’s default retirement age is 60, but you can select any age from 55 to 75 by logging on to MyPension.
   
   If you invest in Freestyle funds with a Lifestyle overlay, the switching process is also determined by your TRA. Read more in My Investments guide.

3. **Your retirement plans**
   
   As you approach your TRA, it’s important to review your investments again, to make sure they’re still aligned with the way you plan to use your pension savings in retirement. The Default Strategy offers Alternative Endpoints that may be more suitable if you plan to use your savings for drawdown and/or cash, instead of buying an annuity.
   
   The Plan provides a free Retirement Guidance Service to help you consider your Plan options. This is an over-the-phone guidance service provided by Willis Towers Watson and paid for by the Company. If you’re planning to retire soon, email jpmguidance@willistowerswatson.com to begin the process.

When reviewing your investment choices, remember that although there are no administrative charges for switching, you may incur transaction costs, so think carefully about whether you need to switch. You should also bear in mind that pensions are a long-term investment. Excessive trading can have a potentially detrimental impact on the long-term value of your pension account.

If you react to a sudden fall in the value of your investments whilst far from retirement and switch funds, you may miss out on a subsequent recovery in their value. You can find out more about the process for switching funds, and the associated transactions costs, in My Investments guide.

If you are unsure of what investment decision to make, you should seek impartial financial advice. For details of how to find a financial adviser visit the Money and Pensions Service website.

Neither the Trustee nor the Company are authorised to give you investment advice, nor do they provide any guarantees around the future performance of the investment funds.
How to change your investment choices on MyPension

The diagram below outlines the steps you can follow to change your investment choices on MyPension. Turn to page 12 for details of how to login to your MyPension account.

1. **Which type of retirement savings (known as contribution types) do you want to change?**
   - You can change your investment choices for all your contributions or edit individual contribution types.
   - Select which you want to change, click ‘Change my Investment Strategy’ and proceed to the ‘Investment strategy’ page.

2. **Which investment strategy do you want?**
   - You can choose Freestyle or the Default Strategy. The icon on MyPension gives a summary of these options.
   - Make your selection, click ‘Continue’ and proceed to the ‘Decisions’ page.

   - **If you choose Freestyle**
     - If you choose to invest your selected contribution types into Freestyle funds, you will be able to choose where your past assets are invested and where your future contributions will be invested. These choices can be different if preferred.
     - When investing in Freestyle funds you will need to monitor and maintain your choices on an ongoing basis.
     - …if you’re currently investing in the Default Strategy, you’ll be able to move your selected contribution types to your choice of Freestyle funds. You will need to monitor and maintain your choices on an ongoing basis.
     - …if you’re already investing in Freestyle, you’ll be able to choose where your current assets are invested and/or where your future contributions will be invested.
     - Choose your funds, ‘Continue’ and proceed to the ‘Summary’ page.

   - **If you choose the Default Strategy**
     - Select your Default Strategy option and your Target Retirement Age for your selected contribution types.
     - Decide if any of the Alternative Endpoints might be right for you.
     - Choose your preferred Default Strategy option, ‘Continue’ and proceed to the ‘Summary’ page.

3. **Confirm your choice**
   - On the ‘Summary’ page, review your new selection(s) and ‘Authorise’ to confirm your choices.
Useful resources

The Plan provides relevant documents and tools to help you make the most of your savings and plan for your retirement:

**Library**

- **My Quick Guide**
  Gives an overview of the Plan to help you make the most of your membership. It’s particularly useful if you’re a new joiner, as it summarises:
  - how the Plan works;
  - what to expect when you first join;
  - information about how Company and employee contributions work; and
  - details of the benefits provided to you and your dependants by the Plan.

- **My Handbook**
  Gives full details about all aspects about the Plan including:
  - how the Plan works;
  - the types of contributions you can make to your pension account;
  - what happens when you retire, including all the options available to you;
  - what happens if you die while in service, or after you retire; and the State Pension benefits.

- **My Fund Range**
  Updated quarterly, looks in detail at the performance and objectives of each of the funds available in the Plan, plus it summarises:
  - information around risk;
  - guidance on how to make your investment choices on MyPension; and
  - contact details of the fund managers responsible for each of the funds available in the Plan.

- **My Investments**
  Gives you an overview of the important things to consider when investing, plus it explains:
  - the different types of investments available;
  - the types of risk;
  - your investment options.

- **My Tax Guide**
  Provides detailed information on pensions tax, including:
  - an overview of the UK Lifetime and Annual Allowances;
  - how these pension limits might apply to your personal circumstances;
  - what to do if you are affected by these limits.

You can find all of these guides in the Plan library on MyPension and on MyPensionTools.

**Tools**

- **MyPension Tools**
  Visit [www.mypensiontools.co.uk](http://www.mypensiontools.co.uk) to access the Contributions Calculator, a simple tool to help you to work out the net cost of increasing your contributions. With savings in tax and National Insurance, it might cost you much less than you think.

- **MyPension**
  Log on to keep on top of your pension account by checking your fund value and investment choices. You can also use the new MyPlanner to model a whole range of scenarios for funding your future. The [MyPension App](http://www.mypensiontools.co.uk) is also available to download on your smartphone.

- **Films**
  Our 3 short films, available on MyPensionTools, will help you understand why it’s important to consider your retirement savings as early as you can, no matter what your age. They are designed around 3 simple steps: Know how much you’ll need, Contribute as much as you can, and Make your money work harder.

- **Fund Factsheets**
  In addition to My Fund Range, which summarises the performance of all funds available in the Plan over the courses of the quarter, you can also access a more detailed 2-page fund factsheet on each of the individual funds on My Pension. These are updated annually.

**Please note:** historic versions of some of these documents have listed funds’ ISIN and SEDOL codes (where available) to allow members to monitor funds themselves. Following the move to the LGIM investment platform in September 2017, fund codes will no longer be available for the platform version of the Plan’s funds. However, since the platform funds are invested in the non-platform equivalents, the codes for the non-platform versions of these funds will still be made available to provide indicative information. Please note, there may be differences between the reported performance of platform and non-platform versions of the funds going forward, due to differences in applicable fees, performance measurement and pricing methodology.
Here to help

Accessing MyPension

Current employees

From work: me@jpmc
From home: via My Rewards at https://myrewards.jpmorganchase.com
If you have trouble logging in to My Rewards, access myTechUB at mytechub.jpmorganchase.com from any device with an Internet connection to reset your Single Sign-On (SSO) password.

Former employees

You can access MyPension by contacting AccessHR on 0207 134 0606 for a password and then visiting: https://myrewards.jpmorganchase.com
By using your User ID and password (which was originally sent separately to your home address when you left J.P. Morgan) at:
https://epa.towerswatson.com/doc/JMC/login.htm

Contact the Plan’s administrator

If you’re not able to get all the information you need from the MyPension website, you should contact Willis Towers Watson, the Plan’s administrator.

By post: J.P. Morgan UK Pension Plan, Willis Towers Watson, PO Box 545, Redhill, Surrey RH1 1YX

Phone: Dedicated helpline: 01737 227589 (Monday to Friday, 9am to 5pm)
Fax: 01737 241496
Email: jpmukpension@willistowerswatson.com

Please note that when you contact the Plan’s administrator, you will be asked a number of security questions to validate your identity. One of these checks will be to confirm your National Insurance number, so please try to have this at hand when you call the helpline.

General Data Protection Regulation 2018

To run the Plan, we will collect and use your personal information for a range of purposes, including:

- To communicate with you in relation to your benefits and contributions and to circulate member-targeted communications
- To handle requests for transfers and allocation of death benefits in respect of both active and deferred members and to make disclosures at your request
- To deal with your enquiries and any complaint you may have
- To manage and govern the Plan, which includes the processing of nomination forms, member tracing and the making of disclosures to J.P. Morgan group of companies
- To comply with legal and regulatory reporting requirements (in particular in relation to the Pensions Regulator) and to assist with the investigation or prevention of crime and fraud

It’s important to know that we may also need to process sensitive personal data about you such as health data in the context of ill-health or incapacity cases. To make it easier for you to find out more about how we collect and use your personal information, we’ve created a ‘Privacy Notice’. Please read the full Privacy Notice available on MyPension and MyPensionTools. If you would like a hard copy of the Privacy Notice issued to you by post, please call the Plan’s administrator.

The Privacy Policy and any changes to the Privacy Notice will be reviewed from time to time to ensure they remain compliant with the relevant laws. We will let you know if any changes are made.

Your future. Your choice.