

YOUR *pension*  
YOUR *future*  
YOUR *way*



# ***YOUR PENSION INVESTMENT GUIDE***

*IT'S YOUR **JOURNEY**  
IT'S YOUR **CHOICE***

Picture yourself at retirement — **04**

Understanding the investment basics — **08**

Your investment choices — **13**

How to make your selection — **17**

*JUNE 2024*

## **10 SECOND SUMMARY**

What do you need to know? This investment guide helps explain your pension investment choices. You need to decide:

- 1.** How much to put into your pension.
- 2.** Roughly when you want to retire.
- 3.** Where to invest your pension.

When you are ready, turn to page 17 to find out how to make your selections.

# **CHOOSING THE RIGHT ROUTE FOR YOUR INVESTMENTS**

Apart from owning a home, your pension could be the biggest investment you make in your lifetime. It's important to understand how investments work so that you can invest your retirement account wisely.

The Michelin Pension and Life Assurance Plan (the Plan) provides you with a simple and cost effective way to save for your retirement. But it's your pension, your future, and your choice.

We want to help you make the right choices for your future and this guide has been designed to walk you through the sorts of things you should consider when choosing your investments – like your retirement savings goals, your attitude to investment risk and how much control you want over your investments.

Take the time to read this guide carefully, and don't forget to review your investments regularly to ensure you are on track to achieving your goals. If you need help in making your decisions, you can speak to an independent financial adviser (see page 14 for more information).



## **DO YOU HAVE TO CHOOSE AN INVESTMENT OPTION?**

We appreciate that you might not want to (or feel able to) make a decision, so you don't have to! We've designed the Plan so that if you don't choose, your pension will automatically be invested in Journey Plan 2 with a target retirement age of 65. Read page 8 for details.

**“WE WANT TO HELP YOU MAKE THE RIGHT CHOICES FOR YOUR FUTURE. ”**

# ***YOUR FUTURE STARTS HERE***

When it comes to choosing your investments, the journey does not need to be complicated. Use this path to find out where you need to go:

## ***Picture yourself in retirement***

It may seem like a long way off, but it's never too early to start thinking about your future. Consider your plans for retirement and how this influences your investment choices.

**04**

## ***Understanding the investment basics***

Discover the basics of investments to help you understand your options.

**07**

## ***Journey Plan funds – let someone else take the driver's seat***

Learn about the investment option that chooses the right funds for where you are in your life.

**08**

## ***Self select – take control of your investment journey***

Learn about the range of self select funds you can choose from.

**11**

## ***Your investment choices – which path will you take?***

Learn about the two key investment approaches you can take – Journey Plan or self select, or a mix of the two.

**13**

## ***Making your selection***

Find out how to choose your investment options.

**17**



### ***Your Plan has received an independent Pension Quality Mark***

The Michelin Pension and Life Assurance Plan has been awarded a Pension Quality Mark by the Pensions and Lifetime Savings Association. This means it is a high quality defined contribution pension plan and has met strict criteria relating to contribution rates, governance and communications.

# PICTURE YOURSELF IN RETIREMENT

Your future is in your hands. To achieve the lifestyle you want in retirement, you need some clear goals in place. Once you know what you want, you can find out if you are on track to achieve it or what you can do to make it happen.

## RISK AND REWARD

As with most things in life, you will generally get a better return if you take more risk. And this is the same with investments.

Generally, the higher the risk you take with your investments, the higher the potential for long term reward and vice versa.

Managing risk is about understanding when taking higher and lower investment risk is appropriate for you.

## Back to basics – how does your pension work?

Your Plan pension is a defined contribution pension. This means it works a bit like a savings account:

- You and the Company contribute to your retirement account.
- To help your savings grow, you invest your account.

The size of your retirement account when you retire will depend on how much money goes into your account and how your investments perform.



## Does your future look expensive?

When you think about your retirement, what do you see? A comfortable lifestyle with regular holidays and evenings out or a more modest lifestyle? What added costs might you have in retirement that you don't have now (e.g. healthcare costs)?

Think about how much you earn each year now and whether you think you will need more or less in retirement. You should also think about any other income you might get in retirement. For example, the Government could provide you with a State Pension each week in retirement. You can find out what your State Pension might be and when you can claim it on the Government's website [www.gov.uk](http://www.gov.uk)

When you are choosing your investments, it's a good idea to consider the income you want in retirement and how you plan to achieve it.

If you notice a gap between what you want and what you have got, changing your investment strategy, or the level of contributions to your pension, could make a big difference.

# YOUR PENSION

## **What will you need from your investments?**

To make your investment choice, you need to understand what you need from your investments and how you feel about investment risk (read pages 7 to 8 for more information). All investments involve some risk, but not all risk is bad. When it comes to investing, you need to make sure that managing risk does not distract you from the biggest risk to most members; falling short in your retirement savings.

You need to strike your own balance between the level of risk you are prepared to take and the return you need from your investments. Before you make your decision, make sure you consider:

- How far away from retirement you are.
- How much you can afford to contribute to your retirement account.
- Whether you have other savings outside of your pension.

Using the investment options available to you through this Plan, you should be able to find an option that helps you reach your goal, whilst offering a level of risk that you feel comfortable with.

## **When do you want to retire?**

We all dream about a long and happy retirement, but do you have enough time (and money) to make this dream a reality?

If you have more than ten years before you plan to retire, you may have time to ride out any ups and downs in the stock markets and benefit from higher risk investments. However, if your time frame is shorter (e.g. less than five years) you will have less time to recover any short term losses.

## **When can you take your Plan pension?**

The Normal Retirement Age of the Plan is 65. However, you can retire and start taking your pension benefits from age 55\* with the Company's permission and you can also choose to work past age 65. You do not need the Company's permission to retire after age 60. Remember, you need to make sure you have enough money to do all of the things you want to when you retire. If you choose to invest in a Journey Plan fund you'll need to select a target retirement date within a five year range so that your savings are likely to be invested in the right way for when you want to retire.

*\*The Government has increased the minimum retirement age to 57 for anyone retiring on or after 6 April 2028.*

## **SEE YOUR FUTURE**

Do you know what your current retirement account will get you in retirement? How would changing your contributions change this outcome?

Simply log in to Member Online via [www.pensions.michelin.co.uk](http://www.pensions.michelin.co.uk)

If you have forgotten your username or password, simply follow the instructions on the Member Online log in pages.

# START PLANNING ***YOUR FUTURE, YOUR WAY***

## ***WHEN DO YOU WANT TO RETIRE?***

Do you plan on retiring as early as possible, or would you consider working longer to get a higher income?

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## ***WHAT DO YOU WANT TO DO?***

Think about what you want your retirement to look like – will you want to spend your savings on holidays or just living a simple life?

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## ***HOW MUCH WILL YOU NEED EACH YEAR?***

Think about the things you want to do in retirement. How much do you think this could cost you? Try adding it up!

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## ***ARE YOU SAVING ENOUGH?***

There are a number of resources you can use as a guide to the level of benefits you might expect including your annual benefit statement and the online 'What if?' calculator on Member Online at [www.pensions.michelin.co.uk](http://www.pensions.michelin.co.uk) – click on the yellow 'Login' button.

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## ***WHAT INVESTMENT OPTIONS COULD HELP YOU REACH YOUR GOALS?***

If you notice a gap between what you want and what you have got, your investment strategy could make a big difference.

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# UNDERSTANDING THE INVESTMENT BASICS

When it comes to investing, a little bit of knowledge can go a long way. Here are some investment basics to help you better understand your options.

If you wanted to save for a new car or a holiday, you might open a new savings account with a bank. In return for your savings, the bank will give you a rate of return, which will help your money to grow.

Investing your pension is a bit like this. However, rather than simply putting your money in a bank, you can invest your savings in different areas (like companies or property) to try and achieve a higher rate of return.

Choosing your investments gives you the opportunity to build the pension you want using investment options that appeal to you and meet your needs.

## Asset classes – your investment ingredients

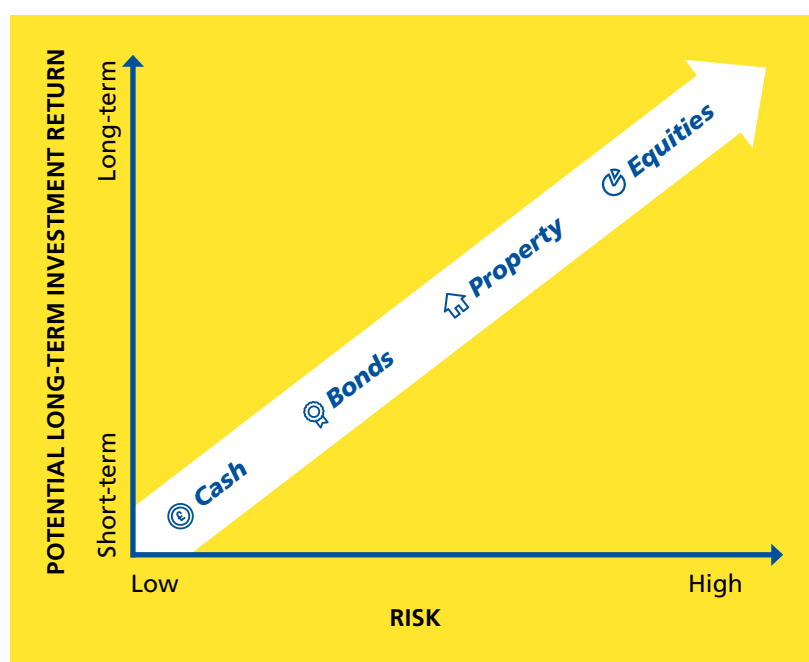
You can invest your savings into a number of different types of investments.

An asset class is a term used to group different types of investments together, like equities (e.g. company shares) or bonds. Each asset class used in our investment options has a different level of associated risk and return. For example, equities have historically been able to provide higher returns in the long term, but can move up and down a lot in the short term. The more the value of the asset varies, the more risky it is in the short term.

Investing in a mix of different asset classes could help you manage investment risk and the effect of volatility. This is known as diversification – see page 8.

## ASSET CLASS CHARACTERISTICS

 <b>Equities</b>	Made up of company shares traded on stock markets in the UK or overseas (e.g. BP or Apple).
 <b>Property</b>	This type of investment is in commercial property (e.g. shops and offices) rather than residential property.
 <b>Bonds</b>	Bonds are issued by a company or government looking to raise money. The bond is like a loan, paying interest each year and the loan is repaid when the bond matures (bonds issued by the UK Government are called “Gilts”).
 <b>Cash</b>	This works in a similar way to deposit accounts with a bank or building society and provides a return in the form of interest payments.
 <b>Other investments</b>	Some of the funds available can include other asset classes, including commodities (e.g. gold and oil), infrastructure (e.g. roads) and private equity (e.g. investments in start up firms).



# **JOURNEY PLAN**

## **LET SOMEONE ELSE TAKE THE DRIVER'S SEAT**

### **Should you put all of your eggs in one basket?**

You have probably heard the phrase 'don't put all of your eggs in one basket' and the same could be said for your pension investments.

By spreading your money across a number of different investments you can help manage the investment risk you take. This is known as diversification. The investment options offered by the Plan aim to provide opportunities for diversification – either across different equity markets or across different types of investment.

### **The risk behind low risk investments**

Investing in lower risk funds, such as cash, could mean that the value of your savings is less likely to fall and this could be useful if you are approaching retirement.

However, if you are a long way from retirement, lower investment returns could prevent your pension savings from keeping pace with the rising costs of living – let alone grow enough to provide a good income in retirement.

### **? WHY DOES THE PRICE OF MILK MATTER?**

In 1980 milk cost just 17p, but today it's more than 90p. Prices rise over time and this means you may need more money to pay for your future life.

That is why you need to invest your retirement account so it grows over time (and not just hide your money under your mattress!)

Are you happy to let someone else take you to your destination? Then here's what you need to know about our Journey Plan funds.

Journey Plan funds make investing a bit easier because you're letting someone else decide where your savings should be invested. The aim is to have your pension savings invested in a suitable place for when you are aiming to retire.

### **Choosing your target retirement date**

As we've explained on page 5, your Normal Retirement Date in the Plan is age 65 but you may be able to retire before then. Even though you may not know the exact date you plan to retire, you can choose a target retirement date which sits within one of the following five year retirement ranges:

<b>MID 2020 - MID 2025</b>	<b>MID 2025 - MID 2030</b>	<b>MID 2030 - MID 2035</b>
<b>MID 2035 - MID 2040</b>	<b>MID 2040 - MID 2045</b>	<b>MID 2045 - MID 2050</b>
<b>MID 2050 - MID 2055</b>	<b>MID 2055 - MID 2060</b>	<b>MID 2060 - MID 2065</b>
<b>MID 2065 - MID 2070</b>	<b>MID 2070 - MID 2075</b>	

Choosing a target retirement date doesn't mean you must retire on that date. It just affects the timing for automatically switching your pension savings into investments appropriate for how you may want to use them.

You can change your target retirement date if your expectations or circumstances change and there's no administration charge for switching to a different five year band for your retirement. (although if your change leads to a different mix of investments - e.g. it's less than 10 years from retirement - there may be costs involved in moving).

## How your savings are invested

The investment strategy in the Journey Plan funds follows four stages throughout your working life.

### Stage 1 - Growth

During this phase you are early enough in your career for your contributions to be invested largely in higher risk assets like equities and property. At this stage, you're a long way from your retirement so you can afford to invest in things that could move up and down in the short term but are expected to give you the highest returns over the long term above inflation.

### Stage 2 - Approaching retirement

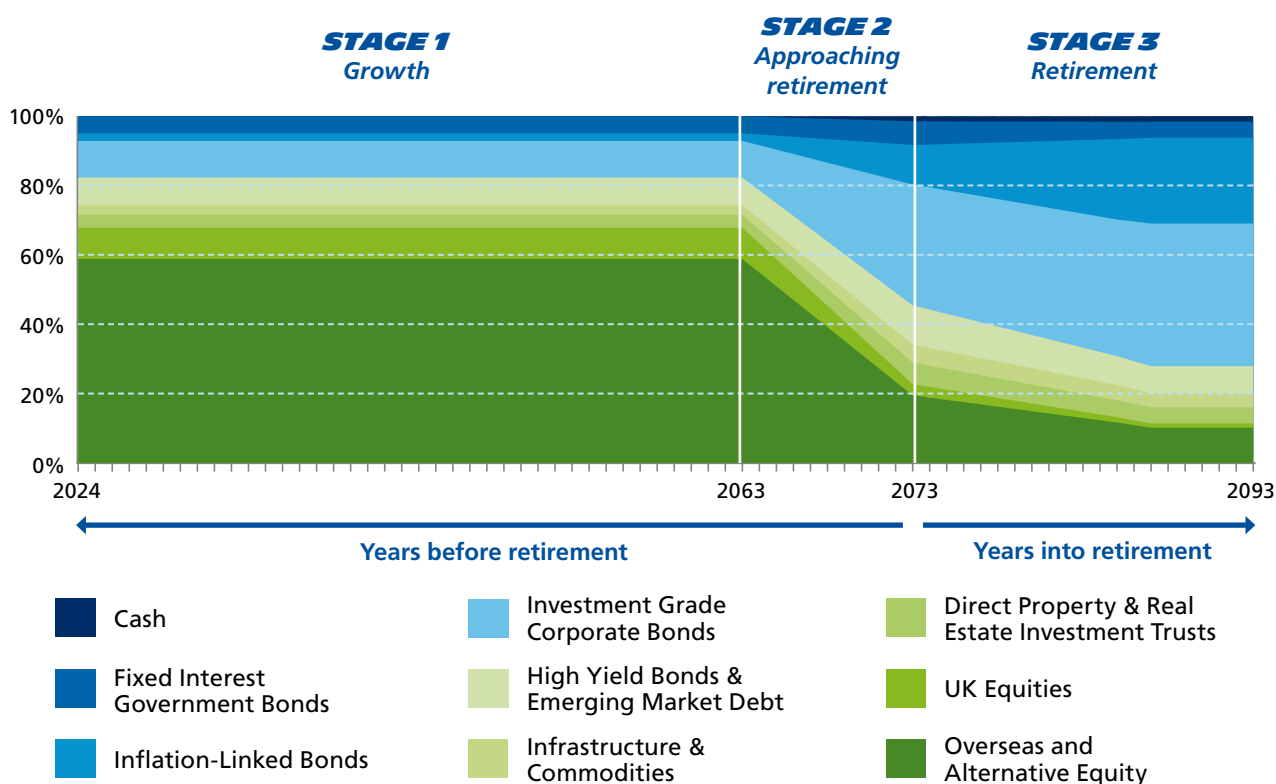
A large proportion of your pension savings is about to be – or already has been – switched into assets such as bonds that are likely to move up and down less than assets like equities in the short term (although this might not always be the case). Although your savings are less likely to grow by as much as they did before, they are also less likely to suddenly fall in value as you approach retirement.

### Stage 3 – Retirement

You may want to take part or all of your money from your pension pot straightaway. Alternatively, you might not have decided yet how you're going to take your pension pot or when. Either way, the Journey Plan funds will continue to manage investments so that you can stay invested and draw your benefits directly from the funds if you wish. Please refer to page 16 for more information on the different types of income you may wish to take when you retire.

This chart shows the Journey Plan 2 breakdown of investments for a member planning to retire between 1 July 2070 and 30 June 2075. This breakdown will vary for different Journey Plan 2 funds, depending on your selected retirement date.

For a breakdown of the assets currently held by the Journey Plan Fund in which you're invested, please see the online fund factsheets at [www.pensions.michelin.co.uk](http://www.pensions.michelin.co.uk).



Source: Legal & General

## What are your Journey Plan fund choices?

There are two different Journey Plan funds:

### ➤ Journey Plan 2

For those who have a long term view of investment risk in retirement with a view to getting a higher level of return by leaving their savings invested and withdrawing the money as and when they need it

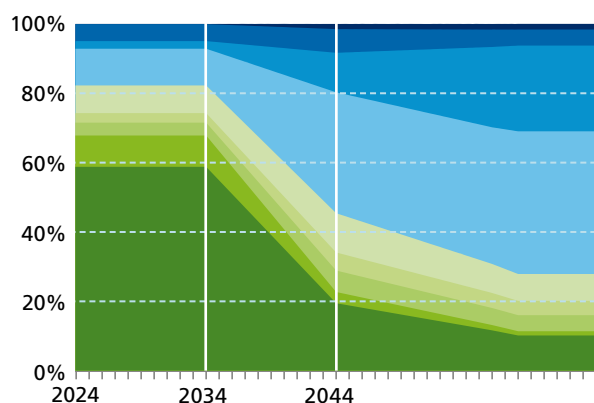
### ➤ Journey Plan 4

For those who have other pension income and wish to take their Plan savings as cash. This option is unlikely to be suitable for anyone aiming to retire after 2030.

**If you choose Journey Plan 2** some of the investments in the run up to retirement will gradually be moved into more stable assets such as bonds and some will remain in slightly higher risk, higher return assets. This means that close to your target retirement date the funds will include a roughly equal amount of steady growth type assets and more stable assets.

Here's an example of how this works for a member invested in Journey Plan 2 with a retirement date between 1 July 2040 and 30 June 2045.

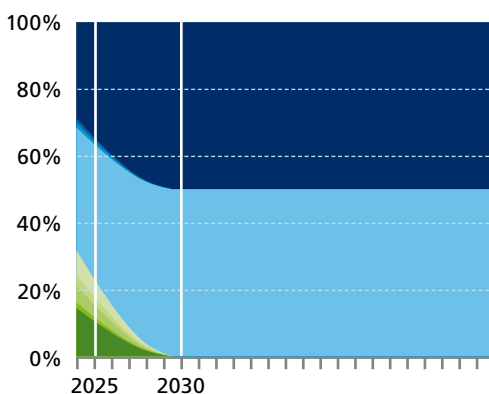
#### Journey Planner 2



**If you choose Journey Plan 4** all the investments in the run up to retirement will gradually be moved into more stable assets such as cash and other stable short term investments. This means that the fund is invested in the most appropriate way for someone who plans to take most of their fund as cash in retirement. This option is unlikely to be suitable for anyone aiming to retire after 2030.

Here's an example of how this works for a member invested in Journey Plan 4 with a retirement date between 1 July 2025 and 30 June 2030.

#### Journey Planner 4



Source: Legal & General

## If you want to invest all or some of your contributions in a Journey Plan fund you will need to:

- 1 Choose which Journey Plan fund to invest in depending on what you might want to do at retirement with your savings
- 2 Choose your target retirement date from one of the five year bands (you can change this at a later date)
- 3 Review your selection regularly to make sure that it's still right for you

When you are ready, turn to page 17 to find out how to make your selections.

# **SELF SELECT**

## **TAKE CONTROL OF YOUR INVESTMENT JOURNEY**

With self select funds, you are in control of your investments. Here is what you need to know about this tailored approach.

Using the self select option, you can create your own investment strategy from the full range of funds. Before you self select your investments, ask yourself what you are looking for in an investment fund:

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### **What is your attitude to investment risk?**

Your attitude to investment risk is personal and can change as you get older.

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### **How many funds do you want to invest in?**

Investing in more funds and/or different asset classes could help you manage your investment risk. You can invest in any number of the funds on offer. See page 7 for details.

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### **What performance are you hoping to achieve?**

Some funds aim to deliver higher returns than others, although they generally do this by investing in higher risk funds. The risk and return ratings of our funds can be found on page 12.

Remember, all investments can go down as well as up, so make sure you are comfortable with the level of risk you are taking.

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### **The self select fund range**

When you are ready to make your selection, the investment funds you can choose from are shown below.

These ratings have been suggested by our investment advisers Hymans Robertson LLP to help you better understand your investment choices. This means they may not directly reflect the risk ratings applied by the investment managers. We recommend you read the detailed fund factsheets available via the website for the most up to date risk ratings.

### **Want more information on the self select funds?**

You can view more details about each fund by reading the factsheets available on the website at [www.pensions.michelin.co.uk](http://www.pensions.michelin.co.uk). Choose the yellow 'DC' button on the landing page and then login to Member Online.

To make your selection when you first join, use your Fund Switch form. To update your selection simply:

- Request a Fund Switch Form from your Personnel / Human Resources Department.
- Use the online switch form available by logging into Member Online via [www.pensions.michelin.co.uk](http://www.pensions.michelin.co.uk)



### **What is active and passive management**

Passive fund managers (often called 'trackers') aim to achieve returns in line with the average in its type by investing in all of the available stocks listed on a stock market index.

Active fund managers aim to outperform this average by analysing the available stocks and identifying those that they believe will deliver higher returns.

## RATINGS KEY



## ASSET CLASS



Fund	Asset classes	Management style	Long-term return	Risk of ups and downs	Charges (% of fund each year)*
<b>Equity funds</b>					
Michelin UK Equities - Passive Fund	Equities	Passive	Low long-term return	High short-term return	0.15%
Michelin Global Equities - Passive Fund	Equities	Passive	Low long-term return	High short-term return	0.23%
Michelin Global Equities Environmental, Social and Governance Fund	Equities	Passive	Low long-term return	High short-term return	0.25%
Michelin Emerging Markets Fund	Equities	Active	High long-term return	High short-term return	1.20%
<b>Ethical funds</b>					
Michelin Ethical Global Equities Fund	Equities	Passive	Low long-term return	High short-term return	0.30%
Michelin Shariah Fund	Equities	Passive	High long-term return	High short-term return	0.45%
<b>Diversified funds</b>					
Michelin Diversified Growth Fund	Equities, Cash, Property, Bonds, Other investments	Active	Low long-term return	Low short-term return	0.45%
Michelin Balanced Fund	Equities, Property, Bonds	Passive & active	Low long-term return	Low short-term return	0.37%
<b>Property funds</b>					
Michelin Property Fund	Property	Active	Low long-term return	Low short-term return	0.85%
<b>Bond funds</b>					
Michelin Inflation Linked UK Government Bond Fund	Bonds	Passive	High long-term return	Low short-term return	0.15%
Michelin Long Dated UK Government Bond Fund	Bonds	Passive	High long-term return	Low short-term return	0.15%
Michelin Corporate Bond Fund	Bonds	Active	High long-term return	Low short-term return	0.41%
<b>Cash funds</b>					
Michelin Money Market Fund	Cash	Active	High long-term return	High short-term return	0.19%

Source: Legal & General

\*These do vary from time to time. You can find current factsheets about each fund online. Simply go to [www.pensions.michelin.co.uk](http://www.pensions.michelin.co.uk), choose the 'DC' button and click on 'Login'.

# YOUR INVESTMENT CHOICES

## WHICH PATH WILL YOU TAKE?

Once you have considered your investment needs, it's time to look at the options available.

You can choose to invest your contributions in the following ways:

- Journey Plan funds which will manage your investments for you
- Self select funds where you choose the investment funds you want to invest in
- Or a mix of the two approaches.

To help you consider your options, tick yes or no for each question to the right and count up your results.

If you ticked mostly yes, the Journey Plan funds may suit you. If you ticked mostly no, you may prefer to create your own investment mix from our range of self select funds.

Are you uncomfortable making investment decisions?

YES

☐

NO

☐

Are you happy to have investments chosen and managed on your behalf?

YES

☐

NO

☐

Do you find investments confusing and hard to understand?

YES

☐

NO

☐

Are you uncomfortable managing your own investment risk?

YES

☐

NO

☐

Would you prefer a strategy that gradually moves you to lower risk investments as you approach retirement?

YES

☐

NO

☐

**TOTAL**

YES

☐

NO

☐


## DO YOU NEED HELP?

If you are not sure about how best to plan your future, there is help at hand. Visit our website at [www.pensions.michelin.co.uk](http://www.pensions.michelin.co.uk) and you will find some great resources:

- A copy of your member guide - Your Pension Choices Explained - and other useful publications.
- Access to Member Online where you can log in to check your account and use the eValue Retirement Planning tool.

The Trustee has secured the services of Origen who understand how the Michelin Plan works. You can find more information about Origen in their Help at Hand leaflet, which is available to download from the online library on the Plan's website at [www.pensions.michelin.co.uk](http://www.pensions.michelin.co.uk). Or you can go to [www.vouchedfor.co.uk](http://www.vouchedfor.co.uk) to find a list of local financial advisers. In either case, you will be responsible for agreeing and paying the adviser's professional fees. The Trustee cannot offer you financial advice.



## **MIKE'S WAY – JOURNEY PLAN**

Mike is 30 years old and expects to retire at 60.

Mike is not very interested in investments and would prefer that someone else manages them for him.

After considering his options, he has decided to choose Journey Plan 2. Mike will need to select the right five year target retirement date range for his Journey Plan fund to match his desire to retire at 60.

He plans to review his investments in 12 months (when he receives his next annual benefit statement) so that he can make sure he is on track to achieve his goals.

## **COMPARE YOUR OPTIONS**

Use the table below to compare the Journey Plan and self select approaches and find out which could suit you or if a mix of the two would give you the balance you want. More details can be found on pages 8 to 12.

	<b><i>JOURNEY PLAN</i></b>	<b><i>SELF SELECT</i></b>
<b><i>WHAT DOES IT INCLUDE?</i></b>	An investment strategy that moves your investments gradually (and automatically) from higher to lower risk investments as you approach retirement.	You create your own investment portfolio from the range of 13 self select funds, choosing those that best suit your needs and attitude to investment risk.
<b><i>WHO MAKES THE DECISIONS?</i></b>	LGIM chooses the asset mix.	You decide on the asset mix, but the Trustee decides on the investment managers.
<b><i>WHAT SHOULD YOU CONSIDER?</i></b>	The Journey Plan approach will switch investments automatically as you approach retirement. Switching is not driven solely by the performance of the different markets or funds. This means you could be switched from funds that are performing well (at the time) to funds that perform less well.	If you don't regularly review your funds – particularly as you approach retirement – you may find that the value of your pension account falls and you are left with a lower pension income than you might have expected.
<b><i>WHAT WOULD YOU HAVE TO DO?</i></b>	<p>You need to decide on a target retirement date within a five year range to choose the right Journey Plan fund for you. It doesn't mean you have to retire at that time. It affects the timing for automatically switching your pension savings into investments likely to be appropriate for how you might use them. So you also need to decide what sort of benefits you think you will want at retirement and how much investment risk you are willing to take.</p> <p>You still need to review your pension regularly to check it is helping you achieve your savings goals.</p>	<p>You need to consider your savings goals, attitude to investment risk and investment timeframe, and select the funds that you believe will suit your needs.</p> <p>You still need to review your strategy regularly to check it is helping you achieve your savings goals.</p>



### **EMMA'S WAY – SELF SELECT**

Emma is 35 years old and has 30 years left until she plans to retire. She finds investing exciting and wants to choose where she invests her savings.

After considering her options, she has decided to invest her pension in an equity fund – the Michelin UK Equities fund. To choose this fund, Emma will need to complete a “Switch and Redirect Investments” form and state the percentage she wants to invest in this fund. She could choose to invest in more than one fund if she wanted.

She plans to review her investments in 12 months (when she receives her next annual benefit statement) so that she can make sure she is on track to achieve her goals.

#### **WHERE CAN YOU FIND OUT MORE?**

##### **JOURNEY PLAN**

Read the Journey Plan funds section on pages 8 to 10 or speak to an IFA.

##### **SELF SELECT**

Read the self select fund section on page 11 and 12 or speak to an IFA.

#### **WHAT ROLE WILL THE TRUSTEE HAVE?**

The Trustee will monitor the suitability of the Journey Plan funds just like it does the self-select funds (see opposite). Changes in where the Journey Plan funds are invested are made by the fund manager.

The Trustee will not make any other decisions on your behalf.

The Trustee will monitor the self select funds to make sure they are being well managed and delivering their expected performance. In some circumstances, the Trustee may decide to make changes to the manager of the fund but it will not make any other decisions on your behalf (e.g. it will not switch you out of equity funds if markets are performing poorly).

## WHAT TYPE OF INCOME DO YOU WANT WHEN YOU RETIRE?

When you retire, you can use the money you have saved in a number of different ways. You can choose to take a retirement income and exchange up to 25% of the value of your account as cash (currently tax free). Or you could take all of your account as cash (again, with 25% of this tax free). Or you could keep your savings invested and withdraw an income as and when you need it.

Whatever you choose will play a part in the investment decisions you make today. The future is uncertain and you don't have to decide which income is right for you now (unless you're retiring soon). However, we recommend you keep this in mind and keep reviewing your investment choices. Here are the three key types:

INCOME DRAWDOWN	TAXED CASH	ANNUITIES
<p>Income drawdown keeps your account invested throughout your retirement. To take this option you would transfer your savings into an individual pension arrangement of your choice, once you retire (your savings would not stay in the Plan once you have retired). Each year, you can withdraw some of your income and leave the rest invested. This means that if your chosen investments perform well, your savings can continue to grow. However, because your account will continue to be invested, there is less need for you to start protecting the value of your account. After all, your savings could be invested for many decades to come!</p> <p>Journey Plan 2 has been designed with this in mind. In the run up to retirement your savings will be invested in a mix of lower risk investments such as bonds and higher risk investments such as equities for the long term investment view you would be taking with this option.</p>	<p>Under this option you would take your entire fund as cash. No further benefits would be payable from the DC section. If you only have a very small retirement account balance, it may not be worthwhile buying an annuity or taking income drawdown. You can take all your DC savings as cash at retirement (subject to tax at your highest marginal rate on the excess over the 25% tax free element). Many members of the DB Section choose to use the money in their DC account to finance their cash lump sum. See the 'Special Arrangements for DB Section Members' item below for more detail on this.</p> <p>Journey Plan 4 has been designed with this in mind so your savings will gradually be switched to cash and other short term investments to stabilise the value of your savings in the run up to retirement.</p>	<p>An annuity is a regular retirement income purchased from an insurer of your choice, which pays you an income for life. The amount of income you receive will depend on how much money you have on the date you buy it and what it costs to buy a pension at that date (the cost can go up and down significantly).</p> <p>If you plan on purchasing an annuity, you need to ensure your savings don't lose their buying power as you approach retirement. For example, if the stock markets crash just before you retire and you are invested in equities, you will not have as much money to buy your annuity.</p> <p>The Journey Plan funds aren't designed to provide this kind of income in retirement. If you're in the Journey Plan fund you would need to review your options in the 10 years to retirement to make sure you were invested in the right kind of funds like bonds and cash to prepare for buying an annuity.</p>

### Special arrangements for DB Section members

Remember, when you retire you can take a tax free cash lump sum worth up to 25% of the total value of all your retirement benefits. This includes the value of any benefits you may have built up in the DB Section of the Plan. To take a cash lump sum at retirement from the DB Section, you can exchange some of your annual retirement income for cash. However, many members of the DB Section of the Plan finance most or all of their tax free lump sum from their DC savings and then receive most (or all) of their pension from the DB section, rather than buying an annuity with their DC savings. Journey Plan 4 is designed for such people.

For more information read your member guide - Your Pension Choices Explained - available from [www.pensions.michelin.co.uk](http://www.pensions.michelin.co.uk).

**“THERE ARE A NUMBER OF DIFFERENT RETIREMENT INCOMES YOU CAN CHOOSE FROM AND YOUR CHOICE MAY PLAY A PART IN THE INVESTMENT DECISIONS YOU MAKE TODAY.”**

# ***MAKING YOUR SELECTION***

When you are ready, it's easy to make your selection.

## **STEP 1**

### **REVIEW YOUR CHOICES**

If you are an existing Plan member, you can review your investment choices by reading your latest annual benefit statement or by logging into Member Online via [www.pensions.michelin.co.uk](http://www.pensions.michelin.co.uk)

## **STEP 2**

### **READ THE FUND FACTSHEETS**

To find out more about each fund, including its investment strategy, where it invests, and what it aims to achieve, read the factsheets available by logging into Member Online via [www.pensions.michelin.co.uk](http://www.pensions.michelin.co.uk)

## **STEP 3**

### **SEEK HELP – IF YOU NEED IT**

This is an important decision, and one you should be confident about before making. Go to [www.vouchedfor.co.uk](http://www.vouchedfor.co.uk) to find a list of local financial advisers or consult Origen (see page 14). In either case, you will be responsible for agreeing and paying the adviser's professional fees. The Trustee cannot offer you advice.

## **STEP 4**

### **MAKE YOUR SELECTION**

Finally, to make or update your selection simply:

- Use your Enrolment form (if you are just joining the Plan).
- Request a Fund Switch Form from your Personnel / Human Resources Department.
- Use the online switch form available by logging into Member Online via [www.pensions.michelin.co.uk](http://www.pensions.michelin.co.uk) and choosing 'DC' and clicking on the yellow 'Login' button.



### **CONTACT US**

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### **IMPORTANT POINTS TO REMEMBER**

This guide should be read alongside the Michelin Pension and Life Assurance Plan member and investment guides available at **[www.pensions.michelin.co.uk](http://www.pensions.michelin.co.uk)**

This communication is for information only. It does not take into account your personal circumstances and does not constitute financial advice. Neither the Trustee, the Company, nor the Plan administrators can provide you with financial advice. If you are unsure as to what action to take we strongly recommend that you seek financial advice. If you have any questions about your investment options, contact the Plan's administrators on 0344 3912 422. For a list of advisers visit **[www.vouchedfor.co.uk](http://www.vouchedfor.co.uk)**. Please be aware that you may be charged a fee for any advice.

Please note the value of investments, and income from them, may fall as well as rise. This includes equities, government or corporate bonds, and property, whether held directly or in a pooled or collective investment vehicle. Investments in developing or emerging markets may be more volatile and less marketable than in more established markets such as Europe or North America. Exchange rates may also affect the value of an overseas investment. As a result, an investor may not get back the amount originally invested. Past performance is not necessarily a guide to future performance.