Vanguard

VANGUARD PERSONAL PENSION LAUNCHES DRAWDOWN PROVISION FOR RETIREMENT INVESTORS

- The Vanguard Personal Pension is now open to those who wish to take payments from their pensions ("drawdown"). There are **no** additional charges for drawdown.
- An investor in drawdown with the median UK pension pot (£210,000) has the potential to save £7,168 more through the Vanguard Personal Pension versus the highest cost drawdown provider on the market[1], over ten years.
- A 0.15% account fee capped at £375 a year covers **all** accounts in an investor's name on Vanguard Personal Investor, including SIPP, ISA and general account.
- Investors have access to 78 high-quality, low-cost, broadly diversified funds and Exchange Traded Funds (ETFs).

30 November 2020 – The award-winning Vanguard Personal Pension, a Self-Invested Personal Pension (SIPP)[2], launched earlier this year to make saving for retirement simpler and less expensive, is now open to investors who wish to take payments from their pension. The Vanguard Personal Pension is designed to give value to investors at every stage of their investment journey, from those starting out, to those relying on their investments to afford a comfortable life in retirement.

The Vanguard Personal Pension is available through Vanguard UK Personal Investor (www.vanguardinvestor.co.uk). Investors have access to 78 high-quality, low-cost, broadly-diversified funds and ETFs, including Vanguard's popular LifeStrategy and Target Retirement Fund ranges.

Sean Hagerty, Head of Vanguard, Europe comments,

"An individual's savings often represent a lifetime's effort, yet too many retirees continue to lose out on their own hard work to high fees and charges. Fees can have a sizeable impact on investment returns, and consequently on quality of life in retirement.

[1] Independent analysis by *Platforum*

[2] Which? Recommended Provider, 2020 for Self-Investment Personal Pensions

"Particularly in a time when economic conditions might be difficult, investors are best served by focusing on what they can control. Nobody can control the markets, but they can control what they pay to invest.

"At Vanguard, we aim to make this as easy as possible, through a service that is convenient, effective, and competitively priced."

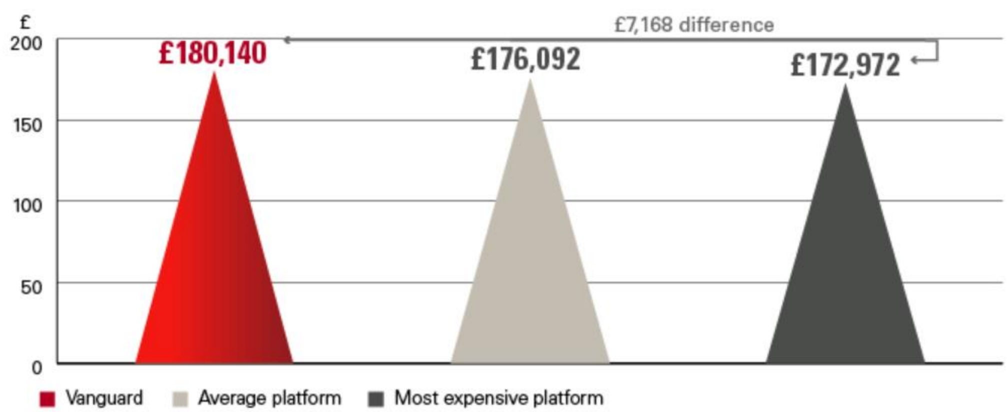
Keeping costs low is key to investment success

Vanguard commissioned independent research company Platforum, to calculate the Vanguard Personal Pension's competitiveness compared with SIPPs offered by 13 other leading platforms, across a range of investment scenarios, in both the accumulation and drawdown stages.

Example 1: Fees in drawdown – median UK pension pot (£210,000)[3]

Platforum looked at the fees across UK platforms for an investor with the median UK pension pot of £210,000, invested in one of Vanguard's single-fund retirement solutions – a Vanguard Target Retirement Fund. The research assumed investment growth of 4% a year (after fees and charges), a pension drawdown of £10,000 per year (after fees and charges) through regular monthly withdrawals and one ad-hoc withdrawal per year.

After 10 years in these circumstances, an investor in the Vanguard Personal Pension would have a portfolio of £180,140 remaining. That's £7,168 more than if invested in the most expensive SIPP in the market, and £4,048 more than the average.



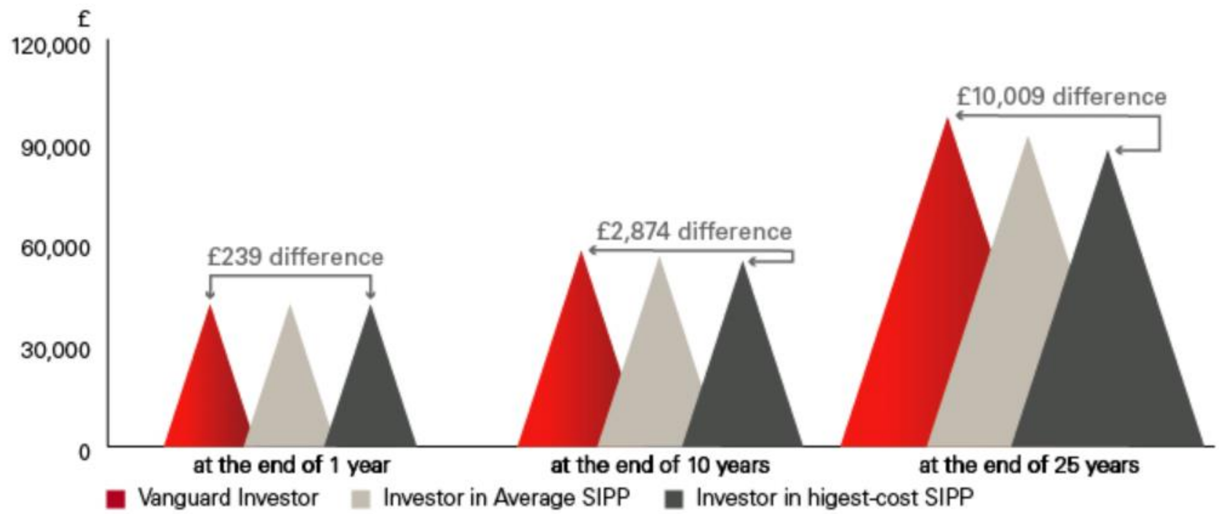
Source: Platforum data and analysis as at November 2020.

[3] Based on the median pension in payment for a 65 to 69 year old (Pension Wealth: Wealth in Great Britain, ONS, February 2018)

Example 2 (a): Fees throughout investment journey – accumulation

The potential impact of SIPP fees over an investment lifetime is considerable. Take, for example, a 43-year-old looking to invest a pension pot of £40,500 for retirement (median pension pot for a British investor not yet in drawdown). Imagine they invest through a SIPP in the Vanguard Target Retirement Fund 2045 and retire 25 years later at the state pension age of 68, having earned a return of 4% per annum on their investments.

In this scenario, by investing via the Vanguard Personal Pension they would have accumulated a pot of £96,940. That's **£10,009** more than the same investment held in the highest-cost SIPP on the market.

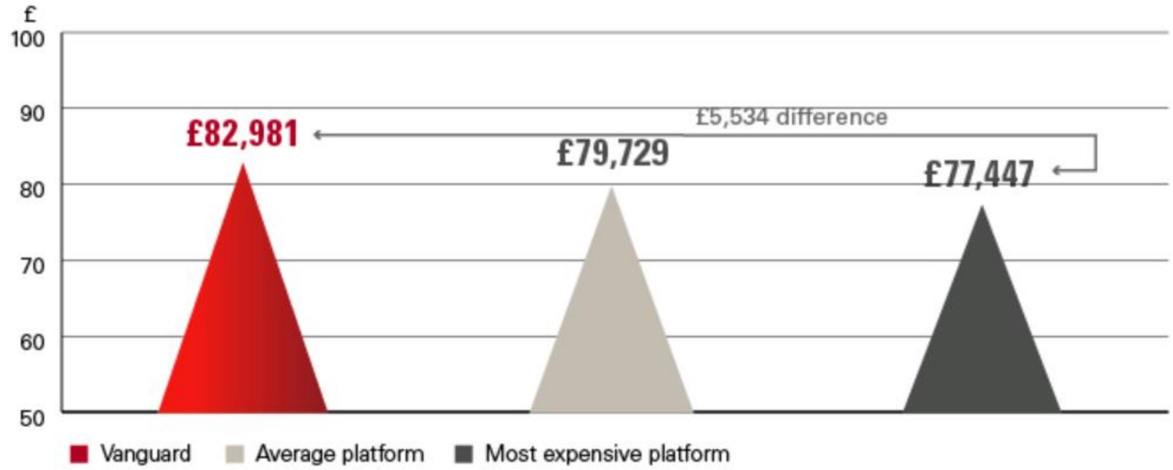


Source: Platforum Data and Analysis as at November 2020.

Example 2(b): Fees throughout an investment journey – drawdown

Now assume the same investor retires and starts to drawdown their pension. For ease of calculation, we will round up the size of their pension pot to £100,000. They remain invested in a Vanguard Target Retirement Fund and drawdown £5,000 from their pension per year (after fees and charges), through regular monthly withdrawals and one ad-hoc withdrawal per year. They make no additional contributions, and investment growth is 4% per year (after fees and charges).

After 10 years, investing via the Vanguard Personal Pension they would have £82,981 remaining. That's £5,534 more than the highest cost SIPP provider on the market, and £3,252 more than the average.



Source: Platforum data and analysis as at November 2020.

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Which? Recommended Provider

For two years running, the Vanguard Personal Investor has been named the top-rated investment platform for customer satisfaction and value for money in the UK by Which? the consumer champion.

We have also been named a Which? Recommended Provider in 2020 for Self-Investment Personal Pensions.

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Investment risk information:

The value of investments, and the income from them, may fall or rise and investors may get back less than they invested.

Eligibility to invest in a Vanguard Personal Pension depends on your individual circumstances. Please be aware that pension and tax rules may change in the future and the value of investments can go down as well as up, so you might get back less than you invested. You cannot usually access your pension savings or make any withdrawals until the age of 55.

Where your pension transfer is sent to us as cash, during this period you will be out of the market (not invested), so you could miss out on any increase in the value of your pension fund should the market rise.

If you are not sure of the suitability or appropriateness of any investment, product or service you should consult an authorised financial adviser. Please note this may incur a charge. Some funds invest in emerging markets which can be more volatile than more established markets. As a result the value of your investment may rise or fall.

Investments in smaller companies may be more volatile than investments in well-established blue chip companies.

The fund(s) may invest in financial derivative instruments that could increase or reduce exposure to underlying assets and result in greater fluctuations of the fund's Net Asset Value. Some derivatives give rise to increased potential for loss where the fund's counterparty defaults in meeting its payment obligations.

Vanguard Target Retirement Funds and Vanguard Lifestrategy ® Funds may invest in Exchange Traded Fund (ETF) shares.

ETF shares can be bought or sold only through a broker. Investing in ETFs entails stockbroker commission and a bid-offer spread which should be considered fully before investing.

Some funds invest in securities which are denominated in different currencies. Movements in currency exchange rates can affect the return of investments.

Funds investing in fixed interest securities carry the risk of default on repayment and erosion of the capital value of your investment and the level of income may fluctuate. Movements in interest rates are likely to affect the capital value of fixed interest securities. Corporate bonds may provide higher yields but as such may carry greater credit risk increasing the risk of default on repayment and erosion of the capital value of your investment. The level of income may fluctuate and movements in interest rates are likely to affect the capital value of bonds.

For further information on risks please see the “Risk Factors” section of the prospectus on our website at https://global.vanguard.com

Important Information

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For further information on the fund's investment policies, please refer to the Key Investor Information Document (“KIID”). The KIID for this fund is available, alongside the prospectus via Vanguard’s website https://global.vanguard.com/

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