



New investments for your Money Purchase Pension Pot

William Hill Pension Scheme
(Money Purchase section)

Introduction

The Trustee regularly reviews the Scheme's investment funds to try to ensure the investment choices available are appropriate for members' needs. As a result of the latest review, the Trustee has decided to make some changes to the default investment strategy and the range of investment options offered by the Scheme which we hope you will find helpful in your retirement planning.

These changes will be made automatically so you don't need to take any action.

However after the changes are made you can change your investment choices to meet your own retirement objectives.

Why the changes?

The current default investment strategy is the William Hill Default Lifestyle which is followed by members who have either actively chosen this option and by members who have not made an active choice for their pension investments in the Scheme. The strategy assumes that at retirement you will take 25% of your pension pot as a tax-free cash lump sum and use the remainder to buy an annuity in order to provide an income for the rest of your life.

You may have read in the press about the new pension rules ('Freedom & Choice') which were announced in last year's Budget and became effective from April 2015.

The most important changes are:

- From age 55 (57 from 2028) individuals will be able to access their pension pot in a way that suits their own circumstances.
- An annuity no longer needs to be purchased to secure an income in retirement.
- The current rules that allow members to take up to 25% of the pension pot as a tax-free cash lump sum continue.
- Individuals can choose to leave their pension savings invested and draw an income from these investments in retirement (income drawdown).

With the introduction of 'Freedom & Choice', the Trustee recognises that some members may now be looking to take all of their pension pot as a cash lump sum, rather than using 75% of it to purchase an annuity, so we are introducing a new Cash Lifestyle investment strategy.

Other members may still want to buy an annuity at retirement, so the Trustees have also reviewed the investment strategy aimed at this type of retirement benefit – the Annuity Lifestyle strategy.

Some members may wish to take advantage of the income drawdown option and the Scheme is introducing a Drawdown Lifestyle investment strategy to cater for this option. Please note, after retirement the Scheme does not offer an income drawdown facility. Therefore if you wish to take advantage of this option you will need to transfer your pension savings out of the Scheme at retirement to a suitable alternative arrangement that enables you to take income drawdown.

For members who prefer to adopt their own investment strategy for their pension savings we have updated the available self-select investment options.

What are the changes to the Default Lifestyle strategy?

Employee Pension Plan members

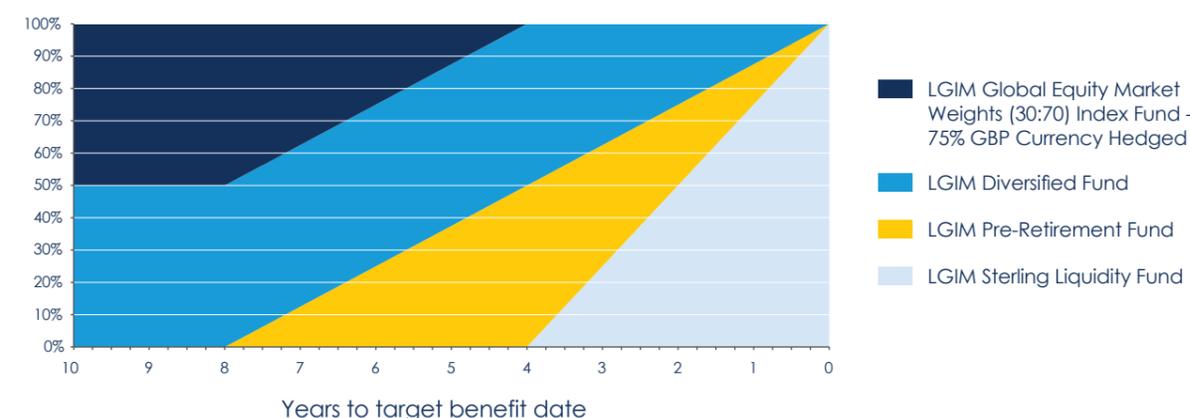
If you invest in the William Hill Default Lifestyle, from 1 October 2015, your pension pot will be transferred and invested in a new 'Cash Lifestyle' investment strategy that will target taking 100% of your pension savings as a cash lump sum at retirement.

How will this change affect me?

Cash Lifestyle

The Cash Lifestyle works in a similar way to the current William Hill Default Lifestyle, in that it involves automatically moving your pension pot investments from higher to lower risk assets the closer you get to retirement. The difference is that the Cash Lifestyle invests more in cash as you approach retirement as it assumes you will be taking 100% of your pension savings as a cash lump sum at retirement. The switching will take place over an eight year period (instead of five years).

The diagram below shows how your investments will change over the final ten years before your target benefit date:



Pension Savings Plan members

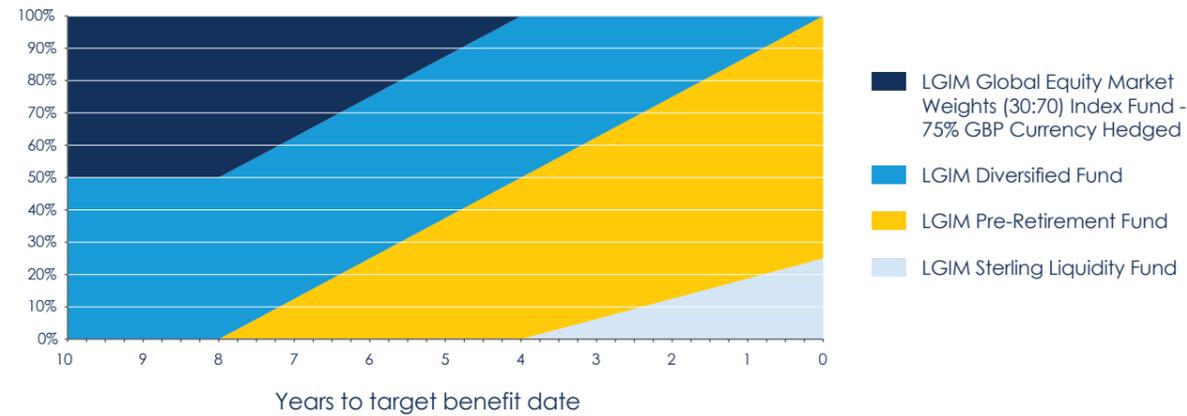
If you invest in the William Hill Default Lifestyle then, from 1 October 2015, your pension pot will be automatically invested in a new 'Annuity Lifestyle' strategy that targets annuity purchase and 25% tax-free cash at retirement.

Annuity Lifestyle

The Annuity Lifestyle also works in a similar way to the current William Hill Default Lifestyle, in that it involves automatically moving your pension pot investments from higher to lower risk assets as you approach retirement age.

The Annuity Lifestyle strategy assumes that you will still take 25% of your pension pot as a tax-free lump sum and use the remainder to buy a level annuity i.e. one in which the income does not increase each year in line with inflation. Your investments are switched over an eight year period (instead of five years) into cash and investments that are designed to perform broadly in line with changes to level annuity prices.

The diagram below shows how your investments will change over the final ten years before your target benefit date:



Drawdown Lifestyle

This Drawdown Lifestyle is designed for members who wish to keep their retirement savings invested and take an income in retirement through income drawdown; in other words by making regular, or ad hoc, withdrawals.

During the eight years before your target benefit date, your pension savings will be gradually switched out of equities and used to increase the holdings in the LGIM Diversified Fund along with the LGIM Pre-Retirement and Sterling Liquidity Funds. This is to reduce the potential volatility in the value of your pension pot as you approach retirement and also to facilitate taking 25% of your pension pot as a tax-free lump sum.

At your target benefit date, 50% of your pension pot will be invested in the LGIM Diversified Fund, 25% in the LGIM Pre-Retirement Fund and 25% in the LGIM Sterling Liquidity Fund.

Please note the Drawdown Lifestyle investment strategy is not a default option and must be actively selected by you. After retirement the Scheme does not offer an income drawdown facility. Therefore if you wish to take advantage of this option you will need to transfer your pension savings out of the Scheme at retirement to a suitable alternative arrangement that enables you to take income drawdown.

Do I need to do anything?

You don't need to take any action unless the changes made are not going to meet your investment or retirement objectives.

If you are an Employee Pension Plan (EPP) member and are invested in the Default Lifestyle your investments will be automatically changed to the Cash Lifestyle strategy.

If you are a Pension Savings Plan (PSP) member and are invested in the Default Lifestyle strategy your investments will be automatically changed to the Annuity Lifestyle strategy.

If you are an EPP or PSP member invested in the William Hill Alternative Lifestyle Option then your investments will be automatically changed to the Annuity Lifestyle strategy.

If you want to choose a different Lifestyle option e.g. you are an EPP member and wish to follow the Annuity Lifestyle strategy or a PSP member who wishes to follow the Income Drawdown Lifestyle strategy, you can do this at any time after these changes have been made. Please contact Group Pensions Department on 020 8918 3881 for more information about how to switch your investment choices.

Some members may not wish to adopt one of the Lifestyle investment strategies offered and prefer to select their own pension investment strategy. The Scheme offers a range of self-select investment choices for members who prefer this approach. As part of its review of the Scheme's money purchase arrangements the Trustee has made a number of changes to the range of self-select funds which are detailed in the table below.

You may wish to use this as an opportunity to review your investment choices and consider if they still suit your personal circumstances.

The table below shows the changes that are being made to the self-select investment options from October 2015. In some cases, there will be changes to existing funds, while other new funds will be added. The table also shows where there are changes, and the fund charges for the new range.

Current Self-Select Fund	TER * (%)	New Self-Select Fund	TER * (%)
Higher Growth Higher Risk Fund	0.150	Global Equity Market Weights (30:70) Index Fund – 75% GBP Currency Hedged	0.100
		50% Diversified Fund	0.260
Moderate Growth Medium Risk Fund	0.135	50% Global Equity Market Weights (30:70) Index Fund – 75% GBP Currency Hedged	0.100
UK Equity (5% Capped) Passive Fund	0.110	UK Equity (5% Capped) Passive Fund	0.110
Consensus Index Fund	0.150	Global Equity Market Weights (30:70) Index Fund – 75% GBP Currency Hedged	0.100
Overseas Equity Consensus Index Fund	0.250	Overseas Equity Consensus Index Fund	0.250
World Emerging Markets Equity Index Fund	0.450	World Emerging Markets Equity Index Fund	0.450
AAA-AA-A Corporate Bond All Stocks Index Fund	0.150	AAA-AA-A Corporate Bond All Stocks Index Fund	0.150
Over 5 Year Index-Linked Gilts Index Fund	0.100	Inflation-Linked Pre-Retirement Fund	0.125
Pre-Retirement Fund	0.150	Pre-Retirement Fund	0.150
Property Fund	0.700	Property Fund	0.700
Cash Fund	0.125	Sterling Liquidity Fund	0.125

*The TER is the Total Expense Ratio and is the total annual fee incurred by the member, but is variable. These are correct as at June 2015.

Please note that if you are invested in the Moderate Growth Medium Risk Fund self-select option, then your investment in this fund will be separated into two funds with 50% of your holding in the Diversified Fund and the other 50% in the Global Equity Market Weights (30:70) Index Fund – 75% GBP Currency Hedged. Future contributions will also be invested directly into the two underlying funds on the same 50% / 50% basis. There will be no automatic rebalancing of the two funds.

Additional Voluntary Contributions (AVCs) and Transfer Ins

If you make AVCs or have transferred benefits from a previous employer and invest them in the William Hill Default Lifestyle fund, they will be transferred as previously described.

What happens next?

In order to introduce the new investment funds, there needs to be a period of time when you will not be able to make any changes to your pension pot (which includes changes to the way it is invested). This 'blackout' period is to ensure that the switch is managed effectively.

This is planned from 10 August 2015 to 30 September 2015.

Please do not contact Capita (the Scheme Administrator) during this period unless you have an urgent query. You'll still be able to access your account online at <https://portal.hartlinkonline.co.uk/williamhill> to view your details.

If you are planning to retire between 10 August 2015 and 30 September 2015, please contact the Group Pensions Department as soon as possible to make these arrangements in advance of the blackout period.

Where can I get more information?

To find out your current investment choices you can either look back at your 2014 annual benefit statement, or by logging onto the secure area of Capita's member site via <https://portal.hartlinkonline.co.uk/williamhill>

Please note the site will be restricted during the blackout period.

Financial advice

Remember, by law the Trustee is not able to provide you with financial advice and this communication should not be read as doing so. Your investment choices remain your responsibility.

The Trustee simply wishes to ensure that you have the information you require to help you make the choice which is best for you.

You may, however, wish to seek the services of an FCA Regulated financial adviser. You can search for local advisors at www.unbiased.co.uk

The Trustee believes that all the changes being made are in the interests of the membership as a whole.

However, don't forget you can change your investment strategy at any time after these changes have been made.

Should you wish to discuss these changes further please do not hesitate to contact the Group Pensions Department on **020 8918 3881**.



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