

Pension Express AVC Special Edition

American Express UK Pension Plan

Welcome to this special edition of Pensions Express

In this special edition you will find information about the Plan's AVC investment fund range, how the funds have performed over the year ending 30 September 2017 and some recent changes to the funds.

This information is provided to you to help you review your AVC investment choices so that you can make sure they are right for you.

We have also highlighted some things to bear in mind when looking at your AVC annual benefit statement which is enclosed with this newsletter.

We recommend you read this special edition carefully alongside your statement and then check your AVC choices.

*The Trustees of the American Express
UK Pension Plan.*

Looking after your AVCs

The American Express UK Pension Plan (the Plan) is set up as a trust and looks after all benefits, including AVCs, that were built up while you were an active member of the Plan. Your benefits will remain in the Plan until you retire (or transfer out).

While you can't contribute any more AVCs to the Plan, you can still change your investment options in the Plan to ensure they remain appropriate for you. The Trustees continue to regularly monitor the funds and options you are offered for your AVC accounts. See page 2 for your investment options.

Remember: It is important to regularly review your investment selections to ensure they are still right for your circumstances.

More choice

Since April 2015 there has been more choice as to how you could take your benefits. These options are outlined in Prudential's annual benefit statement. However, if you want to take partial withdrawals or a tax free lump sum and flexible income, then you will have to transfer out of the American Express UK Pension Plan to do so.

Are you a Pre-96 member? Remember that the Plan offers Pre-96 members alternative annuity rates, which may differ from those available on the open market. This means your AVC benefits could be higher than those indicated by Prudential in your annual statement. See separate insert.

Contact Details

Plan administrators: If you have any questions about any aspect of the Plan, please contact either:

Conduent:

American Express UK Pension Plan
C/O Conduent HR Services (Bristol)
PO Box 319, Mitcheldean, GL14 9BF
amexadmin@conduent.com

Amex UK benefits:

UKBenefits@aexp.com

Changes to some of the AVC Funds

In the past 12 months, Prudential have updated some features of three of the AVC funds. This has not changed the risk rating or the annual management charge.

Discretionary Fund - New fund and performance objectives and a new benchmark measure.

Prudential Retirement Protection was renamed Prudential Long Term Gilt Passive and has a new fund objective.

From 1st January 2018 - The Long Term Growth Fund has a new fund and performance objective and a new benchmark measure.

More details are contained in the Guide to Fund Options on the Retirement Zone.

What are my AVC Investment Choices?

You can choose to invest your AVCs in one or more of the 14 funds currently on offer, or in the Prudential Lifestyle Fund that combines some of these.

We regularly monitor the performance of the funds and review the range of AVC investment options we offer. We may make changes if we consider this appropriate including adding or withdrawing funds from the range. The fund providers may also update or adjust certain underlying features of the funds from time to time. They can also change the annual management charge or “AMC” for each fund.

It is important that you review your investment choices regularly to check they are right for you, particularly if your circumstances or retirement plans change.

The 14 funds are described below.

| Fund | Type | Management style | AMC% |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|------------------|------|
| High Risk: These are specialist equity funds that focus on set geographical regions or a particular type of share e.g shares of smaller companies or those that conform to certain criteria. | | | |
| Prudential UK Equity | Equity | Passive | 0.40 |
| Threadneedle UK Equity High Alpha | Equity | Active | 0.85 |
| Threadneedle European Equity | Equity | Active | 0.81 |
| Medium to High Risk: These funds offer a diverse geographical spread of equity investment or have multi-asset strategies with a specific focus. The equity funds within this category will have greater overseas exposure and underlying volatility than the ‘medium’ sector. | | | |
| Prudential Long Term Growth | Equity | Passive | 0.40 |
| Prudential Overseas Equity | Equity | Passive | 0.40 |
| Threadneedle Adventurous Pathway | Equity | Active | 0.78 |
| Medium Risk: These funds may invest in multi-asset strategies with a higher weighting in equities (or with a significant derivative use), while funds investing mainly in property and, currently, government bonds (such as UK Gilts) are also in this category. | | | |
| Prudential Long Term Gilt | Gilts (+15yr) | Passive | 0.40 |
| Prudential Long Term Bond | Bonds/Gilts | Passive | 0.40 |
| Prudential Discretionary | Balanced | Active | 0.42 |
| Prudential Index Linked | Gilts | Passive | 0.40 |
| Threadneedle Balanced Pathway | Balanced | Active | 0.79 |
| Lower to Medium Risk: These funds may invest in corporate bonds or multi-asset strategies with a higher weighting in corporate bonds (and other comparable strategies). | | | |
| Prudential With Profits Fund | Balanced | Active | 1.00 |
| Threadneedle Cautious Pathway | Balanced | Active | 0.81 |
| Minimal Risk: These funds may invest in a combination of deposits, money market instruments and other types of interest bearing securities. | | | |
| Prudential Deposit | | Active | 0.00 |

Visit the Retirement Zone to get more information on Prudential’s funds

You can get more information about the full range of funds available to you, including the Lifestyle fund, and their charges and recent performance on the Retirement Zone which you can access at www.pru.co.uk/rz/amexavc. You can also get more general information about AVC investments with the Prudential, including the security of assets, on their main website www.pruetire.co.uk.

How have the Plan's investment funds performed?

Each fund has a benchmark. Passive funds are designed to track that benchmark, and active funds are designed to beat the benchmark. The recent performance of each of the funds is set out below:

Performance to 30th September 2017

| Fund Name | Last 12 months | | 3 Year Annualised | | 5 Year Annualised | |
|----------------------------------------|----------------|-----------|-------------------|-----------|-------------------|-----------|
| | Fund | Benchmark | Fund | Benchmark | Fund | Benchmark |
| Prudential Discretionary | 14.8 | 10.7 | 11.7 | 9.1 | 11.5 | 9.5 |
| Prudential Long-Term Gilt Passive | -6.2 | -6.3 | 9.5 | 9.5 | 7.0 | 6.9 |
| Prudential UK Equity Passive | 12.1 | 11.9 | 8.3 | 8.5 | 10.0 | 10.0 |
| Prudential Overseas Equity Passive | 16.9 | 17.3 | 14.4 | 15.0 | 14.4 | 14.3 |
| Prudential Long Term Bond | -3.6 | -4.5 | 9.5 | 9.1 | 7.7 | 7.3 |
| Prudential Long Term Growth Passive | 14.5 | 14.6 | 11.3 | 11.8 | 12.2 | 12.2 |
| Prudential Index-Linked Passive | -4.3 | -4.2 | 10.8 | 10.8 | 9.8 | 9.8 |
| Prudential Deposit | 0.3 | 0.3 | 0.4 | 0.4 | 0.5 | 0.4 |
| Threadneedle Adventurous Pathway Fund | 15.1 | 14.9 | 13.8 | 12.1 | 14.1 | 12.9 |
| Threadneedle Balanced Pathway Fund | 11.9 | 10.6 | 12.3 | 10.8 | 12.3 | 11.1 |
| Threadneedle Cautious Pathway Fund | 7.5 | 10.4 | 10.6 | 9.5 | 10.1 | 9.3 |
| Threadneedle European Equity Fund | 17.7 | 22.7 | 15.6 | 13.7 | 15.7 | 14.9 |
| Threadneedle UK Equity High Alpha Fund | 11.1 | 11.9 | 11.6 | 8.5 | 13.0 | 10.0 |

Investment performance figures can be found online at www.pruretire.co.uk

Members with AVCs invested in the Prudential With Profits Fund benefited from an increase of 14.5% (gross) in 2017. Bonuses are awarded once a year in February in respect of the previous year's investment returns. If you are invested in this With Profits fund, and want to transfer out, you should check if any Market Level Adjuster (MLA) would be applied.

How do I decide where to invest my AVCs?

Pensions are a medium to long-term investment and it is up to you to choose how to invest your AVCs in a way which best suits your retirement goals.

When deciding where to invest, there are a number of things you should think about. For example:

- When you want to retire
- How you want to use your AVCs when you retire
- How much risk you want to take
- What charges will be applied to your account

If you are unsure what investment choices are right for you, you should consider consulting an Independent Financial Adviser (or IFA). If you do not already have an IFA you can find out how to get one at www.moneyadvice.service.org.uk or www.unbiased.co.uk. You may also want to contact www.pensionwise.gov.uk which provides free and impartial guidance about defined contribution pension options such as AVCs.



Checking the charges

Each fund has its own “annual management charge” or “AMC”. Sometimes this is referred to as a “Total Expense Ratio” or “TER”. This is the level of charges you pay each year to invest in the fund. The charge is calculated as a % of the amount of money you have in the fund. This means that if you have £1,000 invested in a fund which has an AMC of 0.4% you will pay £4 in charges each year for that fund.

The fund provider will apply the charge by deducting the relevant amount from the value of your fund. Any charges will therefore directly affect the value of your AVC account.

The charges may change from time to time. You can check the up to date charges in the “Guide to Fund Options” in the literature library on the Retirement Zone.

How can I change my AVC investment choices?

Go to www.pruetire.co.uk or via the Retirement Zone www.pru.co.uk/rz/amexavc. Please note that there is generally no fee for switching investment funds at present. However, you may be impacted by the movements in underlying prices of funds between buying and selling and if you have any With Profits funds, you should check if the Prudential will charge you to make changes.

How do I get more information or take action?

Deferred members (Generally those who have left Amex or opted out of the Plan)

I want to...

| | |
|-----------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Update my address | Please contact Conduent (contact details on page 2), quoting your Name and NI number as reference. |
| Get a retirement quote (if I am aged 50 or over and within 12 months of potentially drawing the benefit) | |
| Transfer my pension out | |
| Get a transfer value for divorce purposes | |
| Update my AVC Beneficiary Form (or provide one if I haven't already) | Please email UKBenefits@aexp.com to request a form. |
| Manage my AVC investment choices, keep up to date on AVC investment fund returns and risk ratings | Log onto your personal account via the Retirement Zone www.pru.co.uk/rz/amexavc or go to Prudential's site www.pruetire.co.uk . If you have not done so already, you will need to register on Prudential's site (you will be sent a PIN via email on registration). |
| Receive my AVC Annual Benefits Statement electronically | Log onto your personal account on the Prudential's website at www.pruetire.co.uk and elect for your benefit statements to be produced online in future. You can change this at any point and revert back to paper statements if you wish. However, you cannot have both at the same time. |
| Obtain Independent Financial Advice | Go to www.moneyadvice.service.org.uk or www.unbiased.co.uk . Please note, neither the Trustees nor American Express can give you financial advice. |
| Be reminded of how my Amex pension will work | You should have received this information when you left the Company. To request a duplicate copy please contact Conduent (contact details on page 2). |
| Obtain a State Pension forecast or find my State Pension Age | Go to www.gov.uk . The Government is making changes to State Pensions – you can get further information from the same website. |

Active deferred members

I want to...

| | |
|-----------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Update my address | Please use myHR, accessed through the Square. |
| Update my Beneficiary Form (or provide one if I haven't already) | Go to UK Flex Express via the Square and update your beneficiaries on line. |
| Manage my AVC investment choices, keep up to date on AVC investment fund returns and risk ratings | Log onto your personal account via the Retirement Zone www.pru.co.uk/rz/amexavc or go to Prudential's site www.pruetire.co.uk . If you have not done so already, you will need to register on Prudential's site (you will be sent a PIN via email on registration). |
| Receive my AVC Annual Benefits Statement electronically | Log onto your personal account on the Prudential's website at www.pruetire.co.uk and elect for your benefit statements to be produced online in future. You can change this at any point and revert back to paper statements if you wish. However, you cannot have both at the same time. |
| Get a retirement quote (if I am aged 50 or over and within 12 months of potentially drawing the benefit) | Please contact Conduent (contact details on page 2), quoting your Name and NI number as reference. Alternatively, contact UKBenefits@aexp.com quoting your People Track number. |
| Transfer my pension out | |
| Get a transfer value for divorce purposes | |
| Obtain Independent Financial Advice | Go to www.moneyadvice.service.org.uk or www.unbiased.co.uk . Please note, neither the Trustees nor American Express can give you financial advice. |
| Be reminded of how my Amex pension will work | You received a statement from Conduent in Q1 2017, detailing your accrued benefit to 31st December 2016. |
| Obtain a State Pension forecast or find my State Pension Age | Go to www.gov.uk . The Government is making changes to State Pensions – you can get further information from the same website. |