

# 2022 Draft Chair's DC Governance Statement

## Introduction

On behalf of the Trustee Board, I am pleased to present the Annual Governance Statement for the year ended 31 March 2022. This has been prepared to demonstrate how the Trustee Board has complied with the statutory governance regulations which are central to the running of the Defined Contribution sections of the Scheme. The governance standards were designed to help members achieve a good outcome from their pension savings.

The Trustee Board is committed to having high governance standards and we have a number of dedicated sub-committees which, together with the overall Trustee Board, meet regularly to monitor the controls and processes in place in connection with the Scheme's investments and administration.

Whilst the information set out below is focused on four specific areas of scheme governance which we are required to disclose by law, the Trustee Board recognises the importance of good scheme governance and adopts appropriate governance standards across all areas of scheme management to ensure we meet the expectations as set out in the Pension Regulator's Defined Contribution Code.

If you have any questions about anything that is set out in this statement, or any suggestions about what can be improved, please do contact our Pensions Manager at the Trustee address set out on page 10.

## Covid-19 and Ukraine Crisis

The Trustee is aware that the ongoing Covid-19 virus situation and the recent Russia-Ukraine crisis has been and continues to be a particularly difficult time for members, and some may be more reliant on pension payments than ever before.

Investment markets around the world have experienced a periods of uncertainty and performance volatility over the last year and, more recently, high levels of inflation as global growth is linked to Russia energy supply disruption. However the Trustee has noted that the market returns during 2021 have generally been positive but decreased during the first quarter of 2022

Short term uncertainty in the value of your pension savings can cause concern, but for many members, the time for taking benefits remains many years, sometimes decades in the future and markets have been and are likely to continue recovering before you need to use them. If you are nearer retirement, you may wish to consider if your pension savings are still appropriate for your retirement plans.

In these challenging times, pension savers are being increasingly targeted by scammers attempting to lure them to 'safe havens'. We recommend you take extreme caution if you are considering transferring your pension and visit ScamSmart which has specific guidance relating to Covid-19. For more information you can also visit [www.moneyhelper.org.uk](http://www.moneyhelper.org.uk).

## Investments – the default investment arrangement

The Scheme's default investment arrangement, which is designed by the Trustee Directors, having taken appropriate advice, is provided for members who join the Scheme and who do not choose another specific investment option for their contributions. We believe that the default investment fund will be suitable for the majority of the membership. This year, 92% of the membership had their contributions invested in the default arrangement.

However, some members prefer to make their own investment choices to suit their individual circumstances. We therefore also offer a range of alternative investment options for such members.

## Cash at Retirement Lifestyle Option

The Trustee Directors are responsible for investment governance. This includes setting and monitoring the investment strategy for the Scheme's default arrangement. We have chosen the Cash at Retirement Lifestyle Option as our default arrangement. A summary of the investment strategy and investment objectives of the default arrangement are set out below. However, full details are recorded in a document called the Statement of Investment Principles which is appended to this Governance Statement.

The Scheme's default arrangement has been designed to provide a cash lump sum at retirement. The default arrangement is designed to take more risk, and thus the potential for greater returns, whilst members are younger but that the level of risk and volatility is reduced as members get nearer to their retirement date so that they have more certainty about the likely level of their potential pension savings at retirement. The default arrangement assumes, that a member's normal retirement date will be at age 65, although members can set their own target retirement date if they wish.

The default arrangement is structured so that changes in the underlying investments to meet the objectives described above happen automatically so that members do not need to make investment switches themselves. During the early period of each member's working life, all contributions are invested in an equity fund, the Aquila Life 30:70 Currency Hedged Global Equity Fund managed by BlackRock. Over time, starting 26 years before retirement, money is moved gradually from this equity fund into a diversified growth fund, also managed by Blackrock, the Aquila Life Market Advantage Fund.

This slow, gradual transfer of funds continues until 10 years before retirement at which point there is a 50% allocation to both the Aquila Life 30:70 Currency Hedged Global Equity Fund and the Aquila Life Market Advantage Fund. This equal investment split is then maintained until 6 years prior to retirement at which point members' pension savings are moved gradually into the Cash Fund, which is the target end objective for the default arrangement.

By investing in this way, the Trustee expects to deliver real growth in members' pension savings over their lifetime within the Scheme whilst helping to manage risk and reduce volatility as members move towards retirement. The Trustee considers this strategic approach to be in the best interests of the membership.

## Reviewing the default investment arrangement

The Trustee Directors are expected to review the investment strategy and objectives of the default investment arrangement at regular intervals (at least once every 3 years), considering the needs of the Scheme membership when designing the default arrangement.

The Scheme's Investment Sub Committee reviews the investment objectives and the performance of the default arrangement at its regular quarterly meetings and takes advice from Mercer, the Scheme's investment advisor, in this regard. In addition, the Trustee carried out its most recent triennial review of the investment strategy and objectives of the default arrangement in June 2021, during this Scheme year. This considered a number of factors including the Scheme's membership profile, forward looking projections, costs, historic performance and the actual choice of benefits taken at retirement. The review considered the suitability of the target for the default arrangement, the structure and underlying funds used within this arrangement and the range of self-select funds offered to members. The Trustee board concluded that the current default arrangement continues to meet the needs of the vast majority of members, is cost effective for members and has delivered good long-term performance. Following this review, provided by the Scheme Investment advisors, the Trustee decided to maintain the previous default investment strategy structure, both in the growth phase and at-retirement.

The vast majority of our members have historically taken their pension as a cash lump sum upon reaching retirement and, having considered the expected values of members' accounts projected to retirement age we do not expect this to change. The default arrangement is designed to facilitate this.

The Trustee continues to monitor the use of the default investment arrangement, investment choices made by members and also the choices members make when benefits come into payment. This will help to inform us about changes which are appropriate in future.

### **Alternative investment options**

We offer another lifestyle option in addition to the default arrangement, which is available to all members – this time targeting an income for life at retirement rather than a cash sum, called the Income at Retirement Lifestyle Option. If you were a member of the Scheme in October 2015 and at that time were less than 10 years away from your Target Retirement Date, then you will have remained in the Income at Retirement Lifestyle Option (unless you have selected a different investment option). In the last investment strategy review, 7% of members had their contributions invested in this lifestyle option.

The Scheme does not offer a drawdown arrangement nor a lifestyle option targetting drawdown as few members have pension pots of sufficient size at retirement for drawdown to be a realistic option. Members wishing to target drawdown may do so by self-selecting from the range of funds available, having taken such advice as they deem appropriate and transferring out to another provider at retirement.

In order to improve member choice and inclusivity, the Trustee Directors decided to add two funds, the BlackRock World ESG Equity Tracker and the HSBC Islamic Global Equity Index to the current self-select range, resulting in a total of ten options now being available to all members. All self-select options are now available to all sections of the Scheme.

### **Additional Voluntary Contributions – Defined Benefit Section**

In 2019, the Trustee undertook an exercise to consolidate the AVC investments of the Scheme within the DC Section, managed by Aegon on their investment platform. This was achieved for the majority of the members.

However, a number of members who were invested with Aegon on a different platform remained as they held investments in with-profits policies and unit linked policies on that platform. The reason for maintaining their policies was due to Aegon being unable to detach the unit linked policies from the with-profits policies in their member record keeping system – meaning that the both policies would need to be disinvested, not just the unit linked funds.

At the end of 2021, there were a total of 21 members invested, with some members are invested in more than one fund. The total fund value above excludes the value of any terminal bonuses from the With Profits policies, which are paid when the member retires.

## **Chair's DC Governance Statement (continued)**

### **Net return on investments**

The Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 ('the 2021 Regulations') introduce new requirements for trustees of 'relevant' occupational pension schemes.

From 1 October 2021, trustees of all relevant pension schemes, regardless of asset size, are required to calculate and state the return on investments from their default and self-select funds, net of transaction costs and charges.

The tables below set out annualised net performance for the 1 and 5 year periods for the lifestyle arrangements (for age 25, 45, and 55) and for the self-select fund range.

### **Lifestyles**

<b>Lifestyle strategies</b> <b>Target Cash Strategy / Target Annuity Strategy*</b>	<b>Annualised returns to March 2022 (%)</b>
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Age of member	1 year	5 years
25	9.8	9.1
45	8.3	7.9
55	6.0	6.1

Source: Aegon and Mercer.

\*As the growth phase is equal between lifestyles, the expected returns are assumed to be the equal as well. Performance has been calculated based on a fixed weighted average of underlying fund performance in the lifestyle, with the weightings as at the ages shown.

### **Self-Select Funds**

Self-select funds	Annualised returns to March 2022 (%)	
	1 year	5 years
DC Aquila Life Market Advantage Fund	2.1	3.1
DC Aquila (30:70) Currency Hedged Global Equity Index	9.8	9.1
DC Cash Fund	0.0	0.3
LGIM Pre-Retirement Fund	-6.7	1.3
DC Aquila Over 15 Year Corporate Bond Index Fund	-8.8	2.1
DC Aquila Over 15 Year Gilt Index Fund	-8.0	0.8
DC Aquila Over 5 Year Index Linked Gilt Index	3.6	2.9
DC Aquila UK Equity Index Fund	12.3	4.5
BlackRock World ESG Equity Tracker *	n/a	n/a
HSBC Islamic Global Equity Index *	19.5	n/a

Source: Aegon and Mercer.

Performance shown net of all charges and transaction costs. Performance of standalone self-select options is independent of age, therefore performance is shown in a different format to the lifestyle performance on the previous page.

\*Inception date: 30 November 2021

## Chair's DC Governance Statement (continued)

### **Charges and transaction costs**

The employer currently pays many of the costs of running the Scheme. These include the administration costs and the other costs incurred by the Trustee in running the Scheme such as the costs of the advice the Trustee Directors take from their advisors in order to ensure the Scheme best meets members' interests. The only costs currently borne by members are the charges levied by the investment managers of the funds in which their pension monies are invested. These charges are automatically accounted for in the daily unit price of each fund the Scheme makes available to its DC members, which means that any valuation or statement a member receives will be shown after charges have been deducted.

We are required to explain both the investment charges (i.e. the underlying costs incurred by the investment managers in running the funds in which your money is invested) and the transaction costs (i.e. the costs of buying and selling investments).

In addition, we are required to assess whether or not we believe, given the investment charges and transaction costs incurred by members, the Scheme offers good value for members.

### **Investment charges**

The Trustee Directors monitor the investment charges incurred by the different funds we make available to members by focusing on the Total Expense Ratio of each fund.

The individual funds within the default investment arrangement have total expense ratios between 0.13% p.a. to 0.27% p.a. of assets under management. Given that each member within the default arrangement is invested in more than one fund for much of their membership of the Scheme and the allocations to each of these funds will change as the member nears their target retirement date, the total expense ratio varies over time.

However, the total expense ratio for those in the default arrangement is not expected to exceed 0.24% per annum at any stage.

The alternative lifestyle option and the range of ten self-select funds have total expense ratios of between 0.11% p.a. and 0.43% p.a.

#### Transaction costs

The Trustee has identified separately, the underlying transaction costs associated with each fund for the following;

- the trading of individual investments that goes on within the separate funds from both buying and selling
- ongoing switches to the underlying funds as part of the lifestyle investment options (i.e. made during a member's working life),
- Any taxation that is applied to the trading of investments, such as stamp duty,
- Any costs, and possible benefits, that have been incurred from the activity of lending securities within the funds, and
- Any costs that have been incurred from the payment of broker fees and commissions.

## Chair's DC Governance Statement (continued)

#### Transaction costs (continued)

The table below sets out the total expense ratios and total transaction costs of each individual fund. The Scheme access three investment managers, which are BlackRock (who managed the Aquila Funds), Legal & General Investment Management and HSBC Global Asset Management

<b>Fund</b>	<b>Total Expense Ratio p.a.</b>	<b>Transaction Costs</b>	<b>Total Costs</b>
DC Aquila Life Market Advantage Fund (a) (b)	0.27%	0.26%	0.53%
DC Aquila (30:70) Currency Hedged Global Equity Index (a) (b)	0.16%	0.03%	0.19%
DC Cash Fund (a)	0.13%	0.02%	0.15%
LGIM Pre-Retirement Fund (b)	0.21%	0.00%	0.21%
DC Aquila Over 15 Year Corporate Bond Index Fund	0.17%	0.07%	0.24%
DC Aquila Over 15 Year Fixed Interest Gilt Index Fund	0.11%	0.00%	0.11%
DC Aquila Over 5 Year Index Linked Gilt	0.11%	0.05%	0.16%

Index			
DC Aquila UK Equity Index Fund	0.11%	0.07%	0.18%
BlackRock World ESG Equity Tracker	0.21%	n/a (c)	0.21%
HSBC Islamic Global Equity Index	0.43%	n/a (c)	0.43%

Source: Aegon,

(a) The Cash at Retirement Lifestyle option utilises the 30/70 Global Equity Fund, Market Advantage Fund and Cash Fund.

(b) The Income at Retirement Lifestyle option utilises the 30/70 Global Equity Fund, Market Advantage Fund, Pre-Retirement Fund and Cash Fund

(c) Funds not invested into until Q4 2021

Appendix A to this Statement includes illustrations detailing the impact of the charges and costs paid by a member to their pension account. Further information on all of the different funds available within your Scheme is set out in an Investment Guide together with individual fund fact sheets. This information is available on request from Capita or by accessing your pension account online via the Scheme website.

### Good value for members

When assessing the charges and transaction costs which are payable by members the Trustee is required to consider the extent to which the investment options and the benefits offered by the Scheme represent good value for members compared to other options in the market.

There is no legal definition of “good value” and the process of determining good value for members is a subjective one. We have received advice on how to assess good value from our advisors and considered regulatory guidance.

As a starting point to assessing good value, we have compared the level of charges in each fund with the levels of return they have delivered to members. The passively managed funds we make available to our members are in line with their performance targets net of investment fees, for both the last one and three-year periods. Our only actively managed fund, the Market Advantage Fund, fell short of its performance target by 1.6% and 1.4% per annum, net of investment fees, over the one-year and three-year period respectively over period to 31 March 2022. The Trustee Board closely monitors the Market Advantage Fund and following the review conducted in June 2021 decided to maintain the fund as part of the current default growth phase. However, alternatives will be considered in future reviews and on an ongoing basis.

We have also compared our fund's total expense ratios with the Government charge cap of 0.75%. All our funds have total expense ratios that are significantly below this level. The Trustee has been advised that the Scheme's charges are competitive with those applied to similar products in other pension funds of similar size and that they are also below charges levied for similar products which members might be able to purchase as individual savers.

The Trustee appreciates that low cost does not necessarily mean better value, so we have also considered how the investment charges and costs borne by members compare to the services and benefits provided by the Scheme. In the Trustee Directors' view, the benefits of membership are considerable. These benefits include:

- the design of the default arrangement and how this reflects the interests of our members
- the range of investment options and strategies provided
- the flexible arrangements available to members on retirement including the extended benefit options the Scheme provides that enable members to take their entire pension fund as cash or as a series of cash payments

- the efficiency of the administration processes and the extent to which Capita met service standards for the scheme year
- the quality of communications delivered to members, including our Scheme web site providing members with 24-hour online access to their individual pension account and our Trustee newsletter
- the dedicated telephone helpline available to members
- the quality of the Scheme's support services and robust governance.
- the fact that many of the costs of running the Scheme are met by the Company and not by members.

**Based on our assessment we have concluded that the Scheme *does* represent good value for members for the charges and cost that they incur.**

### **Core financial transactions**

The Trustee is required to report to you about the processes and controls in place in relation to the "core financial transactions". The law specifies that these include the following:

- Investing contributions paid into the Scheme
- Transferring assets related to members into or out of the Scheme
- Transferring assets between different investments within the Scheme
- Making payment from the Scheme to or on behalf of members.

Your Trustee Board must ensure that these important transactions are processed promptly and accurately. In practice, we delegate responsibility for this to the Scheme Administrator, Capita and carry out regular reviews of their performance including regular monitoring of member feedback.

Capita collects contributions from the Company which is then allocated to individual member records. Contributions are usually invested within 3 working days of receipt. Straight through processing is in place, linking Capita with an investment platform operated by Aegon, for the investment of contributions, disinvestments and reconciliation of investment funds. The processes and controls adopted by the Scheme Administrator to help meet service level standards include having in place a dedicated contribution processing team, daily monitoring of bank accounts and at least two individuals checking all investment and banking transactions.

The Scheme Administrator provides quarterly reports to the Trustee Board, which enable us to assess how quickly and effectively the core scheme financial transactions are completed and whether they have met contractual service level standards. The reports include reconciliations of investment transactions and member units in each fund. Any mistakes, delays or complaints are investigated thoroughly and action is taken to put things right as quickly as possible.

I am pleased to report that this Scheme year there have again been no material administration service issues which need to be reported here by the Trustee. We are confident that the processes and controls in place with the administrator are robust and will ensure that the financial transactions which are important to members are dealt with promptly.

In addition, noting that we need accurate member data to process contributions and payments correctly, we are continuously taking steps to review and correct any issues with the member data which is held by the Scheme administrator. The Trustee takes its data seriously and has implemented a Continuous Data Improvement Plan that sets out: clear objectives aimed at improving member data; detailed outputs driven by our obligations to our members; and an operational plan setting out the activities required in order to achieve our objectives.

The latest audit of our data was carried out by Capita and we achieved a 96.8% accuracy score for the data held.

We will continue to carry out scheme data audits regularly to ensure our data meets the very high standards to which we aspire.

In order to meet the EU General Data Protection Regulation (or “GDPR”), the Trustee reviewed its controls and those of its suppliers that hold information about you. The Trustee is satisfied that the controls in place meet the GDPR requirements. For more detailed information on how we use and disclose your personal information, the protections we apply, the legal basis for our use of your information and your data protection rights, please visit the Scheme website [www.wincantonpensions.co.uk](http://www.wincantonpensions.co.uk) to obtain a copy of the Scheme's privacy notice.

### **Trustee knowledge and understanding**

The law requires the Trustee Board to possess, or have access to, sufficient knowledge and understanding to run the Scheme effectively. Your Trustee Board recognises the importance of having the right mix of skills and competencies amongst the Trustee Directors to ensure that the Scheme is well governed and properly managed and we seek to ensure that new appointees to the Board bring the skills we need. We also recognise that we are responsible for a large, complex and challenging scheme. For all these reasons the Board requires that each Trustee Director demonstrably attain a high standard of relevant knowledge and understanding. Specifically:

- All the Trustee Directors are required to complete the Trustee Toolkit made available by the Pensions Regulator within six months of joining the Board. I confirm that all the Trustee Directors as at 31 March 2022 were completely up to date having completed all the modules of the Toolkit relevant to our Scheme; and
- All Trustee Directors appointed or reappointed to the board after 1 April 2016 are required to complete the Pensions Management Institute's Award in Pension Trusteeship within 18 months of joining the Board or hold such other relevant professional qualifications as the Board considers appropriate to the role. I confirm that all the Trustee Directors as of 31 March 2022 were compliant with this policy. The Trustee has access to the services of a range of professional advisers. All Trustee decisions are supported by professional advice where required, and this includes attendance of professional advisers at Trustee meetings. The Trustee's legal adviser attends each Trustee meeting (supporting a working knowledge of the trust deed and rules and the law relating to pensions and trusts) and the investment adviser attends all Investment Committee meetings (supporting a working knowledge of the relevant principles of funding and investment of occupational pension schemes).

The Board has a policy on Trustee Appointments, Responsibilities and Requirements to help ensure that the Board is fully compliant with the most recent regulations and legislation. In addition, the policy clearly sets out the arrangements on how the Scheme complies with Member Nominated Director (MND) legislation.

All Trustee Board members are required to undertake additional relevant training each year some of which we provide during Trustee Board meetings and some via dedicated Trustee Board training away days, often led by one or more of our advisers. We also encourage Trustee Directors to participate in other training events that they believe are relevant to them personally. We take our training and development responsibilities seriously and keep a record of the training completed by each member of the Trustee Board and organise training sessions as and when necessary. This training record is reviewed to identify gaps in knowledge and understanding across the Trustee Board as a whole. This allows us to work with our professional advisers to fill any gaps.

## **Chair's DC Governance Statement (continued)**

### **Trustee knowledge and understanding (continued)**

In the Scheme year, all Trustee Directors undertook Trustee training within the Scheme year appropriate to the matters being considered by the Scheme. For example, all of the Trustee Directors attended the Trustee training sessions on the topics of Longevity and GMP Equalisation. A record of the Trustee Director's training is recorded



centrally on a log maintained by the Secretary to the Trustee. At least every three years the Board also carries out an evaluation of its performance and effectiveness measured, in part, against the objectives of the Scheme's business plan.

The combined knowledge and understanding of the Trustee and its advisers enabled the Trustee to properly run the Scheme, in the Scheme year, as follows:

- Trustee Directors are able to challenge and question advisers, committees and other delegates effectively
- Trustee decisions are made in accordance with the Scheme rules and in line with trust law duties
- Trustee Directors' decisions are not compromised by such things as conflicts or hospitality arrangements

As a result of all the training and other developmental activities which have been completed by the Trustee Directors individually and collectively as a Board, and taking in to account the professional advice available to the Trustee, I am confident that the combined knowledge and understanding of the Board enables us to exercise properly our functions as the Trustee of the Scheme.

**Dinesh Visavadia, Independent Trustee Services Limited, Chair, Wincanton plc Pension Scheme**

## Chair's DC Governance Statement (continued)

### Appendix A – Transaction Cost Illustrations

Using the charges and transaction cost data provided by the relevant parties and in accordance with regulation 23(1)(ca) of the Administration Regulations, as inserted by the 2018 Regulations, the Trustee has prepared an illustration detailing the impact of the costs and charges typically paid by a member of the Scheme on their retirement savings pot. The statutory guidance has been considered when providing these examples.

The illustrations that follow take into account the following elements:

- Initial savings pot size;
- Contributions, where applicable;
- Real terms investment return gross of costs and charges;
- Adjustment for the effect of costs and charges; and
- Time.

To illustrate the impact of charges on a typical member's pension pot, we have provided examples below. The illustrations account for all estimated member costs, including the Total Expense Ratio and inflation as at 31 March 2022. Transaction cost data was requested for the previous 5 years, however only 4 years was available, as such an average of the 12 month transaction costs as at 31 March 2022, 31 March 2021, 31 March 2020 and 31 March 2019 have been used within these illustrations.

The average pot size and average age assumptions have been taken from data as at 31 March 2021 used for the June 2021 investment strategy review. Average contribution for active members is based on the auto-enrolment requirements from 6 April 2019. We have based all illustrations on a normal retirement age of 65. The projected gross growth rates for each fund are based on the SMPI assumptions used for the 2022 benefit statements. The 2022 SMPI assumptions allowed for a 2.5% p.a. rate of inflation in calculations. The projected gross expected real growth rates for each fund are as follows:

Cash at Retirement Lifestyle	2.50% p.a. above inflation for members further than 25 years from retirement  -1.75% p.a. relative to inflation for members at or beyond retirement
30/70 Global Equity (GBP Hedged)	2.50% p.a. above inflation
Market Advantage	2.0% p.a. above inflation
Cash	-1.75% p.a. relative to inflation
Over 15 Year Gilt Index	-1.75% p.a. relative to inflation
UK Equity	2.50% p.a. above inflation

### Illustration 1: Average Active Member

Year from date of joining (up to age 65)	Member Age	Most Popular Fund: Default - Cash at Retirement Lifestyle		Most Expensive Fund: Market Advantage		Least Expensive Fund: Over 15 Year Gilt Index	
		TER, 0.13-0.27% p.a. Avg Transaction Cost, 0.02%-0.20% p.a.		TER, 0.27% p.a. Avg Transaction Cost, 0.20% p.a.		TER, 0.11% p.a. Avg Transaction Cost, 0.00% p.a.*	
		Fund (£)		Fund (£)		Fund (£)	
		Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
0	44	£10,500		£10,500		£10,500	
1	45	£13 186	£13 153	£13 155	£13 094	£12 697	£12 683
2	46	£15 938	£15 863	£15 869	£15 733	£14 857	£14 825
3	47	£18 755	£18 629	£18 642	£18 417	£16 978	£16 928
4	48	£21 639	£21 451	£21 477	£21 147	£19 062	£18 991
5	49	£24 591	£24 329	£24 373	£23 925	£21 110	£21 016
6	50	£27 612	£27 265	£27 334	£26 750	£23 123	£23 004
11	55	£43 794	£42 800	£43 143	£41 625	£32 669	£32 401
16	60	£61 823	£59 794	£60 770	£57 828	£41 411	£40 957
21	65	£73 505	£70 702	£80 423	£75 477	£49 416	£48 747

\*where transaction costs averages as provided are shown as negative, we have assumed zero for illustrative purposes.

1. Values shown are estimates and are not guaranteed.
2. Projected pension pot values are shown in today's terms.
3. The starting pot size is assumed to be £10,500, pensionable salary is assumed to start at £30,000 per annum and this member joined at age 44.
4. Please note that with a pensionable salary of £20,000, the illustrations would be on average 27% lower than those shown above.
5. Please note that with a pensionable salary of £50,000, the illustrations would be on average 53% higher than those shown above.
6. Inflation and salary increases are assumed to be 2.5% per annum.
7. The contribution rate used is 8% per annum.
8. Contributions are assumed to be paid every year with no contribution holidays and increase in line with assumed earnings inflation of 2.5% p.a.

## Illustration 2: Average Deferred Member

Year from date of joining (up to age 65)	Member Age	Most Popular Fund: Default - Cash at Retirement Lifestyle		Most Expensive Fund: Market Advantage		Least Expensive Fund: Over 15 Year Gilt Index	
		TER, 0.13-0.27% p.a. Avg Transaction Cost, 0.02%-0.20% p.a.		TER, 0.27% p.a. Avg Transaction Cost, 0.20% p.a.		TER, 0.11% p.a. Avg Transaction Cost, 0.00% p.a.*	
		Fund (£)		Fund (£)		Fund (£)	
		Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
0	44	£7,000		£7,000		£7,000	
1	45	£7 173	£7 155	£7 154	£7 121	£6 878	£6 870
2	46	£7 349	£7 312	£7 311	£7 244	£6 758	£6 742
3	47	£7 529	£7 471	£7 472	£7 368	£6 640	£6 617
4	48	£7 713	£7 632	£7 637	£7 496	£6 524	£6 494
5	49	£7 900	£7 796	£7 805	£7 625	£6 410	£6 373
6	50	£8 091	£7 961	£7 977	£7 756	£6 298	£6 255
11	55	£9 105	£8 819	£8 894	£8 449	£5 767	£5 695
16	60	£10 214	£9 731	£9 917	£9 203	£5 281	£5 185
21	65	£10 196	£9 599	£11 057	£10 024	£4 836	£4 721

\*where transaction costs provided are shown as negative, we have assumed zero for illustrative purposes.

### Notes

1. Values shown are estimates and are not guaranteed.
2. Projected pension pot values are shown in today's terms.
3. Inflation is assumed to be 2.5% per annum.
4. The starting pot size is assumed to be £7,000 when this member left at age 44.

### Illustration 3: Youngest Member

Year from date of joining (up to age 65)	Member Age	Most Popular Fund: Default - Cash at Retirement Lifestyle		Most Expensive Fund: Market Advantage		Least Expensive Fund: Over 15 Year Gilt Index	
		TER, 0.13-0.27% p.a. Avg Transaction Cost, 0.02%-0.20% p.a.		TER, 0.27% p.a. Avg Transaction Cost, 0.20% p.a.		TER, 0.11% p.a. Avg Transaction Cost, 0.00% p.a.*	
		Fund (£)		Fund (£)		Fund (£)	
		Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred	Pot Size with no Charges Incurred	Pot Size with Charges Incurred
0	17	£300		£300		£300	
1	18	£2 735	£2 730	£2 731	£2 718	£2 676	£2 672
2	19	£5 233	£5 217	£5 215	£5 178	£5 010	£5 001
3	20	£7 793	£7 762	£7 754	£7 680	£7 303	£7 286
4	21	£10 418	£10 366	£10 349	£10 225	£9 556	£9 529
5	22	£13 111	£13 031	£13 000	£12 814	£11 770	£11 729
10	27	£27 630	£27 321	£27 161	£26 445	£22 273	£22 136
15	32	£44 087	£43 359	£42 950	£41 293	£31 891	£31 611
20	37	£62 740	£61 360	£60 555	£57 466	£40 699	£40 237
25	42	£83 818	£81 451	£80 184	£75 083	£48 763	£48 092
30	47	£107 437	£103 522	£102 070	£94 272	£56 149	£55 243
35	52	£133 806	£127 597	£126 473	£115 174	£62 911	£61 755
40	57	£163 185	£153 753	£153 682	£137 941	£69 104	£67 683
45	62	£191 445	£178 332	£184 019	£162 741	£74 775	£73 081
48	65	£193 600	£179 774	£203 871	£178 671	£77 945	£76 085

\*where transaction costs provided are shown as negative, we have assumed zero for illustrative purposes.

### Notes

1. Values shown are estimates and are not guaranteed.
2. Projected pension pot values are shown in today's terms.
3. The starting pot size is assumed to be £300, pensionable salary is assumed to start at £30,000 per annum and this member joined at age 17.
4. Please note that with a pensionable salary of £20,000, the illustrations would be 33% lower than those shown above.
5. Please note that with a pensionable salary of £50,000, the illustrations would be 66% higher than those shown above.
6. Inflation and salary increases are assumed to be 2.5% per annum.
7. The contribution rate used is 8% per annum.
8. Contributions are assumed to be paid every year with no contribution holidays and increase in line with assumed earnings inflation of 2.5% p.a.