

## Example illustration

### Purpose of this example illustration

This isn't a personal illustration, it is based on the assumptions detailed later on in this document. The purpose of the illustration is to show how fund related costs and charges can affect the overall value of the funds that we've chosen to illustrate on over a period of time.

#### Fund transaction costs and charges total (%)

	Default 7 Year Lifestyle*	M&G PP Cash Fund	ML Property Fund
Growth	0.00% to 3.00%	0.00%	3.00%
AMC	0.60% to 0.60%	0.25%	0.90%
AAE	0.00% to 0.00%	0.01%	0.00%
TC	0.00% to 0.01%	0.00%	0.38%

\* As the Lifestyle investment option consists of multiple investment funds we have shown the range of growth and fund costs & charges.

**Growth** is the assumed growth rate for the fund after taking into account assumed price inflation of 2% per annum.

**AMC** is the Annual Management Charge, which is a yearly management charge expressed as an annual percentage but calculated and deducted on a daily basis from the fund.

**AAE** are the Additional Annual Expenses, which are an estimate of any additional fees and expenses that may apply, such as fees for custody, administration and trustee services that may be incurred in addition.

**TC** are the Transaction Costs, which are an estimate of explicit and implicit costs incurred as a result of buying, selling, lending or borrowing of investments in the fund, based on the actual annual transaction costs for the period 01/01/2020 to 31/12/2020.

#### The impact of transaction costs and charges on fund values (£)

The 'Before Charges' column shows each fund value without any transaction costs, charges or expenses being applied to the fund's holdings.

The 'After all charges' column shows the fund's holdings after transaction costs, charges and expenses have been deducted.

Years	Default 7 Year Lifestyle*		M&G PP Cash Fund		ML Property Fund	
	Before Charges	After all charges	Before Charges	After all charges	Before Charges	After all charges
1	23598	23454	23000	22940	23667	23366
3	24841	24391	23000	22821	25060	24116
5	26150	25364	23000	22703	26534	24889
10	29730	27971	23000	22410	30611	26933
15	33802	30846	23000	22120	35315	29146
20	38060	33689	23000	21835	40741	31539
25	39826	34195	23000	21553	47002	34130

## About this illustration

Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.

The current age is 40 and retirement age is 65.

The existing fund value used is £23,000 which is based on the average value of the total holdings within the SHP product.

No future contributions will be paid.

We've shown the default Lifestyle investment option and also the M&G PP Cash Fund and the ML Property Fund to show funds with lower and higher charges for comparison.

Years	Default 7 Year Lifestyle*		M&G PP Cash Fund		ML Property Fund	
	Before Charges	After all charges	Before Charges	After all charges	Before Charges	After all charges
1	1608	1603	1586	1583	1610	1599
3	5022	4975	4827	4808	5045	4946
5	8715	8580	8164	8111	8780	8497
10	19283	18691	16947	16732	19575	18336
15	32008	30540	26395	25902	32743	29675
20	47239	44359	36558	35665	48704	42690
25	65377	60407	47491	46066	67945	57574
30	86883	78975	59252	57155	91033	74543
35	112285	100387	71903	68986	118627	93833
40	142187	125006	85512	81615	151491	115704
45	173915	150336	100152	95106	190512	140444
49	191779	163615	112658	106562	226851	162513

## About this illustration

Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.

The current age is 16 and retirement age is 65.

The current salary is £20,000 and will increase each year by 3.5%.

Future contributions paid will be 8% of the salary (£133.33 each month increasing by 3.5% each year in line with assumed salary increases).

We've shown the default Lifestyle investment option and also the M&G PP Cash Fund and the ML Property Fund to show funds with lower and higher charges for comparison.

## Investment growth

We've taken account of statutory guidance when preparing these illustrations. The value of the investments will grow at a rate appropriate to the funds invested in and inflation will be 2.0% every year. This is an illustrative growth rate only. The investment growth achieved may be more or less than this and may vary depending on the fund(s) invested in.

The assumed growth rate used for each fund is shown above.

If the growth rate we've used is:

- the same as the rate of inflation this reduces the growth rate, after making an allowance for inflation, to 0%;
- less than the rate of inflation, this produces a negative growth rate after making an allowance for inflation.