

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 5 Year Lifestyle*	M&G PP Cash Fund	ML Property Fund
Growth	0.00% to 3.00%	0.00%	3.00%
AMC	0.25% to 0.65%	0.25%	0.90%
AAE	0.01% to 0.03%	0.01%	0.00%
TC	0.00% to 0.15%	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 5 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	34986	34697	34000	33912	34986	34541
3	37045	36134	34000	33736	37045	35649
5	39224	37630	34000	33561	39224	36793
10	45251	41647	34000	33127	45251	39815
15	52205	46093	34000	32700	52205	43085
20	60226	51014	34000	32277	60226	46624
25	63974	52453	34000	31860	69481	50453

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 £34,000 which is based on the average value of the total holdings within the GPP 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 5 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	1610	1603	1586	1583	1610	1599
3	5045	4980	4827	4808	5045	4946
5	8780	8595	8164	8111	8780	8497
10	19575	18759	16947	16732	19575	18336
15	32743	30708	26395	25902	32743	29675
20	48704	44686	36558	35665	48704	42690
25	67945	60967	47491	46066	67945	57574
30	91033	79857	59252	57155	91033	74543
35	118627	101702	71903	68986	118627	93833
40	151491	126887	85512	81615	151491	115704
45	189446	155050	100152	95106	190512	140444
49	209322	169534	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.