

## 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 2.75%            | 0.00%            | 3.00%            |
| AMC    | 0.65% to 0.65%            | 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     | 34884                     | 34655             | 34000            | 33912             | 34986            | 34541             |
| 3     | 36722                     | 36002             | 34000            | 33736             | 37045            | 35649             |
| 5     | 38656                     | 37401             | 34000            | 33561             | 39224            | 36793             |
| 10    | 43949                     | 41142             | 34000            | 33127             | 45251            | 39815             |
| 15    | 49968                     | 45258             | 34000            | 32700             | 52205            | 43085             |
| 20    | 56263                     | 49306             | 34000            | 32277             | 60226            | 46624             |
| 25    | 58873                     | 49922             | 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 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                      | 1602              | 1586             | 1583              | 1610             | 1599              |
| 3     | 5022                      | 4971              | 4827             | 4808              | 5045             | 4946              |
| 5     | 8715                      | 8569              | 8164             | 8111              | 8780             | 8497              |
| 10    | 19283                     | 18643             | 16947            | 16732             | 19575            | 18336             |
| 15    | 32008                     | 30424             | 26395            | 25902             | 32743            | 29675             |
| 20    | 47239                     | 44133             | 36558            | 35665             | 48704            | 42690             |
| 25    | 65377                     | 60022             | 47491            | 46066             | 67945            | 57574             |
| 30    | 86883                     | 78369             | 59252            | 57155             | 91033            | 74543             |
| 35    | 112285                    | 99486             | 71903            | 68986             | 118627           | 93833             |
| 40    | 142187                    | 123720            | 85512            | 81615             | 151491           | 115704            |
| 45    | 173915                    | 148592            | 100152           | 95106             | 190512           | 140444            |
| 49    | 191779                    | 161551            | 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.