

## 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	0.65% to 0.75%	0.25%	0.90%
AAE	0.00% to 0.02%	0.01%	0.00%
TC	-0.02% to 0.04%	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	23667	23518	23000	22940	23667	23366
3	25060	24590	23000	22821	25060	24116
5	26534	25711	23000	22703	26534	24889
10	30611	28742	23000	22410	30611	26933
15	35315	32130	23000	22120	35315	29146
20	40741	35918	23000	21835	40741	31539
25	43153	36684	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 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	1605	1586	1583	1610	1599
3	5045	4996	4827	4808	5045	4946
5	8780	8639	8164	8111	8780	8497
10	19575	18952	16947	16732	19575	18336
15	32743	31183	26395	25902	32743	29675
20	48704	45614	36558	35665	48704	42690
25	67945	62560	47491	46066	67945	57574
30	91033	82379	59252	57155	91033	74543
35	118627	105478	71903	68986	118627	93833
40	151491	132313	85512	81615	151491	115704
45	189446	162437	100152	95106	190512	140444
49	208746	175656	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.