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 (%)

	New Default Lifestyle From May 2015 (Pre-Retirement (£ fixed interest) / Retirement Builder Mixed Invt / Sterling Liquidity)*	Diversified Global Equity	Sterling Liquidity
Growth	0.00% to 2.75%	3.00%	0.00%
AMC	0.65%	0.80%	0.65%
AAE	0.00% to 0.04%	0.04%	0.00%
TC	0.05% to 0.11%	0.14%	0.07%

* 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 01/01/2021 to 31/12/2025.

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.

	New Default Lifestyle From May 2015 (Pre-Retirement (£ fixed interest) / Retirement Builder Mixed Invt / Sterling Liquidity)*		Diversified Global Equity		Sterling Liquidity	
Years	Before Charges	After all charges	Before Charges	After all charges	Before Charges	After all charges
1	1608	1602	1610	1602	1586	1579
3	5022	4967	5045	4969	4827	4774
5	8715	8558	8780	8563	8164	8018
10	19283	18596	19575	18617	16947	16361
15	32008	30308	32743	30359	26395	25061
20	47239	43909	48704	44007	36558	34156
25	65377	59640	67945	59807	47491	43686
30	86883	77769	91033	78032	59252	53691
35	112285	98596	118627	98985	71903	64218
40	142187	122452	151491	123006	85512	75313
45	173915	146813	190512	150475	100152	87028
49	191779	159243	226851	175212	112658	96882

About this illustration

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 New Default Lifestyle From May 2015 (Pre-Retirement (£ fixed interest) / Retirement Builder Mixed Invt / Sterling Liquidity) option that the majority of members invest in.

We've also shown the Diversified Global Equity fund and the Sterling Liquidity fund to show the funds with the highest and lowest 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.