

# Northern Life Care Limited Retirement Benefit Scheme (the “Scheme”)

## Annual Governance Statement by the Chair of the Trustees

For the Scheme Year 1 April 2020 to 31 March 2021

### 1. Introduction

Governance requirements apply to defined contribution (“DC”) pension arrangements, to help members achieve a good outcome from their pension savings. The Trustees of the Scheme are required to produce a yearly statement to describe how these governance requirements have been met in relation to:

- the investment options in which members’ funds are invested (this means the “default arrangement” and other funds members can select or have assets in, such as self-select funds);
- the requirements for processing financial transactions;
- the charges and transaction costs borne by members;
- an illustration of the cumulative effect of these costs and charges;
- a ‘value for members’ assessment; and
- Trustee knowledge and understanding.

This statement covers the period from 1 April 2020 to 31 March 2021.

### Background

The Scheme is an occupational pension scheme established with effect from 6 April 1988. It is currently governed by a Trust Deed and Rules dated 1 August 1999, as amended. As at 31 March 2021, there were 65 members of the Scheme.

The Trustees of the Scheme are Clive Reed and John Reed.

### 2. Default investment arrangement

The Scheme is used as a Qualifying Scheme for auto-enrolment.

Contributions are invested into a default investment arrangement for members who join the Scheme and do not choose an investment option for their contributions. No new joiners became members of the Scheme over the period covered by this statement.

The Trustees are responsible for investment governance, which includes setting and monitoring the investment strategy for the Scheme’s default arrangement.

Details of the objectives and the Trustees’ policies regarding the default arrangement can be found in a document called the “Statement of Investment Principles” (“SIP”). The Scheme’s SIP covering the default arrangements is attached to this annual statement regarding governance at Appendix 1.

The aims and objectives of the default arrangement, as stated in the SIP, are as follows:

- optimising the value of their assets at retirement, allowing for individual members’ risk tolerances
- maintaining the purchasing power of their savings in real (i.e. post-inflation) terms
- providing protection for accumulated assets in the years approaching retirement against a sudden (downward) volatility in the capital value, and fluctuations in the cost of annuities

whilst taking into account the impact that increased complexity may have on administration requirements and the overall cost of the arrangements.

The default investment arrangement initially uses a combination of the Mobius Life Diversified Growth Fund Solutions Fund (ML DGF Solutions Fund), the BNYM Multi-Asset Growth Fund and the Standard Life Managed Pension Fund. Once a member is within 7 years of normal retirement age, the Standard Life Annuity Purchase Fund and the L&G AR Cash Fund are introduced. The objective of the arrangement is to provide investment growth by investing in return seeking assets in a diversified portfolio with a moderate risk profile, with a gradual switching of assets over the remaining years before the member’s expected retirement date, towards a final position of 25% cash and 75% gilts.

The default investment arrangement was last reviewed in 2019 when the ML DGF Solutions Fund was introduced in place of the Standard Life Global Absolute Return Strategies Fund. Active members’ future contributions are directed to the ML DGF Solutions Fund and their assets in the Standard Life Fund are gradually switched over time in line with the lifestyling undertaken in the default investment arrangement. Members were however given, and still do have, the option to switch appropriate assets in one transaction.

As at 31 March 2021, approximately 94% of members have their assets invested in the default investment arrangement.

The Trustees regularly monitor the performance of the default arrangement and will formally review both this and the strategy at least every three years or immediately following any significant change in investment policy or the Scheme's member profile.

In addition to the above, the Trustees regularly monitor the ongoing investment performance of all the individual funds. They also consider, based on the Scheme's membership, the structure of the default fund to satisfy themselves that the mix and content remain appropriate for the membership as a whole.

At the Trustees' meeting held on 3 March 2021, the Trustees considered investment performance reports for 1, 3 and 5 years. It was noted that the multi-asset funds in particular had performed well and were in positive territory over all the reporting periods. It was also noted that the defensive funds' performance had been in line with expectations, and that as a result those members closer to normal retirement age had been fully shielded against the worst of the market falls as a result of the COVID-19 pandemic. The Trustees were also pleased to note that the lifestyling features had worked as intended.

### **3. Requirements for processing core financial transactions**

The Trustees have received assurance from the Scheme's administrator, Ascot Lloyd, that there were adequate internal controls to ensure that core financial transactions relating to the Scheme were processed promptly and accurately during the Scheme Year. This includes the investment of contributions, processing of transfers in and out of the Scheme, transfers of assets between different investments within the Scheme, and payments to members/beneficiaries.

Ascot Lloyd also manages the bank account. They undertake a daily reconciliation of all bank transactions and have a system of authorised signatories in force to control payments from that account. Ascot Lloyd also has a dedicated team for processing member transactions and updating member records.

The Trustees have a Service Level Agreement (SLA) in place with Ascot Lloyd which includes a defined level of performance (in terms of turnaround times) for all of the key specified events noted above. Ascot Lloyd reports at all Trustees' meetings their actual performance against the agreed standards and in the event of any failure to meet the required standard this is noted and discussed with remedial actions agreed where appropriate.

At the Trustees' meeting on 3 March 2021, Ascot Lloyd provided a report covering the period 1 March 2020 to 31 January 2021. This indicated that they had met their overall SLA standards (including events in addition to those noted above) in 95% of all occasions. Ascot Lloyd reassured the Trustees in the 5% of cases in which this had not been achieved that there had been no administrative or financial issues requiring investigation.

The Trustees are satisfied that over the period covered by this statement:

- the administrator was operating appropriate procedures, checks and controls and operating within the agreed SLA;
- there have been no material administration errors in relation to processing core financial transactions; and
- all core financial transactions have been processed promptly and accurately during the Scheme Year.

### **4. Member-borne charges and transaction costs**

The Trustees are required to set out the on-going charges borne by members in this statement, which are annual fund management charges plus any additional fund expenses, such as custody costs, but excluding transaction costs; this is also known as the total expense ratio ("TER"). The TER is paid by the members and is reflected in the unit price of the funds.

The stated charges exclude any costs, e.g. administration and investment costs, that not met by the members.

The Trustees are also required to separately disclose transaction cost figures that are borne by members. The charges and transaction costs have been supplied by Mobius Life, the Scheme's investment manager (Mobius Life is a so called "platform provider" that facilitates access to a range of underlying investment managers/investment funds). As the Scheme invests assets through Mobius Life, the total transaction costs for each fund is made up of two elements: the transaction costs incurred by the underlying fund when buying and selling its underlying assets, and the costs incurred by Mobius Life when buying or selling the underlying fund.

It is understood that the information provided covers all the charges applicable. However, in providing this information, Mobius Life contacted all fund managers to request their transaction cost data for the Scheme Year. Some fund managers were constrained with the data they could provide retrospectively, and the periods reported did not always match the Scheme Year. Where this happened, Mobius Life used the most up-to-date information. The Trustees, via Ascot Lloyd, understand that Mobius Life seek to obtain reports that cover the appropriate period, but are aware of the necessity to provide information to enable us to satisfy our disclosure requirements.

When preparing this section of the statement, the Trustees have taken account of relevant statutory guidance, only deviating from this approach as outlined above.

## Default investment arrangement

The default investment arrangement invests as noted earlier in the following funds: the Standard Life Global Absolute Return Strategies Fund, the ML DGF Solutions Fund, the BNYM Multi-Asset Growth Fund, the Standard Life Managed Pension Fund, the Standard Life Annuity Purchase Fund and the L&G AR Cash Fund.

For the period covered by this statement, annualised charges and transaction costs are set out in the table below. The member borne charges for the Scheme's default arrangement complied with the charge cap.

Code	Fund	TER	Transaction Costs
P02018	Standard Life Global Absolute Return Strategies Fund	0.725%	0.921%
P02019	Standard Life Annuity Purchase Pension Fund	0.350%	0.144%
P02020	L&G Life AR Cash Fund	0.150%	-0.002%
P02021	Standard Life Managed Pension Fund	0.550%	0.149%
P02022	BNYM Multi-Asset Growth Fund	0.650%	0.121%
P06802	ML DGF Solutions Fund	0.650%	0.439%

## Self-select options

In addition to the default arrangement in which members may also choose to invest, members have the option to invest in self-select funds. During the period covered by this statement, 3 further funds were used as self-select funds.

The level of charges for each self-select fund and the transaction costs over the period covered by this statement are set out in the following table:

Code	Fund	TER	Transaction Costs
P06801	Standard Life Ethical Pension Fund	0.555%	0.450%
P06803	L&G Life C Managed Property Fund	0.700%	0.470%
P06804	L&G Life N UK Equity Index Fund	0.150%	-0.011%

## Illustration of charges and transaction costs

Over a period of time, the charges and transaction costs that are taken out of a member's pension savings can reduce the amount available to the member at retirement. The Trustees have set out in the Appendix to this statement, illustrations of the impact of charges and transaction costs on different investment options in the Scheme. The illustrations have been prepared in accordance with the DWP's statutory guidance on "Reporting costs, charges and other information: guidance for trustees and managers of occupational pension schemes" on the projection of an example member's pension savings.

As each member has a different amount of savings within the Scheme and the amount of any future investment returns and future costs and charges cannot be known in advance, the Trustees have had to make a number of assumptions about what these might be. The assumptions are explained below and in Appendix 2:

- The "before" figures represent the savings projection assuming an investment return with no deduction of member borne fees or transaction costs. The "after" figures represent the savings projection using the same assumed investment return but after deducting member borne fees and an allowance for transaction costs.
- The transaction cost figures used in the illustration are based on those provided by Mobius Life for the previous three Scheme Years for which data is available and have been averaged. Where a fund has not been held for the full period, costs have been annualised before determining an appropriate average. They are however subject to the comments set out earlier above in this respect.
- The default investment arrangement, as mentioned earlier, has 2 investment fund arrangements. An illustration is therefore shown for investment including ML DGF Solutions Fund from April 2019, and for investment remaining in the funds in force before April 2019.
- Illustrations have been shown for each of the self-select option funds in which a member is invested other than those where the member is above the assumed retirement age of 65.

The information in these examples is only intended to be illustrative, designed to show the cumulative impact that investment charges and transaction costs can have on fund values at retirement age. Members should therefore exercise caution before relying on the information for the purposes of making any decisions about savings, investment and retirement choices. In particular, the values shown are estimates only, based on a number of assumptions and are not guaranteed. For further information about investment options, members should refer to the Scheme documentation available, and should consider taking independent financial advice where and when appropriate.

## 5. Value for members assessment

The Trustees are required to assess the extent to which member borne charges and transaction costs represent good value for members. The Trustees aim to review all member-borne charges (including transaction costs where available) annually, with the aim of ensuring that members are obtaining value for money given the circumstances of the Scheme.

The Trustees note that value for money does not necessarily mean the lowest fee and define value for money as being a combination of the investment returns achieved, the risks applying and the annual management charges.

The Trustees have extensive experience of pension schemes, both as part of their everyday roles with the Employer and in working closely on the additional pension schemes offered by the Employer. The Trustees believe that the asset allocation and associated risks to be appropriate to the aims of the Scheme; however, this will be kept under constant review.

The Trustees also pay for and receive independent advice from Ascot Lloyd in order to specifically satisfy themselves that the Scheme provides good value for money for the members, in comparison to the wider pension scheme market, in terms of costs, risks, returns and the quality and level of service provided. Ascot Lloyd report their findings and views at each Trustees' meeting to provide comfort that the Scheme continues to provide good value for money.

In our opinion, with this advice and experience in mind, the terms that apply in the Scheme do indeed presently represent decent value for money.

## **6. Trustee knowledge and understanding**

The Scheme's Trustees are required to maintain appropriate levels of knowledge and understanding to run the Scheme effectively. Each Trustee must:

- Be conversant with the trust deed and rules of the Scheme, the Scheme's statement of investment principles and any other document recording policy for the time being adopted by the Trustees relating to the administration of the Scheme generally,
- Have, to the degree that is appropriate for the purposes of enabling the individual properly to exercise his or her functions as a Trustee, knowledge and understanding of the law relating to pensions and trusts and the principles relating to investment the assets of occupational pension schemes.

The present Trustees have an intimate working knowledge of the Scheme's documents having been involved with the Scheme since its inception. Relevant and comprehensive training was given on each occasion that the Rules have been amended. Further, the agreement between the Trustees and their advisers ensures that they are kept fully abreast of any changes in overriding legislation or law that de facto change the terms and conditions of the Rules and full training is given as necessary. A copy of the Trust Deed and Rules and all subsequent Deeds of Amendment is present at all Trustees' meetings and cross referred to as required.

The two Trustees were also responsible for the construction of the first and all subsequent iterations of the SIP and this document is also present at all Trustees meetings and cross referred to as required.

Any new Trustee will, in line with the practices applying to the existing Trustees, within 3 months of their appointment, receive a comprehensive training session which encompasses the duties and responsibilities of a Trustee, a review of all Scheme working documents such as the Trust Deed and Rules and any amending Deeds, understanding how these work and impact on members, a review of all Scheme policies and practices, understanding how these work and impact on members, together with a session concentrating on the principles of investment and how these impact on the Scheme. Such training will be undertaken during normal business hours. Trustees' meetings are also undertaken during normal business hours. No new trustee was however appointed during the Scheme Year.

The Trustees undertake regular training events in order to meet this requirement. All Trustees' meetings include, where possible and practicable, a training event run by the Scheme's advisers, Ascot Lloyd. The training events run during the Trustees' meetings are chosen to be relevant to current events or to re-emphasise issues relating to agenda items.

At the Trustees' meeting on 3 March 2021, the Trustees were taken through a high-level report on the impact of the Pension Schemes Act 2021, the contents of which were noted. A presentation was also provided looking at the impact of pension scams and identifying what the Trustees could do to identify such cases as soon as possible. The Trustees noted that Ascot Lloyd should notify them of any such cases, and we were reassured that Ascot Lloyd carried out all recommended checks and procedures as a matter of course and that we would be updated of any change.

To confirm our capability, a record has been established of past training and development. That record is reviewed regularly and if any gap is identified, an action plan is agreed to ensure that gap is adequately filled.

Trustees' training is an agenda item at each meeting. The Trustees are also Trustees of the NLC Passport Pension Scheme and so receive additional pension training on this scheme also.

This assessment and process, when combined with the training undertaken, is integral to meeting the requirements for knowledge and understanding, which includes the relevant principles relating to the funding and investment of occupational pension schemes.

The Trustees are also cognisant of the necessity to take advice as and when required and in particular would seek legal advice from the Scheme's legal advisers in any contentious cases/situations or if they are unclear in any aspect of the operation of the Trust Deed and Rules. The Trustees can confirm that there were no contentious cases to consider in the Scheme Year and therefore we did not seek any legal advice concerning these matters in this period.

Taking into account the knowledge and experience of the Trustees combined with the specialist advice available and received from the appointed professional advisors, the Trustees believe they are well placed to exercise their functions as Trustees of the Scheme properly and effectively.

We trust that this information has been informative and useful. Please note that, on 4 June 2021, Goddard Perry and HS Admin acquired the pensions administration, consultancy and employee benefits business from Ascot Lloyd based out of the Harrogate office. There is however no change to the services provided to the Scheme.

If you have any questions about any of the matters above, or any suggestions about what can be improved, please contact the Trustees at UBU, 9 Haywra Street, Harrogate, HG1 2BJ.

Signed.....  
**Clive Reed**  
Chair of Trustees

Date.....

## APPENDIX 1

### NORTHERN LIFE CARE LIMITED RETIREMENT BENEFITS SCHEME STATEMENT OF INVESTMENT PRINCIPLES

This Statement sets out the principles governing decisions concerning investments for Northern Life Care Limited Retirement Benefits Scheme (the "Scheme") in accordance with the requirements of the Pensions Act 1995 & 2004 and the Occupational Pension Schemes (Investment) Regulations 2005 as amended by the Occupational Pension Schemes (Investment) (Amendment) Regulations 2010. It incorporates changes as required by the Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018.

It is subject to periodic review by the Trustees.

The Trustees have obtained the appropriate professional advice from Capital Professional Limited who are acting as the Trustees' investment consultants for this purpose and have consulted the Principal Employer. Capital Professional Limited is regulated and authorised by the Financial Conduct Authority.

The Scheme is a Contracted-In Money Purchase Scheme and the assets are held in Trust by the Trustees for the benefit of the members. Investment powers of the Trustees are set out in the Scheme's Rules.

#### INVESTMENT OBJECTIVE

To provide a range of investment options suitable to meet members' needs, by providing options that give members a reasonable expectation of:

- optimising the value of their assets at retirement, allowing for individual members' risk tolerances
- maintaining the purchasing power of their savings in real (i.e. post-inflation) terms
- providing protection for accumulated assets in the years approaching retirement against a sudden (downward) volatility in the capital value, and fluctuations in the cost of annuities

whilst taking into account the impact that increased complexity may have on administration requirements and the overall cost of the arrangements.

A lifestyle default option will be offered which aims to provide an investment option which is suitable for the majority of members, taking into account their proximity to retirement.

#### STRATEGY

The Scheme's investment objective is implemented using the range of investment options which were determined as set out below.

The Trustees in consultation with Capital Professional Limited decided that it was appropriate to offer actively managed pooled funds as well as passive index-tracking pooled funds. These are designed to produce a return as close as possible to the relevant market benchmark to be accessed via Trustee Investment Plans provided by insurance companies. The choice of these Plans may vary from time to time.

Members can choose a default lifestyle arrangement which operates under a predetermined lifestyle strategy or make their own decisions on the funds in which to invest. The lifestyle strategy is based on a general principle that investment needs change as a member approaches retirement and that at retirement the member will take part of the account as cash and purchase an annuity with the balance.

The funds that members can choose to invest in are given risk ratings and members who choose to invest outside of the lifestyle option are made aware of the dangers of investing in lower risk funds some years from retirement and of remaining invested in higher risk funds up until retirement. Members opting for the lifestyle strategy are made aware that it may not be the most appropriate investment strategy for their personal circumstances and attitude to risk.

The Trustees' policy is to provide suitable information for members so that they can make appropriate investment decisions. The range of funds was chosen by the Trustee after taking expert advice from the Trustee's investment consultant. In choosing the Scheme's investment options, it is the Trustee's policy to consider:

- A full range of asset classes.
- The suitability of the possible styles of investment management.
- The suitability of each asset class for a defined contribution scheme.



- The need for appropriate diversification of asset classes.

The Trustees expect the long-term return on the investment options that invest predominantly in equities to exceed price inflation and general salary growth. The long term returns on the bond and cash options are expected to be lower than returns on predominantly equity options. However, bond funds are expected to broadly match the price of annuities, giving some protection in the amount of secured pension for members closer to retirement. Cash/Deposit style funds will provide protection against changes in short-term capital values, and may be appropriate for members receiving part of their retirement benefits in the form of tax-free cash.

## **RISK MEASUREMENT AND MANAGEMENT**

The Trustees consider the following sources of risk:

- Risk of not meeting the reasonable expectations of members, bearing in mind members' contributions and fund choices.
- Risk of fund managers not meeting their objectives ("manager risk"). This risk is considered by the Trustees and their advisers both upon the initial appointment of the fund manager and on an on-going basis thereafter.
- Risk of the default fund being unsuitable for the requirements of some members.
- The risk of fraud, poor advice or acts of negligence ("operational risk"). The Trustees have sought to minimise such risk by ensuring that all advisers and third party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received.

Due to the complex and interrelated nature of these risks, the Trustees consider these risks as part of each formal strategy review. The Trustees' policy is to review the range of funds offered and the suitability of the lifestyle option annually.

These risks are considered as part of each normal strategy review. In addition, the Trustee measures risk in terms of the performance of the assets compared to the benchmarks quarterly, along with monitoring any significant issues with the fund managers that may impact their ability to meet the performance expectations.

## **ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE (ESG)**

The Trustees believe that their primary responsibility is to invest the Scheme's assets for the longer term financial best interests of the Scheme's beneficiaries, as reflected by the Trustees' strategic investment objectives.

The Trustees believe that ESG factors, including climate change risk, can potentially have a material positive or negative impact on the Scheme and therefore have a policy to consider these when selecting or reviewing the Scheme's investments.

The Trustees further believe that:

- The willingness and ability of companies to adopt the highest standards of social responsibility is increasingly important to long term growth in the value of their business
- Good corporate governance includes the management of the companies impact on the environment and society at large

The Scheme's investment funds are chosen to achieve the Scheme's investment objectives and these fund choices are reviewed from time to time. The Trustees understand that ESG factors are more important for some asset classes than for others.

The Trustees have elected to invest the Scheme's assets through pooled funds. The choice of pooled funds is made by the Trustees with advice from their investment consultants. The impact of this is that the Trustees themselves cannot directly influence the ESG policies and practices of the companies in which the pooled funds invest.

The Trustees do however expect that managers of the underlying funds to take in to account ESG factors (including but not limited to climate change risks) in their decisions in relation to the selection, retention and realisation of investments. The Trustees also expect that any advice received in relation to the selection of managers will take in to account the managers philosophies of all ESG factors.

## INVESTMENT REALISATION AND OPTIONS

Having taken advice from Capital Professional Limited, the Trustees have chosen to access pooled investment funds via the investment platform offered by Mobius Life under their Trustee Investment Plan. The Mobius Life investment platform was selected as a result of the wide range of funds offered, the availability of daily dealing, free switching between funds which aid the lifestyling process, competitive institutional fund charges and financial strength.

The present Investment Options are detailed below.

<b>Funds</b>
<b>LGIM Cash Fund – AMC 0.15% - Risk: Very Low</b>
Invests in deposits and short term money market instruments.
<b>Standard Life Annuity Purchase Fund – AMC: 0.36% - Risk: Low</b>
The fund invests predominantly in fixed interest assets whose prices are normally expected to rise and fall broadly in line with the cost of purchasing pension income. <i>(NB: Previously known as the (Pension Protection Fund)</i>
<b>Mobius Life Diversified Growth Fund: 0.65% Risk: Low to Medium</b>
Aims to provide investors with positive investment returns in a variety of market conditions.
<b>Standard Life Pension Managed Fund – AMC: 0.57% Risk: Medium</b>
A balanced managed fund, investing in a diversified portfolio including equities, fixed interest and property.
<b>Newton Multi-Asset Growth Fund - AMC: 0.65% Risk: Medium</b>
Aims to provide long term growth by investing in a portfolio of Institutional UK and overseas equity assets.

## DEFAULT LIFESTYLE OPTION

The default lifestyle option makes use of all the funds shown above and the following table sets out how the funds are invested as members approach retirement:

<b>Fund:</b>	<b>Mobius DGF</b>	<b>Newton Multi Asset Growth</b>	<b>SLI Managed</b>	<b>SLI Annuity Purchase</b>	<b>LGIM AR-Cash</b>
<b>Years to NRA</b>	<b>Low to Medium Risk</b>	<b>Medium Risk</b>	<b>Medium Risk</b>	<b>Low Risk</b>	<b>Very Low Risk</b>
7 or more	35%	35%	30%	0%	0%
6	30%	30%	30%	5%	5%
5	25%	25%	25%	15%	10%
4	25%	20%	20%	20%	15%
3	25%	15%	15%	25%	20%
2	10%	10%	10%	50%	20%
1	0%	0%	0%	75%	25%
0	0%	0%	0%	75%	25%



## APPENDIX 2

### Charges and transaction costs paid by members

#### Illustrative examples

##### Default investment arrangement

Investment including ML DGF Solutions Fund from April 2019

Projected Pension Pot in Today's Money (as at 31 March 2021 with a starting pot size of £50,900)		
Years	Projected fund value <b>before</b> the deduction of costs and charges	Projected fund value <b>after</b> the deduction of costs and charges
1	£53,072	£52,575
3	£57,697	£56,091
5	£62,727	£59,845
10	£77,308	£70,367
15	£87,780	£77,064
17	£87,352	£76,110

Investment remaining in funds in force before April 2019

Projected Pension Pot in Today's Money (as at 31 March 2021 with a starting pot size of £8,300)		
Years	Projected fund value <b>before</b> the deduction of costs and charges	Projected fund value <b>after</b> the deduction of costs and charges
1	£8,658	£8,575
3	£9,419	£9,152
5	£10,247	£9,770
10	£12,650	£11,500
15	£15,618	£13,535
20	£19,282	£15,932
25	£21,932	£17,465
27	£21,826	£17,250

##### Self-select funds

##### Standard Life Global Absolute Return Strategies Fund

Projected Pension Pot in Today's Money (as at 31 March 2021 with a starting pot size of £163,700)		
Years	Projected fund value <b>before</b> the deduction of costs and charges	Projected fund value <b>after</b> the deduction of costs and charges
1	£170,089	£167,796
3	£183,623	£176,298
5	£198,234	£185,232
10	£240,053	£209,597
15	£290,694	£237,168
20	£352,019	£268,365
24	£410,269	£296,253

## BNYM Multi-Asset Growth Fund

Projected Pension Pot in Today's Money (as at 31 March 2021 with a starting pot size of £2,000)		
Years	Projected fund value <b>before</b> the deduction of costs and charges	Projected fund value <b>after</b> the deduction of costs and charges
1	£2,093	£2,076
3	£2,292	£2,237
5	£2,509	£2,410
10	£3,147	£2,904
15	£3,947	£3,499
20	£4,949	£4,216
24	£5,932	£4,895

## Standard Life Managed Pension Fund

Projected Pension Pot in Today's Money (as at 31 March 2021 with a starting pot size of £4,600)		
Years	Projected fund value <b>before</b> the deduction of costs and charges	Projected fund value <b>after</b> the deduction of costs and charges
1	£4,802	£4,770
3	£5,234	£5,128
5	£5,704	£5,513
10	£7,070	£6,608
15	£8,764	£7,920
20	£10,865	£9,493
24	£12,903	£10,974

## Standard Life Annuity Purchase Pension Fund

Projected Pension Pot in Today's Money (as at 31 March 2021 with a starting pot size of £450)		
Years	Projected fund value <b>before</b> the deduction of costs and charges	Projected fund value <b>after</b> the deduction of costs and charges
1	£449	£447
3	£447	£440
5	£445	£434
10	£439	£419
15	£434	£405
20	£428	£391
24	£425	£380

## L&G Life AR Cash Fund

Projected Pension Pot in Today's Money (as at 31 March 2021 with a starting pot size of £300)		
Years	Projected fund value <b>before</b> the deduction of costs and charges	Projected fund value <b>after</b> the deduction of costs and charges
1	£300	£299
3	£298	£296
5	£296	£294
10	£293	£288
15	£289	£282
20	£286	£277
24	£283	£273

### Notes:

1. Values shown are estimates and are not guaranteed. The illustration does not indicate the likely variance and volatility in the possible outcomes from each fund.
2. Projected pension pot values are shown in today's terms and do not need to be reduced further for the effect of future inflation.

3. Inflation is assumed to be 2.5% each year.
4. The starting pot size reflects the median fund size of those currently invested in the appropriate fund, together with a time horizon reflecting the youngest member in that appropriate fund. Thus:
  - **For the default investment arrangement with investment including the ML DGF Solutions Fund from April 2019, the starting pot size is assumed to be £50,900 at age 48 for a member retiring at age 65. It is further assumed that appropriate funds in the Standard Life Global Absolute Returns Strategies Fund and ML DGF Solutions Fund are 85% and 15% respectively.**
  - **For the default investment arrangement with investment remaining in the funds in force before April 2019, the starting pot size is assumed to be £8,300 at age 38 for a member retiring at age 65.**
  - **For the Standard Life Global Absolute Return Strategies Fund, the starting pot size is assumed to be £163,700 at age 41 for a member retiring at age 65.**
  - **For the BNYM Multi-Asset Growth Fund, the starting pot size is assumed to be £2,000 at age 41 for a member retiring at age 65.**
  - **For the Standard Life Managed Pension Fund, the starting pot size is assumed to be £4,600 at age 41 for a member retiring at age 65.**
  - **For the Standard Life Annuity Purchase Pension Fund, the starting pot size is assumed to be £450 at age 41 for a member retiring at age 65.**
  - **For the L&G Life AR Cash Fund, the starting pot size is assumed to be £300 at age 41 for a member retiring at age 65.**
5. No charges are levied on contributions made to the Scheme, thus for the purposes of the illustrations, no further contributions are assumed to be made.
6. Assumed investment growth for each of the appropriate funds in the illustrations is in line with those used in the production of the Statutory Money Purchase Illustrations for the Scheme. Thus, the accumulation rates used are:

ML DGF Solutions Fund	5.75% each year
Standard Life Global Absolute Return Strategies Fund	6.50% each year
BNYM Multi-Asset Growth Fund	7.25% each year
Standard Life Managed Pension Fund	7.00% each year
Standard Life Annuity Purchase Pension Fund	2.25% each year
L&G Life AR Cash Fund	2.25% each year