

# The FundsNetwork Pension generic illustration

## What regular income you might receive in the future

This illustration gives you an indication of what pension may be available to you at retirement and is calculated at today's prices which takes into account price inflation. Price inflation is the average rate at which prices of goods and services increase by each year. This means that the amount of goods and services that can be purchased with the same amount of money reduces from one year to the next. In calculating the projected pension benefits, we have assumed a 2.5% inflation rate, as prescribed by the Financial Conduct Authority (FCA), to illustrate the value of future benefits at today's prices.

The calculation is based on a married person aged 30, making a gross regular monthly contribution of £200, or a gross initial lump sum contribution or transfer of £10,000. Please view the illustrations that best fit your contribution plans.

The examples that follow then look at different retirement ages (55, 65 or 75), the total charge per annum (low 0.82%, medium 1.41% or high 2.00%) and how these could affect the value of your pension benefits at retirement based on different levels of growth (low 2%, medium 5% or high 8%). For funds investing mainly in equities or shares we use the standard growth rates set by the FCA.

### Effect of Inflation on Growth Rates

Levels of Growth	Growth Rate	Growth Rate after adjusting for inflation
Low	2%	-0.49%
Medium	5%	2.44%
High	8%	5.37%

Each example has two tables which show:

- The projected pension benefits based on different growth rates per annum inclusive of the effect of inflation at 2.5% (Table 1)
- The effects of charges on your plan based on inflation each year of 2.5% (Table 2)

These examples are only an illustrative guide and the returns are not guaranteed and are not minimum or maximum amounts. What you get back depends on how your investment grows, on the tax treatment of the investment and rates of inflation.

In calculating this we have made the following assumptions:

- Your annuity will be paid for a minimum of 5 years and throughout the rest of your life
- In the event of your death, a reduced annuity of 50% will be paid to your dependant
- Your annuity will be paid at the beginning of each month
- Your annuity payments will increase each year in line with the Retail Price Index (RPI)

### Charges

We have used three different levels of fund charges, as previously mentioned, to illustrate what the effects of charges may be on your pension. The levels we have chosen are further explained at the beginning of each example. All charges have been included in the examples. Your actual charges may be higher or lower than these and will depend on the actual investments you choose.

For a full explanation of all charges please refer to the 'Charges and Expenses' section of the FundsNetwork™ Pension Key Features Document.

### Interest

We will pay you interest on money held in the Pension Cash Account. This illustration does not take into account money held in the Pension Cash Account or any interest earned on the amount. All interest will be paid gross. The rate we pay you will be the Bank of England (BoE) base rate minus 1%, subject to a minimum of 0.25%. For example, if the BoE base rate is 0.5%, the interest you will receive on your holding in the Pension Cash Account will be 0.25%. Alternatively if the BoE base rate is 2.5%, the interest you will receive on your holding in the Pension Cash Account will be 1.5%. For more details please refer to FundsNetwork Pension Key Features Document.

### Important information about these calculations and the assumptions made

- All firms use the same rates of growth for projections (except where they believe a lower growth rate is appropriate) but their charges vary. They also use the same rates to show how funds may be converted into pension income.
- These examples are only an illustrative guide and the returns are not guaranteed and are not minimum or maximum amounts. What you get back depends on how your investment grows, the performance of the funds, on the tax treatment of the investment and rates of inflation. For further information on risks please see the 'Risks to consider' section.
- Your pension income will depend on how your investment grows and on interest rates at the time you retire.
- This illustration does not take account of the Lifetime Allowance, which is a limit on the total value of all pension benefits you are able to take without paying a tax penalty. Anything over this allowance may be subject to a tax charge.
- All projected figures are rounded down to three significant figures.

## Regular contribution illustration

These first three examples are calculated based on a married person aged 30 making a regular gross monthly contribution of £200. They show the potential pension account value and taxable annual pension that you might receive should you choose to retire at age 55, 65 or 75.

The benefits are proportionate to the premium. So in this example, if you contributed twice the premium then your pension account value would be twice the amount at retirement and you would receive twice the taxable annual pension for the same investment term.

### Example 1 – Investing in a low-cost portfolio

These tables for a low-cost fund are based on a Total Charge per Annum of 0.47% of the value of your Pension. This figure is calculated as:

Service Fee	0.25%
Investment charge	+ 0.17%
Ongoing broker charge	+ 0.05%
<b>Total charge per annum</b>	<b>= 0.47%</b>

**Table 1 – Projection of pension benefits at today's prices**

Retirement Age	Growth rate 2% (-0.49%) per annum		Growth rate 5% (2.44%) per annum		Growth rate 8% (5.37%) per annum	
	Value	Annuity	Value	Annuity	Value	Annuity
55	£39,300	£1,170	£59,100	£2,500	£91,400	£5,160
65	£46,600	£1,720	£84,500	£4,150	£162,000	£10,100
75	£50,900	£2,520	£112,000	£6,930	£272,000	£20,200

Please note: The taxable annual pension will be lower if a tax-free lump sum is taken.

**Table 2 – Effect of charges at today's prices**

End of year	Growth Rate 5% (2.44%) per annum		
	Total paid in to date	What you might get back if there were no charges	What you might get back after all charges are taken
1	£2,340	£2,400	£2,390
2	£4,560	£4,800	£4,780
3	£6,680	£7,210	£7,160
4	£8,960	£9,620	£9,520
5	£10,600	£12,000	£11,800
10	£18,700	£24,200	£23,600
15	£24,800	£36,700	£35,200
20	£29,200	£49,700	£47,100
25	£32,300	£63,400	£59,100
35	£35,300	£93,700	£84,500
45	£35,500	£129,000	£112,000

In this example, if you retire at 55 your pension pot could be reduced from £63,400 to £59,100 which means that the effect of charges could reduce the yearly growth rate 2.4% to 2.0% after adjusting for inflation. This is a reduction in growth of 0.4% a year. If you retire at 55 or 75 the reduction in growth will also be 0.4% a year. This information on reduction in investment growth can be used to compare the effects of charges with similar products.

## Example 2 – Investing in a medium-cost portfolio

These tables for a medium-cost fund are based on a Total Charge per Annum of 1.06% of the value of your Pension. This figure is calculated as:

Service Fee	0.25%
Investment charge	+ 0.76%
Ongoing broker charge	+ 0.05%
<b>Total charge per annum</b>	<b>= 1.06%</b>

**Table 1 – Projection of pension benefits at today's prices**

Retirement Age	Growth rate 2% (-0.49%) per annum		Growth rate 5% (2.44%) per annum		Growth rate 8% (5.37%) per annum	
	Value	Annuity	Value	Annuity	Value	Annuity
55	£36,400	£1,080	£54,200	£2,290	£83,200	£4,690
65	£41,700	£1,540	£74,400	£3,650	£140,000	£8,800
75	£44,000	£2,180	£94,800	£5,840	£224,000	£16,700

Please note: The taxable annual pension will be lower if a tax-free lump sum is taken.

**Table 2 – Effect of charges at today's prices**

End of year	Growth Rate 5% (2.44%) per annum		
	Total paid in to date	What you might get back if there were no charges	What you might get back after product and investment charges are taken
1	£2,340	£2,400	£2,390
2	£4,560	£4,800	£4,750
3	£6,680	£7,210	£7,090
4	£8,960	£9,620	£9,410
5	£10,600	£12,000	£11,700
10	£18,700	£24,200	£22,800
15	£24,800	£36,700	£33,600
20	£29,200	£49,700	£44,000
25	£32,300	£63,400	£54,200
35	£35,300	£93,700	£74,400
45	£35,500	£129,000	£94,800

In this example, if you retire at 55 your pension pot could be reduced from £63,400 to £54,200 which means that the effect of charges could reduce the yearly growth rate 2.4% to 1.4% after adjusting for inflation. This is a reduction in growth of 1.0% a year. If you retire at 55 or 75 the reduction in growth will also be 1.0% a year. This information on reduction in investment growth can be used to compare the effects of charges with similar products.

### Example 3 – Investing in a high-cost portfolio

These tables for a high-cost fund are based on a Total Charge per Annum of 1.65% of the value of your Pension. This figure is calculated as:

Service Fee	0.25%
Investment charge	+ 1.35%
Ongoing broker charge	+ 0.05%
<b>Total charge per annum</b>	<b>= 1.65%</b>

**Table 1 – Projection of pension benefits at today's prices**

Retirement Age	Growth rate 2% (-0.49%) per annum		Growth rate 5% (2.44%) per annum		Growth rate 8% (5.37%) per annum	
	Value	Annuity	Value	Annuity	Value	Annuity
55	£33,700	£1,000	£49,800	£2,100	£75,800	£4,280
65	£37,500	£1,380	£65,700	£3,220	£122,000	£7,660
75	£38,300	£1,900	£80,200	£4,940	£185,000	£13,800

Please note: The taxable annual pension will be lower if a tax-free lump sum is taken.

**Table 2 – Effect of charges at today's prices**

End of year	Growth Rate 5% (2.44%) per annum		
	Total paid in to date	What you might get back if there were no charges	What you might get back after product and investment charges are taken
1	£2,340	£2,400	£2,380
2	£4,560	£4,800	£4,720
3	£6,680	£7,210	£7,020
4	£8,960	£9,620	£9,290
5	£10,600	£12,000	£11,500
10	£18,700	£24,200	£22,100
15	£24,800	£36,700	£32,000
20	£29,200	£49,700	£41,200
25	£32,300	£63,400	£49,800
35	£35,300	£93,700	£65,700
45	£35,500	£129,000	£80,200

In this example, if you retire at 55 your pension pot could be reduced from £63,400 to £49,800 which means that the effect of charges could reduce the yearly growth rate 2.4% to 0.8% after adjusting for inflation. This is a reduction in growth of 1.6% a year. If you retire at 55 or 75 the reduction in growth will also be 1.6% a year. This information on reduction in investment growth can be used to compare the effects of charges with similar products.

## Initial lump sum/transfer illustration

These next three examples are calculated based on a married person aged 30 making a gross single contribution or transfer of £10,000. They show the potential pension account value and taxable annual pension that you might receive should you choose to retire at age 55, 65 or 75.

The benefits are proportionate to the premium. So in this example, if you contributed twice the premium then your pension account value would be twice the amount at retirement and you would receive twice the taxable annual pension for the same investment term.

### Example 4 – Investing in a low-cost portfolio

These tables for a low-cost fund are based on a Total Charge per Annum of 0.47% of the value of your Pension. This figure is calculated as:

Service Fee	0.25%
Investment charge	+ 0.17%
Ongoing broker charge	+ 0.05%
<b>Total charge per annum</b>	<b>= 0.47%</b>

**Table 1 – Projection of pension benefits at today's prices**

Retirement Age	Growth rate 2% (-0.49%) per annum		Growth rate 5% (2.44%) per annum		Growth rate 8% (5.37%) per annum	
	Value	Annuity	Value	Annuity	Value	Annuity
55	£7,860	£234	£16,200	£686	£32,800	£1,850
65	£7,140	£264	£19,700	£968	£52,800	£3,300
75	£6,490	£322	£23,900	£1,470	£85,000	£6,330

Please note: The taxable annual pension will be lower if a tax-free lump sum is taken.

**Table 2 – Effect of charges at today's prices**

End of year	Growth Rate 5% (2.44%) per annum		
	Total paid in to date	What you might get back if there were no charges	What you might get back after product and investment charges are taken
1	£9,750	£10,200	£10,100
2	£9,510	£10,400	£10,300
3	£9,280	£10,700	£10,500
4	£9,050	£11,000	£10,800
5	£8,830	£11,200	£11,000
10	£7,810	£12,700	£12,600
15	£6,900	£14,300	£13,300
20	£6,100	£16,100	£14,700
25	£5,390	£18,200	£16,200
35	£4,210	£23,200	£19,700
45	£3,290	£29,500	£23,900

In this example, if you retire at 55 your pension pot could be reduced from £18,200 to £16,200 which means that the effect of charges could reduce the yearly growth rate 2.4% to 2.0% after adjusting for inflation. This is a reduction in growth of 0.4% a year. If you retire at 55 or 75 the reduction in growth will also be 0.4% a year. This information on reduction in investment growth can be used to compare the effects of charges with similar products.

## Example 5 – Investing in a medium-cost portfolio

These tables for a medium-cost fund are based on a Total Charge per Annum of 1.06% of the value of your Pension. This figure is calculated as:

Service Fee	0.25%
Investment charge	+ 0.76%
Ongoing broker charge	+ 0.05%
<b>Total charge per annum</b>	<b>= 1.06%</b>

**Table 1 – Projection of pension benefits at today's prices**

Retirement Age	Growth rate 2% (-0.49%) per annum		Growth rate 5% (2.44%) per annum		Growth rate 8% (5.37%) per annum	
	Value	Annuity	Value	Annuity	Value	Annuity
55	£6,780	£202	£14,000	£592	£28,300	£1,600
65	£5,810	£214	£16,000	£787	£42,900	£2,690
75	£4,970	£247	£18,300	£1,130	£65,200	£4,860

Please note: The taxable annual pension will be lower if a tax-free lump sum is taken.

**Table 2 – Effect of charges at today's prices**

End of year	Growth Rate 5% (2.44%) per annum		
	Total paid in to date	What you might get back if there were no charges	What you might get back after product and investment charges are taken
1	£9,750	£10,200	£10,100
2	£9,510	£10,400	£10,200
3	£9,280	£10,700	£10,400
4	£9,050	£11,000	£10,500
5	£8,830	£11,200	£10,600
10	£7,810	£12,700	£11,400
15	£6,900	£14,300	£12,200
20	£6,100	£16,100	£13,000
25	£5,390	£18,200	£14,000
35	£4,210	£23,200	£16,000
45	£3,290	£29,500	£18,300

In this example, if you retire at 55 your pension pot could be reduced from £18,200 to £14,000 which means that the effect of charges could reduce the yearly growth rate 2.4% to 1.4% after adjusting for inflation. This is a reduction in growth of 1.0% a year. If you retire at 55 or 75 the reduction in growth will also be 1.0% a year. This information on reduction in investment growth can be used to compare the effects of charges with similar products.

## Example 6 – Investing in a high-cost portfolio

These tables for a high-cost fund are based on a Total Charge per Annum of 1.65% of the value of your Pension. This figure is calculated as:

Service Fee	0.25%
Investment charge	+ 1.35%
Ongoing broker charge	+ 0.05%
<b>Total charge per annum</b>	<b>= 1.65%</b>

**Table 1 – Projection of pension benefits at today's prices**

Retirement Age	Growth rate 2% (-0.49%) per annum		Growth rate 5% (2.44%) per annum		Growth rate 8% (5.37%) per annum	
	Value	Annuity	Value	Annuity	Value	Annuity
55	£5,850	£174	£12,000	£511	£24,400	£1,380
65	£4,720	£174	£13,000	£640	£34,900	£2,180
75	£3,810	£189	£14,000	£867	£49,900	£3,720

Please note: The taxable annual pension will be lower if a tax-free lump sum is taken.

**Table 2 – Effect of charges at today's prices**

End of year	Growth Rate 5% (2.44%) per annum		
	Total paid in to date	What you might get back if there were no charges	What you might get back after product and investment charges are taken
1	£9,750	£10,200	£10,000
2	£9,510	£10,400	£10,100
3	£9,280	£10,700	£10,200
4	£9,050	£11,000	£10,300
5	£8,830	£11,200	£10,300
10	£7,810	£12,700	£10,700
15	£6,900	£14,300	£11,200
20	£6,100	£16,100	£11,600
25	£5,390	£18,200	£12,000
35	£4,210	£23,200	£13,000
45	£3,290	£29,500	£14,000

In this example, if you retire at 55 your pension pot could be reduced from £18,200 to £12,000 which means that the effect of charges could reduce the yearly growth rate 2.4% to 0.8% after adjusting for inflation. This is a reduction in growth of 1.6% a year. If you retire at 55 or 75 the reduction in growth will also be 1.6% a year. This information on reduction in investment growth can be used to compare the effects of charges with similar products.

If you have any questions please speak to your adviser. Alternatively, you can call us on **0800 358 4060**

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