

# SCOTTISH WIDOWS GROUP PERSONAL PENSION PLAN

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EXAMPLE ILLUSTRATIONS

**THE FINANCIAL CONDUCT AUTHORITY IS A FINANCIAL SERVICES REGULATOR. IT REQUIRES US, SCOTTISH WIDOWS, TO GIVE YOU THIS IMPORTANT INFORMATION TO HELP YOU TO DECIDE WHETHER OUR GROUP PERSONAL PENSION IS RIGHT FOR YOU. YOU SHOULD READ THIS DOCUMENT CAREFULLY SO THAT YOU UNDERSTAND WHAT YOU ARE BUYING, AND THEN KEEP IT SAFE FOR FUTURE REFERENCE.**

The following example illustrations should be read with the Key Features of the Scottish Widows Group Personal Pension Plan. The illustrations show the yearly pension an individual might receive based on different contribution amounts and terms to retirement should certain assumed growth rates be met.

The illustrated figures assume no tax free cash is taken at retirement. There are a number of options available for you to take your benefits (currently from age 55). When you decide, 25% can be withdrawn tax-free, the rest will be subject to income tax.

The value of the tax benefits of a pension plan depend on your individual circumstances. Tax rules and your circumstances may change in the future.

**The figures also assume;**

- all monthly contributions are paid until the individual's chosen retirement age of 65;
- the individual is eligible for UK tax relief<sup>†</sup> and basic rate tax relief is added to the individual's net contributions;
- contributions increase in line with the Average Weekly Earnings Index (AWEI), assuming increases each year at 1.50%, 3.50% and 5.50%;
- a Total Annual Fund Charge of 0.75% is deducted from the value of the plan each year;
- the pension is paid at the beginning of each month from age 65, for the rest of the individual's life, and, in any event, for a minimum period of 5 years;
- the pension remains level in payment;
- that both tax and pension legislation do not change;
- price inflation is 2% each year.

The growth rates also assume price inflation of 2% each year.

<sup>†</sup>If you are a Scottish taxpayer the tax relief you will be entitled to will be at the Scottish rate of income tax, which may be different from the rest of the UK. If you pay more than 20% tax on some of your income, you can claim additional tax relief either by contacting HMRC or via your self-assessment tax return.

You'll receive a personalised illustration if you start a plan with us. This will be sent after your plan is set up. However, if you'd like an illustration which is personal to your own circumstances before making any decision to set up the plan, then please contact your adviser or Scottish Widows on **03457 556 557**. We may record and monitor calls to help us improve our service.

	Initial Gross Monthly Contribution	£100			£200			£300			£400		
Years to Retirement		Growth Rate			Growth Rate			Growth Rate			Growth Rate		
		Lower 1.5%	Middle 3.5%	Higher 5.5%	Lower 1.5%	Middle 3.5%	Higher 5.5%	Lower 1.5%	Middle 3.5%	Higher 5.5%	Lower 1.5%	Middle 3.5%	Higher 5.5%
40 Years	Final Year Gross Contribution	£178.72	£382.54	£806.95	£357.44	£765.07	£1,613.90	£536.16	£1,147.61	£2,420.85	£714.88	£1,530.15	£3,227.79
	Projected Yearly Taxable Pension	£1,090	£3,800	£12,500	£2,190	£7,610	£25,100	£3,290	£11,400	£37,700	£4,380	£15,200	£50,300
30 Years		Growth Rate			Growth Rate			Growth Rate			Growth Rate		
		Lower 1.5%	Middle 3.5%	Higher 5.5%	Lower 1.5%	Middle 3.5%	Higher 5.5%	Lower 1.5%	Middle 3.5%	Higher 5.5%	Lower 1.5%	Middle 3.5%	Higher 5.5%
30 Years	Final Year Gross Contribution	£154	£271.19	£472.41	£308	£542.38	£944.82	£461.99	£813.56	£1,147.24	£615.99	£1,084.75	£1,889.65
	Projected Yearly Taxable Pension	£922	£2,500	£6,460	£1,840	£5,000	£12,900	£2,760	£7,500	£19,300	£3,680	£10,000	£25,800
20 Years		Growth Rate			Growth Rate			Growth Rate			Growth Rate		
		Lower 1.5%	Middle 3.5%	Higher 5.5%	Lower 1.5%	Middle 3.5%	Higher 5.5%	Lower 1.5%	Middle 3.5%	Higher 5.5%	Lower 1.5%	Middle 3.5%	Higher 5.5%
20 Years	Final Year Gross Contribution	£132.70	£192.25	£276.56	£265.39	£384.50	£553.13	£398.09	£576.75	£829.69	£530.78	£769	£1,106.26
	Projected Yearly Taxable Pension	£690	£1,460	£2,950	£1,380	£2,920	£5,910	£2,070	£4,380	£8,860	£2,760	£5,840	£11,800
10 Years		Growth Rate			Growth Rate			Growth Rate			Growth Rate		
		Lower 1.5%	Middle 3.5%	Higher 5.5%	Lower 1.5%	Middle 3.5%	Higher 5.5%	Lower 1.5%	Middle 3.5%	Higher 5.5%	Lower 1.5%	Middle 3.5%	Higher 5.5%
10 Years	Final Year Gross Contribution	£114.34	£136.29	£161.91	£228.68	£272.58	£323.82	£343.02	£408.87	£485.73	£457.36	£545.16	£647.64
	Projected Yearly Taxable Pension	£378	£624	£991	£757	£1,240	£1,980	£1,130	£1,870	£2,970	£1,510	£2,490	£3,960

### Important Notes:

- This illustration shows, in today's prices, the final fund values and benefits that might be payable at retirement. This means we have allowed for price inflation of 2% each year to give you an indication of how much you would be able to buy with your final fund value.
- This example is based on a plan that invests in our Balanced (Targeting Flexible Access) Pension Investment Approach and uses our assumed growth rates for the appropriate fund(s) when payments start at the beginning of each term shown.
- The figures do not take into account the effect of future fund switching which will happen using the Balanced (Targeting Flexible Access) Pension Investment Approach 15 years from your chosen retirement age. At this time, your plan will gradually move to lower risk funds which will have a lower assumed growth rate than those we've used; this will have the effect of reducing the amount shown. In the final five years leading up to the selected retirement date, the investment will gradually move into a carefully selected package of lower-risk investments. Please read our Pension Investment Approaches Guide (45770IG) for details of all our Approaches and how Lifestyle Switching works.
- For each fund that makes up the investment approach we assume a "lower", "middle" and "higher" rate of future long term investment growth for that fund. Where more than one fund is used at the time payments start, the combined growth rate has been shown. The actual growth rates we achieve may be more or less than shown. We may change any growth rate assumption for future illustrations.
- Other firms may use different growth rates for their illustrations and charges may vary. Firms generally use the same rates as each other to show how retirement funds may be converted into pension income.
- Price inflation reduces the worth of all savings and investments over time.
- Your final fund value and benefits payable could be more or less than shown. The benefits may be less than the payments made.
- These figures are only examples and aren't guaranteed – they're not minimum or maximum amounts. What you might get back depends on a number of factors, including:
  - how much is paid in;
  - how long the investments are held for;
  - any pension encashments already taken;
  - investment performance;
  - the charges and expenses.
- The actual charges that apply to your plan may be higher or lower than those we have assumed and will depend on the investment approach or funds you choose.
- To help keep track of your Plan, we'll send you a statement each year.

**THE TABLES SHOW THE EFFECT OF CHARGES ON THE ASSUMED INVESTMENT GROWTH RATE AT COMBINED MIDDLE RATES EACH YEAR. ALL PENSION PLAN PROVIDERS HAVE TO GIVE YOU THESE FIGURES TO HELP COMPARE THE CHARGES FOR THEIR PLANS.**

**They assume that;**

- the individual has 40 years until their selected retirement age at age 65;
- the plan invests in our Balanced (Targeting Flexible Access) Pension Investment Approach;
- investment growth (taking into account price inflation) of 2.5% is achieved;
- contributions increase in line with the Average Weekly Earnings Index (AWEI), assuming increases each year at 2.0%, 4.0% and 6.0%;
- a Total Annual Fund Charge of 0.75% is deducted from the value of the plan each year.

The plan values shown are not guaranteed.

**HOW THE CHARGES REDUCE YOUR PENSION FUND**

The following example figures are based on a member aged 25, initially contributing £300 gross per month until the date of transfer, taking into account price inflation.

		Value of your Plan (taking into account price inflation of 2% each year)	
At the end of year	Total gross contributions paid to date	If there were no charges	After all charges are taken
1	£3,567.53	£3,610.00	£3,600.00
2	£7,187.53	£7,370.00	£7,310.00
3	£10,860.79	£11,200.00	£11,100.00
4	£14,588.10	£15,300.00	£15,000.00
5	£18,370.19	£19,500.00	£19,100.00
10	£38,131.69	£43,000.00	£41,400.00
At age 65	£192,403.54	£309,000.00	£264,000.00

**WHAT ARE THE DEDUCTIONS FOR?**

Deductions are made to cover our charges, expenses, profit and any other adjustments. The bottom line of the table on the left shows that, over the term to the individual's retirement date, the effect of the total deductions could amount to £45,000. Putting it another way, this would have the same effect as reducing the combined Middle Rate of growth (taking into account price inflation) from 2.5% to 1.7% a year over the term to the individual's retirement date. The difference between these figures can be used to compare the effect of charges with similar products.

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