The British Museum Publications Ltd Supplementary Retirement Benefits Scheme

Scheme Registration Number: 10201909

The Annual Governance Statement 31 March 2021

This Statement has been prepared by The BM Co Pension Trustee Limited ("the Trustee") in accordance with regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (as amended). It sets out how the Trustee has met the statutory defined contribution (DC) governance standards for The British Museum Publications Ltd Supplementary Retirement Benefits Scheme ("the Supplementary Scheme") for the year to 31 March 2021.

The Supplementary Scheme is classified as a Defined Contributions (DC) scheme.

The Supplementary Scheme is not used to meet the Employer's auto enrolment duties: these are met by the Employer's defined benefit scheme, The British Museum Company Limited Retirement Benefits Plan ("the Defined Benefit Scheme").

All active members of the Supplementary Scheme are also members of the Defined Benefit Scheme. The Supplementary Scheme was established to provide additional benefits over and above those provided in the Defined Benefit Scheme and membership is on a voluntary basis.

In preparing this Statement the Trustee has considered the Pensions Regulator's Code of practice 13: Governance and administration of occupational trust-based schemes providing money purchase benefits and the Regulatory guidance for defined contribution schemes.

The statement covers the following key areas of the Trustee's governance:

- The default arrangement and investment options
- Costs and charges borne by members
- Value for money
- The processing of core financial transactions
- The Trustee Directors' knowledge and understanding
- Communication with members

The Trustee commissioned a Defined Contribution (DC) Review Report during 2019 to help assess Scheme governance standards, investment performance, value for money and an assessment of the investment options provided to members. Following the results of the 2019 DC Review Report the Trustee has been taking the necessary actions to address areas of concern. The findings are contained within this statement.

Default Arrangement and Investment Options

The Supplementary Scheme closed to new entrants in January 2000 following the closure of the Defined Benefit Scheme.

The law places certain restrictions on the amount that members can be charged in default arrangements which are used by employers to meet their duties under automatic enrolment legislation. These arrangements are subject to a charging cap of 0.75% per annum.

During 2019 the Trustee consulted lawyers who confirmed that the Scheme is not a qualifying Scheme for auto enrolment purposes and as such is not required to have a default arrangement and that it is not subject to the additional governance requirements placed on default arrangements. The Employer's duties under automatic enrolment legislation are met by the Defined Benefit Scheme.

BROADSTONE

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The Scheme was originally set up on a lifestyle basis adopting the use of two funds, a mixed share class fund and a with-profits endowment fund. As members cross the relevant age threshold (at renewal) the funds accumulated along with all future contributions are re-directed accordingly, as set out below.

Age range	Fund
< 35 years	100% Mixed
36-45 years	50% Mixed / 50% High Equity With Profits
> 46 years	100% High Equity With Profits

During October 1999 the with-profit endowment arrangement closed and members were given an active decision to remain in the original with-profit endowment arrangement or transfer to a new high equity with-profit arrangement. Members currently invest across the following three funds.

Fund	Annual Management Charge
Cash Fund	1.00%
High Equity With Profits Fund	1.00%
Mixed (40% - 85% Shares)	1.00%

The Scheme is a contract based scheme with an insurance provider and as such the charges represent a bundled arrangement whereby the annual management fees include the administration costs of running the contracts.

Further details of the investment arrangements are set out in the Scheme's Statement of Investment Principles contained as **Appendix A** of this Chair Statement.

In terms of compensation for investment failures, the Financial Services Compensation Scheme advises that, where an investment was held within a personal pension (e.g. a SIPP) or a Defined Contributions Occupational Pension Scheme, and the UK-regulated provider of the investment fails, FSCS may be able to pay compensation up to £85,000 per pension scheme member.

Costs and charges borne by members

In accordance with regulation 25(1)(a) of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (as amended), the Trustee is required to calculate the charges and transaction costs paid by members and assess the extent to which these charges paid by members represent good value for money.

The Scheme is a bundled arrangement whereby Aegon provide the day to day pension administration services. The cost of Aegon's services are contained within the fund Annual Management Charges paid for each fund under investment; there are no separate charges to this effect levied.

The fees applied to members' fund values are the Annual Management Charge of 1.00% p.a. for each fund currently adopted. This is the standard fee charged for these types of polices and does not differ depending on the fund selected.

There is a Bid-Offer spread on the policy of 5%. As such a member would suffer a 5% reduction in the value of their fund if it was switched to an alternative fund.

There are no other explicit charges levied on members' funds. However, early surrender of the with-profit arrangement can mostly result in Market Value Reduction (MVRs) being applied to fund values and loss of attaching enhancements applied which would have been payable on maturity. This could be considerable in some cases.

All investment funds have “transaction costs” which are not charged directly to the member. These charges are taken from the fund before performance is reported and therefore reflected in the performance of the fund and in the overall return received by the member.

Aegon have provided us with the following transaction fees which were paid over the year to 31 March 2021.

Fund	Transaction fee pa.
Cash Fund	0.00%
High Equity With Profits Fund	0.14%
Mixed (40% - 85% Shares)	0.25%

The average transaction costs paid over the last 3 years to 31 March 2021 were:

Fund	Transaction fee pa.
Cash Fund	0.00%
High Equity With Profits Fund	0.23%
Mixed (40% - 85% Shares)	0.53%

The average transaction costs used in the production of the illustrations which relate to funds currently used by members in the Scheme:

Fund	Transaction fee p.a.
Cash Fund	0.00%
High Equity With-Profit Fund	0.21%
Mixed (40% - 85% Shares)	0.29%

The Scheme’s Statement of Investment Principles, prepared in accordance with Section 35 of the Pensions Act 1995, amended by Section 244 of the Pensions Act 2004 and the Occupational Pension Scheme (Investment) Regulations 2005, provides further details of the funds available for investment. A copy of this statement is contained as **Appendix A** of this Statement.

Appendix B has been supplied by Aegon for the purpose of providing illustrative examples of the cumulative effects over time of charges and costs borne by members. The illustrations are based on an average fund value and are projected from age 53 to 60 for various funds adopted by members. These illustrations are shown with and without charges and include the anticipated effects of inflation to retirement and as such reflect the value in today’s terms.

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Value for money

One of the aims of the 2019 DC review was to help the Trustee consider the combined fees and charges paid by members against the level of governance and service provided, and to assess whether the Scheme represents good value for money for members.

As part of this assessment the annual management charges were considered alongside other pension schemes providing defined contribution benefits.

The Trustee considered the charges paid by the Scheme against the results of the Department for Works & Pensions "Pension Charges Survey 2016". Whilst the schemes considered in the survey were qualifying schemes for auto enrolment purposes the Trustee considered this an appropriate cost comparison measure.

The Trustee found that only 1% of contract based arrangements were paying Annual Management Charges (AMCs) of 1% or higher, with the majority of schemes paying AMC below 0.75%. As such the fees paid by members of this Scheme are higher than the industry average and based on this measure do not appear to be good value for money.

Whilst it is quite usual for a with-profit arrangements to have higher annual management charges than other traditional funds, the Trustee notes that all funds available under this contract based agreement (including those not currently offered to members) have annual management charges of 1.0% per annum.

In addition to the AMCs discussed above, there are bid/offer spreads levied on any funds that are transferred to another fund or transferred out of the arrangement to an alternative provider. This bid/offer spread effectively reduces the values of the funds on transfer by 5%.

Investments in with-profit funds have a fixed investment term attached to them and at the end of the term a final bonus may be payable. Members invested in the with-profit fund may be required to pay a surrender charge on transferring out of the fund or on early surrender, known as a Market Value Reduction factor. These adjustments reduce the value of the maturity bonus declared with reductions linked to the remaining years to maturity. The Trustee is mindful that over 70% of members are invested in the with-profits fund.

Members pay contributions of 1.8% per annum of total earnings and the Employer pays contributions of 3% per annum of a member's total earnings.

The Trustee does not consider the charges paid by members to be value for money. However, they have also considered the penalties that would be levied on members should they transfer the members to another arrangement providing lower charges.

The Trustee has commissioned professional advice to support a review of the options available to it, including alternative arrangements for future benefits. The cost for this service has been met separately by the Employer. Progress with this work has been subject to delay caused by COVID-19, but the Trustee will write to members with their conclusions in due course.

Core Financial Transactions

The Supplementary Scheme has been closed to new members since January 2000, following the closure of the Defined Benefit Scheme. The Scheme is a bundled arrangement with Aegon and as such the day to day administration is performed by Aegon.

The Trustee has processes and controls in place with the aim to ensure that all contributions are processed promptly and accurately:

- A record of all contributions paid by the British Museum Company Limited for all active members are logged and paid over to Aegon by direct debit on a monthly basis and within 22 days of deduction.
- The Trustee uses Aegon, a reputable professional pensions provider

- The Trustee has reviewed all their data management procedures and those of their service providers and have a post 25 May 2018 data protection policy in place.
- Broadstone Corporate Benefits provide details on a quarterly basis on transfers out of the Scheme, retirements occurring and other member requests coming through them to Aegon
- All financial transactions are subject to annual audit requirements as part the Trustee's Annual Report and Accounts
- The Trustee has recently carried out a data audit of The British Museum Company Limited Retirement Benefits Plan and will use the results of this audit to address any data issues with Aegon as required.

In accordance with regulation 24 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (as amended), the Trustee has reviewed core financial transactions to ensure that they continue to be processed promptly and accurately. There have been no notifiable events arising during the year.

Trustee Directors' Knowledge and Understanding

The Pensions Act 2004 required individual trustee directors to have appropriate knowledge and understanding of the law relating to pensions and trusts and the investment of assets to run the Scheme effectively. The Trustee Directors are also the directors of the Defined Benefit Scheme and therefore there is some overlap in their required training and processes. This requirement has been met during the Scheme year to 31 March 2021 in the following ways:

- Trustee Directors have completed the online Trustee Toolkit. The Trustee Directors complete new modules or amended modules as they are added or changed. In addition the Trustee Directors will revisit modules to refresh their knowledge periodically as necessary.
- The Trustee Directors receive regular training on a range of relevant topics including investment updates and legislative changes, and are encouraged to identify gaps in their knowledge
- The Trustee maintains a training register to keep a log of all training undertaken. The log is assessed from time to time to identify knowledge gaps
- The Trustee Directors are conversant with the Trust Deed and Rules and the powers granted to them
- The Trustee Directors are conversant with the Statement of Investment Principles for the time being maintained under Section 35 of the Pensions Act 1995
- The Trustee Directors keep up to date with developments in the DC landscape and new guidance issued by the Pensions Regulator.

During the Scheme year the Trustee has met the requirements of Section 247 and 248 of the 2004 Act (requirement for knowledge and understanding) by holding regular Trustee meetings, with at least two per year set aside for monitoring the Scheme governance and ensuring it is run in accordance with the Scheme rules and in line with the Pensions Regulator's guidance notes.

The Trustee Directors, together with assistance from their professional advisers, use their combined knowledge and understanding of Pension Law, specific Scheme documentation, legal requirements and the Pensions Regulator's guidance to ensure that the Scheme is run effectively and members' benefits are paid in accordance with the Scheme rules and to carry out the fiduciary duties required of them. This combined knowledge helps the Trustee Directors to ensure that good Scheme governance is a priority and where any improvements can be made to existing procedures and processes.

Ensuring good governance helps the Trustee determine whether the Scheme is good value for money and whether members and beneficiaries are being treated fairly and seeks to safeguard the interests of all members and beneficiaries.

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Communicating with members

The Trustee endeavours to provide Scheme communication that is accurate, clear, understandable and engaging. The Trustee, with its advisers, carefully considers all member communications. The Trustee privacy notice covering General Data Protection Regulation requirements has been issued to all members

The Trustee relies on the expertise of Aegon to meet the requirements of Annual Money Purchase Illustrations which are provided to the British Museum Company Limited for distribution to members each year.

The Trustee also relies on Aegon to provide retirement packages to members covering all disclosure requirements, including clear details of the retirement choices available to them, how they work and details of the Government's Pension Wise service.

Aegon also provide an online facility for members providing further information on retirement options.
https://retiready.co.uk/retirement-income-planner/pension-making-it-happen.html

This Chair Statement along with its Appendices has been made publicly available on the Plan Website and can be accessed at the following site:

https://www.britishmuseum.org/about-us/governance

Signed: Jane Whittaker **Date:** 14 October 2021

Chair of The British Museum Publications Ltd Supplementary Retirement Benefits Scheme

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Appendix A: Statement of Investment Principles

1. INTRODUCTION

This Statement of Investment Principles has been drawn up by the BM Co Pension Trustee Company Limited (the Trustee), the Trustee of The British Museum Publications Ltd Supplementary Retirement Benefits Scheme ("the Supplementary Scheme") in accordance with Section 35 of the Pensions Act 1995, amended by Section 244 of the Pensions Act 2004 and the Occupational Pension Plans (Investment) Regulations 2005, the Pension Protection Fund (Pensionable Service) and Occupational Pension Scheme (Investment and Disclosure) (Amendment and Modification) Regulations 2018, and the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

The Supplementary Scheme is a Defined Contribution scheme which consists of a collection of individual arrangements set up under a single trust, where the benefits for each member are secured by separate insurance policies intended to provide supplementary benefits to The British Museum Company Ltd Retirement Benefits Plan.

The arrangement is closed to future members, and is not used for Auto Enrolment purposes.

This Statement will be reviewed by the Trustee at least every three years and immediately following any significant change in investment policy.

The Statement is published and is freely available to members of the Scheme.

The areas covered in this statement are:

Section 2. The Decision Making Process

Section 3. The Objectives

Section 4. Investment Options

Section 5. Investment Monitoring

Section 6. Portfolio Turnover Costs

Section 7. Conflicts of Interest

Section 8. Incentivisation of Investment Managers

Section 9. Risks

2. THE DECISION MAKING PROCESS

The Trustee

Scheme Background

The arrangement was set up in November 1993 as a collection of insurance policies with Scottish Equitable Life Assurance Society plc. During 1998 Aegon NV increased its stake in Scottish Equitable to 100% and in 2009 it was rebranded to Aegon, although the legal entity is still Scottish Equitable plc.

Under the rules of the arrangement and subject to section 17(2)(b) of the Pensions Act 2008, a Member may make the investment choice for any of the following that the Trustee chooses to offer to the Member:

(i) the Insurance Company;

(ii) the type of policy or contract;

(iii) the investment options under the policy or contract;

(iv) the payments that are to be applied to the investment in line with the member's investment choice (e.g. voluntary contributions only).

When the arrangement was initially set up, the Trustee's approach was to allow members freedom to choose from a relatively small but diverse panel of funds. The following funds were available to Members:

- Cash Fund
- Mixed Fund (40% - 85% Equity Shares)
- High Equity With Profits Fund

In addition, a Member can choose to incorporate an attaching endowment policy to their investments.

A Member is responsible for the investment choices they make; the Trustee has no responsibility and liability in respect of those investment choices other than to arrange for the investments to be made in accordance with the Member's investment choices.

The Trustee is required to seek professional advice on the investment strategy and have engaged with Broadstone Corporate Benefits to consider the investment options currently being provided by the Scheme.

The Trustee recognise that its level of investment expertise must be kept under review in order to be able to critically evaluate this advice.

In determining the funds available to Members the Trustee will address the following:

- the need to consider a full range of asset classes
- the risks and rewards of a range of alternative asset allocation strategies
- the suitability of each asset class
- the need for appropriate diversification

The Employer

The Trustee will consult with the Employer as part of the process for deciding on the available fund options.

3. THE OBJECTIVES

Objective of the Scheme

The primary purpose of the Supplementary Scheme is to provide additional pension and lump sum benefits to members on their retirement on a defined contribution basis, as set out in the Trust Deed and Rules.

Trustee's Objectives

The Trustee's objective with regards to the Supplementary Scheme is to provide a vehicle for members of the Defined Benefit Plan to gain additional benefits in retirement through a money purchase arrangement using collective insurance contracts.

When selecting the funds available to members for investment the Trustee considers

- The type of funds currently adopted and the penalties of exiting these funds including any with-profits attaching terminal bonus and endowment arrangements that may also exist.
- that members' pension benefits are maximised by achieving maximum investment returns with the minimum of volatility.
- that individual members' financial profiles and attitudes to risk will vary.

Shareholder Activism and Socially Responsible Investment

The Trustee believes that the consideration of financially material Environmental (including climate change), Social and Governance (ESG) factors in investment decision making can lead to better risk adjusted investment returns. The Trustee expects the investment managers, when exercising discretion in investment decision making, to take financially material ESG factors into account. On an ongoing basis the Trustee (delegating to the Investment Consultant where appropriate) assesses the ESG integration capability of their investment managers.

Where ESG factors are non-financial (i.e. they do not pose a risk to the prospect of the financial success of the investment) the Trustee believes these should not drive investment decisions. The Trustee expects the investment managers, when exercising discretion in investment decision making, to consider non-financial factors only when all other financial factors have been considered, and in such a circumstance the consideration of non-financial factors should not lead to a material reduction in the efficiency of the investment. Members' views are not sought on non-financial matters (including ESG, quality of life considerations and ethical views) in relation to the selection, retention and realisation of investments.

The Trustee believes that in order to protect and enhance the value of the investments, over the time horizon over which the benefits are paid, they must act as a responsible asset owner. The Trustee cannot exercise its responsibilities directly as they do not hold investments in their name. The Trustee expects the investment managers to exercise voting rights on all resolutions at annual and extraordinary general meetings of companies. The Trustee (delegating to an investment consultant where appropriate) has seen the policy objectives of each of the investment managers regarding voting and engagement and believe that they are compatible with their own policy. The Trustee expects each investment manager to report to them on the implementation of, and any changes to, their policies on voting and engagement.

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The Trustee expects the investment managers to exercise ownership rights attached to investments, including voting and engagement rights, in order to safeguard sustainable returns over this time frame. On an ongoing basis the Trustee will assess the stewardship and engagement activity of the investment managers (delegating to an investment consultant where appropriate). This will be done by reviewing each investment manager's voting and engagement policy, summary reports detailing the engagement and voting activity undertaken by the investment managers, and asking questions directly to the investment managers.

Responsibility for monitoring the makeup and development of the capital structure of investee companies is delegated to the Investment Managers. The Trustee expects the extent to which the Investment Managers monitor capital structure to be appropriate to the nature of the mandate.

The Investment Managers will supply the Investment Consultant with sufficient information when requested in order to monitor financial and non-financial performance.

4. INVESTMENT OPTIONS

The Trustee is consulting with Broadstone Corporate Benefits on the current range of funds offered to members.

The following funds along with the associated charges are currently used by members.

Fund	Total Charge*
Cash Fund – the fund aims to out-perform the LIBID* 7 days before charges. The fund invests in short term sterling denominated money market instruments such as bank deposits, certificates of deposit and short term bonds. *London Interbank Bid Rate	1.00%
Mixed Fund - the fund aims to out-perform the ABI* Mixed Investment 40%-85% Shares Sector median, net of fees The fund invests mainly in a mix of UK and overseas equities, with the remainder invested in fixed interest bonds and cash. *Association of British Insurers	1.00%
With Profits Growth Fund – The fund aims to achieve a guaranteed return of capital including annual bonus additions if held to maturity date by investing in a wide range of bonds, gilts, equities in the UK and overseas, plus direct property. The current target level of equity exposure is 65% - 75% of the overall investment, and the fund aims to produce superior long-term returns through the growth potential afforded by investment in equities.	1.00%

* The total charge includes a standard 1% product charge, a fixed management fee and expenses that vary with the day to day costs of running the fund. Members may pay a different product charge.

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All fund options available through Aegon for this arrangement have a standard annual management charge of 1.0% per annum.

The appropriateness of the Investment Managers' remuneration will be assessed relative to market costs for similar strategies, the skill and resources required to manage the strategy, and the success or otherwise a manager has had in meeting its objectives, both financial and non-financial.

There is a 5% bid/offer spread charge levied on all investment switches and withdrawals.

When the Supplementary Scheme was initially set up the following investment allocations were made for all contributions and accumulated funds:

Member's Age (at renewal date)	Fund
0-35 inclusive	100% Mixed
36-45 inclusive	50% Mixed / 50% With Profit
46 onwards	100% With Profit

5. INVESTMENT MONITORING

The Investment Managers will supply the Investment Consultant with sufficient information when requested in order to monitor financial and non-financial performance.

6. PORTFOLIO TURNOVER COSTS

The Trustee expects the Investment Managers to change underlying holdings only to an extent required to meet their investment objectives. The reasonableness of such turnover will vary by fund and change according to market conditions.

The Trustee therefore does not set a specific portfolio turnover target for their strategy or the underlying funds.

The Investment Managers when requested by the Investment Consultant shall provide information on portfolio turnover and associated costs so that this can be monitored, as appropriate.

7. CONFLICTS OF INTEREST

The Trustee maintains a separate conflicts of interest policy and register. Subject to reasonable levels of materiality, these documents record any actual or potential conflicts of interest in relation to investee companies or the Investment Managers, while also setting out a process for their management.

8. INCENTIVISATION OF INVESTMENT MANAGERS

The Investment Managers are primarily remunerated based on an agreed fixed annual percentage of the asset value for each underlying fund.

The Trustee does not directly incentivise the Investment Managers to align the approach they adopt for a particular fund with the Trustee's policies and objectives. Instead, the Investment Managers and the funds are selected so that, in aggregate, the returns produced are expected to meet the Trustee's objectives.

Neither does the Trustee directly incentivise the Investment Managers to make decisions about the medium to long-term performance of an issuer of debt or equity, or to engage with those issues to improve their performance. The Trustee expects such assessment of performance and engagement to be undertaken as appropriate and necessary to meet the investment objectives of the funds used by the Scheme.

9. RISKS

The Trustee recognises that a number of risks are involved in investment funds. They have identified the following risks which have the potential to reduce the return achieved on the funds adopted by Members. These are as follows:

- **Currency Risk:** The risk that funds invested in overseas assets will see the value of the returns go up and down in line with currency exchange rates.
- **Credit Risk:** The risk when investing into bonds and other types of debt that these companies or governments may default on the loan payment.
- **Interest Rate Risk:** The risk that changes in interest rates could affect the value of bond investments where long term interest rate rises generally reduce the value of bonds.
- **Smoothing Risk:** The risk that cash withdrawals from polices can result in smoothing losses for a fund.
- **Manager Risk:** The failure by the investment managers to achieve the rates of investment return achieved by the benchmarks.
- **Custodian Risk:** The risk of a failed or inadequate performance by the custodian.
- **Political Risk:** The financial risk that a country's government will suddenly change its policies.

The Trustee is currently reviewing the investment options available to Members and amongst other things are considering the following;

- The performance against their respective benchmarks and targets.
- The level of Annual Management Charges for the selected funds and other funds available.
- The range and number of funds available to the Members

The Trustee will obtain proper advice before implementing any changes and any amendments to this statement will be made as appropriate.

Approved by the Trustee 17 September 2020

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Appendix B

Illustration of total charges (including transaction costs) on fund values over time

This document sets out transaction costs and certain charges which apply to selected funds with illustrative examples of the cumulative effects of these costs and charges incurred by members. Where we refer to charges in these illustrations this will also include any expenses. Other charges may apply in certain circumstances not covered by these illustrations and a full breakdown of all applicable charges that apply to the scheme are shown separately on the website.

Fund transactional costs and charges total (%)

	Mixed	Equity	Fixed Interest	Cash	High Equity / WP Fund
Annual Management Charge	1.00%	1.00%	1.00%	1.00%	1.00%
Additional Expenses	0.01%	0.00%	0.01%	0.00%	0.00%
Transaction Costs	0.29%	0.33%	0.08%	0.00%	0.21%

The annual management charge is the yearly charge to cover administration costs and to pay the fund manager for managing your funds.
The additional expenses include management fees and the expenses that vary with day to day costs of running the fund.

Transaction costs arise when a fund manager buys or sells the underlying assets of a fund.

The purpose of these example illustrations

These are not personal illustrations; they are based on the assumptions detailed in the Section “About these illustrations” below. The purpose of the example illustrations is to show how fund related costs and scheme charges can affect the overall value of funds the scheme invests in over time.

Illustrations showing the impact of fund transactional costs and scheme charges on a projected pension fund in today’s money (£)

	Mixed		Equity		Fixed Interest	
Years	Before charges	After charges	Before charges	After charges	Before charges	After charges
1	5,398	5,328	5,476	5,403	5,243	5,187
2	5,584	5,370	5,829	5,599	5,116	4,952
3	5,777	5,412	6,204	5,803	4,992	4,729
4	5,975	5,454	6,604	6,014	4,981	4,515

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Years	Cash		High Equity / WP Fund	
	Before charges	After charges	Before charges	After charges
1	5,204	5,152	5,411	5,346
2	5,003	4,855	5,625	5,424
3	4,810	4,574	5,846	5,502
4	4,624	4,310	6,077	5,582

About these illustrations

For these illustrations we have assumed:

- The starting age is 53 and the retirement age is 60
- No future contributions are made
- Projected pension fund values are shown in today's terms, and do not need to be reduced further for inflation
- Inflation is assumed to be 2.5% each year
- The starting pension fund value in the first year is £5,307.72
- Each illustration has been produced on the basis that this is the only fund invested in and all transaction costs and scheme charges are deducted from that fund.

The growth rate for each fund is set out below. These figures are for illustration purposes only and are not guaranteed. The investment growth achieved may be more or less than this and may depend on the type of fund.

Mixed	4.25%
Equity	5.75%
Fixed Interest	1.25%
Cash	0.50%
High Equity / WP Fund	4.50%

If the growth rate 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.

If you have any investments in the With-Profit fund please note this may contain valuable guarantees, provided you remain invested until your selected retirement age.

However, for the purposes of these illustrations no such guarantees have been included.