NORTHERN TRUST

Understanding the Plan's investments

Welcome to members of The Northern Trust (UK) Pension Plan

The Trustee wants to help you understand the investment options in The Northern Trust (UK) Pension Plan (the 'Plan') and how your choices may affect your savings at retirement. Pension law also says that the Trustee must share certain information with you each year.

Read on to learn more about the decisions the Trustee has taken about the Plan's investments, as well as the costs and charges members pay, how these could affect the value of your savings over time and how the Trustee ensures members are getting value for money.

Remember, how much your retirement savings grow depends not only on how much you and your employer contribute but also:

- how you invest your savings,
- investment performance,
- the investment charges that you pay...

So it makes sense to find out more.

This statement has been prepared in accordance with the Occupational Pension Schemes (Charges and Governance) Regulations 2015 (as inserted into Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996). This document contains extracts of the Chair's Statement for the year to 31 December 2022 ('the reporting period') and covers all Defined Contribution ('DC') elements including Additional Voluntary Contributions ('AVCs').

Help with your pension

If you have a question about your Plan membership, get in touch:

0800 916 8016

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Value for members

The Trustee is committed to ensuring 'value for members' (VFM) from the Plan i.e., the services and features that members pay for provide good value. Members meet only the costs associated with the management and delivery of the Plan's investment options. Other Plan costs are met by the Company.

At the 27 March 2023 Trustee meeting, the Trustee considered an independent assessment of whether the Plan provided value for its members, which was undertaken by WTW. The assessment methodology focused on the following three pillars:

1. Costs and charges, including benchmarking the Plan's ongoing charges against comparable schemes.
2. Net investment returns, to assess how the Plan's fund range performed against the Plan's agreed objectives.
3. Governance, administration and communications, compared against features observed across market leading DC arrangements (noting that these elements are not paid for by the Plan members).

For each of the pillars, the assessment gave a rating using a scale of 'Poor', 'Fair', or 'Good'. The assessment concluded the following:

- Comparing the weighted average costs and charges of the Plan's funds, and separately the Growth Phase of the Plan's Default Lifestyle strategy to other DC schemes, the assessment concluded that overall, the Plan's costs and charges provide good value.
- The assessment also considered the administration, governance and communications aspects of the Plan, acknowledging that these elements are not paid for by Plan members. Comparing the Plan against a checklist of key features that are typically available within leading DC schemes, the Plan was assessed to offer good value.
- Overall, the Plan's net investment returns were assessed to provide good value. This reflected that the Plan's Default Lifestyle strategy had performed strongly when compared with DC providers' 'off-the-shelf' default funds. It was also acknowledged that the performance of the Plan's self-select range was more mixed. Although most of the Plan's funds had performed in line with expectations, the Plan's Global Equity (Active) Fund had delivered particularly disappointing performance over the three- and five-year periods.
- Taking into account each of the above elements, the assessment concluded that the Plan provides good values to members.

The Trustee reviewed the assessment and agreed with the conclusion reached by WTW. The Trustee will continue to monitor the value for members on an annual basis.

The Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 require the Trustee to produce illustrations showing the compounded effect of costs and charges. These illustrations are included **'Cost and charges' section**.

Investment principles

For both the Lifestyle investment strategies and self-select options

The Trustee, with guidance from their professional advisers, set up the Plan's investment options. How well those investments perform, their charges and other aspects such as environmental, ethical or social factors affect your retirement savings.

The Trustee has prepared a **Statement of Investment Principles (SIP)**, which was last updated in September 2021. This governs investment decisions and sets out the main factors the Trustee considers when making decisions.

The Trustee's general investment principles are as follows:

- To make available appropriate investment options to members of the DC Section of the Plan, with due consideration to industry best-practice guidelines (including specific guidance from the Pension Regulator).
- To offer an appropriate default option for those members who are unwilling to make decisions on how their funds should be invested.
- To offer a range of suitable funds for members to invest in whilst being able to mitigate the range of risks faced (including inflation risk, capital risk, decumulation mismatch risk and opportunity cost risk).
- To monitor the fund choices to ensure they are consistent with the strategic objectives.

Investment strategy – review of the Plan's Lifestyle options

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

Members who join the Plan and who do not choose an investment option are placed into the Default Lifestyle strategy.

Under the Occupational Pension Schemes (Charges and Governance) Regulations, some of the Plan's self-select funds are also considered to be default funds due to a previous mapping exercise that occurred as part of a change to the Plan's investment platform provider. These funds are set out below in the **'Charges' section'** of this statement. The aim at the time was to replicate the choices originally made by the members as closely as possible to continue to meet their needs. The Trustee monitors the performance of these funds in the same way as the Default Lifestyle strategy.

The Default Lifestyle strategy is reviewed at least every three years and was last reviewed on 11 March 2020, when the Trustee reviewed the Plan's lifestyle strategies within the context of the Plan's membership and their expected needs. Having considered the advice provided by the Trustee's investment advisers, the Trustee agreed that the existing lifestyle options remained appropriate for the membership and reflected the likely mixed retirement behaviour of members.

Find out more

You can find out more about the principles the Trustee applies to the Plan's investments in their **SIP**.

The default option

You're responsible for deciding how to invest your retirement savings. If you don't make an investment decision, your savings and any future contributions will be invested in an investment option chosen by the Trustee called the 'default' option.

The Default Lifestyle is the Plan's automatic enrolment 'default arrangement'. The Trustee has chosen this option as the default because they believe it's suitable for a typical Plan member.

Is the default option right for you?

It might be right for you, but don't assume that because the Trustee has selected a 'default' investment option that they recommend it for you or that it's right for everyone. We all have different personal circumstances – the Trustee can't take these into account when selecting a default. Ultimately, you're responsible for deciding which investment option best suits your circumstances. So, it makes sense to find out more…

The objective of the Plan's Default Lifestyle investment option is to generate capital growth over the long term, with increasing levels of protection of retirement income and capital protection as members approach retirement. The lifestyle strategy works by investing members' funds in higher growth (but also higher risk) investments in the early stages and progressively switching into lower risk investments.

The Default Lifestyle's universal outcome target reflects the expected mixed behaviour of members at retirement.

The Default Lifestyle consists of two phases:

1. **Growth Phase**: During the Growth Phase, funds are invested in a blended fund called the Default Lifestyle Growth Phase. This fund invests:
   - 70% in the Global Equity (Passive) Fund, and
   - 30% in the Diversified Growth (Active) Fund.

   20 years before members' Target Retirement Age, their funds will start to switch from investment funds used in the Growth Phase to those used in the Pre-Retirement Phase on a quarterly basis.

2. **Pre-Retirement Phase**: During the Pre-Retirement Phase, funds are automatically switched to lower-risk funds by investing in a mix of funds that aim to support a range of retirement options. The Default Lifestyle does not target a specific outcome at retirement. It is for members who may want a combination of options. By the time members reach their Target Retirement Age their funds will be invested:
   - 45% in the Diversified Growth (Active) Fund,
   - 30% in the Fixed Annuity Target Fund, and
   - 25% in the Cash Fund.

The Higher Risk Lifestyle (alternative lifestyle) is not a default arrangement, but is an additional option for members, targeted at those members who are intending to access their benefits via income drawdown. The investment strategy review found the Higher Risk Lifestyle strategy remained an appropriate option for members with a higher risk appetite.

The default option continued

In September 2021, M&G announced their intention to close the M&G Pooled Pension Property fund, which is a component of the Property Fund. The Fund remained suspended throughout 2022, with a number of redemption payments being received during the year. These redemption proceeds have been temporarily held within a Cash component of the Fund before periodically been moved to the Plan's Cash Fund, providing members with access to their previously suspended Property Fund investments. A member communication was issued to inform Property Fund members of the release of assets and to encourage them to reinvest the assets in accordance with their preferences.

The next review of the Plan's Default Lifestyle strategy is intended to have taken place before March 2023 and the Trustee will report on this in the Chair's statement for the 2023 reporting period.

Investment monitoring

The Trustee reviews the performance of the funds underlying the default arrangement on a quarterly basis. The Trustee monitors the performance of the Investment Managers against the agreed performance objectives and receives quarterly reports on fund performance. As well as measuring the quarterly performance of the Plan's funds, the Trustee also receives regular updates from WTW covering any material developments identified through qualitative manager research. The Trustee's reviews that took place during the year concluded that the default arrangements, as noted in the tables on the next page, were performing broadly as expected and were consistent with the aims and objectives of the default as stated in the SIP, despite the volatility experience in investment markets during the year.

In addition to the Trustee's quarterly performance monitoring, the Trustee undertakes regular reviews of the sustainable investment credentials of the Plan's funds. A review was undertaken in October 2022 and, with the exception of one manager, the Plan's fund managers were assessed as having strengths in both ESG integration and stewardship, with some enhancements being identified since the previous assessment. The conclusions of the report were used to engage with the Plan's fund managers on potential areas for improvement.

The Trustee may decide to select, remove or replace funds if they feel it is appropriate, having taken appropriate advice from their investment advisers.

The default option continued

Investment monitoring

The table below shows the investment returns net of Plan specific fees ('net investment returns') to 31 December 2022 for the Plan's lifestyle strategies. This is based on the lifestyle allocations for members aged 25, 45 and 55 at the start of the current Plan year. The net investment returns of the self-select funds considered to be default funds are presented in the following tables:

Net investment returns	1 year (% p.a.)	3 years (% p.a.)	5 years (% p.a.)
Default Lifestyle strategy			
Age 25 (35 years to retirement)	-10.0	4.4	unavailable*
Age 45 (15 years to retirement)	-9.8	3.7	unavailable*
Age 55 (5 years to retirement)	-14.6	-0.3	unavailable*
Higher Risk Lifestyle strategy			
Age 25 (35 years to retirement)	-12.5	2.0	unavailable*
Age 45 (15 years to retirement)	-12.5	2.0	unavailable*
Age 55 (5 years to retirement)	-13.3	0.6	unavailable*

* The inception date of the Default Lifestyle and the Higher Risk Growth Phase Funds was 22 June 2018, so the annualised Plan specific net investment returns for 5 years is not available.

The net investment returns as well as the underlying benchmarks for the component funds used as part of the default investment strategy for the period to 31 December 2022 were as follows:

Net investment returns and benchmark	1 year (% p.a.)	3 years (% p.a.)	5 years (% p.a.)
Default Lifestyle Growth Phase	-10.0	4.4	unavailable*
Default Lifestyle Growth Phase Benchmark	*-5.8*	*5.4*	*unavailable**
Diversified Growth	-9.3	2.4	2.2
Diversified Growth Benchmark	*4.9*	*5.5*	*6.0*
UK Bond (Fixed Annuity Target)	-29.2	-9.3	-3.9
Fixed Annuity Target Benchmark	*-31.5*	*-10.1*	*-4.4*
Cash	1.1	0.4	0.4
Cash Fund Benchmark	*1.3*	*0.4*	*0.5*

* The inception date of the Default Lifestyle Growth Phase Fund was on 22 June 2018, so the annualised Plan specific net investment returns for 5 years is not available.

The default option continued

The net investment returns as well as the underlying benchmarks for the broader self-select fund range for the period to 31 December 2022 were as follows:

Net investment returns and benchmark	1 year (% p.a.)	3 years (% p.a.)	5 years (% p.a.)
Global Equity (Active)	-13.8	1.7	3.8
Global Equity Active Benchmark	*-8.1*	*8.1*	*8.5*
Global Equity (Passive)†	-10.4	4.8	5.3
Global Equity Passive Fund Benchmark	*-10.3*	*4.9*	*5.5*
UK Equity (Active)	-5.2	2.2	4.1
UK Equity Active Fund Benchmark	*0.3*	*2.3*	*2.9*
UK Equity (Passive)†	-0.1	2.0	2.8
UK Equity Passive Fund Benchmark	*0.0*	*2.1*	*2.7*
Emerging Markets	-16.1	-0.7	2.2
Emerging Markets Fund Benchmark	*-10.0*	*0.5*	*0.9*
Shariah Equity	-16.0	unavailable*	
Shariah Equity Benchmark	*-15.8*	*unavailable**	
Listed Property and Infrastructure	-5.2	unavailable*	
Listed Property and Infrastructure Benchmark	*-5.1*	*unavailable**	
Property†	10.8	6.1	5.4
Property Fund Benchmark	*-10.6*	*1.8*	*3.4*

Net investment returns and benchmark	1 year (% p.a.)	3 years (% p.a.)	5 years (% p.a.)
UK Bond (Inflation Linked Annuity Target)†	-35.2	-10.3	-4.9
Inflation Linked Target Fund Benchmark	*-29.3*	*-7.0*	*-3.3*
UK Bond (Fixed Annuity Target)†	-29.2	-9.3	-3.9
Fixed Annuity Target Benchmark	*-31.5*	*-10.1*	*-4.4*
Cash†	1.1	0.4	0.4
Cash Fund Benchmark	*1.3*	*0.4*	*0.5*
Higher Risk Lifestyle Growth	-12.5	2.0	unavailable**
Higher Risk Lifestyle Growth Phase Benchmark	*-4.1*	*7.6*	*unavailable** *
Diversified Growth (Passive)†	-13.6	-3.0	-0.4
Diversified Growth Passive Benchmark	*-17.0*	*0.7*	*2.3*

* The inception date of the Shariah Equity fund was on 1 September 2021 and for the Listed Property and Infrastructure fund on 1 December 2020, so the annualised Plan specific net investment returns for 3 and 5 years are not yet available.

** The inception date of the Higher Risk Lifestyle Growth fund was on 22 June 2018, so the Plan specific annualised net investment returns for 5 years is not yet available.

† Plan's self-select funds considered to be default funds due to a previous mapping exercise that occurred as part of a change in the Plan's investment platform provider.

When preparing the above information on net investment returns, we have taken account of statutory guidance.

Costs and charges

The Plan has a range of funds in which you can invest your retirement savings. Each fund has costs and charges for investing your savings which vary. The information in this section will help you understand these costs and charges and what they mean for your retirement savings. The Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 require the Trustee to produce illustrations showing the compounded effect of **costs and charges**.

Charges

The total expense ratio ('TER') is the fund annual management charge ('AMC') plus any additional expenses such as trading fees, legal fees, auditor fees and other operational expenses, but excluding transaction costs.

The TERs for the component funds used as part of the Plan's default funds are set out in the following table, together with transaction costs for the year to 31 December 2022:

Default arrangements	TER (%)	Aggregate transaction costs (%)
Default Lifestyle strategy	0.19 to 0.22	0.00 to 0.05*
20 years or more to retirement age	0.19	0.05
10 years to retirement age	0.22	0.03*
3 years to retirement age	0.20	0.01*
At retirement age	0.19	0.00*
Global Equity (Passive)	0.17	0.10
UK Equity (Passive)	0.10	0.07
Property	0.49	0.36
Diversified Growth (Passive)	0.32	1.32
UK Bond (Inflation Linked Annuity Target)	0.14	0.05
UK Bond (Fixed Annuity Target)	0.14	0.01
Cash	0.16	0.00

* A zero cost has been reported in the table above for funds where there are negative transaction costs (i.e. an overall gain was made on the transaction, which can happen as a result of changes in the pricing of the assets being bought or sold). It is not expected that transaction costs will always be negative.

Costs and charges continued

Transaction costs

Transaction costs are those incurred by the investment managers as a result of buying, selling, lending or borrowing investments and are usually taken into account via the unit price for each of the funds. Transaction costs are typically categorised as being explicit costs or implicit costs.

- Explicit costs are directly observable and include broker commissions and taxes.
- Implicit costs cannot be observed in the same way but can also result in a reduction in the value of capital invested. Implicit costs include market impact or delay costs (this is the difference between the expected price of a trade and the price at which a trade is executed) as well as inflows to a fund, both of which can also result in a gain for a fund (i.e. a negative transaction cost).

The level of charges applying as at 31 December 2022 for all other funds are shown in the following table:

Non-default arrangements	TER (%)	Aggregate transaction costs (%)
Higher Risk Lifestyle strategy	0.28 to 0.57	0.03 to 0.11 *
5 years or more to retirement age	0.57	0.11
3 years to retirement age	0.45	0.08 *
At retirement age	0.28	0.03 *
Global Equity (Active)	0.72	0.16
Diversified Growth	0.24	0.00 *
UK Equity (Active)	0.64	0.25
Emerging Markets	0.90	0.37
Listed Property and Infrastructure	0.26	0.39
Shariah Equity	0.35	0.00 *

* A zero cost has been reported in the table above for funds where there are negative transaction costs (i.e. an overall gain was made on the transaction, which can happen as a result of changes in the pricing of the assets being bought or sold). It is not expected that transaction costs will always be negative.

Note: The above data is the latest available data from Fidelity, the Plan's investment platform provider.

The Plan also has an AVC policy with Prudential, where members are invested in the With-profits Fund. There is an implicit scheme charge of approximately 0.65% a year which is made through the declared bonus.

Costs and charges continued

Illustration showing the impact of costs and charges

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 tables set out on this and the following page give a summary of the projected fund and the impact of costs and charges up to a normal retirement age of 60. The figures are presented against four member examples: **the youngest member contributing 7% or 13% of their salary, an average member and a member approaching retirement**.

Additionally, the table includes the performance of the funds over different time periods depending on the age of the member. This includes all funds which are considered to be default arrangements as they received member assets on a non-consent basis.

The 'before charges' figures represent the savings projection assuming an investment return with no deduction of member borne fees or transaction costs. The 'after charges' figures represent the savings projection using the same assumed investment return but after deducting member borne fees and an allowance for transaction costs.

Example member	Years	Default Lifestyle		Global Equity (Passive) (default)		Emerging Markets (higher TERs)		UK Bond (Fixed Annuity Target) (default)		Cash (default)	
		Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges
Youngest member (7%)	1	£2,200	£2,100	£2,200	£2,200	£2,200	£2,200	£2,100	£2,100	£2,100	£2,100
	3	£6,800	£6,700	£6,800	£6,800	£6,900	£6,800	£6,500	£6,500	£6,300	£6,300
	5	£11,900	£11,800	£12,000	£12,000	£12,200	£11,900	£11,100	£11,000	£10,500	£10,400
	10	£26,900	£26,500	£27,700	£27,400	£28,700	£27,000	£23,400	£23,200	£20,900	£20,700
	15	£46,100	£45,100	£48,000	£47,200	£50,900	£46,200	£37,100	£36,600	£31,300	£30,900
	20	£70,400	£68,200	£74,500	£72,800	£80,900	£70,700	£52,300	£51,500	£41,600	£41,000
	25	£100,300	£96,100	£109,000	£105,700	£121,200	£101,900	£69,200	£67,800	£51,900	£50,900
	30	£136,000	£128,500	£154,000	£148,200	£175,600	£141,700	£88,000	£85,900	£62,200	£60,700
	35	£175,500	£163,700	£212,500	£203,000	£248,900	£192,200	£108,900	£105,800	£72,400	£70,400
	39	£205,400	£189,800	£271,700	£257,900	£325,600	£242,500	£127,300	£123,200	£80,500	£78,000

Costs and charges continued

Example member	Years	Default Lifestyle		Global Equity (Passive) (default)		Emerging Markets (higher TERs)		UK Bond (Fixed Annuity Target) (default)		Cash (default)	
		Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges
Youngest member (13%)	1	£4,000	£4,000	£4,000	£4,000	£4,000	£4,000	£3,900	£3,900	£3,900	£3,900
	3	£12,600	£12,500	£12,700	£12,600	£12,800	£12,600	£12,100	£12,100	£11,700	£11,700
	5	£22,000	£21,900	£22,300	£22,200	£22,700	£22,100	£20,600	£20,500	£19,500	£19,400
	10	£50,000	£49,300	£51,400	£50,800	£53,300	£50,100	£43,400	£43,100	£38,800	£38,500
	15	£85,600	£83,700	£89,200	£87,700	£94,600	£85,900	£68,900	£68,100	£58,100	£57,400
	20	£130,800	£126,700	£138,400	£135,200	£150,200	£131,400	£97,100	£95,600	£77,300	£76,100
	25	£186,300	£178,500	£202,500	£196,400	£225,200	£189,300	£128,500	£126,000	£96,400	£94,500
	30	£252,500	£238,600	£285,900	£275,300	£326,200	£263,100	£163,500	£159,500	£115,400	£112,700
	35	£325,900	£304,000	£394,600	£376,900	£462,300	£357,000	£202,300	£196,500	£134,400	£130,700
	39	£381,400	£352,500	£504,700	£479,000	£604,600	£450,300	£236,400	£228,900	£149,500	£144,900

Costs and charges continued

Example member	Years	Default Lifestyle		Global Equity (Passive) (default)		Emerging Markets (highest returns/TERs)		UK Bond (Fixed Annuity Target) (default)		Cash (default)	
		Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges
Average member	1	£110,000	£109,700	£110,800	£110,600	£111,600	£110,400	£107,500	£107,400	£105,300	£105,100
	3	£142,000	£140,700	£145,100	£144,300	£147,800	£143,400	£133,400	£132,900	£125,900	£125,400
	5	£176,500	£174,000	£183,200	£181,600	£188,600	£179,800	£160,500	£159,500	£146,500	£145,500
	10	£272,900	£265,500	£298,000	£293,200	£314,800	£287,700	£233,200	£230,600	£197,700	£195,400
	15	£376,900	£362,700	£447,400	£437,100	£484,800	£425,000	£314,100	£309,200	£248,700	£244,600
	16	£396,100	£380,400	£482,300	£470,500	£525,400	£456,700	£331,400	£325,800	£258,800	£254,400
Approaching retirement	1	£239,100	£238,300	£243,300	£242,800	£244,900	£242,200	£235,900	£235,500	£230,800	£230,500
	3	£277,700	£275,100	£293,600	£292,000	£299,400	£290,000	£268,700	£267,500	£252,500	£251,400
	5	£314,300	£309,800	£349,600	£346,400	£360,900	£342,600	£302,800	£300,800	£274,100	£272,200

Costs and charges continued

Example member	Years	UK Equity (Passive) (default/lower TER)		Property (default)		Diversified Growth (Passive) (default)		UK Bond (Inflation Linked Annuity) (default)	
		Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges
Youngest member (7%)	1	£2,200	£2,200	£2,100	£2,100	£2,100	£2,100	£2,100	£2,100
	3	£6,800	£6,800	£6,700	£6,700	£6,600	£6,500	£6,500	£6,500
	5	£12,000	£11,900	£11,700	£11,500	£11,300	£11,100	£11,100	£11,000
	10	£27,600	£27,300	£26,000	£25,300	£24,200	£23,300	£23,400	£23,200
	15	£47,800	£47,200	£43,700	£41,700	£39,100	£37,000	£37,100	£36,600
	20	£74,000	£72,700	£65,500	£61,400	£56,200	£52,100	£52,300	£51,400
	25	£108,000	£105,600	£92,200	£85,000	£75,800	£68,900	£69,200	£67,700
	30	£152,100	£148,000	£125,200	£113,200	£98,400	£87,500	£88,000	£85,700
	35	£209,400	£202,500	£165,700	£146,900	£124,300	£108,100	£108,900	£105,500
	39	£267,300	£257,300	£204,800	£178,600	£147,900	£126,300	£127,300	£122,800

NORTHERN TRUST

Costs and charges continued

Example member	Years	UK Equity (Passive) (default/lower TER)		Property (default)		Diversified Growth (Passive) (default)		UK Bond (Inflation Linked Annuity) (default)	
		Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges
Youngest member (13%)	1	£4,000	£4,000	£4,000	£4,000	£4,000	£3,900	£3,900	£3,900
	3	£12,700	£12,600	£12,500	£12,400	£12,200	£12,100	£12,100	£12,000
	5	£22,300	£22,200	£21,700	£21,400	£20,900	£20,500	£20,600	£20,500
	10	£51,200	£50,800	£48,300	£46,900	£45,000	£43,400	£43,400	£43,100
	15	£88,700	£87,600	£81,200	£77,500	£72,600	£68,700	£68,900	£68,000
	20	£137,400	£135,000	£121,600	£114,100	£104,300	£96,700	£97,100	£95,400
	25	£200,500	£196,100	£171,300	£157,800	£140,800	£127,900	£128,500	£125,700
	30	£282,500	£274,800	£232,500	£210,200	£182,800	£162,400	£163,500	£159,100
	35	£388,900	£376,100	£307,800	£272,800	£230,900	£200,800	£202,300	£195,900
	39	£496,400	£477,900	£380,400	£331,700	£274,600	£234,500	£236,400	£228,100
Average member	1	£110,800	£110,600	£109,600	£109,100	£108,200	£107,500	£107,500	£107,400
	3	£144,800	£144,300	£140,800	£138,700	£135,800	£133,300	£133,400	£132,900
	5	£182,700	£181,500	£174,700	£170,600	£165,000	£160,200	£160,500	£159,400
	10	£296,500	£293,000	£272,800	£261,100	£245,400	£232,600	£233,200	£230,400
	15	£444,100	£436,600	£393,600	£369,300	£337,700	£312,900	£314,100	£308,600
	19	£478,500	£469,900	£420,900	£393,400	£357,800	£330,000	£331,400	£325,200
Approaching retirement	1	£243,100	£242,800	£240,600	£239,300	£237,400	£235,800	£235,900	£235,500
	3	£293,100	£291,900	£284,500	£280,000	£273,700	£268,400	£268,700	£267,400
	5	£348,600	£346,300	£332,200	£323,700	£312,100	£302,300	£302,800	£300,600

Costs and charges continued

Assumptions and notes

1. Projected pension account values are shown in today's terms.
2. Contributions are paid halfway through the year.
3. Investment returns and costs/charges are assumed to be deducted at the end of the year.
4. Charges and costs are deducted before applying investment returns.
5. Switching costs are not considered in the lifestyle strategy.
6. Inflation is assumed to be 2.5% each year.
7. Contributions are assumed to be paid from age 21 to 60 and increase in line with assumed earnings inflation of 2.5% per year (nominal).
8. Values shown are estimates and are not guaranteed.
9. The projected growth rates for each fund or arrangements are as follows:

   a. Default Lifestyle strategy – from 2.30% to 4.91% (adjusted depending on term to retirement)
   b. Global Equity (Passive): 5.42%
   c. UK Bond (Fixed Annuity Target): 2.14%
   d. Cash: -0.09%
   e. Emerging Markets: 6.15%
   f. UK Equity (Passive): 5.35%
   g. Property: 4.24%
   h. Diversified Growth (Passive): 2.82%
   i. UK Bond (Inflation Linked Annuity Target): 2.14%

10. Transactions costs and other charges have been provided by Fidelity and cover the period 1 Jan 2018 to 30 Dec 2022, except for the Listed Property and Infrastructure Fund and the Shariah Fund which cover the period 1 Jan 2021 to 30 Dec 2022. Transaction costs have been averaged by WTW using a time-based approach. The transaction costs for blended funds were estimated by WTW based on the transaction costs for the underlying funds.
11. The Plan's Normal Retirement Age is 60.
12. Example members:

   a. Youngest (7%): age 21, total contribution: £2,100, starting fund value: £0
   b. Youngest (13%): age 21, total contribution: £3,900, starting fund value: £0
   c. Average: age 44, total contribution: £10,400, starting fund value: £95,000
   d. Approaching retirement: age 55, total contribution: £11,050, starting fund value: £220,000

These 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'.

Glossary

To help you understand this document, here are some technical terms explained.

General terms

The default option

This is the option you would be invested in if you have not made an investment choice in the Plan.

The Chair's Statement

This document sets out the checks and governance in place to help run the Plan effectively and help members save for retirement.

The Trustee

This is the body responsible for running the Plan under Trust in the interests of the members.

Investment terms

Emerging markets

Investments in geographical areas which are still considered to be developing economically, including Eastern Europe, Latin America, Africa and parts of Asia.

Annuity Target

Fund that invests in a range of investments whose performance is expected to match changes in annuity rates (that is, the rate of converting retirement savings into pension).

Equity/Global Equity

This is a share in the ownership of a company. Global equities are traded on stock markets, in a range of currencies, around the world.

Diversified Growth

A wide range of investments usually including shares, bonds, cash, commodities, property and other investments, generally investing in different geographical regions and business sectors.

Cash

Sterling investments including short-term bank deposits, UK government bonds, and promissory notes such as Treasury bills.

Different ways of investing: active vs index tracker funds

Active

The investment manager uses his/her expertise to decide which investments to buy, sell or hold onto. The aim is to beat the return of a particular index. Because of this, funds that are actively managed generally have higher charges than other types of investment management.

Index tracker/passive

The investment manager chooses a market index and invests in broadly the same investments as that index (for example, the Financial Times Stock Exchange (FTSE) All-Share Index which is made up of all the shares quoted on the UK Stock Exchange). Returns follow (or track) the returns for that index.