



# 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 2023 ('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**

 [northerntrustuk@wtwco.com](mailto:northerntrustuk@wtwco.com)

# 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 28 March 2024 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 Net investment returns, to assess how the Plan's default strategy (the Lifestyle strategy) performed against the 'off-the-shelf' default funds of a number of DC master trust providers and also how the Plan's fund range performed against the Plan's agreed **benchmarks**.
- 2 Governance, administration and communications, compared against features observed across market leading DC arrangements (noting that these elements are not paid for by Plan members).
- 3 Cost and charges, including benchmarking the Plan's ongoing charges against comparable schemes.

Taking into account a robust assessment against each of the above elements, the assessment concluded that the Plan provides good value for 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 in the **'Cost and charges'** section.

As part of its commitment to providing value for members, the Trustee completes regular training (which is frequently reviewed) to ensure the Trustee meets its knowledge and understanding duties during the reporting period. The training programme is reviewed regularly.

New Trustee Directors were appointed to the Board in the 2023 Plan year; on 21 September 2023 Alessia Borile was appointed as a new Member Nominated Director and on 1 July 2023, two new Company Nominated Directors were appointed – Maureen Dixon and Ruth Tatters. A Trustee knowledge and understanding assessment and review of the Trustee effectiveness is planned for 2024 to ensure the Trustee Directors remain well positioned to provide value for members.

# 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 October 2023. 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.

### Find out more

You can find out more about the principles the Trustee applies to the Plan's investments in their [\*\*SIP\*\*](#).

## 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 Lifestyle strategy – the default option.

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 Lifestyle strategy.

The Lifestyle strategy is reviewed at least every three years and was last reviewed on 27 March 2023. The review included membership analyses to understand the risk and retirement behaviour of members. The analysis concluded that members are predominantly expected to use income drawdown, rather than buy an annuity or take their savings as a lump sum when they retire. Having considered the advice from the Trustee's investment advisers, the Trustee decided to:

- Update the Lifestyle strategy at-retirement portfolio to target a portfolio aligned with an income drawdown objective.
- Remove the Fixed Annuity Target Fund as a component of the Lifestyle strategy.
- Close the Higher Risk Lifestyle strategy and move to a single Lifestyle strategy.

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

The Lifestyle strategy consists of two phases:

- 1 **Growth Phase:** During the Growth phase, your funds are 100% invested in a blended fund called the Default Lifestyle Growth Phase Fund. During this phase, the aim is to grow your Plan account.
- 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. By the time members reach their Target Retirement Age their funds will be invested:
  - 75% in the Diversified Growth Fund,
  - 25% in the Cash Fund.

# The default option continued



## Investment monitoring

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 2023. The last redemption payment was made in August 2022. 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. Communications will continue to be 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 Lifestyle strategy is intended to have taken place before March 2026 and the Trustee will report on this in the Chair's statement for the 2026 reporting period.

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 December 2023 and, with the exception of two managers, 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 2023 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.)
<b>Lifestyle strategy*</b>			
Age 25 (35 years to retirement)	13.9	6.4	9.0
Age 45 (15 years to retirement)	12.0	5.1	7.5
Age 55 (5 years to retirement)	8.3	-0.7	3.4
<b>Higher Risk Lifestyle strategy**</b>			
Age 25 (35 years to retirement)	7.5	2.8	5.8
Age 45 (15 years to retirement)	7.5	2.8	5.8
Age 55 (5 years to retirement)	6.7	0.8	4.1

\* The Lifestyle strategy was modified in November 2023, therefore the returns have been calculated on the 'old' Default Lifestyle strategy basis until 20 November 2023, and on the 'new' Lifestyle strategy following this date.

\*\* The Higher Risk Lifestyle strategy was closed on the 20 November 2023, so the returns are up to that date.

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 2023 were as follows:

Net investment returns and benchmark	1 year (% p.a.)	3 years (% p.a.)	5 years (% p.a.)
Default Lifestyle Growth Phase	13.9	6.4	9.0
<i>Default Lifestyle Growth Phase Benchmark</i>	<i>14.1</i>	<i>7.7</i>	<i>9.5</i>
Diversified Growth	7.5	2.4	5.1
<i>Diversified Growth Benchmark</i>	<i>8.1</i>	<i>6.4</i>	<i>6.2</i>
UK Bond (Fixed Annuity Target)	7.4	-10.3	-2.1
<i>Fixed Annuity Target Benchmark</i>	<i>3.8</i>	<i>-12.2</i>	<i>-3.4</i>
Cash	4.6	1.8	1.2
<i>Cash Fund Benchmark</i>	<i>4.6</i>	<i>1.9</i>	<i>1.3</i>

# 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 2023 were as follows:

Net investment returns and benchmark	1 year (% p.a.)	3 years (% p.a.)	5 years (% p.a.)
Global Equity (Active)	15.0	5.2	7.5
<i>Global Equity Active Benchmark</i>	<i>15.3</i>	<i>9.0</i>	<i>12.3</i>
Global Equity (Passive) <sup>†</sup>	16.7	8.2	10.5
<i>Global Equity Passive Fund Benchmark</i>	<i>16.6</i>	<i>8.1</i>	<i>10.6</i>
UK Equity (Active)	6.6	5.5	6.8
<i>UK Equity Active Fund Benchmark</i>	<i>7.9</i>	<i>8.6</i>	<i>6.6</i>
UK Equity (Passive) <sup>†</sup>	6.5	7.7	6.0
<i>UK Equity Passive Fund Benchmark</i>	<i>6.5</i>	<i>7.8</i>	<i>6.2</i>
Emerging Markets	0.4	-8.8	4.7
<i>Emerging Markets Fund Benchmark</i>	<i>3.6</i>	<i>-2.8</i>	<i>3.7</i>
Shariah Equity	27.1	unavailable*	
<i>Shariah Equity Benchmark</i>	<i>27.5</i>	<i>unavailable*</i>	
Listed Property and Infrastructure	2.3	unavailable*	
<i>Listed Property and Infrastructure Benchmark</i>	<i>2.7</i>	<i>unavailable*</i>	
Property <sup>†</sup>	1.4	8.6	3.5
<i>Property Fund Benchmark</i>	<i>0.7</i>	<i>3.2</i>	<i>2.5</i>

Net investment returns and benchmark	1 year (% p.a.)	3 years (% p.a.)	5 years (% p.a.)
UK Bond (Inflation Linked Annuity Target) <sup>†</sup>	4.8	-12.1	-3.7
<i>Inflation Linked Target Fund Benchmark</i>	<i>3.0</i>	<i>-8.6</i>	<i>-2.9</i>
UK Bond (Fixed Annuity Target) <sup>†</sup>	7.4	-10.3	-2.1
<i>Fixed Annuity Target Benchmark</i>	<i>3.8</i>	<i>-12.2</i>	<i>-3.4</i>
Cash <sup>†</sup>	4.6	1.8	1.2
<i>Cash Fund Benchmark</i>	<i>4.6</i>	<i>1.9</i>	<i>1.3</i>
Higher Risk Lifestyle Growth**	7.5	2.8	5.8
<i>Higher Risk Lifestyle Growth Phase Benchmark</i>	<i>10.2</i>	<i>7.4</i>	<i>10.1</i>
Diversified Growth (Passive) <sup>†</sup>	7.3	-0.7	1.8
<i>Diversified Growth Passive Benchmark</i>	<i>15.4</i>	<i>2.5</i>	<i>6.8</i>

\* The inception date of the Shariah Equity Fund was on 1 September 2021 and for the Listed Property and Infrastructure Fund on 31 January 2021, so the annualised Plan specific net investment returns for 3 and 5 years are not yet available.

\*\* The Higher Risk Lifestyle strategy was closed the 20 November 2023, so the returns are up to that date.

† 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 below, together with transaction costs for the year to 31 December 2023:

Default arrangements	TER (%)	Aggregate transaction costs (%)	Latest transaction costs available
Lifestyle strategy**	0.19 to 0.23	0.00 *	31/12/2023
20 years or more to retirement age	0.19	0.00 *	
10 years to retirement age	0.22	0.00 *	
3 years to retirement age	0.23	0.00 *	
At retirement age	0.22	0.00 *	
Global Equity (Passive)	0.17	0.00 *	
UK Equity (Passive)	0.11	0.09	
Property	0.49	1.52	
Diversified Growth (Passive)	0.30	0.12	
UK Bond (Inflation Linked Annuity Target)	0.14	1.81	
UK Bond (Fixed Annuity Target)	0.14	2.17	
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.

\*\* The TERs and aggregate transaction costs are based on the 'new' Lifestyle strategy matrix based on the changes implemented following the investment review undertaken during the year.



# 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 disclosure of transaction cost follows the rules and guidance set out by the Financial Conduct Authority's final policy 'PS17/20: Transaction cost disclosure in workplace pensions' in September 2017.

The level of charges applying as at 31 December 2023 for all other funds are shown below:

Non-default arrangements	TER (%)	Aggregate transaction costs (%)	Latest transaction costs available
Higher Risk Lifestyle strategy	0.28 to 0.56	0.14 to 0.46 *	31/12/2023
5 years or more to retirement age	0.56	0.14 *	31/12/2023
3 years to retirement age	0.44	0.40 *	31/12/2023
At retirement age	0.28	0.46 *	31/12/2023
Global Equity (Active)	0.72	0.10	30/09/2023
Diversified Growth	0.24	0.00 *	31/12/2023
UK Equity (Active)	0.64	0.15	30/09/2023
Emerging Markets	0.90	0.35	30/09/2023
Listed Property and Infrastructure	0.26	6.49	31/12/2023
Shariah Equity	0.35	0.22	31/12/2023

\* 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.

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 however, there are no transaction costs involved with the Prudential With-profits Fund. As at 31 December 2023, there were other charges and expenses of 0.31% a year.

In addition to the regular transaction costs reported in the table above, there were also transaction costs when the Trustee implemented the fund changes noted in the investment principles section. The Trustee worked closely with their advisers and Fidelity to transition the assets as efficiently as possible. The deals were placed on the 21 November 2023 and the total costs amounted to £58,420 – the equivalent to 0.09% of the total transitioned value.

# Costs and charges continued



## Asset allocation of default arrangements

This is the first year where the Trustee is required to set out the Plan's full asset allocation of the default arrangement in which members are invested during the Plan year (as per The Occupational Pension Schemes (Administration, Investment, Charges and Governance) and Pensions Dashboard (Amendment) Regulations 2023). The Trustee have taken appropriate advice from their investment advisers to produce the asset allocation for each of the default arrangements shown in table below

### Lifestyle strategy

Asset class	Age 25	Age 45	Age 55	Age 60
Cash	0	1	1	25
Bonds	11	18	31	28
Listed equities	85	76	59	38
Private equities	0	0	0	0
Infrastructure	0	0	0	0
Property/real estate	2	2	4	4
Private debt/credit	1	1	1	2
Other	1	2	4	3
Total	100	100	100	100

# Costs and charges continued



Asset class	Diversified Growth (Passive)	Global Equity (Passive)	UK Equity Passive	Cash
Cash	4	0	2	100
Bonds	59	0	0	0
Listed equities	25	100	0	0
Private equities	0	0	98	0
Infrastructure	0	0	0	0
Property/real estate	5	0	0	0
Private debt/credit	0	0	0	0
Other	7	0	0	0
Total	100	100	100	100

Asset class	Property	UK Bond (Inflation Linked Annuity Target)	UK Bond (Fixed Annuity Target)
Cash	21	0	0
Bonds	0	100	100
Listed equities	0	0	0
Private equities	0	0	0
Infrastructure	0	0	0
Property/real estate	79	0	0
Private debt/credit	0	0	0
Other	0	0	0
Total	100	100	100

# 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	Lifestyle strategy		Global Equity (Passive) (default)		UK Bond (Fixed Annuity Target) (default)		Cash (default)		Emerging Markets (higher TERs)	
		Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges
Youngest member (7%)	1	£2,100	£2,100	£2,100	£2,100	£2,100	£2,100	£2,100	£2,100	£2,100	£2,100
	3	£6,500	£6,500	£6,500	£6,500	£6,500	£6,500	£6,200	£6,100	£6,700	£6,600
	5	£11,200	£11,100	£11,200	£11,100	£11,200	£11,000	£10,100	£10,100	£11,700	£11,400
	10	£23,700	£23,400	£23,700	£23,700	£23,700	£23,200	£19,500	£19,400	£26,200	£24,700
	15	£37,900	£37,200	£37,900	£37,800	£37,900	£36,600	£28,300	£27,900	£44,200	£40,200
	20	£54,000	£52,500	£54,000	£53,600	£54,000	£51,500	£36,400	£35,800	£66,500	£58,400
	25	£71,600	£69,200	£72,000	£71,400	£72,000	£67,800	£43,900	£43,100	£94,200	£79,600
	30	£89,500	£85,600	£92,400	£91,500	£92,400	£85,800	£50,900	£49,800	£128,500	£104,400
	35	£106,600	£100,900	£115,400	£114,000	£115,400	£105,700	£57,400	£56,000	£171,000	£133,500
	40	£121,700	£113,900	£141,300	£139,400	£141,300	£127,700	£63,500	£61,600	£223,700	£167,400
	42	£126,200	£117,600	£152,600	£150,400	£152,600	£137,100	£65,800	£63,800	£248,100	£182,600

# Costs and charges continued



Example Member	Years	Lifestyle strategy		Global Equity (Passive) (default)		UK Bond (Fixed Annuity Target) (default)		Cash (default)		Emerging Markets (higher TERs)	
		Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges
Youngest member (13%)	1	£3,900	£3,900	£3,900	£3,900	£3,900	£3,900	£3,900	£3,900	£4,000	£4,000
	3	£12,100	£12,100	£12,100	£12,100	£12,100	£12,100	£11,400	£11,400	£12,500	£12,300
	5	£20,700	£20,600	£20,700	£20,700	£20,700	£20,500	£18,800	£18,700	£21,800	£21,100
	10	£44,100	£43,500	£44,100	£44,000	£44,100	£43,100	£36,300	£36,000	£48,700	£45,800
	15	£70,500	£69,100	£70,500	£70,100	£70,500	£68,000	£52,500	£51,900	£82,100	£74,600
	20	£100,200	£97,500	£100,200	£99,600	£100,200	£95,600	£67,600	£66,500	£123,600	£108,400
	25	£133,000	£128,400	£133,800	£132,700	£133,800	£125,900	£81,600	£80,000	£174,900	£147,800
	30	£166,200	£159,000	£171,600	£169,900	£171,600	£159,400	£94,600	£92,500	£238,600	£193,900
	35	£198,000	£187,400	£214,300	£211,800	£214,300	£196,400	£106,600	£103,900	£317,600	£247,900
	40	£226,100	£211,500	£262,500	£258,900	£262,500	£237,100	£117,900	£114,500	£415,400	£310,900
	42	£234,500	£218,300	£283,400	£279,400	£283,400	£254,600	£122,100	£118,500	£460,800	£339,000

# Costs and charges continued



Example Member	Years	Lifestyle strategy		Global Equity (Passive) (default)		UK Bond (Fixed Annuity Target) (default)		Cash (default)		Emerging Markets (higher TERs)	
		Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges
Average member	1	£107,800	£107,500	£108,400	£108,300	£108,400	£107,900	£104,400	£104,300	£110,300	£109,100
	3	£133,700	£132,700	£136,100	£135,900	£136,100	£134,500	£122,900	£122,400	£143,000	£138,700
	5	£159,900	£157,900	£165,200	£164,800	£165,200	£162,200	£140,900	£140,000	£178,700	£170,200
	10	£225,600	£220,200	£244,400	£243,300	£244,400	£236,300	£183,500	£181,400	£282,400	£258,100
	15	£285,800	£276,000	£333,700	£331,500	£333,700	£318,100	£223,100	£219,600	£411,000	£360,800
	16	£396,100	£380,400	£482,300	£470,500	£525,400	£456,700	£331,400	£325,800	£258,800	£254,400
Approaching retirement	1	£233,200	£232,400	£236,700	£236,500	£236,700	£235,700	£227,900	£227,500	£241,100	£238,300
	3	£258,400	£255,800	£271,300	£270,800	£271,300	£267,900	£243,300	£242,200	£286,100	£276,800
	5	£281,400	£277,100	£307,600	£306,800	£307,600	£301,500	£258,300	£256,400	£335,100	£317,700



# 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	£2,100	£2,100	£2,100	£2,100	£2,100	£2,100	£2,100	£2,100
	3	£6,500	£6,500	£6,300	£6,300	£6,300	£6,300	£6,500	£6,500
	5	£11,200	£11,100	£10,600	£10,400	£10,600	£10,400	£11,200	£11,000
	10	£23,700	£23,500	£21,500	£20,600	£21,500	£20,800	£23,700	£23,300
	15	£37,900	£37,500	£32,700	£30,600	£32,700	£31,000	£37,900	£36,800
	20	£54,000	£53,000	£44,100	£40,400	£44,100	£41,100	£54,000	£51,700
	25	£72,000	£70,400	£55,800	£50,100	£55,800	£51,200	£72,000	£68,300
	30	£92,400	£89,900	£67,800	£59,500	£67,800	£61,100	£92,400	£86,600
	35	£115,400	£111,700	£80,100	£68,800	£80,100	£70,900	£115,400	£106,800
	40	£141,300	£136,200	£92,700	£77,900	£92,700	£80,600	£141,300	£129,200
	42	£152,600	£146,700	£97,900	£81,400	£97,900	£84,500	£152,600	£138,800

# 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	£3,900	£3,900	£3,900	£3,900	£3,900	£3,900	£3,900	£3,900
	3	£12,100	£12,100	£11,800	£11,600	£11,800	£11,700	£12,100	£12,100
	5	£20,700	£20,600	£19,700	£19,300	£19,700	£19,400	£20,700	£20,500
	10	£44,100	£43,700	£40,000	£38,300	£40,000	£38,600	£44,100	£43,200
	15	£70,500	£69,600	£60,700	£56,800	£60,700	£57,600	£70,500	£68,300
	20	£100,200	£98,500	£81,900	£75,100	£81,900	£76,400	£100,200	£96,100
	25	£133,800	£130,800	£103,700	£93,000	£103,700	£95,000	£133,800	£126,800
	30	£171,600	£167,000	£126,000	£110,500	£126,000	£113,500	£171,600	£160,800
	35	£214,300	£207,500	£148,800	£127,700	£148,800	£131,700	£214,300	£198,400
	40	£262,500	£252,900	£172,200	£144,600	£172,200	£149,800	£262,500	£240,000
	42	£283,400	£272,500	£181,700	£151,200	£181,700	£156,900	£283,400	£257,800
Average member	1	£108,400	£108,200	£106,400	£105,500	£106,400	£105,700	£108,400	£108,000
	3	£136,100	£135,500	£129,400	£126,500	£129,400	£127,100	£136,100	£134,700
	5	£165,200	£164,100	£152,600	£147,300	£152,600	£148,300	£165,200	£162,500
	10	£244,400	£241,400	£211,600	£198,500	£211,600	£201,200	£244,400	£237,200
	15	£333,700	£327,900	£272,100	£248,800	£272,100	£253,400	£333,700	£319,900
Approaching retirement	1	£236,700	£236,300	£232,300	£230,300	£232,300	£230,700	£236,700	£235,800
	3	£271,300	£270,000	£257,000	£250,800	£257,000	£252,100	£271,300	£268,300
	5	£307,600	£305,300	£282,000	£271,200	£282,000	£273,400	£307,600	£302,200

# 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 18 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 follow:
  - a. Lifestyle strategy – from 0.00% to 2.44% (adjusted depending on term to retirement)
  - b. Global Equity (Passive): 2.44%
  - c. UK Bond (Fixed Annuity Target): 2.44%
  - d. Cash: -1.46%
  - e. Emerging Markets: 4.39%
  - f. UK Equity (Passive): 2.44%
  - g. Property: 0.49%
  - h. Diversified Growth (Passive): 0.49%
  - i. UK Bond (Inflation Linked Annuity Target): 2.44%
10. Transactions costs and other charges have been provided by Fidelity and cover the period 1 Jan 2018 to 30 Dec 2023. 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. Plan's normal retirement age is 60.
12. Example members:
  - a. Youngest (7%): age 18, total contribution: £2,100, starting fund value: £0
  - b. Youngest (13%): age 18, total contribution: £3,900, starting fund value: £0
  - c. Average: age 45, total contribution: £10,920, starting fund value: £95,000
  - d. Approaching retirement: age 55, total contribution: £11,080, 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.