

# Assumptions for Statutory Money Purchase Illustrations

The assumptions below have been used to calculate your projected Pension Account and income shown on your Statutory Money Purchase Illustration (SMPI). The basis for these assumptions is set out in Actuarial Standards Technical Memorandum 1 (TM1) published by the Financial Reporting Council.

- An investment growth rate based on the volatility group for each fund in which your Pension Account will be invested until your Target Retirement Date as follows:

Fund	Volatility group	Investment growth rate per annum
L&G World (ex UK) Equity Index Fund	3	6%
L&G UK Equity Index Fund	3	6%
L&G North America Equity Index Fund	3	6%
L&G Future World Global Equity Index Fund	3	6%
L&G Dynamic Diversified Fund (DDF)	2	4%
L&G Future World Annuity Aware Fund	3	6%
L&G Over 5 Years Index-Linked Gilt Index Fund	4	7%
L&G AAA-AA-A Corporate Bond All Stocks Index Fund	2	4%
L&G Cash Fund	1	2%
SSGA TimeWise Target Date Fund (TDF) 2020	2	4%
SSGA TimeWise Target Date Fund (TDF) 2025	2	4%
SSGA TimeWise Target Date Fund (TDF) 2030	2	4%
SSGA TimeWise Target Date Fund (TDF) 2035	3	6%
SSGA TimeWise Target Date Fund (TDF) 2040	3	6%
SSGA TimeWise Target Date Fund (TDF) 2045	3	6%
SSGA TimeWise Target Date Fund (TDF) 2050	3	6%
SSGA TimeWise Target Date Fund (TDF) 2055	3	6%
SSGA TimeWise Target Date Fund (TDF) 2060	3	6%
SSGA TimeWise Target Date Fund (TDF) 2065	3	6%

There are four possible volatility groups. Volatility for each fund is calculated over a 5-year period.

The actual growth rate depends on market conditions and can vary significantly from these assumptions. Investments may fall as well as rise and you may not get back the value of your initial investment.

- Inflation affects the future purchasing power of your benefits, so all figures are shown in today's money. The inflation assumption is 2.5% per annum.
- If you are an active member in the Plan, it is assumed that your salary will increase by 2.5% per annum while you are active and that contributions you make will increase accordingly.
- The projected figures assume that if you are currently active in the Plan then you continue to make payments into the Plan until you retire. If you are a deferred member then it is assumed that you will stay deferred and make no future payments into the Plan.

- Your projected Pension Account has been converted into 'income for life' (annuity) based on actuarial assumptions set out in TM1. These assumptions relate to expected mortality (based on your gender and year of birth) and gilt yields. In addition, an allowance of 4% is made for expenses. The annuity is assumed to be payable monthly in advance and guaranteed to be paid for 5 years.
- It is assumed that no lump sum is taken at retirement.

As stated on your SMPI, all figures are for illustrative purposes only and are not guaranteed in any way. They may vary significantly at the point you take your benefits, and this will be determined by factors which cannot be predicted in advance, such as market conditions, legislation changes and your personal circumstances. You should take this into account when planning your contributions and your retirement.