

# EXAMPLE ILLUSTRATIONS. INVESTING IN INSURED FUNDS.

## THIS DOCUMENT SHOULD BE READ IN CONJUNCTION WITH THE WORKSAVE PENSION PLAN KEY FEATURES BROCHURE.

Over the following pages, we have included some example illustrations of the benefits you might receive and the charges we make. These illustrations apply if you are investing in insured funds.

### HOW MUCH WILL I BE CHARGED?

We take two charges from your pension fund:

**Annual management charge (AMC)** – is expressed as a percentage of the value of insured funds a year.

This covers the ongoing administration costs of your plan which is agreed with your employer. We will confirm the AMC that applies to you before you join the scheme. We work out the charge daily and take it once a month. We take these charges by selling units from your pension fund.

**Fund management charge (FMC)** – 0.08% to 1.94% of the value of insured funds a year.

This differs depending on the fund or funds you have chosen to invest in. It is taken out of the investments in the fund and therefore affects the value of units in the fund. See the WorkSave Pension Investment Options guide for more detail.

The FMC range applies as at March 2012 but it can vary.

### FOR EXAMPLE

If your insured fund was worth £5,000 throughout the year and invested in the Legal & General (PMC) Global Equity Fixed Weights 50:50 Index Fund 3 throughout the year and your AMC was 0.45% p.a., the charges over the year would be approximately:

Value of insured fund	£5,000
AMC at 0.45%	£22.50
FMC at 0.10%	£5.00
<b>Total charges for the year</b>	<b>£27.50</b>



In certain circumstances we may need to make changes to these charges or introduce new charges. You will find full details in your Member's booklet.

### WHAT SCENARIOS HAVE YOU USED?

There are four example illustrations based on the following four scenarios:

1. A 40 year old male, contributing £200 gross each month for 25 years.
2. A 40 year old female, contributing £200 gross each month for 25 years.
3. A 50 year old male, contributing £200 gross each month for 15 years.
4. A 40 year old male, contributing £400 gross each month for 25 years.

We have provided the following example illustrations to show you the effects age, sex, contribution levels and policy term will have on your final pension **benefits**. These varying examples may help you make a more informed decision about whether to invest in the WorkSave Pension Plan.

### IMPORTANT

The projected figures in the examples illustrate what your pension benefits could be worth in the future. You may get back more or less than this.

## IMPORTANT

When reading the example illustrations, it's important that you consider the following:

- **These figures are only examples and are not guaranteed** – they are not the minimum or maximum amounts. What is paid depends on how your investment grows and on the tax treatment of the investment, and so you could get back more or less than this. If the actual growth rates are lower than those shown, your projected fund value will be less.
- If contributions are less than those assumed in the example illustrations, then the projected fund values shown will also be less.
- The examples are based on contributions being made into the Legal & General (PMC) Global Equity Fixed Weights 50:50 Index Fund 3 using the Financial Services Authority's standard growth rates.
- Legal & General uses lower growth rates for any funds where we feel it gives a more realistic indication of future returns. If you choose not to invest in the Global Equity Fixed Weights 50:50 Index Fund 3, and therefore choose one or more of the other funds available, different assumed growth rates and charges may apply.
- The projections are based on the example charges set out at the front of this document. Changes to our charges will affect the future benefits you receive.

- All firms use the same rates to show how funds may be converted into pension income. The rates used for converting the fund into pension assume an interest rate in retirement of 0.9% a year for the lower rate, 2.9% a year for the mid rate and 4.9% a year for the higher rate. These assumed interest rates are subject to review every year on 6 April using a method prescribed by the Financial Services Authority to reflect market changes.
- Your pension income will depend on how your investment grows and interest rates at the time you take your benefits.
- The pensions illustrated assume they are single life, level pensions, and payable monthly in advance for life. They assume that if the member dies in the first five years, the pension will continue to be paid each month until a total of 60 monthly payments have been made.
- The illustrated pensions for the second scenario are lower than those for the first scenario, as they reflect the longer expected future lifetimes of females when compared to those of males.

- The illustrations assume the pension funds are within your Lifetime Allowance. Please refer to the 'What about tax?' section on page 8 of your WorkSave Pension Plan Key Features document.
- As this promotion is offered directly by Legal & General, no advice costs are payable. If you seek personal investment advice, your adviser will tell you how much this costs and how it is payable.

## INFLATION

When assessing the figures, it is important you bear in mind that these figures do not make any allowance for the effects of inflation – inflation results in the projected benefits having a lower value, in terms of today's prices, than those shown. The rate of inflation varies but, as an example, with inflation at the rate of 2.5% each year, £100 in 10 years time has a value in terms of today's prices of only £78 and £100 in 25 years time has a value in terms of today's prices of only £54.

## WHAT MIGHT THE BENEFITS BE WORTH?

All example illustrations assume a selected retirement age of 65.

	PREPARED FOR	ASSUMED INVESTMENT RETURN		
		5% GROWTH RATE	7% GROWTH RATE	9% GROWTH RATE
Total projected fund of:	Male 40 paying £200 pm	£108,000	£144,000	£194,000
	Female 40 paying £200 pm	£108,000	£144,000	£194,000
	Male 50 paying £200 pm	£50,700	£59,600	£70,200
	Male 40 paying £400 pm	£216,000	£288,000	£388,000
This could provide a full pension every year for your lifetime of:	Male 40 paying £200 pm	£4,970	£8,340	£13,700
	Female 40 paying £200 pm	£4,500	£7,730	£12,900
	Male 50 paying £200 pm	£2,360	£3,480	£5,020
	Male 40 paying £400 pm	£9,940	£16,600	£27,500
<b>OR</b> a tax free cash sum of:	Male 40 paying £200 pm	£27,000	£36,000	£48,600
	Female 40 paying £200 pm	£27,000	£36,000	£48,600
	Male 50 paying £200 pm	£12,600	£14,900	£17,500
	Male 40 paying £400 pm	£54,100	£72,100	£97,200
<b>Plus</b> a pension every year for your lifetime of:	Male 40 paying £200 pm	£3,730	£6,250	£10,300
	Female 40 paying £200 pm	£3,370	£5,790	£9,720
	Male 50 paying £200 pm	£1,770	£2,610	£3,760
	Male 40 paying £400 pm	£7,460	£12,500	£20,600

The Financial Services Authority sets standard growth rates (which are 5% a year for the lower rate, 7% a year for the mid rate and 9% a year for the higher rate) that firms must use in the projections unless lower growth rates are more appropriate.

## EFFECT OF DEDUCTIONS

The tables on the following pages set out what the value of your pension fund might be if you were to transfer it to a different pension scheme, at the end of the periods shown.

### THE EARLY YEARS

**WARNING** – The charges mean the transfer value could be less than has been paid, particularly if the contributions stop during the early years.

The last two columns assume that investments grow at the mid rate each year.

AT THE END OF YEAR	PREPARED FOR	TOTAL PAID IN TO DATE	EFFECT OF DEDUCTIONS TO DATE	WHAT THE TRANSFER VALUE MIGHT BE
1	Male 40 paying £200 pm	£2,400	£7	£2,480
	Female 40 paying £200 pm	£2,400	£7	£2,480
	Male 50 paying £200 pm	£2,400	£7	£2,480
	Male 40 paying £400 pm	£4,800	£14	£4,960
2	Male 40 paying £200 pm	£4,800	£30	£5,120
	Female 40 paying £200 pm	£4,800	£30	£5,120
	Male 50 paying £200 pm	£4,800	£30	£5,120
	Male 40 paying £400 pm	£9,600	£60	£10,200
3	Male 40 paying £200 pm	£7,200	£69	£7,930
	Female 40 paying £200 pm	£7,200	£69	£7,930
	Male 50 paying £200 pm	£7,200	£69	£7,930
	Male 40 paying £400 pm	£14,400	£139	£15,800
4	Male 40 paying £200 pm	£9,600	£128	£10,900
	Female 40 paying £200 pm	£9,600	£128	£10,900
	Male 50 paying £200 pm	£9,600	£128	£10,900
	Male 40 paying £400 pm	£19,200	£257	£21,800
5	Male 40 paying £200 pm	£12,000	£209	£14,100
	Female 40 paying £200 pm	£12,000	£209	£14,100
	Male 50 paying £200 pm	£12,000	£209	£14,100
	Male 40 paying £400 pm	£24,000	£418	£28,200

## THE LATER YEARS

AT THE END OF YEAR	PREPARED FOR	TOTAL PAID IN TO DATE	EFFECT OF DEDUCTIONS TO DATE	WHAT THE TRANSFER VALUE MIGHT BE
10	Male 40 paying £200 pm	£24,000	£1,030	£33,300
	Female 40 paying £200 pm	£24,000	£1,030	£33,300
	Male 50 paying £200 pm	£24,000	£1,030	£33,300
	Male 40 paying £400 pm	£48,000	£2,070	£66,700
15	Male 40 paying £200 pm	£36,000	£2,930	£59,600
	Female 40 paying £200 pm	£36,000	£2,930	£59,600
	Male 50 paying £200 pm*	£36,000	£2,930	£59,600
	Male 40 paying £400 pm	£72,000	£5,870	£119,000
20	Male 40 paying £200 pm	£48,000	£6,590	£95,400
	Female 40 paying £200 pm	£48,000	£6,590	£95,400
	Male 50 paying £200 pm	–	–	–
	Male 40 paying £400 pm	£96,000	£13,100	£190,000
FINAL	Male 40 paying £200 pm	£60,000	£13,000	£144,000
	Female 40 paying £200 pm	£60,000	£13,000	£144,000
	Male 50 paying £200 pm	–	–	–
	Male 40 paying £400 pm	£120,000	£26,100	£288,000

\* These are the final figures for this example.

## WHAT ARE THE DEDUCTIONS FOR?

- The deductions include any expenses, charges, and other adjustments.
- The deductions have the effect of bringing down the investment growth from 7.0% a year to the reduced yield figures shown.

	REDUCED YIELD (%)
Male 40 paying £200 pm	6.4
Female 40 paying £200 pm	6.4
Male 50 paying £200 pm	6.4
Male 40 paying £400 pm	6.4



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