Illustration of Projected Pension Benefits for the Flexible Retirement Account

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The Financial Conduct Authority (FCA) is a financial services regulator. It requires us, Aviva Pension Trustees UK Limited, to give you this important information to help you to decide whether our Flexible Retirement Account is right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.

Why you should read this illustration

- **We have illustrated a number of examples** which show what you might receive based on a range of different scenarios. These are not based on your personal circumstances.
- There are different options available to you when you start taking your pension benefits. This illustration shows what you might get if you use an annuity to provide your pension income. As you approach retirement we will contact you about all the available options.
- This illustration also **shows the effect of an assumed level of investment performance and charges**.
- You should read the following example Illustration with the **Key features document and the Fees and charges brochure for the Flexible Retirement Account**.

Limitations of this illustration

- **We can't predict** the amount of pension income you will receive when you retire. These illustrations are not based on your personal circumstances.
- If you would like an illustration which is personal to your own circumstances, please contact us on **0345 600 6303**. Calls may be recorded.

The amount of pension income illustrated is shown in **today's prices** (taking into account future inflation). The estimated amounts shown are based on different monthly contributions and a range of different ages. A range of monthly contributions is shown for this purpose.

How to use the following table of projections

First, look down the left-hand column to find the age closest to your age now. Then look across to find the monthly contribution closest to the contributions you are likely to make. The figures in the table give you an idea of the monthly pension income you may receive.

*F*or example, if you are aged around 40 and contributions into your account start at £150 a month, your estimated pension income at age 65 could be £309 a month.

Your approximate age now	Estimated monthly pension income at age 65 or 60 assuming monthly contributions into your account start at									
	£100		£150		£200		£300		£500	
	60	**65**	**60**	**65**	**60**	**65**	**60**	**65**	**60**	**65**
20	£350	£458	£525	£687	£700	£916	£1,050	£1,370	£1,750	£2,290
25	£289	£385	£434	£578	£579	£771	£869	£1,150	£1,440	£1,920
30	£235	£320	£353	£480	£470	£640	£706	£960	£1,170	£1,600
35	£186	£260	£279	£390	£372	£520	£558	£781	£930	£1,300
40	£141	£206	£211	£309	£282	£412	£423	£618	£706	£1,030
45	£100	£156	£151	£235	£201	£313	£302	£470	£504	£784
50	£64	£112	£96	£168	£128	£224	£192	£336	£321	£561
55	£31	£72	£46	£107	£62	£143	£93	£214	£154	£357
60	-	£34	-	£52	-	£69	-	£103	-	£171

Remember, the examples above are not based on your individual circumstances. The assumptions made and the effect they have on the amounts shown are set out below and later on in this illustration.

Contributions

The table of projections is based on a range of different monthly contributions.

Your employer will notify you of the contribution basis applicable to your account. Contributions may have to increase to meet minimum levels.

We have made the following assumptions:

- Contributions are invested as set out in the **Investment solution – where contributions are invested** section.
- Monthly contributions increase by 2.5% a year.
- Inflation is 2.0% a year.
- Before charges, your pension fund grows between 3.97% and 4.58% a year. As the investment solution is made up of a number of individual funds with different growth rates, the overall growth rate will depend on how far you are from retirement when you join, and for how long you remain invested in the Flexible Retirement Account. For this reason, a range of growth rates is shown.
- The charges are set out in **The charges we'll take** section.
- When you take pension benefits using the annuity option, you decide:
  - not to take any tax free lump sum;
  - to buy a pension paid monthly in advance that does not increase and will be paid for at least five years or until you die if later;
  - to buy a pension for yourself only. If you were to buy a pension for your partner, your pension income would be less than that shown.
- Interest rates are 3.3% a year.

Important information

- The information provided is for illustrative purposes only. These figures are only examples and are not guaranteed - they are not minimum or maximum amounts. What you will get back depends on the type of investment you choose, how much your investments grow, how long you invest, charges, taxation and interest rates at the time you retire, and how you take your benefits.
- We have used growth rates according to the default investment solution of the scheme. If you choose different funds or you switch into different funds in the future, different growth rates may become more appropriate.
- The value of your Flexible Retirement Account can go down as well as up and is not guaranteed. You could get back less than has been paid in.
- As the pension income shown does not increase by the rate of inflation, over time its value could fall in real terms.
- For your Flexible Retirement Account to grow in real terms, your investments need to grow at a higher rate than the combined effect of inflation and charges (please note that charges may vary between different companies).
- Most pension providers use the same interest rates to show how your final fund value could give you a monthly pension income using the annuity option. Please remember that your monthly pension income will depend on the interest rates at the time you retire.
- When a tax-free lump sum is taken, including on death, there may be a tax charge if the total value of benefits taken from all your pensions to date is over either the lump sum allowance or the lump sum and death benefit allowance. You may also have a tax charge if you or your employer, in total, pay in more than the annual allowance in any tax year. No allowance has been made for any such tax charges in this illustration. Tax treatment will depend on your individual circumstances and may change in the future. You can find the current standard allowances at: gov.uk/tax-on-your-private-pension/
- You can usually take pension benefits from your Flexible Retirement Account from the minimum pension age. This is currently age 55 (57 from 6 April 2028). However, depending on your circumstances you may be able to access your pension pot earlier such as when you have a protected pension age (to find out more visit www.aviva.co.uk/nmpa) or are unable to work due to ill health or incapacity. If you take them before your retirement age, you are likely to get back less than shown in this illustration.
- Each year we will also send you an annual statement which will include an up-to-date illustration.

Investment solution – where contributions are invested

Contributions will be invested in the AV Mercer Growth/ Balanced Risk Fund which leads into Annuity Target Retirement Funds.

Further details of the Investment solution can be found in the **Investment Brochure**.

Mercer states the objective of the investment solution is to help your pension investment grow. Up until eight years before your selected year of retirement the solution invests in a fund that seeks to offer a balanced exposure to investment risk. The value of your pension investment will fluctuate (increase or decrease) on a daily basis as a result of the performance of the fund in which your contributions are invested. As the fund, however, provides a diversified approach to investment by using a range of different assets, such as shares (also known as equities), fixed interest and property, it seeks to limit the likelihood of your pension investment experiencing large fluctuations in value.

In the years approaching retirement, the default investment solution moves your pension investments into a Annuity Target Retirement Fund. This aims to gradually reduce your exposure to investment risk and moves into investments that are more appropriate for buying an annuity, in preparation for retirement. This phase may produce lower rates of return.

The charges we'll take

The charges we take from your Flexible Retirement Account cover the costs of managing your account and fund management charges.

Our charges

We will take a scheme annual management charge of 0.50% of the value of your investments.

In addition to the above, we also apply Fund annual management charges and Additional expenses which vary according to the funds you invest in. Further details of these charges are available in the investment guide. The total effect of all the charges as they apply to the investment solution funds is shown below:

Total annual charges as they apply to individual investments:

Investment selection	Investment tier	Total annual charge
Aviva Pension MyM Mercer Growth/Balanced Risk	Select fund range	0.70%
Aviva Pension MyM Mercer Target Annuity 2032	Select fund range	0.70%
Aviva Pension MyM Mercer Target Annuity 2031	Select fund range	0.70%
Aviva Pension MyM Mercer Target Annuity 2030	Select fund range	0.68%
Aviva Pension MyM Mercer Target Annuity 2029	Select fund range	0.67%
Aviva Pension MyM Mercer Target Annuity 2028	Select fund range	0.66%
Aviva Pension MyM Mercer Target Annuity 2027	Select fund range	0.65%
Aviva Pension MyM Mercer Target Annuity 2026	Select fund range	0.63%
Aviva Pension MyM Mercer Target Annuity 2025	Select fund range	0.63%
Aviva Pension MyM Mercer Annuity Retirement	Select fund range	0.61%

Further details are shown in the Flexible Retirement Account Fees and charges brochure.

- The figures shown above are specific to the investment solution funds. The actual level of total annual charge will depend on which investments you select.
- The charges are reviewed regularly and are subject to change.
- The Target Retirement Fund total annual charge is based on the initial charge of a current Target Retirement Fund. The charges will vary over the course of the Target Retirement Fund. You will be advised of the actual charge, which may differ, at the time your Target Retirement Fund becomes available to you.
- We pay interest on all monies held as cash within your Flexible Retirement Account at the Bank of England base rate. We do not retain any of the interest payable to you.
- You can find further details as to how these charges are calculated and deducted in the Flexible Retirement Account Fees and charges brochure.

How charges reduce the value of your Flexible Retirement Account

This section shows the effect of our charges and any other deductions over the years. This is shown in two ways; how it can affect the value of your pension fund and how it can reduce the growth rate of your pension fund.

These figures have been adjusted to take account of estimated future inflation, giving you an idea of their value in real terms.

The figures shown are based on the assumptions set out in the **Contributions** section of this illustration.

Warning - one effect of charges is that you may get back less than has been paid in, particularly if you transfer out of the Flexible Retirement Account in the early years.

There are no guarantees provided with the Flexible Retirement Account.

The following figures are based on an individual aged 40 paying a monthly contribution starting at £100 for 25 years.

Each row shows the effect of charges depending on how long your account is due to run. For example, if contributions are invested for 25 years, the estimated pension fund value after account and investment charges have been taken is £58,000.

The table below shows how account and investment charges affect the value of your pension fund (shown in the fourth column).

Pension Fund Value

At end of year	The contributions into your account	Before charges are taken	If only account and investment charges are taken
1	£1,783	£1,800	£1,800
2	£3,576	£3,670	£3,640
3	£5,377	£5,590	£5,530
4	£7,187	£7,580	£7,470
5	£9,006	£9,620	£9,450
10	£18,236	£20,800	£20,000
15	£27,694	£33,800	£32,000
20	£37,386	£48,200	£44,800
At age 65	£47,318	£63,500	£58,000

Due to rounding down, the amounts in the 3rd and 4th columns may be the same. Without rounding, the amounts in the 3rd column are always higher than those in the 4th column.

The last line of the table shows the effect of deductions on all contributions into the Flexible Retirement Account at age 65.

- If only account and investment charges are taken by age 65, we calculate that the annual rate of return for the entire account could reduce from 2.4% to 1.7%. This is a reduction in the overall yearly growth rate of 0.7%.
- The overall growth rate mentioned above is a summary based upon the different investments shown in this illustration. The charges on each investment may vary and so the growth rate reduction will differ for each individual investment and may be higher or lower than the overall growth rate.

You can use the figures shown to compare this Flexible Retirement Account with similar product

How much adviser remuneration is being paid?

No remuneration will be paid to an adviser for arranging this account.

What your pension costs – a summary

Assuming you invest in the default investment solution as set out in the **Investment Solution – where contributions are invested** section, you will be charged a percentage of your pension fund value each year which, on average, will be as shown in the table below.

Your approximate age now	Scheme retirement age 65
20	0.70%
25	0.70%
30	0.70%
35	0.69%
40	0.69%
45	0.69%
50	0.68%
55	0.67%
60	0.65%