keyfacts®

Flexible Retirement Account
Your Nationwide Group Personal Pension Arrangement Illustration

Illustration date: 01 November 2022 Reference: AENGS604/D 11.22

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.

You should read the following example Illustration with the **Key features document and the Fees and charges brochure for the Flexible Retirement Account.**

Why you should read this illustration

- We can't predict the amount of pension income you will receive when you retire, but to give you an idea 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.

  If you would like an illustration which is personal to your own circumstances, please contact us on **0345 030 7336.**

- 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 investment performance and charges.

The amount of pension income illustrated is shown in today's prices (taking into account future inflation). The estimated amounts shown are based on a percentage of your pensionable earnings. A range of example earnings is shown for this purpose. The **Contributions** section of this illustration shows the total contribution percentage(s) used in the calculations.

How to use the following table of projections

First, look down the left-hand column to find the age closest to your age now. Look across the table to find the annual earnings figure closest to your own current earnings. The figures in the table give you an idea of the monthly pension income you may receive.

For example, if you are aged around 40 and your earnings are £20,000 a year, your estimated pension income at age 65 could be £391 a month.

Your approximate age now	Estimated monthly pension income at age 65 assuming your earnings start at				
	£10,000	£20,000	£25,000	£30,000	£50,000
20	£463	£926	£1,150	£1,380	£2,310
25	£382	£765	£957	£1,140	£1,910
30	£312	£624	£780	£937	£1,560
35	£250	£500	£625	£750	£1,250
40	£195	£391	£488	£586	£977
45	£147	£294	£368	£442	£736
50	£104	£209	£262	£314	£524
55	£67	£134	£168	£201	£336
60	£32	£65	£81	£97	£162

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

Contributions paid into the Flexible Retirement Account are based on a percentage of your pensionable earnings (see the **Important information** section below). These contributions will increase to meet the minimum legal levels as shown in the table below.

The contribution rates shown include your employer and your own contributions that will be paid into your Flexible Retirement Account.

Contribution period	Your contributions as a % of pensionable earnings	Your employer's contributions as a % of your pensionable earnings
From the date of this illustration onwards	4% a year	13% a year

We have made the following assumptions:

- Contributions are invested as set out in the **Investment solution – where contributions are invested** section.
- Your earnings increase by 2.5% a year.
- Inflation is 2.0% a year.
- Before charges, your pension fund grows between 3.18% and 4.64% 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 cash;
  - 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 0.9% 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 funds you will be investing in and the funds any future contributions will be allocated to. If 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.
- The figures showing the pension income you could get in retirement include an explanation of whether that pension income is assumed to increase or not. 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.
- If, at any time, you take pension benefits and your total pension funds taken exceed your lifetime allowance, a tax charge will be payable. You may 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. Full details are shown in the Flexible Retirement Account Key features document.
- Your employer has determined the definition of 'pensionable earnings' and this may include or exclude any overtime, bonus or commission. If you are unsure of what is included, speak to your employer.
- You can usually take pension benefits from your Flexible Retirement Account from your 55th birthday onwards (possibly earlier in certain circumstances, for example ill health) but 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 funds which make up the Nationwide Lifetime IP (Target Drawdown) investment programme which has been designed to manage your pension investments for the life of your account.

Further details of the Investment solution can be found in the **Helping you to understand your investment choices** brochure.

The objective of the default investment solution is to provide an appropriate investment strategy for members who do not wish to make an investment choice for themselves. The principle objectives of the default investment strategy are:

- To manage the principle investment risks faced by an average member during their membership of the plan; and
- To target the majority of members who may intend to make use of drawdown in retirement. Income drawdown is a feature that allows you to take an income in the form of withdrawals from your pension whilst the remaining fund value stays invested.

Up until 15 years from your planned retirement date, the default investment solution aims to help your pension savings grow by investing solely in shares (also known as equities). The value of your savings will fluctuate (increase or decrease) on a daily basis as a result of the performance of the fund used in the growth phase. However, the design of this phase of the programme seeks to limit the likelihood of your savings experiencing large fluctuations in value.

Between 15 and 10 years from retirement, your savings will be moved into a fund that places greater emphasis on avoiding large fluctuations in the value of your savings, whilst maintaining the potential for growth.

In the 5 years leading up to your retirement date, your savings are gradually moved into lower risk investments, such as fixed interest and money market investments. This aims to reduce the risk of your savings falling in value as you approach your planned retirement date, whilst maintaining some potential for growth. This is likely to 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 0.15% 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 brochure. 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 Nationwide Global Equity	Select fund range	0.24%
Aviva Pension MyM Nationwide Multi-Asset	Select fund range	0.46%
Aviva Pension MyM Nationwide Low Volatility	Select fund range	0.43%
Aviva Pension MyM BlackRock Sterling Liquidity	Select fund range	0.15%

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.
- If your investment programme includes a change of fund between now and your retirement, the fund charges may be different from those shown here.
- 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 with earnings of £20,000 a year paying contribution levels set out in the **Contributions** section for 25 years.

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

At end of year	The contributions into your account	Before charges are taken	If only account and investment charges are taken
1	£3,369	£3,420	£3,410
2	£6,755	£6,960	£6,940
3	£10,157	£10,600	£10,500
4	£13,576	£14,400	£14,300
5	£17,012	£18,300	£18,200
10	£34,446	£39,900	£39,400
15	£52,311	£64,100	£62,600
20	£70,619	£90,300	£86,800
At age 65	£89,379	£114,000	£109,000

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.

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 £109,000.

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 2.00% to 1.60%. This is a reduction in the overall yearly growth rate of 0.40%.
- 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 products.

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	0.30%
25	0.31%
30	0.32%
35	0.33%
40	0.35%
45	0.37%
50	0.41%
55	0.44%
60	0.42%