

THE CUMBERLAND BUILDING SOCIETY MONEY PURCHASE PLAN NO. 2 (THE “SCHEME”) CHAIR’S STATEMENT – 5 MAY 2021

1. Introduction

This statement has been prepared by Entrust Pension Limited (**Entrust**), the independent and sole Trustee (the **Trustee**) of the **Cumberland Building Society Money Purchase Pension Plan No.2** (the **Plan**) in accordance with regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 (the **Regulations**). It is signed on behalf of Entrust, the Chair of the Trustee for the purposes of the Regulations.

Governance requirements apply to defined contribution (**DC**) pension arrangements to help members achieve a good outcome from their pension savings. The Regulations require trustees to prepare an annual statement regarding governance which should be included in the Annual Report. The statement explains how the Trustee has met its legal obligations in relation to the management of the Plan over the period 6 May 2020 to 5 May 2021 (the **Plan Year**) in relation to:

- the investment options in which members' funds are invested;
- the requirements for processing core financial transactions;
- the charges and transaction costs borne by members;
- an illustration of the cumulative effect of these costs and charges;
- a 'value for members' assessment; and
- trustee knowledge and understanding.

2. Background to the Plan

The Plan was established in 1988 and closed to new entrants on 25 March 2003. Cumberland Building Society is the principal employer of the Plan (the **Employer**).

During the 2019 – 20 Plan Year, there was a change of trustee from a Board of Trustees to an independent, sole trustee, Entrust, with effect from 15 January 2020. In the 2020 – 21 Plan Year, the administration of the Plan also transferred from Legal & General Assurance Society Limited (**Legal & General**) to ReAssure Limited (**ReAssure**) on 20 August 2020 as part of a transfer which was approved by the High Court.

The Plan is a small legacy DC arrangement made up of thirteen deferred members. Due to its legacy nature it is set up in a different way to most current arrangements in the wider DC market. This means that when compared against a more modern-day DC arrangement, the Plan does not offer members access to certain features that are typically available in current arrangements. Conversely, some members do have the benefit of a potentially valuable guarantee associated with the Legal & General With-Profits Fund (the **With-Profits Fund**) which, as a rule, is not available under more recent arrangements.

3. DC Review

During the previous Plan Year, Entrust commenced a review regarding the future of the Plan to explore different ways in which the existing services provided to Plan members and value for members could be improved (the **DC Review**). A number of options were considered as part of the DC Review including winding-up the Plan and transferring members' funds to an alternative arrangement. Entrust received advice from Isio Group Limited (**Isio**) in relation to the DC Review and, following agreement with the Employer regarding the different options, it was agreed the Plan would be wound up and members' policies would be assigned into their own names, thereby retaining the guarantees in place. Wind up was triggered in June 2021 and it is anticipated that it will be completed in early 2022.

4. The Default Investment Arrangement

The Plan is not a qualifying scheme for auto-enrolment purposes and, as such, does not have a 'default arrangement' as defined in the Occupational Pension Schemes (Charges and Governance) Regulations 2015. However, the majority of the Plan's assets are invested in one single fund, the

With-Profits Fund which is treated by the Plan as a de facto 'default arrangement' and is referred to as such in this statement.

The With-Profits Fund invests principally in a mix of government and other fixed interest securities (including from emerging markets), UK commercial property, UK and overseas equities and cash deposits.

Legal & General Investment Management (**LGIM**) has full control over the investments in which the With-Profits Fund invests. The objective of the With-Profits Fund is to generate sufficient capital growth to ensure that the assets within the With-Profits Fund are able to meet the current and future liabilities, guarantees and regulatory requirements, as well as providing members with some stability against market volatility over the short term rather than investing directly in shares.

As at 31 December 2020, the asset mix of the With-Profits Fund was:

Asset type	With-Profits policies
Overseas company shares (equities)	20%
UK company shares (equities)	13%
Commercial property	10%
Fixed interest securities	51%
Other assets	6%
Total assets	100%

Source: LGIM, 31 December 2020

Members can access more information on the With-Profits Fund at: www.reassure.co.uk/fund-centre/reassure

As part of the With-Profits Fund, members are entitled to a guaranteed rate of investment return depending upon when they paid contributions. This is called the Contractual Annual Interest (**CAI**) rate and applies to members who invested in the With-Profits Fund between 1988 and 1993. The CAI ranges between 4% per annum and 5% per annum, depending on the year of investment. We have requested information from ReAssure regarding how many of the the thirteen members are entitled to receive CAI and have yet to receive this information,

A Market Value Reduction (**MVR**) can apply to transfers or surrenders from the With-Profits Fund prior to the retirement date to ensure that all with-profits investors receive their fair share of the assets backing a with-profits investment. In addition, members forego their entitlement to the CAI if they transfer out of the With-Profits Fund. A MVR will not be applied on the assignment of members' policies into their own names as part of the wind up of the Plan. In addition, members will not forego their entitlement to the CAI on the assignment.

5. **Statement of Investment Principles**

A statement of investment principles (a **SIP**) is a written statement which sets out the trustees' investment policy for a pension scheme. It governs decisions about investments including the aims, objectives and policies for any default investment arrangement. Schemes with fewer than 100 members are not required to prepare a SIP (*Regulation 6 of the Occupational Pension Schemes (Investment) Regulations 2005*); the Plan has fewer than 100 members and, as such, the requirement to prepare a SIP does not apply.

Other statutory requirements in respect of investments do apply, for example, the requirement for trustees to obtain and consider written advice from a suitably qualified investment adviser before making an investment. Trustees are also under a general duty to act in the best interests of members and beneficiaries.

6. Investment review

The Plan has held investments in an insurance contract that solely utilises a with-profits strategy. Having made enquiries following its appointment, Entrust is not aware of when the last investment strategy review of the Plan was undertaken. However, investments were considered as part of the DC Review and as wind up has now been triggered, the Trustee does not intend to carry out an investment review.

7. Processing of Financial Transactions

The Trustee has a duty to ensure that core financial transactions relating to the Plan are processed promptly and accurately. Core financial transactions include, but are not limited to, cash management services, the transfer of members' assets to and from the Plan, investment switches and benefit payments.

As there are no active members, no contributions and no alternative investment options, the only core financial transactions for the Plan are settlements of benefits to members who retire, transfer out of the Plan or pass away. There were limited transactions during the Plan Year; three Plan members left the Plan due to retirement or transfer, however we are yet to receive clarification of this information from ReAssure, having requested it.

All processing of core financial transactions during the Plan Year was carried out by ReAssure on behalf of the Trustee. During the Plan Year, regular reports on activities and performance of service standards under relevant contractual arrangements were not provided by ReAssure as part of its services. Relevant details were requested from ReAssure by Entrust although ReAssure have not been able to provide them as yet. Whilst the Trustee is unable to comment on the accuracy and timeliness of all of the core financial transactions processed during the Plan Year, Entrust is aware of members experiencing delays in their benefits being settled. This is an area which continues to be monitored by Entrust during the wind up of the Plan.

The Trustee's annual Report and Accounts are independently audited annually by the Plan's appointed auditor, Crowe UK LLP.

8. Charges and Transaction Costs

8.1 Employer charges

The Employer does not pay any fees to ReAssure. All Plan charges are member-borne.

8.2 Plan charges

The level of charges incurred over a member's lifetime can have a significant effect on their benefit outcome at retirement. It is important to achieve the correct balance between a competitive level of charges and value for money for the range and quality of services and tools available. Each year, the Trustee obtains information on charges and member-borne transaction costs relating to the Plan, Unfortunately despite requesting this information from ReAssure we have not received it, we have therefore used the 2019-2020 charges on the assumption these have remained the same, in order to illustrate member borne charges below.

The various Plan charges are summarised below:

- 4.5% per annum charge of the value of the initial units invested in the Plan and a maximum monthly charge of £6.30 per month (£75.60 per annum).
- There are also charges on the value of accumulation units that are taken into account in the bonus rates declared for the Plan's deemed default investment arrangement, the With-Profits Fund. These charges are:
 - An Annual Management Charge of 0.75% p.a.; and
 - 0.12% Transaction Costs on top of these charges comprising 0.07% implicit charges and 0.5% transaction charges

which gives an effective charge of 0.87% per annum on accumulation units.

In addition to these charges there are transaction costs which are costs incurred within the day to day management of the assets by the fund manager as a result of buying, selling, lending or borrowing investments. They are typically categorised as explicit costs and implicit costs. Examples of explicit costs include broker fees, transaction taxes and custody fees. Implicit costs cannot be observed in the same way but will also result in a reduction in the total amount of capital invested. Examples of implicit costs include bid-ask spreads and market impact.

It should be noted that the Transaction Costs for the With-Profits Fund as referenced in this statement relate to the 2019/20 Plan Year (0.12% p.a.). ReAssure was unable to provide the relevant cost information for the 2020/21 Plan Year. Therefore in the absence of any information, we have assumed the transaction costs for the 2020/21 year are the same as in the 2019/20 year and therefore the average costs over the last two year period are the same as the costs referenced in the 2019/20 Chair's Statement and used in the projections in the Appendix at the end of this year's Statement. The Trustee will endeavour to obtain more up to date Transaction Cost information for the 2021/22 Plan Year should the Plan not have been wound up.

Fund	Initial Unit Charge	Accumulation Unit Charge	
		Total Expense Ratio	Transaction Cost
Legal & General With-Profits Fund	4.5% per annum to a maximum of £75.60 per annum	0.75%	0.12%
Legal & General UK Equity Index	-	0.50%	0.01%
Legal & General Managed	-	0.50%	0.17%

To put this into context, a member with £1,000 of initial units in the With-Profits Fund would pay an annual charge of £45 per annum, as well as paying charges of 0.87% on any units they accumulated from investment growth.

However, a member with £2,000 of initial units in the With-Profits Fund would pay an annual charge of £75.60 per annum due to the monthly charge cap of £6.30 coming into effect; plus charges of 0.87% on any units they accumulated from investment growth.

The charges borne by members are high, particularly for members who have still have significant initial units (4.5% p.a.). A maximum annual charge of £75.60 could also be considered high. Whilst this level of charge is not untypical for older style pension arrangements, the Trustee is aware that it is not in line with more modern DC pension arrangements subject to the 0.75% auto-enrolment charge cap.

However, it is worth noting that a historical "Stakeholder charge cap" is in place for the Plan such that members do not incur charges in excess of 1% p.a. This is in excess of the more recent 0.75% p.a. charge cap in place for default arrangements of occupational pension schemes used for auto-enrolment purposes and in practice, many DC arrangements have charges significantly below this 0.75% level.

The Trustee also understands that the charges are not transparent due to the split charging of units, the way in which the accumulation units charge is taken into account in the bonus rates and the nature of smoothing returns in With-Profits arrangements. This contrasts with the more transparent nature of charges in more recently established DC arrangements.

These charging issues were addressed as part of the DC Review.

8.3 Illustrations of costs and charges

Since 6 April 2018, trustees of relevant schemes such as the Plan have been required to provide additional information about investment charges and core transaction costs to improve transparency around costs. This additional information is provided in the form of illustrative examples of the cumulative effect over time of the application of transaction costs and charges on the value of a member's benefits. These illustrations are contained in the Appendix to the statement. The Trustee can confirm that it has taken account of the statutory "reporting of costs, charges and other information: guidance" produced by the Department for Work & Pensions when preparing this section of the statement and the illustrations.

9. Value for members assessment

When assessing the charges and transaction costs which are payable by members, the Trustee is required to consider the extent to which the charges and transaction costs represent good value for members. In doing so the Trustee has considered the With-Profits Fund and the benefits offered by the Plan in comparison with the other options available in today's wider DC market. This value assessment is undertaken by the Trustee on an annual basis.

The Plan, established in 1988, is set up in a different way to most current arrangements in the wider DC market and, in some regards, it is a legacy Plan. The services offered to members are not at the level that would typically be available to members of more modern DC arrangements and the charges they incur for the services provided are relatively high. As such, the Plan typically offers poor value for money although the presence of the guaranteed investment return for some members means that overall the Plan provides greater value for money than for those members whose benefits do not have this type of guarantee.

There is no legal definition of "good value" and so the process of determining good value for members is a subjective one. With assistance from Isio, Entrust carried out a value for members assessment of the Plan across six key areas. In each area, the Plan was compared against typical market practice. The results were as follows:

- **Plan charges:** The Plan's 'de facto' default arrangement, the With-Profits Fund, has a dual charging structure as detailed in the Charges and Transaction Costs Section above. Member-borne charges are subject to a historical "Stakeholder charge cap" that is in place for the Plan equivalent to 1% p.a. The charges borne by members are high and, from a member's perspective, lack transparency. In addition, whilst this level of charge is fairly typical for older style pension arrangements, it is not in line with more modern DC pension arrangements
- **Investment:** The majority of the Plan's assets are invested in the With-Profits Fund, which, as explained above, is treated as the Plan's deemed default investment arrangement. The Plan does offer unit-linked investment options for those members that wish to select their own investments, and this aligns more closely with current DC offerings which are provided on a self-select basis.
- Due to their opacity, with-profits investments have been out of favour for some time within DC arrangements. This, combined with the lack of more modern investment options and wider investment choice, means the Plan is behind the market in terms of its investment arrangements, albeit the guarantees available to some members do deliver value and protection.
- **Retirement support:** The Plan does not provide members with the same level of flexibility at retirement as is often provided by other DC arrangements in the wider market since the introduction of Pensions Freedoms in 2015. Also, there is limited support available from ReAssure to members as they approach retirement and make decisions regarding their benefits.
- **Governance:** Whilst the Plan itself has a basic level of governance in place, Entrust has a strong governance structure which increases the overall score in this area. The Trustee has formal management procedures and policies which govern it as a business providing professional trustee services. Its administrative and accounting procedures are externally audited on an annual basis in accordance with AAF 02/07 requirements. There is an overarching governance framework which includes regular meetings and discussions with

service providers, advisers and the Employer, an ongoing training and development programme and a Plan risk register.

- **Administration:** Effective administration is a key part of operating a pension scheme. ReAssure provided a poor level of administration service during the Plan Year which continues to be monitored by the Trustee.
- **Member education and engagement:** Members receive limited written material from ReAssure and do not have access to online tools. There is also a low level of engagement with members regarding their benefits.
- **Overall conclusion:** The Trustee's overall conclusion from the value for members assessment is that the Plan delivers relatively poor value for members. The main drivers for the poor outcome are the lack of access to flexible retirement options, an opaque and relatively high level of charges, lack of support to educate and engage members and a lack of reporting around administration and poor performance from ReAssure. Although the investment guarantee may be valuable for some members, on balance, the Trustee feels that the Plan offers a low level of value for members. As a result, the Trustee is in the process of winding up the Plan.

10. Trustee Knowledge and Understanding (TKU)

Trustees are required to have, or have access to, appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational pension schemes, investment of Plan assets and other matters to enable them to properly exercise their functions as trustees and to run a scheme effectively. These requirements are set out in Sections 247 and 248 of the Pensions Act 2004 and are underpinned by guidance in the Pension Regulator's Code of Practice 07: Trustee knowledge and understanding

The comments in this Section of the statement relate to the Plan and also to the overall TKU which Entrust has, and the training it undertakes, as trustee which encompasses both defined benefit and DC related matters.

Entrust is a sole, independent, professional trustee. All of Entrust's staff, including the Trustee Director for the Plan, are employees of the national law firm Gateley Legal. The core staff at Entrust, referred to as "Practitioners", are qualified solicitors, trainee solicitors and other relevant employees working in the Gateley Pensions Department.

Practitioners must engage in training which is relevant to their role and develop knowledge and understanding in key areas.

Upon induction, Practitioners are required to complete all Core Modules of the Pensions Regulator's Trustee Toolkit within six months and thereafter to complete any new Core Modules added to the Pensions Regulator's Trustee Toolkit within six months.

Practitioners must also develop knowledge and understanding by attending appropriate training, seminars and by self-directed studying where this is necessary. Practitioners attend a rolling programme of fortnightly internal training sessions which cover legal and regulatory developments and topic related training relevant to the role of a pension scheme trustee which is provided by both internal and external sources. They also attend appropriate external training provided by pension professionals and associations.

Training which has taken place during the Plan Year has covered a broad range of topics including on DB scheme funding, investments, the impact of COVID-19 on pension schemes, the Pension Schemes Act 2021, pension trustee liability protections and insurance, the Pensions Regulator's DB funding code consultation, GMP equalisation and pension scams. Practitioners maintain an up to date and documented individual training log.

Following Scheme Year end, all relevant Practitioners have either become accredited professional pension trustees or are continuing to work towards accreditation. Amongst other requirements, accreditation involves successful completion of the Pensions Management Institute's Certificate in Pension Trusteeship consisting of an examination on Professional Trusteeship and another on Soft Skills. Various training sessions on the examinations' syllabus were provided from internal and external sources to Practitioners throughout the Plan Year as part of the accreditation process.

Each Practitioner undertakes an annual performance review, part of which includes consideration of training and identification of any areas in respect of which further development and training is required. The Trustee's board of directors also carry out a formal annual review of the Trustee's knowledge and understanding in relation to relevant pensions and trusts law, funding and investment principles.

The individual and collective results of the Practitioner and Board reviews are used to design the following year's training and development for individual Practitioners and the Trustee as a whole. The assessments which took place during the Plan Year showed that there is strong knowledge across all the core areas of knowledge and understanding.

Relevant Practitioners working on the Plan must ensure that they are conversant with the governing documents of the Plan, relevant funding, investment and administration documents. The Plan has an indexed file of key Plan documents including the Plan trust deed and rules, financial and investment documents and member communications. These documents are kept electronically and updated on an ongoing basis. A Plan Information Form is also maintained which contains key Plan information including Plan status, employer, contingent asset, accounting, investment and valuation and other funding information.

The Practitioners responsible for the Plan review relevant Plan documents upon becoming involved with the Plan and will refer to these documents as necessary during each Plan Year to ensure that they are and remain familiar with them and when considering relevant matters. For example, reference will be made to the governing Plan documents as part of considering and deciding to make Plan amendments and, where relevant, deciding matters relating to beneficiaries, benefits and governance.

Advice and assistance from professional advisers are obtained as appropriate during each Plan Year to ensure that the Plan is operated and the Trustee exercises its functions effectively. Advice is provided both in writing and during meetings and telephone/video calls. Isio proactively raise relevant developments as they become aware of them and provide appropriate assistance accordingly, including liaising with members and ReAssure on behalf of the Trustee.

During the Plan Year the Trustee concluded the DC Review and is being assisted by Isio with the winding up of the Plan.

The training activities and review processes which have been completed by Practitioners individually and collectively, together with the professional advice which has been received by the Trustee during the Plan Year and which is available to the Trustee through its advisers, enables the Trustee to meet the requirements for knowledge and understanding and to properly exercise its function as the Trustee of the Plan.

11. COVID-19

Since the end of 2019, COVID-19 has had a significant global impact on countries' healthcare, societal, economic, and financial infrastructures. This section explains how the Trustee has addressed and continues to address the impact of COVID-19 on the Plan from a governance perspective.

The Trustee implemented its business continuity plan during March 2020. It put in place appropriate adjustments to the processes and procedures which govern different aspects of Entrust's business operations to ensure that the security and continuity of Entrust's business could be maintained and that the Plan could continue to run effectively. The Trustee has continued to monitor the position and make adjustments where necessary throughout the pandemic to maintain business security and continuity and Plan operations.

The adjustments made have included: the introduction of remote working and suitable arrangements to take account of the impact that this might have on matters such as Plan operations, supervision, training and support, contact, record keeping, authorisation procedures and documentation signing; making appropriate amendments to the Trustee's and the Plan's organisational and decision-making policies and procedures; implementing suitable COVID-19 office measures; monitoring the impact that the pandemic has had or might have on the pension schemes to which Entrust acts as trustee and to the organisations which are responsible for funding those schemes with appropriate actions being taken to ensure mitigation of impact; and ensuring that appropriate communications were sent to all relevant parties to maintain continuity of business.

These adjustments were made during the previous Plan year and have continued and/or been adjusted during and after the Plan Year to take account of developments as the pandemic has progressed.

During the Plan Year and following the Plan Year end, plans have been developed for the Trustee to operate within a 'new normal' environment. This includes the adoption of an 'agile' working strategy which is being rolled out during Autumn 2021 and will involve hybrid working arrangements with continued use of remote working and a partial return to working in the office in a gradual and managed way. The 'new normal' way of working will be monitored and adapted as necessary to take account of future developments.

At the onset of the pandemic, relevant discussions took place with Isio as provider of advice in relation to the Plan to confirm the implementation of its Business Continuity Plans and to ensure that operational resilience could be maintained

The Trustee has monitored the position of the Plan throughout the pandemic to ensure that it can operate effectively and continues to do so taking professional advice as appropriate. It will carry on monitoring developments and will make relevant adjustments to its and the Plan's processes and procedures as the COVID-19 situation evolves.

Signed for and on behalf of Entrust Pension Limited, the Chair of the Trustee of the Cumberland Building Society Money Purchase Pension Plan No. 2

Date: 3 December 2021

Appendix - Illustrations of the effect of costs and charges

Background

The next pages contain illustrations about the cumulative effect of costs and charges on member savings within the Plan over a period of time. The illustrations have been prepared with particular regard to statutory guidance.

As each member has a different amount of savings within the Plan and the amount of any future investment returns and future costs and charges cannot be known in advance, the Trustee has had to make a number of assumptions about what these might be. The assumptions are explained in the Notes section below the illustrations.

Members should be aware that such assumptions may or may not hold true, so the illustrations do not promise what could happen in the future. This means that the information contained in this Chair's Statement is not a substitute for the individual and personalised illustrations which are provided to members each year by the Plan.

Key points to note

The charges shown in this Statement and illustrated on the next pages have always been in place. These are not new charges. The only difference is that we are required by legislation to demonstrate the effect of charges on your investments. The Trustee works to ensure the charges provide value for our members as set out earlier in this Statement.

Illustrations

Each of the charts below illustrates the potential impact that costs and charges might have on different investment options provided by the Plan.

In each of the illustrations, the "Before charges" column gives the hypothetical value of the investments if members were able to invest in funds at no cost. However, there will always be some cost to investing. This is because the organisations which manage the funds charge fees for their services, and also because buying and selling the stocks and shares which drive the funds' performance also has a cost. The "After all costs and charges deducted" column reflects the performance of the funds after these costs have been deducted.

In the illustrations, we have shown the projections for the following:

- The Default, the With Profits fund with Contractual Annual Interest of 5% per annum
- The Default, the With Profits fund without Contractual Annual Interest applied
- The UK Equity Index fund
- The Managed fund

These funds are the only ones that members can invest in within the Plan.

Illustrations for individual funds

The table below sets out the projected pot size at age 62 for a member currently aged 48 (youngest member) invested solely in one of the funds shown below. Please see the Notes below for more details of the projections.

Years from 5 May 2021	With Profits Fund (no Contractual Annual Interest)			With Profits Fund (Contractual Annual Interest of 5%)		
	Before charges	After all charges + costs deducted	After all costs and charges assuming 1% charge cap*	Before charges	After all charges + costs deducted	After all costs and charges assuming 1% charge cap*
1	24,469	24,183	24,227	24,976	24,689	24,734
3	25,119	24,249	24,383	26,713	25,809	25,946
5	25,787	24,316	24,539	28,572	26,987	27,217
10	27,534	24,486	24,934	33,804	30,205	30,674
14	29,017	24,624	25,255	38,671	33,088	33,752

Years from 5 May 2021	UK Equity Index Fund			Managed Fund		
	Before charges	After all charges + costs deducted	After all costs and charges assuming 1% charge cap*	Before charges	After all charges + costs deducted	After all costs and charges assuming 1% charge cap*
1	24,998	24,798	24,798	24,754	24,516	24,516
3	26,783	26,152	26,152	26,007	25,267	25,267
5	28,696	27,589	27,589	27,324	26,046	26,046
10	34,099	31,576	31,576	30,914	28,123	28,123
14	39,144	35,218	35,218	34,123	29,925	29,925

*The charge cap may not increase the projected pension pot for the fund selected. Where this is the case the same "after costs and charges" figures are shown.

Notes

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
2. Retirement is assumed to be at age 62
3. The member is assumed to have a pot of £24,150
4. Inflation is assumed to be 2.5% each year.
5. There are no contributions being paid.
6. Values shown are estimates and are not guaranteed.
7. The projected growth rates above inflation for each fund are:
 - With Profits Fund (Contractual Annual Interest of 5%): 3.42%
 - With Profits Fund (no Contractual Annual Interest): 1.32%
 - UK Equity Index Fund: 3.51%
 - Managed: 2.50%
8. The charges assumed for each fund are the current charges as shown in the Chair's Statement.
9. Projections allow for the Plan charge of £6.30 per month
10. Projections ignore the effect of the charges on initial units and any bid/offer spread
11. For the With Profits Fund, two projections have been shown, both of which ignore any Final Bonuses. The first projection assumes there is no Contractual Annual Interest (CAI) of 5% per annum applied. The second assumes the Contractual Annual Interest (CAI) of 5% per annum is applied to all of a member's fund. This is a nominal return after charges. Therefore, the return before charges and accounting for inflation has been set accordingly.