

# Financial Illustration

Prepared for:

Mr E X Ample



Prepared by:

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## Projected Benefits Comparison

This illustration compares the current pension plan(s) with the fund value that could be available at the projected age with a switch to a new pension plan.

The figures below compare the estimated maturity value of the current plan(s) with the fund value that could be provided if switched to the proposed new plan. Any transfer value(s) of the ceding scheme(s) takes account of any penalties or other charges applied as a result of a transfer.

### Full Switch (no ongoing advice fees)

#### Basic Information

<b>Current Age</b>	53
<b>Projected Age</b>	65
<b>Annuity Rate</b>	4% pa at Projected Age
<b>Annuity Basis</b>	Single Life Level

#### Current Schemes

Scheme	Current Value	Transfer Value	Ongoing Charges
AEGON 432423T	£77000	£77000	1.50% pa

#### Proposed Scheme

<b>Scheme</b>	Royal London
<b>Initial Charge</b>	2.0% of Transfer Value
<b>Ongoing Charges</b>	0.45% pa of Fund Value

#### Generic Stakeholder Schemes

<b>Scheme</b>	Generic Stakeholder
<b>Initial Charge</b>	2.0% of Transfer Value
<b>Ongoing Charges</b>	1.5% pa of Fund Value

#### Full Switch

Current plan transfer value plus any further contributions switched to the proposed new plan.

Scheme	Assumed Growth Rates		
	2% pa	5% pa	8% pa
<i>In Today's Money Terms:</i>			
AEGON 432423T	£64150	£91303	£128646
Royal London	£71218	£100999	£141826
<i>In Future Money Terms:</i>			
AEGON 432423T	£81749	£116352	£163940
Royal London	£90756	£128708	£180735

#### Comparison

<b>Difference in Projected Value</b>	11.0%	10.6%	10.2%
<b>Critical Yield</b>	1.1%	4.1%	7.1%
<b>Additional Growth Required</b>	-0.9%	-0.9%	-0.9%

### Single Life Level Annuity Income

*In Today Money Terms:*

<b>Current</b>	£2566 pa	£3652 pa	£5146 pa
<b>Proposed</b>	£2849 pa	£4040 pa	£5673 pa

*In Future Money Terms:*

<b>Current</b>	£3270 pa	£4654 pa	£6558 pa
<b>Proposed</b>	£3630 pa	£5148 pa	£7229 pa

### Generic Stakeholder Comparison

<b>Generic Stakeholder</b>	<b>Assumed Growth Rate</b>
	<b>5% pa</b>
<i>In Today's Money Terms</i>	£89477
<i>In Future Money Terms</i>	£114025
<b>Difference in Projected Value</b>	12.9%
<b>Critical Yield</b>	4.0%
<b>Additional Growth Required</b>	-1.0%

### Assumptions

- The inflation rate assumed is 2% per annum
- The comparison is based purely on assumed growth rates and charges and does not take account of past investment performance or differing asset allocations between ceding and proposed schemes
- Growth rates are assumed and cannot be guaranteed
- Confirmation of the charges have been obtained and are retained on file
- Ongoing charges cover investment management fees only and do not include advice charges

### Full Switch (including additional 0.5% p.a. ongoing advice fee)

#### Basic Information

<b>Current Age</b>	53
<b>Projected Age</b>	65
<b>Annuity Rate</b>	4% pa at Projected Age
<b>Annuity Basis</b>	Single Life Level

#### Current Schemes

Scheme	Current Value	Transfer Value	Ongoing Charges
AEON 432423T	£77000	£77000	1.50% pa

#### Proposed Scheme

<b>Scheme</b>	Royal London
<b>Initial Charge</b>	2% of Transfer Value

**Ongoing Charges** 0.95% pa of Fund Value

## Generic Stakeholder Schemes

<b>Scheme</b>	Generic Stakeholder
<b>Initial Charge</b>	2.0% of Transfer Value
<b>Ongoing Charges</b>	1.5% pa of Fund Value

## Full Switch

Current plan transfer value plus any further contributions switched to the proposed new plan.

Scheme	Assumed Growth Rates		
	2% pa	5% pa	8% pa
<i>In Today's Money Terms:</i>			
AEGON 432423T	£64150	£91303	£128646
Royal London	£67122	£95353	£134113
<i>In Future Money Terms:</i>			
AEGON 432423T	£81749	£116352	£163940
Royal London	£85537	£121513	£170906

### Comparison

<b>Difference in Projected Value</b>	4.6%	4.4%	4.2%
<b>Critical Yield</b>	1.6%	4.6%	7.6%
<b>Additional Growth Required</b>	-0.4%	-0.4%	-0.4%

### Single Life Level Annuity Income

*In Today Money Terms:*

<b>Current</b>	£2566 pa	£3652 pa	£5146 pa
<b>Proposed</b>	£2685 pa	£3814 pa	£5365 pa

*In Future Money Terms:*

<b>Current</b>	£3270 pa	£4654 pa	£6558 pa
<b>Proposed</b>	£3421 pa	£4861 pa	£6836 pa

## Generic Stakeholder Comparison

Generic Stakeholder	Assumed Growth Rate 5% pa
<i>In Today's Money Terms</i>	£89477
<i>In Future Money Terms</i>	£114025
<b>Difference in Projected Value</b>	6.6%
<b>Critical Yield</b>	4.5%
<b>Additional Growth Required</b>	-0.5%

## Assumptions

- The inflation rate assumed is 2% per annum

- The comparison is based purely on assumed growth rates and charges and does not take account of past investment performance or differing asset allocations between ceding and proposed schemes
- Growth rates are assumed and cannot be guaranteed
- Confirmation of the charges have been obtained and are retained on file
- Ongoing charges cover both investment management and adviser fees

Example

## Appendix

### Personal Details

Client 1 is Mr E X Ample date of birth 29/08/1966.

### Today's Money

Where values are described as being in *today's money* that means that, whilst the nominal (actual) amounts in future years may have increased by inflation, the values shown have been discounted by inflation to show their real value in today's terms.

For example whilst loan repayments or level annuity income might be a fixed sum each year the actual value of that amount (its buying power) will be eroded by inflation and so in future years its value is smaller in today's money.

This is useful as it allows for valid comparison of values at different times. Often nominal amounts far in the future may seem to be very large because of the compounding effect of inflation, but when seen in today's money its real value can be better appreciated

### Pension Benefits Comparison

The projected maturity values shown in Today's Money ('Real') terms have been adjusted for inflation.

The projected maturity values shown in Future Money ('Nominal') terms have **not** been adjusted for inflation.

The Critical Yield shows the annual growth required by the proposed plan to provide an identical fund to that your current plan(s) would have attained at maturity at the assumed growth rate.

The Additional Growth Rate required is the amount above the assumed growth rate required by the proposed plan to achieve Critical Yield and match the comparative value at maturity.

Annuity rates fluctuate over time. The rate shown is indicative only and cannot be guaranteed to be accurate when the projected age is actually reached.

The stakeholder comparison shown is based on the charging structure of a generic stakeholder plan and not a specific scheme.