THE NHBC PENSION SCHEME

THE CHAIR'S ANNUAL GOVERNANCE STATEMENT 2024

INTRODUCTION

Please note that this Chair's Governance Statement only relates to members with Defined Contribution (DC) benefits in the NHBC Pension Scheme ("the Scheme"). These are members with an AVC Account with Aviva or a Transfer Account with Prudential. The Scheme closed to new members on 31 December 2002 and to future benefits on 31 March 2014.

This statement has been prepared by the Trustee of the Scheme in accordance with the Occupational Pension Schemes (Scheme Administration) Regulations 1996. It describes how, in relation to members' AVC Accounts with Aviva and Transfer Accounts with Prudential (collectively referred to as "the DC accounts"), the Trustee has complied with the applicable statutory governance standards. These cover the following key aspects affecting the operation of the DC accounts:

- The returns achieved by the investment options net of all charges and transaction costs;
- The level of charges and the extent to which they represent good value to members;
- The monitoring of core financial transactions; and
- How the Trustee ensures it has sufficient knowledge so that the DC accounts are well run.

This statement covers the Scheme's year from 1 April 2023 to 31 March 2024.

DEFAULT INVESTMENT STRATEGY

There is no default investment strategy for either the AVC Accounts with Aviva or the Transfer Accounts with Prudential as they were not used as a qualifying scheme for auto-enrolment purposes. In addition, the DC accounts were closed to new contributions on 31 March 2014.

However, the Trustee monitors the investment options available to members with DC accounts. In addition, the Trustee prepares and keeps under review a Statement of Investment Principles (SIP) that describes its investment policy for the Scheme as a whole, including the DC accounts.

A copy of the full SIP is available on request or a copy can be found at http://www.nhbc.co.uk/nhbc-pension-scheme.

NET INVESTMENT RETURNS

The Trustee is required to report on the net investment returns for each of the investment options and funds in which members were invested during the year ending 31 March 2024. Net investment returns are the performance of each of the investment options and funds less all member borne charges and transaction costs. The information provided in the following tables has been provided by Aviva and Prudential.

When preparing this section of the statement, the Trustee has taken account of the DWP's statutory guidance on "Completing the annual Value for Members assessment and Reporting Net Investment Returns".

Aviva AVC accounts

Fund name	**Net investment return 5 years to 31 March 2024**	**Net investment return 1 year to 31 March 2024**
With-Profits	1.9% pa	0.6%
Mixed Investment (40-85% Shares)	4.5% pa	9.7%
My Future Focus Consolidation	1.2% pa	5.6%
Pacific Equity	7.6% pa	14.5%
BlackRock Pacific Rim Equity Index	3.9% pa	4.1%
Property	-0.2% pa	-0.7%

Prudential Transfer Accounts

Policy TTP0062

Fund name	**Net investment return 5 years to 31 March 2024**	**Net investment return 1 year to 31 March 2024**
With-Profits	1.7% pa	2.0%

Policy M028

All members are invested in the lifestyle strategy. For the lifestyle strategy, because the net investment returns are different for members of different ages, the table below shows the annual net investment returns for members aged 25, 45 and 55 at the start of the five year period.

Age of member	**Net investment return 5 years to 31 March 2024**	**Net investment return 1 year to 31 March 2024**
25	n/a	10.8%
45	n/a	10.8%
55	n/a	10.8%
60	n/a	5.7%

Net investment returns for the 5 years to 31 March 2024 are not available as the Prudential Dynamic Global Equity Passive fund that is used in the lifestyle strategy was only launched in March 2020.

CHARGES AND TRANSACTION COSTS

Overview

The Trustee is required to set out the on-going charges borne by members in this statement. The main annual charge paid by members is each investment fund's Annual Management Charge (AMC) and this is expressed as a percentage of the value of a member's DC account. For example, if the AMC for an investment fund is 0.6% per annum, this means the annual charge is £6.00 for every £1,000 invested in the fund.

Under Prudential policy M028, for some investment funds there are additional expenses on top of the AMC and these are shown in the table below where applicable. The total of the AMC and the additional expenses is known as the Total Expense Ratio (TER).

The charges paid by members principally cover the administration, communication and investment services that Aviva and Prudential provide to the Trustee and members with DC accounts (although for members under Prudential policy M028, the Trustee pays the administration costs).

In addition to each investment fund's AMC, transaction costs arise when each fund's investment manager buys or sells the investments held by the fund – more information on these is provided later in this statement.

Annual charges

The level of the annual charges applicable to the DC accounts for the period covered by this statement are summarised below.

Aviva AVC Accounts

Members' AVC Accounts with Aviva are subject to an Annual Management Charge of 0.60% per annum.

Prudential Transfer Accounts

For members with Transfer Accounts with Prudential, the level of annual charges differ between the two policies as summarised below.

Policy TTP0062

- An Annual Management Charge of 1% (and expected additional expenses of 0.31%) per annum for the With-Profits Fund (all members are invested in this fund);
- An Annual Management Charge of 0.75% per annum for the Discretionary Fund (this is the alternative investment fund in which members can invest if they wish);

Policy M028

Under policy M028, members only incur investment charges with the administration costs being met by the Trustee. Currently, all members in this policy are invested in the lifestyle investment strategy and the TERs for the underlying investment funds are shown in the table below.

Prudential Fund	Annual Management Charge (AMC)	Additional Expenses	Total Expense Ratio (TER)
Dynamic Global Equity Passive	0.320%	0.000%	0.320%
BlackRock All Stocks Corporate Bond Index	0.305%	0.000%	0.305%
BlackRock Over 15 Years UK Gilt Index	0.295%	0.000%	0.295%
Cash	0.325%	0.000%	0.325%

The above funds are used in the 'lifestyle investment strategy'. This means that while a member is more than 10 years from retirement, they are entirely invested in the Dynamic Global Equity Passive fund. Then, during the 10 years leading up to their retirement, a member's investments are gradually switched out of the Dynamic Global Equity Passive fund into a combination of the BlackRock All Stocks Corporate Bond Index fund, the BlackRock Over 15 Years UK Gilt Index fund and the Cash fund.

This above means that the annual charge paid by members varies overtime depending on their proximity to retirement as follows:

- The TER is 0.320% while a member is 10 years or more from retirement;
- The TER reduces from 0.320% to 0.306% during the 10 years immediately before a member retires.

In addition, members in policy M028 can invest in the following funds:

Prudential Fund	Annual Management Charge (AMC)	Additional Expenses	Total Expense Ratio (TER)
BlackRock UK Equity Index	0.295%	0.000%	0.295%
BlackRock World ex-UK Equity Index	0.305%	0.000%	0.305%
Index-Linked Passive	0.325%	0.010%	0.335%

Transaction costs

The Trustee is also required to separately disclose transaction cost figures that are borne by members, in addition to the above annual charges. In the context of this statement the transaction costs shown are those that arise as a result of buying or selling the investments held by each fund. However, there is no standard way of calculating transaction costs. The FCA has stipulated that a calculation methodology called 'slippage cost' should be used. This calculates the difference between the expected price of buying an underlying investment in a fund, such as a company share, at the time the order is placed by the investment manager and the final price at which the trade is executed. One consequence of this calculation method is that, rather than generating a cost, it can result in a profit that in turn results in a negative transaction cost being reported. This can happen, for example, if the price paid when buying an investment is lower than the expected price.

The tables below show the total transaction costs (supplied by Aviva and Prudential) incurred by each investment fund over the most recent 12 month period for which this information was available at the time of preparing this statement – to 31 March 2024 for Aviva and to 31 December 2023 for Prudential. The Trustee will continue to liaise with Prudential to try and ensure that in future statements, transaction costs for the Scheme year are provided if possible. In line with guidance from the DWP, any negative transaction costs are shown as zero. When preparing this section of the statement the Trustee has taken into account the relevant statutory guidance.

Aviva AVC accounts

Fund Name	Total Transaction Costs for the year ending 31 March 2024
With-Profits	0.0650%
Mixed Investment (40-85% Shares)	0.0602%
My Future Focus Consolidation	0.0708%
Pacific Equity	0.0997%
BlackRock Aquila Pacific Rim Equity Index Tracker	0.0984%
Property	0.0877%

Prudential Transfer Accounts

Policy TTP0062

Fund Name	Total Transaction Costs for the year ending 31 March 2024
With-Profits	0.16%

Policy M028

Fund Name	Total Transaction Costs for the year ending 31 December 2023[1]
Dynamic Global Equity Passive[2]	0.01%
BlackRock Aquila All Stocks Corporate Bond Index[2]	0.04%
BlackRock Aquila Over 15 Years UK Gilt Index[2]	0.03%
BlackRock UK Equity Index	0.02%
BlackRock World ex-UK Index[3]	0.00%
Index-Linked Passive[3]	0.00%
Cash[2]	0.03%

1. Transaction costs for the year ending 31 March 2024 were not available at the time this statement was prepared
2. Funds used in the lifestyle investment strategy
3. During the year to 31 December 2023, these funds had negative transaction costs

The impact of annual charges and transaction costs on members' benefits

Over time, the annual charges and transaction costs that are paid by members with a DC account will reduce the amount available to them at retirement. The Trustee has therefore provided in the Appendix to this statement illustrations of the impact of the annual charges and transaction costs on different investment options available to members with DC accounts. The illustrations have been prepared in accordance with the DWP's statutory guidance on "Reporting costs, charges and other information: guidance for trustees and managers of occupational pension schemes".

As each member has a different amount of savings within their DC account and the amount of any future annual investment returns and future annual costs and charges cannot be known in advance, the Trustee has had to make a number of assumptions about what these might be. These assumptions are shown in the Appendix.

Ensuring the costs and charges provide good value

The Trustee is required to assess the extent to which member borne charges and transaction costs represent good value for members. Whilst there is no precise legal definition of "good value", the Trustee considers it broadly means that the combination of costs paid by members, and the quality of the services provided to members in return for those costs, is appropriate for and meets the needs of members with DC accounts. As part of this, the Trustee takes into consideration the fact that the benefits arising from members' DC accounts are supplemental to their main and larger final salary benefits under the Scheme.

The Trustee recognises that good value for members does not necessarily mean the lowest charges, and the overall quality and appropriateness of the service received by members in return for the charges incurred must also be considered along with other benefits from their membership of the Scheme for which they do not meet the cost. These include the Trustee's:

- Oversight and governance duties for both the DC accounts and the Scheme as a whole. These include ensuring compliance with relevant legislation and the holding of regular Trustee meetings to monitor the Scheme and address any material issues that may impact members both in relation to their main Scheme benefits and their DC accounts. The Trustee is assisted in this by advice it receives from its professional, independent advisers, the cost of which is not met by the members;

- Monitoring of the investment options available to members with DC accounts to ensure they remain appropriate.

Also, when considering the services members receive in relation to the annual charges deducted, the Trustee takes into account that the benefits arising from the DC accounts are supplemental to members' main final salary pension benefits under the Scheme. The Trustee is also conscious that there is limited scope to improve value for members following the closure of the DC accounts to new contributions. In addition, the Trustee recognises that a significant number of members have chosen to invest their DC account in with-profits funds that provide valuable benefits specific to this type of investment fund, which may be difficult to replicate elsewhere.

Within the framework outlined above, the Trustee monitors the annual charges and costs deducted from members' DC accounts and each year, it assesses the extent to which the DC accounts represent value for members. As part of this assessment, the Trustee considers members' needs and the quality of the services received during the year for which the members meet the cost.

For the year ending 31 March 2024, the Trustee concluded that the DC accounts continue to represent good value for members for the reasons outlined below:

- Much of the administration associated with the DC accounts is undertaken by the Scheme's professional administrators, Barnett Waddingham, and the cost of this service is not met by the members.
- For Prudential policy M028, the Trustee pays Prudential's administration costs and consequently the members incur much lower annual charges as they only pay the charges for managing the investments.
- The annual charges paid by members principally cover Aviva's and Prudential's costs in managing the investment funds in which members invest. For the year to 31 March 2024:
    - Members in Prudential policy TTP0062 and the majority of the members with Aviva AVC accounts are invested in with-profits funds that provide a level of protection against falls in the values of their savings;
- Members in Prudential policy M028 have access to a range of passively managed investment funds covering different asset classes with charges well below the statutory charge cap of 0.75% per annum applicable to default options. Members in Prudential policy TTP0062 can switch to this policy if they wish in order to take advantage of the wider investment choice and lower charges.
- The Trustee considers that transaction costs should provide value for members as the ability for investment managers to buy and sell investments forms an integral part of their management of the investment funds in which members are invested, which in turn should lead to greater investment returns, net of fees, over time.
- As and when appropriate, the Trustee provides supporting information to members to help them better understand their benefits and options under the DC accounts and ensures these communications are clear and engaging by taking professional advice. The costs of any such communication are not met by members.
- Members can access additional information in relation to their DC accounts direct from Aviva and Prudential free of charge.

MONITORING FINANCIAL TRANSACTIONS

As few remaining members of the Scheme have DC accounts and they are closed to further contributions and transfers-in, financial transactions are limited and primarily relate to:

- Payments to and in respect of members when they retire, die or choose to transfer-out of the Scheme;
- Switches between investment funds where requested by the member.

These transactions are principally undertaken on behalf of the Trustee and member by Barnett Waddingham (the Scheme's administrator) in conjunction with Aviva and Prudential as and when a member retires, chooses to transfer from the Scheme or wishes to make an investment change. As part of its administration agreement with Barnett Waddingham, the Trustee has agreed service standards covering the administration of the Scheme, including the provision of information to members as well as the accuracy and timeliness of benefit payments and other core financial transactions. These agreed service levels also cover the DC accounts.

The Trustee is satisfied that Barnett Waddingham has suitable processes and controls in place to ensure that it meets the agreed service standards, which include the need for it to liaise with Prudential and Aviva in relation to those members with DC accounts. In addition, the Trustee monitors the accuracy and timeliness of the core financial transactions by receiving regular administration reports, presented at Trustee Meetings from Barnett Waddingham that include an analysis of its performance against the agreed service standards.

During the year to 31 March 2024, one member took their benefits from Aviva and this was processed in a timely manner. No members took their benefits from Prudential.

Overall, for the Scheme year ending 31 March 2024, the Trustee is satisfied that:

- Barnett Waddingham operated appropriate procedures, checks and controls in relation to the processing of core financial transactions for the DC accounts;
- There have been no material administration errors arising from the processing of core financial transactions for the DC accounts; and
- All core financial transactions relating to the DC accounts have been processed accurately during the Scheme year ending 31 March 2024.

TRUSTEE KNOWLEDGE AND UNDERSTANDING (TKU)

The Scheme's Trustee Directors are required to maintain appropriate levels of knowledge and understanding to run the Scheme effectively. As part of this, each Trustee Director must:

- Be conversant with the Scheme's governing documents that include the Trust Deed and Rules, the Statement of Investment Principles and any other policy documents relating to the operation and administration of the Scheme and the DC accounts;
- Have knowledge and understanding of the law relating to pensions and trusts together with the principles relating to the investment of the Scheme's assets and the DC accounts.

In order to comply with the above and in line with the guidance provided in the Pensions Regulator's Code of Practice No. 7, the Trustee has a process in place to ensure each Trustee Director has the appropriate knowledge and understanding to enable them to undertake their duties and responsibilities in relation to the Scheme and the DC accounts. For example, all Scheme documents are available to the Trustee Directors on a dedicated Trustee site, which allows each Trustee Director to maintain a working knowledge of the Scheme's key documents, such as the Trust Deed and Rules and the Statement of Investment Principles, by referring to them as and when required.

The Trustee keeps under regular review its approach to complying with its TKU requirements.

The above is supplemented as required by professional advice available from the Trustee's advisers that ensures the Trustee continues to have a sufficient and up to date knowledge and understanding of the law relating to pensions. As part of this, the Trustee's advisers attend the quarterly Trustee meetings.

During the year covered by this statement, the Trustee's approach to meeting its ongoing knowledge and understanding requirements remained unchanged and included:

- Having an induction process in place for new Trustee Directors that requires them to complete the Pensions Regulator's Trustee Toolkit within six months of their appointment (during the year to 31 March 2024, no new Trustee Directors were appointed);
- Requiring Trustee Directors to complete relevant updates and new modules added to the Pensions Regulator's Trustee Toolkit;
- Having a dedicated training day to deal with topics where the Trustee feels it would benefit from further training (the last training day took place in November 2023, with the next due to take place in November 2024). The relevant DC topics covered were as follows:

Topic
Legal Update including Lifetime Allowance abolition/Annual allowance changes, pensions dashboards
Cyber Risk
Emerging themes in pensions

- Agreeing a programme of bespoke trustee training for the year, which is delivered by the Trustee's advisers at Trustee meetings (see below in relation to the annual training received relevant to the DC accounts);
- As required, training on the provisions of the Scheme's Trust Deed and Rules, the application of the Trustee's agreed policies and the review and updating of key governing documents, such as the Statement of Investment Principles;
- The occasional attendance by Trustee Directors at external seminars held by the Trustee's advisers and other third-party firms.

All training undertaken by the Trustee Directors and attendance at appropriate seminars is recorded in a training log, which is monitored and reviewed at each Trustee meeting.

In relation to the DC accounts, each year, the Trustee receives the following from its advisers:

- Updates about matters relevant to the DC arrangements, including legislative changes and updates on market practice, and
- An annual governance report on the DC accounts that provides an update on member numbers and fund values, significant developments at Prudential and Aviva and a review of the performance of the investment funds.

Taking into account the above and the professional advice available to the Trustee, it considers that it is able to properly undertake its functions and responsibilities in relation to the DC accounts as well as the Scheme as a whole.

Robert Gravill

Chair of the NHBC Pension Scheme
For and on behalf of The Trustee Corporation

APPENDIX

The impact of annual charges and transaction costs

Introduction

The illustrations below provide an indication of how charges and transaction costs impact a member's benefits over time. As the Scheme closed to future benefits on 31 March 2014, the illustrations assume no future contributions are paid.

Important note: as required under the regulations that govern these illustrations, all figures are shown in 'today's money', which means they allow for future inflation, assumed to be 2.5% p.a. Whilst this means the illustrations show what a member's DC account could be worth today, it is important to remember that over time, inflation reduces the worth of all savings and investments. The effect of this is shown in the illustrations and means the projected values may reduce as well as grow in 'today's money' depending on whether the assumed growth rate before and after charges is above or below the assumed rate of inflation.

Aviva AVC Accounts

The illustrations below have been produced by Aviva on behalf of the Trustee and provide an indication of how charges and transaction costs impact the value of a member's AVC Account over time. The projections are over 15 years, being the approximate duration that the youngest member with an AVC account has until they reach the Scheme's Normal Pension Age. All figures have been rounded to the nearest £100.

The investments funds chosen for the purposes of these illustrations are:

- The With-Profits fund – this is the investment fund chosen by the majority of members.
- The Pacific Rim Equity Index fund – this is one of the investment funds with the highest level of charges.
- The My Future Focus Consolidation fund – this is the investment fund with the lowest level of charges.

	Illustration of effect of costs and charges for typical funds under the Aviva AVC arrangement					
	With-Profits fund		**BlackRock Pacific Rim Equity Index fund**		**My Future Focus Consolidation fund**	
	Assumed growth rate before inflation 5.5% pa		**Assumed growth rate before inflation 6.5% pa**		**Assumed growth rate before inflation 4.4% pa**	
	Assumed costs and charges 0.64% pa		**Assumed costs and charges 0.69% pa**		**Assumed costs and charges 0.67% pa**	
At end of year	**Projected value in today's money assuming no charges are taken**	**Projected value in today's money after costs and charges are taken**	**Projected value in today's money assuming no charges are taken**	**Projected value in today's money after costs and charges are taken**	**Projected value in today's money assuming no charges are taken**	**Projected value in today's money after costs and charges are taken**
0	£25,000	£25,000	£25,000	£25,000	£25,000	£25,000
1	£25,700	£25,600	£26,600	£25,800	£25,500	£25,300
2	£26,500	£26,100	£27,000	£26,600	£25,900	£25,600
3	£27,300	£26,700	£28,000	£27,500	£26,400	£25,900
4	£28,100	£27,400	£29,100	£28,300	£26,900	£26,200
5	£28,900	£28,000	£30,300	£29,300	£27,400	£26,500
10	£33,400	£31,300	£36,700	£34,200	£30,000	£28,100
15	£38,500	£35,000	£44,400	£40,000	£32,900	£29,800

Source: Aviva

20	£44,500	£39,200	£53,800	£46,800	£36,100	£31,600
25	£51,400	£43,800	£65,100	£54,800	£39,600	£33,500
30	£59,400	£49,000	£78,800	£64,100	£43,400	£35,500

Source: Aviva

	Illustration of effect of costs and charges for typical funds under the Aviva AVC arrangement					
	Mixed Investment (40-85% Shares)		**Property**		**Pacific Equity**	
	Assumed growth rate before inflation 5.6% pa		**Assumed growth rate before inflation 5.5% pa**		**Assumed growth rate before inflation 6.5% pa**	
	Assumed costs and charges 0.66% pa		**Assumed costs and charges 0.69% pa**		**Assumed costs and charges 0.70% pa**	
At end of year	**Projected value in today's money assuming no charges are taken**	**Projected value in today's money after costs and charges are taken**	**Projected value in today's money assuming no charges are taken**	**Projected value in today's money after costs and charges are taken**	**Projected value in today's money assuming no charges are taken**	**Projected value in today's money after costs and charges are taken**
0	£25,000	£25,000	£25,000	£25,000	£25,000	£25,000
1	£25,800	£25,600	£25,700	£25,600	£26,000	£25,800
2	£26,500	£26,200	£26,500	£26,100	£27,000	£26,600
3	£27,300	£26,800	£27,300	£26,700	£28,000	£27,500
4	£28,200	£27,400	£28,100	£27,300	£29,100	£28,300
5	£29,000	£28,100	£28,900	£27,900	£30,300	£29,200
10	£33,700	£31,500	£33,400	£31,100	£36,700	£34,200
15	£39,100	£35,400	£38,500	£34,800	£44,400	£40,000
20	£45,400	£39,800	£44,500	£38,800	£53,800	£46,800
25	£52,700	£44,700	£51,400	£43,300	£65,100	£54,700
30	£61,100	£50,200	£59,400	£48,300	£78,800	£63,900

Source: Aviva

Assumptions for Aviva AVC accounts

1) Aviva has used the following assumptions when producing the above illustrations:
   a. A starting pot of £25,000, which is representative of members with an AVC Account invested with Aviva.
   b. Investment growth rates and costs and charges as per the table above.
2) Projected values are shown in today's terms with future inflation assumed to be 2.5% p.a.
3) Values shown are estimates and are not guaranteed.

Prudential Transfer Accounts

The illustrations below have been produced by Willis Towers Watson (WTW) on behalf of the Trustee and provide an indication of how charges and transaction costs impact the value of a member's Transfer Account over time. For both policies, the projections assume no new contributions and are over 10 years, being the approximate duration that the youngest member with a Transfer Account has until they reach the Scheme's Normal Pension Age. All figures have been rounded to the nearest £10.

Prudential Policy TTP0062

Illustrations have been prepared for the With-Profits fund only, as all members under policy TTP0062 are invested in this fund.

	Illustrations of the effect of costs and charges for the With-Profits Fund under Prudential policy TTP0062	
	Assumed growth rate before inflation 3% pa	
	Assumed costs and charges 1.426% pa	
At end of year	**Projected value in today's money assuming no charges are taken**	**Projected value in today's money after costs and charges are taken**
0	£90,000	£90,000
1	£90,440	£89,160
2	£90,880	£88,320
3	£91,320	£87,490
4	£91,770	£86,670
5	£91,990	£85,860
10	£94,260	£81,900

Source: WTW

Assumptions for Transfer Accounts in Prudential policy TTP0062

1) The following assumptions have been used when producing the above illustrations:
    a. A starting pot of £90,000, which is representative of the fund values for members with a Transfer Account invested in Prudential policy TTP0062.
    b. Investment growth rates and costs and charges as per the table above (transaction costs have been averaged over the previous four Scheme years).
2) Projected values are shown in today's terms with future inflation assumed to be 2.5% p.a.
3) Values shown are estimates and are not guaranteed.

Prudential Policy M028

Illustrations have been prepared for the four funds that make up the lifestyle strategy in which all members are invested under policy M028. These are:

- The Prudential Dynamic Global Equity Passive fund.
- The Prudential BlackRock All Stocks Corporate Bond Index fund.
- The Prudential BlackRock Over 15 Years Gilt Index fund.
- The Prudential Cash fund.

	Illustrations of the effect of costs and charges for the funds that make up the lifestyle investment strategy under Prudential policy M028			
	Prudential Dynamic Global Equity Passive fund	**Prudential BlackRock All Stocks Corporate Bond Index fund**	**Prudential BlackRock Over 15 Years Gilt Index fund**	**Prudential Cash fund**
	Assumed growth rate before inflation 7.00% pa	**Assumed growth rate before inflation 3.00% pa**	**Assumed growth rate before inflation 7.00% pa**	**Assumed growth rate before inflation 1.00% pa**
	Assumed costs and charges 0.346% pa	**Assumed costs and charges 0.369% pa**	**Assumed costs and charges 0.355% pa**	**Assumed costs and charges 0.331% pa**

At end of year	Projected value in today's money assuming no charges are taken	Projected value in today's money after costs and charges are taken	Projected value in today's money assuming no charges are taken	Projected value in today's money assuming no charges are taken	Projected value in today's money assuming no charges are taken	Projected value in today's money after costs and charges are taken	Projected value in today's money assuming no charges are taken	Projected value in today's money after costs and charges are taken
0	£35,000	£35,000	£35,000	£35,000	£35,000	£35,000	£35,000	£35,000
1	£36,540	£36,420	£35,170	£35,040	£36,540	£36,410	£34,490	£34,370
2	£38,140	£37,890	£35,340	£35,080	£38,140	£37,880	£33,980	£33,760
3	£39,820	£39,420	£35,510	£35,120	£39,820	£39,410	£33,490	£33,150
4	£41,560	£41,010	£35,690	£35,170	£41,560	£41,000	£33,000	£32,550
5	£43,390	£42,670	£35,860	£35,210	£43,390	£42,660	£32,510	£31,970
10	£53,790	£52,030	£36,750	£35,420	£53,790	£51,980	£30,200	£29,200

Source: WTW

Assumptions for Transfer Accounts in Prudential policy M028

1) The following assumptions have been used when producing the above illustrations:
    a. A starting pot of £35,000, which is representative of the fund values for members with a Transfer Account invested in Prudential policy M028.
    b. Investment growth rates and costs and charges as per the table above (transaction costs have been averaged over the previous five Scheme years).
2) Projected values are shown in today's terms with future inflation assumed to be 2.5% p.a.
3) Values shown are estimates and are not guaranteed.