

# Interface Europe Pension Scheme

## Annual Chair's Statement for the Scheme Year ending 5 April 2024

This statement has been prepared by Dalriada Trustees Limited in its capacity as the professional Trustee of the Interface Europe Pension Scheme (the "Trustee" and the "Scheme") in accordance with regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996 ("the Administration Regulations"). These regulations require the Trustee to prepare an annual statement regarding governance which should be included in the Annual Report. It is signed by the Chair on behalf of the Trustee.

This Statement explains how the Trustee has met its obligation in relation to the management of the Scheme over the period 6 April 2023 to 5 April 2024 ("the Scheme Year").

### Defined Contribution ("DC") benefits in the Scheme

As detailed in the previous Scheme Year's Chair's Statement, the Scheme is a Defined Benefit ("DB") scheme which was closed to accrual of benefits and further contributions with effect from 1 April 2010. Some members of the Scheme that are entitled to receive DB benefits have also paid contributions to additional voluntary contribution ("AVC") arrangements.

The Scheme does not generally provide DC benefits. However, in the late 1980's and early 1990's, the Scheme accepted a number of transfers into the Scheme that were on a money purchase basis ("the Transferred-in DC Benefits"). Some of these benefits are also subject to a Guaranteed Minimum Pension (GMP) underpin.

In addition, some members of the Scheme with DB benefits accrued after April 1997 are subject to a notional Protected Rights underpin, which is not a standard DC benefit. In the vast majority of cases this underpin is not expected to apply. In this Scheme year, no members have been impacted by the notional Protected Rights underpin, for that reason this Statement primarily addresses the DC benefits and the AVC arrangements held in the Scheme and does not comment on the Protected Rights underpin.

### AVC arrangements

There are two separate AVC arrangements with Prudential and Utmost Life.

Members that hold investments with Utmost Life are invested in the 'Invest by Age' strategy. This strategy was used by Utmost Life to receive investments transferring from Equitable Life's With-Profits Fund as part of the transfer of Equitable Life's book of business in January 2020. Members are now able to choose to invest in a range of unit-linked funds available with Utmost Life. More details on these can be obtained here: <https://www.utmost.co.uk/investment-funds/fund-information-heritage-equitable-life-joining-utmost-1-january-2020/>.

The Trustee also holds an AVC policy with Prudential where members invest in either the Prudential With-Profits Fund, Prudential Discretionary Fund and Prudential Deposit Fund. Full details of the investment options available through Prudential can be obtained here: [GAVC | AVC Pensions | Prudential \(mandg.com\)](#).

There was around £559,348 (this includes terminal bonus values) and c£15,498 of AVCs invested with Prudential and Utmost Life respectively as at 5 April 2024. There are no members actively contributing AVCs. All of the Transferred-in DC benefits are held in the Prudential Discretionary Fund and more details on this are provided below.

The AVC arrangements were reviewed in June 2024 (the '2024 Review') and prior to that in August 2021 and the Trustee will continue to review these arrangements at least every three years. Following the conclusions of the 2024 Review, the Trustee will consider contacting the Scheme members regarding the nature of their investments and that, as members, they should keep their investment options under review.

## **Transferred-in DC benefits (“the DC Benefits”)**

The Transferred-in DC Benefits were all originally invested with the Prudential Managed Fund, later re-named the Prudential Discretionary Fund (the "Discretionary Fund") in line with the Scheme's Additional Voluntary Contribution ("AVC") arrangement that was available at that time and they have remained invested in that fund. As at 5 April 2024, there were 9 members with transferred-in DC benefits with a value of £348,341 invested in the Prudential Discretionary Fund. The membership of this cohort has not changed since the previous Scheme year end. Members with Transferred-in DC Benefits have not been offered alternative investment arrangements. The Trustee has since engaged its DC adviser to perform an investment review of the transferred-in DC benefits and received a report dated June 2024 setting out the results of this review. The Trustee is reviewing the outcome of this exercise and considering the options available in order to provide more optimal value for Members with DC benefits (discussed further below).

This Statement explains how the Trustee has met its obligations in relation to the management of the DC Benefits over the Scheme Year, and actions taken by the Trustee during the Scheme Year.

### **1. Default Arrangement investment strategy requirements**

#### Default Arrangement requirements do not apply to the Scheme

The Scheme is closed to accrual of benefits and contributions and is not and never has been a qualifying scheme for auto-enrolment purposes. The Scheme does not have a DC "default arrangement" as defined in the Occupational Pension Schemes (Charges and Governance) Regulations 2015 (the "Charges and Governance Regulations").

The obligation, under Regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005, to produce a statement of investment principles in relation to a default arrangement does not apply to the Scheme.

The Trustee does however produce a Statement of Investment Principles (SIP) in relation to the Scheme as a whole. The SIP was last updated as at 12 October 2022 and can be found at <https://sites.google.com/view/interface-europe-ps/>. There have been no material changes to warrant a review of the SIP since it was last reviewed. The SIP governs the Trustee's decisions about investments, including its aims, objectives and policies for the Scheme's investment strategy. In particular, it covers the Trustee's investment policies on risk, return and ethical investing and how the strategy is intended to ensure that assets are invested in a way so the payments to members are covered.

#### Discretionary Fund review

Although the scheme does not operate a default arrangement as defined in the Charges and Governance regulations, we have provided further information on the Discretionary Fund in which the transferred-in DC benefits are held.

The Trustee undertakes a review of the performance and strategy of the Discretionary Fund as part of its AVC and investment strategy reviews carried out in June 2024. These considered the investment performance of the Discretionary Fund to 31 March 2024. The performance of the Discretionary Fund at this time had been ahead of its benchmark over the recent one year (9.9% against a benchmark of 9.7%), however the fund has underperformed against the benchmark over the longer term three and 5 year performance.

More recently, over the most recent quarter to 31 March 2024, the fund has performed in line with its benchmark.

#### Discretionary Fund – investment strategy

The investment strategy of the Discretionary Fund is to purchase units in the M&G PP Discretionary Fund. That fund provides a multi-asset approach to investment, holding a mix of UK and overseas company shares, bonds, property, cash plus listed alternative assets through other M&G PP funds or direct holdings.

The below asset mix (split into growth assets and fixed interest & cash assets) was correct as at 31 March 2024:

Asset type	Percentage mix (%)
UK Equities	19.4%
International Equities	33.1%
International Bonds	12.9%
Cash and Equivalents	18.2%
Property	6.0%
UK Corporate Bonds	3.1%
Investment Trusts	1.7%
Money Market	0.1%
UK Gilts	1.1%
Other Assets	4.4%
<b>Total</b>	<b>100.0</b>

Source: Prudential

The Discretionary Fund is actively managed and uses both active stock selection and asset allocation decisions to try and add value. The recent investment performance is summarised below:

	Period to 31 March 2024			
	Quarter to 31 March 2024	3 years annualised	5 years annualised	10 years annualised
Discretionary Fund	3.4	9.9	4.0	5.2
Benchmark*	3.4	9.7	5.3	6.0

Source: Prudential fund factsheet

\* The benchmark is a combination of underlying market indices determined by Prudential

The fund's performance objective is to outperform the benchmark by 1.15%-1.40% a year (before charges) on a rolling three-year basis.

Members can access more information on the Discretionary Fund on the Prudential website: [pru.co.uk/gavc](http://pru.co.uk/gavc)

## 2. Requirements for processing core financial transactions

### The Requirement

The Trustee is required under regulation 24 of the Administration Regulations to ensure that core financial transactions relating to DC Benefits 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 Scheme and benefit payments.

### How the Trustee has met this requirement

The Scheme's core financial transactions are undertaken on the Trustee's behalf by Isio (to whom the Trustee has delegated the day to day administration of the Scheme) under the terms of a Service Level Agreement (the SLA) which contains agreed performance objectives for the provision of administration and support services to the Scheme generally including but not limited to core financial transactions.

Some examples of the relevant SLAs are:

- Issue estimated normal retirement figures to members – 6 months before normal retirement date
- Issue early retirement figures to member – within 5 working days of request
- Finalise retirement once all documentation received – within 5 working days
- Request information following notification of death -1 working day
- Settlement of death benefits once instruction received – 1 working day
- Set up spouses' pension and inform recipient – 5 working days
- Calculate and issue transfer value quotation - 10 working days

The performance objectives are monitored regularly by the Trustee at a Scheme level to ensure that members receive an effective administration service and core financial transactions in relation to DC Benefits are monitored in line with all Scheme transactions, rather than in isolation. The reason for this is that, as the Scheme is primarily a DB Scheme, with 9 members holding Transferred-in DC benefits at the end of the Scheme Year, there are typically very few financial transactions processed in relation to the DC Benefits and in fact during the Scheme Year:

- there were no core financial transactions in relation to Transferred-in DC Benefits during the Scheme Year.
- We are not aware of any core financial transactions made in relation to AVC Benefits during the Scheme Year

There were 4 requests within the Scheme year made by members with Transferred-in DC Benefits (all were retirement quotations), that were not responded to within the SLA of 5 working days, primarily due to the time required to make the relevant calculations. As a result, this meant that it took longer than usual to process customer requests. As Scheme administrator, Isio has processes in place to mitigate the risk that SLA requirements are not met. These include monthly monitoring of cash flows and bank reconciliations and checking systems in respect of benefit calculations and bank transactions. Electronic means of processing are used wherever possible to minimise the risk of human error.

Relevant administration processes are subject to checking at Isio including senior peer verification of transactions and a further secondary documented authorisation process which applies to transactions above a certain threshold.

Isio provides periodic stewardship reports to the Trustee twice yearly to coincide with Trustee meetings, which include reports on the accuracy and timeliness of core financial transactions and details of service performance (for example, processing transactions and dealing with member enquiries) benchmarked against the agreed target delivery standards contained in the SLA. These reports allow the Trustee to monitor core financial transactions during Trustee meetings.

The Trustee reviews the stewardship reports upon receipt and investigates any errors or delays to decide if any action is required. It also evaluates the performance of the administrator on a regular basis. The Trustee is satisfied, noting the context above in respect of DC benefits, that Isio has generally performed financial transactions over the Scheme Year promptly and accurately in respect of the benefits considered in this Statement and as such, is confident that the processes and controls in place are robust and that they will ensure that core financial transactions can be dealt with effectively and in line with statutory requirements.

In addition to the above, the Trustee's Annual Report and Accounts which incorporate the Scheme's core financial transactions are independently audited on an annual basis by the Scheme auditor, BHP LLP. The duties of the Auditor are set out within the Independent Auditor's Report.

### 3. Charges and Transaction costs

The Trustee is required in this Chair's Statement to provide the following information in relation to charges and transaction costs applicable to the Transferred-in DC Benefits:

Information to be provided	
<p>State the level of charges and transaction costs applicable to the default arrangement during the Scheme Year (6 April 2023 - 5 April 2024).</p>	<p><u>Transferred-in DC Benefits:</u> As explained above all Transferred-in DC Benefits which remain in the Scheme (i.e. which have not been put into payment by the relevant member or transferred out of the Scheme) are invested in the Discretionary Fund.</p> <p>We have set out in the information immediately after this table the charges and transaction costs applicable to the Discretionary Fund during the Scheme Year. In doing so we have had regard to the guidance issued by the Secretary of State entitled "Reporting of costs, charges and other information: guidance for trustees and managers of relevant occupational schemes".</p> <p>The transaction costs used are based on information provided by the investment manager (Prudential) as at 30<sup>th</sup> June 2023, although we recognise that this is not aligned to the Scheme Year we have been unable to obtain figures for the exact period, as this was the latest information available from Prudential at the time. We continue to liaise with Prudential to provide the latest information as and when required.</p>
<p>State the level of charges and transaction costs applicable to each fund which members are able to select and in which assets relating to members are invested during the Scheme Year.</p>	<p>The Discretionary Fund is the only fund in which Transferred-in DC Benefits are invested. Charges for the Discretionary fund were 0.77% pa and transactions costs were 0.16% (as at June 2023).</p> <p>As well as the Discretionary Fund, members with investments in the AVC arrangement with Prudential are also invested in either the Prudential With-Profits Cash Accumulation Fund or the Deposit Fund.</p> <p>Charges for the With-Profits Cash Accumulation Fund were 0.76% pa and transaction costs were 0.17% (as at June 2023).</p> <p>Explicit charges for the Deposit Fund are 0.00% but in practice are allowed for in the rates of return paid on the Deposit Fund. The transaction cost for the Deposit Fund as at June 2023 is 0.00%</p> <p>Members with investments in Utmost Life at the Scheme Year end were invested in the Multi-Asset Moderate Fund and the Multi-Asset Cautious Fund. The charge for these funds was 0.75%pa and the transaction costs were 0.20% for the Multi-Asset Moderate Fund and 0.24% for the Multi-Asset Cautious Fund.</p>
<p>Indicate any information about transaction costs which the Trustee has been unable to obtain and explain what steps are being taken to obtain that information in the future.</p>	<p>The Transaction cost data we have been able to obtain for the Prudential Discretionary fund does not align to the Scheme year end as it was published as at 30 June 2023. The Prudential</p>

	Deposit fund charges and transaction costs remain unchanged, by the nature of the fund. We continue to liaise with Prudential to provide the latest information as and when required.
Explain the Trustee's assessment of the extent to which the charges and transaction costs represent good value for members.	Please see the section headed "Value for member assessment" below.
An illustrative example of the cumulative effect over time of the application of the charges and transaction costs on the value of a member's accrued rights to money purchase benefits.	Please see the illustrative example provided at Appendix 1.  In preparing this illustrative example we have had regard to the guidance issued by the Secretary of State entitled "Reporting of costs, charges and other information: guidance for trustees and managers of relevant occupational schemes."

#### Discretionary Fund - Charges and Transaction costs

##### *Employer charges*

The Employer meets the administration related charges in relation to Scheme benefits, including the Transferred-in DC Benefits in the Discretionary Fund, except for the Annual Management Charge levied by Prudential (as described below).

##### *Member borne charges & transaction costs applied by Prudential*

Charges are defined as administration charges which are not transaction costs, winding up costs, solely related to the provision of death benefits, incurred in complying with a court order or made in respect of pension sharing on divorce.

Prudential has confirmed that the Annual Management Charge ("AMC") is incurred by members as a percentage of the value of assets invested. The AMC for the Discretionary Fund is 0.75% pa, there is then a 0.02% further charge from Prudential, totalling 0.77%.

Transaction costs are defined as the costs incurred 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 the costs of buying and selling the underlying investments held within the fund.

#### 4. Net Investment Returns

The Occupational Pension Schemes (Administration, Investment, Charges and Governance Amendment) Regulations 2021 introduced new disclosure requirements for Trustees of DC pension schemes. From 1 October 2021, the Trustees are required to calculate and state the return on investments from their default and self-select funds, net of transaction costs and charges. The Trustees calculated the return on investments, as far as they were able to do so with the transaction costs provided.

Below are the annualised net investment returns (“NIR”) to 5 April 2024 for the Prudential funds available to members.

Fund Name	1 Year NIR (% p.a.)	3 Year NIR (% p.a.)
Prudential Deposit	0.0	0.0
Prudential S3 Discretionary	8.3	2.9
Prudential S3 With Profits	2.5	1.7

Below are the annualised net investment returns (“NIR”) to 1 April 2024 for the Utmost funds available to members

Fund Name	1 Year NIR (% p.a.)	3 Year NIR (% p.a.)
Utmost Multi-asset Cautious Pension	12.31	0.95
Utmost Multi-asset Moderate Pension	16.91	2.56

#### Notes

- The net investment return is calculated using the fund profile applicable in the scheme year ending 5 April 2024. The net investment return is an annualised figure. For example, if the net investment return is 4% per annum over 5 years, the overall net investment return is approx. 22%, taking into account compounding the annual net investment return.
- The net investment returns calculation basis assumes the policy status is in-force over the reporting period.
- The net investment return for With-Profit funds may appear low (or negative in some instances). Final bonus is not included in the net investment return calculation as it is not applied until the policy is out of force.
- The split between Regular Bonus and Final Bonus will depend on the bonus strategy for each With-Profits fund, but it is often the case that most of the growth is allocated to Final Bonus.
- As part of our regular review to improve our products, many of the charges that have been considered as part of the net investment return calculations (for the historic period) are no longer applicable/applied.
- Past fund performance is not an indicator to future fund performance.

#### 5. Value for member assessment

The Trustee is required to undertake a “good value” assessment for the Scheme under regulation 25 of the Administration Regulations. This means assessing the extent to which the charges and transaction costs set out above represent good value for members. The Trustee requested Isio provide this years Value for Member Assessment and report back their findings.

Good value encompasses an appraisal of the value of all features and benefits of the Scheme and relating this to all costs incurred by Scheme members. It is worth noting that when the Trustee is assessing good value it is not just the charges and transaction costs that are reviewed but all of the

factors which feed into each member's experience. Currently there is no legislation in place setting out how 'good value' should be assessed and what criteria should be reviewed as part of the assessment.

It should be noted that the overall value offered by a scheme, as opposed to the value for members assessment required by legislation, is likely to be influenced strongly by additional factors.

The Trustee considers that charges may be viewed as representing "good value" for members where an optimum combination of cost and quality is achieved for the membership as a whole, relative to other options available in the market. As good value is a subjective matter and in the absence of sufficiently comprehensive reliable and consistent publicly available data to compare the value of the Scheme to those provided elsewhere, the Trustee relied on its own knowledge and experience in this assessment and that of Isio's. The Trustee considered, amongst other factors, six key areas when assessing the value of charges and costs relative to the benefit of membership in the Scheme:

- I. Charges
- II. Investment
- III. Retirement support
- IV. Governance
- V. Administration
- VI. Education and Engagement

The Trustee has reviewed features within each broad category and used a scoring matrix to lead to the overall assessment (Appendix 2). The Trustee has considered the information available for each feature, together with input from its advisers on the investment features and transaction costs. Within this, the Trustee has also considered, in broad terms, such things as the Trustee's interaction with supplier, the quality of customer service, the efficiency of administration services, security of member assets, measures to protect members in the event of winding-up, Employer contributions to services and value over the longer term.

The Trustee concludes that the Scheme provides average value for members in some areas but weaker value in other areas, particularly with regards to investments, leading to an overall assessment that the Scheme provides below average value for members when compared with other options in the market. However, the Trustee is also mindful that it is unlikely that another provider would be prepared to offer better terms for a closed arrangement with declining numbers of members and a relatively small value of investment. The Trustee is also conscious that some members have the benefit of a GMP underpin which is defined benefit (DB) in nature and therefore the Scheme carries an element of investment risk for these members. A further consideration is members with AVCs who are able to use these to provide part of the pension commencement lump sum arising from their DB benefits

When considered in isolation, the Trustee is of the view that the AVC arrangements with Prudential and Utmost UK provide more reasonable value for members and can be distinguished in some (but not all) elements of the matrix.

The Trustee continues to review options for improving the value provided by the Scheme, including the potential to transition the benefits, particularly the transferred-in DC benefits, to an alternative and more optimal arrangement.



## 6. Trustee Knowledge and Understanding (TKU)

The Trustee is required to maintain appropriate levels of knowledge and understanding.

As the Trustee is a professional trustee, this ensures that there is a high level of trustee knowledge and understanding in place. The Scheme has three dedicated trustee representatives who have an in-depth knowledge of the Scheme and its governing documentation. All of the trustee representatives are accredited professional trustees by the Association of Professional Pension Trustees. At the point of becoming an independent trustee to the Scheme, a prescribed take-on process was followed. The Trustee is familiar with the SIP and current policies which relate to the Scheme.

In overview, during the year the Trustee completed the following:

Requirement	How met
<p><b>Trustees must have appropriate knowledge and understanding of the law relating to pensions and trusts and the funding and investment of the assets</b></p>	<p>The Trustee's representatives are members of professional bodies who are obliged to self evaluate on annual basis and comply with their respective training requirements in order to maintain a required level of continuing professional development and to provide evidence of courses, seminars and other types of professional development to satisfy their respective professional bodies' CPD requirements. The process identifies where the Trustee's representatives can develop their knowledge and understanding, as well as where they can share their expertise in order to best support the Scheme. The Trustee's representatives attend both internal and external courses.</p> <p>Every Trustee representative is required to complete the Pensions Regulator's Trustee Toolkit periodically and subscribes to the updates issued by the Pensions Regulator. Trustee representatives also belong to Dalriada's knowledge management network which keeps them up to date with the industry thinking, as well as access to a team of in-house pensions experts who inform the team about changes to pensions legislation and practices.</p> <p>Dalriada has access to, Lexis Nexis and Aries, all industry leading tools, giving access to pensions legislation. The Trustee also has its own in-house technical specialists to provide support and guidance around legislation and the interpretation of Scheme documentation.</p> <p>In addition, the Trustee receive updates from their advisors at regular Trustee meetings and throughout the year.</p>
<p><b>Trustees must be conversant with the Scheme's own documentation including the Trust Deed and Rules, Statement of Investment Principles and current policies</b></p>	<p>The Trustee has online access to all key Scheme documentation.</p> <p>The business plan and risk register are considered at every quarterly Trustee meeting.</p>
<p><b>Knowledge and resources generally</b></p>	<p>During the Scheme Year in question, the trustee representatives received training on a number of topics (both internally and externally). In addition, as referred to above, Dalriada comprises individuals with diverse professional skills and experiences, reflecting the varied nature of the issues that may arise in respect of DC pensions.</p> <p>The Trustee receives internal updates from its advisors in respect of the latest developments affecting defined contribution pensions, which also helps to keep the Trustee's knowledge and understanding up to date.</p>

The Trustee has assessed the skill set and experience of each trustee representative providing professional trusteeship to the Scheme since Dalriada's appointment, taking into account the development activities already mentioned, along with the internal resources made available to staff, supplemented, where required, by professional external advice. The Trustee can therefore properly exercise its duties to the Scheme. The Trustee believes that this Trustee Knowledge and Understanding framework, combined with appropriate advice, allows the Trustee to act properly in the best interest of members.

Signed on behalf of Dalriada Trustees Limited

## Appendix 1- Illustrations of the effect of costs and charges upon Transferred-in DC Benefits

### Background

Below is an illustration about the cumulative effect of costs and charges on member savings within the Prudential Discretionary Fund over a period of time. The illustrations have been prepared with particular regard to statutory guidance.

As each member has a different amount of Transferred-in DC Benefits invested within the Discretionary Fund, 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 that are provided to members each year by the Scheme.

### 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 the Trustee is required by legislation to demonstrate the effect of charges on member's investments.

### Illustrations – Transferred in DC Benefits

All members with Transferred-in DC Benefits remain invested in the default arrangement: the Discretionary Fund. The chart below illustrates the potential impact that costs and charges might have on investment in the Discretionary Fund.

In the illustration, the "Before charges" column gives the hypothetical value of the investments if members were able to invest at no cost. However, there will always be some cost to investing. This is because the organisations that 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 fund after these transaction costs and charges have been deducted.

The table below sets out the projected pot size up to age 65 for a deferred member aged 58 (at April 2024 invested solely in the Prudential Discretionary Fund). Please see the Notes below for more details of the projections.

Deferred member – 58 years old		
Age	Prudential Discretionary Fund	
	Before charges (£)	After all charges + costs deducted (£)
58	30,600	30,600
59	31,347	31,062
60	32,111	31,531
61	32,895	32,007
62	33,698	32,491
63	34,520	32,981
64	35,362	33,479
65	36,225	33,985

#### 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 65
3. The deferred member in the above table is assumed to have a starting pot of £30,600 at age 58.
4. Inflation is assumed to be 2.5% each year.
5. No contributions are assumed in the projection to retirement and this is not assumed to change. This is because the scheme is closed to contributions.
6. Values shown are estimates and are not guaranteed.
7. This illustration assumes the value of your investments will increase by 2.44% (before charges) every year. The growth rate has taken inflation into account and it has been calculated in line with prescribed methodology.
8. The charges assumed are the current charges as shown in the Chair's Statement.

## Illustrations – AVCs

Members with AVCs in the arrangements with Utmost Life and Prudential are invested in a range of different funds. The tables below illustrate the effect on costs and charges for members in the alternative funds available through Prudential.

Age	Prudential With-Profits Cash Accumulation Fund – 46 years old	
	Before charges (£)	After all charges + costs deducted (£)
46	15,100	15,100
47	15,174	15,034
48	15,248	14,967
49	15,323	14,902
50	15,398	14,836
51	15,474	14,771
52	15,549	14,706
53	15,626	14,641
54	15,702	14,577
55	15,779	14,512
56	15,856	14,449
57	15,934	14,385
58	16,012	14,322
59	16,091	14,259
60	16,170	14,196
61	16,249	14,134
62	16,328	14,071
63	16,408	14,009
64	16,489	13,948
65	16,570	13,886

## 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 65.
3. The deferred member in the above table is assumed to have a starting pot of £15,100 at age 46.
4. Inflation is assumed to be 2.5% each year.
5. No contributions are assumed in the projection to retirement, and this is not assumed to change. This is because the scheme is closed to contributions.
6. Values shown are estimates and are not guaranteed.
7. This illustration assumes the value of your investments will change by 0.49% (before charges) every year. The growth rate has taken inflation into account and it has been calculated in line with prescribed methodology.
8. The charges assumed are the current charges, including transaction costs as shown in the Chair's Statement.

Age	Prudential Deposit Fund – 53 years old	
	Before charges (£)	After all charges + costs deducted (£)
53	3,475	3,475
54	3,424	3,424
55	3,374	3,374
56	3,325	3,325
57	3,276	3,276
58	3,229	3,229
59	3,181	3,181
60	3,135	3,135
61	3,089	3,089
62	3,044	3,044
63	3,000	3,000
64	2,956	2,956
65	2,913	2,913

#### 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 65
3. The deferred member in the above table is assumed to have a starting pot of £3,475 at age 53.
4. Inflation is assumed to be 2.5% each year.
5. No contributions are assumed in the projection to retirement and this is not assumed to change. This is because the scheme is closed to contributions.
6. Values shown are estimates and are not guaranteed.
7. This illustration assumes the value of your investments will change by -1.46% (before charges) every year. The growth rate has taken inflation into account and it has been calculated in line with prescribed methodology.
8. The charges assumed are the current charges, including transaction costs as shown in the Chair's Statement.

Age	Utmost Multi-asset Cautious Pension – 57 years old	
	Before charges (£)	After all charges + costs deducted (£)
57	4000	4000
58	4260.00	4220.40
59	4536.90	4452.94
60	4831.80	4698.30
61	5145.87	4957.18
62	5480.35	5230.32
63	5836.57	5518.51
64	6215.95	5822.58
65	6619.98	6143.40

#### 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 65
3. The deferred member in the above table is assumed to have a starting pot of £4,000 at age 57.
4. Inflation is assumed to be 2.5% each year.

5. No contributions are assumed in the projection to retirement, and this is not assumed to change. This is because the scheme is closed to contributions.
6. Values shown are estimates and are not guaranteed.
7. This illustration assumes the value of your investments will change by 6.5% (before charges) every year. The growth rate has taken inflation into account and it has been calculated in line with prescribed methodology.
8. The charges assumed are the current charges, including transaction costs as shown in the Chair's Statement.

Age	Utmost Multi-asset Moderate Pension – 57 years old	
	Before charges (£)	After all charges + costs deducted (£)
57	4000	4000
58	4260.00	4222.00
59	4536.90	4456.32
60	4831.80	4703.65
61	5145.87	4964.70
62	5480.35	5240.24
63	5836.57	5531.07
64	6215.95	5838.05
65	6619.98	6162.06

#### 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 65
3. The deferred member in the above table is assumed to have a starting pot of £4,000 at age 57.
4. Inflation is assumed to be 2.5% each year.
5. No contributions are assumed in the projection to retirement, and this is not assumed to change. This is because the scheme is closed to contributions.
6. Values shown are estimates and are not guaranteed.
7. This illustration assumes the value of your investments will change by 6.5% (before charges) every year. The growth rate has taken inflation into account and it has been calculated in line with prescribed methodology.
8. The charges assumed are the current charges, including transaction costs as shown in the Chair's Statement.

## Appendix 2 – Value for Member assessment

A scoring matrix has been used by the Trustee independent advisor Isio in undertaking an assessment of the value the Scheme offers to its members (3 being that the Scheme provides excellent value for members and 1 being that the Scheme provides poor value for members). To reach an overall outcome, the scores for each performance area were combined to give an overall value score.

We have assessed the Scheme against 6 key areas and their scores per section are reflected below.

Criteria	Score
Charges	2
Investment	1
Retirement Support	2
Governance	3
Administration	2
Education and Engagement	2