

# Hill & Smith 2016 Pension Scheme

## Chair's statement regarding the governance of the defined contribution section

Scheme year - 6 April 2021 to 5 April 2022

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### 1. Introduction

- 1.1. This statement has been prepared by 20-20 Trustee Services Limited ("the Trustee"), the Trustee of the Hill & Smith 2016 Pension Scheme ("the Scheme"), to report on compliance with governance standards.
- 1.2. The governance standards apply to defined contribution (DC) arrangements and are designed to help members achieve good outcomes from their pension savings.
- 1.3. This statement covers the Scheme year 6 April 2021 to 5 April 2022.

### 2. The Scheme's DC arrangements

- 2.1. The Scheme's DC arrangements comprise:
  - 2.1.1. The Defined Contribution Section ("the DC Section"), ignoring additional voluntary contributions (AVCs). The DC Section is administered by Legal & General and closed to further contributions.
  - 2.1.2. AVCs provided through 'bundled' service arrangements (administration, investment and communication services) with Prudential, Royal London and Utmost Life & Pensions. These provide additional benefits for members of the DC Section and the Defined Benefit Section ("the DB Section"). These arrangements are open to further contributions.

### 3. Default investment arrangements

- 3.1. For members who do not make an alternative selection, contributions are invested in the default investment option ("the default").
- 3.2. The key features of the default are:
  - 3.2.1. The default uses a 'lifestyle' strategy to automatically reduce risk/volatility in the years approaching retirement age.
  - 3.2.2. Up until 10 years before a member's retirement age, the default is invested 100% in the Legal & General Investment Management (LGIM) Multi-Asset (Formerly Consensus) Fund.
  - 3.2.3. Over the 10 years to a member's retirement age, the default automatically and gradually switches out of the LGIM Multi-Asset (Formerly Consensus) Fund, and into the LGIM Over 15 Year Gilts Index Fund and the LGIM Cash Fund.

#### Aims and objectives of the default

- 3.3. This fund invests in a mixture of equities (shares in companies) and bonds (loans to companies and other institutions), aiming to achieve long-term capital growth whilst avoiding excessive risk.
- 3.4. The LGIM Multi-Asset (Formerly Consensus) Fund is "passively managed", which means it aims to track an index, rather than make regular trades to try to achieve excess return.

#### Review of the default

- 3.5. The Trustee reviewed the strategy and performance of the default during the Scheme year, with help from its adviser, XPS Pensions Group.

- 3.6. The review recommended replacing the L&G Multi-Asset Fund with the L&G Future World Multi-Asset Fund, in order to incorporate Environmental, Social and Governance (ESG) factors into the default, as well as replacing the L&G Over 15 Year Gilts Index Fund with the L&G Over 5 Year Index Linked Gilts Index Fund to provide members with greater inflation protection, relevant due to an increasingly volatile market environment.
- 3.7. The review also concluded that although the current Default targets annuity purchase and expected returns are relatively low (i.e., may not even be enough to beat inflation in the final 5 years to retirement), it is expected that members will likely take their entire DC pot as cash lump sum. The analysis showed that each member has a larger DB Section benefit, resulting in annuity purchase possibly not being an appropriate retirement target. The review recommended altering the Default strategy allocation weights to make the strategy more flexible for members who may have varying retirement targets.
- 3.8. These changes have not been implemented, as during the reporting period the Trustee decided to widen the scope and conduct a full review of the DC Section, including the feasibility for moving DC Section benefits to a Master Trust arrangement. Outside of the reporting period, Barnett Waddingham LLP were appointed to conduct this feasibility study.

#### Further information on the default

- 3.9. Details of the Default are set out in the attached 'statement of investment principles'. This covers the investment policy in relation to the entire Scheme.

## 4. Core financial transactions

- 4.1. The Trustee has a duty to ensure that 'core financial transactions' are processed promptly and accurately.
- 4.2. Core financial transactions comprise the following:
  - 4.2.1. transfers into and out of the Scheme and AVC policies
  - 4.2.2. investment switches within the Scheme and AVC policies
  - 4.2.3. payments out of the Scheme and AVC policies
  - 4.2.4. investment of contributions (AVC policies only)
- 4.3. Core financial transactions for the DC Section are undertaken by Legal and General (L&G).
- 4.4. Core financial transactions for the AVC arrangement are undertaken by Prudential, Royal London and Utmost Life & Pensions (Utmost).

#### Controls and monitoring arrangements

- 4.5. The controls in place in relation to ensuring the promptness and accuracy of core financial transactions are:
  - 4.5.1. The Trustee has a Service Level Agreement (SLA) in place with the administrator, L&G. The SLA sets out the timeline standards expected for each step of the DC Section's main administration tasks, including core financial transactions. The administrator aims to process at least 95% of core financial transactions within the service level for each type of transaction.
  - 4.5.2. The Trustee receives quarterly reports on performance against the SLAs and reviews the latest report at each quarterly trustee meeting.
  - 4.5.3. In terms of accuracy, the administrator works to set controls and processes, of which checking by a senior team member and authorisation by at least one other person beyond the "preparer" and "checker" is required.

- 4.5.4. Additional measures that help to monitor the accuracy of core financial transactions are the external audit of the Scheme's annual report and accounts and the administrator's annual checks on data quality.
- 4.5.5. The administrator's controls and processes are also subject to a formal external audit for its annual assurance report on internal controls.
- 4.5.6. Any material issues uncovered regarding inaccuracies with core financial transactions are included within the administrator's quarterly reporting to the Trustee.
- 4.5.7. The Trustees rely on the investment monitoring processes of Prudential, Royal London and Utmost in relation to the core financial transactions of the AVC arrangements.

### Performance during the scheme year

- 4.6. The Trustee received quarterly reports from the administrator during the Scheme year and was satisfied with the performance against the SLA.
- 4.7. Neither the administrator's quarterly reports nor the audit of the annual report and accounts identified material issues with the accuracy of core financial transactions.

### Assessment

- 4.8. In view of the controls and monitoring arrangements, and the lack of material issues experienced during the scheme year, the Trustee believes that core financial transactions have been processed promptly and accurately.

## 5. Member-borne charges and transaction costs

- 5.1. Members bear charges and transaction costs, which will differ depending on the investment options in which their pension savings are invested:
  - 5.1.1. Charges: these are expressed as a percentage of the value of a member's holdings within an investment fund and can be made up of a combination of charges, e.g., annual management charge and additional expenses. We refer to the total annual charge as the Total Expense Ratio (TER).
  - 5.1.2. Transaction costs: these relate to the variable costs incurred within an investment fund arising from the trading activities of the fund, e.g., incurred in the buying and selling of securities, which are not accounted for in the TER charge.

### Charges in relation to the DC Section

- 5.2. The following table provides details of the charges and transaction costs for each of the investment options provided through the DC Section over the Scheme year (data sourced from each relevant investment manager):

Investment option	AMC	FMC	TER	Transaction costs (p.a.)
Default investment arrangement *	0.17%	0.08% - 0.13%	0.25% - 0.30%	0.01% - 0.02%
LGIM Multi-Asset Fund	0.17%	0.13%	0.30%	0.01%
LGIM Over 15 Year Gilts Index Fund	0.17%	0.08%	0.25%	0.01%
LGIM Cash Fund	0.17%	0.09%	0.26%	0.02%

Investment option	AMC	FMC	TER	Transaction costs (p.a.)
LGIM Global Equity (70:30) Index Fund	0.17%	0.10%	0.27%	0.02%
LGIM PMC Over 5 Year Index Linked Gilts Fund	0.17%	0.08%	0.25%	0.01%

\* The quoted charges and transaction costs for each lifestyle strategy are calculated as a composite of the underlying fund charges and transaction costs. These fund holdings and therefore also charges will vary depending upon each member's term to retirement age.

- 5.3. The Annual Management Charge (AMC) is Legal & General's charge for administering member policies, and is deducted from member savings
- 5.4. The AMC for each fund is 0.17% if the member's fund value is under £50,000. For all funds over £50,000 the AMC falls to 0.12%.
- 5.5. The Fund Manager Charge (FMC) is the charge applicable for investing in a particular investment fund
- 5.6. The Total Expense Ratio (TER) is the sum of the AMC and FMC, representing the total charge applicable for members

### Charges in relation to AVCs

- 5.7. The following table provides details of the charges and transaction costs for investment options provided through the AVC arrangement with Utmost over the Scheme year (data sourced from Utmost Life & Pensions):

Investment option	Fund Annual Management Charge (p.a.)	(i) Total Charges (p.a.)	(ii) Transaction costs (p.a.)
Utmost Multi-Asset (Moderate)	0.75%	0.93%	0.0000%
Utmost Multi-Asset (Cautious)	0.75%	0.88%	0.0000%
Utmost Managed	0.75%	0.83%	0.0071%
Utmost Money Market	0.50%	0.51%	0.0000%
Utmost UK Government Bond	0.50%	0.56%	0.0177%
Utmost UK Equity	0.75%	1.03%	0.0262%
Utmost European Equity	0.75%	0.83%	0.0093%
Utmost UK FTSE All Share Tracker	0.50%	0.60%	0.0400%

i) The total charges impact to policyholders on each Utmost Fund of costs at both Fund and underlying OEIC level and includes the annual management charge.

ii) This is the cost incurred on the Fund when it purchases or sells the underlying asset (OEIC) as the price may include a dilution adjustment. The purpose of dilution is to ensure the OEIC performance is not impacted by large investments or disinvestments.

- 5.8. The Fund Annual Management Charge is Utmost's charge for administration and investment of AVC savings.

- 5.9. The Trustee has made numerous attempts to obtain charges and transaction costs for the period covered by this Statement, and whilst Utmost Life & Pensions post this information on its website, information from Royal London and Prudential remains outstanding.
- 5.10. The Trustee will continue to follow-up with each provider for this information, and once received, will disclose these charges and costs as appropriate.

### Impact of costs and charges

- 5.11. To demonstrate the impact of charges and transaction costs on members' pension savings over time, the Trustee has produced illustrations, and these are set out in the appendix.

### Value for members

- 5.12. The Trustee is required to assess annually the extent to which the charges and transaction costs borne by members represent good value.
- 5.13. Analysis was undertaken by the Trustee's professional advisers, Barnett Waddingham LLP, and the findings set out in a report dated 31 August 2022. The Trustee considered the report and confirmed its value for members assessment at a meeting on 31 August 2022.
- 5.14. Recognising that low cost does not necessarily mean good value, the assessment considered whether the services for which members pay or share the costs are suitable for, relevant to and (likely to be) valued by members and whether performance of the services had been effective. Consideration was also made of the costs relative to other options available in the market.
- 5.15. Various investment-related services for which members do not directly bear the costs are nevertheless inextricably linked to creating the environment under which investment returns are delivered, e.g. strategy, monitoring and the investment governance structure, so these were included in the assessment.
- 5.16. Other services paid for by Hill & Smith Limited ("the Company") were excluded but nevertheless deliver value to members, e.g., the services of professional advisers and the operation of the Trustee board, with a duty to act in the best interest of members.

### DC Section

- 5.17. In relation to the DC Section, the member-borne charges and transaction costs relate to:
  - 5.17.1. investment services
  - 5.17.2. administration services
  - 5.17.3. communication services
- 5.18. The assessment considered:
  - 5.18.1. in relation to investment services:
    - 5.18.1.1. the investment strategy, e.g., the design of the Default and range of alternative options
    - 5.18.1.2. the arrangements for monitoring the performance of the investment options and reviewing the investment strategy
    - 5.18.1.3. the investment governance arrangements
  - 5.18.2. in relation to administration services:
    - 5.18.2.1. the general administration arrangements
    - 5.18.2.2. arrangements in relation to financial transactions
    - 5.18.2.3. data and record keeping

- 5.18.3. in relation to communication services:
  - 5.18.3.1. communication strategy
  - 5.18.3.2. pre-retirement communications
  - 5.18.3.3. at/post retirement communications
- 5.19. The Trustee concluded that the DC Section offers good value in relation to the charges and transaction costs borne by members.
- 5.20. In addition, the Trustee concluded that the DC Section provides good value relative to other options in the market, e.g., compared with other schemes of this size and nature and other types of pension scheme available to the Company. However, they did also note the competitive environment amongst providers of Workplace DC arrangements at the current time and have committed to undertaking a formal review of the DC Section during next year.
- 5.21. In reaching this conclusion, the Trustee recognised:
  - 5.21.1. low cost does not necessarily mean better value
  - 5.21.2. the growth element of the Default was reviewed with a focus on improving the ESG focus within the investment strategy
  - 5.21.3. the Default includes automatic de-risking as members approach retirement, and this de-risking strategy was reviewed following the impact of COVID-19, market volatility within the reporting period, and following an assessment of member profiles, including age, value of savings and likely benefit access options in connection with DB benefits
  - 5.21.4. Following this review, the Trustee also decided to commence a wider feasibility study into value for members and the potential for moving the DC Section benefits into the Master Trust arrangement

## AVCs

- 5.22. In relation to AVCs, the member-borne charges and transaction costs relate to:
  - 5.22.1. investment services
  - 5.22.2. administration services
  - 5.22.3. communication services
- 5.23. The assessment considered the broad value for members of these services, taking a proportionate approach that reflects the relatively low value of the AVC pension savings concerned.
- 5.24. The Trustee concluded that the AVC arrangement offers reasonable value in relation to the charges and transaction costs borne by members.
- 5.25. In reaching this conclusion, the Trustee recognised:
  - 5.25.1. the range of investment options is limited and does not provide automatic protection over the years approaching retirement age via a lifestyle strategy
  - 5.25.2. Utmost provides basic administration services
  - 5.25.3. communication services are basic and there is no online member access
  - 5.25.4. the costs are broadly in line with AVC arrangements of a similar size and closed nature and there is likely to be limited opportunity for the Trustee to change the service provider
  - 5.25.5. both Prudential and Royal London were unable to provide information requested

## 6. Disclosure of net investment returns

6.1. As per the Occupational Pension Schemes (Administration, Investment, Charges and Governance) (Amendment) Regulations 2021 that came into effect from 1 October 2021, the Trustee is required to report on the Scheme's net investment returns, covering all lifestyle and self-select investment options available to members. The net investment return disclosures have been produced in line with the June 2021 statutory guidance entitled "Completing the annual Value for Members assessment and Reporting of Net Investment Returns".

### Investment returns in relation to the DC Section

6.2. The statutory guidance recommends trustees disclose net investment returns covering at least a five-year period. The Trustees report on the DC Section's net investment returns for each of the investment options provided through the DC Section in the table below (Source: LGIM):

Lifestyle Strategy	Age of Member in 2022 (years)	Annualised Returns – 1 year (2021 to 2022)	Annualised Returns – 3 years (2019 to 2022)	Annualised Returns – 5 years (2017 to 2022)
Default	25			
	45	4.42%	6.27%	5.39%
	55			
	60	-0.84%	2.79%	3.01%
	65	-5.93%	-0.57%	0.74%

Self-select Funds	Annualised Returns – 1 year (2021 to 2022)	Annualised Returns – 3 years (2019 to 2022)	Annualised Returns – 5 years (2017 to 2022)
LGIM Global Equity (70:30) Index Fund	13.40%	8.66%	6.93%
LGIM PMC Over 5 Year Index Linked Gilts Fund	3.92%	2.63%	3.11%

i) Fund performance is for the year to 31 March.

### Investment returns in relation to AVCs

6.3. We were unable to obtain investment returns from the AVC providers. We will continue to chase and provide this information separately when available.

## 7. Trustee knowledge and understanding

### The Trustee Board

7.1. The Trustee is a professional trustee, bringing a high degree of pensions experience, knowledge and expertise.

## Trustee knowledge and understanding requirements

- 7.2. Trustees are required to be conversant with a scheme's main documents and have appropriate knowledge and understanding of the law relating to pensions and trusts, the funding of occupational schemes and investment of scheme assets.

## Approach

- 7.3. The Trustee aims to remain conversant with the Scheme's trust deed and rules as well as all other Scheme documents such as the statement of investment principles, the risk register and current policies, e.g., conflicts of interest. It does so through experience in governing the Scheme, as well as specific activities over the scheme year and access to professional advice.
- 7.4. The Trustee aims to achieve and maintain knowledge and understanding of the law relating to pensions and trusts, the funding of occupational schemes and investment of scheme assets through a combination of training, taking professional advice and the inclusion of a professional trustee as chair.
- 7.5. There is a structured training programme in place that includes annual self-assessment by the Trustee to identify knowledge gaps and training needs in relation to emerging legislation, Scheme changes and upcoming matters in the Scheme's business plan. The training programme also includes completion of the Pensions Regulator's trustee toolkit. A training log is maintained in relation to training undertaken and is reviewed at each trustee meeting.
- 7.6. The structured training programme is supplemented with training activities such as attending seminars and conferences, and reading pensions-related articles.
- 7.7. For any newly appointed Trustee, the Trustee ensures that sufficient training is provided by the Trustees' professional advisers either during meetings, or at separate events.
- 7.8. The Trustee consults with professional advisers as and when required, for example on consultancy, investment and legal matters. The professional advisers are engaged to pro-actively alert the Trustee on relevant changes to pension and trust law. Professional advisers also provide support in relation to understanding and reviewing the Scheme's documents, attending Trustee meetings and often in the delivery of training at these meetings.

## Activities over the Scheme year

- 7.9. The Trustee reviewed the following Scheme documents:
  - 7.9.1. the risk register
  - 7.9.2. the internal disputes resolution procedure
  - 7.9.3. the payment schedule
  - 7.9.4. the member booklet
  - 7.9.5. annual report and accounts
- 7.10. The structured training programme was followed during the scheme year with annual self-assessments completed by the Trustee, and the training programme itself was also reviewed. The training log was reviewed and updated.
- 7.11. The Trustee received training at trustee meetings over the scheme year on the following topics:
  - 7.11.1. the make-up of the DC Section membership profile, average term to retirement, pot sizes, links to DB benefits and the impact these may have on investment decisions and a proposed change to the default.
  - 7.11.2. consideration of ESG risks in relation to investment strategy.

- 7.12. No new Trustee was appointed during the Scheme year, so the induction process was not required.
- 7.13. Jim Robson and Nadeem Ladha, on behalf of 20-20 Trustee Services Limited, maintained accreditation for the professional trustee standards, including fitness and propriety, governance skills, ongoing professional development, managing conflicts of interest and the additional standards for professional trustees who act as chair.
- 7.14. During the Scheme year, the Trustee took professional advice on:
  - 7.14.1. Reviewing and updating the default investment arrangement in the DC Section, focussing on increasing ESG focus, protection against inflation and how members may look to access their DC Section savings
  - 7.14.2. assessing the Scheme's DC Section against the Pensions Regulator's Code of Practice 13 ("DC Code")
  - 7.14.3. undertaking the annual value for members assessment
  - 7.14.4. disclosure of costs, charges and investments

### Assessment

- 7.15. The Trustee considers that its combined knowledge and understanding, together with access to professional advice, enables it to properly and effectively exercise their trustee functions in the following ways:
  - 7.15.1. The Trustee is able to challenge and question advisers, service providers and other parties effectively
  - 7.15.2. Trustee decisions are made in accordance with the Scheme rules and in line with trust law duties
  - 7.15.3. The Trustee decisions are not compromised by such things as conflicts or hospitality arrangements

Signed by Jim Robson on behalf of 20-20 Trustee Services Limited

Trustee Director

22 September 2022

## Appendix – Illustrations on the impact of cost and charges

A1.1. To demonstrate the impact of member-borne charges and transaction costs on the value of members' pension savings, the Trustee has produced illustrations in accordance with statutory guidance. These show the impact of charges and transaction costs for representative cross-sections of the membership and investment options.

### Parameters used for the illustrations

A1.2. The membership of the DC Section and the investment options offered were analysed in determining the parameters to be used.

A1.3. Pot size: a pot size of £48,500 has been used, representing the average pot size of DC Section members as at 31 March 2022.

A1.4. Deferred members: illustrations have been provided for deferred members only, with no future contributions, as the DC Section is closed to future contributions.

A1.5. Timeframe: the illustrations are shown over a 25 year time frame as this covers the approximate duration that the youngest member would take to reach retirement age.

A1.6. Investment options: the investment options selected for the illustrations include the most popular by number of members (the Default), the highest charged fund, the lowest charge fund, the fund with the highest assumed investment return and the fund with the lowest assumed investment return.

Investment option	Rationale for inclusion	Assumed return above inflation*	TER	Transaction cost**
Default Lifestyle Strategy	Default strategy and most popular choice	1% - 4.6%	0.25% - 0.30%	0.005% - 0.0150%
LGIM Global Equity (70:30) Index Fund	Highest assumed investment return	4.6%	0.27%	0.01%
LGIM Cash Fund	Lowest assumed investment return	1%	0.26%	0.01%
LGIM Multi-Asset Fund	Highest charge	4.3%	0.30%	0.015%
LGIM Over 15 Year Gilts Index Fund	Lowest Charge	1%	0.25%	0.005%

\* Projected growth rates, gross of costs and charges, for each investment option are in line with the 2022 Statutory Money Purchase Illustrations (SMPIs).

\*\* The statutory guidance requires trustees to use an average of the last five years' transaction costs (insofar as they are able) when producing the illustrations. We have data for the last two years only, as provided by Legal & General.

### Guidance to the illustrations

A1.7. For each illustration, the savings pot has been projected twice: firstly, for the assumed investment return gross of costs and charges; and secondly for the assumed investment return net of costs and charges.

A1.8. Projected pot sizes are shown in today's terms, so do not need to be reduced further for the effects of future inflation. Inflation is assumed to remain constant throughout the term of the illustrations, at 2.5% per year.

A1.9. Values shown are estimates and not guaranteed.

A1.10. The starting date for the illustrations is 31 March 2022.

A1.11. The illustrations are presented in two different ways:

A1.11.1. For the default, a lifestyle strategy, the illustrations should be read based on the number of years until the member reaches their retirement age. This is because the underlying funds used and therefore the costs and charges changes over time and this is reflected in the illustrations.

A1.11.2. For the self-select funds, the illustrations should be read based upon the number of future years that a member expects to be invested in those funds.

### Hill & Smith 2016 Pension Scheme Default Lifestyle Strategy

A1.12. This is the default strategy for the DC Section and the most popular choice by number of members.

Illustration basis	Years from taking benefits	Starting pot size £48,500	
		Before charges	After charges
Deferred member Contribution level: 0%	1	£47,961	£47,834
	3	£47,401	£47,024
	5	£47,511	£46,881
	10	£50,794	£49,436
	15	£56,215	£53,958
	20	£62,214	£58,893
	25	£68,854	£64,280

A1.13. Note on how to read this table: If an active member had £48,500 invested in this option on 31 March 2022, when they came to retire in 10 years, the savings pot could grow to £50,794 if no charges are applied but to £49,436 with charges applied.

### LGIM Global Equity (70:30) Index Fund

A1.14. This is the option with the highest assumed return (gross of charges) provided through the DC Section.

Illustration basis	Years from taking benefits	Starting pot size £48,500	
		Before charges	After charges
Deferred member Contribution level: 0%	0	£48,500	£48,500
	1	£49,494	£49,356
	10	£59,405	£57,778
	15	£65,744	£63,063
	20	£72,761	£68,831
	25	£80,526	£75,127

A1.15. Note on how to read this table: If an active member had £48,500 invested in this option on 31 March 2022, after 10 years of membership, the savings pot could grow to £59,405 if no charges are applied but to £57,778 with charges applied.

## LGIM Cash Fund

A1.16. This is the option with the lowest assumed return (gross of charges) provided through the DC Section.

Illustration basis	Years from taking benefits	Starting pot size £48,500	
		Before charges	After charges
Deferred member Contribution level: 0%	0	£48,500	£48,500
	1	£47,790	£47,658
	10	£41,852	£40,706
	15	£38,878	£37,292
	20	£36,115	£34,165
	25	£33,549	£31,300

A1.17. Note on how to read this table: If an active member had £48,500 invested in this option on 31 March 2022, after 10 years of membership, the savings pot could reduce to £41,852 if no charges are applied or £40,706 with charges applied.

## LGIM Multi Asset Fund

A1.18. This is the option with the highest charges provided through the DC Section.

Illustration basis	Years from taking benefits	Starting pot size £48,500	
		Before charges	After charges
Deferred member Contribution level: 0%	0	£48,500	£48,500
	1	£49,352	£49,196
	10	£57,723	£55,922
	15	£62,972	£60,049
	20	£68,699	£64,480
	25	£74,947	£69,238

A1.19. Note on how to read this table: If an active member had £48,500 invested in this option on 31 March 2022, after 10 years of membership, the savings pot could grow to £57,723 if no charges are applied but to £55,922 with charges applied.

## LGIM Over 15 Year Index Linked Gilts Fund

A1.20. This is the option with the lowest charges provided through the DC Section.

Illustration basis	Years from taking benefits	Starting pot size £48,500	
		Before charges	After charges
Deferred member Contribution level: 0%	0	£48,500	£48,500
	1	£47,790	£47,667
	10	£41,852	£40,787
	15	£38,878	£37,404
	20	£36,115	£34,301

Illustration basis	Years from taking benefits	Starting pot size £48,500	
		Before charges	After charges
	25	£33,549	£31,455

A1.21. Note on how to read this table: If an active member had £48,500 invested in this option on 31 March 2022, after 10 years of membership, the savings pot could reduce to £41,852 if no charges are applied but to £40,787 with charges applied.