

# David Wilson this is your illustration summary

Before you go through the detail of the illustration, take time to read this summary. It's a helpful overview showing how your new income release plan is set up and what it could look like in the future.

23 January 2020

## 1 | ABOUT YOUR PLAN

Quote number	<b>999571</b>
Plan type	<b>Pension Portfolio with Income Release</b>
Total transfer payments	<b>£200,000.00</b>
Retirement date	<b>14/05/2034</b>

More detail is in the 'contributions into your plan' section of your illustration.

## 2 | YOUR ONE-OFF AND REGULAR INCOME PAYMENTS

You'll take a tax-free lump sum payment of £50,000.00 immediately. After that, you'll have £150,000.00 left in your plan. You'll receive a regular taxable monthly income payment of £666.67 which is £8,000.00 each year. Your regular income starts 20 March 2020.

More detail is in the 'payments to you from your plan' section of your illustration.

## 3 | YOUR FUTURE PLAN VALUE COULD BE

This summary shows what you might get back based on the detailed information in your illustration. It assumes your investment grows by 2.9% each year above inflation.

The income in your plan could run out after you're 75.

More detail is in the 'how your income could change' section of your illustration.

## 4 | THE EFFECT OF CHARGES IN THE FIRST YEAR

The effect of charges on your plan could be £7,748.54.

More detail is in the 'charges' section of your illustration.

## 5 | THE EFFECT OF CHARGES OVERALL

The charges we take from your plan could reduce investment growth by 1.2%. Investment growth lowers from 2.9% each year to 1.7% each year above inflation after charges.

More detail is in 'the effect of charges on your plan' section of your illustration.

### Your one-off payments made



### Your regular income payments each year



### Your future plan value could be





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User: STA 013652  
Other: IND-PP/  
NTH6/CB101

## ILLUSTRATION

Please tell us this number if you contact us  
**Quote number: 999571**  
**23 January 2020**

This is an illustration of what you might get back from your proposed plan at your chosen retirement date. It should be read along with the following documents:

- **Core Investments key features**
- **Core Investments charges summary**

### 1 YOUR DETAILS

#### Mr David Wilson

Plan type:	Pension Portfolio with Income Release
Plan start date:	20 March 2020
Yearly statement date:	20 March
Chosen retirement date:	14 May 2034

### 2 CONTRIBUTIONS INTO YOUR PLAN

#### Transfer payments into your plan

Total: **£200,000.00**

### 3 ANNUAL ALLOWANCE

There is a limit on the amount of contributions you can make to a plan in any tax year, without being subject to a tax charge. This is known as the Annual Allowance.

If you take this income or a cash lump sum from any plan, the total amount of contributions you can make in any tax year, without being subject to a tax charge, will be limited by the Money Purchase Annual Allowance.

### 4 PAYMENTS TO YOU FROM YOUR PLAN

#### Tax-free cash lump sum from this payment

Tax-free cash lump sum: **£50,000.00**

#### Regular income to be taken from this payment

Regular taxable income: **£8,000.00 each year before tax** ⓘ  
Frequency: **monthly in advance**

#### **Here to help**

We'll use this margin to explain some of the terms we've used.

#### **i Taxable income**

Currently any taxable income payments will be taxed as earned income. We will adjust your payment amount to take account of tax when we receive a note of your tax code.

## **Some additional information about your plan**

Estimated Lifetime Allowance used  
on this plan at the start date: 18.95% ⓘ

These figures are based on all contributions made to your plan. These could change if we receive further contributions.

## **5** **WHAT YOUR PLAN COULD BE WORTH AT YOUR CHOSEN RETIREMENT DATE**

Here you'll find out what your plan could be worth at your chosen retirement date using three different growth rates. The amounts are not guaranteed and are just an illustration of what you could get. We'll continue to keep you updated on how your plan is doing by providing yearly statements.

To give you a better idea of what you would be able to buy with your plan if it were payable today, these figures allow for future inflation of 2.0% a year. Inflation reduces the worth of all savings and investments including the value of your plan. The figures illustrate in today's prices the retirement income that may be payable when you reach your chosen retirement date.

There are other things that could have an effect on your projected plan value. ⓘ

### **What benefits could you get at your chosen retirement date?**

	Low	Mid	High
Investment growth rate ⓘ	0.0%	2.9%	5.9%
Projected plan value	£33,300	£74,600	£138,000

If you used all of your projected plan value to provide a retirement income you could get:

Retirement income each year before tax ⓘ	£1,880	£5,050	£11,000
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You might be entitled to tax-free cash at your chosen retirement date but we've not included this in our example.

### **Assumptions we've made about your projected plan values**

- The requested tax-free cash lump sum will be taken from your plan.
- Your income withdrawals will continue on the basis selected until your chosen retirement date.
- The levels at which the management charge discounts apply will increase by inflation at each yearly statement date. Please see the 'Key notes' section for more information on inflation rates used.

### **ⓘ Lifetime Allowance**

There is a limit on the maximum value of benefits that you can accumulate without being subject to a tax charge. This is known as the Lifetime Allowance and applies to all your pension plans.

### **ⓘ What affects your projected plan value?**

- How much is paid in.
- Actual investment growth rate.
- How long your money is invested.
- The rate of inflation.
- How much income you take from your plan.
- Product charges on your plan.
- Any charges paid to a financial adviser.

### **ⓘ Rates we've used**

The investment growth rates shown are over and above assumed future inflation of 2.0%. If a rate is less than 0% then the value of your plan will not keep pace with inflation. This means that its buying power will fall so the amount you can buy with your plan will reduce. You'll find more information on the investment growth rates and the other rates we've used in this projection in the 'Key notes' section.

### **ⓘ Options that reduce your retirement income**

- If you choose a retirement income that increases each year.
- If you choose a retirement income for your spouse or civil partner.
- If you are entitled to more than the normal 25% tax-free cash. Speak to a financial adviser if you think you might qualify for this.

### **Assumptions we've made about your retirement income**

- You'll take your retirement income as an annuity. ⓘ
- Your retirement income will be paid monthly.
- Your retirement income will stay at the same level.
- Your retirement income will be paid for a minimum of 5 years and thereafter for the rest of your life.
- You can normally take your retirement income from age 55 however we've assumed you'll take it at your chosen retirement date. If you retire earlier or later than your chosen retirement date the amounts you receive could change.

Do remember that you can shop around before taking your retirement income; you don't have to take your retirement income from this plan.

## **6 HOW YOUR INCOME COULD CHANGE**

We've used your projected plan values at the low, mid and high growth rates and calculated how your income might change with each yearly statement date.

The values are shown before tax has been deducted, are not guaranteed and are based on the projected plan value at each yearly statement date.

All figures shown have been adjusted for future inflation of 2.0% a year to show them in today's prices. This gives you a better idea of how much your requested income may be worth in today's terms. You'll find information on the inflation rates that have been used in the 'Key notes' section.

### **Low growth rate (0.0%)**

Date	Yearly withdrawals from your plan (including tax-free cash)	Income Release Account ⓘ	Savings Account ⓘ
20 March 2020	£57,927.72	£200,000	£0
20 March 2021	£7,772.27	£134,000	£0
20 March 2022	£7,619.88	£125,000	£0
20 March 2023	£7,470.47	£116,000	£0
20 March 2024	£7,323.99	£108,000	£0
20 March 2025	£7,180.38	£99,900	£0
20 March 2026	£7,039.59	£91,800	£0
20 March 2027	£6,901.56	£83,900	£0
20 March 2028	£6,766.23	£76,200	£0
20 March 2029	£6,633.56	£68,800	£0
20 March 2030	£6,503.49	£61,500	£0
20 March 2031	£6,375.97	£54,500	£0
20 March 2032	£6,250.95	£47,600	£0
20 March 2033	£6,128.38	£40,900	£0

### **ⓘ Annuity**

An annuity is a financial product used to provide a guaranteed retirement income. It is usually purchased using the money remaining in a pension plan, after any tax-free cash has been paid.

### **ⓘ What is your Income Release Account?**

This is the part of your plan used to provide the retirement benefits you've selected such as tax-free cash and, if applicable, income payments.

### **ⓘ What is your Savings Account?**

This is the remainder of your plan, not yet used to provide any retirement benefits.

**Mid growth rate (2.9%)**

Date	Yearly withdrawals from your plan (including tax-free cash)	Income Release Account	Savings Account
20 March 2020	£57,927.72	£200,000	£0
20 March 2021	£7,772.27	£138,000	£0
20 March 2022	£7,619.88	£133,000	£0
20 March 2023	£7,470.47	£128,000	£0
20 March 2024	£7,323.99	£123,000	£0
20 March 2025	£7,180.38	£118,000	£0
20 March 2026	£7,039.59	£113,000	£0
20 March 2027	£6,901.56	£108,000	£0
20 March 2028	£6,766.23	£103,000	£0
20 March 2029	£6,633.56	£98,900	£0
20 March 2030	£6,503.49	£94,100	£0
20 March 2031	£6,375.97	£89,400	£0
20 March 2032	£6,250.95	£84,700	£0
20 March 2033	£6,128.38	£80,100	£0

**High growth rate (5.9%)**

Date	Yearly withdrawals from your plan (including tax-free cash)	Income Release Account	Savings Account
20 March 2020	£57,927.72	£200,000	£0
20 March 2021	£7,772.27	£142,000	£0
20 March 2022	£7,619.88	£141,000	£0
20 March 2023	£7,470.47	£140,000	£0
20 March 2024	£7,323.99	£139,000	£0
20 March 2025	£7,180.38	£139,000	£0
20 March 2026	£7,039.59	£138,000	£0
20 March 2027	£6,901.56	£138,000	£0
20 March 2028	£6,766.23	£137,000	£0
20 March 2029	£6,633.56	£137,000	£0
20 March 2030	£6,503.49	£137,000	£0
20 March 2031	£6,375.97	£137,000	£0
20 March 2032	£6,250.95	£137,000	£0
20 March 2033	£6,128.38	£138,000	£0


## 7 HOW MUCH YOUR PLAN NEEDS TO GROW

The required rate of investment growth your plan needs to achieve to provide an income equal to that payable from an annuity bought from us now is shown in the critical yield A table.

The critical yield B table shows the investment growth your plan needs to achieve to maintain your requested income.

### Critical yield A

If you want to withdraw an income from your plan equal to that which you could get from an annuity with us (currently £5,463.88 each year), your plan would need to grow at the following rates each year to the ages shown below. We have shown figures for both the actual growth needed and the growth needed over and above assumed inflation of 2.0%.

Age	Growth needed	Growth needed over and above inflation (2.0%) 
65	3.3%	1.3%
70	2.8%	0.8%
75	2.8%	0.8%

### Assumptions

- The annuity is calculated using the same basis as shown in 'What your plan could be worth at your chosen retirement date' and is after any tax-free cash has been paid.
- You buy an annuity with us using our current annuity rates. This may be different to the standard FCA annuity basis used to calculate the critical yield B figures.

### Critical yield B

Taking an income from your plan will have an impact on your final plan value. We've calculated how much growth is needed each year to maintain your requested income, before tax, to the ages shown below. We have shown figures for both the actual growth needed and the growth needed over and above assumed inflation of 2.0%.

Age	Growth needed	Growth needed over and above inflation (2.0%)
65	8.0%	5.9%
70	7.0%	4.9%
75	6.3%	4.2%

### Assumptions

- You buy an annuity using the same basis as shown in 'What your plan could be worth at your chosen retirement date'.
- The annuity interest rate used is consistent with the investment return.
- The critical yield B is calculated using the standard FCA annuity basis and is based on different assumptions to the critical yield A calculations.

Investment returns and the underlying annuity rates used are unlikely to remain stable.

### Critical yield A

This is the rate of return required to match the annuity that you could purchase now, assuming annuity rates are unchanged.

### Growth rates needed over and above inflation

These rates show the growth needed over and above assumed future inflation of 2.0% a year. If a rate in the 'Growth needed' column is less than 2.0% then the growth rate needed over and above future inflation will be less than 0%.

### Critical yield B

This is the rate of return required to maintain a selected level of income.

## 8 YOUR INVESTMENTS

### Transfer payment

Fund name	Percentage invested
RLP Global Managed	100.00%

### Peace of mind for you

We monitor our funds regularly to ensure investment objectives, performance and associated risks are in line with your expectations at the point you invest with us. This is called our governance process and we believe that it delivers peace of mind to you and all our customers. This service comes at no extra cost. You should be aware though that the value of your investment can go down as well as up and you may not get back the value of the original investment. If, in future, you take income or a cash lump sum from your plan it may not last you for as long as you need it.

To find out more about the range of investments available go to [royallondon.com/pensions](http://royallondon.com/pensions) or contact us.

## 9 CHARGES

These charges are based on the contributions shown in this document.

### **PRODUCT CHARGES**

These are charges Royal London will apply for providing and managing your plan.

They are explained in more detail in the enclosed **Core Investments charges summary**.

### Income Release charge

This is a charge for using the Income Release facility.

Income Release charge: 1 charge of £204.00

### Management charge

The management charge is intended to cover our expenses, including the costs of setting up and servicing your plan and managing your investments. The management charge on each contribution depends on how the contributions are invested and the plan value. The charge is calculated as a percentage of the plan value each year and may vary depending on the value of the plan.

Contribution type	Basic charge	Less	Total management charge
		Management charge discount	
Transfer payment	1.00%	0.55%	<b>0.45%</b>

For further information on the elements that make up your management charge, please see the **Core Investments charges summary**.



### **Additional investment expenses**

There may be additional expenses charged to the funds you have invested in. These expenses cover the costs incurred by the investment management company and are deducted from the value of the fund. The level of these expenses is not within Royal London's control and may vary from year to year. These additional expenses have been taken into account when calculating the benefits you could get at your chosen retirement date and are included in the charges shown.

### **ADVISER CHARGES**

These are charges that you have agreed with **PDC Financial Planning** for the services they are providing. These charges are taken from your plan.

#### **Initial charges**

These charges are for the initial work your financial adviser has carried out.

Transfer payment: 1 charge of £6,000.00 (3.00% of the contribution)

#### **Ongoing charges**

These charges are for the ongoing services your financial adviser will provide.

Transfer payment: 0.50% each year of the plan value built up from the transfer payment, due monthly until your chosen retirement date.

## **10 THE EFFECT OF CHARGES ON YOUR PLAN**

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The following figures are based on the contributions shown in this document.

Any charges taken from your plan will have an effect on your plan value. Charges include product charges and any charges taken by a financial adviser.

If you decide to transfer your plan, or take your retirement benefits, it is possible you may get back less than you paid in.

We've based the following figures on the projected plan values at the mid investment growth rate for each contribution type. The rate used takes into account the investment growth rate, over and above assumed inflation of 2.0%, for each fund within each contribution type.

The effect of the charges from your plan will reduce the investment growth rates. The impact of the charges on the mid investment growth rate at your chosen retirement date are shown in the table below. You can use these rates to compare the effect that charges will have on different retirement savings products.

Contribution type	Mid investment growth rate	Growth rate	
		With only product charges applied	With all charges applied
Transfer payment	2.9%	2.5%	1.7%

Here is more detail on the effect the charges could have on the transfer value of your plan. This shows how the product charges, and any charges taken by an adviser, could affect the transfer value compared to the values if there were no charges.

All figures shown have been adjusted for future inflation of 2.0% a year to show them in today's prices. This will give you a better idea of what your plan will be worth in today's terms.

### **Transfer payment**

At the end of year	Total contributions into your plan	Total withdrawals from your plan (including tax-free cash)	What the transfer value might be		
			Before charges are taken from your plan	If only plan and investment charges are taken from your plan	After all charges are taken from your plan
1	£200,000.00	£57,900.00	£146,000	£145,000	£138,000
2	£200,000.00	£65,600.00	£142,000	£141,000	£133,000
3	£200,000.00	£73,300.00	£139,000	£136,000	£128,000
4	£200,000.00	£80,700.00	£135,000	£132,000	£123,000
5	£200,000.00	£88,100.00	£132,000	£128,000	£118,000
6	£200,000.00	£95,200.00	£128,000	£124,000	£113,000
7	£200,000.00	£102,000.00	£125,000	£120,000	£108,000
8	£200,000.00	£109,000.00	£122,000	£116,000	£103,000
9	£200,000.00	£116,000.00	£118,000	£112,000	£98,900
10	£200,000.00	£122,000.00	£115,000	£108,000	£94,100
At retirement	£200,000.00	£148,000.00	£102,000	£92,300	£74,600

## **11 BENEFITS PAYABLE ON DEATH**

### **If you die before all of the retirement benefits have been taken from your plan**

The remaining value of your plan will normally be paid to your beneficiaries. Any outstanding initial adviser charges will be deducted before being paid. The options available to your beneficiaries will vary depending on legislation.

### **If you die after you take any retirement benefits from your plan**

The benefits will depend on the choices you make when you take your retirement benefits.

## **12 KEY NOTES**

### **What assumptions have we made?**

As we don't know what's going to happen in the future, we have to make some assumptions about what will happen to your plan. These have been set by the independent regulator - the Financial Conduct Authority (FCA).

We've used the following yearly rates in our calculations in the 'What your plan could be worth at your chosen retirement date' section.

The amounts you receive could change as rates may be different when you take your retirement income.

	Low	Mid	High
Inflation rates used to adjust projected values to today's prices ⓘ	2.0%	2.0%	2.0%
Inflation rates used in other calculations	1.0%	3.0%	5.0%
Interest rates at retirement	-0.7%	1.3%	3.3%

We've used the yearly fund growth rates below to calculate the overall investment growth rates for the plan. All rates shown are over and above assumed future inflation of 2.0%.

Investment choice	Low	Mid	High
RLP Global Managed	0.0%	2.9%	5.9%

The standard rates for pension products are 0.0%, 2.9% and 5.9% however companies must use lower growth rates where the choice of funds is unlikely to achieve returns in line with these rates. These rates are the rates over and above assumed future inflation of 2.0%. Overall growth rates cannot exceed the industry standard rates and will be limited to 0.0%, 2.9% and 5.9% if necessary.

Growth rates are based on the current investment choice under this plan. If the investment choice changes the growth rate may also change.

## 13 INFORMATION ON THE COST OF ADVICE

The following amounts are based on the contributions shown in this document.

### ADVISER CHARGE PAYMENTS

We'll pay **PDC Financial Planning** the following amounts for the services they are providing to you in relation to your plan. These amounts relate to the charges explained in the 'Adviser charges' section.

#### Immediate adviser charge payment

£6,000.00 will be paid immediately.

#### Future adviser charge payments

Some payments will be made throughout the lifetime of your plan. The figures in the table below are only examples, based on assumptions about the future. The payments made are dependent on there being sufficient funds to pay the charge. ⓘ

Years into your plan	Yearly payment	Yearly payment adjusted for future inflation
In year 1	£712.86	£706.42
In year 5	£660.45	£604.64
In year 10	£582.22	£482.77
In year 14	£507.60	£388.85

#### **i** Inflation rates

We use an inflation rate of 2.0% a year to adjust projected values to today's prices, however we use different inflation rates in other calculations. These rates have been set by the Financial Conduct Authority (FCA).

#### **i** Future adviser payments

Many things can affect the amount that will be paid over the life of your plan:

We have also shown the yearly payments adjusted for future inflation of 2% a year to show them in today's prices. This gives you a better idea of how much the yearly payments will be worth in today's terms.

Payments will be made each year. For illustration purposes, only certain time points are shown in the table.

**We have also shown the yearly payments adjusted for future inflation of 2.5% a year to show them in today's prices. This gives you a better idea of how much the yearly payments will be worth in today's terms.**

**Further payments**

Further payments may be made to your financial adviser for any services they may provide. We will not make any of these payments without confirmation that you agree to them being made.