

APPENDIX 2 – Illustrative examples of the cumulative effect of costs and charges

In order to achieve greater transparency about costs, new regulations came into force on 6 April 2018 which require the Trustee to provide members with additional information in relation to investment charges and transactions costs. These must be set out as example member illustrations that have been prepared with regard to the relevant statutory guidance: “Reporting of costs, charges and other information: guidance for trustees and managers of relevant occupational pension schemes” (September 2018). The illustrations have been prepared in accordance with the relevant statutory guidance and reflect the impact of costs and charges for a range of Plan members and investment funds. As each member has a different amount of savings within the Plan 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.

Within this Appendix we have provided illustrations based on:

- The potential period of Plan membership for the youngest member and average age of a Plan member
- The different member types within the Plan:
 - Members of the New Section with DC Element by virtue of earning over the earnings cap for Defined Benefit Section accrual
 - DB Section members (not New Section members) paying additional voluntary contributions
 - Deferred members with no new contributions going into the Plan
 - A range of investment choices have been illustrated, including:
 - Fidelity BlackRock Cash Fund - the fund that the largest number of members invest in and forms part of the New Section’s core default investment strategy. This is also considered to carry the lowest level of potential investment returns and has the joint lowest Total Expense Ratio of any of the funds offered by the Trustee
 - Fidelity Chevron Equity/Bond Split 50/50 Fund - This fund is classified as a default investment arrangement.
 - Fidelity Chevron Equity/Bond Split 50/50 Lifestyle Strategy – this is the New Section’s core default lifestyle investment strategy
 - The Fidelity HSBC Islamic Pension Fund (previously named HSBC Amanah Global Equity Index Fund) is the fund with the highest level of charges and is also considered to carry the highest level of potential investment returns.
 - Fidelity BlackRock World (ex) UK Index Fund - This fund is classified as a default investment arrangement.
 - Fidelity BlackRock UK Equity Index Fund - This fund is classified as a default investment arrangement.
 - Fidelity BlackRock Equity/Bond Split75/25 Fund - This fund is classified as a default investment.
- The risk and return ratings have been determined with input from the Trustee’s investment adviser.

The following tables give a summary of the projected fund and the impact of costs and charges up to a normal retirement age of 65. The figures are presented against six member examples: New Section 'Over the Cap' (youngest and average members), AVC payers (youngest and average members), and Deferred (youngest and average members). Additionally, the tables include the performance of the funds over different time periods depending on the age of the member.

Values are rounded to the nearest £100.

| Criteria | 1 New Section | | 2 AVCs | | 3 Deferred | |
|----------------------|---|--------------|---------------|--------------|---------------|--------------|
| Illustrative members | 1a (youngest) | 1b (average) | 2a (youngest) | 2b (average) | 3a (youngest) | 3b (average) |
| Age | 30 | 46 | 34 | 53 | 26 | 54 |
| Salary | £107,000 | £112,031 | £65,000 | £115,000 | n/a | n/a |
| Contributions | In line with age related scheme design (based on salary over the DB Earnings Cap) | | £1,500 pa | £6,300 pa | n/a | n/a |
| Fund size | £3,000 | £39,000 | £2,000 | £65,000 | £1,000 | £28,000 |

| Example Member | Years | Fidelity BlackRock Cash Fund Class 5 | | Fidelity BlackRock UK Equity Fund Class 2 | | Fidelity BlackRock World (ex-UK) Equity Index Fund Class 1 | |
|--|---------|--------------------------------------|---------------|---|---------------|--|---------------|
| | | Before charges | After charges | Before charges | After charges | Before charges | After charges |
| New Section 'Over the Cap' members (youngest member) | 1 | £3,600 | £3,600 | £3,700 | £3,700 | £3,700 | £3,700 |
| | 3 | £4,700 | £4,700 | £5,100 | £5,100 | £5,100 | £5,100 |
| | 5 | £5,800 | £5,700 | £6,700 | £6,600 | £6,700 | £6,600 |
| | 10 | £8,500 | £8,400 | £11,100 | £10,800 | £11,100 | £10,800 |
| | 15 | £12,000 | £11,800 | £17,100 | £16,600 | £17,100 | £16,700 |
| | 20 | £15,500 | £15,100 | £24,500 | £23,500 | £24,500 | £23,700 |
| | 25 | £19,800 | £19,200 | £34,100 | £32,500 | £34,100 | £32,700 |
| | 30 | £24,000 | £23,300 | £45,500 | £43,100 | £45,500 | £43,300 |
| New Section 'Over the Cap' members (average member) | 35 | £28,200 | £27,200 | £59,100 | £55,400 | £59,100 | £55,800 |
| | 1 | £40,600 | £40,500 | £42,100 | £42,000 | £42,100 | £42,000 |
| | 3 | £43,700 | £43,500 | £48,700 | £48,300 | £48,700 | £48,400 |
| | 5 | £47,000 | £46,600 | £56,000 | £55,200 | £56,000 | £55,300 |
| | 10 | £56,900 | £55,900 | £78,300 | £76,300 | £78,300 | £76,600 |
| | 15 | £66,500 | £64,900 | £104,700 | £100,900 | £104,700 | £101,400 |
| 19 | £74,000 | £71,800 | £129,300 | £123,500 | £129,300 | £124,100 | |

| Example Member | Years | Fidelity BlackRock Cash Fund Class 5 | | Fidelity BlackRock UK Equity Fund Class 2 | | Fidelity BlackRock World (ex-UK) Equity Index Fund Class 1 | |
|---------------------------------|-------|--------------------------------------|---------------|---|---------------|--|---------------|
| | | Before charges | After charges | Before charges | After charges | Before charges | After charges |
| DB AVC payers (youngest member) | 1 | £3,500 | £3,500 | £3,600 | £3,600 | £3,600 | £3,600 |
| | 3 | £6,400 | £6,400 | £6,900 | £6,900 | £6,900 | £6,900 |
| | 5 | £9,400 | £9,300 | £10,500 | £10,400 | £10,500 | £10,400 |
| | 10 | £16,500 | £16,300 | £20,600 | £20,300 | £20,600 | £20,300 |
| | 15 | £23,600 | £23,200 | £32,600 | £31,700 | £32,600 | £31,800 |
| | 20 | £30,400 | £29,700 | £46,700 | £45,000 | £46,700 | £45,200 |
| | 25 | £37,100 | £36,100 | £63,400 | £60,600 | £63,400 | £60,900 |
| | 30 | £43,600 | £42,200 | £83,100 | £78,700 | £83,100 | £79,200 |
| | 31 | £44,900 | £43,400 | £87,500 | £82,600 | £87,500 | £83,200 |
| DB AVC payers (average member) | 1 | £71,000 | £70,800 | £73,600 | £73,400 | £73,600 | £73,400 |
| | 3 | £82,800 | £82,300 | £91,800 | £91,000 | £91,800 | £91,100 |
| | 5 | £94,500 | £93,700 | £111,200 | £109,800 | £111,200 | £109,900 |
| | 10 | £123,400 | £121,400 | £165,800 | £161,900 | £165,800 | £162,300 |
| | 12 | £134,700 | £132,200 | £190,400 | £185,100 | £190,400 | £185,700 |

| Example Member | Years | Fidelity BlackRock Cash Fund Class 5 | | Fidelity BlackRock UK Equity Fund Class 2 | | Fidelity BlackRock World (ex-UK) Equity Index Fund Class 1 | |
|--|-------|--------------------------------------|---------------|---|---------------|--|---------------|
| | | Before charges | After charges | Before charges | After charges | Before charges | After charges |
| Deferred New Section members (youngest member) | 1 | £1,000 | £1,000 | £1,000 | £1,000 | £1,000 | £1,000 |
| | 3 | £1,000 | £1,000 | £1,100 | £1,100 | £1,100 | £1,100 |
| | 5 | £1,000 | £1,000 | £1,200 | £1,200 | £1,200 | £1,200 |
| | 10 | £1,000 | £900 | £1,400 | £1,400 | £1,400 | £1,400 |
| | 15 | £900 | £900 | £1,700 | £1,600 | £1,700 | £1,600 |
| | 20 | £900 | £900 | £2,000 | £1,800 | £2,000 | £1,900 |
| | 25 | £900 | £800 | £2,300 | £2,100 | £2,300 | £2,200 |
| | 30 | £900 | £800 | £2,700 | £2,500 | £2,700 | £2,500 |
| | 35 | £800 | £800 | £3,200 | £2,900 | £3,200 | £2,900 |
| | 39 | £800 | £800 | £3,700 | £3,300 | £3,700 | £3,300 |
| Deferred New Section members (average member) | 1 | £27,900 | £27,800 | £29,000 | £28,900 | £29,000 | £28,900 |
| | 3 | £27,600 | £27,400 | £31,000 | £30,700 | £31,000 | £30,700 |
| | 5 | £27,300 | £27,000 | £33,100 | £32,600 | £33,100 | £32,700 |
| | 10 | £26,700 | £26,100 | £39,200 | £38,000 | £39,200 | £38,100 |
| | 11 | £26,500 | £25,900 | £40,500 | £39,200 | £40,500 | £39,300 |

| Example Member | Years | Fidelity Chevron Equity/Bond Split 50/50 Fund | | Fidelity Chevron Equity/Bond Split 75/25 Fund | | Fidelity HSBC UCITS Common Contractual Fund Islamic Global Equity Fund CI9 | |
|--|---------|---|---------------|---|---------------|--|---------------|
| | | Before charges | After charges | Before charges | After charges | Before charges | After charges |
| New Section 'Over the Cap' members (youngest member) | 1 | £3,700 | £3,600 | £3,700 | £3,700 | £3,700 | £3,700 |
| | 3 | £5,000 | £5,000 | £5,100 | £5,000 | £5,100 | £5,100 |
| | 5 | £6,500 | £6,400 | £6,600 | £6,500 | £6,700 | £6,600 |
| | 10 | £10,300 | £10,100 | £10,700 | £10,500 | £11,100 | £10,700 |
| | 15 | £15,600 | £15,200 | £16,400 | £15,900 | £17,100 | £16,400 |
| | 20 | £21,700 | £21,000 | £23,100 | £22,200 | £24,500 | £23,100 |
| | 25 | £29,500 | £28,400 | £31,700 | £30,300 | £34,100 | £31,800 |
| | 30 | £38,400 | £36,600 | £41,800 | £39,700 | £45,500 | £41,900 |
| 35 | £48,400 | £45,800 | £53,400 | £50,300 | £59,100 | £53,600 | |
| New Section 'Over the Cap' members (average member) | 1 | £41,700 | £41,600 | £41,900 | £41,800 | £42,100 | £41,900 |
| | 3 | £47,400 | £47,100 | £48,100 | £47,700 | £48,700 | £48,100 |
| | 5 | £53,600 | £53,000 | £54,800 | £54,100 | £56,000 | £54,900 |
| | 10 | £72,300 | £70,700 | £75,300 | £73,400 | £78,300 | £75,300 |
| | 15 | £93,400 | £90,400 | £98,900 | £95,400 | £104,700 | £99,000 |
| | 19 | £112,100 | £107,700 | £120,400 | £115,200 | £129,300 | £120,600 |

| Example Member | Years | Fidelity Chevron Equity/Bond Split 50/50 Fund | | Fidelity Chevron Equity/Bond Split 75/25 Fund | | Fidelity HSBC UCITS Common Contractual Fund Islamic Global Equity Fund CI9 | |
|---------------------------------|-------|---|---------------|---|---------------|--|---------------|
| | | Before charges | After charges | Before charges | After charges | Before charges | After charges |
| DB AVC payers (youngest member) | 1 | £3,600 | £3,600 | £3,600 | £3,600 | £3,600 | £3,600 |
| | 3 | £6,800 | £6,800 | £6,900 | £6,800 | £6,900 | £6,900 |
| | 5 | £10,200 | £10,100 | £10,400 | £10,300 | £10,500 | £10,400 |
| | 10 | £19,500 | £19,200 | £20,100 | £19,700 | £20,600 | £20,100 |
| | 15 | £30,000 | £29,300 | £31,200 | £30,500 | £32,600 | £31,300 |
| | 20 | £41,800 | £40,500 | £44,200 | £42,700 | £46,700 | £44,200 |
| | 25 | £55,100 | £53,000 | £59,100 | £56,600 | £63,400 | £59,200 |
| | 30 | £70,100 | £66,900 | £76,300 | £72,400 | £83,100 | £76,500 |
| | 31 | £73,400 | £69,800 | £80,100 | £75,900 | £87,500 | £80,300 |
| DB AVC payers (average member) | 1 | £73,000 | £72,800 | £73,300 | £73,100 | £73,600 | £73,300 |
| | 3 | £89,500 | £88,800 | £90,600 | £89,900 | £91,800 | £90,700 |
| | 5 | £106,800 | £105,600 | £109,000 | £107,600 | £111,200 | £109,000 |
| | 10 | £153,900 | £150,700 | £159,800 | £156,200 | £165,800 | £159,900 |
| | 12 | £174,500 | £170,200 | £182,200 | £177,400 | £190,400 | £182,500 |

| Example Member | Years | Fidelity Chevron Equity/Bond Split 50/50 Fund | | Fidelity Chevron Equity/Bond Split 75/25 Fund | | Fidelity HSBC UCITS Common Contractual Fund Islamic Global Equity Fund CI9 | |
|--|-------|---|---------------|---|---------------|--|---------------|
| | | Before charges | After charges | Before charges | After charges | Before charges | After charges |
| Deferred New Section members (youngest member) | 1 | £1,000 | £1,000 | £1,000 | £1,000 | £1,000 | £1,000 |
| | 3 | £1,100 | £1,100 | £1,100 | £1,100 | £1,100 | £1,100 |
| | 5 | £1,100 | £1,100 | £1,200 | £1,100 | £1,200 | £1,200 |
| | 10 | £1,300 | £1,200 | £1,300 | £1,300 | £1,400 | £1,300 |
| | 15 | £1,400 | £1,400 | £1,500 | £1,500 | £1,700 | £1,500 |
| | 20 | £1,600 | £1,500 | £1,800 | £1,700 | £2,000 | £1,800 |
| | 25 | £1,800 | £1,700 | £2,100 | £1,900 | £2,300 | £2,100 |
| | 30 | £2,100 | £1,900 | £2,400 | £2,200 | £2,700 | £2,400 |
| | 35 | £2,300 | £2,100 | £2,700 | £2,500 | £3,200 | £2,800 |
| | 39 | £2,600 | £2,300 | £3,100 | £2,700 | £3,700 | £3,100 |
| Deferred New Section members (average member) | 1 | £28,700 | £28,600 | £28,800 | £28,700 | £29,000 | £28,800 |
| | 3 | £30,100 | £29,900 | £30,500 | £30,300 | £31,000 | £30,500 |
| | 5 | £31,600 | £31,200 | £32,300 | £31,900 | £33,100 | £32,400 |
| | 10 | £35,600 | £34,700 | £37,400 | £36,300 | £39,200 | £37,400 |
| | 11 | £36,500 | £35,400 | £38,500 | £37,200 | £40,500 | £38,500 |

| Example Member | Years | Core Default Arrangement | |
|--|-------|--------------------------|---------------|
| | | Before charges | After charges |
| New Section 'Over the Cap' members (youngest member) | 1 | £3,700 | £3,600 |
| | 3 | £5,000 | £5,000 |
| | 5 | £6,500 | £6,400 |
| | 10 | £10,300 | £10,100 |
| | 15 | £15,600 | £15,200 |
| | 20 | £21,700 | £21,000 |
| | 25 | £29,500 | £28,400 |
| | 30 | £38,400 | £36,600 |
| | 35 | £44,400 | £42,100 |
| New Section 'Over the Cap' members (average member) | 1 | £41,700 | £41,600 |
| | 3 | £47,400 | £47,100 |
| | 5 | £53,600 | £53,000 |
| | 10 | £72,300 | £70,700 |
| | 15 | £92,800 | £89,800 |
| | 19 | £102,900 | £99,000 |

| Example Member | Years | Core Default Arrangement | |
|------------------------------------|-------|--------------------------|---------------|
| | | Before charges | After charges |
| DB AVC payers (youngest member) | 1 | £3,600 | £3,600 |
| | 3 | £6,800 | £6,800 |
| | 5 | £10,200 | £10,100 |
| | 10 | £19,500 | £19,200 |
| | 15 | £30,000 | £29,300 |
| | 20 | £41,800 | £40,500 |
| | 25 | £55,100 | £53,000 |
| | 30 | £66,100 | £63,100 |
| | 31 | £67,300 | £64,200 |
| DB AVC payers (average member) | 1 | £73,000 | £72,800 |
| | 3 | £89,500 | £88,800 |
| | 5 | £106,800 | £105,600 |
| | 10 | £148,700 | £145,700 |
| | 12 | £160,500 | £156,900 |

| Example Member | Years | Core Default Arrangement | |
|--|-------|--------------------------|---------------|
| | | Before charges | After charges |
| Deferred New Section members (youngest member) | 1 | £1,000 | £1,000 |
| | 3 | £1,100 | £1,100 |
| | 5 | £1,100 | £1,100 |
| | 10 | £1,300 | £1,200 |
| | 15 | £1,400 | £1,400 |
| | 20 | £1,600 | £1,500 |
| | 25 | £1,800 | £1,700 |
| | 30 | £2,100 | £1,900 |
| | 35 | £2,300 | £2,100 |
| | 39 | £2,300 | £2,100 |
| Deferred New Section members (average member) | 1 | £28,700 | £28,600 |
| | 3 | £30,100 | £29,900 |
| | 5 | £31,600 | £31,200 |
| | 10 | £33,500 | £32,700 |
| | 11 | £33,400 | £32,400 |

Assumptions and notes

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of inflation.
2. Annual contributions are assumed to be paid once, halfway through the year, as an approximation for contributions being paid monthly.
3. Investment returns and costs/charges as a percentage reduction per annum are assumed to be deducted at the end of the year.
4. Charges and costs are deducted before the application of investment returns.
5. Inflation is assumed to be 2.5% each year.
6. Contributions, where applicable, are assumed from age 25 to 65 and increase in line with assumed earnings inflation of 0% per year.
7. Values shown are estimates and not guaranteed.
8. The projected growth rates for each fund or arrangement are as follows:

| Fund | Real projected growth rate (p.a.) |
|--|--|
| Lifestyle Strategy | -0.488% -2.439% (adjusted depending on term to retirement) |
| Fidelity BlackRock Cash Fund Class 5 | -0.488% |
| Fidelity BlackRock UK Equity Fund Class 2 | 3.415% |
| Fidelity BlackRock World (ex-UK) Equity Index Fund Class 1 | 3.415% |
| Fidelity Chevron Equity/Bond Split 50/50 Fund | 2.439% |
| Fidelity Chevron Equity/Bond Split 75/25 Fund | 2.927% |

9. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of inflation.
10. Transaction costs and other charges have been provided by Fidelity and covered the period 1 October 2019 to 31 December 2023. Transaction costs have been averaged by WTW using a time-based approach.
11. Pension scheme's normal retirement age is 65.
12. Example members:
 - New Section 'Over the Cap' members (youngest member): age 30, starting contribution: £579, starting fund value: £3,000
 - New Section 'Over the Cap' members (average member): age 46, initial contribution: £1,776, starting fund value: £39,000
 - AVC payers (youngest member): age 34, starting contribution: £1,500, starting fund value: £2,000
 - AVC payers (average member): age 53, starting contribution: £6,300, starting fund value: £65,000
 - Deferred (youngest member): age 25, starting contribution: nil, starting fund value: £1,000
 - Deferred (average member): age 54, starting contribution: nil, starting fund value: £28,000

13. Age-related contribution structure

| Tier | Age | Contribution rate |
|--------|-------------|-------------------|
| Tier 1 | Under 30 | 10% |
| Tier 2 | 30-39 | 15% |
| Tier 3 | 40-49 | 20% |
| Tier 4 | 50 and over | 25% |

14. Other assumptions

- Defined Benefit Earnings cap: £103,151 (as at 01.04.24)
- The DB Earnings cap is assumed to increase with earnings inflation.

Transaction cost data

'A zero cost has been used where there are negative transaction costs (i.e. an overall gain was made on the transaction, which can happen as a result of changes in the pricing of the assets being bought or sold). It is not expected that transaction costs will always be negative. It is important to note that using a negative or zero cost during any one scheme year may not accurately represent the actual transaction costs a member may expect to see in any future scheme year.'