



Aspire
Savings Trust

Illustrative impact of charges

The effect of costs and charges on your savings

Background

So that you can see what the effect charges can have on your savings, including the transaction costs, we have prepared an illustration for several of the investment funds in which savings are invested. The illustration isn't a promise and can't predict what you might get from your savings when you come to use them, but you will see what charges really mean.

We have illustrated what you might get if it wasn't necessary to pay charges, against what you might get after they have been deducted. We have used investment funds as examples that make up the default investment arrangement as these have the highest number of members in them, as well as funds that have the highest and lowest expected return, highest charge and lowest charge.

The Sterling Liquidity fund is the fund that is expected to be the lowest returning fund and is available to all members of the Scheme. The Legal & General UK Smaller Companies fund is currently the fund with the lowest charge (only available to one member of the Scheme) and the Baillie Gifford Diversified Growth fund is the fund that currently has the highest charge (only available to two members of the Scheme). Having carried out an assessment as at 31 March 2019, the fund with the highest number of members in it is Aspire Three.

To produce the illustrations, we needed to use some assumptions, and these are ones we have chosen:

- **Contributions:** We have assumed that if you are a member that has been automatically enrolled into the Aspire Open Pathway (the default investment arrangement), your employer pays a contribution of 8% of salary.

If you are a member who has joined because some, or all, of your AVCs were transferred into AST, then we have assumed you will not be making further contributions to the Aspire Savings Trust (as the vast majority do not) and no charges are levied on contributions.

- **Salary increase:** We have assumed that if you are a member that has been automatically enrolled into the Aspire Open Pathway (the default investment arrangement) and are making contributions, then your salary will on average increase by 2.5% each year.

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Aspire Savings Trust.

Pensions Scheme Tax Reference Number: 00832025RT

- **Pot size:** We have assumed that if you are a member that has been automatically enrolled into the Aspire Open Pathway (the default investment arrangement) you are joining the AST to begin building up a savings pot. Your starting pot size is assumed to be nil as this is representative of most members.

If you are a member who has joined because some, or all, of your AVCs were transferred into AST from another employer's pension scheme, we have used the average pot size as at 31 March 2019 for each AVC policy.

- **Growth:** We need to make a reasonable assumption as to how much the fund will grow, so we have taken the growth rates we will use for this year's Statutory Money Purchase Illustration (SMPI):

Default arrangement:	See below	Aspire Three	6.00% per year
Aspire Annuity Focus:	0.60% each year	Mobius Life Sterling Liquidity	0.75% per year
Baillie Gifford Diversified Growth fund	4.0% each year	Clerical Medical UK Growth	4.0% each year
Clerical Medical Retirement Protection	1.5% each year	Equitable Life With-profits	3.5% each year
Legal & General Global Equity 70:30 3	2.9% each year	Legal & General Over 15—year Gilt Index 3	1.75% each year
Legal & General Cash 3	-1.3% each year	Equitable Life International	4.5% each year
Equitable Life Money	0.75% each year	Legal & General UK Recovery	2.9% each year
Legal & General Unitised With-profit	1.6% each year	Legal & General UK Smaller Companies fund	2.9% each year

The combined growth rate for the investment funds that make up the default arrangement will vary between 4.99% and 6%, depending on the number of years the member has until the members' Selected Retirement Age. SMPI is the annual illustration you receive each year so you can see what your future pension might be. Just like the SMPIs we are also assuming that:

- **Charges.** The charges we use are the total of the Ongoing Charge and the Transaction Costs that are set out in the 2019 Chair's Statement. For the default investment arrangement, we have blended the charges and these are shown in the tables below.
- **Inflation.** So the illustration is in "real terms" we are assuming that inflation is 2.5%.

These illustrations are provided to help show the effect of charges on your savings and don't illustrate what you might get when you come to use them. They are not a guarantee of what you might receive and instead show a range of ages and salaries to illustrate how the charges will impact a wide range of members.

Members who have been automatically enrolled into the Aspire Savings Trust (Aspire and Mobius Life funds):

The regulator's guidance requires that we estimate the effect of charges by showing the default investment arrangement, the most popular fund by number of members, the highest and lowest charged funds and the funds that have the highest and lowest expected returns.

In order to illustrate the effect of charges we have shown the following below; the default investment arrangement (combination of one or more of Aspire Three, Aspire Two and the Sterling Liquidity fund), Aspire Three fund (most popular fund and the expected highest return fund), Sterling Liquidity fund (lowest charged fund) and Aspire Annuity Focus fund (the highest charged fund and expected lowest return fund).

Example: Automatically enrolled into the Aspire Savings Trust at age 25 on an annual salary of £20,000

Number of years saving	Default investment arrangement		Aspire Three (most popular by number of members* and highest returning)	
	Before charges (£)	After charges and costs deducted (£)	Before charges (£)	After charges and costs deducted (£)
1	1,613	1,607	1,613	1,607
3	5,013	4,961	5,013	4,961
5	8,661	8,511	8,661	8,511
10	18,987	18,322	18,987	18,322
15	31,298	29,632	31,298	29,632
20	45,974	42,670	45,974	42,670
25	63,471	57,700	63,471	57,700
30	84,331	75,026	84,331	75,026
35	109,199	94,999	109,199	94,999
38	126,068	108,308	126,359	108,420
40	135,500	115,690	138,847	118,024

*As at 31 March 2019

Number of years saving	Sterling Liquidity (lowest charge)		Aspire Annuity Focus (highest charge and lowest return)	
	Before charges (£)	After charges and costs deducted (£)	Before charges (£)	After charges and costs deducted (£)
1	1,567	1,564	1,566	1,559
3	4,622	4,594	4,612	4,555
5	7,574	7,498	7,546	7,395
10	14,524	14,242	14,418	13,864
15	20,901	20,308	20,677	19,523
20	26,754	25,763	26,377	24,474
25	32,123	30,670	31,569	28,805
30	37,051	35,083	36,298	32,593
35	41,573	39,052	40,604	35,907
38	44,105	41,239	43,001	37,692
40	45,722	42,621	44,526	38,806

Example: Automatically enrolled into the Aspire Savings Trust at age 40 on an annual salary of £35,000

Number of years saving	Default investment arrangement		Aspire Three (most popular by number of members* and highest returning)	
	Before charges (£)	After charges and costs deducted (£)	Before charges (£)	After charges and costs deducted (£)
1	2,822	2,812	2,822	2,812
3	8,773	8,681	8,773	8,681
5	15,157	14,894	15,157	14,894
10	33,228	32,063	33,228	32,063
15	54,771	51,855	54,771	51,855
20	80,454	74,672	80,454	74,672
23	97,922	89,835	98,177	90,003
25	108,572	99,100	111,074	100,974

*As at 31 March 2019

Number of years saving	Sterling Liquidity (default and lowest charge)		Aspire Annuity Focus (highest charge and lowest return)	
	Before charges (£)	After charges and costs deducted (£)	Before charges (£)	After charges and costs deducted (£)
1	2,743	2,737	2,741	2,729
3	8,089	8,040	8,070	7,972
5	13,254	13,122	13,205	12,942
10	25,417	24,924	25,231	24,263
15	36,578	35,539	36,184	34,166
20	46,819	45,085	46,160	42,829
23	52,554	50,346	51,713	47,498
25	56,216	53,672	55,246	50,408

Example: Automatically enrolled into the Aspire Savings Trust at age 55 on an annual salary of £50,000

Number of years saving	Default investment arrangement		Aspire Three (most popular by number of members* and highest returning)	
	Before charges (£)	After charges and costs deducted (£)	Before charges (£)	After charges and costs deducted (£)
1	4,032	4,017	4,032	4,017
3	12,533	12,401	12,533	12,401
5	21,653	21,277	21,653	21,277
8	36,518	35,507	36,595	35,573
10	46,498	45,007	47,468	45,804

*As at 31 March 2019

Number of years saving	Sterling Liquidity (default and lowest charge)		Aspire Annuity Focus (highest charge and lowest return)	
	Before charges (£)	After charges and costs deducted (£)	Before charges (£)	After charges and costs deducted (£)
1	3,918	3,910	3,915	3,898
3	11,556	11,485	11,529	11,388
5	18,935	18,746	18,864	18,488
8	29,539	29,075	29,364	28,450
10	36,310	35,606	36,045	34,661

As we also look after members' AVC savings, we are also providing illustrations for the various sets of AVC savings that have transferred to the AST:

Baillie Gifford fund (AVCs transferred in respect of Mears):

Members are invested in a single fund with Baillie Gifford, namely the Baillie Gifford Diversified Growth fund.

Number of years saving	Baillie Gifford Diversified Growth fund (only fund)	
	Before charges (£)	After charges and costs deducted (£)
1	160.02	158.17
3	164.74	159.10
5	169.59	160.03
10	182.37	162.39
15	196.11	164.78
20	210.89	167.20
25	226.78	169.66

Illustrations based on the average age of the members invested with Baillie Gifford of 41 and the average fund size of £157.71.

Details of the investment funds available members who have AVC savings in these funds are available, along with the charges and other information, at:
www.PSAspire.com/AspireSavingsTrust/mears

We have decided to switch the members who are invested in this fund to an alternative that we believe is more appropriate to their needs. As at the date of this illustrative impact of charges, an announcement has already been sent to the members concerned.

Clerical Medical funds (AVCs transferred in respect of Morrison):

The investment funds chosen to illustrate the effect of charges are the two funds that have the highest and the lowest charges and have the highest and lowest expected returns.

Number of years saving	Clerical Medical UK Growth (Highest charge and highest returning)		Clerical Medical Retirement Protection (Lowest charge and lowest returning)	
	Before charges (£)	After charges and costs deducted (£)	Before charges (£)	After charges and costs deducted (£)
1	11,427.82	11,326.53	11,153.12	11,097.48
3	11,764.74	11,454.67	10,936.56	10,773.70
5	12,111.60	11,584.26	10,724.20	10,459.37
10	13,024.13	11,914.68	10,211.18	9,713.07
15	14,005.42	12,254.52	9,722.70	9,020.03

Illustrations based on the average age of the members invested with Clerical Medical of 51 and the average fund size of £11,263.

Details of the investment funds available members who have AVC savings in these funds are available, along with the charges and other information, at:
www.PSAspire.com/AspireSavingsTrust/morrison.

Equitable Life funds (AVCs transferred in respect of Adams Foods):

Members are invested in one fund, namely Equitable Life's With-profits fund.

Number of years saving	Equitable Life With-profits (only fund)	
	Before charges (£)	After charges and costs deducted (£)
1	4,029.94	3,988.24
3	4,108.95	3,982.74
5	4,189.52	3,977.24
10	4,397.91	3,963.53

Illustrations based on the average age of the members invested with Equitable Life of 54 and the average fund size of £3,991.

Legal & General funds (AVCs transferred in respect of Adams Foods):

The investment funds chosen to illustrate the effect of charges are the three funds that have the highest and the lowest charges and have the highest and lowest expected returns.

Number of years saving	Legal & General Global Equity 70:30 Index 3 (highest charge and highest returning)		Legal & General Over 15-year Gilt Index 3 (lowest charge)		Legal & General Cash 3 (lowest returning)	
	Before charges (£)	After charges and costs deducted (£)	Before charges (£)	After charges and costs deducted (£)	Before charges (£)	After charges and costs deducted (£)
1	18,169.63	18,089.84	17,966.57	17,891.25	17,428.01	17,354.96
3	18,311.72	18,071.55	17,704.60	17,482.89	16,159.74	15,957.37
5	18,454.92	18,053.27	17,446.46	17,083.84	14,983.77	14,672.34
10	18,817.84	18,007.66	16,817.45	16,125.62	12,404.73	11,894.44
15	19,187.89	17,962.16	16,211.11	15,221.15	10,269.61	9,642.48

Illustrations based on the average age of the members invested with Legal and General of 53 and the average fund size of £18,099.

Details of the investment funds available members who have AVC savings in these funds are available, along with the charges and other information, at:

www.PSAspire.com/AspireSavingsTrust/adams.

Equitable Life funds (AVCs transferred in respect of CB Hillier Parker):

The investment funds chosen to illustrate the effect of charges are the two funds that have the highest and the lowest charges and have the highest and lowest expected returns.

Number of years saving	Equitable Life International (highest charge and highest returning)		Equitable Life Money (lowest charge and lowest returning)	
	Before charges (£)	After charges and costs deducted (£)	Before charges (£)	After charges and costs deducted (£)
1	9,206.20	9,123.93	8,875.83	8,830.96
3	9,568.97	9,314.72	8,575.34	8,445.94
5	9,946.03	9,509.51	8,285.02	8,077.71
10	10,954.99	10,014.47	7,601.51	7,225.86
15	12,066.30	10,546.26	6,974.38	6,463.83

Illustrations based on the average age of the members invested with Equitable of 54 and the average fund size of £9,030.

Legal & General funds (AVCs transferred in respect of CB Hillier Parker):

The investment funds chosen to illustrate the effect of charges are the three funds that have the highest and the lowest charges and have the highest and lowest expected returns.

Number of years saving	Legal & General UK Recovery (highest charge and highest returning)		Legal & General Unitised With-profit (lowest returning)		Legal and General UK Smaller Companies (lowest charge)	
	Before charges (£)	After charges and costs deducted (£)	Before charges (£)	After charges and costs deducted (£)	Before charges (£)	After charges and costs deducted (£)
1	34,942.83	34,636.57	34,501.38	34,288.08	34,942.83	34,803.32
3	35,216.09	34,298.22	33,898.16	33,273.32	35,216.09	34,795.95
5	35,491.48	33,963.17	33,305.49	32,288.60	35,491.48	34,788.59
10	36,189.43	33,139.79	31,868.75	29,952.41	36,189.43	34,770.19

Illustrations based on the average age of the members invested with Equitable of 55 and the average fund size of £34,807.

Details of the investment funds available members who have AVC savings in these funds are available, along with the charges and other information, at:
www.PSAspire.com/AspireSavingsTrust/hp.

Where can I see more information about the charges?

We want you to understand how the AST works, so we've set out all the Aspire fund charges in our *Guide to Costs and Charges*. It's on MyAspire but for quick access you can visit www.PSAspire.com/AspireSavingsTrust.

When preparing this illustration of the impact of charges, we have taken account of the appropriate statutory guidance. See the Chair's Statement as at March 2019 for full details of the charges that members pay.

Aspire Savings Trust

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