

Example Illustrations

for the Local Authority AVC Scheme

The Financial Services Authority is the independent financial services regulator. It requires us, Scottish Widows, to give you this important information to help you to decide whether the Local Authority AVC plan is right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.

The following example illustrations should be read with the Key Features of the Local Authority AVC plan. The illustrations show the yearly pension an individual might receive based on different contribution amounts and terms to retirement should certain assumed growth rates be met.

The illustrated figures assume no tax free cash is taken at retirement. Under current rules, however, up to 25% of the value of the pension fund can be taken as a tax free cash sum, in return for a smaller pension. In certain circumstances it may be possible to take more of the plan value as cash.

The figures also assume;

- all monthly contributions are paid until the individual's chosen retirement age of 65;
- contributions remain the same;
- a Total Annual Fund Charge of 0.6% is deducted from the value of the plan each year;
- the pension is paid at the beginning of each month from age 65, for the rest of the individual's life, and, in any event, for a minimum period of 5 years;
- the pension remains level in payment;
- that both tax and pension legislation do not change.

Male Retiring at Age 65

You'll receive a personalised illustration if you start an AVC plan with us. This will be sent after your plan is set up. However, if you'd like an illustration which is personal to your own circumstances before making any decision to set up the plan, then please contact your Scheme Administrator.

	Initial Gross Monthly Contribution	£100			£200			£300			£400		
Years to Retirement		Rate of Return %			Rate of Return %			Rate of Return %			Growth Rate		
		5.0%	7.0%	9.0%	5.0%	7.0%	9.0%	5.0%	7.0%	9.0%	5.0%	7.0%	9.0%
		£			£			£			£		
40 years	Projected Yearly Taxable Pension	£6,350	£13,000	£26,800	£12,700	£26,100	£53,600	£19,000	£39,200	£80,500	£25,400	£52,200	£107,000
30 years		Rate of Return %			Rate of Return %			Rate of Return %			Rate of Return %		
		5.0%	7.0%	9.0%	5.0%	7.0%	9.0%	5.0%	7.0%	9.0%	5.0%	7.0%	9.0%
		£			£			£			£		
30 years	Projected Yearly Taxable Pension	£3,680	£6,540	£11,400	£7,370	£13,000	£22,900	£11,000	£19,600	£34,400	£14,700	£26,100	£45,900
20 years		Rate of Return %			Rate of Return %			Rate of Return %			Rate of Return %		
		5.0%	7.0%	9.0%	5.0%	7.0%	9.0%	5.0%	7.0%	9.0%	5.0%	7.0%	9.0%
		£			£			£			£		
20 years	Projected Yearly Taxable Pension	£1,930	£3,000	£4,560	£3,870	£6,000	£9,120	£5,800	£9,000	£13,600	£7,740	£12,000	£18,200
10 years		Rate of Return %			Rate of Return %			Rate of Return %			Rate of Return %		
		5.0%	7.0%	9.0%	5.0%	7.0%	9.0%	5.0%	7.0%	9.0%	5.0%	7.0%	9.0%
		£			£			£			£		
10 years	Projected Yearly Taxable Pension	£776	£1,060	£1,430	£1,550	£2,130	£2,860	£2,320	£3,200	£4,280	£3,100	£4,260	£5,710

Important Notes:

- These figures are for illustrative purposes only. They are not guaranteed – they're not minimum or maximum amounts.
- The projected pension figures are based on a plan that invests in our Scottish Widows Environmental Fund. Please read your Employee Booklet for full details of available pension investment funds.
- For each fund we assume a "lower", "middle" and "higher" rate of future long term investment growth for that fund. Where more than one fund is used at the time payments start, the combined growth rate has been shown. The actual growth rates we achieve may be more or less than shown. We may change any growth rate assumption for future illustrations.
- Other firms may use different growth rates for their illustrations and charges may vary. Firms generally use the same rates as each other to show how retirement funds may be converted into pension income.
- Remember that the effect of inflation will reduce the future buying power of the amounts shown.
- What you might get back depends on a number of factors, including:
 - the contributions you make;
 - the period your plan is invested;
 - the funds you choose and the corresponding investment fund performance;
 - the charges that apply;
 - how much it costs when you retire to convert your retirement fund into pension income and;
 - the tax treatment of the investment.
- The actual charges that apply to your plan may be higher or lower than those we have assumed and will depend on the funds you choose.

Female Retiring at Age 65

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		Initial Gross Monthly Contribution			£100			£200			£300			£400		
Years to Retirement		Rate of Return %			Rate of Return %			Rate of Return %			Growth Rate					
		5.0%	7.0%	9.0%	5.0%	7.0%	9.0%	5.0%	7.0%	9.0%	5.0%	7.0%	9.0%			
		£			£			£			£					
40 years	Projected Yearly Taxable Pension	£5,820	£12,200	£25,400	£11,600	£24,400	£50,900	£17,400	£36,600	£76,400	£23,300	£48,900	£101,000			
			Rate of Return %			Rate of Return %			Rate of Return %			Rate of Return %				
			5.0%	7.0%	9.0%	5.0%	7.0%	9.0%	5.0%	7.0%	9.0%	5.0%	7.0%	9.0%		
			£			£			£			£				
30 years	Projected Yearly Taxable Pension	£3,370	£6,110	£10,800	£6,750	£12,200	£21,700	£10,100	£18,300	£32,600	£13,500	£24,400	£43,500			
			Rate of Return %			Rate of Return %			Rate of Return %			Rate of Return %				
			5.0%	7.0%	9.0%	5.0%	7.0%	9.0%	5.0%	7.0%	9.0%	5.0%	7.0%	9.0%		
			£			£			£			£				
20 years	Projected Yearly Taxable Pension	£1,760	£2,790	£4,320	£3,530	£5,590	£8,640	£5,300	£8,390	£12,900	£7,060	£11,100	£17,200			
			Rate of Return %			Rate of Return %			Rate of Return %			Rate of Return %				
			5.0%	7.0%	9.0%	5.0%	7.0%	9.0%	5.0%	7.0%	9.0%	5.0%	7.0%	9.0%		
			£			£			£			£				
10 years	Projected Yearly Taxable Pension	£707	£992	£1,350	£1,410	£1,980	£2,700	£2,120	£2,970	£4,050	£2,820	£3,960	£5,400			
			Rate of Return %			Rate of Return %			Rate of Return %			Rate of Return %				
			5.0%	7.0%	9.0%	5.0%	7.0%	9.0%	5.0%	7.0%	9.0%	5.0%	7.0%	9.0%		
			£			£			£			£				

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 - the contributions you make;
 - the period your plan is invested;
 - the funds you choose and the corresponding investment fund performance;
 - the charges that apply;
 - how much it costs when you retire to convert your retirement fund into pension income and;
 - the tax treatment of the investment.
- The actual charges that apply to your plan may be higher or lower than those we have assumed and will depend on the funds you choose.
- Women get less income from their pension fund than men of the same age. This is because women are currently expected to live longer, so their pensions will have to pay out more in the long run.

The following tables provide information to highlight the effect that our deductions may have on your Additional Voluntary Contributions.

They assume that;

- the individual has 40 years until their selected retirement age at age 65;
- the plan invests in our Scottish Widows Environmental Fund;
- investment growth of 7% is achieved;
- contributions remain the same;
- a Total Annual Fund Charge of 0.6% is deducted from the value of the plan each year.

The transfer values shown are not guaranteed.

How much could I transfer to another pension plan?

The following example figures are based on a male aged 25, initially contributing £300 gross per month until the date of transfer.

Number of years since commencement	Total gross contribution to date	Effect of deductions to date	What the transfer value might be
The Early Years	£	£	£
1	3,600	12	3,720
2	7,200	49	7,680
3	10,800	114	11,800
4	14,400	210	16,300
5	18,000	342	21,100
The later years			
10	36,000	1,690	49,900
15	54,000	4,790	89,000
20	72,000	10,700	142,000
25	90,000	21,300	214,000
30	108,000	39,100	313,000
35	126,000	68,200	448,000
At age 65	144,000	114,000	630,000

What are the deductions for?

Deductions are made to cover our charges, including any commission paid, expenses, profit and any other adjustments. The bottom line of the table below shows that, over the term to the individual's retirement date, the effect of the total deductions could amount to £114,000. Putting it another way, this would have the same effect as reducing the Middle Rate of growth from 7% down to 6.3% a year over the term to the individual's retirement date.

The table below shows the figures for other terms to retirement

If you transfer at the end of year	Charges will reduce investment growth to that date
5	From 7.0% to 6.3%
10	From 7.0% to 6.3%
At age 65	From 7.0% to 6.3%

The information provided above is for illustrative purposes only.



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