

Effect of charges and costs

An Illustration of the potential effects of charges and costs on investment returns

About this Illustration

The aim of this illustration is to show you an example of how charges and costs can effect returns on investment funds.

The figures in the table are examples and are not guaranteed – they are not minimum or maximum amounts that you might expect to get back with the level of investment shown. The figures have been calculated as at July 2018.

As the prices of everyday things go up, your money won't stretch as far as the same amount would now. This is called inflation. The figures have been adjusted to allow for inflation using an assumed inflation rate of 2.5% per year. Actual inflation could be more or less than this.

What you might get back depends on a number of factors including:

- how much is paid in
- how long investments are held for
- charges and costs
- performance of the investment

For this illustration we show the annual costs as an average of the expected costs which apply over the term of the investment. You will see both the costs and the growth figures clearly shown in the table. More information on the funds you can invest in is available at pru.co.uk/funds.

The charges and costs you pay for the funds may vary depending on your scheme conditions. We might change our charges in the future. The value of investments can go down as well as up so you might get back less than you put in.

For With-Profits funds the actual percentage charged depends on the performance of the With-Profits Fund and may vary over time. These charges cover the costs of any expenses, any profits, implicit costs and other adjustments.

Lifestyling

Lifestyling is an investment strategy which provides automatic switching of pension savings into another fund, or funds which generally have a lower risk profile, as pension holders get closer to their planned retirement age.

In the illustration table we show an example of a lifestyle option in the first column.

This is an example and this particular lifestyle option may not be available to you.

You can find out more information on lifestyling on our website pru.co.uk/lifestyling.

The basis for our calculations

Pot size and assumptions

Projected pension pot values are in today's money which means they have been adjusted for inflation. We have used:

- A starting pot size of **£3,000**.
- Regular contributions of **£1,000** per year, which increase in line with assumed inflation of **2.5%**.
- The term of the investment is from age **23** to age **65**.

Example funds

The fund(s) we show have been chosen to cover a range of funds with different investment strategies, realistic potential growth rates and costs. This is to give a good idea of how costs can affect returns and is not intended as a recommendation. Some of the fund(s) shown may not be available to you under your scheme.

Charges and costs

Different funds have different charges and costs which we have reflected in our projections.

Projected pension pot in today's money (£s)

Growth rates*	Lifetime Investment Profile – Retirement Options		SAIF Exempt With-Profits (2)		Prudential Cash Pre A		Prudential International Pre A		Prudential M&G Property Portfolio Pre A	
	Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges
Yearly Cost	2.76%	0.91%	3.25%	1.05%	-0.25%	0.88%	4.00%	0.91%	2.50%	1.32%
End of year										
1	4,100	4,070	4,120	4,080	3,990	3,950	4,150	4,110	4,090	4,040
5	8,840	8,540	9,000	8,680	7,920	7,670	9,240	8,930	8,760	8,330
10	15,500	14,500	16,000	15,000	12,700	12,000	16,800	15,800	15,200	13,900
20	31,800	28,300	33,800	30,000	22,300	20,200	37,000	32,900	30,800	26,200
30	53,100	44,700	58,100	48,600	31,600	27,400	66,700	55,900	50,700	39,800
40	80,800	64,300	91,300	71,800	40,700	33,900	110,000	86,700	75,900	55,100
42	87,300	68,600	99,300	80,900	42,500	35,100	121,000	94,000	81,800	58,300

* Growth rates for the funds have allowed for the effects of inflation.



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The basis for our calculations

Pot size and assumptions

Projected pension pot values are in today's money which means they have been adjusted for inflation. We have used:

- A starting pot size of **£3,000**.
- No regular contributions.
- The term of the investment is from age **23** to age **65**.

Example funds

The fund(s) we show have been chosen to cover a range of funds with different investment strategies, realistic potential growth rates and costs. This is to give a good idea of how costs can affect returns and is not intended as a recommendation. Some of the fund(s) shown may not be available to you under your scheme.

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Different funds have different charges and costs which we have reflected in our projections.

Projected pension pot in today's money (£s)

Growth rates* Yearly Cost	Lifetime Investment Profile – Retirement Options		SAIF Exempt With-Profits (2)		Prudential Cash Pre A		Prudential International Pre A		Prudential M&G Property Portfolio Pre A	
	Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges	Before charges	After charges
	2.76%	3,050	3,090	3,060	-0.25%	2,990	3,110	4.00%	3,070	2.50%
	0.91%	3,270	3,500	3,340	0.88%	2,960	3,630	0.91%	3,380	1.32%
End of year										
1		3,910	4,090	3,730		2,920	4,390		3,810	
5		5,100	5,600	4,640		2,850	6,450		4,850	
10		6,640	7,650	5,780		2,780	9,460		6,180	
20		8,670	10,400	7,190		2,720	13,800		7,860	
30		9,140	11,100	7,890		2,700	14,900		8,250	
40										
42										

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