

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 normally 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 normal 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.



You'll receive a personal illustration if you start an AVC plan with us. This will be sent after the 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.

Male Retiring at Age 65

Years to Retirement	Gross Monthly Contribution			£50			£100			£150			£200		
	Yearly Growth Rate %			Yearly Growth Rate %			Yearly Growth Rate %			Yearly Growth Rate %			Yearly Growth Rate %		
	5	7	9	5	7	9	5	7	9	5	7	9	5	7	9
	£			£			£			£			£		
40 Years	£3,250	£6,590	£13,300	£6,500	£13,100	£26,700	£9,750	£19,700	£40,000	£13,000	£26,300	£53,400			
30 Years	£1,880	£3,290	£5,700	£3,760	£6,590	£11,400	£5,640	£9,880	£17,100	£7,520	£13,100	£22,800			
20 Years	£981	£1,500	£2,250	£1,960	£3,000	£4,510	£2,940	£4,500	£6,760	£3,920	£6,000	£9,020			
10 Years	£385	£523	£693	£771	£1,040	£1,380	£1,150	£1,570	£2,080	£1,540	£2,090	£2,770			

Female Retiring at Age 65

Years to Retirement	Gross Monthly Contribution			£50			£100			£150			£200		
	Yearly Growth Rate %			Yearly Growth Rate %			Yearly Growth Rate %			Yearly Growth Rate %			Yearly Growth Rate %		
	5	7	9	5	7	9	5	7	9	5	7	9	5	7	9
	£			£			£			£			£		
40 Years	£2,990	£6,180	£12,700	£5,980	£12,300	£25,400	£8,970	£18,500	£38,100	£11,900	£24,700	£50,800			
30 Years	£1,720	£3,080	£5,420	£3,450	£6,170	£10,800	£5,180	£9,260	£16,200	£6,910	£12,300	£21,700			
20 Years	£899	£1,400	£2,140	£1,790	£2,800	£4,280	£2,690	£4,210	£6,420	£3,590	£5,610	£8,560			
10 Years	£352	£488	£656	£705	£976	£1,310	£1,050	£1,460	£1,960	£1,400	£1,950	£2,620			

Important Notes:

- These figures are for illustrative purposes only. They are not guaranteed – they're not minimum or maximum amounts.
- We've used standard assumptions for investment growth however actual investment performance may be higher or lower than that assumed.
- 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 the plan is invested, how our investments grow, the actual charges that apply, on interest rates at the time you retire, and on 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 investment funds you invest in.
- 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 our deductions may have on your Additional Voluntary Contributions.

They assume that;

- the individual has 40 years until the normal retirement age of 65;
- an investment return of 7% per annum is achieved;
- 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, contributing £150 gross per month until the normal retirement age of 65.

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 £54,500. Putting it another way, this would have the same effect as bringing the investment growth from 7.0% down to 6.3% a year.

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	1,800	6	1,860
2	3,600	24	3,840
3	5,400	57	5,940
4	7,200	105	8,180
5	9,000	171	10,500
The Later Years			
10	18,000	849	24,900
15	27,000	2,390	44,500
20	36,000	5,370	71,100
25	45,000	10,600	107,000
30	54,000	19,500	156,000
35	63,000	34,100	224,000
At age 65	71,250	54,500	305,000

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.

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.



As part of the Lloyds Banking Group, Scottish Widows is proud to be an Official Provider of the London 2012 Olympic and Paralympic Games.

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