

Example Illustrations

for a Scottish Widows Group Stakeholder Pension Plan

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 our Group Stakeholder Pension 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 Scottish Widows Group Stakeholder Pension 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.

The figures also assume;

- all monthly contributions are paid until the individual's chosen retirement age of 65;
- the individual is eligible for UK tax relief and basic rate tax relief is added to the individual's net contributions;
- contributions increase each year at 2.5%;
- a total annual fund charge of 1% 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 personal illustration if you start a 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 adviser or Scottish Widows on 08457 556 557. We may record and monitor calls to help us improve our service.

	Initial Gross Monthly Contribution	£50			£100			£150			£200		
Years to Retirement		Rate of return %			Rate of return %			Rate of return %			Rate of return %		
		5	7	9	5	7	9	5	7	9	5	7	9
		£			£			£			£		
40 Years	Final Year Gross Contribution	£130.98			£261.96			£392.94			£523.91		
	Projected Yearly Taxable Pension	£3240	£8580	£21800	£6480	£17100	£43600	£9720	£25700	£65400	£12900	£34300	£87200
30 Years	Final Year Gross Contribution	£102.32			£204.64			£306.96			£409.28		
	Projected Yearly Taxable Pension	£1900	£4160	£8760	£3810	£8330	£17500	£5720	£12400	£26200	£7630	£16600	£35000
20 Years	Final Year Gross Contribution	£79.93			£159.87			£239.80			£319.73		
	Projected Yearly Taxable Pension	£1010	£1810	£3160	£2020	£3630	£6320	£3030	£5450	£9490	£4040	£7260	£12600
10 Years	Final Year Gross Contribution	£62.44			£124.89			£187.33			£249.77		
	Projected Yearly Taxable Pension	£406	£602	£866	£813	£1200	£1730	£1210	£1800	£2590	£1620	£2400	£3460

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 your plan is invested, how our investments grow, the actual charges that apply, interest rates at the time you retire 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 investment funds you invest in.

Female Retiring at Age 65

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	Initial Gross Monthly Contribution	£50			£100			£150			£200		
Years to Retirement		Rate of return %			Rate of return %			Rate of return %			Rate of return %		
		5	7	9	5	7	9	5	7	9	5	7	9
		£			£			£			£		
40 Years	Final Year Gross Contribution	£130.98			£261.96			£392.94			£523.91		
	Projected Yearly Taxable Pension	£2980	£8050	£20700	£5960	£16100	£41500	£8950	£24100	£62300	£11900	£32200	£83100
30 Years	Final Year Gross Contribution	£102.32			£204.64			£306.96			£409.28		
	Projected Yearly Taxable Pension	£1750	£3900	£8330	£3500	£7800	£16600	£5260	£11700	£25000	£7010	£15600	£33300
20 Years	Final Year Gross Contribution	£79.93			£159.87			£239.80			£319.73		
	Projected Yearly Taxable Pension	£926	£1960	£3000	£1850	£3390	£6000	£2770	£5090	£9000	£3700	£6790	£12000
10 Years	Final Year Gross Contribution	£62.44			£124.89			£187.33			£249.77		
	Projected Yearly Taxable Pension	£371	£561	£820	£743	£1120	£1640	£1110	£1680	£2460	£1480	£2240	£3280

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- 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, how our investments grow, the actual charges that apply, interest rates at the time you retire 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 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 that our deductions may have on a Stakeholder pension plan.

They assume that;

- the individual has 40 years until their selected retirement age at age 65;
- an investment return of 7% per annum is achieved;
- a total annual fund charge of 1% 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 £150 gross per month until the date of transfer.

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 £112,000. Putting it another way, this would have the same effect as bringing the investment growth from 7.0% down to 5.9% 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	1800.00	10	1850
2	3645.00	41	3870
3	5536.08	95	6050
4	7474.44	178	8410
5	9461.28	291	10900
The Later Years			
10	20165.88	1480	27000
15	32277.00	4310	50000
20	45979.80	9890	82600
25	61484.28	20000	128,000
30	79026.24	37300	191,000
35	98873.04	66100	278,000
At age 65	121,327.32	112,000	397,000

If you transfer at the end of year	Charges will reduce investment growth to that date
5	From 7.0% to 5.9%
10	From 7.0% to 5.9%
At age 65	From 7.0% to 5.9%

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