

**Pension Plans - Annual Statements and Group Benefit Statements**  
**Investment Projection Rates**

Our pension plan statements include a projection of benefits, known as a Statutory Money Purchase Illustration. This illustration gives you an idea of the pension benefits you might receive at retirement, expressed in today's terms, assuming inflation at 2.5% pa.

From 22 March 2016, we assume investment growth rates until you retire as follows:

<b>Invested in</b>	<b>Rate pa</b>	<b>Why</b>
With-profits	3.5%	Consistent with: <ul style="list-style-type: none"> <li>• the deduction of the current charge of 1% pa for the costs of administration and 0.5% pa for the costs of guarantees; and</li> <li>• both current expectations of long term bonus rates and our current bonus rate of 2% pa</li> </ul>
Unit-linked – Equity, property and managed funds	4.5%	Consistent with the future growth rates identified in a PwC survey completed for the Financial Services Authority in 2012
Unit-linked – Fixed interest funds	2.0%	Consistent with the yields on medium term UK gilts
Unit-linked – Cash and deposit funds	0.75%	Consistent with the Bank of England base rate and with average returns achieved on such funds over recent years

There is no guarantee that these growth rates will be achieved in practice.

We will review these assumptions annually.