

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 21 March 2017, we assume investment growth rates until you retire as follows:

| Invested in | Rate pa | Why |
|---|----------------|--|
| With-profits | 3.5% | Consistent with: <ul style="list-style-type: none"> • the deduction of the current charge of 1% pa for the costs of administration and 0.5% pa for the costs of guarantees; and • both current expectations of long term bonus rates and our current bonus rate of 2% pa |
| 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 | 1.75% | Consistent with the yields on medium term UK gilts |
| Unit-linked – Cash funds | 0.5% | 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.