

AMG UK GROUP 2006 PENSION PLAN
YEAR ENDED 31 DECEMBER 2021

APPENDIX 1 - CUMULATIVE EFFECT OF CHARGES

The compounding effect of charges on an active member's fund can be illustrated as follows:

Illustrations for an "Average" member								
Years from now	Default Strategy		L&G Ethical Global Equity Fund (the most popular self-select fund)		L&G Sterling Liquidity Fund (the lowest returning fund)		Utmost Money Market Fund (Default Fund – AVC's)	
	Before Charges	After Charges and costs deducted	Before Charges	After Charges and costs deducted	Before Charges	After Charges and costs deducted	Before Charges	After Charges and costs deducted
1	£59,962	£59,507	£60,237	£60,046	£57,896	£57,846	£57,896	£57,619
3	£72,236	£70,711	£73,171	£72,522	£65,490	£65,333	£65,490	£64,622
5	£86,977	£84,140	£88,736	£87,513	£74,737	£74,462	£74,737	£73,221
10	£126,420	£119,082	£131,094	£127,835	£96,509	£95,889	£96,509	£93,119
15	£171,846	£158,038	£180,868	£174,559	£118,395	£117,369	£118,395	£112,826
20	£225,002	£202,314	£240,189	£229,538	£141,221	£139,726	£141,221	£133,160
25	£278,679	£245,741	£307,106	£290,541	£162,165	£160,147	£162,165	£151,355
Tot Chg.	£27,684		£13,200		£2,376		£12,750	
Illustrations for a "Younger" member								
Years from now	Default Strategy		L&G Ethical Global Equity Fund (the most popular self-select fund)		L&G Sterling Liquidity Fund (the lowest returning fund)		Utmost Money Market Fund (Default Fund – AVC's)	
	Before Charges	After Charges and costs deducted	Before Charges	After Charges and costs deducted	Before Charges	After Charges and costs deducted	Before Charges	After Charges and costs deducted
1	£6,011	£5,971	£6,035	£6,018	£5,829	£5,824	£5,829	£5,804
3	£11,451	£11,270	£11,562	£11,485	£10,647	£10,628	£10,647	£10,543
5	£17,106	£16,692	£17,362	£17,184	£15,302	£15,261	£15,302	£15,076
10	£32,237	£30,800	£33,145	£32,513	£26,263	£26,135	£26,263	£25,564
15	£51,557	£48,345	£53,629	£52,182	£38,784	£38,529	£38,784	£37,391
20	£73,532	£67,590	£77,447	£74,706	£50,863	£50,436	£50,863	£48,551
25	£100,390	£90,575	£106,993	£102,359	£64,410	£63,774	£64,410	£60,980
30	£130,668	£115,578	£141,034	£133,742	£77,431	£76,544	£77,431	£72,679
35	£166,671	£144,658	£182,113	£171,224	£91,842	£90,670	£91,842	£85,589
40	£206,654	£175,862	£229,163	£213,513	£105,655	£104,159	£105,655	£97,719
43	£229,135	£193,140	£260,238	£241,078	£113,389	£111,686	£113,389	£104,375
Tot. Chg	£27,903		£13,829		£2,135		£11,326	

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It is helpful to provide the context for the investment returns and charges presented above. If savings were not invested at all (i.e. there were no investment returns or fees) then, according to our modelling, the value of the "Average" and "Younger" members' pots at retirement would be £146,366 and £100,307 respectively in today's money.

Assumptions

The above illustrations have been produced for an "average" member and a "younger" member of the Plan based on the Plan's membership data. The "Default Strategy" illustration assumes the member's asset allocation remains fully invested in the current default strategy. The individual fund illustrations assume 100% of the member's assets are invested in that fund up to the Plan retirement age. The results are presented in real terms, i.e. in today's money to help members have a better understanding of what their pension pot could buy in today's terms, should they invest in the funds above as shown.

You will note that the total fee figure is lower than the difference between the pot size before and after fees. The total fee reflects what has actually been taken from the pot to pay for the management of assets and other expenses, whereas the difference between before and after fee pot values reflects the effect of missed investment returns on the fees deducted.

Age		
<ul style="list-style-type: none"> "Average" member "Young" member 	43 <i>(the average age of the Plan's membership)</i> 25 <i>(the average age of the youngest 10% of members)</i>	
Plan Retirement Age (Member aged 43)	68	
Plan Retirement Age (Member aged 25)	68	
Starting Pot Size		
<ul style="list-style-type: none"> "Average" member "Young" member 	£54,000 <i>(the median pot size of the Plan's membership)</i> £4,000 <i>(the median pot size for the youngest 10% of members)</i>	
Pensionable Salary		
<ul style="list-style-type: none"> "Average" member "Young" member 	£32,000 <i>(the median pensionable salary of the Plan's membership)</i> £21,000 <i>(the median pensionable salary for the youngest 10% of members)</i> <i>Pensionable salary is calculated as gross earnings (including overtime but excluding any bonus and gratuities and any other allowance except where such allowance has been declared as pensionable by the Company) prior to any salary sacrifice, less the Lower Earnings Limit.</i>	
Rate of salary growth	2.5% p.a.	
Inflation	2.5% p.a.	
Employer annual contributions	Age band	Contribution p.a.
Contributions are calculated as a percentage of members Pensionable Salary based upon your age.	16 – 25	6%
	26 – 35	8%
	36 – 45	10%
	46 – 55	12%
	56+	14%
Employee annual contributions	Age band	Contribution p.a.
Contributions are calculated as a percentage of members Pensionable Salary based upon your age.	16 – 25	3%
	26 – 35	4%
	36 – 45	5%
	46 – 55	6%
	56+	7%
Expected future returns on investment:		
<ul style="list-style-type: none"> L&G Ethical Global Equity Fund L&G Sterling Liquidity Fund MRA Diversified Fund Utmost Money Market Fund 	5.0% p.a. 0.75% p.a. 4.5% p.a. 0.75% p.a.	