



2019 Statutory Money Purchase Illustration (SMPI) assumptions

We are required by law to give you an annual statement showing how much your pension benefits are worth now and what they could grow to by the time you reach retirement. This is known as a Statutory Money Purchase Illustration (SMPI). You can find your SMPI by logging onto [Your account](#).

The pension figures shown in this section are all shown in current money terms. This means that your pension is projected to your TRA using the assumptions below and is then converted into 'today's prices' by stripping out the effect of inflation at 2.5% a year.

These assumptions are different to the 'realistic assumptions' used to calculate your estimated DC account value and pension at TRA (shown above). If you compare your projected pension under SMPI assumptions to the projection under 'realistic' assumptions, the SMPI projection will be lower.

The assumptions we use in working out your pension figures in the SMPI are set by law. The assumptions are:

- Your pension will be paid in monthly instalments starting at your TRA and will continue throughout your lifetime.
- You remain in the same section you're currently in and making the same level of contributions as you were at 31 March 2019 until age TRA.
- No further contributions will be made to your external AVC accounts.
- You will be married at your retirement and choose to buy a pension that includes a 50% spouse's pension.
- The age difference between you and your spouse will be three years.
- Administration expenses on purchase of your annuity are 4% of your account.
- RPI inflation is assumed to be 2.5% a year.
- You will buy a pension that will increase each year in line with RPI inflation capped at 2.5% a year.
- The annuity rate applied to convert your fund to an annual income is calculated using the yield on UK Government Index-Linked Gilts on 15 February 2018.
- The annual investment returns for each fund are assumed to be the same return above inflation as assumed for your estimated DC pension at TRA.
- If you have NRCS AVCs, these have not been taken into account in the SMPI calculation.