

Your pension scheme

Royal Conservatoire of Scotland Pension Scheme

Costs and charges illustration

What is this illustration for and how could it help you?

The information in this document is an 'illustration'. This is to show you the possible effect of costs and charges on your pension savings to help you plan for your retirement. The figures shown in it are not personal to you and do not show the actual pension benefits you could get from the pension scheme.

Your pension scheme benefits depend on many things such as contributions from you or your employer, how your investment funds have performed, and costs and charges. You may get back less than you put in.

How charges affect your pension scheme's investment funds

On page 2 are tables which show how different costs and charges can impact the pension pot over certain periods of time, based on a selection of investment funds. Table 1 shows typical funds for your pension scheme. Table 2 shows funds with different growth rate assumptions and charges.

Under each investment fund, there are two columns. The first shows the projected pension values assuming no charges are taken. The second shows the projected pension values after costs and charges are taken. By comparing the two you can see how much the charges over the years will impact your pension fund. So, for example, if you started your pension at age 30 and expect to retire at 65, the figures at the end of year 35 would give an idea of figures are based on a monthly investment of £100 – see page 3 for the assumptions we use.

Table 1

Illustration of effect of cost and charges for typical funds within your scheme – Royal Conservatoire of Scotland Pension Scheme										
	Av MyM Mercer Growth / Balanced Risk		Av MyM Mercer Target Cash 2021		Av MyM Mercer Target Annuity 2025		Av MyM Mercer Target Cash 2025		Av MyM Mercer Defensive / Lower Risk	
	Assumed growth rate 3.6%		Assumed growth rate 0.5%		Assumed growth rate 2.4%		Assumed growth rate 2.5%		Assumed growth rate 2.4%	
	Assumed costs and charges 0.82%		Assumed costs and charges 0.51%		Assumed costs and charges 0.66%		Assumed costs and charges 0.63%		Assumed costs and charges 0.62%	
At end of year	Projected value assuming no charges are taken	Projected value after costs and charges are taken	Projected value assuming no charges are taken	Projected value after costs and charges are taken	Projected value assuming no charges are taken	Projected value after costs and charges are taken	Projected value assuming no charges are taken	Projected value after costs and charges are taken	Projected value assuming no charges are taken	Projected value after costs and charges are taken
1	£1,190	£1,190	£1,170	£1,170	£1,190	£1,180	£1,190	£1,180	£1,190	£1,180
2	£2,400	£2,380	£2,320	£2,310	£2,370	£2,350	£2,370	£2,360	£2,370	£2,360
3	£3,620	£3,570	£3,450	£3,430	£3,550	£3,520	£3,560	£3,530	£3,550	£3,520
4	£4,850	£4,770	£4,560	£4,510	£4,740	£4,670	£4,750	£4,690	£4,740	£4,680
5	£6,100	£5,970	£5,640	£5,570	£5,920	£5,820	£5,930	£5,840	£5,920	£5,830
10	£12,500	£12,000	£10,800	£10,500	£11,800	£11,400	£11,900	£11,500	£11,800	£11,400
15	£19,300	£18,100	£15,400	£14,800	£17,700	£16,800	£17,800	£17,000	£17,700	£16,900
20	£26,500	£24,300	£19,600	£18,700	£23,500	£22,000	£23,700	£22,300	£23,500	£22,100
25	£34,000	£30,600	£23,400	£22,100	£29,300	£27,000	£29,700	£27,500	£29,300	£27,100
30	£42,000	£37,000	£26,900	£25,100	£35,100	£31,800	£35,600	£32,400	£35,100	£32,000
35	£50,400	£43,400	£30,000	£27,700	£40,800	£36,500	£41,500	£37,300	£40,800	£36,700
40	£59,200	£49,900	£32,800	£30,100	£46,500	£40,900	£47,500	£42,000	£46,500	£41,200
45	£68,600	£56,500	£35,400	£32,100	£52,200	£45,200	£53,400	£46,500	£52,200	£45,600
50	£78,400	£63,200	£37,700	£34,000	£57,900	£49,400	£59,300	£50,900	£57,900	£49,800

Table 2

Illustration of effect of costs and charges for funds with different growth rates and charges within your scheme – Royal Conservatoire of Scotland Pension Scheme									
	Av Mercer Drawdown Cash Retirement		Av MyM Mercer Passive Overseas Equity		Av MyM Mercer Active Global Equity		Av MyM Mercer Active Emerging Markets Equity		
	Assumed growth rate 0.5%		Assumed growth rate 4.5%		Assumed growth rate 4.5%		Assumed growth rate 4.5%		
	Assumed costs and charges 0.45%		Assumed costs and charges 0.39%		Assumed costs and charges 1.15%		Assumed costs and charges 2.23%		
At end of year	Projected value assuming no charges are taken	Projected value after costs and charges are taken	Projected value assuming no charges are taken	Projected value after costs and charges are taken	Projected value assuming no charges are taken	Projected value after costs and charges are taken	Projected value assuming no charges are taken	Projected value after costs and charges are taken	
1	£1,170	£1,170	£1,200	£1,200	£1,200	£1,190	£1,200	£1,180	
2	£2,320	£2,310	£2,420	£2,410	£2,420	£2,390	£2,420	£2,370	
3	£3,450	£3,430	£3,670	£3,650	£3,670	£3,600	£3,670	£3,540	
4	£4,560	£4,520	£4,940	£4,900	£4,940	£4,820	£4,940	£4,720	
5	£5,640	£5,580	£6,230	£6,170	£6,230	£6,050	£6,230	£5,890	
10	£10,800	£10,500	£13,100	£12,800	£13,100	£12,300	£13,100	£11,700	
15	£15,400	£14,900	£20,700	£20,000	£20,700	£18,900	£20,700	£17,400	
20	£19,600	£18,800	£29,000	£27,800	£29,000	£25,700	£29,000	£23,000	
25	£23,400	£22,200	£38,200	£36,200	£38,200	£32,800	£38,200	£28,600	
30	£26,900	£25,300	£48,300	£45,300	£48,300	£40,200	£48,300	£34,100	
35	£30,000	£28,000	£59,400	£55,100	£59,400	£47,800	£59,400	£39,400	
40	£32,800	£30,300	£71,700	£65,600	£71,700	£55,800	£71,700	£44,800	
45	£35,400	£32,500	£85,200	£77,100	£85,200	£64,100	£85,200	£50,000	
50	£37,700	£34,300	£100,000	£89,400	£100,000	£72,700	£100,000	£55,100	

How we worked out the figures in the tables

It's important to understand how much or how little difference charges make to your pension pot, but we can't predict exactly what will happen in the future so we've had to make some assumptions. The values shown are estimates and are not guaranteed.

These assumptions are:

1. We've assumed someone doesn't have anything in their pension pot when they start saving. Contributions are assumed to be paid £100 monthly increasing in line with assumed earnings inflation of 2.5% each year.
2. The figures illustrate the pension pot value in 'today's money' which means they take inflation into account by discounting values at 2.5% a year. Seeing the figures in this way shows you what they could be worth today. It's important to note that inflation reduces the worth of all savings and investments. The effect of this is shown in the illustration and could mean the fund may reduce as well as grow in 'today's money'.
3. Transaction costs may not have been included where data was not available from the fund managers.

Some important things to remember

Your scheme will offer other funds to those illustrated, with different growth potential and different charges, and may also offer some form of lifestyling investment approach. If you have selected the lifestyling investment approach your pension pot will automatically be moved into different funds as you approach your retirement date and your scheme literature will provide details of how this works. As the individual funds used in a lifestyling approach have different growth potential and different charges, the overall growth rate and overall charge will change over time.

For these reasons, we have shown a range of funds with a range of charges which are available to you and which could apply to your pension pot during the life of your plan. A personal projection of your pension pot is included in your annual benefit statement and you should read that to get an individual view of your projected pension benefits. You'll also find details of the actual charges applicable to you in your scheme literature.

The figures shown here:

- Shouldn't be used to make investment decisions, so if you need to do that, we recommend that you take financial advice.
- May not be relevant to your personal circumstances. Your money may be invested in different funds, for example.