

# Financial Illustration

Prepared for:

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## Projected Benefits Comparison

This illustration compares the current pension plan(s) with the fund value that could be available at the projected age with a switch to a new pension plan.

The figures below compare the estimated maturity value of the current plan(s) with the fund value that could be provided if switched to the proposed new plan. Any transfer value(s) of the ceding scheme(s) takes account of any penalties or other charges applied as a result of a transfer.

### Basic Information

Current Age	51
Projected Age	66
Increase Regular Contributions	By Inflation
Annuity Rate	4.3% pa at Projected Age
Annuity Basis	Single Life Indexed

The introductory wording can be rewritten via PPOL's unique template editor

### Current Schemes

Scheme	Current Value	Transfer Value	Ongoing Charges	Regular Contribution	Contribution Charge
Pension SL 447623TL	£76000	£75000	1.56% pa	£150 Monthly	1.56%

### Proposed Scheme

Scheme	Penylan SIPP
Initial Charge	1.5% of Transfer Value
Ongoing Charges	1.5% pa of Fund Value
Contribution Charge	1.5% of Contribution

### Generic Stakeholder Schemes

Scheme	Generic Stakeholder
Initial Charge	1.5% of Transfer Value
Ongoing Charges	1.5% pa of Fund Value
Contribution Charge	1.5% of Contribution

The inclusion of a Generic Stakeholder scheme is optional

### Full Switch

Current plan transfer value plus any further contributions switched to the proposed new plan.

Scheme	Assumed Growth Rates		
	2% pa	5% pa	8% pa
<i>In Today's Money Terms:</i>			
Pension SL 447623TL	£80199	£118365	£174647
Penylan SIPP	£78840	£116298	£171516
<i>In Future Money Terms:</i>			
Pension SL 447623TL	£108587	£160263	£236467
Penylan SIPP	£106747	£157464	£232227

Assumed Growth Rates can be chosen at outset

### Comparison

<b>Difference in Projected Value</b>	-1.7%	-1.7%	-1.8%
<b>Critical Yield</b>	2.1%	5.1%	8.1%
<b>Additional Growth Required</b>	0.1%	0.1%	0.1%

### Single Life Indexed Annuity Income

*In Today Money Terms:*

<b>Current</b>	£3449 pa	£5090 pa	£7510 pa
<b>Proposed</b>	£3390 pa	£5001 pa	£7375 pa

*In Future Money Terms:*

<b>Current</b>	£4669 pa	£6891 pa	£10168 pa
<b>Proposed</b>	£4590 pa	£6771 pa	£9986 pa

### **Paid Up Plan & Redirect Regular Contributions**

Current plan fund value remains with the current provider but further contributions redirected to the proposed new plan.

<b>Scheme</b>	<b>Assumed Growth Rates</b>		
	<b>2% pa</b>	<b>5% pa</b>	<b>8% pa</b>
<i>In Today's Money Terms:</i>			
Pension SL 447623TL	£80199	£118365	£174647
Current Schemes Paid Up Value	£59952	£93225	£143146
Penylan SIPP	£20040	£24888	£31191
<b>Proposed Total:</b>	<b>£79992</b>	<b>£118113</b>	<b>£174337</b>
<i>In Future Money Terms:</i>			
Pension SL 447623TL	£108587	£160263	£236467
Current Schemes Paid Up Value	£81173	£126224	£193815
Penylan SIPP	£27133	£33698	£42232
<b>Proposed Total:</b>	<b>£108306</b>	<b>£159922</b>	<b>£236047</b>

### Comparison

<b>Difference in Projected Value</b>	-0.3%	-0.2%	-0.2%
<b>Critical Yield</b>	1.9%	4.9%	7.9%
<b>Additional Growth Required</b>	-0.1%	-0.1%	-0.1%

Comparison calculations detailed

### Single Life Indexed Annuity Income

*In Today Money Terms:*

<b>Current</b>	£2578 pa	£4009 pa	£6155 pa
<b>Proposed</b>	£3440 pa	£5079 pa	£7496 pa

*In Future Money Terms:*

<b>Current</b>	£3490 pa	£5428 pa	£8334 pa
<b>Proposed</b>	£4657 pa	£6877 pa	£10150 pa

Future Money Terms optional

## Generic Stakeholder Comparison

Generic Stakeholder	Assumed Growth Rate
	5% pa
<i>In Today's Money Terms</i>	£116298
<i>In Future Money Terms</i>	£157464
<b>Difference in Projected Value</b>	0.0%
<b>Critical Yield</b>	5.0%
<b>Additional Growth Required</b>	0.0%

## Assumptions

- The inflation rate assumed is 2% per annum
- The current fund values are as at 22/03/2016
- The comparison is based purely on assumed growth rates and charges and does not take account of past investment performance or differing asset allocations between ceding and proposed schemes
- Growth rates are assumed and cannot be guaranteed
- Confirmation of the charges have been obtained and are retained on file
- Ongoing charges cover both investment management and adviser fees
- Regular contributions will continue until maturity
- Any proposed additional contributions are not accounted for in the projections shown



**The Assumptions can be tailored to reflect the illustration created**

# Appendix

## Personal Details

Client 1 is Adam Smith date of birth 03 / 03 / 1965.

## Today's Money

Where values are described as being in *today's money* that means that, whilst the nominal (actual) amounts in future years may have increased by inflation, the values shown have been discounted by inflation to show their real value in today's terms.

For example whilst loan repayments or level annuity income might be a fixed sum each year the actual value of that amount (its buying power) will be eroded by inflation and so in future years its value is smaller in today's money.

This is useful as it allows for valid comparison of values at different times. Often nominal amounts far in the future may seem to be very large because of the compounding effect of inflation, but when seen in today's money its real value can be better appreciated

## Pension Benefits Comparison

The projected maturity values shown in Today's Money ('Real') terms have been adjusted for inflation.

The projected maturity values shown in Future Money ('Nominal') terms have **not** been adjusted for inflation.

The Critical Yield shows the annual growth required by the proposed plan to provide an identical fund to that your current plan(s) would have attained at maturity at the assumed growth rate.

The Additional Growth Rate required is the amount above the assumed growth rate required by the proposed plan to achieve Critical Yield and match the comparative value at maturity.

Annuity rates fluctuate over time. The rate shown is indicative only and cannot be guaranteed to be accurate when the projected age is actually reached.

The stakeholder comparison shown is based on the charging structure of a generic stakeholder plan and not a specific scheme.