

1. Charges and transaction costs paid by members

The Trustees are required to explain the charges and transaction costs paid by members, rather than any charges paid by the Plan or the employer. Transaction costs are the costs associated with buying and selling investments in the Plan.

Where information about member costs and charges is not available, this needs to be made clear, together with an explanation of the steps being taken to obtain the missing information.

The charges that applied to the default arrangement during the year are set out below.

In the growth phase of the default investment strategy, which is more than two years before target retirement age, two funds were used over the year:

- Legal & General World Equity Index Fund CS1
- Legal & General Dynamic Diversified Fund CS1.

In accordance with the lifestyle process for the default investment strategy, during the final five years before target retirement age, over the year, some of members' retirement accounts were gradually switched into:

- Legal & General Dynamic Diversified Fund CS1
- BlackRock Sterling Liquidity CSW.

Lifestyle switches are conducted by Scottish Widows on a monthly basis, on the anniversary of the member's birthday. The following table shows the percentages invested in each fund at selected points in the lifestyle process for the default investment strategy:

Period to retirement	Legal & General World Equity Index CS1 Fund	Legal & General Dynamic Diversified CS1 Fund	BlackRock Sterling Liquidity CSW Fund
5 years or more	70%	30%	0%
4 years	56%	39%	5%
3 years	42%	48%	10%
2 years	28%	57%	15%
1 year	14%	66%	20%
0 years (at retirement)	0%	75%	25%

Charges

The latest available annual management charge (AMC) and total expense ratio (TER) that applied to the default investment strategy are shown in the table below. These are two measures of the costs and charges that apply to investments.

Period to retirement	AMC	TER
5 years or more	0.32%	0.52%
4 years	0.33%	0.55%
3 years	0.33%	0.58%
2 years	0.33%	0.61%
1 year	0.33%	0.64%
0 years (at retirement)	0.34%	0.67%

The TER takes into account all expenses relating to the management of the funds, including transaction costs. The AMC is generally fixed, but the TER can vary from time to time.

The amount of performance based fees is nil.

More information on the default investment strategy can be found in the Plan member guides produced by Scottish Widows.

The latest available charges that apply to individual funds, which are all provided by external fund managers via Scottish Widows, are as follows:

Fund	AMC	TER
Legal & General World Equity Index CS1	0.310%	0.410%
Legal & General Dynamic Diversified CS1	0.350%	0.760%
BlackRock Sterling Liquidity CSW	0.300%	0.400%
L&G FTSE4Good Developed Equity Index CS1	0.350%	0.600%
Aquila Corporate Bond Over 15 Year Index CS1	0.310%	0.400%
L&G Future World Annuity Aware CS1	0.370%	0.485%
BlackRock UK Equity Index CS1	0.310%	0.388%
BlackRock US Equity Index CS1	0.310%	0.393%

Transaction costs

The transaction costs reported by Scottish Widows for the Plan's funds during the year to 5 April 2025 are as follows:

Fund	Transaction cost for the year	Average transaction cost over last 3 years
L&G World Equity Index CS1	0.038%	0.08%
L&G Dynamic Diversified CS1	0.091%	0.23%
BlackRock Sterling Liquidity CSW	0.014%	0.01%
L&G FTSE4Good Developed Equity Index CS1	0.030%	0.03%
Aquila Corporate Bond Over 15 Year Index CS1	0.000%	-0.03%
L&G Future World Annuity Aware CS1	0.000%	0.00%
BlackRock UK Equity Index CS1	0.065%	0.18%
BlackRock US Equity Index CS1	0.004%	0.03%

Transaction costs are incurred as a result of buying, selling, lending or borrowing investments. The costs mainly arise as a result of delivering a fund's target investment return where a passive or active investment approach is used. As an example, a fund may need to buy or sell assets when members pay money into or take money out of a fund and the buying or selling of assets will incur costs. Nil or negative transaction costs are shown where an overall beneficial pricing environment has occurred at the point of trading underlying assets over the period, which has more than offset the costs of the trades.

Transaction costs arise as a result of participating in a financial market and are separate from any annual management charges. The transaction cost for buying or selling an investment includes all costs incurred by a buyer or seller from the point an order to transact is received to the point at which the transaction completes. These costs include all charges, commissions, taxes and other associated payments incurred directly or indirectly. These costs are ultimately borne by assets of the arrangement or of any investment in which the arrangement is directly or indirectly invested. Of these costs, some are easily identifiable as specific costs incurred, but some are less identifiable and may rely on the investment manager's judgement.

In calculating transaction costs, Scottish Widows deduct an anti dilution offset, which can reduce the overall cost to nil, as is the case for two funds over the year. An anti dilution offset reflects the price adjustments the fund manager has made to protect existing investors from dilution effects resulting from investors buying or selling units.

2. Illustration of costs and charges

For active members in the default investment strategy

This table shows the development of the projected retirement account value over time for a sample of ages assuming the pension pot is invested in the default investment strategy.

For the default investment strategy, which is a lifestyle strategy, the development of the projected pension pot depends on the member's current age because the funds change as the member approaches retirement. For non-lifestyle investments, the projected pension pot does not depend on the starting age.

Projected account value in today's money								
Years	Age now 35		Age now 45		Age now 55		Age now 60	
	Before charges	After all charges & costs deducted	Before charges	After all charges & costs deducted	Before charges	After all charges & costs deducted	Before charges	After all charges & costs deducted
1	£29,900	£29,700	£29,900	£29,700	£29,900	£29,700	£29,800	£29,700
3	£44,400	£43,800	£44,400	£43,800	£44,400	£43,800	£43,800	£43,100
5	£59,700	£58,500	£59,700	£58,500	£59,700	£58,500	£57,500	£56,100
10	£102,000	£98,200	£102,000	£98,200	£97,900	£93,900	-	-
15	£150,000	£142,000	£150,000	£142,000	-	-	-	-
20	£206,000	£192,000	£197,000	£183,000	-	-	-	-
25	£270,000	£247,000	-	-	-	-	-	-
30	£329,000	£294,000	-	-	-	-	-	-

Notes

- Projected retirement account values are shown in today's terms and do not need to be reduced further for the effect of future inflation.
- Retirement is assumed to be at age 65.
- The starting retirement account value is assumed to be £23,000.
- Inflation is assumed to be 2.50% each year.
- Gross contributions of £525 per month are assumed from the start of the projection to retirement and are assumed to increase in line with inflation at 2.50% each year.
- Values shown are estimates and are not guaranteed.
- For the default investment strategy, the projected growth rate varies over time as the funds invested in change. The table below shows the average projected growth rates for the lifestyle strategy for a sample of terms to retirement. Lifestyle approaches aim to provide a balance of growth opportunities in the early years and a degree of de-risking as you approach retirement. The actual return will depend on the funds chosen for each stage and the actual timing of any changes. When comparing possible returns from different funds, it should be noted that higher risk funds will provide higher illustrative returns.

Years to retirement	Projected growth rate (average)
1	1.10% above inflation
3	1.40% above inflation
5	1.70% above inflation
10	2.10% above inflation
15	2.30% above inflation
20	2.40% above inflation
25	2.50% above inflation
30	2.50% above inflation

- The charges assumed for each fund are the current charges as shown elsewhere in this Chair's Annual Statement.

For active members in self-select funds

This table shows the development of the projected retirement account value over time for a sample of ages assuming the pension pot is invested in some of the self-select funds.

Projected retirement account value in today's money								
Years	Fund choice							
	SW BlackRock US Equity Index CS1		SW BlackRock UK Equity Index CS1		SW BlackRock Sterling Liquidity CSW		SW L&G Dynamic Diversified CS1	
	Before charges	After all charges & costs deducted	Before charges	After all charges & costs deducted	Before charges	After all charges & costs deducted	Before charges	After all charges & costs deducted
1	£30,300	£30,200	£30,300	£30,200	£29,000	£28,900	£29,500	£29,300
3	£46,000	£45,600	£46,000	£45,500	£41,100	£40,700	£43,000	£42,200
5	£63,100	£62,200	£63,100	£62,000	£53,100	£52,300	£56,900	£55,200
10	£112,000	£109,000	£112,000	£109,000	£82,500	£80,400	£93,400	£88,400
15	£174,000	£167,000	£174,000	£166,000	£111,000	£107,000	£132,000	£122,000
20	£250,000	£238,000	£250,000	£236,000	£139,000	£132,000	£174,000	£158,000
25	£345,000	£323,000	£345,000	£320,000	£166,000	£157,000	£220,000	£194,000
30	£463,000	£427,000	£463,000	£422,000	£193,000	£180,000	£269,000	£231,000
35	£608,000	£554,000	£608,000	£546,000	£219,000	£203,000	£321,000	£270,000

Notes

1. Projected retirement account values are shown in today's terms and do not need to be reduced further for the effect of future inflation.
2. Retirement is assumed to be at age 65.
3. The starting retirement account value is assumed to be £23,000.
4. Inflation is assumed to be 2.50% each year.
5. Gross contributions of £525 per month are assumed from the start of the projection to retirement and are assumed to increase in line with inflation at 2.50% each year.
6. Values shown are estimates and are not guaranteed.
7. The projected growth rates for each fund are:
 - SW BlackRock US Equity Index CS1: 4.3% above inflation
 - SW BlackRock UK Equity Index CS1: 4.3% above inflation.
 - SW BlackRock Sterling Liquidity CSW: 0.5% below inflation.
 - SW L&G Dynamic Diversified CS1: 1.4% above inflation.
8. The charges assumed for each fund are the current charges as shown elsewhere in this Chair's Annual Statement.

These funds have been shown above because they reflect the fund with the lowest charges, the fund with the highest net return, the fund with the lowest return and the fund with the highest charges.

For deferred members in the default strategy

The figures in the table below show the effect of the fund managers' charges on a deferred member's retirement account value over incremental periods for the next 30 years. The table shows the effect based on the assumptions set out in the notes below the table.

Projected pensions fund in today's money								
Years	Age now 35		Age now 45		Age now 55		Age now 60	
	Before charges	After all charges & costs deducted	Before charges	After all charges & costs deducted	Before charges	After all charges & costs deducted	Before charges	After all charges & costs deducted
1	£23,600	£23,500	£23,600	£23,500	£23,600	£23,500	£23,600	£23,400
3	£25,000	£24,500	£25,000	£24,500	£25,000	£24,500	£24,500	£24,100
5	£26,400	£25,700	£26,400	£25,700	£26,400	£25,700	£25,200	£24,400
10	£30,400	£28,700	£30,400	£28,700	£29,000	£27,300	-	-
15	£34,900	£32,000	£34,900	£32,000	-	-	-	-
20	£40,100	£35,800	£38,300	£34,000	-	-	-	-
25	£46,200	£40,000	-	-	-	-	-	-
30	£50,700	£42,500	-	-	-	-	-	-

Notes

- Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
- Retirement is assumed to be at age 65.
- The starting retirement account value is assumed to be £23,000.
- Inflation is assumed to be 2.50% each year.
- It is assumed that no further contributions are made.
- Values shown are estimates and are not guaranteed.
- For the default investment strategy, the projected growth rate varies over time as the funds invested in change. The table below shows the average projected growth rates for the lifestyle strategy for a sample of terms to retirement. Lifestyle approaches aim to provide a balance of growth opportunities in the early years and a degree of de-risking as you approach retirement. The actual return will depend on the funds chosen for each stage and the actual timing of any changes. When comparing possible returns from different funds, it should be noted that higher risk funds will provide higher illustrative returns.

Years to retirement	Projected growth rate (average)
1	1.10% above inflation
3	1.50% above inflation
5	1.80% above inflation
10	2.30% above inflation
15	2.50% above inflation
20	2.50% above inflation
25	2.60% above inflation
30	2.60% above inflation

- The charges assumed for each fund are the current charges as shown elsewhere in this Chair's Annual Statement.

For deferred members in self-select funds

This table shows the development of the projected retirement account value over time for a sample of ages assuming the pension pot is invested in a self-select fund.

Projected retirement account value in today's money								
Years	Fund choice							
	SW BlackRock US Equity Index CS1		SW BlackRock UK Equity Index CS1		SW BlackRock Sterling Liquidity CSW		SW L&G Dynamic Diversified CS1	
	Before charges	After all charges & costs deducted	Before charges	After all charges & costs deducted	Before charges	After all charges & costs deducted	Before charges	After all charges & costs deducted
1	£24,000	£23,900	£24,000	£23,900	£22,800	£22,700	£23,300	£23,100
3	£26,100	£25,800	£26,100	£25,800	£22,600	£22,300	£24,000	£23,400
5	£28,500	£27,900	£28,500	£27,800	£22,400	£21,900	£24,700	£23,700
10	£35,300	£33,900	£35,300	£33,700	£21,900	£21,000	£26,500	£24,400
15	£43,800	£41,200	£43,800	£40,900	£21,300	£20,000	£28,600	£25,100
20	£54,300	£50,100	£54,300	£49,600	£20,800	£19,100	£30,700	£25,900
25	£67,300	£60,900	£67,300	£60,100	£20,300	£18,300	£33,000	£26,700
30	£83,400	£74,100	£83,400	£72,800	£19,800	£17,500	£35,500	£27,500
35	£103,000	£90,000	£103,000	£88,300	£19,300	£16,700	£38,200	£28,300

1. Projected pension fund values are shown in today's terms and do not need to be reduced further for the effect of future inflation.
2. Retirement is assumed to be at age 65.
3. The starting retirement account value is assumed to be £23,000.
4. Inflation is assumed to be 2.50% each year.
5. It is assumed that no further contributions are made.
6. Values shown are estimates and are not guaranteed.
7. The projected growth rates for each fund are:
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8. The charges assumed for each fund are the current charges as shown elsewhere in this Chair's Annual Statement.