

EXAMPLE ILLUSTRATIONS FOR THE

BANK OF SCOTLAND SELF-INVESTED PERSONAL PENSION (SIPP)



EXAMPLE ILLUSTRATIONS

The Financial Conduct Authority (FCA) is a financial services regulator. It requires us to give you this important information to help you to decide whether the Bank of Scotland Self-Invested Personal Pension (SIPP) is right for you.

You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.

The following are a range of examples using a set of assumptions, illustrating what your SIPP could be worth **at age 68** and the level of guaranteed annual income (known as an annuity) you could buy:

Example 1:

The potential value of your SIPP assuming it is set up with one transfer-in from another pension of £50,000, £75,000, £100,000 or £150,000.

Example 2:

The potential value of your SIPP assuming it is set up with one transfer-in from another pension of £50,000, £75,000, £100,000 or £150,000, plus regular monthly contributions of £300 (gross, including basic rate tax relief).

Example 3:

The potential value of your SIPP assuming it is set up with a single contribution only of £15,000, £30,000 or £50,000 (gross, including basic rate tax relief).

The values shown are for illustrative purposes, are not guaranteed and do not form an offer. The assumptions used will not reflect your own circumstances.

If you proceed to open a SIPP, a personal illustration will be provided. This will show you what you might get back, based on the actual amount you invest and your chosen retirement age.

IMPORTANT INFORMATION AND ILLUSTRATION ASSUMPTIONS

Things to note:

- These example illustrations are there to help you compare your current income with the buying power of the future income from your SIPP.
- The example illustrations show, in today's prices, the final SIPP value at age 68 and the annuity (taxable annual income) that could be purchased at retirement.
- You don't have to use the value of your SIPP to buy an annuity at retirement, and there are other options available for taking your pension benefits. This option has been assumed for illustration purposes only.
- The effect of inflation is included in these figures. Inflation will reduce the buying power of any money you've saved, over time. For example, if inflation is 2% p.a., then in 20 years' time, £10,000 will buy only the same as £6,729 buys today.
- The growth rates used are not guaranteed. Actual investment growth rates achieved (depending on what you choose to invest in) may be more or less than those shown in the illustration.
- Other pension providers may use different growth rates for their illustrations, and charges may vary.
- Providers generally use the same rates as each other to show how retirement funds may be converted into annuity income.
- Your final value and the benefits payable could be more or less than shown. The benefits may be less than the payments made into the SIPP.
- The actual charges that apply to your SIPP may be higher or lower than those we've detailed in the assumptions below, and will depend on what you choose to invest in. For example:
 - The SIPP has an administration charge of 0.25% per year, which is capped at £198 per year (£16.50 per month) and deducted from cash held in your SIPP. We've based our illustrations using the maximum monthly charge.
 - Fund charges apply if you invest in a fund. Annual ongoing investment charges and transaction costs are paid to each relevant fund manager. In these illustrations we've assumed the SIPP is invested in a typical portfolio with a blend of different investment types (inc. a large proportion in funds), and no cash holdings. Based on this, we've used an average ongoing charge of 0.59% per year, and no transaction costs.

- Dealing charges for buying and selling your investments could also apply, depending on your trading activity and choice of investments. These charges haven't been reflected in the illustrations.

Assumptions used:

- We've allowed for price inflation of 2.0% each year in the figures provided.
- We've assumed investments will grow at approximately 3.0% each year. This is based on an example mid growth rate of 5.0%, to which we've then applied the 2.0% inflation each year.
- The figures assume that the growth rates stay the same throughout the years to retirement.
- All pension providers must give you an indication of the total impact of charges, to help you compare charges with other SIPPs. We've used the maximum SIPP administration charge of £16.50 a month (£198 a year), no dealing charges and an ongoing investment charge of 0.59% per year.
- Retirement age is assumed to be set at age 68.
- We've assumed the value of the SIPP is being used to purchase an annuity at retirement and have provided the level of guaranteed annual income this could buy.

Assumptions used for calculating your potential annuity:

- The cost of purchasing the annuity is based on projected future annuity rates using assumptions set out by our regulator.
- There's no spouse, civil partner or partner income included in the calculations.
- The annuity will be paid for a guaranteed 5-year period after the annuity purchase, will remain level from when you start taking it, and won't increase each year.
- Inflation is set at 2.0% each year.
- Income is assumed to be paid in advance.
- All income figures are shown before deduction of tax.

Further information:

- To help you keep track of your SIPP we'll send you a statement each year which will show your SIPP value and what your benefits might be worth after inflation.
- Please refer to the Bank of Scotland SIPP Key Features document for information, including:
 - The wide range of investment options that are available to you, including UK and International shares, Exchange Traded Funds (ETFs), Funds and Bonds.
 - Your full range of benefit options at retirement.
- There's lots of market research, tools and information available online at **www.investments.bankofscotland.co.uk** to help you choose your own investments (including the availability of our 'Start-Up' fund). You'll also be able to view the Key Investor Information Document (KIID) for any funds you're thinking about investing in (including the actual annual ongoing fund charges and transaction costs that apply).
- You can find further information on the costs and charges that apply to our SIPP, including any applicable interest on cash balances, at **www.bankofscotland.co.uk/SIPP**. We review our charges and interest rates regularly, and they may change as per the Terms & Conditions of the SIPP.

EXAMPLE 1: TRANSFER IN ONLY

The potential value of your SIPP assuming it is set up with one transfer-in from another pension of £50,000, £75,000, £100,000 or £150,000.

What your SIPP might be worth and the income it could provide

The following tables show examples of the potential value of your SIPP at age 68, and the annuity this could give you, both with and without taking a tax-free lump sum of 25% of the value of your SIPP.

We've assumed investments will grow at approximately 3.0% each year. This is based on an example mid growth rate of 5.0% to which we've then applied inflation at 2.0%.

These growth rates and figures are only an indication, as we can't predict future investment growth or inflation. The value of your SIPP can fall and rise and is not guaranteed. This means you could get back less than you have paid in.

Years to Retirement	Transfer In	£50,000	£75,000	£100,000	£150,000
40 Years	If investments grow each year until age 68 at	3.0%	3.0%	3.0%	3.0%
	Projected SIPP value	£114,000	£176,000	£238,000	£362,000
	Potential tax-free lump sum Plus a taxable annual income of	£28,600 £5,720	£44,000 £8,820	£59,500 £11,900	£90,500 £18,100
	Or, if you don't take a tax-free lump sum, a taxable annual income of	£7,630	£11,700	£15,800	£24,100
30 Years	If investments grow each year until age 68 at	3.0%	3.0%	3.0%	3.0%
	Projected SIPP value	£92,100	£141,000	£238,000	£362,000
	Potential tax-free lump sum Plus a taxable annual income of	£23,000 £4,700	£35,300 £7,220	£59,500 £11,900	£90,500 £18,100
	Or, if you don't take a tax-free lump sum, a taxable annual income of	£6,270	£9,630	£13,000	£19,700
20 Years	If investments grow each year until age 68 at	3.0%	3.0%	3.0%	3.0%
	Projected SIPP value	£74,500	£113,000	£153,000	£231,000
	Potential tax-free lump sum Plus a taxable annual income of	£18,600 £3,890	£28,400 £5,950	£38,300 £8,010	£57,900 £12,100
	Or, if you don't take a tax-free lump sum, a taxable annual income of	£5,190	£7,930	£10,600	£16,100
10 Years	If investments grow each year until age 68 at	3.0%	3.0%	3.0%	3.0%
	Projected SIPP value	£60,700	£92,000	£123,000	£186,000
	Potential tax-free lump sum Plus a taxable annual income of	£15,100 £3,240	£23,000 £4,920	£30,800 £6,600	£46,500 £9,950
	Or, if you don't take a tax-free lump sum, a taxable annual income of	£4,320	£6,560	£8,800	£13,200

EXAMPLE 1: TRANSFER IN ONLY (CONTINUED)

The impact of charges

The tables below show how the value of your SIPP may grow before and after the SIPP administration charges and investment charges are taken.

As per the information provided in the 'assumptions used' section, we've assumed:

- The **maximum** monthly SIPP administration charge of £16.50.
- An ongoing investment charge of 0.59% per year and no transaction costs.
- No dealing charges have been included.

	At end of Year	Transfer Value £50,000				Transfer Value £75,000			
		Investment to Date	Value Before Charges	Effect of Deductions to Date	What You Might Get Back	Investment to Date	Value Before Charges	Effect of Deductions to Date	What You Might Get Back
Early Years	1	£50,000	£51,450	£510	£50,940	£75,000	£77,170	£650	£76,520
	2	£50,000	£52,940	£1,020	£51,920	£75,000	£79,410	£1,330	£78,080
	3	£50,000	£54,470	£1,550	£52,920	£75,000	£81,710	£2,030	£79,680
	4	£50,000	£56,050	£2,100	£53,950	£75,000	£84,080	£2,760	£81,320
Later Years	5	£50,000	£57,680	£2,680	£55,000	£75,000	£86,520	£3,520	£83,000
	10	£50,000	£66,540	£5,840	£60,700	£75,000	£99,810	£7,740	£92,070
	15	£50,000	£76,770	£9,600	£67,170	£75,000	£115,100	£12,800	£102,300
	20	£50,000	£88,560	£14,060	£74,500	£75,000	£132,800	£19,000	£113,800
	25	£50,000	£102,100	£19,330	£82,770	£75,000	£153,200	£26,400	£126,800
	30	£50,000	£117,800	£25,700	£92,100	£75,000	£176,800	£35,400	£141,400
	40	£50,000	£156,800	£42,400	£114,400	£75,000	£235,300	£59,000	£176,300

	At end of Year	Transfer Value £100,000				Transfer Value £150,000			
		Investment to Date	Value Before Charges	Effect of Deductions to Date	What You Might Get Back	Investment to Date	Value Before Charges	Effect of Deductions to Date	What You Might Get Back
Early Years	1	£100,000	£102,900	£900	£102,000	£150,000	£154,300	£1,100	£153,200
	2	£100,000	£105,800	£1,600	£104,200	£150,000	£158,800	£2,300	£156,500
	3	£100,000	£108,900	£2,500	£106,400	£150,000	£163,400	£3,500	£159,900
	4	£100,000	£112,100	£3,400	£108,700	£150,000	£168,100	£4,700	£163,300
	5	£100,000	£115,300	£4,300	£111,000	£150,000	£173,000	£6,000	£167,000
Later Years	10	£100,000	£133,000	£9,600	£123,400	£150,000	£199,600	£13,500	£186,100
	15	£100,000	£153,500	£16,100	£137,400	£150,000	£230,300	£22,600	£207,700
	20	£100,000	£177,100	£23,900	£153,200	£150,000	£265,700	£33,800	£231,900
	25	£100,000	£204,300	£33,400	£170,900	£150,000	£306,500	£47,400	£259,100
	30	£100,000	£235,700	£44,900	£190,800	£150,000	£353,600	£64,000	£289,600
	40	£100,000	£313,700	£75,400	£238,300	£150,000	£470,600	£108,400	£362,200

EXAMPLE 2: TRANSFER IN PLUS £300 REGULAR MONTHLY CONTRIBUTION

The potential value of your SIPP assuming it is set up with one transfer-in from another pension of £50,000, £75,000, £100,000 or £150,000, plus regular monthly contributions of £300 (gross, including basic rate tax relief).

What your SIPP might be worth and the income it could provide

The following tables show examples of the potential value of your SIPP at age 68, and the annuity this could give you, both with and without taking a tax-free lump sum of 25% of the value of your SIPP.

We've assumed investments will grow at 3.0% each year. This is based on an example growth rate of 5.0% to which we've then applied inflation at 2.0%.

These growth rates and figures are only an indication, as we can't predict future investment growth or inflation. The value of your SIPP can fall and rise and is not guaranteed. This means you could get back less than you have paid in.

Years to Retirement	Transfer In	£50,000	£75,000	£100,000	£150,000
40 Years	If investments grow each year until age 68 at	3.0%	3.0%	3.0%	3.0%
	Projected SIPP value	£286,000	£348,000	£410,000	£534,000
	Potential tax-free lump sum Plus a taxable annual income of	£71,600 £14,300	£87,000 £17,400	£102,000 £20,500	£133,000 £26,700
	Or, if you don't take a tax-free lump sum, a taxable annual income of	£19,000	£32,200	£27,300	£35,600
30 Years	If investments grow each year until age 68 at	3.0%	3.0%	3.0%	3.0%
	Projected SIPP value	£212,000	£262,000	£311,000	£410,000
	Potential tax-free lump sum Plus a taxable annual income of	£53,200 £10,800	£65,500 £13,400	£77,900 £15,900	£102,000 £20,900
	Or, if you don't take a tax-free lump sum, a taxable annual income of	£14,500	£17,800	£21,200	£27,900
20 Years	If investments grow each year until age 68 at	3.0%	3.0%	3.0%	3.0%
	Projected SIPP value	£151,000	£190,000	£229,000	£308,000
	Potential tax-free lump sum Plus a taxable annual income of	£37,700 £7,890	£47,500 £9,950	£57,400 £12,000	£77,100 £16,100
	Or, if you don't take a tax-free lump sum, a taxable annual income of	£10,500	£13,200	£16,000	£21,500
10 Years	If investments grow each year until age 68 at	3.0%	3.0%	3.0%	3.0%
	Projected SIPP value	£97,500	£128,000	£160,000	£223,000
	Potential tax-free lump sum Plus a taxable annual income of	£24,300 £5,210	£32,200 £6,890	£40,000 £8,570	£55,700 £11,900
	Or, if you don't take a tax-free lump sum, a taxable annual income of	£6,950	£9,190	£11,400	£15,900

EXAMPLE 2:**TRANSFER IN PLUS £300 REGULAR MONTHLY CONTRIBUTION** (CONTINUED)**The impact of charges**

The tables below show how the value of your SIPP may grow before and after the SIPP administration charges and investment charges are taken.

As per the information detailed in the 'assumptions used' section, we've assumed:

- The **maximum** monthly SIPP administration charge of £16.50.
- An ongoing investment charge of 0.59% per year and no transaction costs.
- No dealing charges have been included.

	At end of Year	Transfer Value £50,000 plus regular monthly contributions £300				Transfer Value £75,000 plus regular monthly contributions £300			
		Investment to Date	Value Before Charges	Effect of Deductions to Date	What You Might Get Back	Investment to Date	Value Before Charges	Effect of Deductions to Date	What You Might Get Back
Early Years	1	£53,560	£55,070	£510	£54,560	£78,560	£80,790	£660	£80,130
	2	£57,060	£60,220	£1,060	£59,160	£82,060	£86,690	£1,370	£85,320
	3	£60,480	£65,450	£1,650	£63,800	£85,480	£92,690	£2,130	£90,560
	4	£63,840	£70,760	£2,280	£68,480	£88,840	£98,790	£2,940	£95,850
	5	£67,140	£76,160	£2,950	£73,210	£92,140	£105,000	£3,800	£101,200
Later Years	10	£82,660	£104,600	£7,020	£97,580	£107,600	£137,800	£8,900	£128,900
	15	£96,730	£135,840	£12,440	£123,400	£121,700	£174,200	£15,700	£158,500
	20	£109,400	£170,400	£19,400	£151,000	£134,400	£214,700	£24,400	£190,300
	25	£121,000	£209,000	£28,300	£180,700	£146,000	£260,100	£35,300	£224,800
	30	£131,400	£252,400	£39,500	£212,900	£156,400	£311,400	£49,100	£262,300
	40	£149,400	£357,000	£70,600	£286,400	£174,400	£435,400	£87,100	£348,300

	At end of Year	Transfer Value £100,000 plus regular monthly contributions £300				Transfer Value £150,000 plus regular monthly contributions £300			
		Investment to Date	Value Before Charges	Effect of Deductions to Date	What You Might Get Back	Investment to Date	Value Before Charges	Effect of Deductions to Date	What You Might Get Back
Early Years	1	£103,500	£106,500	£800	£105,700	£153,500	£157,900	£1,100	£156,800
	2	£107,000	£113,100	£1,700	£111,400	£157,000	£166,100	£2,300	£163,800
	3	£110,400	£119,900	£2,600	£117,300	£160,400	£174,400	£3,600	£170,800
	4	£113,800	£126,800	£3,600	£123,200	£163,800	£182,800	£4,900	£177,900
	5	£117,100	£133,800	£4,600	£129,200	£167,100	£191,500	£6,300	£185,200
Later Years	10	£132,600	£171,100	£10,800	£160,300	£182,600	£237,700	£14,700	£223,000
	15	£146,700	£212,600	£19,000	£193,600	£196,700	£289,300	£25,400	£263,900
	20	£159,400	£259,000	£29,300	£229,700	£209,400	£347,500	£39,100	£308,400
	25	£171,000	£311,200	£42,300	£268,900	£221,000	£413,400	£56,400	£357,000
	30	£181,400	£370,300	£58,600	£311,700	£231,400	£488,200	£77,800	£410,400
	40	£199,400	£513,900	£103,600	£410,300	£249,400	£670,800	£136,600	£534,200

EXAMPLE 3: SINGLE CONTRIBUTION ONLY

The potential value of your SIPP assuming it is set up with a single contribution only of £15,000, £30,000 or £50,000 (gross, including basic rate tax relief).

What your SIPP might be worth and the income it could provide

The following tables show examples of the potential value of your SIPP at age 68, and the annuity this could give you, both with and without taking a tax-free lump sum of 25% of the value of your SIPP.

We've assumed investments will grow at 3.0% each year. This is based on an example growth rate of 5.0% to which we've then applied inflation at 2.0%.

These growth rates and figures are only an indication, as we can't predict future investment growth or inflation. The value of your SIPP can fall and rise and is not guaranteed. This means you could get back less than you have paid in.

Years to Retirement	Transfer In	£50,000	£75,000	£100,000
40 Years	If investments grow each year until age 68 at	3.0%	3.0%	3.0%
	Projected SIPP value	£27,700	£64,800	£114,000
	Potential tax-free lump sum Plus a taxable annual income of	£6,920 £1,380	£16,200 £3,240	£28,600 £5,720
	Or, if you don't take a tax-free lump sum, a taxable annual income of	£1,840	£4,320	£7,630
30 Years	If investments grow each year until age 68 at	3.0%	3.0%	3.0%
	Projected SIPP value	£22,900	£52,600	£92,100
	Potential tax-free lump sum Plus a taxable annual income of	£5,740 £1,170	£13,100 £2,680	£23,000 £4,700
	Or, if you don't take a tax-free lump sum, a taxable annual income of	£1,560	£3,580	£6,270
20 Years	If investments grow each year until age 68 at	3.0%	3.0%	3.0%
	Projected SIPP value	£19,400	£43,000	£74,500
	Potential tax-free lump sum Plus a taxable annual income of	£4,850 £1,010	£10,700 £2,240	£18,600 £3,890
	Or, if you don't take a tax-free lump sum, a taxable annual income of	£1,350	£2,990	£5,190
10 Years	If investments grow each year until age 68 at	3.0%	3.0%	3.0%
	Projected SIPP value	£16,700	£35,600	£60,700
	Potential tax-free lump sum Plus a taxable annual income of	£4,190 £898	£8,900 £1,900	£15,100 £3,240
	Or, if you don't take a tax-free lump sum, a taxable annual income of	£1,190	£2,530	£4,320

EXAMPLE 3:

SINGLE CONTRIBUTION ONLY (CONTINUED)

The impact of charges

The tables below show how the value of your SIPP may grow before and after the SIPP administration charges and investment charges are taken.

As per the information given in the 'assumptions used' section, we've assumed:

- The **maximum** monthly SIPP administration charge of £16.50.
- An ongoing investment charge of 0.59% per year and no transaction costs.
- No dealing charges have been included.

	At end of Year	Single contribution £15,000				Single contribution £30,000			
		Investment to Date	Value Before Charges	Effect of Deductions to Date	What You Might Get Back	Investment to Date	Value Before Charges	Effect of Deductions to Date	What You Might Get Back
Early Years	1	£15,000	£15,430	£290	£15,140	£30,000	£30,870	£390	£30,480
	2	£15,000	£15,880	£590	£15,290	£30,000	£31,760	£770	£30,990
	3	£15,000	£16,340	£890	£15,450	£30,000	£32,680	£1,170	£31,510
	4	£15,000	£16,810	£1,190	£15,620	£30,000	£33,630	£1,580	£32,050
	5	£15,000	£17,300	£1,500	£15,800	£30,000	£34,600	£2,000	£32,600
Later Years	10	£15,000	£19,960	£3,170	£16,790	£30,000	£39,920	£4,310	£35,610
	15	£15,000	£23,030	£5,050	£17,980	£30,000	£46,060	£7,000	£39,060
	20	£15,000	£26,570	£7,170	£19,400	£30,000	£53,140	£10,130	£43,010
	25	£15,000	£30,650	£9,590	£21,060	£30,000	£61,300	£13,790	£47,510
	30	£15,000	£35,360	£12,380	£22,980	£30,000	£70,720	£18,120	£52,600
	40	£15,000	£47,060	£19,350	£27,710	£30,000	£94,130	£29,250	£64,880

	At end of Year	Single contribution £50,000			
		Investment to Date	Value Before Charges	Effect of Deductions to Date	What You Might Get Back
Early Years	1	£50,000	£51,450	£510	£50,940
	2	£50,000	£52,940	£1,020	£51,920
	3	£50,000	£54,470	£1,550	£52,920
	4	£50,000	£56,050	£2,100	£53,950
	5	£50,000	£57,680	£2,680	£55,000
Later Years	10	£50,000	£66,540	£5,840	£60,700
	15	£50,000	£76,770	£9,600	£67,170
	20	£50,000	£88,560	£14,060	£74,500
	25	£50,000	£102,100	£19,330	£82,770
	30	£50,000	£117,800	£25,700	£92,100
	40	£50,000	£156,800	£42,400	£114,400



The Bank of Scotland Self-Invested Personal Pension (SIPP) is provided by Embark Investment Services Limited (EISL), which is a wholly owned subsidiary of Embark Group Limited and part of Lloyds Banking Group. EISL is a company incorporated in England and Wales (company number 09955930) with its registered office at 33 Old Broad Street, London, EC2N 1HZ. EISL is authorised and regulated by the Financial Conduct Authority (Financial Services Register number 737356).

Dealing and stockbroking administration services for the Bank of Scotland SIPP are provided by Halifax Share Dealing Limited (HSDL), which is a wholly owned subsidiary of Embark Group Limited and part of Lloyds Banking Group. HSDL is a company incorporated in England and Wales (company number 3195646) with its registered office at: Trinity Road, Halifax, West Yorkshire, HX1 2RG. HSDL is authorised and regulated by the Financial Conduct Authority (Financial Services Register number 183332). HSDL is a member of the London Stock Exchange and an HM Revenue & Customs Approved ISA Manager.