

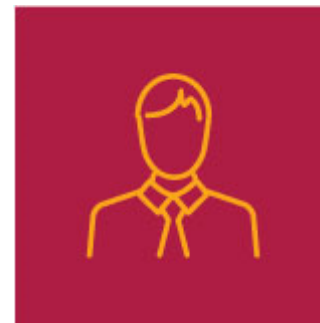
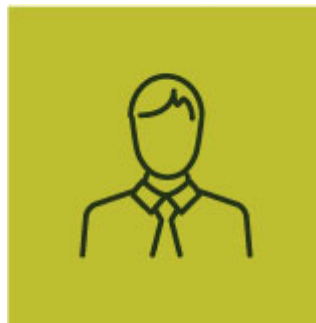
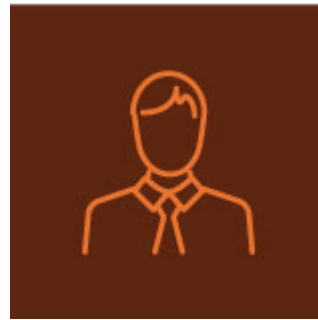
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What does an effective
DC scheme look like?

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I've upped my
pension contributions,
now up yours!



Three key areas

1

Make your scheme
as efficient as
possible

2

Contribute for as
long as possible

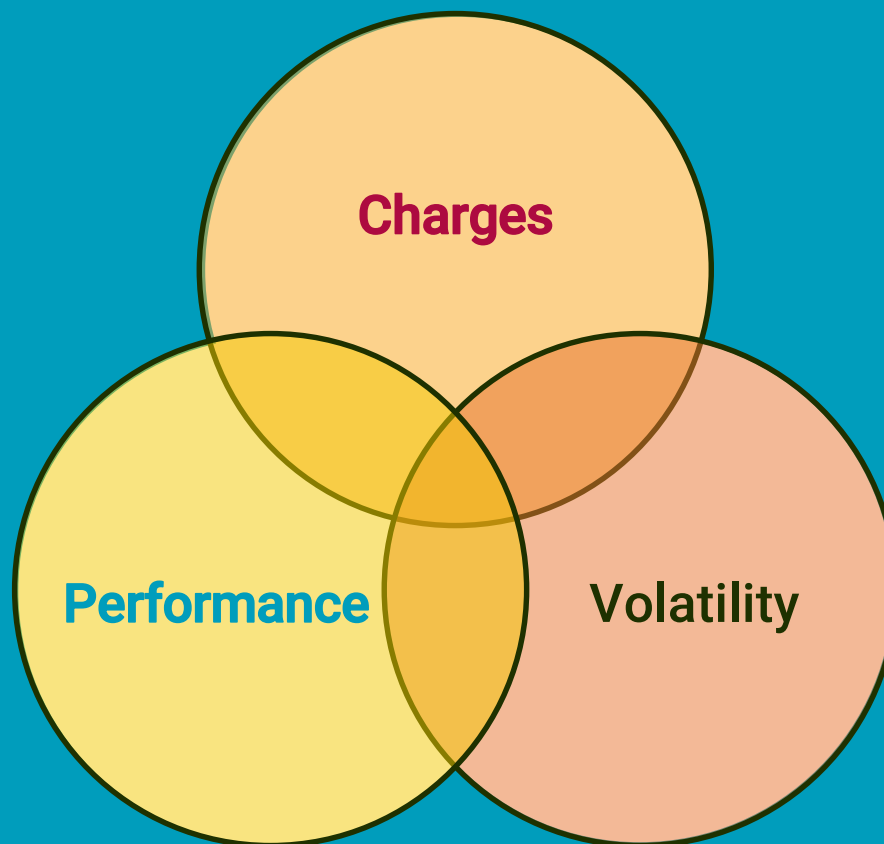
3

Get employers and
employees to pay
more in

Make your scheme as
efficient
as possible

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Significant factors



The impact of a reduction in charge

Starting point

Employee joins the scheme at age 25

Salary of £25,000

Contributions 8% of basic salary

Taking benefits at age 68

Salary increases of 2% per year

Fund growth of 4% per year

Charge of 0.75%

The impact of a reduction in charge

Pot at age 68

0.75% charge

£265,373

0.50% charge

£281,559

+ £16,186

Starting assumptions:

- Age 25
- Starting salary £25,000
- Contr. 8% of salary
- Ret. Age 68
- Salary increase 2% p.a.
- Fund growth 4% p.a.
- Charge of 0.75%
- Figures in today's terms
- Source: Punter Southall Aspire Pension Calculator

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Default Equity &
Bond Lifestyle



AVIVA
INVESTORS

Diversified Assets



Diversified Markets



My Future Growth



Multi Asset PMC



Governed Portfolio



Pension Portfolio



Active Plus III

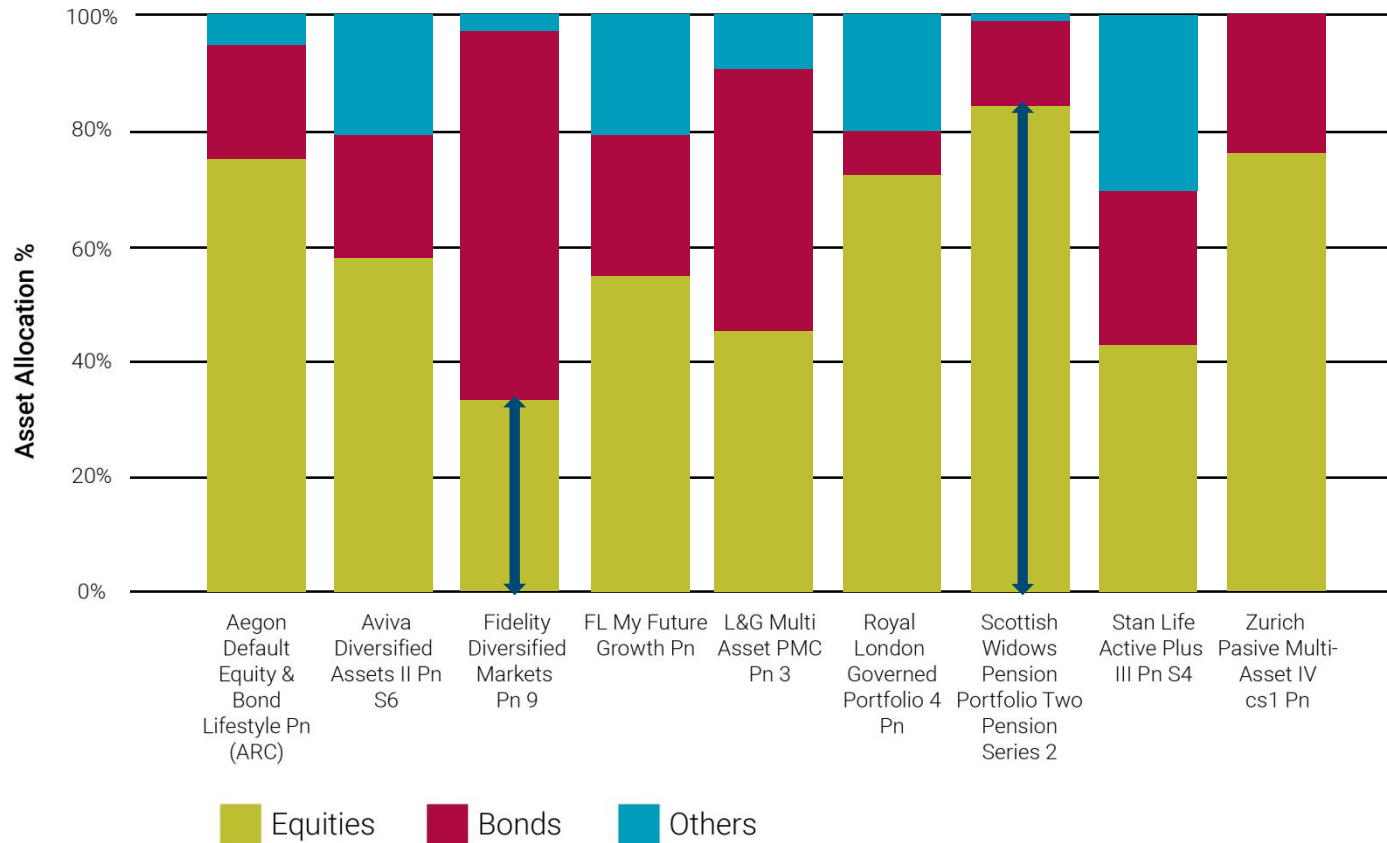


ZURICH

Passive Multi-Asset



Variance of asset classes



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Source: DC Default Fund Survey - Growth Phase

Improvement of 0.5% in fund performance

Pot at age 68

4% investment growth
£265,373

4.5% investment growth
£298,867

+ £33,494

Starting assumptions:

- Age 25
- Starting salary £25,000
- Contr. 8% of salary
- Ret. Age 68
- Salary increase 2% p.a.
- Fund growth 4% p.a.
- Charge of 0.75%
- Figures in today's terms
- Source: Punter Southall Aspire Pension Calculator

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Contribute
for as long
as possible

The benefit of three years' additional contributions

Pot at age 68

Start at 25 years old
£265,373

Start at 22 years old
£289,845

Starting salary £23,560

+ £24,472

Starting assumptions:

- Age 25
- Starting salary £25,000
- Contr. 8% of salary
- Ret. Age 68
- Salary increase 2% p.a.
- Fund growth 4% p.a.
- Charge of 0.75%
- Figures in today's terms
- Source: Punter Southall Aspire Pension Calculator

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Pay more in



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Trends in the DC pensions market



of employers typically
contribute 5%-6% of
pensionable earnings

OVER
90%

of employers report typical employee
contributions of between **0%-5%**

**The average contribution rate for employers into
defined contribution schemes was 2.5%**

Source: Occupational Pension Schemes Survey 2015
Survey by Office for National Statistics

The impact of higher contributions

Pot at age 68

8% contribution
£265,373

10% contribution
£331,704

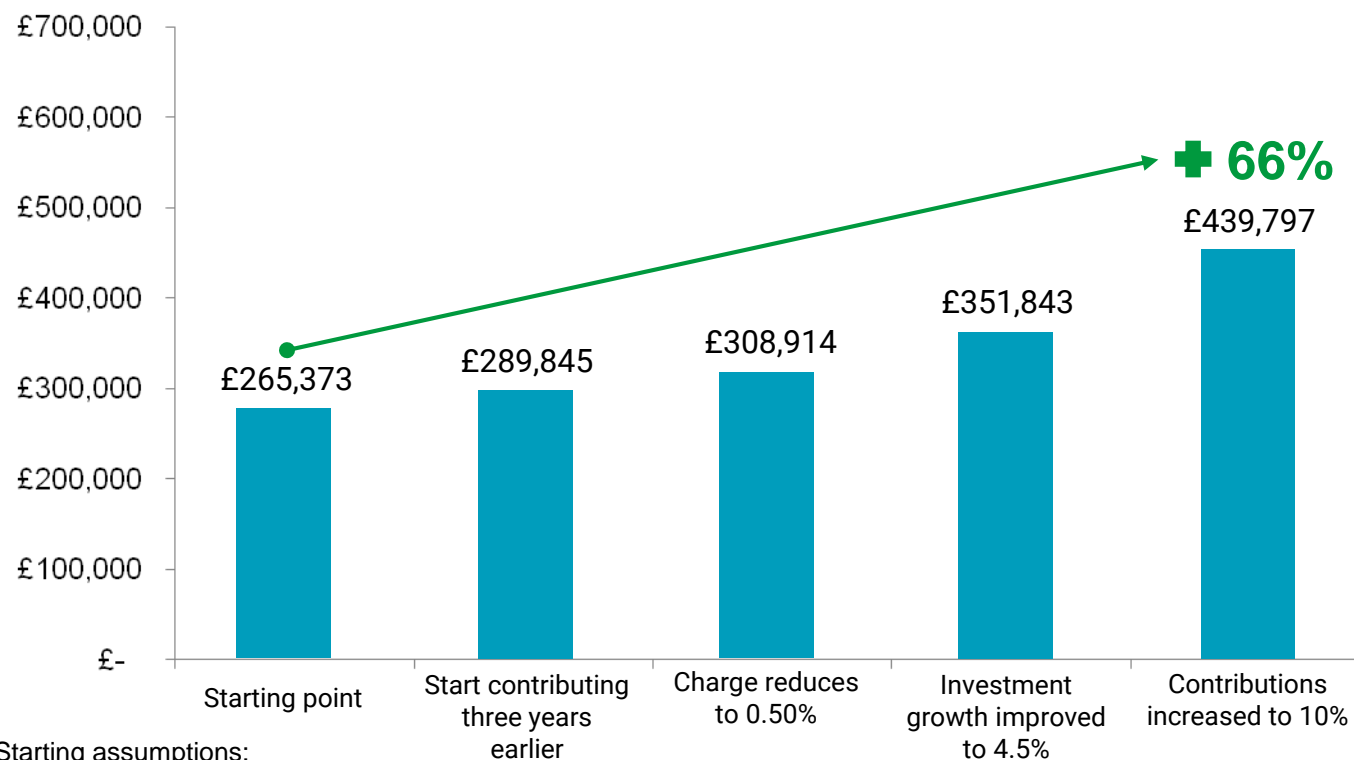
+ £66,331

Starting assumptions:

- Age 25
- Starting salary £25,000
- Contr. 8% of salary
- Ret. Age 68
- Salary increase 2% p.a.
- Fund growth 4% p.a.
- Charge of 0.75%
- Figures in today's terms
- Source: Punter Southall Aspire Pension Calculator

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Step changes in action

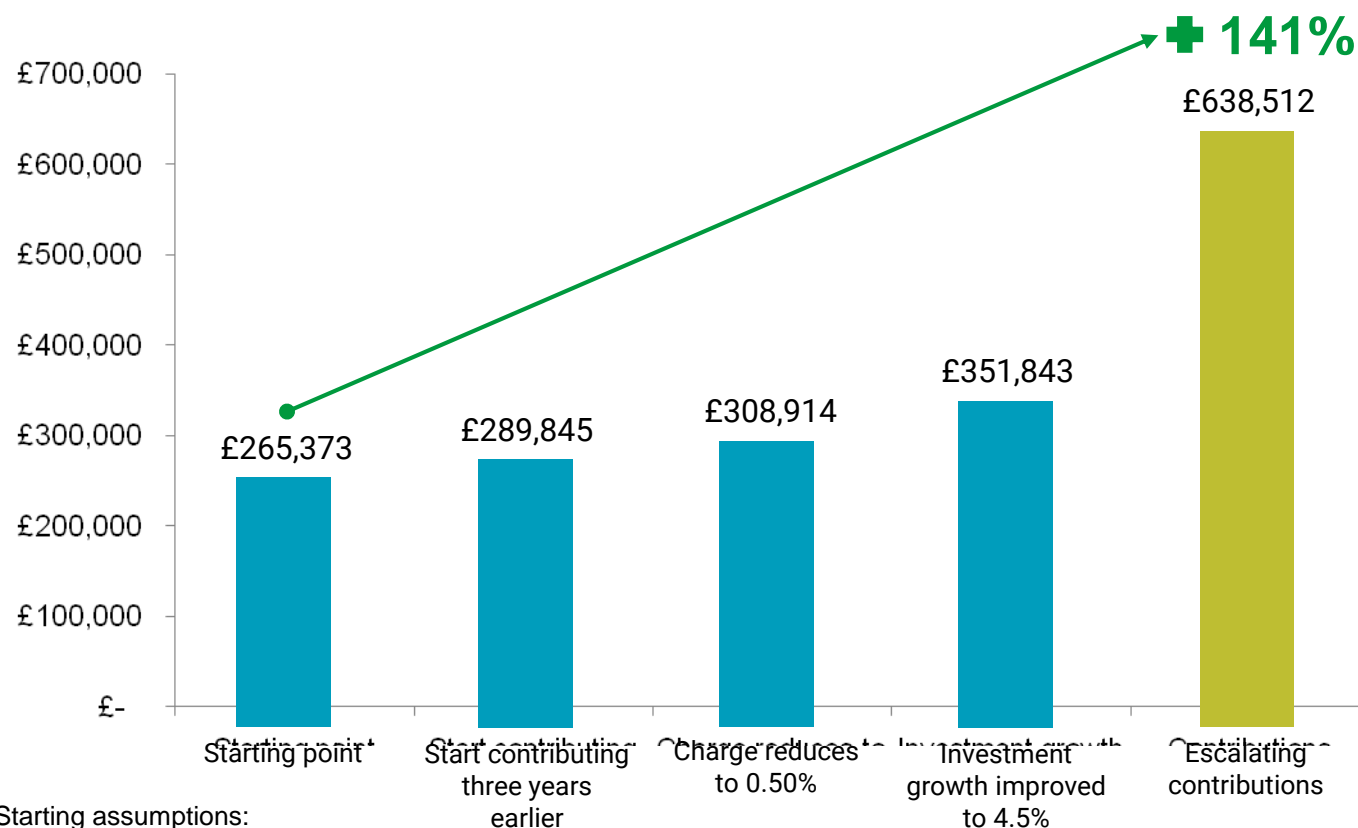


Starting assumptions:

- Age 25
- Starting salary £25,000 (£23,560 for 22 year old)
- Contr. 8% of salary
- Ret. Age 68
- Salary increase 2% p.a.
- Fund growth 4% p.a.
- Charge of 0.75%
- Figures in today's terms
- Source: Punter Southall Aspire Pension Calculator

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Step changes in action



Escalating contributions

Assumes an additional 1% contribution each year, for the first five years of membership, capping at 15% from age 27

Starting assumptions:

- Age 25
- Starting salary £25,000 (£23,560 for 22 year old)
- Contr. 8% of salary
- Ret. Age 68
- Salary increase 2% p.a.
- Fund growth 4% p.a.
- Charge of 0.75%
- Figures in today's terms
- Source: Punter Southall Aspire Pension Calculator

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0 to 15 by 30



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