

## Clarks Flexible Pension Scheme

### Statutory Money Purchase Illustration (SMPI)

Your Clarks Flexible Pension Scheme annual benefit statement includes an illustration of the amount of pension that you might purchase with your fund when you retire. The illustration is based on the value of your fund at 5 April 2017 and assumes you will retire on your 65<sup>th</sup> birthday. If you would like us to illustrate the value of your fund assuming that you retire at a different age, please let us know and we will update your illustration.

The illustration shows, in today's prices, the pension that might be payable when you retire. This means we have allowed for future inflation to give you an indication of how much you would be able to buy with your pension if it were payable today.

*You should note that, because the illustration is based on a number of assumptions, there is no promise or guarantee that your pension will be paid at the rate shown. What actually happens and your individual circumstances may vary considerably from these assumptions and your actual pension could be higher or lower than the amount illustrated. Even a small change to the assumptions that have been made to calculate your estimated pension could result in a large change in the illustrated pension shown.*

### Basis of Illustration

The illustration is based on a number of assumptions.

#### a) Financial assumptions

<b>Before you retire:</b> Your salary will grow in line with inflation at the rate of:  The rate of return on your investments will depend on the assets in which you are invested. The rates we have assumed this year are set out below:  Equities 3.9% per year Property and Corporate Bonds 1.9% per year Government Bonds 0.9% per year Cash 0.9% per year  These returns do not include the investment charges for each asset. These vary by asset and are included in the return used to calculate your fund. If you are invested in a 'lifestyling' fund, your assets will gradually transfer into government bonds and cash over the 10 years before you retire.	2.5% per year
<b>After you retire:</b> Your fund will be used to buy a pension that increases each year in line with inflation, assuming a net interest rate of:	-2.2% per year

#### b) Other assumptions

- You and your employer will continue to contribute until Normal Retirement Date at the current rate.
- You will buy a pension that will increase each year in line with inflation.
- When you die, half of your pension will continue to be paid to someone three years older than yourself (if you are a woman) or three years younger than yourself (if you are a man).

### Notes about the Illustration

1. The statutory illustration above has been worked out, using various assumptions, in accordance with the Occupational and Personal Pension Schemes (Disclosure of Information) Amendment Regulations 2002 (SI 2002/1383) and with Technical Memorandum 1 published by the Financial Reporting Council (FRC).
2. Your pension income will depend on how your investment grows, future contributions and the cost of buying a pension at the time you retire. This illustration is only an example and is not guaranteed. You could get back more

or less than this. For example, it could be a lot less if you retire early. No-one can tell what it will actually be until the time comes for it to be paid.

3. The illustration makes certain general assumptions about the type of investments in which your funds are held and the likely performance of those investments. This may not be the same as the actual investments in which your funds are held or the performance of those investments.
4. This statement is based on the information currently held by the administrator of the Scheme and is produced for information only. It is not proof of entitlement and confers no rights to benefits. All benefits, including transfer values, must be calculated and paid only in accordance with the trust deed and rules of the Scheme and the law, and must comply with any rules and limits set by HMRC.
5. The information in this statement is not individual financial advice and must not be used as the only basis on which you take any decision regarding your future pension arrangements or any other financial commitment. Because of this, it is recommended that you take advice when reviewing your pension arrangements or making any other financial commitment.
6. The illustrative pension on this statement is not suitable for comparison with the projected benefit from another investment product.
7. If you would like more information about the illustration or about the Scheme in general, please contact the Pensions Department.