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BASF UK Group Pension Scheme Statutory Money Purchase Illustration (SMPI)



What is a SMPI?

In short, a SMPI is a framework that governs the annual benefit statement you receive, in respect of your DC Account in the Scheme. A key part of the framework is to provide members with an estimate of their potential future benefits, in today's money.

The projected value of your DC Account, should help you consider if you will have enough money to retire.

Depending on your expectations, you may wish to save more (or less) for your retirement.

Why do I need to be sent a SMPI?

Since April 2003, it has been a legal requirement for all DC pension arrangements to provide an annual SMPI, in accordance with relevant guidance prepared by the Financial Reporting Council (FRC), which includes a projection of your DC Account and the estimated cost of purchasing an annuity.

The FRC publishes the relevant guidance in a Technical Memorandum TM1: Statutory Money Purchase Illustrations, which is updated from time-to-time. The latest version of TM1 can be viewed [here](#).

How are SMPIs calculated?

As future investment returns are not known, to project the value of your DC Account, various assumptions are needed. Some assumptions are set by the Government and others are set by the Scheme.

Government Assumptions

Each year the Government confirms the following assumptions that must be used to calculate your SMPI:

- ◆ The rate of inflation in the future
- ◆ The rate of future salary increases
- ◆ How long you will live
- ◆ The cost of buying an annuity*

* Based on annuity prices in February each year





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Scheme Assumptions

Your SMPI assumes your investment choices and contribution rate will stay the same until you reach your chosen retirement date.

The Trustee takes professional advice when setting assumed investment returns on the different funds available in the Scheme, over the long term.

The assumptions considers the assets held in each fund and reflects the actual fund charges in force at the date of the statement.



The fund investment assumptions for April 2023 SMPIs are shown in the table below

Fund	Gross Investment Return	Annual Charges	Net Investment Return
Adventurous Fund	5.6%	0.391%	5.2%
Moderate Fund	5.3%	0.404%	4.9%
Cautious Fund	3.8%	0.309%	3.5%
Ethical Fund	5.5%	0.277%	5.2%
Islamic Fund	5.5%	0.377%	5.1%
Pre-Retirement Annuity Fund	1.4%	0.142%	1.3%
Sterling Liquidity Fund	0.8%	0.125%	0.7%

The Net Investment Return is the return applied in your SMPI. The other details are for information only, to show how the fund charges are included. These assumptions can change from time-to-time but the notes accompanying your SMPI will include relevant details.

The Trustee makes every effort to ensure that each SMPI adheres to the correct legislation. However, as the values provided on any SMPI are based on assumptions, they cannot be guaranteed.



Alternative Projections

You can use the **Pension Portal** to model alternative outcomes, including changes in contributions, investments and target retirement dates.

If you need help logging in to the Pension Portal, see the Pension Portal Factsheet on the **Pension Website**.