


GLOBAL TRENDS FOR DEFINED CONTRIBUTION

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DC STREAM



GLOBAL INSIGHTS INTO ISSUES IN THE UK DC ENVIRONMENT

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RETIREMENT INCOME IS A GLOBAL CONVERSATION

UK Respondents

Participants

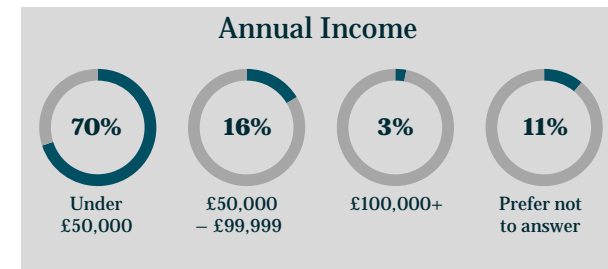
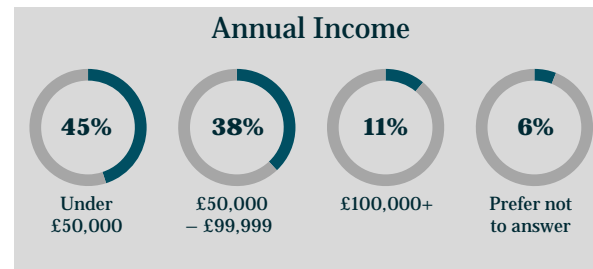
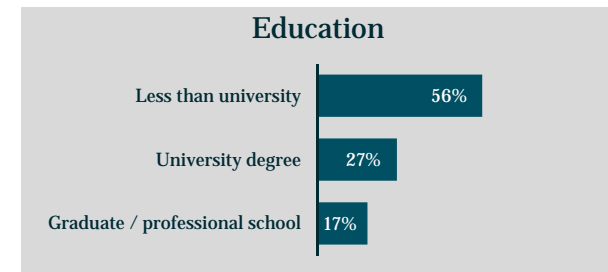
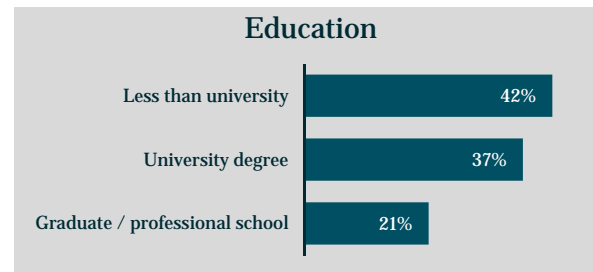
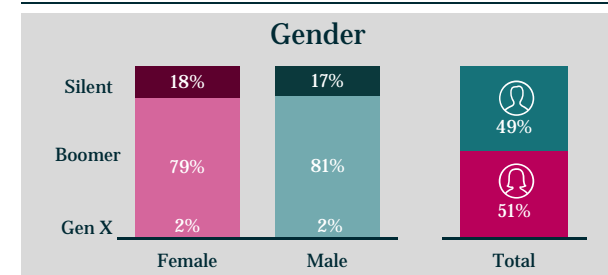
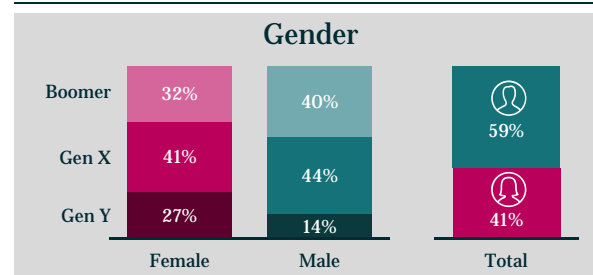
Retirees

MFS GLOBAL RETIREMENT INCOME SURVEY

AUS, CAD, UK, US

1,000 Respondents per Region
(participants & retirees)

The "What" and the "Why"

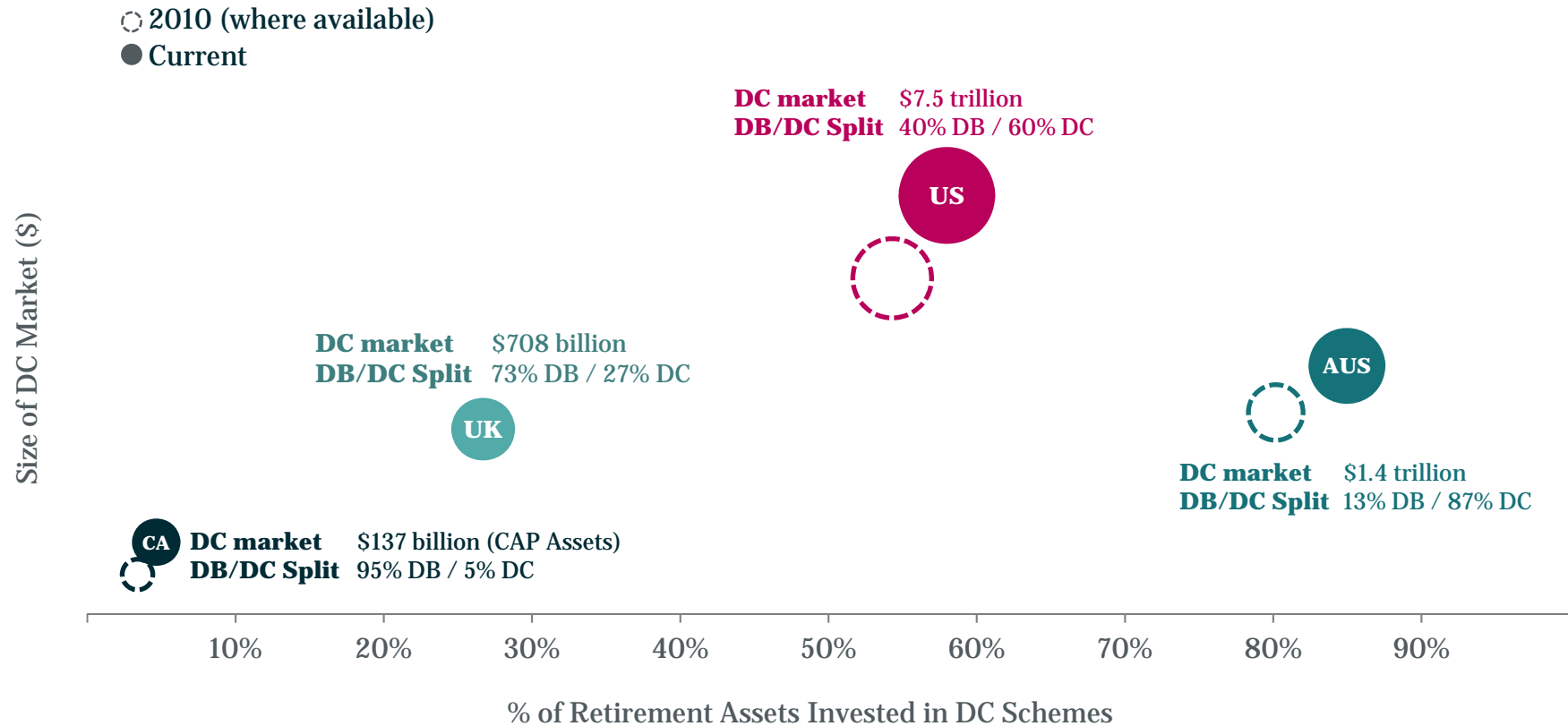


Data Sources: Towers Watson Global Pension Assets Study 2017, Pew Research Center, 2017 MFS Global Retirement Income Survey (QX2A: What is your gender? QX2: How old are you? Q54: What is the highest level of education you've completed? QX2B: Please indicate your household's current annual income before taxes. Please include any income from employment earnings, investments, interest, dividends, pensions, etc.?)

Please see methodology on back page.

GLOBAL PERSPECTIVE

United States, Canada, Australia and The UK



Retirement income is a key topic of discussion around the world

Data Sources: US Assets - Investment Company Institute ((2Q 2017), UK Assets - Broadridge Market Intelligence 2016 UK Defined Contribution, US, AUS and CA DB/DC Split and AUS DC Assets: Towers Watson Global Pension Assets Study 2011 & 2017, CA Assets (June 2016): Benefits Canada December 2016 : The State of the CAP Industry.

THE GLOBAL PENSION LANDSCAPE

	UK	Australia	US	Canada
Structure	A single tier state pension supported by income-tested benefit, plus voluntary occupational and personal pensions	A means-tested age pension (paid from general tax revenue), plus a system of saving into "My super"	Social security benefit based on lifetime earning and a means tested top-up, plus voluntary occupational and personal pensions	A universal flat rate pension, supported by means –tested income supplement; plus an earnings related pension based on lifetime earnings; plus voluntary occupational and personal schemes.
Compulsion	Auto-enrolment for all eligible employers	Mandatory	None, but some employers using AE and Auto escalation	Varies by province
Contributions	Currently 2%, rising to 8% from 2019	9.5% rising to 12% by 2025	Variable	Variable
Taxation	EET	TTE	EET	EET
Accessibility	SRA currently 65, increasing to 66 and 67 between 2026 and 2028 Access DC savings from 55	SRA currently 65	65 rising to 67 by 2027	Varies by province

Source: PPI briefing note No 66; OECD pensions outlook 2016; Melbourne Mercer Pension Index 2016

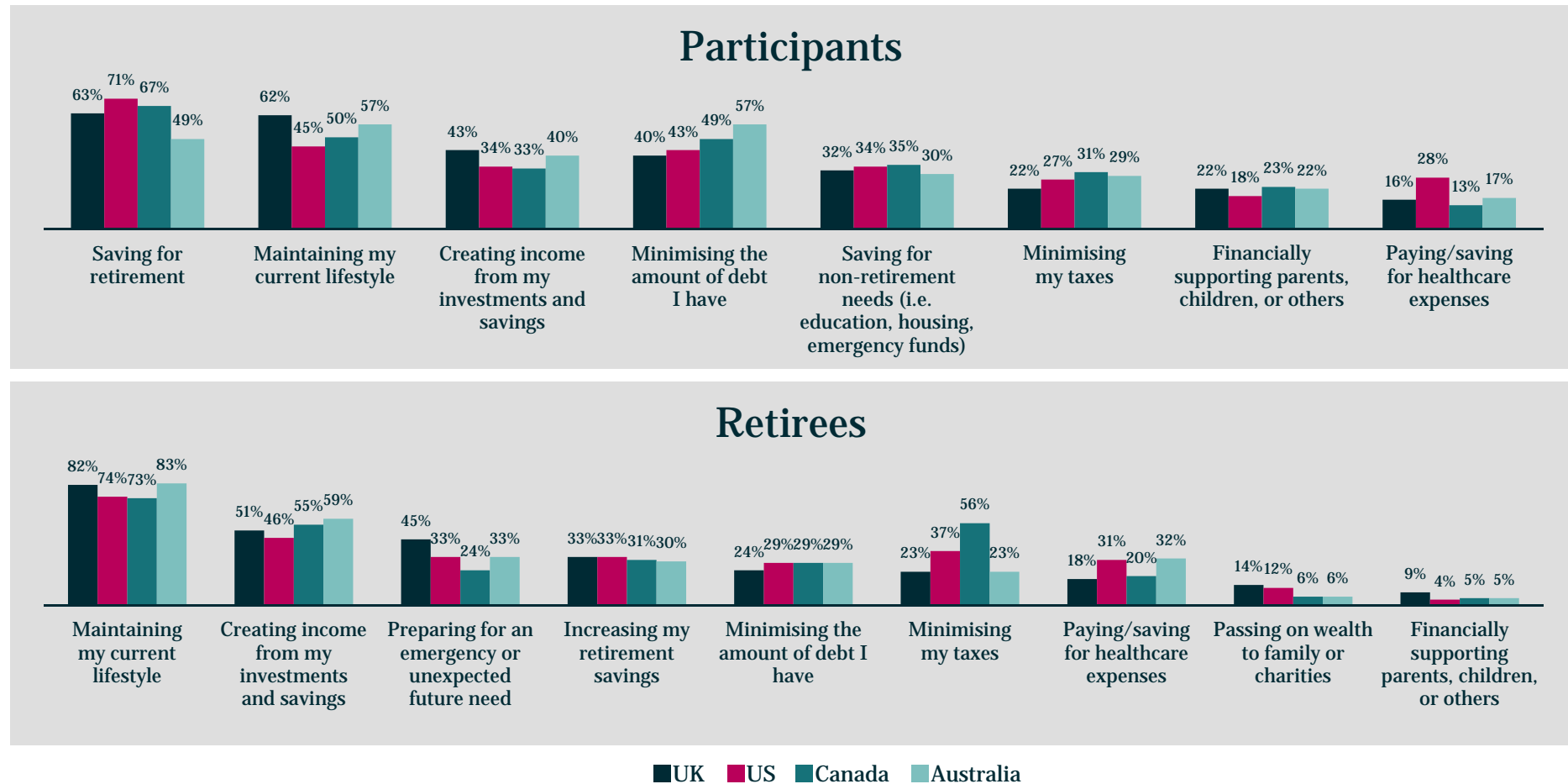
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RETIREMENT CONCERNS

What's keeping us awake at night?

GLOBALLY MOST IMPORTANT FINANCIAL AND RETIREMENT PLANNING GOALS

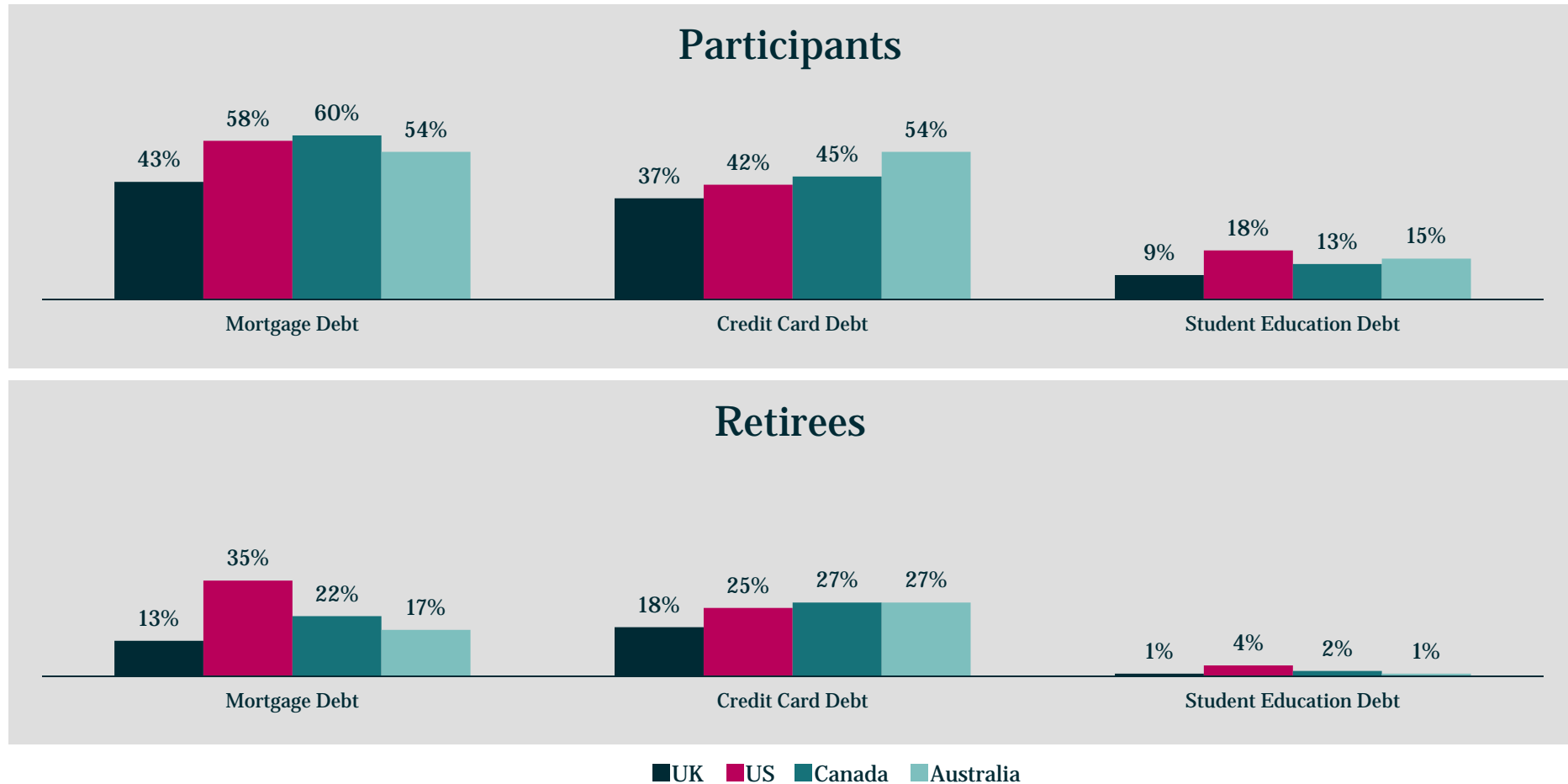
Reporting: Ranked in the top 3



2017 MFS Global Retirement Income Survey Q3: Please rank order how important each of the following financial and retirement planning goals are to you today. Put a 1 next to the most important item, a 2 next to the second most important item, and so on.

OUTSTANDING DEBT –

Reporting: Currently holding debt in each category



2017 MFS Global Retirement Income Survey Q46: Which of the following types of debt have you ever had? Q47: What is the approximate level of outstanding debt you have in each category.

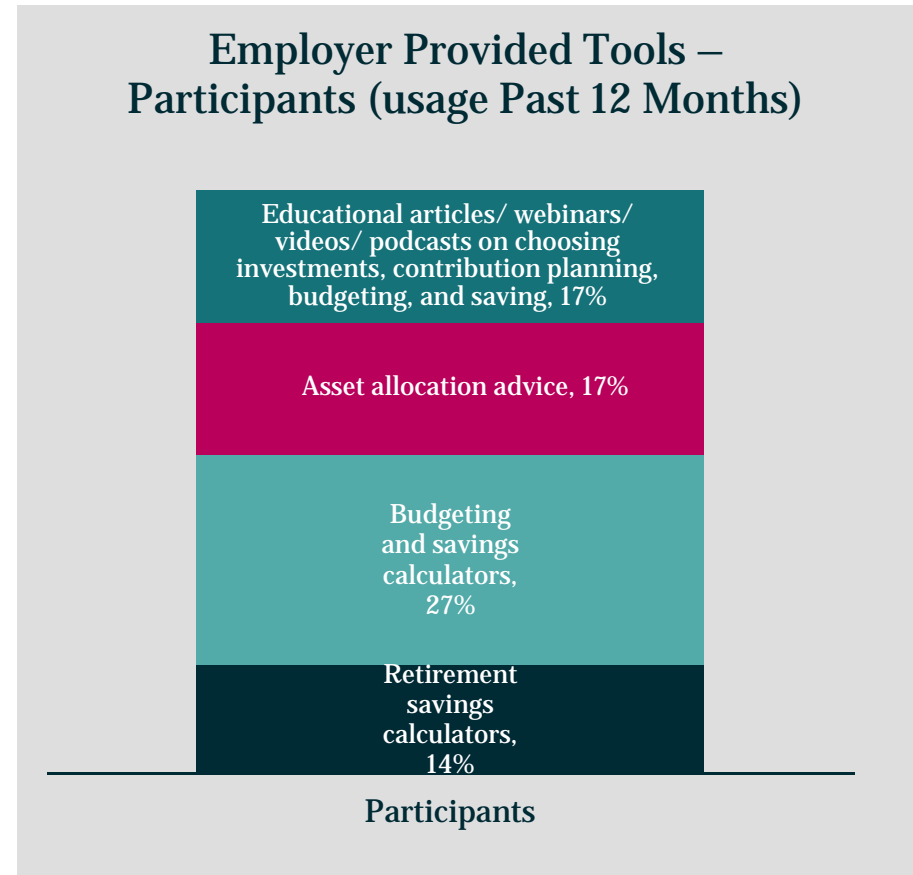
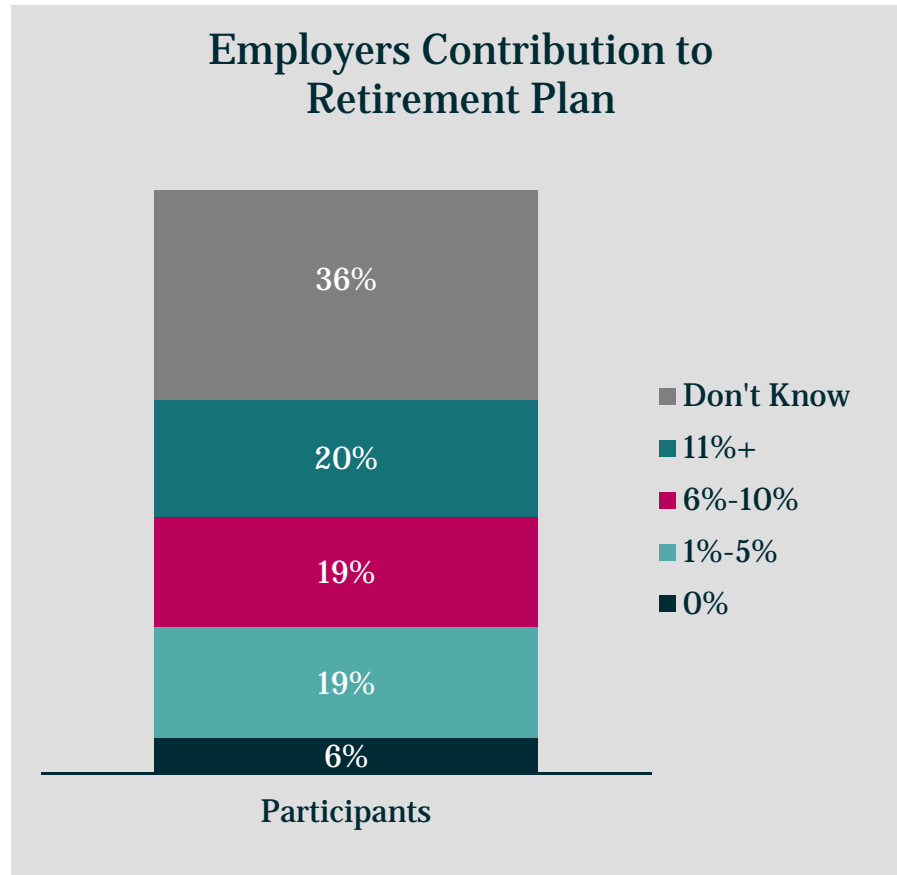
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RETIREMENT INCOME CONFIDENCE

How knowledgeable are we and how does this compare?

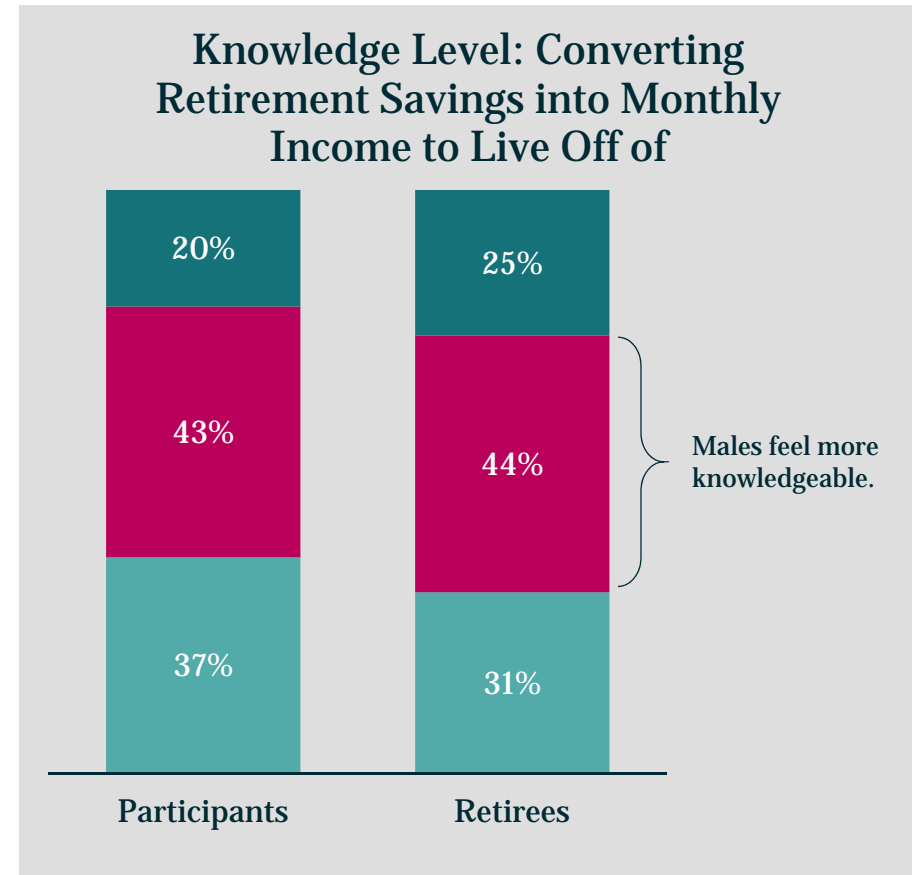
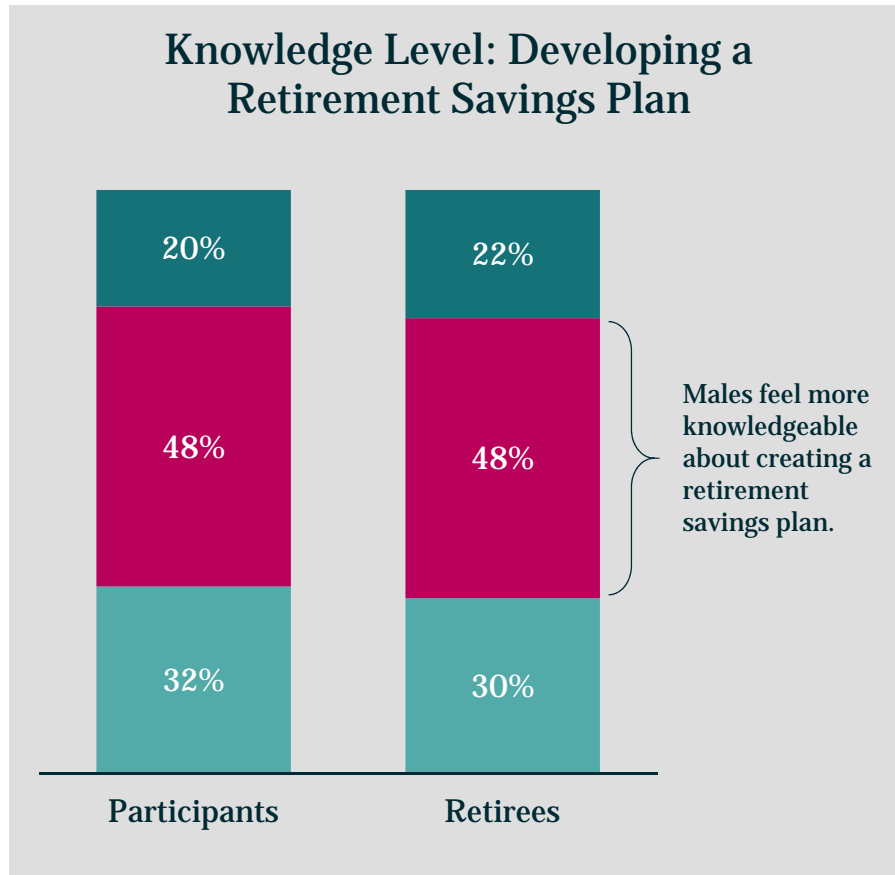
OVER 1/3 OF UK PARTICIPANTS DON'T KNOW HOW MUCH THEIR EMPLOYER IS CONTRIBUTING TO THEIR RETIREMENT PLAN

Retirement savings and budgeting calculators are the most utilised employer provided tools.



2017 MFS Global Retirement Income Survey Base: UK Participant 700 Q44A: What is your current employer's contribution to your retirement plan?
Q11: Which, if any, online tools provided by your employer sponsored retirement plan have you used in the past 12 months?

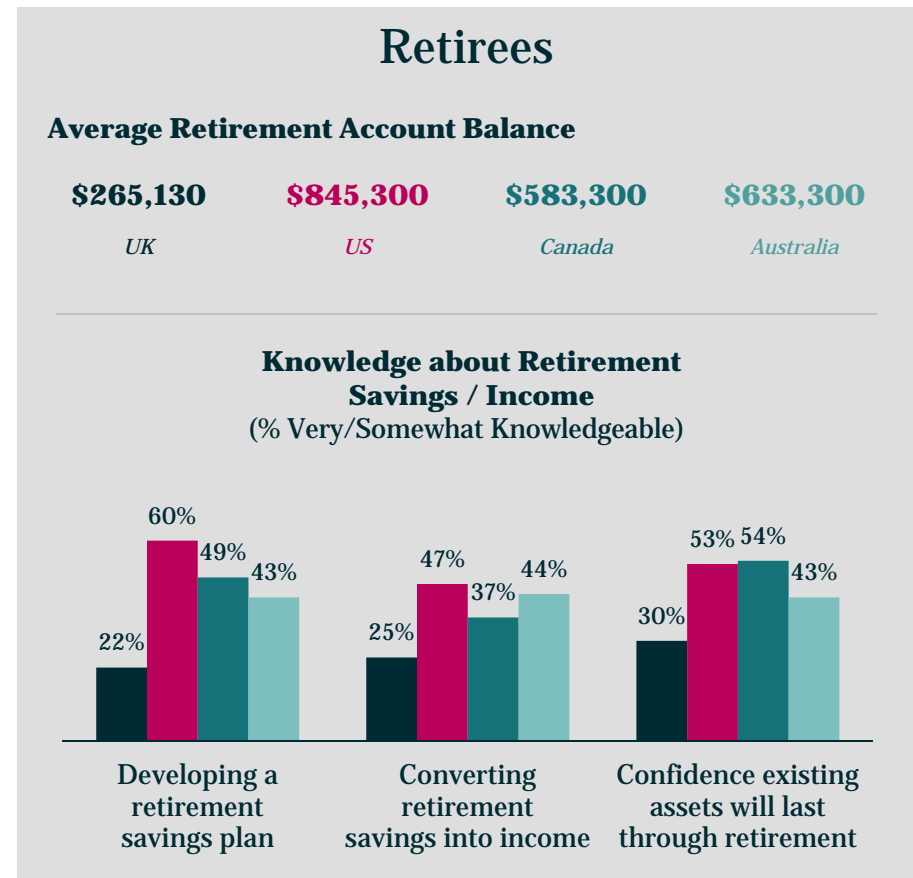
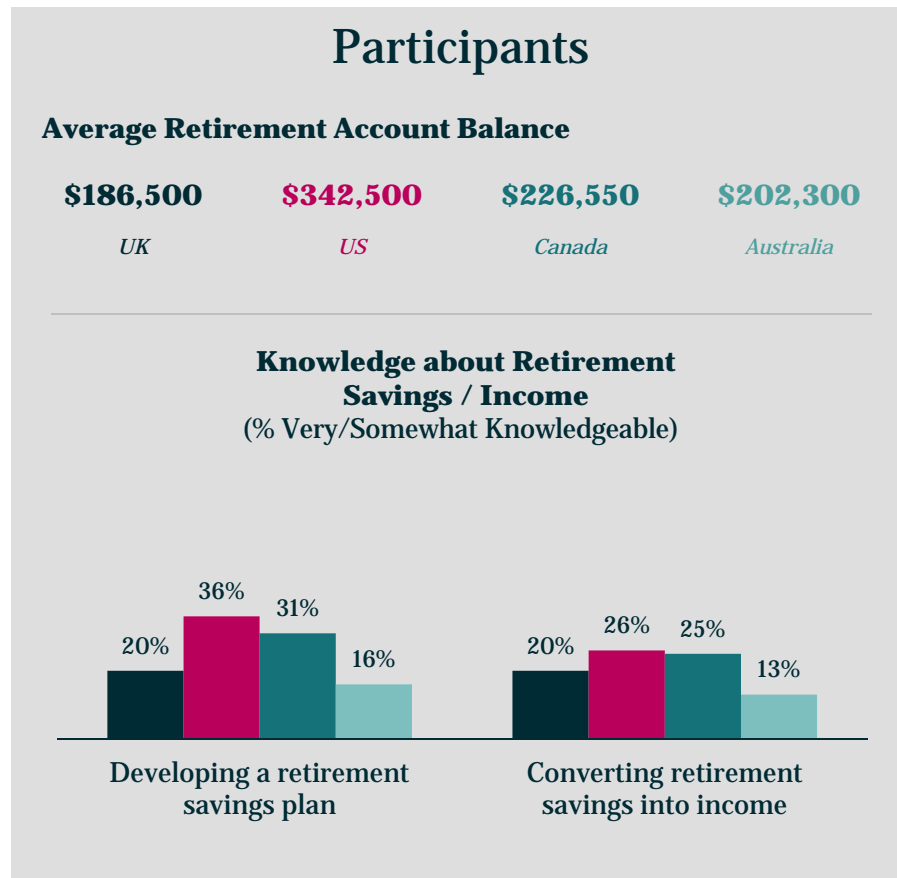
UK PARTICIPANTS AND RETIREES CITE LOW LEVELS OF KNOWLEDGE WHEN IT COMES TO DEVELOPING A RETIREMENT SAVINGS PLAN OR CONVERTING THE SAVINGS INTO MONTHLY INCOME



■ Not at all/Not Very Knowledgeable (1 or 2) ■ Somewhat Knowledgeable (3) ■ Very/Extremely Knowledgeable (4 or 5)

2017 MFS Global Retirement Income Survey Base: UK Participant 700, UK Retiree 300 Q1: How knowledgeable are you about developing a retirement savings plan? Developing a plan for how you will save and invest the money you'll need in retirement? Q2: Converting your retirement income into monthly payments you will live off of?

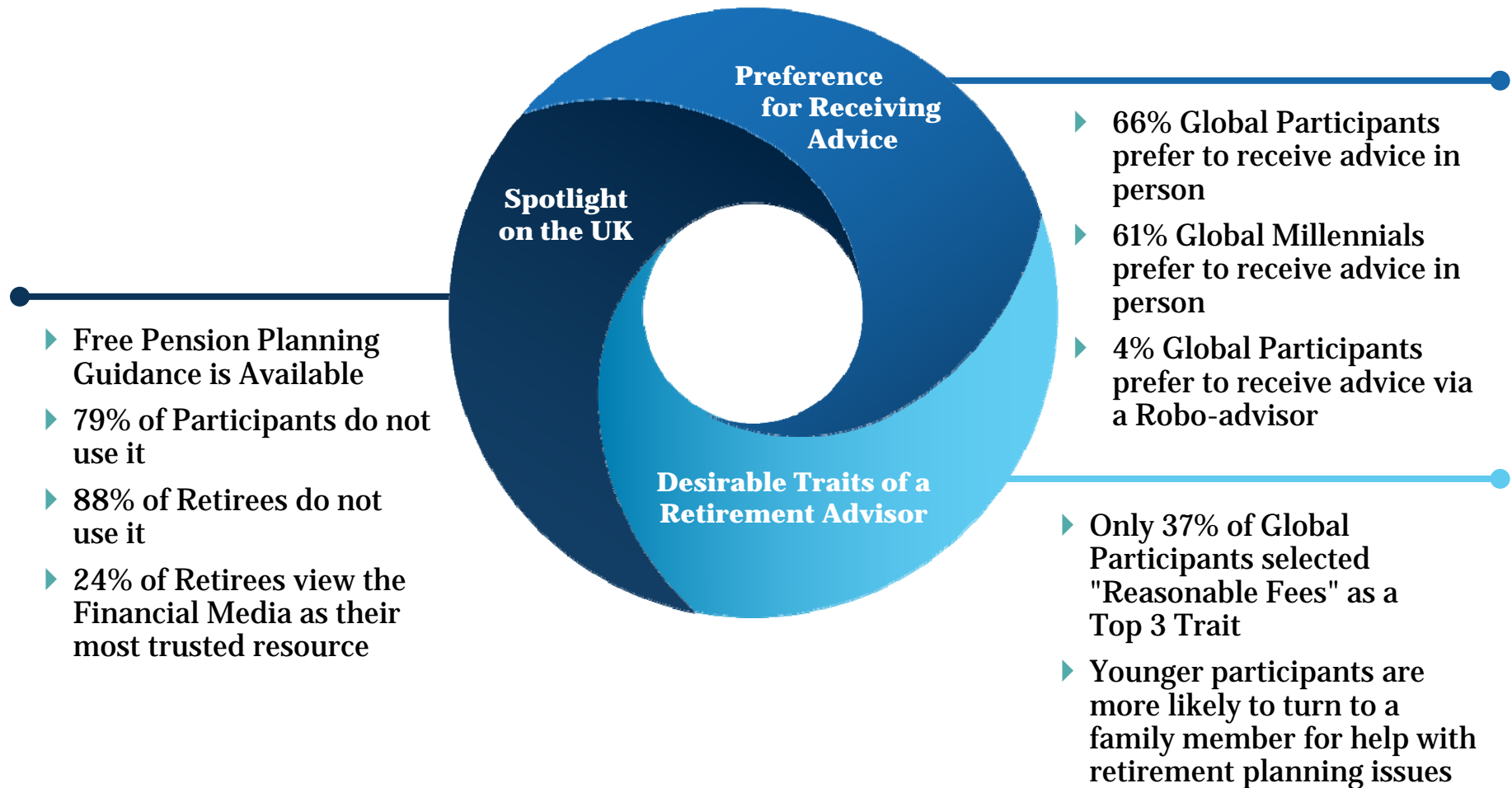
GLOBALLY KNOWLEDGE INCREASES AS PARTICIPANTS RETIRE – BUT CURRENTLY THIS ISN'T HAPPENING IN THE UK



■ UK ■ US ■ Canada ■ Australia

2017 MFS Global Retirement Income Survey Q: Average retirement account balance Q1: How knowledgeable are you about developing a retirement savings plan? Q2: How knowledgeable are you about converting your retirement savings into monthly payments/income you will live off of? Q40: How confident are you that your existing assets will provide enough cash flow / income to last throughout your retirement?

INTERESTING PERSPECTIVES ON RETIREMENT ADVICE

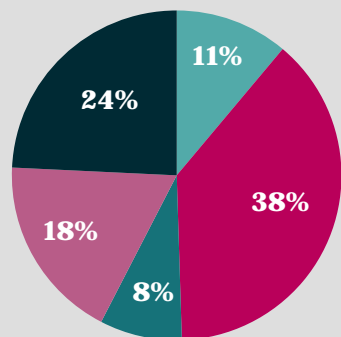


Data source: Data is derived from 2017 MFS Retirement Income Survey. Please see methodology on back page. Q10. How do you prefer to receive advice related to retirement saving and planning? Q6. Which criteria is or would likely be most important in your selection of a retirement advisor Q5. Where do you turn to for help with retirement planning issues? UK21B. Have you used free pension planning guidance services from providers like Pension Wise? Q8. Overall, who is your most trustworthy source for saving and investing for retirement?

EMPLOYERS ARE NOT VIEWED AS A RESOURCE FOR RETIREMENT INCOME PRODUCTS

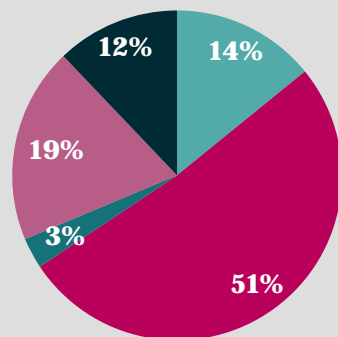
UK Retirees

Financial Advisor viewed as primary resource, *Employer plan* is secondary



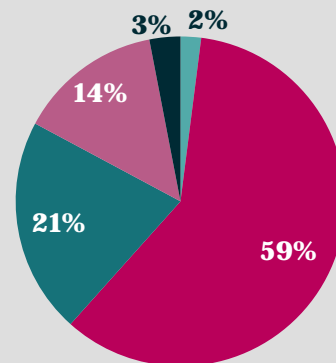
US Retirees

Financial Advisor viewed as primary resource, *Employer Plan* is secondary



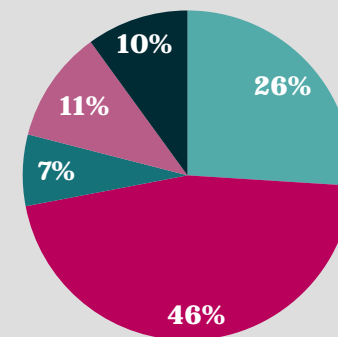
CAD Retirees

Financial Advisor viewed as primary resource, *Banks* are secondary



AUS Retirees

Financial Advisor viewed as primary resource, *Super Fund* is secondary

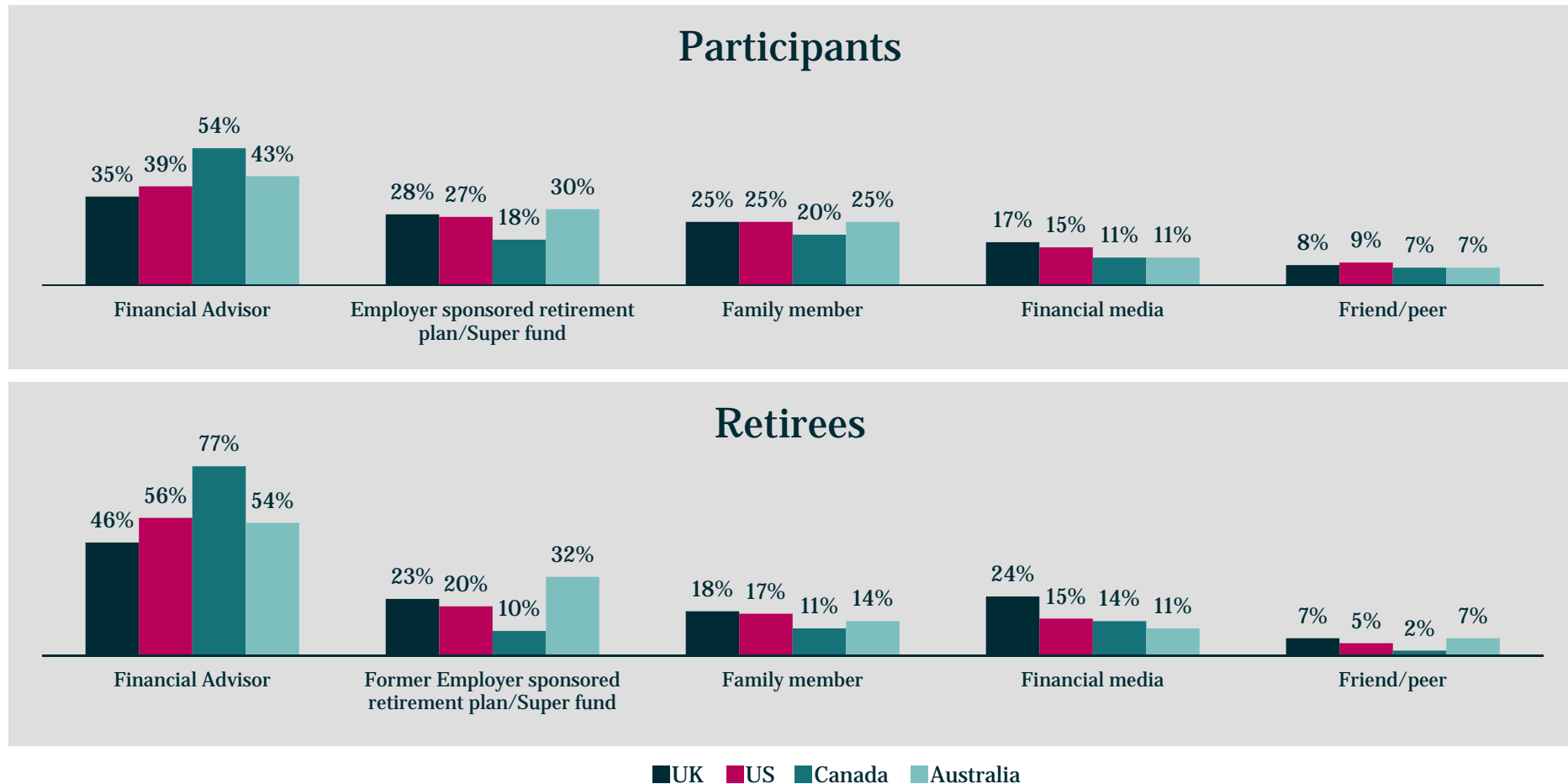


■ Financial Advisor ■ Employer (Super) ■ Bank ■ Other ■ Don't Know

Data source: Data is derived from 2017 MFS Retirement Income Survey. Please see methodology on back page. Q22.
Where are you most likely to seek more information about an investment / a pension product that provides regular payments throughout retirement?

MOST TRUSTED RESOURCE FOR RETIREMENT SAVING AND INVESTING ADVICE

Reporting: Rated as top resource



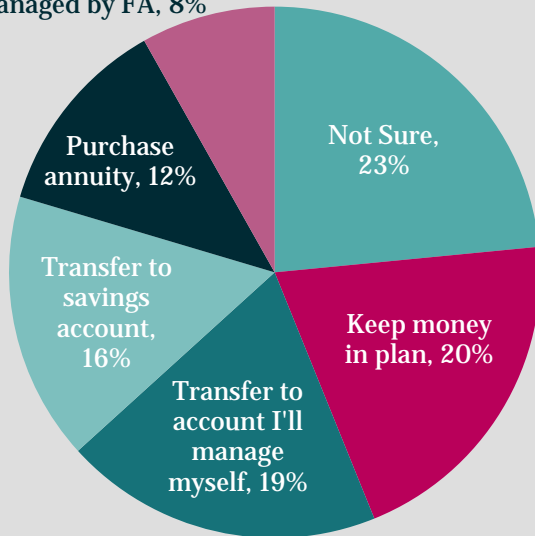
2017 MFS Global Retirement Income Survey Q8: Overall, who is your most trustworthy source for saving and investing for retirement? Select one.

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WHAT UK PARTICIPANTS WILL DO UPON RETIREMENT...

What will participant do with employer plan upon retirement

Transfer to account managed by FA, 8%



Expected Retirement Savings Withdrawn per Year

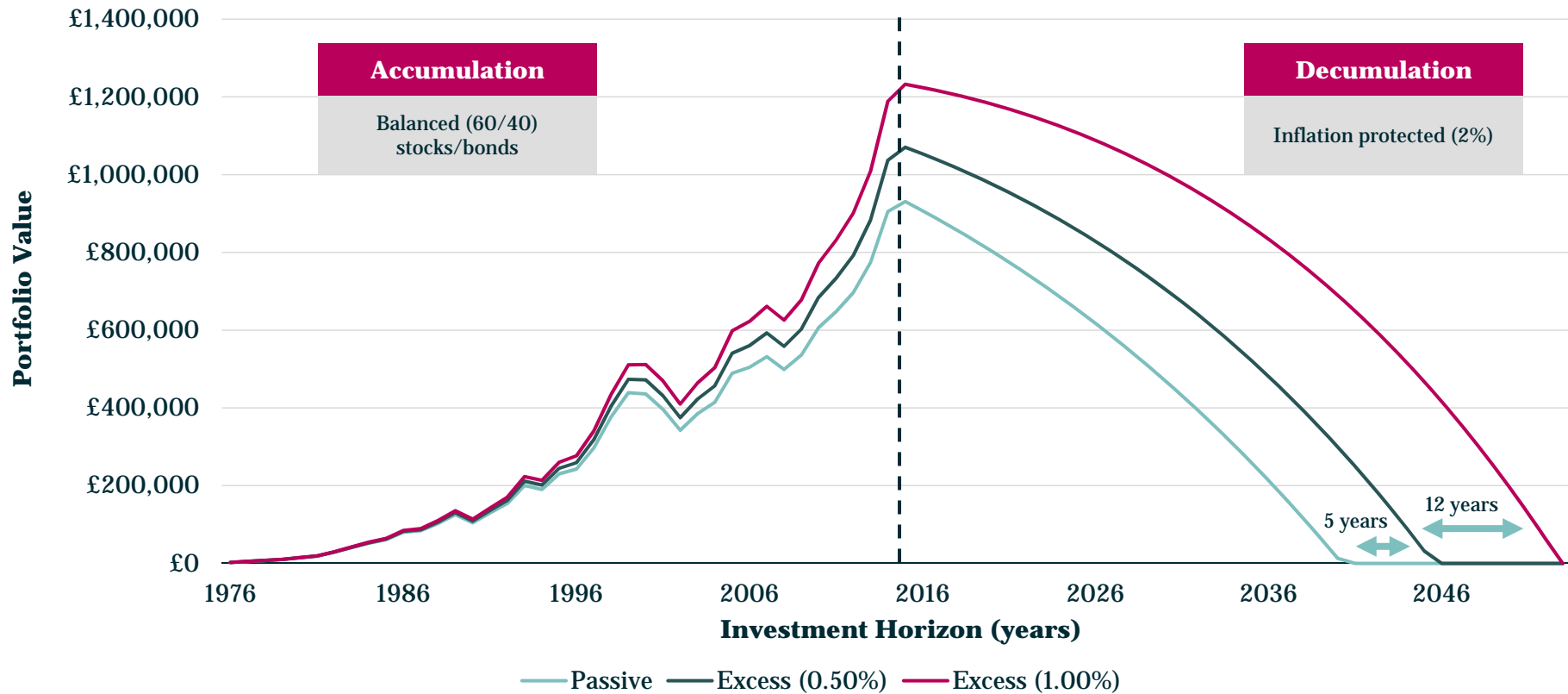
Expected Rate of Return on Retirement Savings

Expected Retirement Savings Withdrawn per Year	Expected Rate of Return on Retirement Savings
1 – 2%	7%
3 – 4%	20%
5 – 6%	20%
7 – 9%	6%
10%+	5%
Don't Know	41%

2017 MFS Global Retirement Income Survey Base: UK Participant 700 Q28: How important is it for you to be able to consolidate all retirement assets into one or as few accounts as possible?
Q29: Thinking ahead to retirement, what do you think you will do with any employer sponsored retirement plans that you have after taking a potential lump sum?

ENHANCING EQUITY RETURNS MAY IMPROVE OUTCOMES

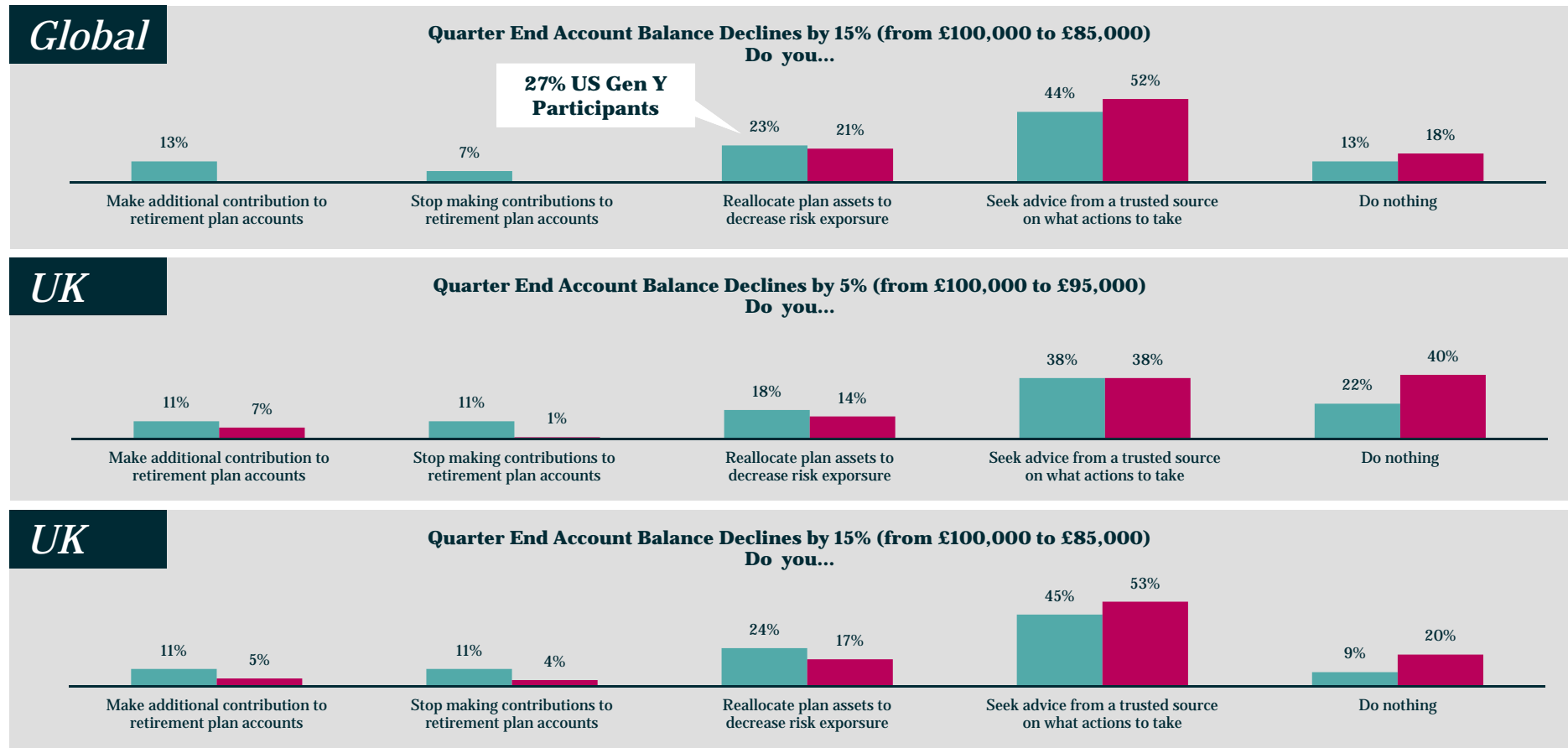
Growth of excess value of a hypothetical retirement portfolio



Assumptions: Hypothetical example assumes a 40-year investment horizon (1976-2015) within the context of the MFS proprietary Member Savings Model. Retirement age assumed to be 65 while beginning contribution age is 26. Beginning member salary of £20,000 (at age 22); 2% annual wage growth over 44 years (1972-2015); The proxy portfolio is a 60/40 blend of MSCI World NR and FTSE Gilts Over 15 Year TR over the same time period rebalanced monthly. Fees of 100 bps are applied to each year's returns. Data source for proxy portfolio performance: Morningstar Direct. Average annual returns applied each year to portfolio ending balance plus contributions with the assumption that contributions are made uniformly over the course of a year; Employer contribution is 6.7% of salary; Employee contribution is 3.4% of salary based on Pensions Policy Institute (PPI) Pension Facts March 2015. Total portfolio values after 40 years for the passive and excess return of 1.00% are £930,676 and £1,232,427, respectively. Withdrawals modeled over the decumulation phase equate to 70% of final salary growing at a 2% inflation rate. Portfolio assumed to return 2% in the postretirement phase as a conservative proxy. This is a hypothetical example shown for illustrative purposes only. An investment cannot be made directly into an index. Please see appendix for more information on the MFS proprietary Member Savings Model.

PARTICIPANTS AND RETIREES ARE LIKELY TO TAKE ACTION IF THERE IS A 15% DECLINE IN THEIR ACCOUNT BALANCE

Participant Retiree



Data source: Data is derived from 2017 MFS Retirement Income Survey. Q27B. Assume that you have \$100,000 in total retirement assets across all current/former employer retirement plans, and individual retirement accounts. How would you react in the following scenario: At quarter-end, your account balance has fallen by 15% (\$15,000) to \$85,000. Do you?

Base: UK Participant 700, UK Retiree 300 Q27: Assume you have £100,000 in retirement assets and the stock and financial markets are going through a period of volatility. How would you react in the following scenarios (At QE balance declines by 5% / 15%). Do you...

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Clear decisions; transparent outcomes



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