

OPQ
RETIREMENT & DEATH BENEFITS PLAN
For Employees of The OPQ Company

MEMBER BOOKLET

APRIL 2023 EDITION

Reviewed April 2023

CONTENTS

PAGE	
2	INTRODUCTION
3	DEFINITIONS
6	FREEDOM AND CHOICE
8	JOINING THE PLAN
10	CONTRIBUTIONS
11	INVESTMENT INFORMATION
13	TAKING YOUR BENEFITS
16	LEAVING THE PLAN
17	DEATH BENEFITS
19	STATE PENSION SCHEME
20	OTHER IMPORTANT MATTERS
24	APPENDIX A: LIFESTYLE MATRIX
25	APPENDIX B: EXAMPLE - LIFESTYLE SWITCHING
26	APPENDIX C: EXAMPLE - VALUING A PERSONAL RETIREMENT ACCOUNT
27	APPENDIX D: CALCULATION - TAX FREE CASH SUM AND ANNUITY
29	APPENDIX E: CALCULATION - UNCRYSTALLISED FUNDS PENSION LUMP SUM

INTRODUCTION

This booklet is an overview of the main benefits and conditions of the OPQ Retirement & Death Benefits Plan (the *Plan*) as they apply at 6 April 2023. The contributions that you pay to the *Plan* and those paid by the *Employer* on your behalf are held in your *Personal Retirement Account*. This is designed to provide benefits for you when you retire and benefits for your *Dependants* in the event of your death.

Although this booklet is only a guide to the *Plan*, you are advised to study the contents and keep it in a safe place for future reference. The full terms are contained in the Trust Deed and Rules which are amended from time to time. If there is any conflict between the booklet and the Trust Deed and Rules, the provisions of the latter will always prevail.

Further information about the *Plan* can be obtained from your Human Resources Department at the address below:

Human Resources Department
OPQ House
1st Floor
Main Street
Any Town
ZZ1 1AA

Alternatively, you can contact the Pensions Department at:

Pensions Department
OPQ House
3rd Floor
Main Street
Any Town
ZZ1 1AA

You can also find further information and useful forms relating to the *Plan* at the website www.opqpensionplan.co.uk.

DEFINITIONS

This section contains certain terms used in this booklet. Wherever these terms appear in italics they have the meaning set out below:

Additional Voluntary Contributions

means contributions that you can make over and above your normal pension scheme contributions to secure additional benefits.

Annual Allowance

means the annual limit up to which your pension savings benefit from tax relief. This limit is £60,000 for the 2023/24 tax year (assuming you have not triggered the money purchase annual allowance rules – see the “**Freedom and Choice**” section on page 6 of this booklet for further details). It is generally possible for you to carry forward the balance of any unused *Annual Allowance* from the previous three tax years. The *Annual Allowance* limit does not apply in the tax year in which your benefits are paid in the event of your death.

A tapered *Annual Allowance* applies to high earners where “threshold” annual income exceeds £200,000 and “adjusted” annual income exceeds £260,000. This essentially means that the *Annual Allowance* limit gradually reduces once “adjusted” annual income exceeds £260,000 until it reaches a maximum of £10,000 for those earning £360,000 or higher in a tax year.

Adjusted Annual Income	Tapered Annual Allowance
£260,000	£60,000
£280,000	£50,000
£300,000	£40,000
£320,000	£30,000
£340,000	£20,000
£360,000 (and higher)	£10,000

Annual Allowance Tax Charge

means the charge that applies to the excess (if any) of your annual pension savings over and above your *Annual Allowance*. You are generally responsible for paying any *Annual Allowance Tax Charge* to HM Revenue and Customs and must declare any such charge on your Self-Assessment Tax Return. However, if your tax charge in a single tax year is greater than £2,000, you can ask the *Scheme Administrator* to pay some or all of the tax charge on your behalf. If you do this, your unit holdings in your *Personal Retirement Account* will be reduced accordingly.

<i>Annual Salary</i>	means your total earnings from the <i>Employer</i> for the 12 month period ending on the last day of the preceding <i>Plan Year</i> . If you were not in receipt of earnings for the whole of this 12 month period, your <i>Annual Salary</i> will be based on the annual equivalent of your earnings for the actual period in which you were in receipt of earnings. When you first join the <i>Plan</i> , your <i>Annual Salary</i> will be specially determined by the <i>Employer</i> and will be based on your initial rate of earnings.
<i>Annuity</i>	means a contract with an insurance company which provides you with a taxable income for life in the form of a series of payments at stated intervals. Since 6 April 2015, it has been possible to purchase an <i>Annuity</i> in which the payments can decrease as well as increase (or stay the same).
<i>Dependant</i>	means your spouse (or registered civil partner) or any child or any other person who is financially dependent on you when you take your benefits or die.
<i>Employer</i>	means any employer who participates in the <i>Plan</i> .
<i>Flexi-Access Drawdown</i>	means a form of income withdrawal which allows you to take as much or as little as you like each year from a pension provider with whom you have designated funds as available for drawdown.
<i>Lifetime Allowance</i>	means the lifetime limit of £1,073,100 up to which your pension savings benefit from tax relief. It should be noted that there is no <i>Lifetime Allowance Tax Charge</i> for exceeding this limit from 6 April 2023.
<i>Lifetime Allowance Tax Charge</i>	means the charge that applies to the excess (if any) of your lifetime pension savings over and above your <i>Lifetime Allowance</i> . You and the <i>Scheme Administrator</i> are jointly and severally liable for any <i>Lifetime Allowance Tax Charge</i> , with the <i>Scheme Administrator</i> being responsible for calculating the tax due and confirming to you how and when you should pay it. It should be noted that the <i>Lifetime Allowance Tax Charge</i> has been abolished from 6 April 2023.
<i>Minimum Pension Age</i>	means age 55 and is the earliest age (other than through ill health) at which you can currently retire from the <i>Plan</i> with the <i>Trustees</i> ' consent. The Government is set to raise the <i>Minimum Pension Age</i> to 57 for those retiring from 6 April 2028 and keep it at 10 years below State Pension Age thereafter.

<i>Money Purchase Arrangement</i>	means a defined contribution arrangement (for example, the <i>Plan</i>) or a cash balance arrangement.
<i>Normal Pension Date</i>	means the date on which you reach your State Pension Date – see the “ State Pension Scheme ” section on page 19 of this booklet for further details.
<i>Personal Retirement Account</i>	means your account within the <i>Plan</i> . This is made up of your normal contributions, your <i>Additional Voluntary Contributions (AVCs)</i> , the <i>Employer’s</i> contributions and any amounts transferred in from previous pension arrangements. It also includes any return on your investments. The value of your <i>Personal Retirement Account</i> depends upon the number of units that you hold in each of the investment funds multiplied by the relevant unit prices for those unit holdings.
<i>Plan</i>	means the OPQ Retirement & Death Benefits Plan.
<i>Plan Service</i>	means your service with the <i>Employer</i> beginning on the date you join the <i>Plan</i> and ending on the earliest date on which you opt out, leave service, retire and take your benefits or die.
<i>Plan Year</i>	means the 12 month period commencing on each 6 April.
<i>Qualifying Service</i>	means your <i>Plan Service</i> plus service whilst a member of any other registered occupational pension schemes from which you have transferred benefits into the <i>Plan</i> .
<i>Scheme Administrator</i>	means the person or persons responsible for fulfilling certain functions, under tax law, connected with the <i>Plan</i> .
<i>Target Retirement Date</i>	means the date on which you are expecting to take your benefits if you are in the Lifestyle Fund . Your <i>Target Retirement Date (TRD)</i> determines how your investment funds are switched each month until you reach your <i>TRD</i> . If you do not select a specific <i>TRD</i> , your <i>Normal Pension Date (NPD)</i> will be used as your default <i>TRD</i> .
<i>Trustees</i>	means those responsible for the administration of the <i>Plan</i> in accordance with the Definitive Trust Deed and Rules.
<i>Uncrystallised Funds Pension Lump Sums</i>	means a single lump sum or a series of lump sums that you can take from a <i>Money Purchase Arrangement</i> once you have reached <i>Minimum Pension Age</i> (or any age if you are in ill health). 25% of each lump sum payment will normally be paid free of tax, with the balance being taxed at your marginal rate of income tax.

FREEDOM AND CHOICE

What does this mean?

In his Budget on 19 March 2014, the Chancellor of the Exchequer announced significant changes to the way in which individuals with **Money Purchase Arrangements** would be able to access their pension funds from 6 April 2015. These changes were introduced to increase freedom and choice for individuals with **Money Purchase Arrangements**, thereby allowing them more flexibility in providing for their retirement.

How do the changes work?

Since 6 April 2015, individuals have been able to take as little or as much as they want from their **Money Purchase Arrangements** once they have reached **Minimum Pension Age** (or earlier if they are in ill health). Individuals have three options available to them, as follows:

- a) take some or all of their funds as an income for life (after taking the tax-free cash option, if required) by buying an **Annuity**
- b) put some or all of their funds into a drawdown fund (after taking the tax-free cash sum option, if required) from which they can drawdown any amount over whatever period they choose (**Flexi-Access Drawdown**)
- c) access their funds when they want by taking either a single or a series of **Uncrystallised Funds Pension Lump Sums (UFPLS)**

It is also possible for individuals to take a combination of the above options to suit their own personal circumstances.

What are the tax implications for me?

Your **Annuity** payments and **Flexi-Access Drawdown** payments are taxable as pension income. For **UFPLS** payments, 25% of the amount will normally be paid free of tax, with the balance being taxable at your marginal rate of income tax.

Are all of the new flexibilities available from the **Plan**?

Under the **Plan**, once you have reached **Minimum Pension Age** (or earlier if you are in ill health) you can either:

- a) take up to a maximum of 25% of the value of your **Personal Retirement Account** as a tax-free cash sum (subject to HM Revenue and Customs limits) and use the balance to purchase an **Annuity** using the **Plan's** "Annuity Bureau" factors (or, alternatively, to purchase an **Annuity** using an "Open Market" option), or
- b) take the entire value of your **Personal Retirement Account** as a single **UFPLS**.

If you want to take advantage of the **Flexi-Access Drawdown** flexibilities or if you want to take a series of **UFPLS** payments, you must transfer the full value of your **Personal Retirement Account** to a suitable provider willing to offer these flexibilities (partial transfers are not permitted under the **Plan**).

What else do I need to know?

As soon as you take a **Flexi-Access Drawdown** or **UFPLS** payment, you will trigger the "Money Purchase Annual Allowance" (MPAA) rules, which will limit the amount of tax relief available to you on future savings to all **Money Purchase Arrangements** to £10,000 in each tax year. The amount was £4,000 for tax years from 6 April 2017 to 5 April 2023.

If you are subject to the MPAA rules and exceed the £10,000 **Annual Allowance** for money purchase savings in a single tax year, you will be liable to an **Annual Allowance Tax Charge** on the excess over £10,000.

If you are subject to the MPAA rules but do not exceed the £10,000 **Annual Allowance** for money purchase savings in a single tax year, you will not be liable for an **Annual Allowance Tax Charge**. However, it will not be possible for you to carry forward any unused tax relief in respect of your money purchase savings from one tax year to another.

JOINING THE PLAN

*How do I join the **Plan**?*

You will be automatically enrolled into the **Plan** from your first day of employment, provided you have not reached State Pension Age (SPA).

*Can I opt out of the **Plan**?*

You can only opt out of being automatically enrolled within one month of the later of the date that you first become an active member of the **Plan** or the date that you are provided with written automatic enrolment information by the Human Resources Department. If you wish to do this, you can obtain an “Opt-out” notice from the Pensions Department. Once the **Employer** has received and validated this notice, arrangements will be made to refund your pension contributions (less tax) to you.

If you remain with the **Employer** and wish to leave the **Plan** after the initial opt-out period for automatic enrolment has ended, you will need to complete a separate form available from the Pensions Department. Your benefits will be calculated as shown in the “**Leaving the Plan**” section on page 16 of this booklet. By leaving the **Plan**, your cover for the life assurance benefit detailed on page 17 of this booklet will cease.

*Can I rejoin the **Plan** if I opt out of my automatic enrolment or leave the **Plan**?*

If you opt out of your automatic enrolment or leave the **Plan** after your opt-out period has ended or take your benefits whilst remaining with the **Employer**, you will not be permitted to rejoin the **Plan** at a later date.

It will, however, be possible for you to join an alternative arrangement which is separate to the **Plan** but which still satisfies automatic enrolment requirements. The **Employer** will, in any event, generally be required to automatically re-enrol you into this separate arrangement if you remain with the **Employer** at the next re-enrolment date.

Contributions by you and the **Employer** to this separate arrangement will be lower than those required to be paid to the **Plan** (see the “**Contributions**” section on page 10 of this booklet) and will be the minimum necessary to satisfy statutory automatic enrolment requirements. For further details, you should contact the Pensions Department.

*Can I transfer my benefits from previous pension arrangements into the **Plan**?*

The **Trustees** may accept transfer in payments from any of your previous registered pension arrangements. These payments will be invested in your **Personal Retirement Account** to provide the benefits described in later sections of this booklet.

If you wish to transfer any of your previous benefits into the **Plan**, please contact the Pensions Department who will provide you with the necessary forms. Alternatively, you can obtain a form from the **Plan** website at www.opqpensionplan.co.uk.

*What should I do if my **Lifetime Allowance** is protected?*

If you have protection for your **Lifetime Allowance**, you should seek independent financial advice. Various forms of protection relating to the **Lifetime Allowance** have been introduced over time since 6 April 2006. These include:

- Primary Protection
- Enhanced Protection
- Fixed Protection 2012
- Fixed Protection 2014
- Individual Protection 2014
- Fixed Protection 2016
- Individual Protection 2016

CONTRIBUTIONS

- How much do I pay?* You are required to pay 5.0% of your **Annual Salary** to the **Plan** (although this percentage may vary from time to time). These contributions are added to your **Personal Retirement Account**.
- Does the Employer contribute?* The **Employer** contributes to the **Plan** at the rate of 8.0% of your **Annual Salary** (although this percentage may vary from time to time). These contributions are added to your **Personal Retirement Account**.
- Can I pay more?* You can make further contributions by paying **AVCs**. Your **AVCs** are added to your **Personal Retirement Account** in addition to your normal contributions and those paid by the **Employer**. If you wish to pay **AVCs**, or change the amount of **AVCs** that you pay, please contact the Pensions Department for the necessary form. Alternatively, you can obtain the necessary form from the **Plan** website at www.opqpensionplan.co.uk.
- What are the tax advantages?* Tax relief is only available on your contributions to all registered pension arrangements up to 100% of your gross earnings in each tax year (or £3,600 if higher), subject to the **Annual Allowance**.
- Your contributions that are eligible for tax relief are deducted from your earnings before tax is calculated. This means that you receive tax relief at your highest rate of income tax. In addition, your contributions and those of the **Employer** build up in your **Personal Retirement Account** and benefit from tax concessions on income and capital gains.
- What happens if I am absent from work?* Under certain circumstances you may, at the discretion of the **Employer**, be treated as continuing in **Plan Service**. The maximum period is generally three years although the **Employer** may extend this if your absence is due to ill health or secondment to a UK Government department.
- If you are on paid maternity leave, the **Employer** will continue to pay contributions at the rate of 8.0% of your notional **Annual Salary**. However, you will only be required to contribute at the rate of 5.0% of the pay that you are actually receiving.
- If you are absent for acceptable reasons (including those outlined above), you will continue to be covered for the life assurance benefit described on page 17 of this booklet.

INVESTMENT INFORMATION

Choosing where to invest

Your contributions (including your **AVCs**) and the **Employer's** contributions to the **Plan** are used to buy units in a selection of investment funds. It is up to you to choose in which of these funds you wish to invest and in what proportions.

The value of your **Personal Retirement Account** will depend on the amount of contributions paid and the investment performance of your chosen funds.

Which funds can I choose from?

You can choose from the following investment funds:

Global Equity Fund

This fund invests in UK and overseas equities (company shares) to benefit from returns from both the UK and international equity markets. Although equity values are expected to fluctuate in the short term, over the long term equities are expected to provide higher returns than other forms of investment.

Index Linked Bond Fund

This fund invests in index-linked gilts which have the security of being issued and backed by the UK Government. If they are held to maturity date, their income and capital value follow the rate of inflation.

Balanced Fund

This fund invests mainly in equities (company shares) both in the UK and overseas. It also invests in government securities and other fixed interest investments.

Corporate Bond Fund

This fund invests in bonds (loans) issued by companies either in the UK or overseas. Whilst the returns from corporate bonds are not expected to be as high as from equities, they are expected to be higher than from bonds issued by governments (i.e. gilts issued by the UK Government).

Cash Fund

This fund invests in cash deposits and other short-term investments.

Lifestyle Fund

This fund is made up from three of the other investment funds (the **Global Equity Fund**, the **Index Linked Bond Fund** and the **Cash Fund**). It automatically provides an investment strategy that changes as you approach your **TRD** (or your **NPD** if you have not chosen a **TRD**) – see **Appendix A** on page 24 of this booklet.

*How does the **Lifestyle Fund** work?*

If you are in the **Lifestyle Fund** and are more than five years from your **TRD** (or your **NPD** if you have not chosen a **TRD**), 100% of your investment in this fund will be in the **Global Equity Fund**.

Five years before your **TRD** (or your **NPD** if you have not chosen a **TRD**), you will start to gradually switch from the **Global Equity Fund** into the **Index Linked Bond Fund** and the **Cash Fund** so that you are wholly invested in these funds when you are ready to take your benefits. An example of how lifestyling works is shown in **Appendix B** on page 25 of this booklet.

You can be wholly invested in the **Lifestyle Fund** or you can be partially invested in the **Lifestyle Fund**, in which case your remaining investments will be spread across one or more of the other funds available to you.

Who manages these funds?

All funds are managed by ABC Investments. More details about each of the funds and their risk profile can be obtained from the website www.ABC-Investments.co.uk.

How can I change investment funds?

You can change your choice of investment funds at any time by completing a “Change of Investment Choices” form, which can be obtained from the Pensions Department. Alternatively, you can complete your change online at www.opqpensionplan.co.uk.

How do I decide which fund(s) to choose?

The growth of your **Personal Retirement Account** will depend on the investment performance of your chosen funds. As with any investment the value can go up or down. Therefore, it is important that you make investment decisions based on your own personal circumstances. If you are in any doubt as to which funds to choose you should seek independent financial advice. Neither the **Employer** nor the **Trustees** will be liable for any loss arising from your choice of investments.

TAKING YOUR BENEFITS

*How much will my **Personal Retirement Account** be worth when I take my benefits?*

Throughout your membership of the **Plan**, your contributions (including any **AVCs** you choose to pay), the **Employer's** contributions and any funds that you transfer in to the **Plan** are allocated to purchase units in your chosen investment funds.

When you take your benefits, the overall value of your **Personal Retirement Account** will be based on the number of units you hold in each of your investment funds and the unit prices for those unit holdings.

When can I take my benefits?

You can stop working for the **Employer** and take your benefits immediately from the **Plan** at any time between **Minimum Pension Age** (or earlier if you are in ill health) and **NPD**.

You can also take your benefits in their entirety at any time between **Minimum Pension Age** and **NPD** whilst continuing to work for the **Employer** although you will not then be permitted to make any further contributions to the **Plan** - (see the “**Joining the Plan**” section on page 8 of this booklet for details relating to automatic re-enrolment to an alternative arrangement).

You are not legally obliged to stop work or take your benefits when you reach **NPD**. If you continue working for the **Employer** when you reach **NPD** and you do not take your benefits, you can choose whether or not to carry on contributing to the **Plan** until such time as you do take your benefits. If you choose to carry on contributing, the **Employer** will also continue to contribute.

What are the options available to me?

The options available to you under the **Plan** are as follows:

- a) To buy an **Annuity** from an insurance company using the **Plan's** “Annuity Bureau” factors. The **Annuity** will be payable monthly in arrears for life from the date that you take your benefits and can be tailored to your personal circumstances.

If you choose the **Annuity** option, you can take a tax-free cash sum of up to 25% of the value of your **Personal Retirement Account** (subject to HM Revenue and Customs limits), with the balance being used to purchase the **Annuity**.

The “Annuity Bureau” charge will be £75.00 or, if greater, 0.065% of the value of your *Personal Retirement Account* (calculated after the deduction of any tax-free cash sum that you may decide to take).

Once you have purchased your *Annuity*, the insurance company will be responsible for paying it directly to you.

- b) To use the proceeds of your *Personal Retirement Account* (after taking any tax-free cash sum) to secure an *Annuity* using an “Open Market Option”. The “Annuity Bureau” charge will not apply if you take this option.
- c) To take the entire value of your *Personal Retirement Account* from the *Plan* as a single *UFPLS* (see the “**Freedom and Choice**” section on page 6 of this booklet). 25% of this value will be paid free of tax (subject to HM Revenue and Customs limits) and the balance will be taxed at your marginal rate of income tax.

Should you wish to take advantage of the *Flexi-Access Drawdown* flexibilities or take a series of *UFPLS* payments, you can transfer your entire *Personal Retirement Account* to an alternative pension provider as these options are not available under the *Plan*.

How do I claim my benefits? If you have not already claimed your benefits, the Pensions Department will write to you just before your *TRD* (or your *NPD* if you have not chosen a *TRD*) with a range of *Annuity* quotations based on the *Plan’s* “Annuity Bureau” factors. The Pensions Department will additionally provide you with details of the other options that are available to you. If you are unsure about which options are most suitable for your individual circumstances, you should seek independent financial advice.

Do I pay tax on my Annuity? If you choose to take an *Annuity*, this will be paid by an insurance company and treated as earned income. This means that it will be subject to the deduction of tax if your total income is such that it makes you liable for income tax.

Are there any restrictions on my benefits?

Should the value of your ***Personal Retirement Account*** exceed the balance of your ***Lifetime Allowance***, the amount over and above your ***Lifetime Allowance*** will be subject to a ***Lifetime Allowance Tax Charge***. It should be noted that this charge has been abolished from 6 April 2023.

What are the small pot rules?

If the capital value of your benefits under the ***Plan*** is less than £10,000, this will be deemed to be a “small pot”. Taking your benefits in their entirety from the ***Plan*** in such circumstances will not use up any of your ***Lifetime Allowance***. 25% of the capital value will be paid free of tax and the balance will be taxed at your marginal rate of income tax.

LEAVING THE PLAN

*What are the benefits if I leave the **Employer** or withdraw from the **Plan** with less than 30 days of **Qualifying Service**?*

If you have less than 30 days of **Qualifying Service** and you have not transferred in pension rights from any personal pension arrangements, you will receive a refund equal to the current value of your own contributions (including **AVCs**).

The **Trustees** will deduct tax at the rate of 20% on the amount of contributions that you actually paid up to £20,000 and 50% on the amount of contributions that you actually paid over and above this amount.

You will have to declare the value of any investment returns on these contributions to HM Revenue and Customs since it is likely that this will be subject to a further tax charge.

*What are the benefits if I leave the **Employer** or withdraw from the **Plan** with 30 days or more of **Qualifying Service**?*

If you leave the **Plan** with 30 days or more of **Qualifying Service** (or if you leave the **Plan** with less than 30 days of **Qualifying Service** but you have transferred in pension rights from a personal pension arrangement), you will have the following options available to you:

- a) You can leave your **Personal Retirement Account** invested in the **Plan** until you take your benefits between **Minimum Pension Age** (or earlier if you retire on the grounds of ill health) and **NPD**.
- b) You can transfer your **Personal Retirement Account** to a suitable alternative pension arrangement.

In accordance with the Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021, the **Trustees** will need to complete all of their necessary due diligence checks to satisfy themselves that the transfer is to a legitimate arrangement before it can proceed

- c) If you join a new employer's registered pension scheme, you can transfer your **Personal Retirement Account** to this new scheme (provided it is willing and able to accept the transfer).

DEATH BENEFITS

*What are the benefits if I die in **Plan Service**?*

If you die in **Plan Service**, the following benefits will be payable:

- (i) a life assurance benefit equal to three times your **Annual Salary**, and
- (ii) a refund of the value of your **Personal Retirement Account** (taking into account all contributions and investment returns accumulated to the date of your death).

You may indicate any person(s) who you wish to benefit from the lump sum death benefit by completing the “Nomination Form” which accompanies this booklet and sending it to the Pensions Department. You can also complete this form online at www.opqpensionplan.co.uk.

Although the **Trustees** will take your wishes into consideration, they will have absolute discretion as to whom the lump sum death benefit will be paid.

*What if I die after leaving the **Plan** but before I take my benefits?*

If you die after leaving the **Plan** but before taking your benefits, your **Personal Retirement Account** (taking into account all contributions and investment returns accumulated to the date of your death) will be payable to your legal personal representatives.

Are there any restrictions on the lump sum death benefit if I die before I take my benefits?

If you are under the age of 75 when you die and the total value of your lump sum death benefits exceeds your remaining **Lifetime Allowance**, the balance above the limit will be taxed at each beneficiary’s own marginal rate of tax via PAYE (or at the rate of 45% but with the tax deducted at source rather than via PAYE if the lump sum death benefit is paid to a non-individual or to a trust).

If you are over the age of 75 when you die, any lump sum death benefits will be taxed at each beneficiary’s own marginal rate of income tax via PAYE (or at the rate of 45% but with the tax deducted at source rather than via PAYE if the lump sum death benefit is paid to a non-individual or to a trust).

What are the benefits for my Dependants if I die after taking my own benefits?

If you use the “Annuity Bureau” factors to purchase a joint life **Annuity** when you take your own benefits from the **Plan**, an **Annuity** for your **Dependant(s)** will be payable monthly in arrears from the date of your death and for the life of your **Dependant(s)**.

The **Annuity** (if applicable) will be paid by (and will be the responsibility of) the insurance company which pays your own **Annuity**. The **Annuity** will not be liable to income tax if it came into payment on or after 6 April 2015.

If you die having taken your own benefits from your **Personal Retirement Account** as a single **UFPLS**, there will be no benefits payable to your **Dependants** from the **Plan**.

STATE PENSION SCHEME

What benefits are payable from the State?

Prior to 6 April 2016, the State Pension Scheme was made up of the Basic State Pension and the Additional State Pension. However, the Government has introduced a new single tier, flat-rate State Pension for people reaching their State Pension Age (SPA) on or after 6 April 2016. For these people, the new single tier State Pension replaces the Basic State Pension and the Additional State Pension.

The new single tier, flat rate State Pension does not impact those people who reached their SPA prior to 6 April 2016. For these people, their existing Basic State Pension and any Additional State Pension they may have will continue to be paid.

The earliest age at which you can receive your State Pension is your SPA, which is dependent on the date you were born.

Further details relating to your State benefit entitlements and your SPA can be found at the website www.gov.uk/future-pension-centre.

How can I find out how much State Pension I will receive?

You can obtain a statement online at the above website or you can write to the following address:

Future Pension Centre
The Pension Service 9
Mail Handling Site A
Wolverhampton
WV98 1LU

OTHER IMPORTANT MATTERS

*Who administers the **Plan**?* The **Plan** is established under trust. This means that the assets of the **Plan** are held separately to those of the **Employer**.

The **Trustees** are responsible for the administration of the **Plan** in accordance with the Definitive Trust Deed and Rules. They have expert advisers to help them in financial, investment and legal matters.

*Is the **Plan** registered and what is its tax position?* The **Plan** is registered with HM Revenue and Customs in accordance with the Finance Act 2004. This means that there are a number of tax advantages enjoyed by the **Plan** and its members. The tax position may change from time to time.

*Can the **Plan** be amended or terminated?* The **Plan** may be amended at any time in which case you will receive notice of any change. Should the **Employer** terminate the **Plan**, your benefits secured in your **Personal Retirement Account** at the date of termination will be preserved and will continue to be invested. Your cover for the life assurance benefit detailed on page 17 of this booklet will cease.

*What **Plan** documents can I ask to see?* The following documents are available on request from the Pensions Department.

- a) The Trust Deed and Rules: This includes the full details about the **Plan**
- b) The Annual Report and Accounts: This shows the flow of money in and out of the **Plan** during the **Plan Year**
- c) Payment Schedule: This shows how much (and when) you and the **Employer** must pay into the **Plan**

*How do I know how much my **Personal Retirement Account** is worth?* Shortly after the start of each **Plan Year**, you will receive a benefit statement showing the contributions paid into your account during the previous **Plan Year** and the current value of your **Personal Retirement Account**. Your benefit statement will also include an illustration of the pension that you can expect to receive at your **TRD** (or your **NPD** if you have not chosen a **TRD**) in today's money.

Can I assign my benefits? The benefits described in this booklet are personal to you. This means that they cannot be assigned to anyone else or used as security for a loan.

Who should I contact with my queries?

In the first instance, you should contact the Pensions Department who will make every effort to help you.

What happens if I have a complaint?

The **Trustees** have established a two stage internal process to deal with the resolution of disputes.

Under the first stage of the process you should write to the Pensions Department detailing the nature of your complaint. You will receive a written response within two months from the date on which your complaint is received.

Under the second stage of the process (assuming you are not satisfied with the response provided after the first stage), you may appeal to the **Trustees** within six months of receiving your initial written response. If you still consider the reply that you receive from the **Trustees** to be unsatisfactory, you may write to The Pensions Advisory Service (TPAS) or to the Pensions Ombudsman.

What is the difference between TPAS and the Pensions Ombudsman and how can I contact them?

The Pensions Advisory Service (TPAS) offers a free and impartial information and guidance service to people with workplace and personal pensions. It is usual to contact TPAS through your local Citizens Advice Bureau, but contact can also be made direct to:

The Pensions Advisory Service
11 Belgrave Road
London
SW1V 1RB
(www.pensionsadvisoryservice.org.uk)
or telephone: 0800 011 3797)

Since January 2019, TPAS has been part of the Money and Pensions Service (MPS). The MPS was set up under the Financial Guidance and Claims Act 2018 and was temporarily known as the Single Financial Guidance Body.

Details relating to the MPS can be found online at www.moneyandpensionsservice.org.uk.

The Pensions Ombudsman deals with claims and disputes concerning the administration and / or management of workplace and personal pension schemes.

If you have a complaint, contact with the Pensions Ombudsman needs to be made within three years of the event(s) relating to the complaint having happened – or, if later, within three years of you first becoming aware (or within three years of when you ought reasonably to have become aware) of the event(s) relating to the complaint having happened. There is discretion for these time limits to be extended.

The Pensions Ombudsman can be contacted at the following address:

The Pensions Ombudsman
10, South Colonnade
Canary Wharf
London
E14 4PU
(www.pensions-ombudsman.org.uk
or telephone: 0800 917 4487)

A complaint form can also be submitted directly to The Pensions Ombudsman online at www.pensions-ombudsman.org.uk/making-complaint.

Who is the Pensions Regulator?

The Pensions Regulator is an independent body established by the Pensions Act 2004 to supervise occupational pension schemes. It has a wide range of powers to help put scheme matters right if problems arise. The address is:

Napier House
Trafalgar Place
Brighton
East Sussex
BN1 4DW

How can I trace any previous pension rights?

The Department for Work and Pensions operates a tracing service that enables former members to contact pension schemes with which they have lost touch. The address is:

Pension Tracing Service
The Pension Service 9
Mail Handling Site A
Wolverhampton
WV98 1LU
(www.gov.uk/find-pension-contact-details)

General Data Protection Regulation

Your personal data is handled in accordance with all relevant data protection legislation. For further details, please refer to the *Employer* website.

Can I get guidance about my benefit options?

Since 6 April 2015, there has been greater freedom and choice available to you in relation to how you can take your money purchase benefits once you have reached your *Minimum Pension Age* (or earlier if you are in ill health).

Free guidance is available to explain the various options available to you. This guidance is available online at www.pensionwise.gov.uk, by telephone through TPAS or face to face through the Citizens Advice Bureau. You can also receive further details by contacting the Pensions Department.

Since January 2019, Pension Wise has been part of the Money and Pensions Service (MPS). The MPS was set up under the Financial Guidance and Claims Act 2018 and was temporarily known as the Single Financial Guidance Body.

Details relating to the MPS can be found online at www.moneyandpensionsservice.org.uk.

What should I know about pension scams?

You should be careful if you receive unsolicited text messages, phone calls or emails or if you see advertisements encouraging you to transfer your pension benefits and receive cash as a result. These arrangements could result in you losing some (or even all) of your benefits due to the fees charged and the tax implications.

If you want for further information about how to protect yourself from scammers, you can contact the Pensions Department or visit the Pension Regulator's website at www.thepensionsregulator.gov.uk/en/pension-scams.

Lifestyle Matrix

If you choose to invest wholly or partially in the **Lifestyle Fund**, your investments will be switched on the first day of each month in accordance with the table below. Future contributions to the **Lifestyle Fund** will similarly be allocated in accordance with the table below.

Months from <i>TRD</i> (or <i>NPD</i> if you have not chosen a <i>TRD</i>)*	Global Equity Fund (%)	Index Linked Bond Fund (%)	Cash Fund (%)
60	100.00	0.00	0.00
59	98.33	1.25	0.42
58	96.67	2.50	0.83
57	95.00	3.75	1.25
56	93.33	5.00	1.67
55	91.67	6.25	2.08
54	90.00	7.50	2.50
53	88.33	8.75	2.92
52	86.67	10.00	3.33
51	85.00	11.25	3.75
50	83.33	12.50	4.17
49	81.67	13.75	4.58
48	80.00	15.00	5.00
47	78.33	16.25	5.42
46	76.67	17.50	5.83
45	75.00	18.75	6.25
44	73.33	20.00	6.67
43	71.67	21.25	7.08
42	70.00	22.50	7.50
41	68.33	23.75	7.92
40	66.67	25.00	8.33
39	65.00	26.25	8.75
38	63.33	27.50	9.17
37	61.67	28.75	9.58
36	60.00	30.00	10.00
35	58.33	31.25	10.42
34	56.67	32.50	10.83
33	55.00	33.75	11.25
32	53.33	35.00	11.67
31	51.67	36.25	12.08
30	50.00	37.50	12.50

Months from <i>TRD</i> (or <i>NPD</i> if you have not chosen a <i>TRD</i>)*	Global Equity Fund (%)	Index Linked Bond Fund (%)	Cash Fund (%)
29	48.33	38.75	12.92
28	46.67	40.00	13.33
27	45.00	41.25	13.75
26	43.33	42.50	14.17
25	41.67	43.75	14.58
24	40.00	45.00	15.00
23	38.33	46.25	15.42
22	36.67	47.50	15.83
21	35.00	48.75	16.25
20	33.33	50.00	16.67
19	31.67	51.25	17.08
18	30.00	52.50	17.50
17	28.33	53.75	17.92
16	26.67	55.00	18.33
15	25.00	56.25	18.75
14	23.33	57.50	19.17
13	21.67	58.75	19.58
12	20.00	60.00	20.00
11	18.33	61.25	20.42
10	16.67	62.50	20.83
9	15.00	63.75	21.25
8	13.33	65.00	21.67
7	11.67	66.25	22.08
6	10.00	67.50	22.50
5	8.33	68.75	22.92
4	6.67	70.00	23.33
3	5.00	71.25	23.75
2	3.33	72.50	24.17
1	1.67	73.75	24.58
0	0.00	75.00	25.00

*This is the number of complete months from the date of the switch until your *TRD* (or your *NPD* if you have not chosen a *TRD*).

Example - Lifestyle Switching

Member: Member OPQ
DOB: 30 January 1960
Next Switch date: 1 May 2023
TRD: 30 January 2026 (66th birthday = State Pension Date)

At the next switch date, *Member OPQ* will have 32 complete months until his *TRD* (based on the period 1 May 2023 to 30 January 2026). It should be noted that if *Member OPQ's TRD* had been 31 January 2026, he would have had 33 complete months until his *TRD*.

Using the Lifestyle Matrix in **Appendix A**, this means that at the next switch date of 1 May 2023 *Member OPQ's* funds will be switched as follows:

Fund Name	Fund Split (%)
Global Equity Fund	53.33
Index Linked Bond Fund	35.00
Cash Fund	11.67

At the following switch date of 1 June 2023 there will be 31 months until *Member OPQ's TRD* and his funds will be switched as follows:

Fund Name	Fund Split (%)
Global Equity Fund	51.67
Index Linked Bond Fund	36.25
Cash Fund	12.08

This switching process will continue up to the final switch date of 1 January 2026 when *Member OPQ's* funds will be switched as follows:

Fund Name	Fund Split (%)
Global Equity Fund	-----
Index Linked Bond Fund	25.00
Cash Fund	75.00

Note

For the avoidance of doubt, if a member leaves, retires or dies on the first day of a month, the switch for that month will be deemed to have already taken place.

Example - Valuing a *Personal Retirement Account*

Member:	Member OPQ
DOB:	30 January 1960
Last switch date:	1 May 2023
TRD:	30 January 2026 (66 th birthday = <i>State Pension Date</i>)
Valuation date:	7 May 2023
Lifestyle units:	23,821.8945 (holdings at valuation date)
Global Equity Fund:	£3.924 (unit price at valuation date)
Index Linked Bond Fund:	£6.772 (unit price at valuation date)
Cash Fund:	£3.822 (unit price at valuation date)

The value of a member's *Personal Retirement Account* will depend on the number of units held in each of the investment funds multiplied by the relevant unit prices for those unit holdings.

Using the Lifestyle Matrix in **Appendix A**, at the last switch date of 1 May 2023 *Member OPQ*'s funds will have been switched as follows (based on 32 complete months until his *TRD*):

Fund Name	Fund Split (%)
Global Equity Fund	53.33
Index Linked Bond Fund	35.00
Cash Fund	11.67

At the valuation date of 7 May 2023, *Member OPQ*'s unit holdings in each fund will be calculated to 4 decimal places as follows:

Global Equity:	23,821.8945 x 53.33%	= 12,704.2163 units
Index Linked Bond:	23,821.8945 x 35.00%	= 8,337.6631 units
Cash:	23,821.8945 x 11.67%	= 2,780.0151 units

At the valuation date of 7 May 2023, the value of *Member OPQ*'s *Personal Retirement Account* will be calculated as follows:

Global Equity:	12,704.2163 x £3.924	= £49,851.34
Index Linked Bond:	8,337.6631 x £6.772	= £56,462.65
Cash:	2,780.0151 x £3.822	= £10,625.22

Total *Personal Retirement Account*: = **£116,939.21**

Calculation - Tax-free cash sum and Annuity

Member:	Member OPQ
DOB:	30 January 1960
Retirement date:	7 May 2023
Age at retirement date:	63 years and 3 months
Valuation amount:	£116,939.21 (based on data from Appendix C)
Annuity option (assumed):	50% joint life & non-increasing
Annuity factor:	7.15 [7.10 + (³ / ₁₂ x 0.20) - using “Annuity Bureau” factors]

1) Tax-free cash sum

The maximum tax-free cash sum will be 25% of the value of *Member OPQ's Personal Retirement Account*.

$$£116,939.21 \times 25\% = \mathbf{£29,234.80}$$

2) Annuity

Prior to *Member OPQ* purchasing an *Annuity* with the balance of his *Personal Retirement Account*, an “Annuity Bureau” charge will be deducted. This will be £75.00 or, if greater, 0.065% of the value of his *Personal Retirement Account* (after the tax-free cash sum has been taken).

i) Balance of *Personal Retirement Account*

$$£116,939.21 - £29,234.80 = \mathbf{£87,704.41}$$

ii) “Annuity Bureau” charge

$$£75.00 \vee [£87,704.41 \times 0.065\%] = \mathbf{£75.00} \vee [£57.01]$$

iii) Balance to purchase an *Annuity*

$$£87,704.41 - £75.00 = \mathbf{£87,629.41}$$

iv) Annuity

$$£87,629.41 / 100 \times 7.15 = \mathbf{£6,265.50 \text{ p.a.}}$$

(spouse = **£3,132.75 p.a.**)

The *Annuity* will be payable monthly in arrears (first payment 7 June 2023, assuming a retirement date of 7 May 2023) and will be taxable as pension income.

Lifetime Allowance

The checks against the *Lifetime Allowance* for the tax-free cash sum and the *Annuity* will be carried out as follows:

a) Tax-free cash sum check - (BCE 6)

$$£29,234.80 / £1,073,100.00 \times 100\% = 2.72\%$$

b) *Annuity* check - (BCE 4)

$$£87,704.41 / £1,073,100.00 \times 100\% = 8.17\%$$

Note

For the avoidance of doubt, the check against the *Lifetime Allowance* for the *Annuity* should be carried out before the deduction of the “Annuity Bureau” charge.

Calculation - Uncrystallised Funds Pension Lump Sum

Member:	Member OPQ
DOB:	30 January 1960
Retirement date:	7 May 2023
Age at retirement date:	63 years and 3 months
Valuation amount:	£116,939.21 (based on data from Appendix C)

1) Uncrystallised Funds Pension Lump Sum (UFPLS)

If **Member OPQ** takes his entire **Personal Retirement Account** as a single **UFPLS** payment in accordance with the flexibilities introduced from 6 April 2015, 25% of the payment will be paid free of tax and 75% will be taxed at his marginal rate of income tax.

£116,939.21	x	25%	=	£29,234.80	Payable free of tax
£116,939.21	x	75%	=	£87,704.41	Taxable at marginal rate

The **Plan** will pay £29,234.80 as a tax-free cash sum. The taxable element of £87,704.41 will be paid assuming an Emergency Code on a Month 1 basis.

Any over payment or under payment of tax will be dealt with by HM Revenue and Customs at the end of the tax year. Alternatively, **Member OPQ** could complete a “Repayment Claim Form” – available from HM Revenue and Customs - to pay any underpaid tax or recover any overpaid tax earlier.

Lifetime Allowance

The check against the **Lifetime Allowance** for the **UFPLS** will be carried out as follows:

a) *UFPLS* check - (BCE 6)

$$£116,939.21 / £1,073,100.00 \times 100\% = \mathbf{10.89\%}$$