



# YOUR COMPANY PENSION

## GROUP PERSONAL PENSION

A guide to help you prepare for the retirement you want





## SUPPORTING LITERATURE AND TOOLS TO HELP YOU MAKE DECISIONS ABOUT YOUR COMPANY PENSION

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### LITERATURE

- Key Features and Example Illustration
- Pension Investment Approaches Guide
- Premier Lifestyling Options Guide
- Pension Funds Investor's Guide
- Your guide to with-profits
- Policy Provisions
- Fund prices and fact sheets
- Important notes for applications

Please read the documents above, as they provide important information about your company pension.

### TOOLS

#### **Pension Planner**

Use this to show how much you might get when you retire.

#### **Investment Decision Tool**

Use this to automatically match yourself to the most suitable investment option for you.

#### **Charges Sheet Tool**

Use this to work out the fund charges for your company pension.

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To access the literature, tools and calculators visit [www.scottishwidows.co.uk/joining](http://www.scottishwidows.co.uk/joining)

After reading this literature, we recommend that you either save or print a copy and keep this safe for future reference.

If you don't have internet access or would prefer a paper copy of this information, please call 0345 755 6557.

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WHAT NEXT?

We hope this guide answers all your questions, but if not,  
please speak to the financial adviser for this company pension or your own financial adviser.

## WHAT WE MEAN WHEN WE SAY:

### COMPANY PENSION

This Scottish Widows Group Personal Pension Plan.

### PENSION FUND

The company pension fund held in your name. This fund aims to build up a sum of money in a tax-efficient way, to help support you financially in retirement.

### TAX-EFFICIENT INVESTMENT

Our pension investment funds are generally free of UK income and capital gains tax. Tax rules can change.

### TAXMAN

HM Revenue and Customs.

### TAX RELIEF

The payments you make to this plan can be eligible for UK tax relief.\* We will claim basic rate tax relief on your behalf, and invest it in your plan. If you are a higher or additional rate taxpayer, you may be able to claim additional tax relief via your self-assessment tax return.

You do not get tax relief on any employer contributions or transfer payments.

The value of the tax benefits of a personal pension depend on your personal circumstances. Both your circumstances and tax rules may change in the future.

\*If you are a Scottish taxpayer the tax relief you will be entitled to will be at the Scottish rate of income tax, which may be different from the rest of the UK in the future.

The tax benefits referred to in this booklet are based on Scottish Widows' understanding of HM Revenue and Customs practices and UK law at the date of publication.

### WE/US

Scottish Widows.

### RETIREMENT DATE

Your selected retirement date.

### TOTAL ANNUAL FUND CHARGE

The charge made for managing and investing your plan.

### AUTOMATIC ENROLMENT

Under Automatic Enrolment legislation both you and your employer are required to pay at least a minimum contribution. If you have been automatically enrolled into the scheme and if you choose to opt-out, your employer will re-enrol you at least every three years. You can find more information on Automatic Enrolment at [www.gov.uk/workplace-pensions](http://www.gov.uk/workplace-pensions)



## WHAT'S IN IT FOR ME?

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HERE ARE SOME REASONS WHY YOU SHOULD CONSIDER STARTING TO CONTRIBUTE TO YOUR COMPANY PENSION

- When you start paying in, your employer will normally start paying in too.
- The Government will normally give you tax relief that helps increase the value of your plan. If the basic rate of tax is 20%\*, for every £80 you pay into your plan each month, the Government will automatically top up your pension with an additional £20. If you are a higher or additional rate taxpayer, you may be able to claim additional tax relief via your annual tax return.  
\* If you are a Scottish taxpayer the tax relief you will be entitled to will be at the Scottish Rate of income tax, which may be different from the rest of the UK in the future.
- Your pension pot is a highly tax-efficient investment.
- The sooner you start paying in, the longer your pension pot has the opportunity to grow.
- If you leave your job, you can take your pension pot with you, even including the payments your employer has made.
- There are a number of options available for you to take your benefits (currently from age 55). When you decide, 25% can normally be withdrawn tax-free, the rest will be subject to income tax.
- To help make your investment decision easier, we have designed some simple investment tools.

## WHAT'S BEST FOR ME?

### A STEP-BY-STEP LOOK AT MAKING YOUR PENSION DECISIONS

#### CONTRIBUTING TO A PENSION

**With both your employer and the taxman helping you to save, it literally pays you to contribute.**

Scottish Widows is working in conjunction with your employer and their pension advisers to provide this company pension.

If you choose to become a member of your employer's company pension, it could be of life-long benefit for you.

**Avoid having to work 'til you drop.**

Whatever your personal ambitions for your retirement, you'll need money to enjoy life to the full. That's where this company pension could help.

By contributing to this company pension you may be in a position to retire earlier or have a better lifestyle when you eventually stop work.

#### WHAT ABOUT RELYING ON THE STATE OR USING OTHER INVESTMENTS?

A pension is one of the best ways to save for your retirement, but it's not your only option.

**What will I get from the State?**

How much you get will depend on the length of time you have paid in National Insurance Contributions during your working life.

The age at which you first receive the State Pension will depend on your date of birth, but will increase gradually to 67 by 2028. So, many of us may have to work longer than we thought.

The government have introduced a new State Pension system from 6 April 2016. The amount you get may be higher or lower than the table below. See [www.gov.uk/new-state-pension](http://www.gov.uk/new-state-pension) for more information.

Here are the amounts for the tax year 2016-17.

New State Pension	Single person
Weekly amount	£155.65
Monthly total	£674.48
Yearly total	£8,093.80

**How do I get a State Pension forecast?**

You can find out exactly how much money to expect by contacting The Pension Service. You can ask for a forecast by applying for one online at [www.gov.uk/check-state-pension](http://www.gov.uk/check-state-pension)

## WHAT ELSE COULD YOU BE RELYING ON IN YOUR OLD AGE?

Some people enjoy planning their finances and being in control. Others avoid thinking about it for as long as possible, and some do nothing at all.

There is a wide range of investments out there and some or all of them may play a part in your thinking, alongside this company pension. Take a look below at some other options available to UK residents, and see how well they compare.

[See how your company pension compares to some other investment options](#)

	Investment options		
	Your company pension	Buy-to-let property	ISAs
Your employer can pay in #	✓	✗	✗
You get tax relief on your payments	✓	✗	✗
Other individuals can pay money in on your behalf (and you benefit from tax relief)	✓	✗	✗
There are restrictions on when you can take the investment	✓	✗*	✗
You can take some of the proceeds or benefits tax-free	✓	✓	✓
All of the income or proceeds are tax-free	✗	✗	✓
You don't have to give up your time to manage things	✓	✗	✓

# Your employer may change their level of contributions. Any employer contributions will stop if you leave the company.

\* There may be some limitations on when you can take the investment, as property is a relatively illiquid investment.

Tax treatment depends on your personal circumstances and may be subject to change in the future. For more information on any of these investment options or their tax implications, please speak to a financial adviser.

## WHY CONTRIBUTE?

**A company pension is a highly tax-efficient way to help get the retirement income you need.**

Unless your retirement is already on the horizon, you may struggle to picture exactly what you'll be doing in 20–40 years time. But, whatever you want your retirement to be, a company pension should help give you a financial cushion to enjoy it that bit more.

- When you contribute, there's the feel-good factor of knowing your company pension is there in the background, quietly doing its job
- You don't have to retire or stop work before taking benefits from your company pension. You normally can start taking your benefits at any age from 55. But remember, the earlier you take any benefits, the less time your pension pot has the opportunity to grow.

**The sooner you start contributing, the longer your contributions have the potential to grow.**

Your retirement may seem a long way off, but don't fall into the trap of putting off contributing because you've got plenty of time. Take it from people retiring today, it will come round much faster than you think.

**The longer you delay the more you'd need to pay in to try and get the same size of pension pot.**

The longer you live, the more money you're likely to need. Most people retiring at 65 now will live to their mid-late 80s (based on current figures from the Office for National Statistics). With new medical advances helping to cure life-threatening diseases, your life expectancy could continue to rise.

**It's never too late.**

Don't assume it's too late for you to contribute. The chances are you could still have a lot to gain. Even a small pension pot is better than none at all – especially when your employer and the taxman are helping to pay for it.

## Topping up your company pension with extra payments

If you want to give your company pension a boost, you can increase your payments or add lump sums to it at any time. For example, using money from:

- Bonuses
- Windfalls or winnings
- An inheritance or gift
- Other savings from your bank or building society.

Plus, you'll normally get UK tax relief on these payments too. You can read more about tax in the Key Features.

## TRANSFERRING EXISTING PLANS

These days most people have a number of different jobs and collect a few different retirement savings pots. With Scottish Widows, you can bring all of them together to make it easier to plan for your retirement. You may even be able to reduce your annual fund charges and improve the range of investment choices available to you. We can provide a pension transfer service for most transfer scenarios. Please visit [scottishwidows.co.uk/transfer](https://scottishwidows.co.uk/transfer) for more information about this service and for some things to consider before deciding to transfer.

## WHAT ARE THE CHARGES?

Regular charges based on the value of your plan are deducted automatically. The amount deducted, the Total Annual Fund Charge (TAFC), depends on the type of payment made and your choice of investment fund(s).

Each investment fund has its own TAFC. Scottish Widows also offers access to a range of funds including specialist funds and multi-manager funds which means the TAFC may be higher for some funds than for others.

The yearly rates of all these charges are expressed as percentages of fund values.

As an example, if your pension plan was valued at £10,000 throughout the year and the yearly charge of the fund it was invested in was 0.75%, the charge for that year would be £75.

You can use the online charges sheet tool to work out the fund charges for your pension. Speak to your employer or adviser to find out the TAFC that applies to you.

## HOW WILL MY PENSION FUND BE INVESTED?

If you are being automatically enrolled into your company pension scheme, your employer will have selected a default investment option for your first contribution. Your employer will provide you with details of this. In these circumstances, you will be able to choose from one of the following options only after the first contribution has been made.

You can

- choose to stay in the default investment option,
- choose one of our Pension Investment Approaches based on your feelings about risk, how you currently intend to take your benefits and the way you want your money to be invested, and then let us manage this through to your retirement, or
- be very ‘hands-on’ and select from our collection of investment funds.

### About our risk-based Pension Investment Approaches

Not everyone wants to be actively involved with picking investments and keeping a close eye on what’s happening in the market. If this sounds like you, one of our specially designed Pension Investment Approaches may be just what you need. The differences between them are how much investment risk they take in trying to help your pension fund grow, how you currently intend to take your benefits and the way you want your money to be invested. All approaches aim to reduce the risk the closer you get to retirement, and help protect the final value of your pension fund. Although this has the effect of reducing the potential for growth, it aims to help protect the value of your plan during the run-up to your selected retirement date.

You can choose between one of our Pension Investment Approaches or one of our Premier Pension Investment Approaches. Our Premier Pension Investment Approaches are slightly more expensive but aim to provide better potential growth.

### What’s special about these approaches?

They take into account the fact that investments need to do different jobs for your company pension at different times. They aim to grow your pension fund as much as possible – whilst matching the level of investment risk you’ve chosen and they gradually switch depending on how you currently intend to take your benefits. You can find out more about this in the Pension Investment Approaches Guide and the Premier Lifestyling Options Guide which explains the Premier Pension Investment Approaches.

### How do we decide which investments to use?

That’s easy. Everything is decided in advance, based on rigorous investment testing. Instead of switching investments in reaction to what’s happening day to day in the stockmarket, we invest according to the approach you’ve selected and how close you are to your selected retirement date. When designing and reviewing our Pension Investment Approaches, we put a huge range of investments under the microscope. This enables us to:

- Rule out unsuitable ones – too risky or not enough potential growing power
- Select types we feel are right for Scottish Widows company pensions
- Identify what we believe are the best investment combinations for people with different ideas about risk and intentions of how they plan to use their pension pot.

### Want more information?

Please read our Pension Investment Approaches Guide for more information and also our Premier Lifestyling Options Guide, which explains the Premier Pension Investment Approaches. For more information on our fund aims and risks, please refer to our Pension Funds Investor’s Guide. You’ll find these in the supporting literature.

Our Investment Decision Tool is a quick questionnaire to show you which of our Pension Investment Approaches may suit you best. It can be found in the supporting tools or at [www.scottishwidows.co.uk/idt](http://www.scottishwidows.co.uk/idt)

## WANT TO TAKE A MORE HANDS-ON APPROACH TO INVESTING YOUR COMPANY PENSION?

### Your other option

If you decide to invest in our investment funds instead of using the default investment option or our Pension Investment Approaches, you will be responsible for choosing funds that suit your attitude to risk. You can invest in up to 10 of them at one time (but there may be restrictions on the amount you can invest in some funds). Currently, switches between them are free.

The investment funds have been placed into our different risk approach ratings to help make your investment choice easier. You can find out more about them in our Pension Funds Investor's Guide in the supporting literature.

Our Fund factsheets in the supporting literature can give you information on current fund prices.

Please remember, if you go down this route:

- You should regularly review your choice to decide whether it's still right for you. If you decide it isn't, you can ask us to switch to another fund (or funds) as we won't automatically do this for you
- Some of the funds may have a higher yearly charge compared to those used for the Pension Investment Approaches. Please contact us for details of the charges for each fund
- We may change the selection of funds we make available at any time.

### Is being 'hands-on' right for you?

Have you done something like this before? If you're not confident about making the right moves at the right time, you may want a financial adviser to help you.

Most of the investment funds have been placed into our different risk approach ratings to help you choose – but you'll be responsible for deciding when and where to invest and if/when to switch.

### Our Self Investment Option

Additional investment choices are available through the Self Investment Option. This allows members to set up a personal pension plan through our Retirement Account product alongside their group pension plan and to invest directly in a wide range of investments.

This option is designed for experienced investors and you should speak to a financial adviser if you are unsure whether it is suitable for you.

Please contact your adviser or employer for more details.

## CHANGING YOUR INVESTMENT CHOICE LATER ON

**Whatever investment choice you make at the start, you're free to change your mind and switch to something else later on**

Switching is currently free and you can:

- Ask to do it at any time
- Move from investment funds into one of our Pension Investment Approaches, or from an approach into one or more investment funds
- Spread your company pension in up to 10 investment funds at once.

But you can't invest:

- In more than one Pension Investment Approach at a time, or
- In both investment funds and a Pension Investment Approach at the same time.

Please Note: We reserve the right to delay the date of exchange for a switch. The period of the delay will be not more than six months if the units to be cancelled include units which relate to a fund which holds directly or indirectly assets in the form of real or heritable property. It will not be more than one month in all other cases.

### Time to decide

What investments will you choose for your company pension?

- Are you going to be a 'hands-on' investor and self-select investment funds from our wide range of funds, or
- Choose one of our Pension Investment Approaches, and let us do the work?

### Will my pension fund go up and down in value?

Yes, ups and downs are part and parcel of investing.

But over the longer term the aim of our investment funds and the Pension Investment Approaches is to achieve long-term growth.

Whatever you decide, remember that the value of the investment is not guaranteed and may go up and down depending on investment performance (and currency exchange rates where a fund invests overseas). The value can fall below the amount of contributions paid in.



## WHY YOUR COMPANY HAS CHOSEN SCOTTISH WIDOWS

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### A name you can trust

After researching the market, your employer has chosen us to provide your company pension. Here are some reasons why they felt we came out top:

- We're part of the Lloyds Banking Group, one of the top 100 companies listed on the London Stock Exchange.
- Giving an excellent and thoughtful service is very important to us.
- We've been around for over 200 years, and that's important. We've been helping people save for a long time and we want to see if we can help you do the same.
- In 2015 Scottish Widows was one of the brands associated with being financially strong and stable in the UK.\*

\*Source: Hall and Partners Brand Tracking Survey 2015. 4,144 interviews conducted among UK households (AB, C1, C2), responsible for making financial decisions.

## HOW TO CONTRIBUTE

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### WHAT NEXT?

Deciding to contribute will help increase your chances of a financially secure retirement.

Please read the Key Features and Example Illustration. These give you important details about how your company pension works.

#### Need financial advice?

Scottish Widows has not provided you with advice.

If you're not sure if this product is suitable for you, or if you're not confident about deciding how to invest, a financial adviser may be able to help you. You can:

- Use your own adviser, if you have one
- Speak to your employer's company pension adviser, if they have one
- Find a UK adviser in your local area, at [www.unbiased.co.uk](http://www.unbiased.co.uk) The website is run by the body responsible for promoting professional financial advice in the UK, so you can be sure everyone listed is fully qualified and regulated
- Visit the Money Advice Service website [www.moneyadviceservice.org.uk](http://www.moneyadviceservice.org.uk) This contains free, clear, unbiased advice to help you manage your money.

### How to contribute

Your employer or their adviser will give you details of how to start contributing to your company pension scheme.

#### After you start contributing

After you start contributing, we will send you a welcome pack which includes:

- Your policy documents, including the terms and conditions (known as policy provisions) that apply to your company pension.
- A personal illustration.

#### Regular updates

Every year we'll also send you a statement showing how much has been paid into your pension fund and what it's currently worth.

#### Online access

By contributing to your employer's company pension, you have online access to your policy. This includes:

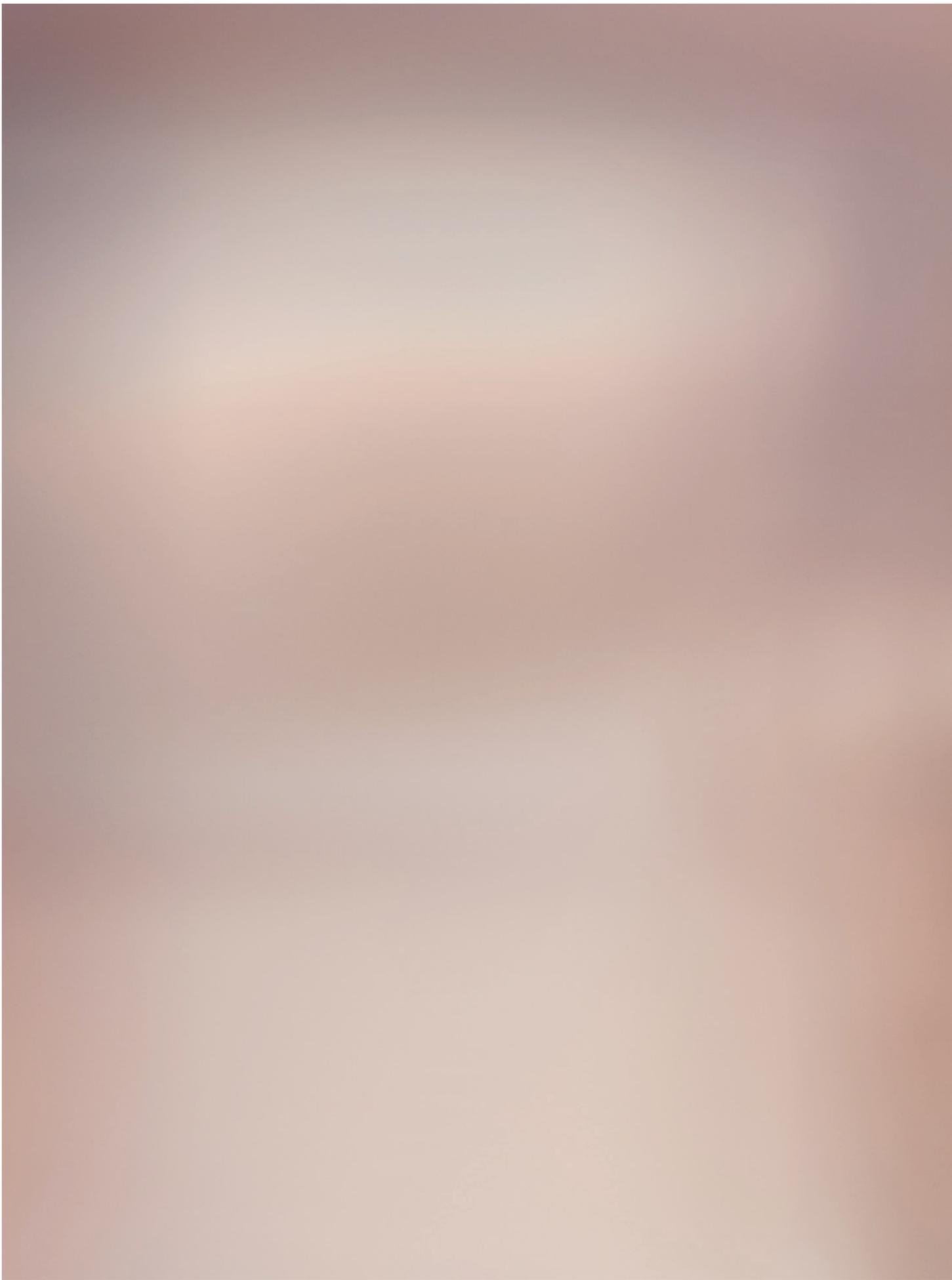
- Current and historic fund values
- Access to unit purchase history
- Change address/contact details
- Request copies of previous annual benefit statements.

Our range of online services provides you with a quick and simple way to keep track of your pension plan.

You can access these facilities online at [www.scottishwidows.co.uk/corporate](http://www.scottishwidows.co.uk/corporate)

There's a 'log-in or register' button at the top of the web page.

See our fund factsheets in the supporting literature for information on current fund prices.





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