

# A Guide for Members



Flexible Retirement Plan



The Pensions Trust

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## The Flexible Retirement Plan

Choosing your pension plan is one of the most important decisions you ever make.

This booklet describes the occupational pension plan which your employer offers you through The Pensions Trust. Your employer has to contribute, you cannot contribute by yourself if your employer does not participate.

Many different charities, voluntary organisations, housing associations, independent schools and other not-for-profit organisations can participate in the Flexible Retirement Plan. Different organisations pay different amounts. Because of this, and also because it is impossible to know future investment returns, we are unable to show in this booklet how much your pension will actually be. However, an estimate is provided each year on your benefit statement.

We hope that the following information will help you with the choices you make for yourself and your family.

Should you have any other queries or require further clarification or detailed information about your own benefits you should contact, the Flexible Retirement Plan Team (contact details are on page 11).

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# Introduction to the Flexible Retirement Plan

The Flexible Retirement Plan is administered principally from our Edinburgh office. This booklet gives general guidance only, you should not regard it as a complete or authoritative statement of the formal Trust Deed and Rules.

To join, you should ask your employer for the appropriate Application Form, which is available online (website details listed in 'Further Information').

## Flexible Retirement Plan

The Pensions Trust Flexible Retirement Plan is a low-cost occupational money purchase pension scheme designed for the 21st century.

## What is a money purchase pension scheme?

A money purchase pension scheme works by investing all the money you and your employer contribute over your period of membership.

The final amount of pension you receive at retirement will depend on:

- the level of contributions paid in;
- how well the investments have performed; and
- what it costs to secure a pension when you retire.

Remember that, because the Plan is an occupational pension scheme, you benefit from immediate tax-relief. You do not pay tax on the contributions. Money grows in a very tax-efficient way. Only the UK dividend income is taxed – any other income and capital growth is completely free of UK taxes.

## What are my options?

The Flexible Retirement Plan enables you to save for your retirement through a number of different investment funds which should be selected on the Application Form.

Further information on each of the investment funds and the lifestyling option can be found online ([www.thepensiontrust.org.uk](http://www.thepensiontrust.org.uk)).

## How much do I pay?

Your employer will tell you the rate of contributions which you have to pay into the Plan should you wish to become a member. You will also be told how much your employer will pay into the Plan on your behalf.

You may, if you wish, pay more than your normal contributions to provide yourself and your family with higher benefits (see 'Boosting Your Pension - Extra Contributions').

Full tax-relief (at the highest rate of tax that you pay) is given immediately. You only pay tax on your net pay after pension contributions have been deducted.

## Member charges

A charge of 0.6% of the value of your fund (0.9% for Property Fund) will be deducted each year to cover expenses and investment costs.

## Flexible Retirement Plan - Investment Funds

Fund Name	Asset Class(es)	Management Type
<i>Core Funds</i>		
Managed Fund Option	65% Global Equities 35% Non Equities	Active & Passive
Pre-Retirement Fund Option	75% Bonds 25% Cash	Active & Passive
Socially Responsible Investment Fund Option	40% UK Equities 60% Global Equities	Passive
<i>Guest Funds</i>		
Global Equity Fund Option	50% UK Equities 50% Overseas Equities	Passive
Property Fund Option	100% Property	Active
Bond Fund Option	100% UK Government Bonds	Active
Index-Linked Gilts Fund Option	100% Index-Linked Gilts	Active
Cash Fund Option	100% Cash	Active



### What happens to my contributions?

The contributions paid by you and your employer each month are paid to The Pensions Trust after the end of each month. These amounts are then used to buy units in the investment funds which you have chosen.

### Benefit Statements

Each year you will receive a statement showing:

- the units purchased at the end of the previous year;
- the units purchased and sold during the latest year;
- any deductions to cover administration charges;
- the current value of your units; and
- an illustration of the pension that could be provided.

# Leaving

## What happens when I leave the Flexible Retirement Plan?

Whether you stop contributing because you are leaving your employer or for any other reason, you have the following options:

### Deferred Benefit

- If you have been a member for at least two years, you can leave your personal fund in the Flexible Retirement Plan.
- Although no more contributions will be made on your behalf, your retirement savings will continue to be invested in the funds chosen by you.
- You can convert your fund into a pension at any time of your choosing between the Normal Minimum Pension Age and age 75 (or earlier on the grounds of ill-health).
- As an alternative to the deferred benefit, you may have a transfer value paid to another pension scheme. This option must, of course, be exercised before you commence drawing your pension. Payment of a transfer value will, of course, result in no further benefits being paid from that membership.

### Refund

- If you have been a member of the Flexible Retirement Plan for less than two years, when you leave you may take a refund of the value of the units purchased with your own contributions. This is automatic if you have been a member for less than three months, subject to any benefits not having been transferred in (as detailed below). However, this refund will be taxed and you will not receive a refund in respect of the contributions your employer has made. Refunds of contributions up to a certain value (£10,800 for the 2006/07 tax year) will be taxed at 20%. Any refund in excess of that amount will be taxed at 40%.
- A refund is not available if a transfer value has been received for you from another occupational scheme and the length of your membership of both the previous scheme and the Flexible Retirement Plan exceeds two years. A refund is not available if a transfer value has been received for you from a personal pension or a stakeholder pension plan. Also, you will **not** be entitled to a refund if you have other benefits from previous employers with The Pensions Trust, and combined service exceeds two years.
- As an alternative to the refund, if you have been a member of the Flexible Retirement Plan for less than two years, but at least three months you may have a transfer value paid to another pension scheme. This option lapses three months after leaving and a refund will automatically be paid. Payment of a refund will result in no further benefits being payable from that membership.

# Retirement

## **When can I receive my pension?**

You can convert your fund into a pension at any time of your choosing between the Normal Minimum Pension Age and age 75 (or earlier on the grounds of ill-health).

The age for actual retirement from work is an employment issue for agreement with your employer.

## **Who will pay my pension?**

Your pension will be paid to you by a provider of your choice.

On retirement, your Flexible Retirement Plan investment units will be cashed-in and the proceeds paid to a pension provider of your choice.

## **Can I take part of the proceeds as a lump sum?**

Yes. A member can take one-quarter of the proceeds as a tax-free lump sum.

## **How much will my pension be?**

This will depend on how much both you and your employer have paid into the Flexible Retirement Plan: your age, gender, investment returns and expenses, what it costs to secure a pension when you retire and the benefits you choose to provide. Because these factors vary for each member of the Flexible Retirement Plan we cannot show you here how much you are likely to receive personally. However, you will receive an annual statement showing, where appropriate, a projected pension as a broad estimate.

## **How will my pension increase?**

This depends on the type of pension bought from your chosen provider. Your pension may increase in line with inflation or by a set percentage. Your pension may not increase at all. It is up to you. Of course, if you choose a pension which does not increase at all, it will initially be payable at a higher rate than one which increases.

## **What benefits will be payable after my death?**

Once again, this depends on the type of pension bought from your chosen provider. Your pension may be payable for your own lifetime only.

Alternatively, you might choose a pension which continues to be paid at the same or a lower rate to a spouse or dependant after your death. Of course, if you choose a pension which may continue to be paid to someone else after your death, it will be payable at a lower rate during your own lifetime.

## **Flexible retirement**

Provided that you have reached Normal Minimum Pension Age, you can ask for your pension to be paid whilst continuing to work, perhaps on different terms, with the same employer.

If your pension commences whilst you continue to work, you may continue to contribute to the Plan.



# Death Benefits

## What happens when I die?

If you die after joining the Flexible Retirement Plan and before payment of your pension has commenced, your Flexible Retirement Plan investment units will be cashed-in to become payable as a lump sum to your chosen beneficiary or beneficiaries (see 'Nominations'). Any additional lump sum benefit offered by your employer will be included.

If you die after payment of your pension has commenced, the benefits payable will depend on the type of pension bought from your chosen provider.

# Boosting your Pension - Extra Contributions

## Should I pay Extra Contributions?

Firstly, remember that these contributions are for extra provision for retirement. You should not pay them if your circumstances are such that you cannot afford to wait until retirement to have access to your contributions.

## How much can I pay?

You will receive full tax-relief on contributions to as many different tax-registered pension arrangements as you choose, provided that the total paid in each year does not exceed your annual earnings or the Annual Allowance (see 'Definitions'). As long as the total increase in your benefits in any one year does not exceed the Annual Allowance, you will receive tax-relief on up to 100% of your earnings. For example, if you contribute 7% to your main scheme, this will give you scope to pay up to a further 93% of your earnings as tax-free contributions to schemes of your choice. If your contributions exceed 100% of your earnings in any tax year, tax on the excess, at your marginal rate, is payable through self-assessment.

## How do I pay Extra Contributions?

Your 'extra contributions' to The Pensions Trust will be deducted from your salary in the same way as your 'normal' contributions, thereby gaining tax-relief immediately.

If you wish to pay extra contributions, you need to ask your employer to increase the deductions from your pay. They are usually a percentage of your salary and can be stopped, started, increased and decreased on request.

If you prefer, you can pay your extra contributions direct to The Pensions Trust as one lump sum instead of regular monthly payments, subject to contribution limits. You would, however, then need to reclaim tax-relief direct from HM Revenue & Customs at the end of each tax year.

## What do my Extra Contributions buy?

Your extra contributions will be used to purchase units in the Flexible Retirement Plan's investment funds in the same way as your normal contributions.

## Are there any restrictions?

You can accrue pension benefits from all sources up to the Lifetime Allowance without incurring tax charges. See 'Definitions' for more information on the Lifetime Allowance.

# What if....

## What if I am absent from work?

If your absence is due to illness or injury, or if you are taking unpaid family ('parental') leave, and your pay ceases, your contributions will stop.

On your return, if you wish, you can make-up for the contributions missed over that period.

## What happens if I take maternity leave?

You will continue to pay contributions but based on the salary you actually receive. Your employer will still pay the contributions on your normal salary and will pay any balance as though you were still being paid your full salary. Where you have statutory entitlements, you will be covered for benefits from the Plan.

## What if I take family leave?

In the rules 'family leave' means leave that men or women are entitled to take by law – either paternity leave when a child is born or adopted, or parental leave to care for a child. If such leave is paid, the rules apply as for maternity leave. If unpaid, the rules apply as for any other temporary absence.

## What if I divorce/end a Civil Partnership?

The courts may order that your pension rights must be shared with your ex-spouse/civil partner. An information leaflet is available on request. Members should take appropriate legal advice.

## What if I have a previous pension scheme?

It may be possible to have a transfer value paid from a previous pension scheme to the Flexible Retirement Plan. If you wish to consider this possibility, an information pack is available online ([www.thepensiontrust.org.uk](http://www.thepensiontrust.org.uk)). The Flexible Retirement Plan cannot receive transfers which include pension benefits from contracting-out of the additional State Pension (known as Second State Pension) see page 10.

## What if I am already contributing to another pension scheme?

You may contribute to two or more pension schemes (of any type) at the same time. The only restriction will be that you will only receive tax-relief on contributions up to the Annual Allowance.

## Nominations

### Lump Sum on Death

When you join the Plan you will be able to nominate who you wish to receive the lump sum benefit on your death.

Should you wish to make alterations for the payment of lump sum death benefits you should complete a new Nomination Form stating who you would like to receive the lump sum.

Nomination Forms are available online ([www.thepensiontrust.org.uk](http://www.thepensiontrust.org.uk)). Please note:

- you can nominate one or more persons;
- if you choose more than one you must state the percentage you want each person or organisation to receive; and
- you should not use the words 'Executor', 'Administrator', 'In Trust for' or 'Estate' for your nomination. You should give the full name of the person or organisation of your choice.



# Further Information

## What is The Pensions Trust?

The Pensions Trust is an occupational pension scheme providing pension arrangements solely for employees of organisations involved in social, educational, charitable, voluntary and other similar work. This means that membership is related to employment with an eligible employer who participates and at present is not open to other individuals. Your employer is one of over 4,000 organisations participating in The Pensions Trust. The Pensions Trust is a not-for-profit organisation. It is **not** an insurance company.

## Data Protection Act

The Act is designed to give individuals rights and protection in respect of the use of personal data concerning them. The Trustee is the data controller for the purposes of the Act. The data provided by individuals or their employers, or obtained with the consent of individuals, will be used by The Pensions Trust or its Actuary to calculate pension scheme benefits, eligibility for benefits and scheme valuation liabilities. By applying for membership, you imply consent to the processing of your personal data for these purposes. The Pensions Trust is also registered in respect of its own staff to use data for the purposes of personnel, life and health insurance administration.

## The Trustee Company

The Trustee Company has 16 Directors and is responsible for all policy matters and for ensuring that The Pensions Trust operates lawfully and within the provisions of the formal Trust Deed and Rules. Eight Directors are elected by the members and pensioners of the Trust, and eight are elected by the participating employers.

Investments are managed by independent external authorised fund managers.

## Trustee Elections

All members at 30 September each year are eligible to take part in the next annual elections. This means you may:

- vote for candidates; and
- stand as a candidate.

Normally there are vacancies for two Member Nominated Directors each year and invitations for nominations will be published each October.

Your employer may also wish to nominate a candidate to stand as an Employer Nominated Director.

## The State Pension Scheme

The State provides pensions on two levels:

- the basic State Pension; and
- the additional State Pension (known as Second State Pension).

Your entitlement to these pensions is not affected in any way by joining the Flexible Retirement Plan.

The Age Concern publication 'Your Rights' (or any suitable alternative) which is updated each year, explains the State Pension.

## Combined Pension Forecasting

As one of its aims, The Pensions Trust wishes to enhance its service to members of the Flexible Retirement Plan by providing them with projections of not only their benefits under the Plan but also their State Pension Scheme benefits.

So that we can do this, we need to obtain some information about you from the Department for Work and Pensions (DWP). To do so, we need first to tell the DWP the following information about you:

- surname or family name, and forenames;
- date of birth;
- national insurance number; and
- membership number.

The information obtained from the DWP will be used only for the purposes of providing you with a forecast of your pension rights.

If you do not wish us to provide information about you to the DWP, you should let us know by writing to the Flexible Retirement Plan Team (contact details listed in 'Further Information'). If you do this, the pension forecast you receive from us will not include State Pension information.

## Can I change my choice of investment funds?

Yes. You can choose:

- to have your future contributions invested in different funds; or
- to have your past contributions switched into different funds; or both.

If you wish to alter your choice, simply download the form available online and then complete and return it to The Pensions Trust. However, please note that if you wish to change your funds within a year of last having done so, a charge will be payable.



## Eligibility

- **People Eligible:** all employees of a participating employer unless otherwise advised by the employer.
- **Method of Joining:** on completion of an Application Form. You will be advised separately by your employer if joining is automatic.
- **Membership Conditions:** you can withdraw from current membership on giving written notice to your employer.

## Tax approval

The Pensions Trust is a registered pension scheme for the purposes of Part 4 of the Finance Act 2004. The Pension Scheme Tax Reference is 00281218RV.

## Transfer values

An estimate of the transfer value of your benefits will be provided on request once each year. The Pensions Trust may respond to more frequent requests but is not obliged to do so.

The transfer value will represent the value of your units at the date of transfer. You will be advised of the value of your units on your annual Benefit Statement.

## Literature

The latest documents are available online at [www.thepensionstrust.org.uk](http://www.thepensionstrust.org.uk)

Once in the website please use the navigation bar on the left-hand side of the screen, and access literature via either of the following links:

Our Products > Money Purchase >  
The Pensions Trust's Flexible Retirement Plan  
or  
Document Library > Scheme >  
Flexible Retirement Plan

## Contact Details

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The Pensions Trust  
Verity House  
19 Haymarket Yards  
Edinburgh  
EH12 5BH  
Tel: 0845 121 7230  
Fax: 0845 121 7231  
Email: [frp@thepensionstrust.org.uk](mailto:frp@thepensionstrust.org.uk)

# Disclosures and Technical Information

## Restrictions

An individual's total tax privileged savings from all sources is limited to the Lifetime Allowance. It should be noted that both the Lifetime and Annual Allowances (see 'Definitions') are only likely to affect those with very high earnings or significant pension benefits held elsewhere. For example, if your pensions from all tax-registered schemes do not exceed £60,000 per year, you are unlikely to be affected.

Members cannot assign their own pensions (except where pension sharing on divorce is permitted) to another person or organisation.

## Rights, obligations, limitations

The rights and obligations of members of the Flexible Retirement Plan are set out in the Trust Deed and Rules which are the formal documents of the Plan. By applying for membership, you agree to be bound by the terms and conditions set out in the Trust Deed and Rules including, if appropriate, the deduction of contributions from your earnings.

This booklet is intended to provide a clear and simple explanation of the main benefits you are entitled to under the Plan. If there is any conflict between the interpretation given in this booklet and the formal Trust Deed and Rules, the legal interpretation of the formal documents will prevail. A copy of the Trust Deed and Rules is available from The Pensions Trust.

Before making any financial commitment on the basis of any information provided, please contact The Pensions Trust for final confirmation of your expected benefits. The Pensions Trust is not registered under the Financial Services Act to give financial advice.

Any information that is provided to members or prospective members should therefore be taken to constitute information and **not be taken to constitute advice**. When providing information to members or prospective members, The Pensions Trust takes care to provide a professional, well informed accurate service but the decision and choice remains the individual's, for which The Pensions Trust cannot be responsible.

## Pension Tracing Service

Details of The Pensions Trust (and all pension schemes) have been lodged with the Pension Tracing Service and the address is:

Pension Tracing Service  
The Pension Service  
Tyneview Park  
Whitley Road  
Newcastle-upon-Tyne  
NE98 1BA  
Telephone: 0845 600 2537  
Reference: 10170418

The purpose of this registration is to help individuals trace their pension rights.

## Annual Report and Financial Statements

Members receive a summarised version of the Annual Report and Financial Statements each year but are entitled to the full version on request.

A copy of the Annual Report and Financial Statements can be requested from the appropriate address on the back cover of this booklet or alternatively downloaded from our website at [www.thepensionstrust.org.uk](http://www.thepensionstrust.org.uk)

Further information about the Flexible Retirement Plan, or your individual benefits, is available from The Pensions Trust. Please write to The Pensions Trust at the appropriate address which deals with your administration.

In the first instance, your enquiry should be referred to the Senior Administrator or Pensions Administration Manager who is responsible for your pensions administration at The Pensions Trust.

## Complaints procedure

If you are dissatisfied you may at any time write to the Head of Customer Services who will attempt to resolve the issue.

If you fail to get satisfaction from the Head of Customer Services you may request a formal resolution from the Chief Executive. A decision should be provided within two months of your formal request.

If you remain unhappy or disagree with the formal resolution from the Chief Executive, you may, within six months, appeal to the Trustee. The result of your appeal should be provided within two months of your request.

## The Pensions Advisory Service (TPAS)

The Pensions Advisory Service is available at any time to assist members and beneficiaries in connection with difficulties they have failed to resolve. The address is:

The Pensions Advisory Service  
11 Belgrave Road  
London  
SW1V 1RB  
Telephone: 0845 601 2923  
Fax: 020 7233 8016  
Email: [enquiries@pensionsadvisoryservice.org.uk](mailto:enquiries@pensionsadvisoryservice.org.uk)

## Pensions Ombudsman

The Pensions Ombudsman may investigate and determine any complaint or dispute of fact or law in relation to your pension where The Pensions Advisory Service has not resolved the issue. The address is:

The Pensions Ombudsman  
11 Belgrave Road  
London  
SW1V 1RB  
Telephone: 020 7834 9144  
Fax: 020 7821 0065  
Email: [enquiries@thepensions-ombudsman.org.uk](mailto:enquiries@thepensions-ombudsman.org.uk)

## The Pensions Regulator

The Pensions Regulator is able to intervene in the administration where Trustee, employers or professional advisers have failed in their duties. The address is:

The Pensions Regulator  
Napier House  
Trafalgar Place  
Brighton  
BN1 4DW  
Telephone: 0870 606 3636  
Fax: 0870 241 1144  
Email: [customersupport@thepensionsregulator.gov.uk](mailto:customersupport@thepensionsregulator.gov.uk)



# Definitions

## **Annual Allowance**

The Annual Allowance came into effect on 6 April 2006 and is £215,000 for the tax year 2006/07, and will increase by £10,000 each year to £255,000 in 2010/11. If the amount by which the value of your pension benefits increase in any one year (known as the 'input value' – explained below) exceeds the Annual Allowance, you will be liable for an 'Annual Allowance tax charge', even if your contributions are less than 100% of your earnings.

For money purchase arrangements, such as the Trust's Flexible Retirement Plan, the input value is the total annual contribution made by you and your employer. The input value does not take account of transfers into the Plan or debits or credits from pension sharing arrangements following divorce. You will be responsible for reporting any excess growth on your annual tax self-assessment return and also for paying the Annual Allowance tax charge. If you are concerned about this, we recommend that you seek independent financial advice. The Trust will, on request, supply you with information on the increase in the value of any pension rights held with us. The input value in the final tax year before your retirement will not count towards the Annual Allowance, as long as you have drawn all benefits in full from the scheme or if you should die.

## **Lifetime Allowance**

From 6 April 2006, each individual in the UK is allowed to amass pension benefits up to a 'Lifetime Allowance', which has been set at £1.5m for the 2006/07 tax year, without incurring tax charges.

Each year, your benefit statement will show the value of the pension benefits you have accrued as a percentage of the current Lifetime Allowance. You must also take into account the value of any pension benefits you have from previous pension arrangements in estimating whether you have scope to pay higher contributions without any danger of breaching the Lifetime Allowance.

If the Lifetime Allowance is exceeded a tax charge of 55% will be levied on the excess fund if the benefits are taken as a lump sum. If the excess benefits are taken as pension, then a tax charge of 25% will be levied, as well as the usual income tax payable on the pension instalments. If you are worried that your benefits from all sources may breach the Lifetime Allowance, you should consult an Independent Financial Adviser as to your best course of action. Please note that The Pensions Trust and its representatives are not permitted to give financial advice.

## **Normal Minimum Pension Age**

Normal Minimum Pension Age is the earliest age from which you can take your pension, except on the grounds of ill-health. Until 5 April 2010 the Normal Minimum Pension Age will be age 50. From 5 April 2010 the Normal Minimum Pension Age will increase to age 55.





The Pensions Trust

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or visit [www.thepensiontrust.org.uk](http://www.thepensiontrust.org.uk)