

A Guide for Members

Unitised Ethical Plan



The Pensions Trust

A Guide for Members



The Unitised Ethical Plan (UEP)

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, and 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 participate in the Unitised Ethical Plan (UEP).

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 guide how much your pension will actually be. However, an industry standard 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, please write to The Pensions Trust at the appropriate address which deals with your administration (contact details are on the back cover of this booklet).

July 2010

This booklet gives general guidance only, and 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, or contact The Pensions Trust on 0113 234 5500.

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The Unitised Ethical Plan

Unitised Ethical Plan highlights

- Buys units in the Stewardship Fund.
- An 'Ethical' portfolio consisting only of selected company shares. Performance may therefore be relatively variable.
- Monthly Unit Price (variable).
- Unit prices may go down as well as up.
- At retirement a pension will be provided either through The Pensions Trust or with a provider of your choice.

The Unitised Ethical Plan is a defined contribution arrangement type of pension plan. It 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:

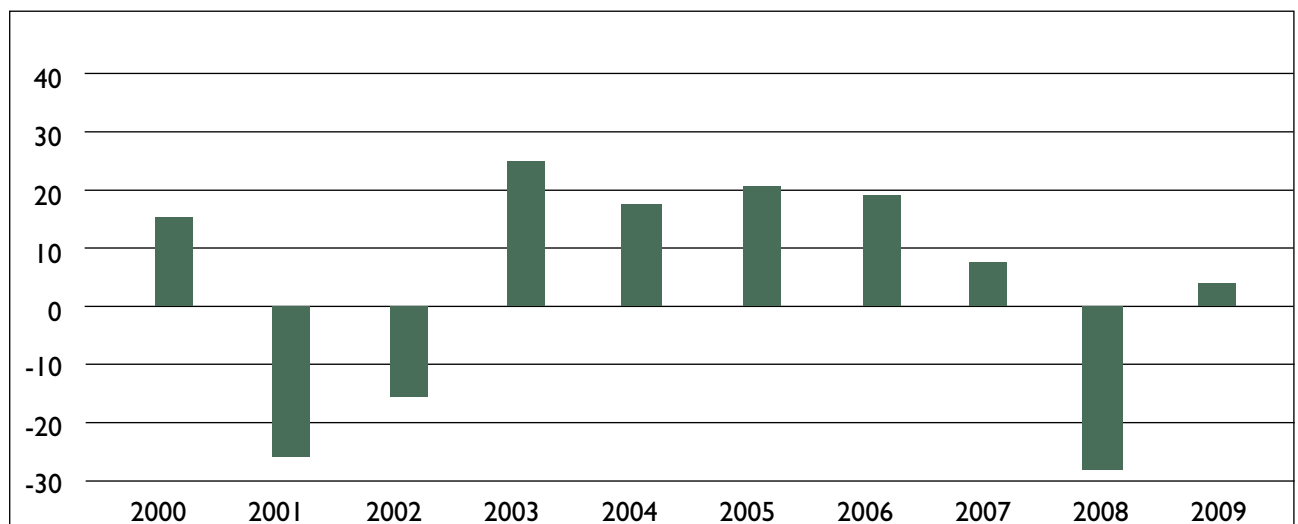
- the level of contributions paid in;
- how well the investments have performed; and
- what it costs to secure a pension when you retire.

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.

The Unitised Ethical Plan is invested entirely in equity shares within the Stewardship Fund. This is an ethical investment which means that the companies in which the Fund invests do not harm the world, its resources, its people or animals. The external manager is F&C Asset Management plc. It is monitored by an independent committee.

As the fund is invested entirely in equity shares it is not a 'balanced' investment fund and its value may fluctuate more than a balanced fund which would include Government stocks and bonds, etc and its performance may be relatively variable. The UEP provides an investment fund for those who do not consider performance to be the sole basis for investment decisions, but look to wider issues. The Stewardship Fund's strong ethical approach means that many large companies are excluded and thus the fund has a pronounced small-company bias. This can lead to significant short-term variability, relative to mainstream UK equity funds.

Investment Performance – Annual % Return



Investment Notes:

- 1) All figures relate to years ending on 30 September.
- 2) Past performance is not necessarily a guide to future performance.
- 3) The value of an investment will fluctuate and cannot be guaranteed.

Your Unitised Savings

How does the Unitised Ethical Plan work?

When you and your employer pay contributions to The Pensions Trust, these contributions will buy units in the Stewardship Fund. The number of units you buy depends on the price at the time. However, unit prices may go down as well as up, particularly in the short-term.

What are the choices of death benefits?

As everyone's situation is different, the Unitised Ethical Plan lets you choose what death benefits you wish to provide. You can choose your own level of death benefit provision, subject to any arrangements your employer may have made. However, the more death benefits you choose to provide, the lower the amount of net contributions that will be used to purchase units in the Stewardship Fund. This is because part of the contributions will have been used to pay for these additional benefits.

Can I change my death benefit provision?

Yes, you can change whenever you wish. Please remember that if you increase these benefits you will be able to secure less pension for yourself. Because of this flexibility you can provide additional benefits for your family or beneficiary(ies) when you need to and alternatively maximise your own fund when these benefits are not required.

What do death benefits cost?

It is very important to note that if your benefits include provision for **life assurance** or a **survivor's pension** the cost becomes increasingly significant as you get older. The full cost is deducted from contributions received from your employer on your behalf and you will therefore make less provision for a personal pension than you would if you did not have these benefits. In view of this we suggest that you carefully consider your cover for death benefits, especially as you get older, and:

- only select benefits payable on your death according to your actual needs; and
- review this provision periodically as your personal circumstances/family commitments change.

What are the choices of death benefits?

• Return of fund

For all members, a refund of the value of your units is payable to your beneficiary(ies). Alternatively, your beneficiary(ies) may request that this sum is instead used to provide a pension.

• Life assurance

In addition to the above, currently you can secure further lump sum life assurance cover. The choice for your additional life cover will be: 1, 2, 3 or 4 times your annual salary. Remember that the cost of this life assurance will be deducted from contributions, received on your behalf.



Note: This benefit is payable **only** while you are a contributing member of the Unitised Ethical Plan before retirement. **This benefit is not available to Additional Voluntary Contribution (AVC) only members.**

- **Survivor's pension**

In addition to the previous benefits, currently you can secure pensions to be payable on your **death-in-service** (i.e. whilst a contributing member of the Unitised Ethical Plan before retirement).

The pensions provided are:

- 20% of your salary as an annual survivor's pension; and
- 5% of your salary as an annual pension for up to four children.

Remember the cost of this provision will be deducted from contributions received on your behalf and will be invested in The Pensions Trust's Growth Plan.

Notes:

- 1) See also the 'Death Benefits' section of this booklet.
- 2) The cost will be according to your gender and will increase with your age.
- 3) Children's pensions are payable for those below age 18, or 22 if in full time education. 'Child' will have the meaning defined in the formal rules.

Administration Charges

What are the Unitised Ethical Plan (UEP) administration charges?		
	Applicable to units (for contributions) before October 1999	Applicable to units (for contributions) from October 1999
Contributions charge	A fixed amount of 5.75% was deducted from all contributions to cover administration expenses.	Not applicable.
Assets charge	The Fund Manager makes a monthly deduction of 0.02% of the value of the units to cover expenses.	An annual charge of 0.75% of the value of the units is deducted to cover expenses. This includes the Fund Manager's charges shown on the left.
Selling units to finance a refund, death payment, retirement or transfer	A deduction of 0.75% is made from the value of the units.	A proportion of the above annual charge is made.

Notes:

- 1) Before January 2003, the price at which units were sold (the bid price) was fixed by the Fund Manager at 2% lower than the price at which units were bought (the offer price). This was to cover dealing expenses.
- 2) From January 2003, a single pricing system has been in operation for both sales and purchases. The price of the units fluctuates from day to day.
- 3) From April 2004 the annual assets charge reduced from 1% to 0.75%.

Leaving

What happens if I leave the Unitised Ethical Plan?

Whether you stop contributing because you are leaving your employer or you simply wish to leave the UEP, you have the following options:

- **Deferred benefit**

You can leave your units in the UEP and their value will rise or fall until your pension starts. No new contributions will be made on your behalf. You can convert your units into a pension when you want your pension to start (see next section 'Transfer'). If your pension starts earlier than your Normal Pension Age, your units will provide a lower amount of pension.

- **Transfer**

You can transfer the value of your units (not the units themselves) to your next employer's scheme, a personal pension or a Stakeholder pension plan.

- **Refund**

If you have been a member of the Unitised Ethical 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 (but not your employer's). This refund will be taxed at a rate of 20% (or 50% on any refund amount in excess of £20,000). If your refund includes any investment return on the contributions made by you, you will need to notify your tax office of the amount. This is because the law now requires that a gross payment is made by the pension scheme. Your tax office will subsequently notify you of any change applicable to this sum.

If interest is included with your refund, you will need to notify your tax office of the amount of interest you receive. This is because the law now requires that gross interest is paid. Your tax office will subsequently notify you of any tax charge applicable to this sum. A refund is not available if you have transferred benefits from a personal pension or a Stakeholder pension plan into the UEP.

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.

Retirement

Retirement planning

Before choosing the UEP you must be sure that you are prepared for the possibility that the value of your units may fall. Over the long-term, the value of units is expected to rise; however, you should expect some variability. For this reason we would normally suggest that UEP members consider or take advice about switching to The Pensions Trust's Growth Plan no later than five years before retirement. Further information on the Growth Plan is available on request. Another option is to set up your own private arrangement outside The Pensions Trust and transfer your UEP fund to that arrangement.

Note: You will only be able to choose the Growth Plan if your employer offers this arrangement.

However, if you choose to remain in the UEP until you retire, then you have two options:

- You can use the value of your units to secure a pension through the Growth Plan (if available).
- You can use the value of your units to buy a pension from an insurance company or other organisations selling annuities. This is called an 'Open Market Option'. Where the Growth Plan is not offered by your employer, The Pensions Trust has engaged a firm of financial advisors who can assist you in the purchase of your pension using the 'Open Market Option', if required. There is a charge for this service which will be deducted from the value of your units.

It is very important for UEP members to note that, on retirement, it is common for the investments matching the pension liability to be based on **non-ethical bonds**. This is not easy to avoid if you wish to buy a pension on the open market.

When can I receive my pension?

The Normal Pension Age (NPA) under the Plan is 65 unless a different age has been agreed with your employer.

This is the age that will be used for pension estimates unless you have arranged for a different age for calculations. The Plan has to be able to show how much pension may be paid at the given age. If your pension does not start until after NPA, it could be more – and if it starts before NPA, it will be less. The age for actual retirement from work is an employment issue for agreement with your employer.

How much will my pension be?

As with most defined contribution plans, we are not able to tell you how much pension you will get. This is due to the unpredictable nature of investment returns and the cost of securing pensions at the time of your retirement. Your pension will depend on the value of your units and who you choose to provide your pension. Under the UEP, you have an option of taking part of your benefits as a tax-free cash sum with a smaller pension (see below). There are no discretionary increases added to the benefits before retirement.

Can I take a cash sum?

Yes, you can give up part of your pension and exchange it for a tax-free cash sum, also known as a pension commencement lump sum (PCLS).

Taking a cash sum will leave you with a smaller fund with which to secure a pension. If you take the 'Open Market Option', mentioned above, any cash sum chosen will be paid before the remaining fund is transferred to a provider of your choice.

The maximum lump sum available is 25% of the value of your UEP fund.

Note: If you are a high earner or have substantial pension savings elsewhere, you may wish to check whether you are likely to exceed the Lifetime Allowance (see 'Definitions') before you decide how much you wish to take as cash, it is possible that a tax charge may apply to your cash sum.

Flexible retirement

You are able to ask for your pension to be paid whilst continuing to work, perhaps on different terms if you wish, with the same employer. This will be subject to you having reached at least the minimum age required for payment of benefits. If your pension commences whilst you continue to work, you may continue to contribute to the Plan, subject to the agreement of the Administrator.

Can my pension be paid early?

Yes you can take early retirement from age 55 even if you choose to continue working. You may take your pension benefits between ages 50 and 55 if you have a Protected Pension Age (see 'Definitions') and have left employment to which your membership relates, or at any age if you are retiring on grounds of ill-health (subject to approval). Your pension will usually be lower than at NPA because it will be reduced to allow for the fact that pensions paid early are expected to be paid for longer.

If you retire early, you still have the option to take a lump sum. This sum will also be smaller than it would be if you retired at Normal Pension Age (NPA).

If your pension starts early, it will be lower the earlier you retire. It may be possible for you to be paid a pension earlier if you are too ill to work, provided there is satisfactory medical evidence that you are, and will continue to be, unable to work again in any capacity. If you think this applies in your case, you should contact The Pensions Trust. If this is the case:

- You still have the option to take a PCLS, which will be paid tax-free.
- These provisions also apply if you have a deferred pension.

Can I retire late?

You can delay arranging your pension until after your NPA. If you do this and you are still working you should agree with your employer whether contributions will continue. You must make the necessary arrangements for your pension to start by the time you reach (currently) age 75, even if you are still working.

How will my pension be paid?

If your pension is paid through The Pensions Trust, normally you will receive your first pension payment on the day your pension commences or by seven working days after receipt of appropriate forms. Thereafter, pensions are paid quarterly in advance, the due date being the 6 of January, April, July and October. They will be paid direct to your bank account, building society account or Giro account.

If tax is due on the pension then it will be deducted under the PAYE system.

Will my pension increase?

Where your pension is secured through the Growth Plan you have two options:

- a pension which increases by Limited Price Indexation; or
- a 'level pension' – this is a pension which is paid at the same rate from the date you retire until you die, and which therefore starts at a higher rate than a pension which increases by LPI.

If you receive your pension from a different provider, any increases will be as agreed between you and the provider.

Are there any other options?

You can provide a higher level of pension for a dependent person by giving up part of your own pension at retirement. If you are interested in this option, you should request a quotation when you are nearing retirement.

Death Benefits

What happens when I die?

This will depend on what options you have chosen and whether you die before or after your pension starts and whether you have left and kept your units in the Unitised Ethical Plan. The choices of death benefits are described on page 12. The total value of your units and any lump sum death benefit provided (or part of it) may be used to provide a pension for a dependant if required.

What happens if I die before retiring and I am still contributing to the Unitised Ethical Plan?

If you chose to provide a lump sum, the amount chosen (either 1, 2, 3 or 4 times your salary) will be paid to your nominated beneficiary(ies). In addition your beneficiary(ies) will receive a refund of the value of all your units. If you have made provision for a survivor's pension, this will be paid as described on page 12.

What happens if I die before retiring, but have stopped contributing to the Plan?

Your beneficiary(ies) will receive a refund of the value of all your units. This applies on death before retiring, either before or after NPA.



What happens when I die after retiring?

It depends on your choice of pension when you retire. If you secure a pension through the Growth Plan you may provide:

- a pension for yourself only;
- a pension for yourself, to continue at half rate (or at a rate of two-thirds, or the same rate) after your death to a nominated beneficiary; or
- children's pensions at the rate of 12.5% of your pension for up to four dependent children.

In addition to any survivor's/dependant's pensions chosen, if you receive your pension from The Pensions Trust and you die within five years of retiring, your beneficiary(ies) will receive a taxable pension. This will be paid from the date you die and will stop on the fifth anniversary of your pension commencing. The sum paid will be the same as the pension in payment at your date of death, plus any increases as they fall due. The pension(s) will be paid to your beneficiary(ies) in the proportions you have specified in your nomination.

If you are aged 70 or over at retirement, different rules will apply on death within five years of retirement. Details will be provided on request, or when we issue a retirement quotation.

Boosting your Pension - Additional Voluntary Contributions (AVCs)

Should I pay AVCs?

First, remember that AVCs are for extra provision for retirement. Therefore consider your needs and whether other savings options, might be better suited to your own circumstances.

There are various reasons for choosing to pay AVCs. These include:

- increasing the pension you will receive at Normal Pension Age;
- to offset the reduction which is applied to pensions paid early; or
- to boost your pension in order to reduce the impact of previous breaks in employment or periods where you didn't have access to a

pension scheme. The decision whether to pay AVCs is yours, and as mentioned previously, you may wish to discuss it with an Independent Financial Adviser.

How much can I pay?

You 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 your normal contribution rate (to your main scheme) is 7%, this will give you scope to pay up to a further 93% of your earnings as tax-free AVCs. 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.

However, if you earn £130,000 or more and you are considering making additional payments, further restrictions may apply. Please contact The Pensions Trust if this affects you.

Who do I pay AVCs to?

You can pay them to The Pensions Trust or pay additional contributions to an alternative pension provider of your choice. Your employer will offer one or more suitable arrangements for this purpose that are administered by The Pensions Trust. Full details on the options available to you and further information about AVCs, will be provided by The Pensions Trust on request.

If you are a high earner, please also read the section on 'Annual Allowance' (see 'Definitions').

How do I pay AVCs?

You will need to complete an AVC Application Form and hand it to your Payroll Department. Your AVCs to The Pensions Trust will be deducted from your salary in the same way as your normal contributions, thereby gaining tax relief immediately. They are usually a percentage of your salary and can be stopped, started, increased and decreased on request. The Pensions Trust can accept lump sum payments of AVCs/extra

contributions instead of regular monthly payments. However we can only accept these payments via your Payroll Department in the same way as we receive your main contributions.

What do my AVCs buy?

Your AVC fund will be used to provide additional benefits on a money-purchase basis. This means the amount of benefit will depend on variable factors such as:

- how much you pay;
- the investment return; and
- the cost of pensions when you retire.

Because of these variables it is not feasible, before contributions commence, to project what pension might be expected. After you start paying AVCs you will receive an annual statement which will include, a pension projection on stated assumptions. If you are a member of another main scheme, and use the Unitised Ethical Plan or Growth Plan for AVCs, remember that AVC pensions will always be reduced for early payment.

Are there any restrictions?

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



How can I find out more?

Please contact us, our details are on the back cover of this booklet. A further information guide to AVCs is available on request from The Pensions Trust.

What if...

What if I am absent from work?

If you are off work due to illness, injury or other absence for up to one year, and are in receipt of full or reduced pay, you will pay contributions at your normal percentage rate on whatever pay you receive. Therefore if you receive full pay, you will pay your usual (full-rate) contribution, but if your pay drops to half-rate the contribution deducted must also be reduced to half your normal amount. If your pay ceases, your contributions will stop.

When you return to work you will have the option to pay the contributions missed. If you opt to do so, your employer may, at its discretion, also choose to pay the employer contributions missed.

If you remain absent from work for more than one year, either without pay or on reduced pay, you will be treated as a leaver as described in the 'Leaving' section of this booklet.

Any death-in-service benefits you have chosen will continue to apply during periods of absence of up to one year. Your employer is required to pay premiums to cover the cost of these benefits if no pension contributions are being paid during your absence.

What 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 for 39 weeks.

On your return to work if you wish to pay arrears of contributions to cover any period of unpaid maternity leave. If you opt to do so, your employer may, at its discretion, also choose to pay the employer contributions missed.

Note: Should you die during paid or unpaid maternity leave, any death-in-service benefits you have chosen will be paid based on your normal salary (not your maternity pay, if any).

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 or 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 pension from my previous employment?

- You can ask The Pensions Trust to contact your previous provider to find out if a transfer is possible and how much money could be transferred.
- The Pensions Trust will advise you how many units it would buy in the Unitised Ethical Plan.
- The Unitised Ethical Plan cannot receive transfers which include pension benefits from contracting-out of the additional State Pension (see page 14).

What if I wish to also contribute to a personal pension plan?

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

General

- 1) The following information on nominations applies whether you have chosen the standard return of fund or additional life assurance and/or dependants' pensions. There are separate Nomination Forms for lump sums and pensions.
- 2) You should ensure that your Nomination Forms are kept up to date. If you wish to make any changes to your death benefit nominations, please notify The Pensions Trust in writing.
- 3) Except for legal spouses and civil partners, it will be necessary for the Trustee to receive confirmation that the nominee for a pension is eligible at the date of the member's death.

Lump sum

- you should complete a Nomination Form stating who you would like to receive the lump sum;
- 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, but the proper names of persons.

Survivor's pension

may be paid to:

- your spouse, or civil partner;
- anyone who lives with you and shares the living expenses; or anyone who is financially dependent on you – a child may only be nominated as described below;
- you may nominate a child (of any age) who is disabled and is unable to earn a living. (In this case the child would be paid the survivor's pension, but not the child's pension); or
- you may nominate a dependent child to receive the survivor's pension only up to the date he or she ceases to be treated as a 'Child' as described below. No other child's pension can be paid at the same time.

Children's pension

may be paid to:

- any child who is aged under 18;
- any child who is aged under 22 if in full-time education; or
- a child of any age who is disabled and unable to earn a living, unless the child is already receiving a survivor's pension.

'Child' will have the meaning defined in the Trust Deed and Rules.



Further Information

What is The Pensions Trust?

The Pensions Trust is an occupational pension scheme providing pension arrangements 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 request of the use of personal data concerning them.

- Data Controller: the Trustee is the data controller for the purposes of the Act.
- Use of personal data: the data provided by individuals or their employers, or obtained with the consent of individuals, will be used by The Pensions Trust, its Actuary and any necessary third parties are required to enable the Trustee to properly administer the Scheme. Data will be held for as long as necessary to allow the Trustee to answer questions relating to members' benefits.

The Trustee takes appropriate measures to ensure that your personal data is held securely.

The Trustee Company

The Pensions Trust is governed by a Trustee Company called 'Verity Trustees Limited'. There are currently fourteen Directors of the Company (all non-executive) - six elected by members and six elected by employers and two co-opted by the elected Directors.

Trustee elections

There is a vacancy for one Member Nominated Director each year and invitations for nominations will be published each October.

The State Pension Scheme and contracting-out

The State provides pensions on two levels:

- the basic State Pension; and
- the additional State Pension.

The Age Concern publication 'Your Rights' (or any suitable alternative) which is updated each year, explains the State pension. The Pensions Trust automatically sends a copy to you when you retire.

• **Basic State Pension**

The basic State Pension is a flat-rate pension and is based on your National Insurance contributions. It is payable from age 65, except that a lower age applies to women born before 6 April 1955.

• **Additional State Pension**

Before April 2002 the additional State Pension was known as 'SERPS' – the State Earnings Related Pension Scheme. From April 2002 it is State Second Pension (S2P).

Will the Unitised Ethical Plan affect my State pension?

No, neither the basic State Pension nor the additional State Pension are affected directly by your decision to join the Unitised Ethical Plan. If you have already chosen to 'contract-out' through a Personal Pension Plan, this will not be affected by you joining the Unitised Ethical Plan.

Can I arrange to contract-out?

Yes, as you are not contracted-out of the additional State Pension as a member of the Unitised Ethical Plan you can (if you wish) arrange an appropriate personal pension for contracting-out only. This would mean that you would continue to pay full National Insurance but a proportion would be transferred by the State to your personal pension account. Should you wish to consider this option you should seek independent financial advice.

Eligibility

- **People eligible:** All employees of a participating employer unless otherwise advised by the employer.
- **Method of joining:** On completion of an Employee Application Form, either written or electronic. You will be advised separately by your employer if joining is automatic.
- **Membership conditions:** Contributions can be temporarily suspended for up to 12 months due to illness and/or reduced pay. Any death-in-service benefits are maintained at the full rate, based on your salary immediately prior to the absence. Any period of paid maternity leave or paid family leave counts towards pensionable service. You can withdraw from current membership on giving one month's written notice. If you do withdraw, or do not join within one year of becoming eligible you can only join/rejoin with the agreement of your employer and the Trustee, and subject to a minimum of three months' service unbroken through illness.

Scheme registration

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.

Transfers

- **Transfers-in:** Transfers from previous pension arrangements (excluding contracted-out rights) are accepted at your request, following your written agreement to the alternative rights offered. The Pensions Trust does not currently permit transfers-in by members who are no longer contributing to the Plan.
- **Transfers-out:** An estimate of the transfer value of your benefits or a statement of entitlement to a guaranteed cash equivalent transfer value of your benefits will be provided on request. The same calculation will apply whether you are transferring your benefits to another pension with the Trust or an alternative provider. A transfer is payable at your request and will represent the value of your units at the date of transfer.

Contributions

- **Member's contributions:** A percentage of your salary which has been agreed between you and your employer.
- **Employer's contributions:** As agreed with your employer, as above.
- **Additional Voluntary Contributions:** You may pay further contributions to either the Growth Plan or Unitised Ethical Plan to secure an additional pension benefit. Please refer to the 'Boosting your Pension' section of this booklet.



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.
- If, at the date of your death, your survivor is more than ten years younger, their Growth Plan pension will be reduced by 2.5% for each year in excess of ten that your survivor is younger than you.
- Children's pensions are payable only if they are aged less than 18 or older if disabled or below age 22 if receiving full-time education.
- Members/beneficiaries 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 Unitised Ethical Plan are set out in the Trust Deed and Rules which are the formal documents of the Plan. This guide 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 and Markets 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
Tel: 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, details are on the back cover of this booklet, or alternatively downloaded from our website at www.thepensionstrust.org.uk

Further information about the Unitised Ethical Plan, or your individual benefits, is available from The Pensions Trust.

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

Complaints Procedure

If you have a problem or complaint in connection with your pension, we recommend that you initially discuss this with your usual contact at The Pensions Trust. If they are unable to resolve the matter you may find it helpful to speak to the Pensions Administration Manager and/or the Head of Customer Services.

If your complaint cannot be resolved informally and you remain dissatisfied you may at any time follow the formal complaints procedure; this has two stages and is summarised below.

Disputes – Formal Resolution

If you remain dissatisfied, you may request (in writing) a formal resolution from the Chief Executive. A decision should be provided within two months of your formal request.

Appeal

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

The Pensions Advisory Service (TPAS)

TPAS 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
Tel: 0845 601 2923
Fax: 020 7233 8016
Email: enquiries@pensionsadvisoryservice.co.uk

Pensions Ombudsman

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

The Pensions Ombudsman
11 Belgrave Road
London
SW1V 1RB
Tel: 020 7834 9144
Fax: 020 7821 0065
Email: enquiries@thepensionsombudsman.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
East Sussex
BN1 4DW
Tel: 0870 606 3636
Fax: 0870 241 1144
Email: customersupport@thepensionsregulator.gov.uk



Definitions

Actuary

is a professional adviser on the cost of pensions, appointed by the Trustee.

Additional Voluntary Contributions (AVCs)

is the name given to any contributions you pay above your 'normal' contributions to the Scheme to secure extra benefits.

Annual Allowance

The Annual Allowance is £255,000 per year until the end of the 2015/16 tax year. However, if you earn £130,000 or more and you are considering making additional payments, further restrictions may apply. Please contact The Pensions Trust if this affects you.

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. This tax charge is payable (through self-assessment) at 40% on any increase in benefits above the Annual Allowance.

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 Scheme or debits or credits from pension sharing arrangements following divorce.

You will be responsible for reporting any excess growth on your annual self-assessment tax 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.

Benefits

are the pensions and other payments made to members and their dependants on death, retirement and leaving the Plan.

Deferred Benefit

If you leave the Plan before you retire and leave your benefits in the Plan, this becomes known as a deferred benefit.

Index

is the Retail Prices Index (RPI) or any replacement index prescribed as the measure of price inflation.

Lifetime Allowance

Each individual in the UK is allowed to accumulate pension benefits valued up to £1.8 million without incurring any tax charge. This allowance is fixed until the end of the 2015/16 tax year.

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 AVCs 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 concerned that your benefits from all sources may breach the Lifetime Allowance you should consult an Independent Financial Adviser (IFA) as to your best course of action.

Note: The Pensions Trust and its representatives are not permitted to give financial advice.

Limited Price Indexation (LPI)

For pensions which commence from 6 April 2005, LPI is a commitment to increase pensions by the rise in the Index up to a maximum of 2.5% unless a 'level' pension has been chosen (see 'Will my pension increase?' section).

Net Contributions

are contributions excluding the cost of providing death benefits.

Normal Pension Age (NPA)

is age 65 for Plan benefits unless a different age has been agreed with your employer.

Open Market Option

is the option to transfer the value of your fund from the Plan to an insurance company or other pension provider of your choice, to purchase your benefits on retirement.

Pensionable Earnings

is your basic salary or wage or otherwise as determined by your employer.

Protected Pension Age

Members who joined the Scheme before 6 April 2006 will have a Protected Pension Age of 50 from 6 April 2010. This will allow these members to retire from age 50 after 5 April 2010, but if they retire before age 55 they will be required to leave the employment to which the pension relates.

The Plan

means The Pensions Trust's Unitised Ethical Plan described in this booklet.

These definitions are provided as a summary. Please see the formal Trust Deed and Rules, as appropriate, for further clarification. The Trust Deed and Rules can be found on our website – www.thepensionstrust.org.uk – Document Library > General Literature > Trust Deed and Rules.





The Pensions Trust

Verity House, 6 Canal Wharf, Leeds LS11 5BQ
tel: 0113 234 5500 fax: 0113 234 5599

email: enquiries@thepensiontrust.org.uk
or visit www.thepensiontrust.org.uk