



YOUR GUIDE TO RETIREMENT SAVINGS

SCOTTISH WIDOWS

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WHAT IS THE SCOTTISH WIDOWS RETIREMENT SAVER (THE PLAN)?

IT IS A RETIREMENT SAVINGS PLAN SET UP BY YOUR EMPLOYER. THE PLAN IS PROVIDED BY SCOTTISH WIDOWS ADMINISTRATION SERVICES LIMITED WHICH IS PART OF SCOTTISH WIDOWS.

A company retirement savings plan is a way of saving for your retirement so that you still have something to support you financially when you stop working.

To help achieve this, you can choose from a number of different investment options available. Please note that depending on the investments you choose, the level of risk and potential investment performance differ.

The value of your Retirement Savings plan is not guaranteed and can go down, which would reduce the retirement benefits you get in the future.

The value of your retirement savings plan will depend on a number of factors including:

- when you start saving;
- how long you save for;
- how much you save;
- the charges taken; and
- the return on your savings.

When you take your benefits you have different choices available to suit your own circumstances. For more details, please see the section, **What will I receive at retirement?**

The government offers incentives to save for retirement.

If you make payments from your salary you will get tax relief. If basic rate tax is 20%, for every £80 you save, the government will, in the form of tax relief, contribute another £20 – and if you are a higher or additional rate tax payer you may be able to claim back more tax.

If you make payments through a salary sacrifice arrangement (sometimes called salary exchange), you will give up part of your pay in return for payments by your employer. This means that you will only pay income tax and National Insurance on your reduced salary.

You can find out more about the payments to the plan in the communication your employer has given you.

Generally you won't pay tax on any growth made by your retirement savings. Currently, when you take your benefits you can usually take up to 25% of the value as a tax-free cash sum.

Pensions are a long-term investment. The retirement benefits you receive from your pension plan will depend on a number of factors, including the value of your plan when you decide to take your benefits, which isn't guaranteed and can go down as well as up. The value of your plan could fall below the amount(s) paid in.

The tax treatment of your pension depends on your individual circumstances. Your circumstances and tax rules may change. 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.

This guide gives you information about the plan. You should also read the communication from your employer, **A guide to pension tax, Key Features** document and **Terms and Conditions**.

You can find useful information about the plan and helpful savings tools on this website.

CAN I RELY ON THE STATE ALONE?

State Pension

The State Pension is a regular payment from the government that you can claim when you reach State Pension age.

In April 2016, the government introduced a new State Pension system. How much you get will depend on the length of time you have paid in National Insurance Contributions during your working life.

Here are the amounts for the tax year 2018/19:

- £164.35 (Weekly amount)
- £712.18 (Monthly amount)
- £8,546.20 (Yearly amount)

The amount you get may be higher or lower than the figures above. You can find out exactly how much money you can expect from your State Pension by contacting The Pension Service.

Increasing State Pension age

The State Pension normally starts when you reach the State Pension age – currently 65 for men. Women's State Pension age is being gradually increased from 60 to 65 by 6 December 2018.

The State Pension age for both men and women will then start to increase to reach age 66 by 6 October 2020.

The government has also announced that the State Pension age will increase to age 67 between 6 April 2026 and 6 April 2028.

If you want to find out more about your State Pension, visit the 'Working, jobs and pensions' area at [gov.uk](https://www.gov.uk)

WHAT ARE MY ALTERNATIVES?

Carry on working

This might not always be possible. If you're healthy and can carry on working then fine, but what if things change?

Use the value in your property

This can be risky. What if the value of your property drops? Consider the value of your home, the cost of an alternative and the cost of moving – how much would you have left?

Rely on an inheritance from your family

What guarantee is there that you'll receive an inheritance? It is possible that funding the long-term care needs of a family member may reduce any potential inheritance.

Save when you're older

Every month you put off saving means one less opportunity to put aside some money for your retirement and could mean you'll need to save more later.

Start saving in your next job – you're not planning on staying long

Your retirement savings are portable, which means they could go with you if you change jobs.

For most people the only real alternative is to save for their retirement.

HOW DO I JOIN?

The communication from your employer will tell you how to join the plan.

To help people save more for their retirement, the government requires employers to automatically enrol their employees into a company retirement savings plan.

You will be enrolled if you:

- are not already in a suitable company plan,
- are aged 22 or over,
- are under State Pension age,
- earn at least £10,000 a year (tax year 2018/19), and
- work or usually work in the UK.

Your employer will let you know the date you will be enrolled.

If this does not apply to you, you will not be enrolled unless you ask to be enrolled or the employer chooses to arrange for you to join.

If this applies to you at a later date, for example when you reach age 22 or start to earn more and are not already a member, then your employer will enrol you at this point.

However, you have the right to join if you want to. Please refer to your employer's communication or speak to your employer for more information.

If you have been automatically enrolled into the scheme and 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

WHAT ARE THE PAYMENTS?

To join the plan you normally have to save a minimum amount. Your employer may also pay into your plan. For details of the minimum payment or the amount of pensionable salary you have to exchange, please refer to your employer's communication.

For the purpose of your plan, pensionable salary is defined in your employer's communication.

If you make regular payments from your salary, the amount of tax relief you are entitled to is limited. You may also be subject to a tax charge if all payments to your pension arrangements exceed HM Revenue & Customs (HMRC) limits. If you pay into the plan through your salary exchange arrangement, the annual allowance limits the amount that can be paid into your plan without suffering a tax charge. For more information please read **A guide to pension tax**.



HOW REGULAR RETIREMENT SAVINGS BUILD UP FOR YOU

With the payments you put into your plan, the amount your employer pays and the amount of tax relief paid into your plan, it can be surprising how much is going towards your retirement.

Payment from salary

If you make payments from salary, payments will be taken from your pensionable salary after income tax and National Insurance have been taken. Scottish Widows will invest your payment along with any employer payment and the basic rate tax relief which we claim back from HMRC on your behalf. If basic rate tax is 20%, this means that for every £80 you pay into the plan you get basic tax relief of £20 which is also paid into your plan. The total amount paid into the plan is therefore £100. If you are a higher or additional rate tax payer you may be able to claim back more tax relief through your tax return.

Salary exchange

If you make payments by salary exchange, your pensionable salary will be reduced, by the amount you wish to pay into your plan, before income tax and National Insurance are taken. Your employer will then pay that amount into your plan on your behalf along with their payments. Because payments made by salary exchange are treated as employer contribution they do not benefit from having tax relief added. However it also means that you pay income tax and National Insurance based on your reduced salary.

Reducing your salary can have an impact on salary-related benefits. Your payments won't be made by salary exchange if doing so would reduce your pay below the national minimum wage.

WHAT IF I WANT TO CHANGE HOW MUCH I SAVE?

You may be able to change the amount of your salary you wish to exchange or your regular payment amount by contacting your employer. There may be restrictions on when or how often you can do this.

CAN I TRANSFER THE VALUE OF OTHER RETIREMENT SAVINGS PLANS INTO THIS PLAN?

Yes, usually. You can call us to check if the plan will accept the transfer or for more information. You should speak to a financial adviser to find out the risks and potential benefits of transferring. Please bear in mind you will be charged for any financial advice you receive.

When considering a transfer you'll need to compare and review the benefits and features you're likely to get from your existing plan and what you might get if you moved into the plan. Your existing plan administrators will be able to give you an illustration of your benefits at retirement and a current transfer value. For more information on transferring please see the **Transfer Guide**.

In most cases you're likely to be worse off if you transfer out of a defined benefit scheme (also known as a final salary scheme), even if your employer gives you an incentive to leave. For this reason, we won't accept a transfer from this type of pension scheme unless you have taken financial advice. Please contact us if you are thinking about transferring from a defined benefit scheme or a pension plan with guaranteed benefits.

HOW ARE PAYMENTS INVESTED?

You can find information about the different investment options available to you in the **Guidance on your fund choices** available on your scheme infosite.

Once you are a member of the plan, you can log in to this website and see how and where payments are invested at any time.

It's important to understand about the types of investment you can make. The **Introduction to investing** guide describes the different asset classes such as shares, property and money markets in more detail. It's designed to help you understand the relationship between risk and reward.

WHAT WILL I RECEIVE AT RETIREMENT?

When you decide to take your benefits there are different choices available to you. You can also pick more than one option, which is good news because you can mix and match to suit your own circumstances.

From age 55 you can:

1. Take a pension encashment

You may want to take your retirement savings as one or more lump sums and not take any income but you should understand the different options available and the potential tax consequences. You also need to think about how you're going to support yourself financially throughout your retirement and a spouse or partner when you die.

You may be able to take all or part of your retirement savings in one or a few lump sums. Of this, 25% will usually be tax free, with the rest taxed as income.

2. Flexible income (drawdown)

If you want flexible access to your money, you may want to look at drawdown which keeps your retirement savings invested and allows you to take a regular taxable income from your plan when it suits you. You can choose to increase or decrease the amount of income you take to match your needs. You can also take one-off taxable payments from your retirement savings.

Alternatively, you can take your tax free cash and, if you choose, then take a regular income and/or one-off payments which are taxed as income. Usually 25% of your retirement savings can be paid as a tax-free lump sum. The bigger the lump sum you take, the less you'll have left to provide an income.

As part of this decision you should consider whether you have enough to last throughout your retirement – remember any withdrawals will reduce your retirement savings. With this option your savings remain invested and any fall in value could affect how much income you can afford to take and how long you can take it for.

It's important you regularly review your retirement savings if you take a flexible income.

3. Guaranteed income for life (annuity)

If you want a guaranteed regular income then you may want to look at an annuity, which provides you with a regular taxable income for the rest of your life. This means you don't have to worry about your income running out.

You can choose to use all of your retirement savings to buy an annuity or you could take part as a tax-free lump sum and use the remainder to buy an annuity which is taxed as income. Usually 25% of your retirement savings can be paid as a tax-free lump sum. The bigger the lump sum you take, the less you'll have left to provide an income.

The amount of income is agreed when you buy your annuity and depends on several factors. These include the size of your retirement savings and the type of annuity you choose.

If you decide to buy an annuity, it's important to remember that if your circumstances change in future, you can't change it.

If your life expectancy is likely to be shorter due to illness or lifestyle factors such as being a smoker you could get a higher income through what's called an enhanced annuity. That's because you may not be expected to live as long as someone who is healthy.

We will inform you of the options available to you as you approach retirement. Alternatively, you can find more information in our **Retire your way** guide.

You can't normally get access to your retirement savings until you are at least age 55. However, in certain circumstances you may be able to take your pension before age 55, for example, if you are unable to work due to ill-health.

For more information, please refer to the **Terms and Conditions**.

If you aren't sure what options are for you, you should talk to a financial adviser. You will have to pay for any advice you receive. If you don't have a financial adviser, you can find one at unbiased.co.uk or vouchedfor.co.uk

WHAT STEPS SHOULD I TAKE TO HELP KEEP MY RETIREMENT SAVINGS ON TRACK?

While you're saving towards retirement you'll need regular reviews to make sure your plan stays on course to meet your retirement goals. You need to regularly review if you are paying enough and whether your investment choices are still appropriate for your circumstances.

We will send you a statement each year showing the value of your plan and your current investment choices or you can check for yourself at any time by logging in to your scheme infosite and selecting the 'My Plan' page.

WHAT HAPPENS IF I LEAVE THE COMPANY?

On leaving service, your employer will stop paying into your plan.

The following options are available:

- you may make regular payments by direct debit or single payments into your plan directly with Scottish Widows, and/or
- keep your plan invested in the fund(s) selected by you, charges will continue to be taken but these may change, or
- the full value of your plan can be transferred to another pension plan, such as a personal pension, stakeholder pension or a future employer's pension scheme, if allowable.

We will notify you of all your options on leaving.

WHAT HAPPENS IF I DIE BEFORE TAKING MY BENEFITS?

If you die before you take your benefits, we will use the value of your retirement savings plan to provide a cash sum or pension for your beneficiaries. By completing and returning a **Nomination of beneficiaries** form, you can ask us to pay any death benefits from your plan in accordance with your wishes. Although we are not bound by your request, we will usually respect your wishes. You can change or revoke your nomination at any time by contacting us (please refer to the **How to contact Scottish Widows** section). If you die before age 75 proceeds will normally be tax free.

CAN I LEAVE THE PLAN?

You may leave the plan while employed by the company, providing that you give your employer at least one month's notice by letter or email.

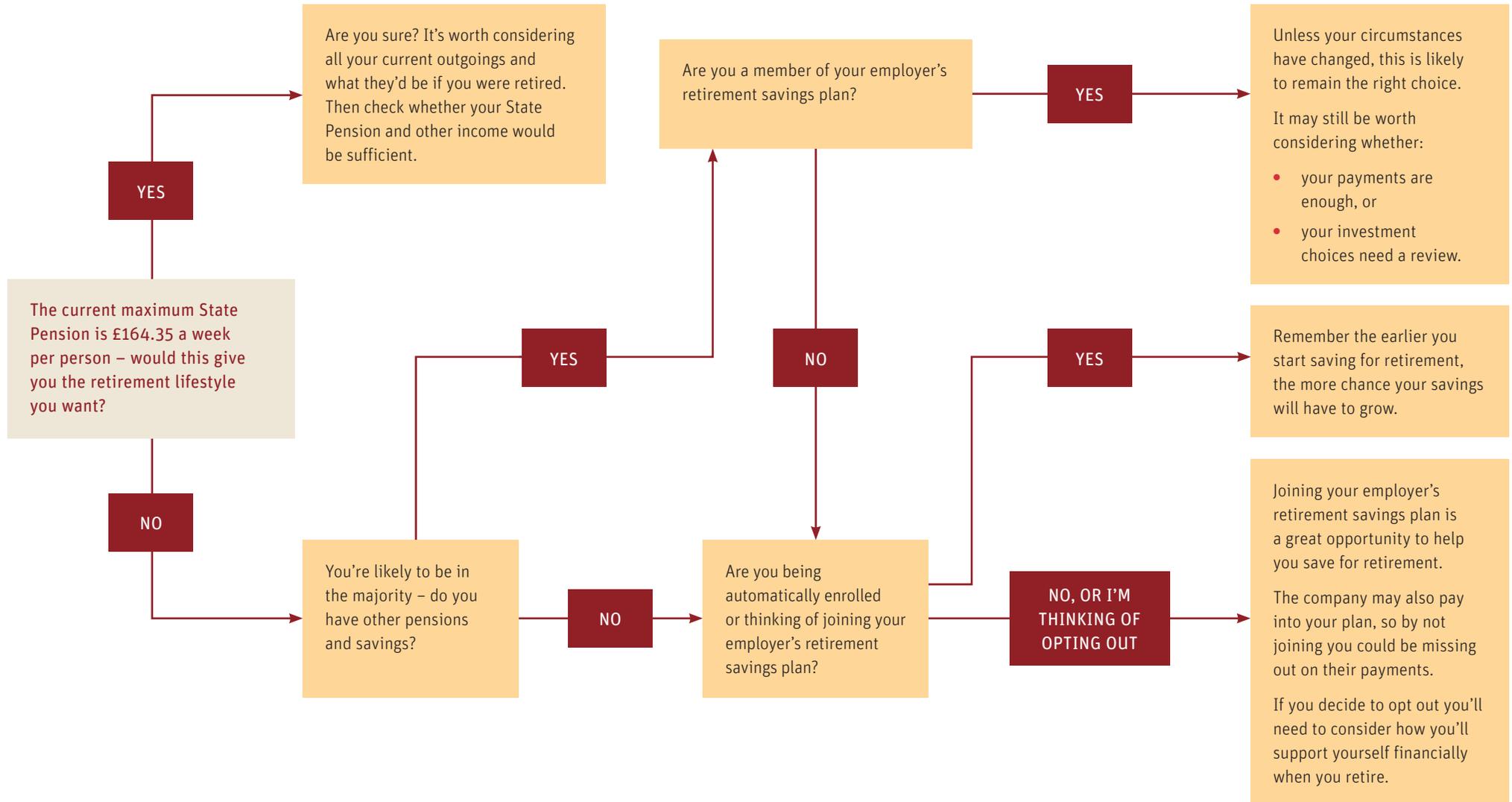
When you are automatically enrolled into the plan there is an opt out period when you can receive a refund of your payments. This period starts from the later of the date you:

- receive your joining information from us, or
- are provided with written enrolment information.

If you wish to opt out you have one calendar month from and including the first day of the opt out period. You will be given details on how to opt out once you are enrolled. If you opt out, you usually have the right to rejoin once in any 12 month period, although your employer may allow this more often. Your employer will usually re-enrol you every three years.

If you are thinking of leaving the plan, this is likely to reduce the retirement income you get in the future.

SO, IS A COMPANY RETIREMENT SAVINGS PLAN RIGHT FOR ME?
HERE ARE SOME QUESTIONS TO HELP YOU DECIDE:



WHAT SHOULD I DO NOW?

You should read the communication from your employer, the **Key Features** document and the **Terms and Conditions** to find out more information about the plan.

You can find these and other documents you may find useful on your scheme infosite.

If you're unsure about joining the plan or making an investment decision, you should take financial advice. Your employer may have appointed a specialist adviser to provide advice for their employees – you can find details in the communication from your employer. Alternately, for details on how to find a financial adviser near you, go to unbiased.co.uk or vouchedfor.co.uk. You will usually have to pay for any financial advice you receive.

HOW TO CONTACT SCOTTISH WIDOWS

You can:

- Call: you can find the number in the 'Contact us' link of this website; or
- Email: you can send an email to workplacesavings@scottishwidows.co.uk

We may record or monitor calls to improve our service.

We cannot give you advice but can give you more information to help you.



PLEASE LET US KNOW IF YOU WOULD LIKE A COPY OF THIS IN LARGE PRINT OR BRAILLE, OR ON AUDIOTAPE OR CD.

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SCOTTISH WIDOWS

The logo for Scottish Widows, featuring the company name in a bold, white, sans-serif font. A stylized, flowing red and white wave graphic is positioned behind the text, starting under 'S' and ending under 'S'.