# Trustee and Me

## Statutory Money Purchase Illustration Guide

A guide to understanding your annual Scheme SMPI statement

Standard Life Staff Pension Scheme

# Welcome

## to your Statutory Money Purchase Illustration guide

**When you're making plans for retirement, it's important that you know the value of your savings so far - and what options are available.**

So we've put together this Statutory Money Purchase Illustration ("SMPI") guide to help you understand your annual Scheme SMPI statement.

You – or your adviser – can use this guide alongside your SMPI statement to understand the value of your Scheme DC funds. It will also give you a Scheme DC pension illustration at the retirement age you've chosen.

We've made every effort to make sure all the information here is accurate. However, it's only a guide and not a legal document – or intended as advice.

Your membership of the Scheme is subject to the Scheme's Trust Deed and Rules (which may be amended from time to time). These are the legal documents which set out the full details of your benefits. They'll always overrule this guide if there's any inconsistency or question of interpretation.

**Any questions?** Get in touch with Mercer, the Scheme Administrator, by emailing **standardlifepensions@mercer.com**.

# Frequently asked questions

## about your SMPI Statement

### Why do I receive an annual SMPI Statement?

Your annual SMPI statement is to help when you're considering whether you have enough money to enjoy the retirement you want. It also provides:

- Confirmation of the value of your Scheme DC funds at the Scheme anniversary date.
- An illustration of your estimated projected Scheme DC fund value, and the taxable amount of annual pension this could give you at the retirement age you've chosen.
- Confirmation of the Scheme DC contributions paid for you over the last Scheme year.

The Trustees of the Scheme are legally obliged to issue you with an annual benefit statement, including a SMPI, covering your Scheme DC provision.

### Does the current value of my DC funds in the SMPI Statement reflect today's value?

The value of your plan will normally change regularly – although this depends on the type of fund you're invested in. The SMPI Statement details the value of your plan on 1 January, which is the start of the Scheme year.

### Is the value of my DC funds at retirement what I can expect when I retire?

The value is a projection based on a number of assumptions – so it's not the exact value of your DC funds when you retire, which could be less or more. Instead, it's to help you understand approximately what benefits you can expect.

The actual value depends on a number of variables, such as the amount of contributions and the period over which you pay into the Scheme, and the investment growth achieved on your DC funds.

So, if on 1 January, contributions were being made on your behalf to the Scheme's DC Section, the value of your DC funds:

- Takes into account the value of your DC funds at the date your SMPI was produced i.e. it includes any contributions applied between 1 January and the SMPI production date later that year.
- Takes into account the assumed investment returns on the DC funds in which you were invested at the date your SMPI was produced i.e. it takes into account any change in the DC funds in which you have chosen to invest since 1 January.
- Assumes the regular contributions paid into your pension pot at the date the SMPI was produced continue and will increase each year, in line with the assumed 2.5% rate of salary growth i.e. any regular contribution changes made since 1 January are taken into account.

## Why don't I recognise the funds I am invested in?

It could be because you're invested in the default investment arrangement. This means DC funds are automatically invested in certain funds, unless you chose not to be. The Trustees are required by law to have this arrangement for members – it's currently the Standard Life MyFolio Managed IV Universal Strategic Lifestyle Profile.

Or, maybe it's been some time since you chose your current DC funds. Or perhaps you've changed the funds you want to invest in since 1 January. Make sure you regularly review the DC funds you've chosen, to make sure they meet your ongoing requirements. More questions? Read the **'How to find out more'** section of this guide.

## In the "How your DC fund grows" section of the statement, why is the start of my plan shown as May 2016?

In May 2016 the new Trust Based Pension (TBP) platform was established. Scheme DC funds before this date (including any contributions received between 1 January 2016 and 16 May 2016) were invested in the Retirement Account Plan (RAP) platform.

### Does the amount shown as 'paid by me' reflect the total contributions I've made to the Scheme?

No. It reflects only the contributions you've made between 16 May 2016 and 1 January this year.

### So what about contributions I've made to the Scheme before 16 May 2016?

Where possible, in June 2016 the value of your DC funds, including the value of any contributions you made prior to 16 May 2016, were automatically transferred from the Retirement Account Platform (RAP) to the Trust Based Platform (TBP).

Your contributions prior to 16 May 2016 are included in the current value of your pension pot.

### But what if it wasn't possible for all or some of my DC funds to be transferred from the RAP to the TBP?

Members who had Scheme DC funds retained in the RAP will get a separate additional SMPI statement for the year ended last 31 December. This will reflect the funds retained in the RAP.

Your separate RAP statement takes into account the value of your contributions invested in these RAP funds up to 16 May 2016. Take a look at the **'If you have Scheme DC investments still invested in the RAP'** section below.

### What about my Scheme defined benefits (DB)?

Your Scheme DB benefits are in addition to your DC provision.

If you are a current Standard Life employee and have not previously opted-out of Scheme membership you can view your annual DB benefit statement, which reflects your DB benefit revalued to 31 December last year.

If you have left Standard Life employment, or previously opted-out of Scheme membership, you can view your DB benefit entitlement at the date you ceased to earn future Scheme DB benefits. Revaluation of your DB benefits will be applied at retirement.

You can view your Scheme DB benefits by logging on to Mercer OneView, at the following webpage: **www.merceroneview.co.uk/standardlife/login.tpz** Your personal login details for OneView were issued previously, if you do not have these or have any issues logging on to the site you can call the Mercer OneView helpline on **0345 6000 229**.

### How can I find out more about the Scheme?

Take a look at the 'How to find out more' section of this guide. You'll also find links to more information about different retirement aspects within your statement. These links provide generic, rather than Scheme specific, information.

## If you have Scheme DC investments still invested in the RAP

### Will I get my RAP SMPI statement at the same time?

If you've chosen to receive paperless statements, your TBP statement will have been sent electronically. This service isn't available for RAP statements, which will be posted to you. So you might not receive both your SMPI statements at the same time.

### Why can't I just get one Scheme SMPI statement for both my TBP and RAP funds?

It's not possible at the moment. Your total Scheme DC provision is the combination of the information provided in each statement. The Scheme Trustees will annually review whether this can become possible.

### Why are there nominal fund amounts shown as being invested in certain investment funds?

If at June 2016 your RAP fund was invested in funds which could and could not be transitioned to the TBP, it was and is not administratively possible to transition 100% of the funds which could be transitioned to the TBP. So the nominal funds shown reflect those retained in the RAP, which continue to be invested in the funds shown.

### Is the pension shown which I might get at retirement based on the same assumptions applied to my TBP funds?

No, the assumptions used in your RAP statement are different. The different assumptions applied are reflected in the information provided in each statement.

# Accessing your DC funds

## What to do when you retire

You can take your Scheme DC funds in a number of ways at retirement – reflecting the flexible options now available to DC pension schemes.

It's possible to exercise some of these flexibilities from the Scheme without transferring out. But, if you want access to other flexibilities which the Scheme doesn't offer, you need to transfer them out of the Scheme to a suitable DC arrangement. You can find more information below.

The flexible options available to you through the Scheme are:

### Annuity

You can use some or all of your DC savings to buy an annuity at retirement.

### Cash

The new options mean that individuals can take all of their DC savings as cash. But it's important to understand how that would work in the Scheme. There are two options:

**1. Take all of your DC savings as cash**

In other words, taking an Uncrystallised Funds Pension Lump Sum (UFPLS). You can choose this option only once, when you come to draw your benefits from the Scheme. If you want to do this, then the first 25% of your DC savings would be paid tax free and the balance will be taxed at the highest tax rate you pay.

**2. Use some or all of your DC savings to fund your tax-free cash**

If you have DB benefits in addition to your DC benefits within the Scheme, you're allowed to take a proportion of both your DB benefits and your DC savings as a tax-free cash sum. The maximum amount you can take free of tax is broadly 25% of your Scheme benefits (the formula for calculating tax free cash in respect of your DB benefits is slightly different).

You can take your tax-free cash amount from your DC savings and your DB benefits separately. Or, you can combine both your DB and DC benefits and calculate the total cash, which you can then take as a first charge against your DC savings. This means that, in most cases, members can take most, if not all, of their DC savings in one lump sum, tax free.

## The overall DC flexibilities

UK pension schemes providing DC benefits can now offer members different ways to access them.

Since 6 April 2015 legal changes mean there are new, flexible options for taking retirement income – and fewer restrictions on the amount that can be withdrawn as cash:

- **Annuity/Pension**

  You can use some or all of your defined contribution savings to buy a pension, or annuity. Annuities themselves are reasonably flexible – there are lots of different types of annuity to choose from. But once a decision has been made, it's final.

- **Cash**

  You can now take as much cash as you like from a defined contribution savings at retirement – all of it, if you want to. The cash amount up to the first 25% of the value of your benefits would be tax-free. However, income tax is payable at your highest marginal rate on any cash taken above that level.

- **Drawdown**

  This is probably the most flexible option. It allows you to take an income directly from your defined contribution savings, while you carry on investing the rest. You can vary the amount you receive while drawing down, or stop and start as and when it suits.

# How to find out more

If you have any questions about your SMPI Statement, or if you'd like to find out more about your benefits and the Scheme, contact the Scheme's Administrator Mercer by emailing **standardlifepensions@mercer.com**

- **The Money Advice Service**
  This is an independent service set up by the Government with information about consumer finances, including how to get independent financial advice. It also has a directory of financial advisers specialising in retirement that you can use to find pension transfer specialists. You can also search by postcode. Visit www.moneyadviceservice.org.uk or call 0800 138 7777 (call rates may vary).

- **The Pensions Advisory Service (TPAS)**
  An independent, non-profit organisation, the TPAS provides free information and guidance across the whole range of pensions, including State, occupational and personal. Visit www.pensionsadvisoryservice.org.uk, call 0300 123 1047 or email enquiries@pensionsadvisoryservice.org.uk.

- **Pension Wise**
  The Government's online guidance service about the flexible benefit options available at retirement. People aged over 50 with DC pension savings may also make an appointment to speak to a guidance adviser free of charge. The guidance is general, will not recommend specific options, and shouldn't be regarded as a substitute for financial advice. Visit www.pensionwise.gov.uk or call 0300 330 1001 to make an appointment.

# Find out more

**Log on to**

**www.merceroneview.co.uk/standardlife/login.tpz**

**for more information on your pension savings and scheme or contact Mercer on 0330 100 3491**