# A.F. Blakemore & Son Ltd
# Staff Retirement
# Benefit Scheme

*Your Pension Scheme*

*Guidance Notes*

*April 2017*

# Contents

# 1. Introduction

## Welcome

The A.F. Blakemore & Son Ltd Staff Retirement Benefit Scheme (the "Scheme") is one of the most important and valuable benefits A.F. Blakemore & Son Ltd offers you. It has been designed with your future financial security in mind.

The Scheme not only provides you with a regular income after you stop working but, as a result of you joining the Scheme, your family or other Dependants also receive substantial protection should you die whilst in employment as an active member of the scheme.

## The State Pension Scheme

The State pension is paid from your State Pension Age and will be **in addition** to your Scheme pension.

Before 6 April 2016, the State Pension Scheme was in two parts:

- the Basic State Pension; and
- the State Second Pension (formerly the State Earnings Related Pension Scheme (SERPS)).

From 6 April 2016, the State pension changed. You can obtain more information on the new State pension by visiting the website www.gov.uk. You can obtain a forecast of your expected State pension benefits by sending to the Benefits Agency a BR19 form available from the pension service website (this may take a little while to load) at http://www.direct.gov.uk/pdfs/state-pension-statement-interactive.pdf or by telephoning them on 0845 300 0168.

## Further information

Whilst we hope this booklet provides as much information as many people will require, there may be times when you have some questions on the Scheme. Human Resources (HR) Shared Services will be able to help you if you want any more information about the Scheme.

HR Shared Services
A.F. Blakemore & Son Ltd
Unit 401, Axcess 10 Business Park
Bentley Road South
Darlaston
West Midlands
WS10 8LQ

For HR Shared Services ☏ Telephone: 0121 568 2905 🖱 Email: sharedservices@afblakemore.co.uk
For Payroll ☏ Telephone: 01902 369 802 🖱 Email: payroll@afblakemore.com

If you have any queries on your Account then please contact the Scheme's Administrator as follows:

Hughes Price Walker Limited
Pembroke House
15 Pembroke Road
Clifton
Bristol 🖱 Email: afblakemore@hughespricewalker.co.uk
BS8 3BA ☏ Telephone: 0117 946 7269

Below are examples of when you should contact HR Shared Services and when you should contact Hughes Price Walker Limited:

| | HR Shared Services | Hughes Price Walker |
|---|---|---|
| If you want to join the Scheme | ✓ | |
| If you want to update your Expression of Wish Form | ✓ | |
| If you want to change the level at which you pay contributions | ✓ | |
| If you wish to opt out of the Pension Plus salary sacrifice arrangement | ✓ | |
| If you are a member in active service and wish to opt out of the Scheme | ✓ | |
| If you need a quotation of the value of your Account | | ✓ |
| If you would like to change your fund choice | | ✓ |
| If you are considering retiring early and you would like a quotation of what benefits your Account might buy | | ✓ |
| If you would like to transfer your pensions savings from another arrangement into the Scheme | | ✓ |
| If you are in the lifestyle investment strategy and you wish to change your target retirement date | | ✓ |
| If you are not in the lifestyle investment strategy and you would like to retire after the age of 65 | | ✓ |
| If you wish to transfer benefits in or out of the Scheme | | ✓ |
| If you have changed address, please inform both parties | ✓ | ✓ |

## Scheme website

There is a website for members where you are able to access information on the Scheme and your Account. More details on the website are shown in Appendix 2.

**April 2017**

# 2. A brief look at the Scheme

Quite simply, the Scheme takes A.F. Blakemore & Son Ltd's and, if applicable, your contributions and invests these (using the service of professional investment managers) to try and provide a balance of security and growth. The Trustees are responsible for the Scheme and the way it is run. In addition, many legal safeguards and Government watchdogs provide additional security for your benefits.

**Here's what options the Scheme provides:**

- A pension when you retire, if you want, bought with your Account on retirement
- A tax-free cash sum when you retire, if you want, from your Account
- A single lump sum or a series of lump sums, if you want, from your Account
- Spouse's and Dependants' Pensions, the option to make provision
- A transfer to another pension arrangement, if you want to transfer your Account

Also by being an Active member of the Scheme you will qualify for Life Assurance, if you die while employed by A.F. Blakemore & Son Ltd. This is payable through a separate arrangement and not the Scheme.

The Scheme is run by Trustees on your behalf. In brief the Trustees must:

- act prudently, conscientiously and honestly as guardians of the Scheme;
- act in the best interest of all the Scheme members, whether currently employed by A.F. Blakemore & Son Ltd or not;
- obtain and consider proper expert advice in areas where the Trustees themselves are not experts;
- make sure that the Scheme is correctly run, that members receive the benefits to which they are entitled and that proper records are kept;
- ensure that correct contributions are paid by A.F. Blakemore & Son Ltd and Members;
- see that the Scheme's assets are controlled and invested efficiently;
- prepare annual audited accounts; and
- appoint professional advisers to help with these tasks.

This booklet is only intended to give a summary of the benefits provided by the Scheme. It does not cover everything in the formal Trust Deed & Rules which govern the Scheme. If there is any discrepancy between this booklet and the Trust Deed & Rules, the Trust Deed & Rules prevail. You can look at these documents if you wish by contacting HR Shared Services.

# 3. Joining the Scheme

### You are eligible to join on the first Entry Date that you satisfy the following conditions:

- You are aged 21 or over and under 65; and
- You have completed 2 years' service with A.F. Blakemore & Son Ltd.

### How do I join?

A.F. Blakemore & Son Ltd has a duty to invite you to join as soon as you are eligible. This booklet has been designed to give you all the information you need. You should have been given access to an Application Form with this booklet, which you need to complete to confirm your membership. You will also need to complete an Expression of Wish Form. If you do not have either of these forms, please visit the staff zone on the company website or contact HR Shared Services.

In a defined contribution scheme, you need to make investment choices. Some find that this is not an easy decision to make and hence we offer a default option.

Completed forms should be given to HR Shared Services.

Once you have joined, you will be eligible for Scheme benefits and you will start building up pension rights for your retirement.

### Personal information

The details you give on your Application Form, and any other personal information provided by A.F. Blakemore & Son Ltd and others, is held on a computer and used by the Trustees and those involved in the running of the Scheme.

The Trustees have to register as a Data Controller with the Information Commissioner under the Data Protection Act 1998. The Act gives you certain rights to ensure that the information is accurate and that proper security is maintained.

You should keep the Trustees up to date with your personal details, including your marital status and address, otherwise delays may occur in paying benefits to you or your Dependants.

### Opting out

Membership is entirely voluntary and you do not have to accept this invitation. For legal reasons the Trustees and the Scheme's Administrators can explain the details of the Scheme and what you are turning down but cannot give you advice. We recommend that you seek independent financial advice before deciding to opt out of the Scheme.

### If I decline at my first opportunity, can I join later?

Yes. As long as you still satisfy the conditions above, you will be eligible to join the Scheme at three year intervals after you first declined to join the Scheme. For example, your second opportunity to join will be after you have completed five years' service.

## Opting out after joining

You can leave the Scheme at any time but you will lose the benefit of pension contributions and the associated level of life assurance from that point. A.F. Blakemore & Son Ltd reserves the right to refuse any subsequent re-application from you.

## Other pension arrangements

You may have other pension arrangements. If you are interested in transferring these benefits to the Scheme, please contact our Scheme's Administrators. Our Scheme's Administrators merely act in an administrative capacity and are not able to provide any advice. The Trustees recommend that you seek independent financial advice before effecting any transfers.

**NOTE:** If you are registered for Fixed, Individual, Primary or Enhanced Protection you must inform our Scheme's Administrators before joining.

## What happens if I am already paying into a personal pension plan?

You may continue to contribute to this as well (although A.F. Blakemore & Son Ltd will only contribute to the Scheme). If the **total** of your contributions to all your arrangements, plus A.F. Blakemore & Son Ltd's contribution to the Scheme, exceeds the Annual Allowance, a tax charge will apply to you.

## Expression of Wish Form

This form should be completed at outset and then revised as your circumstances change. It gives the Trustees an idea of how you would want your death benefits paid.

You can ask the Trustees to consider any number of Beneficiaries, and although they will normally seek to follow your wishes, they have full discretion as to how the benefits are paid. Completing the form will speed up payment by avoiding the need for probate and maximising tax relief. A form is available to download on the Scheme website.

Once completed the form should be forwarded to HR Shared Services where it will be scanned into your secure personnel folder.

# 4. The cost of the Scheme

- You must contribute at least 2% of your Pensionable Earnings. You may contribute any half number percentage of your Pensionable Earnings from 2% up to 100%, e.g. 2%, 2.5%, 3%, 3.5% etc. From 6 April 2018, you must contribute at least 2.5% of your Pensionable Earnings and from 6 April 2019, you must contribute at least 4% of your Pensionable Earnings. The increases in the minimum contributions on 6 April 2018 and 6 April 2019 are to comply with legislation.

- Tax relief is applied automatically – your contributions are deducted from your earnings before tax, so you get tax relief at the highest rate that you pay.

## What A.F. Blakemore & Son Ltd pays

A.F. Blakemore & Son Ltd will match your contributions, up to a maximum of 5% of your Pensionable Earnings, and will pay the cost of the protection benefits and the administration cost of running the Scheme.

| | Example | Use this column for your own details |
|---|---|---|
| Pensionable Earnings | £1,500 per month | |
| Your contributions at 5%, say (A) | £75 per month | |
| Tax relief at Basic rate of 20% (B)<br>(40% if subject to higher rate) | £15 per month | |
| Now subtract (B) from (A)<br><br>This is the real cost to you | £60 per month | |
| Plus A.F. Blakemore & Son Ltd's contribution of 5% | £75 per month | |
| **Total Pension Contribution** | **£150 per month**<br>**At a cost of £60 pm to you** | |

The above figures are for the tax year 2016/2017

## Your contributions and why they make a difference

The levels of contributions you make are a key factor in determining your eventual pension income. You should seriously consider paying at least 5% of your Pensionable Earnings so that you get the maximum contribution from A.F. Blakemore & Son Ltd.

The earlier you pay the most you can afford, the greater benefit you will get from compound investment growth potential.

You should regularly review the level of your contributions to make sure they are on track to meet the retirement income you are expecting. Each year you will receive a statement from the Scheme that sets out the value of your Account and what pension you might expect if you carry on paying contributions at the current level at that time. The statement will also illustrate the potential effect on your pension if you increase your contributions.

You should make use of financial planning tools, e.g. those available online at www.unbiased.co.uk, to help you decide what appropriate levels of contributions for your individual circumstances might be. Free sources of information are also available online, e.g. from the Money Advice Service and The Pensions Advisory Service (TPAS).

### Pension Plus (Salary Sacrifice)

A.F. Blakemore & Son Ltd operates a salary sacrifice scheme (called Pension Plus) for Scheme members earning on or above a set limit. At the date of this booklet, the limit is set at £7.90 per hour. Under this salary sacrifice scheme, your salary is reduced by the amount of your pension contribution. This amount is then paid by A.F. Blakemore & Son Ltd directly into the Scheme along with the corresponding normal employer contribution.

You benefit by paying lower National Insurance contributions, as set out in the "Pension Plus Booklet", which will be made available to you if you are eligible to join the scheme. If you are eligible you will automatically be enrolled in Pension Plus, unless you complete the form to opt out of Pension Plus, available from the staff zone on the company website or HR Shared Services.

Employer contributions to the Scheme do not count towards the National Living Wage. If you are earning less than around 5% above the National Living Wage, you will not be eligible for Pension Plus. The reason for this is that if you earn less than this figure and you were able to reduce your salary by 5% instead of paying a 5% contribution, you might earn less than the National Living Wage which is not allowed.

### Annual Allowance (AA)

The AA is the maximum amount of pension savings that can be made in any tax year (including A.F. Blakemore & Son Ltd's contributions). In the tax year 2016/2017, this limit is £40,000. However, there are additional details:

- You may contribute up to the full amount of your taxable pay.
- From 2016/17, if your income is above £150,000 per annum, a reduced AA applies and it tapers to £10,000 for those with income above £210,000. Income includes employer contributions to your Account.
- If you have accessed pensions savings and taken an Uncrystallised Funds Pension Lump Sum or are in a drawdown arrangement, your AA will reduce to the Money Purchase Annual Allowance (MPAA). At the date of this booklet the MPAA is £4,000. This lower figure is set by the Government and is subject to change.
- If you are contributing to any other arrangement or have other pension arrangements that are increasing in value, then these will count separately towards your AA (or MPAA). Similarly, if you are subject to a Pension Sharing Order as a result of divorce proceedings then special terms will apply.
- You will be subject to tax at 40% on any contributions which are in excess of the AA (or MPAA, if applicable).
- Please contact Payroll if you think this may affect you.

### Investment choices

The "Investment choices" section of this booklet and Appendix 1 gives details of the funds in which you can choose to invest.

### Keeping track of how your Account is performing

Each year the Scheme's Administrators will provide a Statement showing you how your Account has performed. You can also monitor your Account on the Scheme's website - see Appendix 2.

# 5. Choices at retirement

### You can choose to use your Account in a variety of ways:

- ❖ You can buy a pension for life (called an annuity)
- ❖ You can take a lump sum or a series of lump sums until your Account is used up
- ❖ You can transfer its value to another pension arrangement

### If you choose an annuity for life

Firstly, you may choose to take up to 25% of your Account as a tax-free cash sum, making it a valuable benefit.

The amount taken as a cash sum (if any) will be deducted from your Account and an annuity will be purchased with the remainder of your Account. After retirement, your annuity will usually be paid monthly in advance, unless it is particularly small.

The Trustees have appointed the Scheme's Administrators, Hughes Price Walker Limited, to help with the purchase of annuities. However, you are able to choose the annuity provider, if you so wish.

The Trustees, through Hughes Price Walker Limited, will offer you two types of annuity:

- An increasing annuity. This type of annuity will increase in line with inflation.
- A non-increasing annuity. This type of annuity will start at a higher level than an increasing annuity but its purchasing power will diminish over time.

For either type of annuity you will be asked to decide whether or not you would like a Dependant's option, i.e. whether you would like an annuity to be paid to your Dependants on your death. If you choose the Dependants option then your annuity will be lower than if you do not choose the Dependants option.

The Trustees will attempt to obtain quotations from a number of insurance companies.

Details of the benefits and options available to you will be supplied shortly before you retire.

Your annual statement gives you some idea of what you can expect at age 65, or your chosen retirement age if applicable. It will not include any pension benefits you may have under other arrangements. The Scheme's Administrators will write to you around six months before this age, setting out the options you have. Once in payment your pension will be taxed as earned income in the same way as your salary.

### If you choose a lump sum or a series of lump sums

If you would like to access all of your Account without having to buy an annuity, you can take it all as a single lump sum or a series of separate lump sums. The technical term for one of these lump sums is an Uncrystallised Funds Pension Lump Sum (UFPLS).

25% of each payment made to you will be tax-free with the remainder being taxed at your marginal rate of income tax. You should consider the tax implications of taking a single lump sum or a number of smaller lump sums. You may wish to spread out the payments for tax purposes.

If you request multiple lump sums, rather than a single one-off lump sum, the Trustees cannot offer this option at no cost. The additional administration costs will be passed on to you by the deduction of charges from your Account. If you want to take your Account in a number of lump sums, you will be advised of the charges closer to the time.

There would also be restrictions on how often you can take a lump sum. We would expect to pay no more than one lump sum in each tax year.

**If you do take your Account this way, you will need to be aware that you might live long after you have used up your Account. You will need to understand how you will provide for your old age.**

### If you choose to transfer to another arrangement – open-market option

If you want an income for life, you do not have to take the annuity offered by the Trustees. You will have the opportunity to choose the insurance company that will pay your pension and, within certain constraints, the type of pension provided (the level of increases and benefits payable to your Dependants on your death). This is known as an "open-market option".

### If you choose to transfer to another arrangement – market flexibilities

Following the April 2015 changes to the way defined contribution pension savings can be taken at retirement, some financial service providers have developed products that may be attractive for those who want more flexibility. Due to the economies of scale, some providers, e.g. well known insurance companies, may be able to offer more flexibility at a lower cost than the Trustees can through the Scheme. You may transfer your Account to one of these providers, if you so wish.

Some retirement income products allow you to keep your money invested, which gives potential for your income to grow. However, the income is not guaranteed and there is a risk that your income could go down.

You should visit the Money Advice Service website at www.moneyadviceservice.org.uk for information about pensions and retirement income products. Other products that might interest you, which are not available through the Scheme include:

- Flexible investment-linked annuities that provide an income for life but allow you to keep your money invested;
- Fixed term annuities that allow you to use part of your pension savings to provide income for a fixed period;
- Multiple flexible lump sums with fewer restrictions than the Scheme imposes; and
- Flexi-access drawdown (FAD) arrangements that allow you to draw an income from your pension while keeping it invested.

## Getting help with your options at retirement

Pension Wise is a new government service that will offer you:

- tailored guidance (online, over the telephone or face to face) to explain what options you have and help you think about how to make the best use of your pension savings;
- information about the tax implications of different options and other important things you should think about; and
- tips on getting the best deal, including how to shop around.

To receive free, impartial guidance from Pension Wise, go to www.pensionwise.gov.uk or call 0300 330 1001. Alternatively, you can ring The Pensions Advisory Service on 0300 123 1047 and you can also visit a local Citizens Advice Bureau for free face-to-face guidance. Visit the websites www.pensionsadvisoryservice.org.uk and www.citizensadvice.org.uk for more information.

Choosing what to do with your pension savings is an important financial decision; you can often get more for your money by shopping around.

We highly recommend that you seek advice from an Independent Financial Adviser before making any decisions regarding your benefits. It is important that you understand the impact of any decision you may make and that some decisions can be irreversible. If you do not already have an adviser, you may be able to select one from www.unbiased.co.uk.

If you do not choose an open-market option, the Trustees will choose the insurance company that will pay your pension. The Trustees will attempt to obtain quotations from a number of insurance companies.

## Summary

A summary of your options at retirement is shown in the table below

| Option | Available from the Scheme? | Available if you transfer out to an appropriate arrangement? |
|---|---|---|
| An annuity for life | Yes | Yes |
| An annuity for a spouse or a dependant after your death | Yes | Yes |
| 25% of your Account paid as a tax-free cash sum | Yes if paid in connection with an annuity or if your Account is used to buy a single lump sum | Yes if paid in connection with an annuity or as part of a flexi-access drawdown arrangement |
| Single or multiple flexible lump sums (UFPLSs) | Yes but with some restrictions on multiple lump sums and fees would be payable out of your Account | Yes with more flexibility available from some providers and potentially at a lower cost to you |
| Flexi-access drawdown | No | Yes |

# 6. Retirement before or after age 65

## Planning for retirement before age 65

Retiring early is expensive and many individuals are disappointed because the benefits payable are lower for the following reasons. For example, at age 60:

- You will have five years' less contributions;
- Your Account will have five years less in which to grow;
- Your pension is more expensive as it will be paid for longer; and
- State Pensions are not paid until State Pension Age.

You may retire voluntarily at any time on or after your 55th birthday and use your Account to provide benefits. You do not need the consent of either the Trustees or A.F. Blakemore & Son Ltd.

You may retire at any age in the event of serious ill health. This is subject to strict conditions imposed by HMRC. Further details are available from the Scheme's Administrators.

If you are serious about early retirement you need to plan well in advance and consider paying additional contributions. You can obtain one free illustration every 12 months, but we would urge you to think carefully before requesting a quote because these can take some weeks to produce. Therefore please plan ahead.

Please note that your annual statement will give you your current Account value, broken down into your fund choices. You can access an up-to-date value of your Account on the Scheme website at any time.

If you were a member before July 2006, you may have built up additional benefits in the Scheme during the time that the Scheme offered a defined benefit pension. If you retire early, your defined benefit pension will be reduced to take into account its earlier payment.

**Your Life Assurance will continue if contributions to the Scheme are maintained and you are aged under 70.**

## Flexible retirement (aged 55 or over)

If you are employed by A.F. Blakemore & Son Ltd, and you would like to use your Account to provide benefits, you can do so. If you are under the age of 65, and you continue working for A.F. Blakemore & Son Ltd, contributions can continue to allow you to build up another Account.

Please note that you are entitled to do this once. If you want to use your second Account to provide further benefits and start a third one, this can only be done at the discretion of the Trustees.

## Retirement after age 65

You may retire later than your 65th birthday. If you are in active service, contributions to your Account will cease on your 70th birthday.

# 7. If you die before retiring

If you die before you retire, the following benefits are paid:

| | **Death while you have a contract of employment with A.F. Blakemore & Son Ltd , are an active member of the pension scheme and are aged under 70 on death** | **Death while you have a contract of employment with A.F. Blakemore & Son Ltd, are aged under 70, are not an active member of the scheme and have 12 month's service with the company** | **Death after leaving A.F. Blakemore & Son Ltd's employment or after reaching the age of 70.** |
|---|---|---|---|
| Lump sum death benefit | 6 x Life Assurance Earnings | 1 x Life Assurance Earnings | Nil |
| Account value | The fund that has built up in your Account will be paid to your Dependants | The fund that has built up in your Account will be paid to your Dependants | The fund that has built up in your Account will be paid to your Dependants |

Please note that the lump sum death benefit is paid from a different arrangement and is not paid by the Scheme.

### Tax-free

Normally, any lump sums payable on your death will be tax-free. The Trustees must decide who receives the money but will take into account your wishes. You should let the Trustees know how you would like any lump sums to be paid by completing an Expression of Wish Form.

You should make sure that your Expression of Wish Form is kept up to date by filling in new forms if your circumstances change. Additional copies are available from the Scheme website or HR Shared Services if you change your mind at any time.

### Are there any restrictions?

The lump sum death benefit is insured under a policy specifically to provide this benefit. Payment of this benefit is subject to acceptance by, and any terms and conditions imposed by, the insurer. Sometimes restrictions are placed on the lump sum death benefit and you will be told if this applies to you.

# 8. If you die after retiring

The benefits on your death after retirement will depend on how you've used your Account.

### Optional continuation of pension

If you purchase an annuity at retirement, you can elect for it to be payable for a minimum of 5 or 10 years. If you die within the period you have chosen, the balance of the first 5 years' or 10 years' payments would be paid as a single lump sum.

### Optional Spouse's pension

If you purchase an annuity at retirement, you can elect for it to be paid to your Spouse after your death. It may be any amount up to 100% of your pension at retirement.

### Optional Dependant's pension

When you retire you may give up part of your own pension to make provision for a Dependant. However, the total of your Spouse's pension and a Dependant's pension must not exceed your own.

### Lump sum

If you have any unused funds left in your Account, the value will be paid to one or more of your Beneficiaries.

The Trustees must decide who receives the money but will take into account your wishes. Please make sure that your Expression of Wish Form is kept up to date. You can print off a copy from the Scheme's website or you can ask HR Shared Services for one.

### Death benefits if you have opted for income drawdown

If you have decided not to buy an annuity but to use your open-market option to buy an income drawdown pension, your new provider will be able to explain what your death benefit options are.

# 9. Leaving the Scheme

## Your options on leaving the Scheme before retirement

When you leave the Scheme, your contributions must also cease. The options you have in respect of your Account depend on your period of membership and when you joined the Scheme.

### Joined before 1st October 2015:

| Less than 3 months' membership | Between 3 and 24 months' membership | Two or more years' membership |
|---|---|---|
| A refund of your "employee" contributions, less tax at 20%<br><br>(If you participate in the Pension Plus salary sacrifice scheme, there is no refund payable) | Either:<br><br>A refund (as for less than 3 months),or<br><br>A transfer value based on your Account<br><br>(If you participate in the Pension Plus salary sacrifice scheme, there is no refund payable, but you are able to transfer the value based on your account) | Your Account can be left within the Scheme or you can elect to transfer it to another arrangement. See Transferring Out |

### Joined on or after 1st October 2015:

| Less than one months' membership | One or more months' membership |
|---|---|
| A refund of your "employee" contributions, less tax at 20%<br><br>(If you participate in the Pension Plus salary sacrifice scheme, there is no refund payable) | Your Account can be left within the Scheme or you can elect to transfer it to another arrangement. See Transferring Out |

While your Account remains in the Scheme your funds remain invested in accordance with your instructions until you reach 65 or your selected retirement age. When you retire, your Account will be paid as set out earlier.

If you die before retirement then your Account will be paid as set out earlier.

## Opting out

You can leave the Scheme at any time but you will lose the benefit of pension contributions and the associated level of life assurance from that point. We will require you to complete an opt-out form. A.F. Blakemore & Son Ltd reserves the right to refuse any subsequent re-application from you.

## Re-joining the Scheme after opting out

While you remain employed by A.F. Blakemore & Son Ltd, you will only be able to re-join the Scheme after a three-year period has passed. Any death benefits may be subject to medical evidence of your good health.

# 10. Transferring in and out of the Scheme

## Transferring your Account out of the Scheme

Upon leaving the Scheme, i.e. when contributions to your Account have ceased, instead of leaving your Account within the Scheme you can investigate the possibility of transferring it out. This is a complex and highly regulated issue and you must follow the correct sequence of events.

Your new employer or the Scheme's Administrators of your new pension arrangement will be able to tell you what benefits can be provided with the value of your Account under its scheme.

You also have the option of transferring the value of your Account to a personal pension scheme of your choice or to an individual insurance policy in your own name.

If you want to transfer the value of your Account to another pension arrangement, you must apply in writing to the Trustees. Please note that the actual value at the date of transfer might differ from any previous quotation as it is dependent on the investment performance of your Account up to the date of the transfer.

| | **Benefit** | **Remarks** |
|---|---|---|
| 1. | Account – if left in the Scheme A.F. Blakemore & Son Ltd pays the administration costs. | If you transfer out then you may pay your own costs. |
| 2. | Transfer Value request – should you decide to request this, you will be offered a Transfer Value (TV). | You may make one free request during a 12 month period. As you may wish to use this option on other occasions, you should only ask for a quote if you are seriously considering a transfer. |
| 3. | Receiving scheme - this could be your new employer's arrangement or an individual policy. | You will need to give the TV quotation to your Independent Financial Adviser (IFA). Note: most insurance companies will not accept TVs unless they have been approved by an IFA. |
| 4. | Pre April 2006 Rules – if you were a member of the Scheme before April 2006 then you may have a better Tax-free Cash Sum entitlement than you could have with the post April 2006 rules. | Your IFA will advise you on this. Note that you will lose the pre April 2006 protection by transferring. |
| 5. | Primary, Enhanced, Fixed and Individual Protection. | If registered for one of these Protections, you may lose it if you transfer out. |

At any time you may see the value of your Account on the Scheme's website (see Appendix 2). If this value is needed because of a divorce settlement, you should obtain the value from the Scheme's Administrators because they will need further information from you. The initial quotation will be provided at no cost to you. You will need to pay an administration charge for subsequent quotations, the provision of any further information and any subsequent splitting of your Account as a result of a divorce settlement.

## Transferring previous benefits into the Scheme

If you have built up pension savings in other arrangements, you may wish to consider transferring them into the Scheme to buy units in your chosen investment funds. You can do this if you and/or A.F. Blakemore & Son Ltd are paying contributions to your Account in the Scheme.

Please contact the Scheme's Administrators if you wish to consider this. However, please note that the Scheme's Administrators are not permitted to advise you.

In many unitised funds, there is a different price depending on whether you want to sell units (bid price) or whether you want to buy units (offer price). The bid price is lower than the offer price and reflects the expenses and any stamp duty when investments are bought and then sold.

In the investment funds available under the Scheme, each day the price of the investment funds for buyers and sellers of the units are the same. There is no visible bid/offer spread. However, this does not mean that you cannot lose out by buying and selling your investments. The investment manager will still operate bid and offer prices. If there are more buyers than sellers on a particular day, all units bought and sold on that day will be priced on an offer basis, i.e. the higher price. If there are more sellers than buyers on a particular day, all units bought and sold on that day will be priced on the lower bid price basis. On balance, this pricing basis is likely to be better for you than the traditional approach where you always buy at the offer price and sell at the bid price basis. However, there is still a chance that you buy at the underlying offer price and sell at the underlying bid price.

# 11. Family leave and temporary absence

Family leave refers to maternity leave, paternity leave, parental leave and adoption leave.

If you have family leave, your membership and benefits under the Scheme will continue for all or part of the period of your family leave, depending on whether or not you continue to receive pay.

### Paid family leave

If, and for as long as, you receive statutory maternity, paternity or adoption pay from A.F. Blakemore & Son Ltd during family leave, your membership of the Scheme will continue on the same basis that would have applied to you had you been working normally.

You will continue to pay contributions to the Scheme during this period but they will be based on the actual pay received. A.F. Blakemore & Son Ltd will pay the remaining cost of maintaining your benefits under the Scheme, subject to an overall maximum cost of 10% of your normal pay for the relevant period. This means that, subject to the maximum cost, A.F. Blakemore & Son Ltd will pay to the Scheme the difference between your actual contributions and the contributions that you would have made to the Scheme had you been working normally.

If you are in the Pension Plus Scheme, you will automatically be opted out of the salary sacrifice arrangement upon commencement of your family leave. A.F. Blakemore & Son Ltd is not permitted to make deductions from family leave pay, e.g. Statutory Maternity Pay (SMP), and so opting you out ensures that you are treated fairly and consistently with employees on family leave who are not in the Pension Plus Scheme. A.F. Blakemore & Son Ltd will pay both its and your pension contributions during family leave (subject to an overall maximum cost of 10% of your normal pay). You will automatically be enrolled back into the Pension Plus Scheme at the end of your family leave, unless you notify A.F. Blakemore & Son Ltd that you wish to opt out.

### Unpaid family leave

For periods when you do not receive any statutory maternity, paternity or adoption pay from A.F. Blakemore & Son Ltd, no contributions are payable either by you or A.F. Blakemore & Son Ltd.

### Leaving A.F. Blakemore & Son Ltd

If you decide not to return to work, you will be treated as if your employment had ended. Your leaving date will be taken as the later of the date that your statutory maternity, paternity or adoption pay stops or when any unpaid statutory family leave ends.

In either case, your benefits will then be dealt with as described on page 16.

### Temporary Absence

Most absences are short term and your Scheme membership remains unchanged in these circumstances. However, if you are absent for a long time then A.F. Blakemore & Son Ltd will maintain contributions as long as you are receiving earnings from A.F. Blakemore & Son Ltd.

Please note that your lump sum death benefit of 6 times your Life Assurance Earnings may not be maintained if you stop receiving earnings from A.F. Blakemore & Son Ltd.

# 12. Where to get help

If you have any queries, please contact HR Shared Services or the Scheme's Administrators, Hughes Price Walker Limited. Contact details are shown on page 3 of this booklet.

### Queries and problems

The Trustees aim to ensure the Scheme is administered and managed to high standards but there may be times when you are unhappy about something concerning your benefits or another matter relating to your membership of the Scheme.

Although the Trustees have set procedures for resolving complaints and disputes about matters relating to the Scheme (i.e. the internal dispute resolution procedures described below), any query or problem should initially be referred to HR Shared Services, A.F. Blakemore & Son Ltd, Unit 401, Axcess 10 Business Park, Bentley Road South, Darlaston, West Midlands, WS10 8LQ. Most queries and problems stem from a misunderstanding of information and can normally be quickly resolved without invoking the formal procedure. You can phone HR Shared Services on 0121 568 2905 or you can email them at sharedservices@afblakemore.co.uk .

If, after referring your query or problem to the HR Shared Services, you are still not satisfied about the matter, you may then wish to consider making a formal complaint through the internal dispute resolution procedures.

### Internal dispute resolution procedures

The procedure is designed to cover disputes between the Scheme's Trustees (or managers) and anyone entitled or potentially entitled to benefits from the Scheme. This description includes members with deferred benefit entitlements, pensioners and the dependants of any of these groups. It also includes those who have ceased, or claim to have ceased, to be a member or beneficiary of the Scheme as long as the application is made before the end of six months beginning immediately after the date on which he or she ceased to be, or claims he or she ceased to be, a person with an interest in the Scheme.

Complaints must be submitted by the individual member or dependant (or by someone nominated to represent them) in writing, and must include sufficient information to identify the complainant and the subject of the complaint. The personal identification details required are the complainant's full name, address, date of birth, and National Insurance number. Complaints by a dependant should show the same details in respect of the member, and the dependant's name, address, date of birth and the dependant's own relationship to the member. The letter, signed by the complainant or their representative, should be sent to the Chair of Trustees of the A.F. Blakemore & Son Ltd Staff Retirement Benefit Scheme, c/o A.F. Blakemore and Son Ltd, Long Acres Industrial Estate, Rosehill, Willenhall, West Midlands WV13 2JP. If you have a complaint or dispute about any matter relating to the Scheme, there are set procedures for resolving it. Full details of the procedures can be obtained from HR Shared Services.

If you are unable to make the complaint or appeal yourself, or if you would prefer to do so, you can nominate someone as your representative to make it for you.

The procedures do not apply to complaints and disputes between employees and A.F. Blakemore & Son Ltd or between A.F. Blakemore & Son Ltd and the Trustees. Nor do they apply to complaints or disputes where court proceedings have started or which are being investigated by the Pensions Ombudsman (see below).

## The Pensions Advisory Service (TPAS)

The Pensions Advisory Service (TPAS) is available to help you (and other beneficiaries under the Scheme) with any difficulties you may have in connection with the Scheme. This service may be of use to you if you cannot resolve a problem through the internal dispute resolution procedures or if you are having difficulty with those procedures. If you want to contact TPAS, the address is 11 Belgrave Road, London, SW1V 1RB.

## Online

There are free and impartial websites online that contain useful information and financial planning tools. In particular, the following websites may help you:

www.unbiased.co.uk and www.moneyadviceservice.org.uk

## Pension Wise

Pension Wise is a new Government service that offers free, impartial guidance about the choices available to people approaching retirement. You can receive Pension Wise guidance online, over the phone or face-to-face. To use Pension Wise, please visit the Pension Wise website at www.pensionwise.gov.uk or call 0300 330 1001.

The guidance does not replace financial advice given by regulated advisers.

## Pensions Ombudsman

The Pensions Ombudsman, appointed under the Pension Schemes Act 1993, may investigate and decide upon any complaint or dispute made or referred to him. Complaints or disputes may be referred directly to the Pensions Ombudsman or be referred to him by TPAS (although he normally insists that they initially be raised with TPAS). If you want to contact the Pensions Ombudsman, the address is 11 Belgrave Road, London SW1V 1RB (the same as for TPAS).

## Pensions Regulator

The Pensions Regulator is the regulatory body which oversees the running of UK pension schemes. The regulator is able to intervene in the running of pension schemes if trustees, employers or professional advisers fail in their duties. If you want to contact the Regulator, the address is Napier House, Trafalgar Place, Trafalgar Street, Brighton, BN1 4DW. Before you contact the Pensions Regulator please look at the frequently asked questions at:

http://www.thepensionsregulator.gov.uk/contactUs/schemeMemberFAQs.aspx

# 13. Legal Notes

## Divorce

Pension rights must be taken into account in any divorce settlement. If you are in this unfortunate position you should notify the Scheme's Administrators at the earliest opportunity.

## Amendment or discontinuance

While A.F. Blakemore & Son Ltd fully intends to maintain the Scheme, they reserve the right to amend or discontinue it. If your benefits or rights are affected you will be given written notice. If the Scheme is discontinued the Trustees will employ the assets of the Scheme in the way set out in the Trust Deed & Rules.

## Data Protection Act 1998

Your details are held on computer and are used by the Trustees in the running of the Scheme. This information and its use have been registered under the Data Protection Act 1998, which gives you certain rights to ensure that the information is accurate and proper security is maintained.

Your information is kept secure and is only disclosed in limited circumstances, for example to A.F. Blakemore & Son Ltd in connection with benefits under the Scheme, to insurance companies to arrange particular benefits, to advisers to arrange and administer your benefits or to the Government regulatory organisations if the Trustees are legally obliged to do so.

## Our Scheme's Administrators' remuneration

Our Scheme's Administrators are remunerated by fees paid by A.F. Blakemore & Son Ltd.

## Investment management expenses

The expenses of investment management, e.g. the annual management charge on a fund, are reflected in the unit price.

## Pensions registry and tracing service

The Trustees have to register the Scheme and certain information about it with the Registrar of Occupational and Personal Pensions Schemes, appointed in accordance with the Pension Schemes Act 1993. The information is held in a register of pension schemes. The Scheme has been registered and information about it (including details of how the Trustees may be contacted) has been given to the Registrar.

A tracing service run by the Registrar may be of help to you if you need to contact the trustees of a previous employer's pension scheme and cannot trace them yourself.

The address of the Registrar is: Pension Tracing Service, The Pension Service, Tyneview Park, Whitley Road, Newcastle upon Tyne, NE98 1BA.

## Financial advice

This booklet does not constitute personal financial advice and is not a recommendation that you should join the Scheme. If you have any doubts about this you should seek appropriate advice.

Hughes Price Walker Limited is an Independent Pensions Consultancy, appointed by the Trustees. Under its agreement, Hughes Price Walker Limited does not provide personal financial planning advice to employees or members of the Scheme.

There is no guarantee that the benefits from the Scheme will be sufficient for your retirement needs. You should review the projected benefits on a regular basis. The information contained in this booklet is based on current legislation and may change in future. The value of units can go down as well as up. Past performance is no guarantee of future performance.

# 14. Investment choices

The Trustees invest your Account in one or more of the investment funds provided by professional investment managers. The Trustees will monitor the performance of these funds and may change the funds or managers if they feel that this is appropriate.

The current investment manager for all of the funds is Baillie Gifford Life Limited but this is subject to review and change for any or all funds.

A statement of your Account balance will be provided each year. Note that past performance is no guarantee of future performance, and the value of your Account can go down as well as up.

### If you do not wish to choose your funds – Lifestyle strategy

If you do not wish to choose your funds, the Trustees will invest your contributions in funds that follow a "lifestyle" strategy.

There are three funds that are used in the lifestyle strategy:

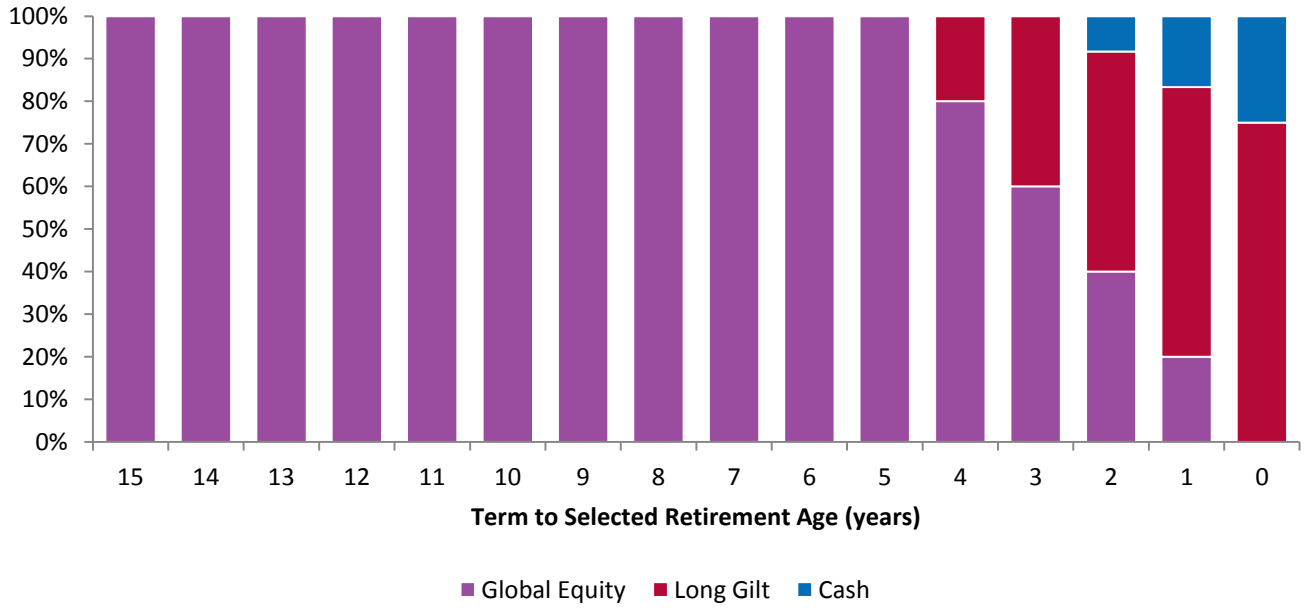
- ***A Global Equity Fund*** - This fund invests in shares of companies based in the UK and overseas.
- ***A Long Gilt Fund*** **-** This fund invests mainly in long dated UK Government bonds, whose value is expected to vary broadly in line with the cost of purchasing a non-increasing annuity or an annuity increasing at a fixed rate.
- ***A Cash Fund*** **-** This fund invests exclusively in deposit accounts, with the aim of preserving the capital value of the investment.

There are two stages in this lifestyle strategy:

- **Growth stage** - If you are 5 years or more away from your chosen retirement date, your Account will be invested in a Global Equity fund;
- **Protection stage** - Over the 5 years before your retirement age, your Account is steadily switched into the Long Gilt fund and the Cash fund (in the proportion 75%:25%) to help protect your Account's purchasing power.

This will be the default strategy if you decide not to make your own investment decision. You can also opt for this strategy, if you so wish.

The gradual switching of your funds under the lifestyle strategy is illustrated in the following graph.




## Choosing your retirement age under the lifestyle strategy

Under the lifestyle strategy investment option, you can choose your own target retirement age. You can choose to target a retirement on any of your birthdays between the ages of 65 and 68. For example, if you choose a retirement age of 68, the switch from the Global Equity fund to the Long Gilt fund will start when you are aged 63, i.e. 5 years before your retirement age.

If you are already within 5 years of your chosen retirement age when you join the Scheme and you have chosen the lifestyle strategy, your initial investment allocation will be determined as illustrated in the chart above. For example, if you join when you are 3 years away from your chosen target retirement age, your Account will initially be invested 60% in the Global Equity fund and 40% in the Long Gilt fund. Over the next 3 years your Account is then switched into the Long Gilt and Cash funds.

### If you wish to choose your own funds

You do not have to choose the lifestyle strategy. Instead, you are able to make your own investment decisions by choosing your own mix of the available funds. Details of the currently available fund options are set out below. You will be notified if there are any changes.

### Your choice of fund

The available funds are:

- Three types of Equity fund:

  Equity funds invest in equities, sometimes called shares. They are more likely to be suitable for those who have some years before retirement. Their aim is to produce above average returns over the long term through active management. The available equity funds are:

  - ***Global Equity Fund*** - This fund invests both in the UK and overseas.
  - ***UK Equity Fund*** - This fund invests only in UK shares.
  - ***Emerging Markets Equity Fund*** - This fund invests only in shares of companies in emerging markets such as Brazil, Russia, India, and China.

- ***Diversified Growth Fund*** **-** This fund invests in a diverse range of investments. It is designed to offer returns close to or similar to equities in the long term but with lower price changes from year to year. This fund will invest in a variety of traditional and alternative investments. Alternative investments will include asset classes such as commodities, insurance bonds and private equity.

- ***A Managed Fund*** **-** This fund invests in a diverse range of traditional asset classes such as equities (UK and Overseas), fixed interest stocks and deposit accounts.

- ***A Long Corporate Bond Fund*** **-** This fund invests mainly in long dated UK investment grade corporate bonds.

- ***A Long Gilt Fund*** **-** This fund invests mainly in long dated UK Government bonds, whose value is expected to vary broadly in line with the cost of purchasing a non-increasing annuity or an annuity increasing at a fixed rate.

- ***An Index-linked Gilt Fund*** **-** This fund invests mainly in UK Government inflation-linked bonds, whose value is expected to vary broadly in line with the cost of purchasing an index-linked pension.

- ***A Cash Fund*** **-** This fund invests exclusively in deposit accounts, with the aim of preserving the capital value of the investment.

Factsheets on these funds are available on the company website and. on the Scheme website.

You will be able to change your investment choice, if you wish. This will be free of charge. If you wish to make any changes, you must notify the Scheme's Administrators, Hughes Price Walker Limited, using a switch request form. This form is available from the Scheme's Administrators or you can download the form from the Scheme's website – see Appendix 2. The number of switches in any year may be restricted.

# Appendix 1 - Making pension fund choices

## Think before you choose

Your pension scheme allows you to choose the funds in which some or all of your pension contributions are invested. This section aims to help you with the decisions you need to make. It has been based on the Pensions Regulator's publication "Making Pension Fund Choices". It will help you to understand some of the things you need to think about before deciding how to invest your contributions.

***Your fund choices are important. They will affect your income in retirement.***
***Think carefully before you choose.***

## About the different types of fund

You have probably already seen warnings about investments "going down as well as up". If the price of a particular type of investment is likely to go up and down it is said to be volatile and it will have some degree of risk associated with it. It could be risky for other reasons, for example, sometimes you may not be able to cash in your investment quickly. Some investments are more volatile or more risky than others. Share prices (like house prices) go up and down, so are volatile. Share prices generally have bigger movements each year than house prices, so share prices are more volatile. By investing in an asset that is volatile you are taking an investment risk.

It's helpful to group together similar types of investments with similar levels of volatility. Generally the funds offered fall into one of three broad types (sometimes referred to as asset classes): cash, bonds and equity. Two of the fund options in the Scheme offer a mix of these (the Managed fund and the Diversified Growth fund).

***Cash funds*** - means money saved on deposit, for instance in the bank or building society. There is just one cash fund offered by the Scheme.

***Bonds*** - are loans to the government or to a private company which generally pay a rate of interest until the loan is repaid. The Long Corporate Bond Fund, the Long Gilt Fund and the Index-linked Gilt Fund fall into this category.

***Equities*** - means shares in private companies. The Global Equity Fund, UK Equity Fund and the Emerging Markets Equity Fund fall into this category.

***It's important to know which type your funds come under because that gives you an idea about how volatile the fund is and what its potential for growth is like.***

## Why some funds may be better for you than others

In a defined contribution (or money purchase) arrangement, the pension you get when you retire will be related to the performance of your investments and the value of your savings. Think about which funds will allow your savings to grow enough to buy the pension you want and think about your attitude to investment risk.

You could reduce your investment risk by choosing less volatile funds, although bear in mind there may be other factors that might affect the value of your fund such as inflation.

Over the long term, the less volatile investments tend to produce lower returns. Your money might generally be safer but the value of your Account is likely to be somewhat smaller and it will be more at risk of being eroded by inflation.

***Less volatile funds generally mean lower long-term growth potential and are more at risk of being eroded in value by inflation, but generally offer more safety for your savings.***

Charges that are deducted from your investment funds will also affect the amount of your benefit. If a fund has higher charges, you should check to see whether it offers greater growth potential to make the additional cost worthwhile. The annual management charges (AMCs) in the Baillie Gifford funds are:

| Fund | AMC % | Fund | AMC % | Fund | AMC % |
|---|---|---|---|---|---|
| Global Equity | 0.65 | Managed | 0.45 | Long Corporate Bond | 0.25 |
| UK Equity | 0.55 | Diversified Growth | 0.65 | Long Gilt | 0.35 |
| Emerging Markets Equity | 0.60 | Cash | 0.10 | Index-linked Gilt | 0.35 |

Pension saving is a long-term commitment. To give your pension savings a better chance of growing more over the long term, you should think about investing in a more volatile fund. Think about how much investment risk you are prepared to take. The basic trade-off is:

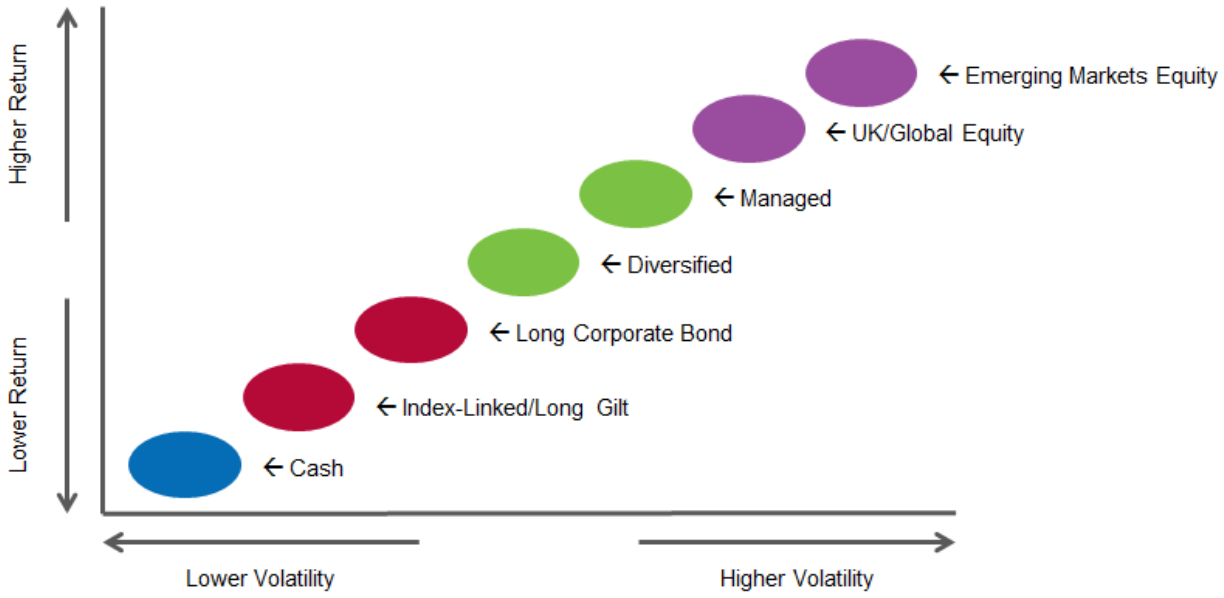
- choose a less volatile fund where the long-term returns are likely to be lower; or
- choose a more volatile fund where the potential for long-term returns could be very good but the risk is likely to be greater (e.g. there could be falls in the price of the fund at the time you come to cash in your investment).

***Pension saving is for the long term. With more volatile funds you are more likely to get better growth in the long term, but generally your savings are not as safe.***

## Choosing your funds

Here are some things to think about when you make your fund choices. Carefully choosing your funds may help you to balance the investment risk and the growth. You could choose to split your Account between a mix of funds, or change your fund choice over the course of your working life. For example, you might choose more volatile funds when you are young and then switch to less volatile funds as you get older and closer to retirement. Your choice might also be influenced by the level of charges and if a fund has higher charges, you should check to see if it offers greater growth potential to make the extra cost good value.

The chart below shows at a glance how as volatility increases so does the long-term potential for growing your pension savings. This is because there is usually a price to pay for the additional safety associated with less volatile investments. Remember that the way a fund has performed in the past is not necessarily the way it will perform in future, but fund types do tend to perform as shown in this chart over the long term.




In choosing your funds you should also think about the personal factors that can influence your attitude to investing. A key factor is your age. The longer the period you expect to leave your Account invested, the more likely it is that the growth potential of a more volatile fund will be attractive to you. If you have other investments, pensions and sources of income which are lower risk, this is likely to mean that you can accept more volatility. Your attitude to financial risk is important but remember that the growth potential of equity and mixed asset fund types means that they are likely to be suitable for most people, provided they can accept fluctuations in the value of their Account. These fluctuations may become less acceptable as you get older.

You should also think about your options in the context of the general economic situation. For example, in times of high inflation it may be even more important for you to monitor the performance of your funds. This is because the real value of fund returns (that is the return over and above the rate of inflation) will be lower.

***Think about your personal circumstances and the economic situation before choosing your funds.***

## The default lifestyle strategy

Your Scheme allows you to invest your contributions in a default option where you leave it to the Trustees to choose how to invest your pension contributions. This default option may be a good way to invest but you should still bear in mind that although it has been chosen to suit many people, it may not be suitable for everyone. You should think about how closely the default option matches your investment needs and if its long-term investment aims match your own.

The Scheme's default option has a "lifestyle" feature. In this default lifestyle option, as you get closer to retirement your savings will be moved automatically into funds that are less volatile. This can help to protect you from unexpected falls in fund prices that could reduce the pension you get. However, it can also mean that your funds are moved at a time when you may lose out on future investment growth, meaning you do not maximise the investment growth potential of your fund as you approach retirement. So you are still taking an investment risk.

If you decide to invest in the default lifestyle strategy offered by the Scheme it is important you make sure its aims match your own. Even where you decide it is right for you, you should review your choice from time to time to make sure its aims continue to match your own.

***Before you choose the default lifestyle strategy offered by the Scheme, make sure its aims match your own. If you choose the default lifestyle strategy, keep your choice under review.***

## Reviewing and changing your fund choices

Pension saving is a long-term commitment and things will change as you get older. Over time your funds may not have grown as much as you hoped and your personal situation, your attitude to risk and the economic situation can all change. As things change you should consider if your fund choices are still right for you.

When you think about changing your fund choices, you should note that there is not a charge (sometimes called a "switching charge") for moving your pension savings from one fund to another. Units are priced on a single basis, i.e. there is not a different price for selling and buying units on the same day.

The number of switches in any year may be restricted. If you contact the Scheme's Administrators having already made a switch within the previous 12 months, they can confirm when you can next make a switch.

***Things change over time and you need to keep your investments under review. Be prepared to change funds.***

The Scheme will send you an annual statement which will show you how your Account and funds are performing. This will be a 'snapshot' of how your funds look at the Renewal Date. You can form a view about how your funds are growing over time by comparing annual statements and checking how the fund prices and values have changed. You can access an up-to-date value of your Account on the Scheme website at any time.

Take a long-term view and watch trends over time. Also think about changes in the personal factors important to you before you decide to switch funds. When you compare how funds have grown it is important to make fair comparisons, for example a cash fund is unlikely to offer the same growth potential as an equity fund.

***Make use of annual statements and Scheme or insurance company websites to monitor the performance of the funds you have chosen.***

If you're not sure which types of fund are best suited to your situation and most likely to provide you with the pension or cash sum that you want at retirement, you should think about getting financial advice from a suitably authorised financial adviser.

***Think about the messages in this section, read through the rest of these guidance notes and think about your current fund choices now.***

# Appendix 2 – The Scheme's website

There is a website for members where you are able to access information on the Scheme and keep track of your Account.

In addition to tracking your pension savings, the website provides staff with the opportunity to update personal details, change contribution levels or investment choices and find out more about the choice of funds available.

The site will enable you to:

1. Keep track of your pension savings, which are updated daily for changes in unit prices;

2. Check that the Scheme's Administrators have your correct personal details;

3. Update your personal details, e.g. if you have moved address;

4. Change your contribution level and/or change the funds you have invested in by downloading a form;

5. Change who you would like any lump sum death benefits to go to by printing off an "Expression of Wish" form;

6. See the contributions made by A.F. Blakemore and, if applicable, your own contributions and what units they have purchased;

7. See what fund or funds you have invested in;

8. See information on all the funds, i.e. the latest quarterly factsheets;

9. See how the funds have performed in the past (noting that past performance isn't a guide to future performance);

10. See Scheme information such as the latest Scheme booklet and the annual report and accounts; and

11. Send an email to the Scheme Administrators, Hughes Price Walker Limited.

**You can log on to the A.F. Blakemore Pension Scheme website after your first contribution to the Scheme has been invested.**

To view the website, please type the following web address into your internet browser:

**www.afblakemorepensions.co.uk/registration.aspx**

In order to register on the site, you will then need to enter a temporary username in the box provided on this webpage. Your temporary username is in the format firstinitial.surname.dateofbirth

- Note: The date of birth must be in the format ddmmyy
- For example, John Smith whose date of birth is 21st June 1965 would enter j.smith.210665

Once you have submitted your username, you will need to follow the online instructions. Please read them carefully.

### Important note

Until you have registered, please do not attempt to put in your username and a password on the Login page of the website. If you find yourself on the Login page and you have not registered, select 'Register' from the menu on the right hand side to get to the above web page.

### Having problems registering?

If you find that you are unable to register, please contact the Scheme's Administrators, Hughes Price Walker Limited. They will not be able to help you over the telephone or accept emails on the registration process.

If you cannot register, and you have followed the instructions carefully, this means that the data the Scheme's Administrators hold for you may be incorrect or out of date. If so, you will need to write to the Scheme's Administrators at Hughes Price Walker Limited, Pembroke House, 15 Pembroke Road, Clifton BS8 3BA enclosing:

- Your original birth certificate
- Proof of address, e.g. a recent original utility bill
- If you have changed your name since birth, the original documentation evidencing the change, e.g. marriage certificate (if applicable)

Please use Recorded or Special Delivery.

# Terms used in this booklet

We have tried to keep jargon to a minimum, but inevitably some technical terms are necessary and explanations of these are given below.

## ACCOUNT

Your Account is the individual savings pot into which contributions from A.F. Blakemore & Son Ltd and you are paid. Your Account is invested in accordance with your instructions. Like most investments, its value can go down as well as up.

## SCHEME'S ADMINISTRATORS

Our Scheme's Administrators are Hughes Price Walker Limited, Pembroke House, 15 Pembroke Road, Clifton, Bristol BS8 3BA. Telephone 0117 946 7269. Email afblakemore@hughespricewalker.co.uk

## ANNUAL ALLOWANCE (AA)

The present limit on contribution payments is called the Annual Allowance and is £40,000 for the tax year 2016/17.

From 2016/17, if your income is above £150,000 per annum, a reduced Annual Allowance applies and it tapers to £10,000 for those with income above £210,000. Income includes employer contributions to your Account.

If you have accessed pensions savings and taken an Uncrystallised Funds Pension Lump Sum (UFPLS) or are in a drawdown arrangement, your AA will reduce to £4,000. This lower figure is set by the Government and is subject to change. This lower figure is called the Money Purchase Annual Allowance (MPAA). If you are subject to the MPAA, you cannot bring forward any unused annual allowances from previous tax years.

You will be charged tax at 40% on any contributions in excess of the AA.

If you exceed the annual allowance in a year, you won't receive tax relief on any contributions you paid that exceed the limit and you will be faced with an annual allowance charge. However, you may be able to bring forward any unused annual allowances from the previous three tax years, to either reduce your annual allowance charge to a lower amount or reduce the annual allowance charge completely.

The annual allowance charge will be added to the rest of your taxable income for the tax year in question, when determining your tax liability. If the annual allowance charge is more than £2,000, you can ask the Trustees to pay the charge from your Account.

***Please notify the payroll department if you think the AA will affect you or if you are subject to the MPAA.***

You should also note that your maximum personal contribution is 100% of your taxable earnings.

## ANNUITY

An annuity is basically a pension – a regular income bought from an insurance company by means of a cash lump sum.

## BENEFICIARIES

The definition is very wide and is set out in the Scheme documents. However it includes:

- Your spouse and relatives such as brothers, sisters and parents
- Your children, including natural, adopted or step children
- Anyone who is wholly or partially dependent upon you for maintenance or support. This includes any partner who is not married to you and who relies on your income to maintain a standard of living which had depended on joint income before your death
- From December 2005 any partner that falls within the definition of the Civil Partnership Act 2005.

## DEPENDANT(S)

Your spouse and/or child(ren) and/or an adult to whom you are not legally married (this could be a same sex partner), but with whom you are financially interdependent.

## ENTRY DATES

These are the days that employees can join the Scheme. They are normally 6th January, 6th April, 6th July and 6th October each year.

## EXPRESSION OF WISH FORM

You can use this form to indicate who you would like the Trustees to pay any lump sum death benefits to. Please note that it indicates your preference and the Trustees are not obliged to follow it. You should keep the Trustees updated with your preferences by completing another form and sending it to HR Shared Services.

You can download the form from the Scheme's website: https://www.afblakemorepensions.co.uk/

## LIFE ASSURANCE EARNINGS

Other than for staff on long term sickness, Life Assurance Earnings are the last 52 weeks' earnings up to the date of death excluding Director and management bonuses, car allowance payments and other non-pensionable benefits of which you have been advised.

For staff on long term sickness, Life Assurance Earnings are the last 52 weeks' actual earnings up to the date of sickness excluding Director and management bonuses, car allowance payments and other non-pensionable benefits of which you have been advised, suitably adjusted to take account of relevant pay awards.

For permanent health insurance (PHI) employees, life assurance earnings are declared as pensionable salary, suitably adjusted to take account of relevant pay awards.

## LIFETIME ALLOWANCE (LTA)

The maximum value of pension savings that an individual can build up within the favourable pensions' tax regime is called the Lifetime Allowance (LTA). The LTA in the 2015/2016 tax year is £1.25m. Most members will not be affected. Pension savings in excess of the LTA will have a charge applied of 55% if taken as cash, or 25% if taken as pension. Any pension in excess of the LTA will also be subject to income tax.

Please notify Payroll if you think the LTA will affect you.

Note 1: If you have had substantial savings in the past, you might have applied for fixed, individual, primary or enhanced protection due to either the introduction of the LTA in April 2006 or the subsequent reductions in LTA that have occurred since 2006.

Note 2: On 6 April 2014 the standard lifetime allowance was reduced from £1.5 million to £1.25 million. If you are affected by this, you can apply for Individual Protection 2014. If so, you must apply to HMRC on or before 5 April 2017. You can't apply for Individual Protection 2014 if you already hold primary protection but it can be used alongside any of the fixed protections or enhanced protection.

Note 3: The government reduced the Lifetime Allowance again from £1.25 million to £1 million on 6 April 2016. Transitional protection for pension rights already over £1m have been introduced alongside this reduction to ensure the change is not retrospective. If you are affected by this reduction to the LTA, you will need to apply for the protection. The Lifetime Allowance will then be indexed annually in line with CPI from 6 April 2018.

You must notify Payroll if you have any of these protections as joining the Scheme may mean that you lose the protection.

## NORMAL RETIREMENT AGE (NRA)

The Scheme fully complies with the Equality Act 2010 and recognises the removal of the Default Retirement Age. For illustration purposes your NRA under the Scheme will show as 65. However, A.F. Blakemore & Son Ltd will maintain its contributions to the Scheme until your 70th birthday provided you remain in active service. You can also consider retiring early from the Scheme from age 55.

## PENSIONABLE EARNINGS (PE)

Pensionable Earnings are all earnings based on income earned in each pay period with the following exceptions:

- Non taxable leavers earnings such as redundancy pay and settlement agreements
- Non taxable allowances such as 'nights out' payments
- All car / fuel allowances
- All bonus payments excluding productivity schemes
- All payments made in lieu of company pension contributions

## RENEWAL DATE

6th April each year.

## STATE PENSION AGE (SPA)

The date you reach SPA depends on when you were born.

- If you were born on or after 6 April 1978, your SPA is 68.
- If you were born between 6 April 1977 and 5 April 1978, you reach your SPA on a date between your 67th and 68th birthday
- If you were born between 6 March 1961 and 5 April 1977, you reach your SPA on your 67th birthday
- If you were born between 6 April 1960 and 5 March 1961, you reach your SPA on a date between your 66th and 67th birthday
- If you were born between 6 December 1953 and 5 April 1960, you reach your SPA on a date between your 65th and 66th birthday
- If you are a man born before 6 December 1953 your SPA is 65
- If you are a woman born between 6 April 1950 and 5 December 1953, you reach your SPA on a date between your 60th and 65th birthday
- If you are a woman born before 6 April 1950, your SPA is 60

Go to www.gov.uk to find out your actual SPA. Note that the Government can change your SPA in the future.

## Uncrystallised Funds Pension Lump Sum (UFPLS)

A lump sum that can be paid from your Account when you retire. Each time you take an UFPLS, 25% will be tax-free and the rest taxed as income.