Sainsbury's Pension Scheme

Argos

together we are Sainsbury's

Your options at retirement

Getting ready for retirement?

The Sainsbury's Pension Scheme gives you a pension for life – but did you know that there are different ways you can take your pension? Your retirement statement sets out the options available to you, and this guide explains them.

Option 1

A full pension

Option 1a

A full pension with 'Pension Increase Exchange' or PIE (this means you exchange future increases for a higher starting pension)

Option 2

Cash and reduced pension

Option 2a

Cash and reduced PIE pension

Option 3

Take your whole pension as cash (if below a certain value)

Option 4

Transfer your pension to another provider

Our secure online portal, OneView (**https://www.aptiaoneview.co.uk/ARGOS**), lets you run live retirement calculations, so you can see how changing certain options (such as the amount of tax-free cash you take) affects your income from the Scheme.

Option 1

A full pension

This is the option we're all most familiar with. When you retire, the Sainsbury's Pension Scheme will pay you a pension every month for the rest of your life. This money is paid directly into your bank or building society account and is taxed like income.

Your pension will receive an annual increase to provide some protection against the rise in the cost of living.

Your spouse (or civil partner) will also receive a pension from the Scheme after your death. Your spouse's pension will also receive annual increases.

If you don't have a spouse, this pension might be payable to another dependant.

Please see your retirement statement.

Option 1a

A full pension with Pension Increase Exchange or 'PIE'

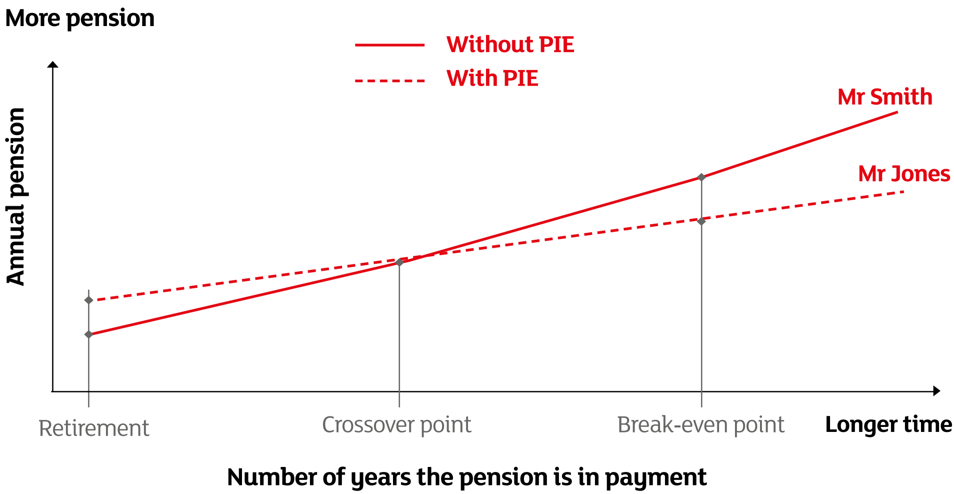
If you were a member of the Scheme before April 1997, you have the option to give up all future pension increases, in return for getting a higher pension now. This is known as a Pension Increase Exchange ('PIE'). If you choose this option, you will receive a one-off increase to your pension.

You might consider this option if you'd rather have more money earlier in your retirement, so that you can afford those holiday-of-a lifetime plans you may have, while you're fit and active. Or maybe you're in poor health now and want to get as much as you can back from the Scheme from your years of paying in.

In our Scheme, you're only allowed to give up increases on the pension you built up before April 1997. That means any pension built up between April 1997 and now will still get increases.

Your 'PIE pension' would be higher than your standard pension for the first years of retirement but the increases you receive in the future could be lower. If you choose the PIE option, you can still take up to 25% of your pension as tax-free cash (as described in Option 2a).

The graph below compares two members with identical pensions.



Mr Jones takes the Pension Increase Exchange option. He gives up future increases on his pre-1997 pension and receives more money immediately after retiring than Mr Smith. As time passes, they reach the crossover point. They now receive the same amount of pension per year, as Mr Smith did not take the Pension Increase Exchange option, but he has been receiving increases to his pre-1997 pension. Eventually we reach the break-even point, when both members have received the same amount of money in total pension payments since they retired.

Important

If you take the Pension Increase Exchange option, your spouse or civil partner will still get a pension from the Scheme and they will continue to receive increases to it in the usual way. Please see your retirement statement. Take a look at our PIE options modeller at **https://bit.ly/3BkY8NF**. It's an online tool that will help you work out if the Pension Increase Exchange option is right for you.

Option 2

Cash and reduced pension

With this option, you can exchange some of your pension for tax-free cash. Under current rules, you can usually take up to 25% of the value of your pension as tax-free cash*.

If you exchange any of your whole pension for cash, this will reduce the amount of pension you get from the Scheme. Aptia, our Scheme administrator, will give you a quote that shows how much monthly pension you will get if you take the maximum amount of tax-free cash.

You can also ask for a quotation that shows how much pension you would get if you took a cash sum that is less than the maximum available.

The fact that you choose to take some of your pension as tax-free cash will reduce the size of the pension that would be paid out to your spouse on your death.

Please see your retirement statement.

* Up to a maximum of £268,275 for most members

Option 2a

Cash and reduced PIE pension

You can also exchange future increases for a higher starting pension, but take some of that higher pension as tax-free cash instead. This will reduce your PIE pension, but it will still be higher than if you opt for a normal pension with tax-free cash (Option 2).

Please see your retirement statement.

Keep track of your Sainsbury's pension online
If you choose Option 1 or 2, then you will remain a member of the Scheme for the rest of your retirement.

As a Scheme pensioner, you will be able to view your pension details through OneView, our secure online portal. Through OneView, you will be able download payslips and P60s (annual tax certificates) and let us know if your personal details change (for example, if you want your pension to be paid into a different bank account).

When you retire, the Scheme administrator will write to you with details of how to register for OneView, if you've not already signed up to it.

Find it at **https://www.aptiaoneview.co.uk/ARGOS**

Option 3

Take your whole pension as cash (if below a certain value)

You might have the option to take the total value of your Scheme pension as cash. This option isn't available to everyone. Our Scheme administrator, Aptia, will let you know if this option is available.

If the total value of your Scheme pension is less than £10,000, it's called a 'small pot'. You can take your small pot as a one-off cash payment.

The technical term for taking a small pot as cash is 'trivial commutation'. If you choose this option, your small pot will be paid directly from the Scheme into your bank or building society account.

Under current law, 25% of your small pot can be taken as tax-free cash*. The remaining 75% that you take as cash will be taxed as income at your marginal rate. Depending on your personal circumstances, you may be able to reclaim some of this if you don't usually pay income tax or you may pay more if you are a higher-rate taxpayer.

If the total value of all your pension savings across all the different pension schemes you're a member of is less than £30,000, you can take all of this as cash (with tax applied as outlined) as long as this is taken within a **12-month window**, starting with the date of the first commutation payment. If you're interested in doing this, you'll need to contact the individual pension schemes in question.

* Up to a maximum of £268,275 for most members

It's your responsibility to understand how you will affected by tax if you choose this option.

If you choose options 3 or 4, please take care to protect your retirement savings and also consider taking independent financial advice. The Trustee has appointed LV= to help you understand the options – read more about their service on page 13 or see the LV= leaflet here.

Option 4

Transfer your pension to another provider

You may prefer to access your retirement savings flexibly – perhaps as a number of cash withdrawals over time – or use them to buy an annuity that you can tailor to your specific needs.

For example, if you have health issues, you may find you could get an annuity that pays a higher pension than the Scheme offers.

Your retirement statement includes a non-guaranteed transfer value or cash equivalent transfer value (CETV).

If you decide to transfer out, you should ask our Scheme administrator, Aptia, for a guaranteed CETV figure. This would be guaranteed for three months.

We strongly recommend that you speak to an independent financial adviser. They can help you make your decision.

Please see your retirement statement.

Options 3 & 4

Important information

If you take a commutation payment or transfer your pension out of the Scheme, you won't receive any more benefits from the Scheme. This includes any pension your spouse or civil partner might have received on your death.

You should also check out whether your small pot value is more or less than your transfer value (see page 10). If your transfer value is higher than your small pot (before tax), you might get more cash if you transferred your pension out (depending on what fees and charges are applied by your new provider).

If your transfer value is lower than the small pot (before tax), you would not get more if you did this.

Here are some other things to note about taking your pension as a cash payment or transferring it:

- You will only be able to transfer your pension to another registered pension scheme.
- If your transfer value is £30,000 or more, you must provide written confirmation from an independent financial adviser that they have given you advice about transferring your benefits. We cannot allow the transfer to go ahead without seeing evidence of this.

- Using this option, it is possible to transfer to a defined contribution (DC) pension arrangement, where it might be possible to take your benefits in a more flexible way, for example as a series of cash lump sums while keeping your retirement savings invested.
- Different providers offer different options in relation to what you can do with your benefits. It's very important to understand the different costs and charges associated with each option and also the tax implications of any decision you take.

Turn the page to find out more about LV=, the pension specialists who were appointed by the Trustee to give you impartial, regulated financial advice about your pension options.

Getting advice on your options

Deciding whether or not to transfer out of the Sainsbury's Pension Scheme, or to take your pension savings as cash is a big decision. You could end up significantly worse off – either because you pay more tax or charges than you need to, or you lose your money to a pension scam.

If your transfer value is over £30,000 then the law requires you to get regulated financial advice from an expert called a 'pension transfer specialist', to protect you from the risks of making the wrong decision. You can find a pension transfer specialist in your area on this website: **www.moneyhelper.org.uk**

The Trustee has also appointed a company called LV= to provide retirement planning advice and guidance to members of the Scheme, at a competitive, fixed-rate fee. Click **here** to find out more about LV=.

LV= can give you regulated and impartial advice about:

- Transferring your pension
- Flexible retirement options from the Sainsbury's Pension Scheme
- Buying an annuity
- Tax, including taking a tax-free lump sum
- Any other pensions that you may have

You can get in touch with LV= on 0800 0223 844 for a free, no-obligation chat, or email them at **sainsburyspensions@LV.com**

Watch out for scammers

Pension scams are on the increase in the UK. Scammers may try to entice you with a 'free pension review', 'a one-off pension opportunity' or a 'legal loophole'.

The only time you are normally able to draw money from an occupational pension scheme before age 55* is if you have had to stop work because of ill health. Otherwise, if you draw money from a pension scheme before 55*, you will have to pay a significant tax charge of 55%.

In addition to this, a number of people who have been persuaded to 'cash in' their pensions have not received the money they were promised by a salesperson.

You can find more information about these pension scams at:
www.fca.org.uk/scamsmart
www.pension-scams.co.uk

* The normal minimum pension age is rising from 55 to 57 from 6th April 2028. This is the earliest age you can start claiming your pension and is set by the Government.

Where to go for more help

There are lots of organisations that can help you understand the options. If you want specific advice, however, you should contact an independent financial adviser. You can find one in your area through this website: **www.moneyhelper.org.uk**

You could also contact LV=, the company appointed by the Trustee to provide retirement planning advice and guidance to members of the Scheme, on 0800 0223 844 (see page 13).

MoneyHelper

MoneyHelper is a Government service that provides free guidance and information to help you manage your finances, including your pension. All of the information that was previously available through Pension Wise, The Pensions Advisory Service and the Money Advice Service has been moved to the MoneyHelper website. You can still make an appointment with Pension Wise to discuss your defined contribution pot if you're aged 50 or over, but you would go to the MoneyHelper website to do this, at **www.moneyhelper.org.uk**

GOV.uk

You can find more information on pensions and retirement planning, including State Pensions and State Pension Age at **gov.uk**

Understanding pension terms

Annual Allowance

The level of pension savings that can benefit from tax relief each year is called the Annual Allowance (AA). If your pension savings across all schemes in a given tax year exceed the AA, you will have to pay a tax charge. The AA is £60,000 a year but is reduced for anyone with an income of over £260,000. A reduction of £1 for every £2 of income in excess of £260,000 will apply, reducing the AA to as little as £10,000 for people who earn more than £360,000.

Income includes employee and employer contributions plus any taxable income other than from employment.

Further information can be found at:
www.gov.uk/tax-on-your-private-pension/annual-allowance

AVCs (Additional Voluntary Contributions)

You may have elected to pay additional contributions to top up your pension at retirement. These are called AVCs. If you have them, they will be included in your retirement option statement, which will also illustrate what you can do with your AVCs.

CETV (Cash Equivalent Transfer Value)

This is your transfer value, or the amount of money available if you converted your pension into cash and moved it to another pension arrangement.

Death benefits

We will pay to your spouse or civil partner 50% of the pension in payment to you at the time of your death.

Guaranteed Minimum Pension

As a member of the Sainsbury's Pension Scheme, you were contracted out of the State earnings-related scheme and paid reduced rate National Insurance contributions. As a result, HMRC calculates a figure based on the minimum pension payable to you at retirement which is broadly the pension you would have received had you not been contracted out. This is called the Guaranteed Minimum Pension (GMP). The Scheme may need to adjust members' GMP figures, to take account of a court ruling that says defined benefit pension schemes must ensure equal treatment of men and women's benefits built up in the Scheme between 17th May 1990 and 5th April 1997. You will be told if this affects you.

Nomination of Beneficiary form

This is a form you can fill in to let the Trustee know who you wish them to consider for any payments due as a result of your death.

Open market option

If you have AVCs, instead of buying a pension in the Scheme, you have an opportunity to buy an annuity and to select the provider of the annuity.

The amount of annuity you can buy will depend on your age at retirement, the annuity rates in force at that time and the type of annuity you choose. Different annuities have different features and different rates of payment. This can be a single life annuity or one that provides an income for a dependant after you die. An annuity could provide a guaranteed benefit if you die early.

Your income could be fixed at the same amount throughout your life, or it could increase each year once in payment.

Further details about different types of annuity are included in the MoneyHelper online guide (**www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/guaranteed-retirement-income-annuities-explained**). The type of benefits you choose and who provides them will be up to you and will depend entirely on your own circumstances. You should consider taking advice about which annuity is most suitable for you.

If you smoke, are overweight or suffer from ill health, you may be able to buy an enhanced annuity that pays you more by using the open market option.

There may be costs associated with buying an annuity and it can take three months to set up, so you should tell us your plans as soon as you can.

Pension

This is the annual figure quoted in your statement and is the amount we will pay you over the year. There will be 12 payments into a bank/building society of your choice.

- Your pension from the Sainsbury's Pension Scheme will be paid for the rest of your life.
- We will pay you a pension every month.
- However, if you die within the first five years of payment, we will pay the balance of that five years as a lump sum. For example, if your pension started in 2025, the five-year guarantee period would end in 2030. If you died in 2028, there would be a two-year balance on the five-year period payable as a lump sum. This is payable to your beneficiaries – you should complete a Nomination of Beneficiary form to tell the Trustee who you would like this to be paid to.

Pension Increase Exchange (PIE)

This is where you give up future pension increases from some of your pension in exchange for a higher pension at the beginning of your retirement. PIE only applies to a portion of your pension. The rest of your pension will continue to increase over time.

Taking the PIE option at retirement will also affect the benefits payable to your spouse when you die and the amount of tax-free cash you can take.

You will have the option of taking a PIE if you have pensionable service before April 1997 and only if your pre-April 1997 component is big enough.

Pension Scheme tax reference number

The Sainsbury's Pension Scheme is no longer contracted out of the State Second Pension but was contracted out on a salary-related basis before 6 April 2016. While the Sainsbury's Pension Scheme was contracted out, the relevant HMRC numbers were as follows:

Employer contracting out number: E3010398K
SCON: S0110196P
PSTR number: 00311182RR

Sainsbury's Pension Scheme

Sainsbury's Pension Scheme is a defined benefit scheme which has been registered under chapter 2 of part 4 of the Finance Act 2004. The Argos Section was created when the Home Retail Group Pension Scheme merged with the Sainsbury's Pension Scheme in 2018.

Spouse

Under the Scheme Rules, a spouse is the person to whom you are married at the time of retirement or death. This also includes the person with whom you have entered a civil partnership.

If you are not married but you have a partner, your partner will have to prove they were financially dependent on you to satisfy HMRC criteria and allow us to pay a dependant's pension under the Scheme Rules.

A final note

While this leaflet has been drafted to provide an overview of the key options available at retirement to you under the Sainsbury's Pension Scheme, it is subject to the Scheme's governing trust documents which may be amended from time to time. This leaflet does not constitute financial advice.

You can search for an independent financial adviser (IFA) in your area at **www.moneyhelper.org.uk**

Please note that an IFA will usually charge for their services, so make sure you know what they expect to be paid. The Trustee has negotiated a fixed-fee advice service for Scheme members with LV=, a retirement specialist (see page 13).

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www.wordshop.co.uk

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