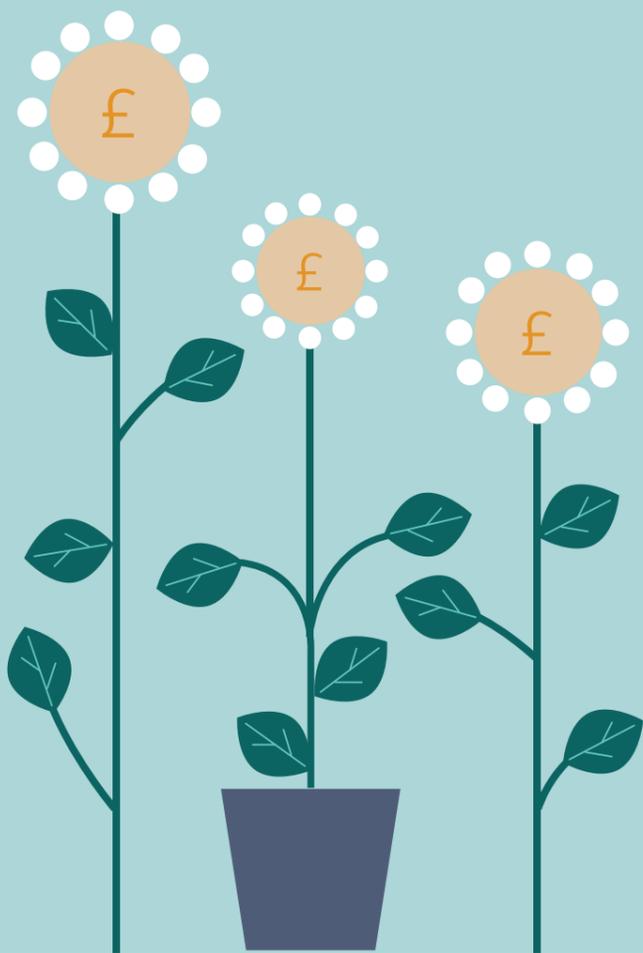


# Pension Q&A





# A summary of IPSE's Group Retirement Savings Scheme

We know the importance of saving for your future, and recognise that not everyone has the same needs and aspirations in life. That's why we've chosen to work with Aegon and provide you with Retiready. Not only are we offering you the opportunity to set up a pension plan, you'll also be able to save in other products such as an ISA.

You're invited to set up a pension plan and contribute to it. Here's some information on what's available to you.

## Contributions to your pension plan

### Personal Contributions

Pension contributions can be made by a contractor as a self-employed person from their own personal bank account and can benefit from income tax relief. Tax relief on personal pension contributions is available for up to 100% of earnings, provided that you are under 75.

Pension contributions paid by individuals into their personal pension are made out of their post-tax income. Aegon will then claim back basic rate tax relief.

Individuals who pay higher rates of income tax need to claim the difference back through their own self-assessment tax returns.

There are limitations on the amount that can be paid into a pension plan that can receive tax relief.

### Employer contributions (for owner-managers)

If you own your own company, the company can only make pension contributions for you if you are an employee of the company. Provided that is the case, the normal rules apply (see below). These are referred to as "Employer contributions".

The normal rules are that employers' pension contributions can generally be claimed as an allowable business expense — provided the pension contribution meets the normal rules requiring expenses to be wholly and exclusively necessary for business purposes. If the pension contribution is much larger than normal, the pension tax relief may need to be spread over up to four years.

As a business owner, you should consider pension contributions as part of your broader tax planning, along with other options such as paying dividends. You may also want to consider the way pension funds are invested. For example, you might use your pension plan to invest in your commercial premises.

Employer contributions are included in the annual allowance.

### Annual Allowance

The annual allowance is the maximum amount of pension savings an individual can have each year that benefit from tax relief. In practice, an individual is subject to a tax charge (the annual allowance charge) where their pension savings exceed their available annual allowance for a tax year. There is nothing to stop an individual paying in more than their available annual allowance. An annual allowance charge would be payable on the excess and they would still be able to claim tax relief on all their personal and third party contributions up to the higher of 100% of an individual's relevant UK earnings or £3,600 per annum. The current annual allowance limit is £40,000.

### Lifetime Allowance:

The lifetime allowance was introduced on 6 April 2006, and is the amount of tax-privileged pension savings that an individual is allowed. There is no limit to the amount of pension benefits that can be paid from registered pension schemes, but if the value of an individual's benefits from all their registered pension arrangements (including those taken before 6 April 2006) is above their available lifetime allowance, then a tax charge known as the 'lifetime allowance charge' will apply.

The standard lifetime allowance for the tax year 2018-19 is £1,030,000 for those with no fund protection.

## Investing your contributions

You can invest in a wide range of strategies and funds, depending on your own needs and knowledge. You can find out what your choices are in the investment section of Aegon's website.

### If you can't decide where to invest

We've worked with our adviser, Mercer, and chosen the Mercer Target Annuity Fund as a default investment. If you don't tell us where you want your pension contributions to be invested, we will invest them in the default until you tell us otherwise. But you don't have to invest in this fund; you can make your own choices.

You can also change your investments at any time after your first contribution's been paid. Find more information on the investments you can choose in our investment guide or on our scheme website.

You should think carefully about where you invest, as there are risks you need to think about. The value of an investment can fall as well as rise and isn't guaranteed for a number of reasons, for example market and currency movements. You may get back less than the amount originally invested. If you'd like some help with your investment choices you should speak to a financial adviser.

## What's gating?

Our simple gating approach means you really can feel comfortable with the options you have, as you're in control. Read more about gating and how you can access more products and investments.

We've set your access at gate 1, but you'll be able to control your own access through your online account, so you can open more gates to increase your options.

## What happens if I leave IPSE?

It's your plan — you own it and it's in your name for you to keep even if you cease to be a member of IPSE. You can:

- Continue paying into your plan
- Stop paying contributions and leave what you have paid in where they are. Stopping contributions to your plan will obviously affect the final amount of the savings you have for retirement
- Take it with you to any scheme offered by a new employer at no additional cost —but you should get financial advice at the time and consider what benefits your new employer offers

## When can I retire?

You can use your retirement savings from age 55, even if you're still working. If you're thinking of taking tax-free cash, you'll need to take this before age 75. If you don't plan to take your benefits by age 75, you should speak to a financial adviser.

## How do I set up the pension plan?

If you want to set up a pension plan please fill out the joining form on the IPSE Futures section of the IPSE website [www.ipse.co.uk](http://www.ipse.co.uk)

## Where can I get financial advice?

You can also get additional support from your financial adviser.

## What are the charges?

IPSE have negotiated an extremely low group rate with Mercer. These are the main charges that might be taken from your plan:

- Retiree charges – the administration charge Aegon take to cover the cost of setting up and administering your plan.
- Investment charges – some investments have an additional charge applied by the investment managers. You'll get more information on these on the investment list. Charges can vary but as a guide, take the TER (Total Expense Ratio) and reduce it by the figure shown in the 'Rebate from the AMC' column. The charge attached to our default investment is 0.25%

Have a look at our charges guide for more information about our charges and how they're applied. Charges might change in the future.

Your yearly Retiree charge will be 0.18%

