

PEARL GROUP STAFF PENSION SCHEME

SCHEME INFORMATION

This information is for members of the London Life Final Salary Section of the Pearl Group Staff Pension Scheme.

The right to a deferred pension is governed by the Rules of the Scheme and a pension will only be paid in accordance with those rules. The Scheme is a registered pension scheme from 6 April 2006, previously being approved by HM Revenue & Customs (HMRC) under Chapter 1 Part XIV of the Income and Corporation Taxes Act 1988. The Scheme reference number is SF016/118607/000000/Z, and the Pension Scheme Tax Reference (PSTR) number is 00274756RX.

The Pearl Group Staff Pension Scheme is a non-contributory scheme. The date of the Constituting Deed is 22 December 1948.

The information provided summarises the main features of the benefits available to you from the Scheme. It is a summary only and not legally binding. The full rules governing the Scheme are set out in the Trust Deed and Rules which will always override this information leaflet.

The Scheme provides defined benefits based on final pensionable salary for each complete year and days service. The Scheme's accrual basis is 1/60.

For members who joined the Scheme before 1 January 1985 and left on or after 1 January 1992 normal retirement ages for men and women have been equalised. With the exception of Guaranteed Minimum Pension (GMP), benefits have been equalised with effect from 1 January 1992. For members joining after 1 January 1992 the normal retirement age is 60 for both men and women.

Before 6 April 2016, the Scheme was contracted out of the State Pension on a reference scheme test basis (SCON - S1600041B).

The date of the last actuarial valuation was 30 June 2021. A summary of the valuation report can be found in the Member section of the Scheme website under Documents.

The Scheme is not in the process of being wound up. The Scheme is not a member of any transfer club.

BENEFIT INFORMATION

Guaranteed Minimum Pension (GMP) & Equivalent Pension Benefit (EPB)

If you were in service between 6 April 1978 and 5 April 1997 then you were contracted out of the State pension, and your deferred pension includes an element of GMP. The GMP at the date of leaving service appears in your statement. If you were contracted-out of the old State Graduated Scheme which ended in 1975 the deferred pension also includes an element of EPB. If you joined the scheme after 5 April 1997 your pension does not include any GMP, and you should ignore all further references to it.

Additional Voluntary Contributions (AVCs)

If you were an AVC payer, no further contributions can be accepted under the AVC Scheme. Contributions will continue to be invested in the funds selected by you. AVC benefits are provided on a money purchase basis. The value of your AVCs when you retire can be taken as a lump sum subject to HMRC limits or alternatively if no lump sum is required the value will be converted to pension on a basis agreed between the Trustee, the Scheme Actuary and Phoenix Life Limited.

Transfer of pension

Members only have a statutory right to ask for one transfer value within a twelve month period. The Trustees will charge £250 for any subsequent requests for transfer values within that twelve month period.

Under pensions legislation you are entitled to transfer your deferred pension rights to another registered pension scheme. This could be to a new employer's pension scheme, a personal pension, a stakeholder plan or to an annuity contract with a suitable insurance company of the member's choice (also known as a Section 32 buy-out policy). The transfer value paid from the Scheme will be the same regardless of the type of scheme you transfer to. The option to transfer is available at any time after leaving service and before commencement of your pension.

Further investigations will have to be made if you wish to transfer your benefits to an overseas scheme. The receiving scheme would need to be registered as a Qualifying Recognised Overseas Pension Scheme (QROPS) with HMRC in the UK.

Depending on what elements of pension you hold, you may have the option of transferring only part of your pension and retaining the rest within the Scheme. For example, you may choose to take your defined benefit transfer value and leave your money purchase pension pot and/or AVCs in the Scheme. Or you could transfer only your pre 97 benefits or post 97 benefits or GMP.

The transfer value calculation allows for GMP equalisation from 17 May 1990.

Where benefits have been transferred into the Scheme from other schemes, this is included in the transfer value.

No allowance for the value of any discretionary benefits that may be awarded in the future has been made in calculating the transfer value.

Unless specified on a transfer value statement the transfer value has not been reduced in any way and represents the full value of your benefit entitlement.

When deciding whether to transfer you should consider the total benefits payable from the pension provider and the State. In all cases it is recommended that you seek independent financial advice before transferring, however where the cash equivalent transfer value exceeds £30,000 it is now a statutory requirement. Full details are provided with the transfer pack.

Increases to your pension before commencing

The pension quoted in your statement is calculated as at your date of leaving service. The pension will be revalued in the year of commencement.

If your pension includes GMP this will increase at fixed rate revaluation (see table below for applicable rate) per annum for each complete tax year between your leaving date and your retirement date.

Leavers prior to 6 April 1988	8.5%
Leavers between 6 April 1988 and 5 April 1993	7.5%
Leavers between 6 April 1993 and 5 April 1997	7%
Leavers between 6 April 1997 and 5 April 2002	6.25%
Leavers between 6 April 2002 and 5 April 2007	4.5%
Leavers from 6 April 2007	4%

Increases to your pension in excess of the GMP are also dependent on your date of leaving. Any increase due is applied for each complete year between your leaving date and your retirement date, as detailed in the following table.

Leavers prior to 1 January 1986	No revaluation to the excess pension
Leavers between 1 January 1986 and 31 December 1990	Only the excess pension earned after 31 December 1984 is revalued
Leavers after 1 January 1991	All of the excess pension earned prior to 6 April 2009 is revalued by price inflation up to a maximum of 5%. Pension earned after 5 April 2009 is revalued by price inflation up to a maximum of 2.5%

Note regarding price inflation: Deferred pensions (in excess of any GMP) are revalued using Statutory Occupational Pensions Revaluation Orders. This is based on the movement in the Retail Prices Index up to 2011 and the movement in the Consumer Prices Index since 2011.

Commencement of your pension

You can commence your pension at any time between your 50th birthday and your 75th birthday. Please refer to your statement for your normal retirement date.

Early Retirement

The early retirement reduction depends on the date the member joined the Scheme. For members who joined the Scheme after 31 December 1984, the pension will be reduced for each year and complete month that the pension is taken before normal retirement age. For members who joined the Scheme prior to 1 January 1985 a different basis applies. The pension is calculated in the same way but not all of the pension will be reduced for early payment (see the table below).

Service period	Males	Females
Pre 17/5/90	Discounted from age 60	Undiscounted*
17/5/90 - 31/12/91	Undiscounted*	Undiscounted*
1/1/92 onwards	Discounted from age 60	Discounted from age 60

*If retirement is between age 50 and 54 then this tranche of pension will be discounted back from age 55.

Example:

A female who entered service on 1/1/1980 and who retires early at age 57 on 31/12/1996 would receive:

$\frac{12}{60}$ ths pension unreduced and $\frac{5}{60}$ ths reduced to take account of early retirement

The reduction is applied to the pension revalued to the early retirement date. The early retirement reduction factors are dependent on the member's age at date of retirement. The factors are provided by the Scheme Actuary and Phoenix Life Limited and are subject to change.

A projection/quotation can be provided upon request.

An Incapacity Pension may be granted due to ill health before normal retirement age. The granting of such a pension would be at the approval of the Company.

Normal Retirement

We will contact you approximately eight months before your normal retirement date to confirm your address and establish if you wish to receive a quote for commencing your pension.

Late Retirement

Under current pension regulations you can defer commencement of your pension up until your 75th birthday. We are currently unable to provide projections for late retirement, however, a quotation can be provided within one year of your chosen retirement date.

A late retirement quotation is based on the pension that would have been payable at normal retirement age, then uplifted in line with late retirement factors provided by the Scheme Actuary and Phoenix Life Limited.

If your pension includes an element of GMP and you wish to retire after GMP pension age (65 for men, 60 for women) your quotation will be referred to the Scheme Actuary for calculation.

Commutation option

When you commence your pension, part of your pension can be used to provide a lump sum. In general, you will be able to take 25% of the value of your pension benefit (including any AVCs) as a pension commencement lump sum. In some circumstances it may be necessary to restrict the lump sum that is available to ensure that the overall limit set by HMRC is not breached.

This option does not affect any spouse or dependant's pensions, which are based on the full pension.

The latest commutation factors can be found in the Members section of the Scheme website under General Scheme Information. They are subject to change by the Trustee Directors, acting on the advice of the Scheme Actuary and Phoenix Life Limited.

Lifetime Allowance

The Lifetime Allowance (LTA) is a limit on how much tax-privileged pension savings you can take from all your pension arrangements. The LTA is currently £1,073,100. Before 6 April 2023, where benefits were put into payment that exceeded the LTA, they were subject to an additional tax.

The government is proposing to remove this limit. However, this will take some time, and until the LTA has been abolished, it will continue to exist. However, the government has announced that the additional tax on benefits in excess of the LTA will no longer apply where benefits are put into payment on or after 6 April 2023. Instead, benefits in excess of the LTA will be taxed at your marginal rate of income tax.

Increases to your pension once in payment

Once in payment the pension receives an increase from 1 April each year. The first increase will be proportionate based on the number of complete months since commencement.

Different increase rules apply to different parts of your pension depending on your age at commencement.

If you start your pension before reaching GMP age (65 for men, 60 for women), the whole of your pension (including any GMP) will increase in line with increases in the Retail Prices Index between February and February, up to a maximum of 5%.

If your pension includes GMP, at GMP age we will be notified by HMRC of the revaluation due to the GMP element of your pension from your date of leaving service to GMP age. Any difference between the GMP being paid at that time and the revalued amount confirmed by HMRC will be added to your pension. The GMP will be increased by fixed rate revaluation (see the section 'Increases to your pension before commencing', for your revaluation rate) for each complete tax year between the date of leaving service and attaining GMP age.

After GMP age the different elements of your pension will increase at different rates. Any GMP earned before 6th April 1988 does not receive increases from the Scheme. Any GMP earned from 6th April 1988 receives increases equal to price inflation over the year from September to September, up to a maximum of 3%.

Death Benefits - Dependant's Pension

Upon the death of a member the spouse/civil partner at that time will become entitled to receive an immediate pension from the Scheme, payable for life.

If a member dies before commencing their pension any spouse's pension benefits would be based on the pension that would have been payable at age 60 revalued to the date of death. If a member dies after commencing their pension any spouse's pension benefits would be based on the pension that would have been payable at the date of death if the commutation option had not been exercised.

Unless your spouse is more than ten years younger than you, the dependant's pension in each case would be two thirds of this amount. If marriage/civil partnership took place within six months of your death, payment of this pension would be at the Trustee's discretion. N.B. No spouse's pension is payable on the death of a female member of the Scheme, who left service before 1 January 1985.

Where a member is married but is not co-habiting with their spouse immediately prior to death, the spouse's pension can instead be paid to a dependant or dependants, or if you are unmarried and have nominated a dependant to receive a dependant's pension, the granting of such a pension will be at the discretion of the Trustee. They will want to be satisfied that, immediately prior to death, the person to whom the pension will be paid was either:

- financially dependent on the member;
- a partner of the member with whom the member was financially interdependent; or
- a person who was dependant on the member because of disability.

Any nomination made may be withdrawn at any time by written notice and such nomination will automatically become void on the subsequent marriage of either partner.

Any dependant's pension would be subject to the same increases as the member's pension in payment.

Death Benefits - Lump Sum

If a member dies within five years of the date of commencement of their pension, a lump sum will be payable equal to the balance of pension which would have been paid within that five year period, but assuming no future pension increases.

The Trustee will have discretion to decide to whom the benefit is payable. It will take into consideration any nomination you may wish to make at the time of commencement of your pension or subsequently.

If the member dies whilst a deferred member of the Scheme; there is no lump sum death benefit payable.

If a member has made Additional Voluntary Contributions and dies before commencing their pension, the Trustee will have the discretion to decide to whom any payment is made. It will take into consideration any nomination you have made.

■ Service on the Channel Islands or Isle of Man

If the deferred pension is in respect of service on the Channel Islands, then the sections referring to GMP are not appropriate.

If the deferred pension is in respect of service on the Isle of Man, then the GMP operates in the same way as for mainland UK but all references to HMRC National Insurance Contributions Office should be replaced by the Isle of Man DHSS Social Security Division.

■ Scheme Administrators

First Actuarial LLP, First House, Minerva Business Park, Peterborough, PE2 6FT.