Your guide to retirement in the YCBPS

For members of the Yorkshire & Clydesdale Bank Pension Scheme

April 2021

Introduction

Pensions can sometimes seem complicated and difficult to understand.

As you near this important stage of your life, it's vital you understand your retirement options and what you need to do to when you've made your choice.

This guide provides you with information that you need to help you make informed decisions about your financial future.

This guide should be read in conjunction with your personalised retirement statement. Please note that only options quoted on your personalised retirement statement are available to you.

Each available option is detailed on your statement and is colour coded to make finding the information on that particular option easier.

For example, if you wanted to know more about **Option 4** – Cash equivalent transfer value, you could head directly to the **blue** coloured section of this guide.

We want to take the opportunity to wish you a long and fulfilling retirement.

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Understanding the basics

What are my pension options?

Enclosed within your personalised retirement statement, you will find up to four basic retirement options that you need to choose from.

- **Option 1a** – Retirement pension only
- **Option 1b** - Pension commencement lump sum (PCLS) and a reduced pension
- **Option 2a** – Pension only with pension increase exchange (PIE)
- **Option 2b** - PCLS and a reduced pension with PIE
- **Option 3** – Trivial commutation payment
- **Option 4** - Cash equivalent transfer value (CETV)

Once you've made your choice you'll need to fill in the relevant retirement forms that are enclosed with this guide, and return them to the Scheme administrator, Capita Employee Benefits, along with any certificates or other information they may need.

Once your chosen option has been approved and processed by Capita, they'll then pay out your retirement benefits in line with your chosen option.

Remember that the decisions that you make are your own. However, you may benefit from taking financial advice before making your choice and we recommend you think about contacting an independent financial adviser (IFA). Details of IFAs in your local area can be found by visiting **www.register.fca.org.uk**

Independent financial advice surrounding PIE (**Option 2**) is provided free of charge to all members interested in that option and is paid for by the Bank.

Independent financial advice is not arranged by the Trustee or the Bank for members considering **Option 1**, **Option 3** or **Option 4** but nevertheless we recommend you think about taking independent advice before making a decision.

If you want to transfer your benefits to a money purchase scheme, so you can take them flexibly, you'll need to take financial advice if their value is greater than £30,000.

Please note that the CETV provided under **Option 4** is not guaranteed.

Things to think about

When you're planning on how to take your benefits there are lots of things you need to consider. We've outlined a few here, but depending on your personal circumstances there may be other factors to think about.

Do I have to take my pension now?

No. If you're still working, you might not want to take your pension, and you should consider the tax implications if you do.

If you don't want to retire at your Normal pension age (NPA) then you don't have to; you just need to let us know.

Once you've made your choice you'll need to fill in the relevant forms, and return them to the Scheme administrator, along with any certificates or other information they may need. They'll then put your benefits into payment for you.

What do I need to do to take my pension?

The first thing you need to do is ensure you fully understand the different options available to you. Each has its own benefits and drawbacks that you should weigh up before making your decision.

Will I pay tax on my pension?

Your pension is classed as an income and is taxable in the same way as your salary is when you're working. Whether you pay tax, and how much you pay depends on how much income you're getting, including;

- any other pensions you might be getting
- your State Pension
- any salary or wages from other jobs you might have.

Should I take financial advice?

We would always recommend you seek financial advice before making any decisions about your pension, as once you've made a decision you may not be able to change your mind.

You can find an independent financial adviser (IFA) in your area by visiting **www.register.fca.org.uk**

An IFA may charge you for their services, so you should check beforehand. You can also get free, impartial guidance on your retirement options for any money purchase benefits you may have from the government-provided service Pension Wise. You can find out more information by visiting **www.pensionwise.gov.uk**

Do you have any other sources of income?

If you're thinking about taking all of your pension as a lump sum you should think about whether you have any money coming from other sources. You're only able to take all your pension as a lump sum if you transfer your benefits to another arrangement using **Option 4** and are allowed to take a lump sum from that arrangement, or if you're eligible for **Option 3**.

Do you have a spouse or civil partner or young children?

If you're married or in a civil partnership, or you have young children, you might want to consider what they would get if you were to die. **Options 1** and **2** provide spouse and children's benefits to eligible dependants. Other options may not automatically provide these benefits or they may only be open to you if you opt for them.

Do you want to have a secure income when you retire?

Some options provide you with a guaranteed income payable for the rest of your life. No one knows how long they're going to live for, but you may live longer than expected; will you have enough money coming in to cover your outgoings as you get older?

What other income will you have when you retire?

Do you have pensions in other schemes, such as a former employer's scheme or personal pension? Do you have savings, or perhaps rental properties that you're receiving income from? Have you reached your State Pension age yet? You'll need to take all these incomes into consideration when you're thinking about how you want to take your pension from the Scheme.

Do you still want to continue working after you retire?

If so, there may be limits on how much you can pay into your employer's pension scheme should you continue working while you're taking a pension.

Are you ready to retire?

Just because you've received this pack doesn't mean that you have to retire just yet. You may want to delay your retirement, or take your pension and continue to work. If so, you should consider the tax implications of taking your pension at the same time as you're earning a salary, especially if you are on the threshold of a higher tax rate. Think about whether you want to take your pension now or if it would be in your best interest to take your Scheme pension at a later date.

Option 1

Option 1a – Retirement pension only

This option provides you with an annual retirement pension as quoted on your personalised retirement statement. This is probably what most people immediately think of when they consider taking their Scheme pension.

Your pension will increase each year, to help take account of increases in the cost of living.

If you decide to take this option your pension will be payable on the 20th of each month (1st of the month for ex-NAB Plan members) and would be paid directly into your bank or building society account. The first payment of pension would be paid to you as soon as possible after you retire.

A pension will be paid to your spouse, civil partner or, at the Trustee's discretion, another dependant when you die. If you die within five years of retiring, a lump sum will also be payable to your dependant(s).

If you'd like to select this option:

Fill out the **retirement option form** from the back of this pack, making sure you select **Option 1a**. You then need to return it to the Scheme administrator, along with the:

- **marital status declaration form** and the appropriate certificate(s),
- **expression of wish form**
- **lifetime allowance form**
- **bank mandate form**

Option 1b – Pension commencement lump sum (PCLS) and a reduced pension

With this option you can take a reduced annual pension in exchange for a PCLS.

Your personalised retirement statement shows you the maximum PCLS you could take, but you can choose to take any amount that is less than this, if you wish. If you take this option, your reduced retirement pension will be recalculated and the percentage of your lifetime allowance will be adjusted accordingly.

Your pension will increase each year, to help take account of increases in the cost of living. If you take this option your pension will be payable on the 20th of each month (1st of the month for ex-NAB Plan members) and will be paid directly into your bank or building society account. The first payment of pension will be paid to you as soon as possible after you retire. Your PCLS will be paid separately.

Death benefits similar to those described under **Option 1a** will also be payable.

If you'd like to select this option:

Fill out the **retirement option form** from the back of this pack, making sure you select **Option 1b**. You'll also need to specify the amount of PCLS you'd like to take up to the maximum value quoted to you. You then need to return it to the Scheme administrator, along with the:

- **marital status declaration form** and the appropriate certificate(s),
- **expression of wish form**
- **lifetime allowance form**
- **bank mandate form**
- **recycling declaration form**

Option 2

Option 2a – Retirement pension only with pension increase exchange (PIE)

When you retire, you have the option to exchange future increases on part of the pension that you receive from the Scheme, for a higher level of pension now.

Your benefits in the Scheme are made up of a number of different parts that increase differently. The Scheme is giving you the option to exchange the future increases on the pension you built up prior to 6 April 1997 in return for a higher pension, which will not increase in the future.

This part of your pension is known as your exchangeable pension.

Non-exchangeable pension

This is the remainder of your pension, which you cannot give up the increases on.

If you choose to take the PIE option, you'll receive a one-off increase to your exchangeable pension. You then won't receive any future increases on this part of your pension. The increase you currently receive on your Exchangeable Pension is as follows:

- Tranche 2 receives CPI inflation capped at 3%
- Tranche 3 depends on your category: for Clydesdale Bank members, September RPI capped at 2.5% and for Yorkshire Bank members, December RPI capped at 5%;

You'll continue to receive annual increases on your non-exchangeable pension.

If you'd like to select this option

Please read through all the information on pages 9-15 first. Then, if you still want to go ahead, fill out the **retirement option form** from the back of this pack, making sure you select **Option 2a**. You then need to return it to the Scheme administrator, along with the:

- **marital status declaration form** and the appropriate certificate(s),
- **expression of wish form**
- **lifetime allowance form**
- **bank mandate form**

About PIE - why is the PIE option offered?

1) More choice and flexibility

The PIE option gives members flexibility in how they receive their pension and it may better meet their lifestyle needs.

2) Managing pension risk and increasing security

Offering PIE is part of the long-term plans to make the Scheme more secure and reduce the long-term risks of running it.

Important factors you should consider when deciding whether to take the PIE option

Some of the key factors that you should think about are set out in the table below. The importance of each factor will depend on your personal circumstances.

	You may want to take the PIE option if...	You may not want to take the PIE option if...
How long you might live Your pension will be paid until you die and the longer you live, the longer your pension will be paid. After your death a pension may be payable to your wife, husband or civil partner.	You think you may die sooner rather than later and the higher pension now is more valuable to you than the future increases. You may also wish to consider how long you expect a pension to be payable to your wife, husband or civil partner after your death.	You think you may live for a long time and the future increases to your pension are more valuable to you than a higher pension now. You may also wish to consider how long you expect a pension to be payable to your wife, husband or civil partner after your death.
Your view of inflation Inflation results in an increase in the cost of living in the future. You receive annual increases on your exchangeable pension to help offset the effects of inflation.	You think that: • the higher pension being offered under the PIE option is enough protection against the effects of future inflation or • inflation will be low during your retirement.	You think that: • the higher pension being offered under the PIE option isn't enough protection against the effects of future inflation or • inflation will be high during your retirement.
Your capacity for loss Depending on how long you live, you may be financially better off, keeping to your current pension structure.	You have some alternative sources of income or capital assets that could be used to supplement your income in retirement if your spending power was reduced in the future due to living longer.	You would struggle for other alternative sources of income or capital assets that could be used to supplement your income in retirement if your spending power was reduced in the future due to living longer.
Your lifestyle Depending on your lifestyle, you may prefer a higher pension now.	You prefer to receive a higher pension now while you feel able to enjoy it or have higher financial commitments. For example; a mortgage.	You prefer to keep the increases to your pension as they are, as you're concerned about the effects of inflation and the future cost of living.
Your other income Depending on how significant your Scheme pension is compared to your other sources of income, the PIE option may have a higher or lower impact on your overall financial situation.	You feel that the exchangeable pension is small compared to your other income. For example; State Pension or other pension benefits that you may have.	You feel the exchangeable pension forms a large part of your income and, if you take the PIE option, it will have a significant impact on your financial situation.

	You may want to take the PIE option if…	You may not want to take the PIE option if…
Benefits payable on your death A dependant is someone who may receive an income from the Scheme when you die (i.e. your wife, husband or civil partner). If you have a dependant who may receive a pension on your death, part of the pension payable to them will not increase if you take the PIE option.	• Your dependant(s) have other sources of income in the event of your death and will not need to rely solely on your pension from the Scheme or • You feel that the pension they will receive after your death if you accept the PIE option will be sufficient.	Your dependant(s) do not have other sources of income in the event of your death and are likely to rely mainly on your pension from the Scheme.
State benefits The income you receive from your pension in the Scheme is included in the calculation of any means tested benefits. If you choose to receive a higher pension now, this higher amount would be used to calculate means tested benefits.	• You don't receive means tested benefits. or • Inflation will be low during your retirement.	You receive means tested benefits and the higher pension under the PIE option reduces your state entitlement.
Tax issues If you opt to receive a higher pension now it may affect the tax you pay.	Your tax situation will not change and you will pay tax at the same rate as you do currently.	Your tax situation will change and this will result in you paying tax at a higher rate than you do currently.

Independent financial advice

Please note that all members considering the PIE options (**Options 2a** and **2b**) will be required to take independent financial advice. This will be provided free of charge by the Bank. You're not able to take **Options 2a** or **2b** unless you have received advice that recommends the option to you.

If you wish to consider **Options 2a** or **2b** please call Wren Sterling on **0800 160 1680** – you will not be charged for their advice. If you prefer to use your own independent financial adviser you can but you'll have to pay for this yourself and you would still need to call Wren Sterling.

You should typically allow two weeks for the advice process.

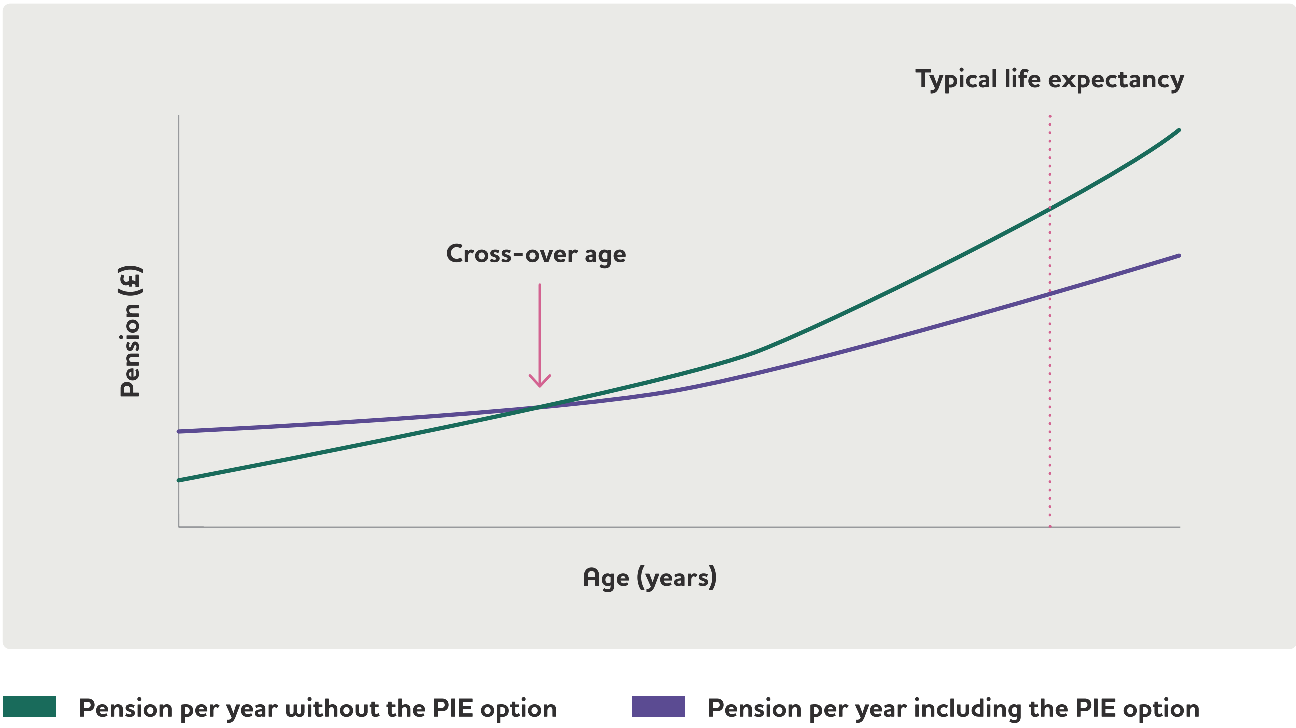
The cross-over age

The cross-over age is when your annual pension, if you don't take the PIE option, becomes bigger than the annual pension you'd receive if you do take this option.

If you decide to take this option:

- You'll receive a higher annual pension until your cross-over age than you'd otherwise have received; and
- You'll receive a lower annual pension after your cross-over age than you'd otherwise have received.

The graph below illustrates how the total pension of a typical member changes on taking the PIE option. As you'll see even after taking the PIE option (the purple line below) the pension still increases. This is because most members will have some part of their pension which cannot be exchanged and will continue to increase. The differences between the two lines will vary from member to member depending on how much of the total pension can be exchanged.



The break-even age

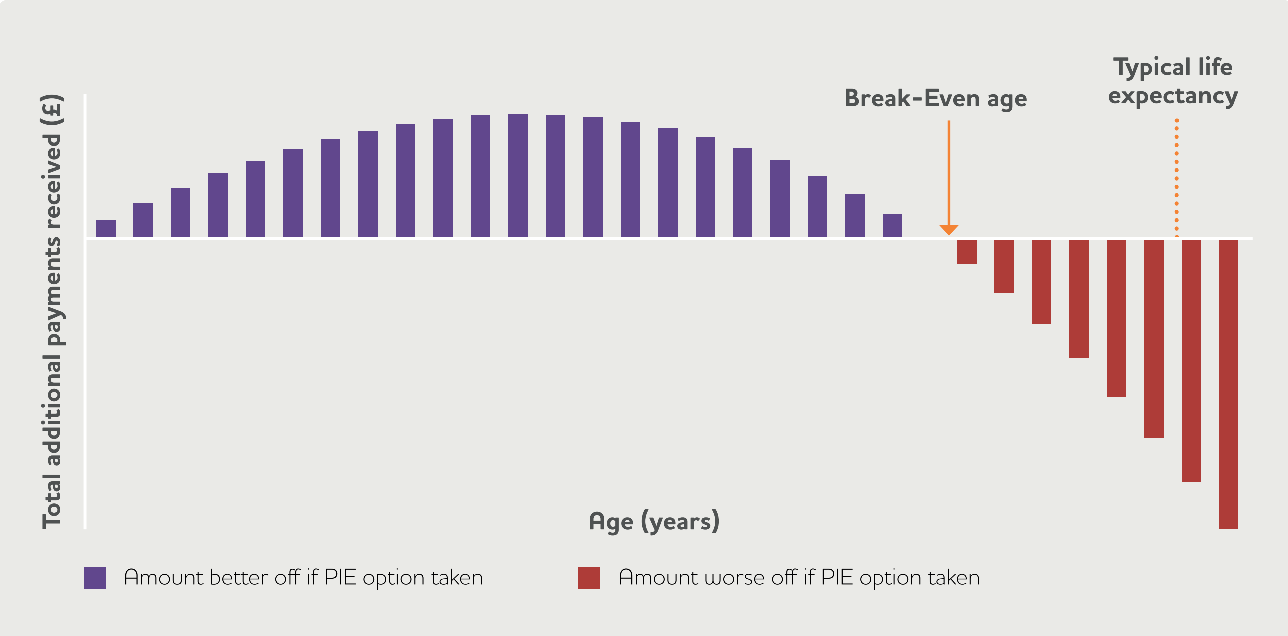
Based upon the assumptions made about the level of future pension increases, the break-even age is when your total pension payments received, if you do take this option, will equal the total payments you'd have received if you don't take up the option.

If you decide to take this option:

- The total pension you'll receive is higher until your break-even age; and
- The total pension you'll receive is lower after your break-even age.

If inflation is higher than expected, the cross-over and break-even age will be sooner. If, however, inflation is lower than expected, then the cross-over age and break-even age will be later. Your retirement statement shows how your cross-over and break-even ages change with different levels of inflation.

The graph below illustrates the total additional pension payments that members may typically receive if they choose the PIE option compared with the position if they decide not to take the option. As you can see, by taking the PIE option the total pension payments will be higher at first, as shown by the purple bars. However, as the pension including the PIE option increases at a slower rate than that excluding the PIE option, over time the total payments received in the no PIE scenario will catch up. Eventually the total payments received will be lower as a result of deciding to take the PIE option, as shown by the red bars.



Life expectancy

When considering your estimated cross-over and break-even ages you should also think about how long you and your spouse, civil partner or dependant expect to live. Your retirement statement includes an estimate of the average life expectancy for someone of your age and sex. This is based on the assumptions used for the Scheme's cash equivalent transfer values. Every member's circumstances are different and so the figure shown in your retirement statement is only intended to provide you with a general guide. You should also bear in mind that based on current trends; life expectancy in the UK is improving. The figure shown in your retirement statement makes allowance for some degree of improvements but actual trends may be either faster or slower than has been assumed.

What benefits are payable if I die after taking the PIE option?

Under this option, a pension will be paid to your spouse, civil partner or (at the Trustee's discretion) another dependant when you die. If you die within five years of retiring, a lump sum will also be payable to your dependant(s).

However, the changes to the value of your pension made under the PIE option will continue to apply to any benefits paid after your death. This means that the lump sum payable if you die within five years of retirement will reflect the PIE uplift (so it will be calculated based on the pension you are actually receiving). It also means that any pension paid to a spouse, civil partner or other dependant will not increase in future years, though it will be based on your initial higher pension taken under PIE.

The table below gives an example of the impact of the PIE option on your spouse's, civil partner's or dependant's initial pension. Consider a sample member with exchangeable pension at retirement of £1,000 a year who chooses not to take a cash lump sum. If the member chooses the PIE option then this exchangeable pension may be uplifted to £1,300 a year in exchange for giving up future increases on this pension.

	Member's pension	Spouse's/civil partner's/dependant's pension			
		if the member dies immediately after taking the option	if the member dies in 5 years' time	if the member dies in 10 years' time	if the member dies in 15 years' time
If PIE option is selected	£1,300	£650	£650	£650	£650
If PIE option is not selected	£1,000	£500	£566	£640	£724

This example assumes future pension increases are 2.5% a year. In practice, future pension increases will depend on future levels of inflation (not applicable for YBRS members). The table only shows the initial level of the spouse's, civil partner's or dependant's pension. It's important to remember that if you decide to take the PIE option a part of your spouse's, civil partner's or dependant's pension will no longer increase.

So whether they are better or worse off will also depend on how long they live. If you are thinking of selecting the PIE option, you should discuss it with your spouse, civil partner or dependant as it will affect their pension too. You should also be aware that as the child allowances are based on the spouse's, civil partner's or dependant's pension they would also be affected by the PIE option.

Code of good practice

In June 2012 the pensions industry published a voluntary code that sets out good practice for certain offers made to pension schemes. When a PIE offer is made to members already receiving their pension it falls within the scope of the code, but PIE options available when members are at the point of retirement are outside the scope of the code.

A key objective of the code was to make sure that individuals receiving an offer are able to make informed decisions and better choices about these types of options.

Although providing you with the option to receive a higher pension now (in exchange for part of your future increases) is not within the scope of the code, the Trustee and the Bank have followed the principles of the code as closely as possible.

Further information about the code of good practice can be found at the following website: **www.incentiveexercises.org.uk**

The balanced deal percentage

To help members judge what they're being offered, one requirement of the Code of Good Practice is that a special calculation be made. This calculation is known as the Balanced Deal Percentage.

This calculation compares:

- The value of the additional pension given in the PIE option; against
- The value of the future pension increases that would be given up if members accepted the PIE option, rather than **Option 1**.

The assumptions used to calculate the balanced deal percentage are given in the code of good practice.

The terms for the PIE option have been set such that the Balanced Deal Percentage is 85% which broadly means that on certain assumptions, the value of increase to your pension (if you elect for the PIE option) is worth 85% of the value of the estimated future pension increases you'd be giving up.

If I decide to take the PIE option, can I change my mind afterwards?

Yes. If you take the PIE option, you will have two weeks from the date you sign the **retirement option form** to let us know that it's not right for you. This is known as a cooling off period. To do this, you should write to Capita, the Scheme administrators, to tell them that you no longer wish to take the PIE option. Their details can be found on page 23.

After the two week period you'll no longer be able to change your mind, so please make sure you consider your decision carefully.

Why is it important I make my decision on an informed basis?

Legislation requires that you give your "informed consent" to an alteration to your accrued benefits such as electing for a PIE option. Although the Trust Deed and Rules of the Scheme allow this option to be made available to you, it is important that you understand that this rule simply allows you to elect the option, it does not oblige you in any way. So, if you are not interested in the PIE option your benefits will not be affected.

The Trustee will only modify the Scheme's records in relation to your benefits if it receives your informed consent to the PIE option. This means that if you wish to elect for this option you need to read the information provided to you carefully, follow the process set out in the documentation and complete the retirement option form to indicate your "informed consent".

Please also note that you can make any representation to the Trustee at any time before accepting the PIE option and also during the two weeks cooling off period referred to. If you do wish to make representations to the Trustee about how the option works, please write to Capita at the address set out on page 23.

If you choose the PIE option Capita will write to you again to confirm that your benefits will be adjusted.

How has this option been calculated?

The PIE option has been calculated using a number of assumptions to determine the value of your pension increases. The most important assumptions are:

- How many years your pension is paid to you and then to your dependant(s) (if applicable) when you die (your life expectancy); and
- How your exchangeable pension will increase in the future.

It's your decision whether to take the PIE option when you come to retire. There are a number of factors, explained in this booklet, that you should consider when making your decision. You may wish to seek your own impartial financial advice. You can obtain details of financial advisers in your area by visiting **www.moneyadviceservice.org.uk** Financial advisers may charge for their services.

The Pensions Advisory Service offers a free and impartial service to address any questions or concerns that you may have. Details can be found on their website:
www.pensionsadvisoryservice.org.uk

If you took this option your pension would be payable on the 20th of each month (1st of the month for ex-NAB Plan members) and would be paid directly into your bank or building society account. The first payment of pension would be paid to you as soon as possible after you retire.

Option 2

Option 2b – Pension commencement lump sum (PCLS) and a reduced pension with PIE

When you retire, you have the option to exchange future increases on part of the pension that you receive from the Scheme, for a higher level of pension now.

Please read all the information under **Option 2a** as this also applies to **Option 2b**.

The difference between the options is that **Option 2b** allows you to take a reduced annual pension in exchange for a PCLS. Your personalised retirement statement shows you the maximum PCLS you could take, but you can take any amount less than this if you wish. Your reduced retirement pension would be recalculated and the percentage of your lifetime allowance would be adjusted accordingly.

If you took this option your pension would be payable on the 20th of each month (1st of the month for ex-NAB Plan members) and would be paid directly into your bank or building society account. The first payment of pension would be paid to you as soon as possible after you retire. Your PCLS will be paid separately.

If you'd like to select this option:

Please read through all the information on pages 9-15 first. Then if you still want to go ahead, fill out the **retirement option form** at the back of this pack, making sure you select **Option 2b**. You'll also need to specify the amount of PCLS you'd like to take. You then need to return it to the Scheme administrator, along with the:

- **marital status declaration form** and the appropriate certificate(s),
- **expression of wish form**
- **lifetime allowance form**
- **bank mandate form**
- **recycling declaration form**

Independent financial advice

Please note that all members considering the PIE options (**Options 2a or 2b**) will be required to take independent financial advice. This will be provided free of charge by the Scheme. You're not able to take **Options 2a or 2b** unless you have received advice that recommends the option to you.

If you wish to consider **Options 2a** or **2b** please call Wren Sterling on **0800 160 1680** – you will not be charged for their advice. If you prefer to use your own independent financial adviser you can but you'll have to pay for this yourself and you would still need to call Wren Sterling.

You should typically allow two weeks for the advice process.

Option 3

Trivial commutation payment

If your benefits are below a certain level, you may have the option of taking a trivial commutation payment. If your personalised retirement statement does not display a trivial commutation payment figure then this option is not available to you.

Taking a trivial commutation payment means that instead of being paid an annual pension, you can choose to have all of your benefits paid to you in one go as a lump sum. This would represent full and final discharge of your benefits in the Scheme, meaning that you'd not be eligible for any other benefits from the Scheme, such as a spouse's pension.

You can only receive a trivial commutation payment if all your benefits across all pension schemes are worth less than £30,000. Even if your personalised retirement statement shows you can receive a trivial commutation payment from this Scheme, you'll need to check with any other pension providers that your total pension savings are not worth more than £30,000.

Under current legislation, 25% of the trivial commutation payment would be paid to you tax free, with the balance being taxable at your marginal rate of tax. Basic rate tax would be deducted before you receive your payment, and paid by us to Her Majesty's Revenue and Customs (HMRC). If you're a higher rate taxpayer, you should notify HMRC that you've received this payment in order that they can calculate any additional tax you may need to pay.

If you choose this option, your one-off lump sum will be paid into your bank or building society account.

If you'd like to select this option:

Fill out the **retirement option form** from the back of this pack, making sure you select Option 3. You then need to return it to the Scheme administrator, along with:

- **marital status declaration form** and the appropriate certificate(s)
- **bank mandate form**

Option 4

Cash equivalent transfer value (CETV)

If you wish to transfer your benefits out of the Scheme, you may take a CETV.

CETVs are calculated using a formula set by the Trustee on the advice of the Scheme actuary, and represent the amount it would cost to provide your benefits in the future. Transferring it to another scheme or pension provider allows it to be used to provide your benefits from that arrangement, rather than the Scheme.

Transferring your benefits to another scheme may provide you with access to ways to take your benefits that are not available from the Scheme, including the ability to select a number of flexible options introduced by the Government in 2015. Different ways to take your benefits have different features, different charges and different tax implications.

If your CETV is £30,000 or more, then you must obtain advice from an independent financial adviser before the Scheme may transfer your benefits. You must provide written confirmation from an independent financial adviser that they've given you this advice.

Please note that the CETV provided is not guaranteed.

Flexible access

By transferring to another arrangement, you may be able to apply your accrued pension benefits to obtain access to the following:

(i) A guaranteed income for life (annuity)

A lifelong, regular income (also known as a lifetime annuity) provides you with a guarantee that the money will last as long as you live. You may be able to choose a guaranteed income that increases with inflation and/or continues to provide an income for a dependant. A quarter of your pension pot can be taken tax-free and any other withdrawals will be taxable.

If you have a medical condition, are in poor health, smoke or are overweight, you may be able to get a significantly higher income through taking an enhanced annuity. If this applies, you should consider opting into health and lifestyle questions, and it's important to answer these questions honestly.

Those considering purchasing an annuity should think about whether to provide an income for a partner or another dependant on death and therefore whether to purchase a single life or joint life annuity. Compare what, if anything, the Scheme offers to spouses or dependants against what's offered by another scheme or provider on transfer.

Level annuities provide a higher income to start with than annuities that increase but the payments will then stay the same for life. This means that the purchasing power of the annuity income will reduce over time, due to inflation.

Different providers might pay a higher income. It's important to shop around. Remember that annuity purchases are a lifetime commitment, so there's no rush to make a final decision.

(ii) Flexible retirement income (flexi-access drawdown)

It's possible to access an arrangement that enables you to invest your money as you wish and take an income from it. Any money that's invested has a chance to grow, but it could go down in value too. A quarter of your funds can be taken tax-free and any other withdrawals will be taxable.

If you die during the lifetime of the policy your fund can be passed on to your dependants. If you're under age 75 this sum may be paid tax-free.

As with every investment, the value of your funds can go up and down. Those considering this option should think about how much they take out every year and how long their money needs to last. If too much money is taken too quickly, the available retirement income could fall drastically or even run out, especially if stock markets fall.

Charges can reduce the money received. Check whether there are any charges or other reductions when a lump sum is withdrawn. Providers and schemes may also make ongoing charges on any undrawn money, so it's important to consider the impact of these charges. And if you plan to take the cash to invest somewhere else, check what the charges are before you cash in your pension.

Different schemes and providers offer different types of flexible retirement income. Check what kind of drawdown is being offered. Some might have products where part of your income is guaranteed but charges and conditions will apply. People considering a flexible retirement income should consider shopping around, an FCA-regulated financial adviser will be able to help with this.

See page 5 for further details.

(iii) Take your pension pot as a number of lump sums (uncrystallised funds pension lump sums or UFPLSs)

It may also be possible to find an arrangement where you can invest your funds and take lump sums from it as and when you need, until your money runs out or you choose another option. You can decide when and how much to take out. Any money that's invested has a chance to grow, but it could go down in value too. Each time you take a lump sum, a quarter of it is tax-free and the rest will be taxable.

Those considering this option should consider their own personal tax circumstances, and the impact of taking a taxable lump sum on the tax they pay – including the possibility that they may have to pay a higher rate of tax than normal depending on the amount withdrawn. As with every investment, the value of your funds can go up and down. Those considering this option should think about how much they take out every year and how long their money needs to last.

Charges can reduce the money received. Check whether there are any charges or other reductions when a lump sum is withdrawn. Charges will continue to be taken from any money left, so it's important to consider the impact of these charges. And if you plan to take the cash to invest somewhere else, check what the charges are before you cash in your pension.

Taking cash withdrawals may have implications for people with debt or who may be entitled to means-tested benefits. People who are concerned about this aspect can contact Pension Wise, the Citizens Advice Bureau or the Money Advice Service.

(iv) Take your whole pot as cash in one go (take one UFPLS)

It may also be possible to find an arrangement where you can take the whole amount as a single lump sum. A quarter of your pension pot can be taken tax-free – the rest will be taxable. You don't need to stop working to take this option, but you need to plan how you'll provide an income when you stop working.

On average, people aged 55 today will live to their mid-to-late 80s. It's important not to underestimate your own life expectancy. Those considering this option should think about how to use the money to provide an income throughout retirement.

There'll be tax implications if you take all your funds as cash in one go. These will depend on an individual's personal circumstances. In most cases there'll be a tax-free amount available (normally 25%). Those considering this option should consider their own personal tax circumstances, and the impact of taking a taxable lump sum on the tax they pay (including the possibility that they may have to pay a higher rate of tax than normal). Some providers and schemes may have charges for taking a pension pot as cash, so check this before committing. And if you plan to take the cash to invest somewhere else, check what the charges are before you cash in your pension.

Taking cash withdrawals may have implications for people with debt or who may be entitled to means-tested benefits. People who are concerned about this aspect can contact Pension Wise, the Citizens Advice Bureau or the Money Advice Service.

(v) Choose more than one option and you can mix them

Depending on the receiving arrangement, you may be able to choose to take your pension using a combination of some or all of the options. Some pension providers or advisers can offer you an option that combines a guaranteed income for life with a flexible income.

Considerations

Whether or not the above choices will be more beneficial to you than taking benefits from the Scheme will depend on your personal circumstances and the Trustee and Bank are not recommending you do this, as it may not be suitable for you.

There may be tax implications associated with accessing benefits in this manner. Income from a pension is taxable in the same way as a salary. If you transfer out your benefits and use them to access any of the flexible options then any new contributions made into a money purchase arrangement in the future will be subject to a reduced annual allowance (for 2020/21 this is £4,000, but you can find the latest figure here **www.gov.uk/tax-on-your-private-pension**) Please note that if you currently qualify for any transitional tax protections under legislation, such as enhanced protection or fixed protection these could be affected or lost as a result of transferring from the Scheme, often depending on the nature of the receiving arrangement. It's recommended that you take advice about this aspect. If you wish to take up the advice from a financial adviser, you should tell them about the protections you hold so they can take this into account when giving you advice.

Choosing this option would likely mean you obtain very different death benefits (such as pensions payable to your spouse and dependants) to those currently available from the Scheme (see **Options 1** and **2**), so you should take the loss of these benefits into account when considering if this is right for you.

If you are interested in this option, we'll assume that you're interested in accessing the flexible ways to take your benefits set out above unless you tell us otherwise.

Please carefully read the enclosed Scorpion booklet from the Pensions Regulator, to ensure you don't fall victim to any pension scams.

You'll also find excellent information on the Pensions Advisory Service (TPAS) website at: **www.pensionsadvisoryservice.org.uk** In addition, the Money Advice Service publishes a booklet for those approaching retirement called 'Your pension: it's time to choose', which can be downloaded for free from **www.moneyadviceservice.org.uk** This has been approved by the Pensions Regulator, and sets out more information about the options that may be available to you and the risks of each option.

If you'd like to select this option:

Fill out the **retirement option form** at the back of this pack, making sure you select **Option 4**. You then need to return it to the Scheme administrator, who will send you the forms and information to transfer your benefits. This will require you to have selected and provide information about the Scheme you would like to transfer your benefits to.

The transfer value amount which has been quoted in your personalised retirement statement is not guaranteed.

If you're permanently resident outside the UK

It is not possible to provide you with a guaranteed CETV quotation. The figure provided to you is only an estimate. If you're interested in this option, then please return the **retirement option form** selecting **Option 4** and we'll issue you with a guaranteed CETV quote.

The incentives code

There are circumstances in which the incentives code (see **Option 2**) can apply to the provision of a transfer quote. However, the incentives code does not apply where a transfer quote is provided in the normal course of Scheme administration rather than a one-off exercise. In any event, the Trustee has made every effort to ensure that the information provided about **Option 4** is provided in the spirit of the code where relevant to the explanation of this option.

Discharge of benefits

By paying a transfer to another arrangement, the Trustee will have fulfilled its duty towards your membership of the Scheme and be discharged from any obligation to provide benefits to you and your beneficiaries under the Scheme. To proceed with the transfer, you'll be asked to sign a declaration to this effect.

Other things you should know

The lifetime allowance

Her Majesty's Revenue and Customs (HMRC) imposes a limit on the value of the tax-privileged pension benefits you can receive from any pensions you may have. This limit is in the form of the lifetime allowance.

For the 2020/21 tax year the lifetime allowance is £1,073,100, but you can find the latest figure here **www.gov.uk/tax-on-your-private-pension**

Most people will not be affected by the lifetime allowance, but if you are, or you think you may be, you should speak to a financial adviser.

The annual allowance

The annual allowance is the maximum amount of pension savings that you can make or build up tax-free in one tax year.

For the 2020/21 tax year the annual allowance is £40,000, but you can find the latest figure here **www.gov.uk/tax-on-your-private-pension**. The annual allowance will have no impact on most people. If you think you may be affected by the limit you should seek advice from an independent financial adviser.

Reduced annual allowance

If you transfer your benefits to another arrangement to access your benefits flexibly (i.e. through flexi-access drawdown or by taking one or more UFPLSs), your annual allowance will reduce to £4,000. This is something you should consider if you're planning on taking benefits from one scheme but remaining an active member in another.

Tracing old pensions

If you've moved between jobs during your working life you may have a pension with more than one employer. You can find out how to track down and claim your money by using the Pension Tracing Service. This is a free service that can help you trace a pension that you've lost track of, even if you don't have the contact details of the provider.

All you need to know is the name of your previous employer or pension scheme. If you can, please collect as much information as possible about the employer, such as:

- any previous names it had
- the type of business it ran
- any changes of address that you're aware of
- when you belonged to the scheme

Call the Pension Tracing Service on **0845 600 2537**, or visit **www.gov.uk/find-lost-pension** and fill out the form online.

Scheme's Trust Deed and Rules

The benefits payable by the Scheme are governed by the Trust Deed and Rules and legislation. In the event of any discrepancy between the guide (including accompanying retirement forms and statements) the Trust Deed and Rules will prevail.

GMP equalisation and conversion

If applicable, your guaranteed minimum pension (GMP) benefits will be converted into normal scheme benefits at retirement. This means you will no longer have GMP within the Scheme. As part of this process any benefits accrued between 17 May 1990 and 5 April 1997, will be equalised for the effects of GMP to allow for the fact that GMPs are calculated differently for men and women.

Useful contacts

Here you'll find a list of who to contact if you need any information:

The Scheme administrators

If you've any queries about your benefits in the YCBPS, or have any questions about the information provided in this pack, then you should contact the Scheme Administrators at:

Yorkshire & Clydesdale Bank Pension Scheme
Capita Employee Benefits
PO Box 555
Stead House
Darlington
DL1 9YT

By telephone: **0800 093 0176**

By email: **YCB.administration@capita.co.uk**

By fax: **0141 222 5123**

Financial advice

The Financial Conduct Authority can help you find an independent financial adviser in your area.
Please visit the website:

www.register.fca.org.uk

The Pensions Regulator (TPR)

TPR monitors the running of occupational pensions schemes in the UK. In general it will act if and when irregularities in the running of the scheme are brought to its attention. For more information you can call or visit the website:

0870 606 3636

www.thepensionsregulator.gov.uk

The Pensions Ombudsman

The Pensions Ombudsman investigates and decides upon complaints and disputes involving work-based and personal pension schemes. For more information you can call or visit the website:

0207 630 2200

www.pensions-ombudsman.org.uk

The Pension Tracing Service

The Pension Tracing Service helps people who've lost touch with an old pension scheme by tracing it for them free of charge. For more information you can call or visit the website:

0845 6002 537

www.gov.uk/find-lost-pension

Gov.uk

www.gov.uk is a useful source of information from the Government on pensions. For more information you can visit the website:

www.gov.uk/browse/working

HM Revenue and Customs (HMRC)

HMRC governs the tax paid by members of registered pension schemes. You can find out more information and guidance from the HMRC about tax and pensions on their website:

https://www.gov.uk/tax-national-insurance-after-state-pension-age

https://www.gov.uk/tax-on-your-private-pension

The Pensions Advisory Service (TPAS)

TPAS is an independent organisation which gives free help and advice to members of pension schemes. For more information you can call or visit the website:

0845 601 2923

www.pensionsadvisoryservice.org.uk

Where can I get more information?

Neither Capita nor the Trustee of the Scheme are able to offer financial or tax advice. If you're in any doubt we recommend you seek independent financial advice. You can find an independent financial adviser in your area at **www.register.fca.org.uk** An IFA may charge you for their services so you should check beforehand.

You can also get free guidance from Pension Wise, which is a government service designed to give you a bit more information about the range of options available to you.

Expression of wish forms

If you take either **Option 1** or **Option 2**, then there may be a lump sum payable to your dependants if you die within five years of your pension starting. It's therefore important that even after you retire that you keep your **expression of wish form** up to date, so that in the event of your death the Trustee of the Scheme know who you'd like any lump sums to be paid to.

This form doesn't allow you to nominate someone to receive a pension.

You can get a new form from the administrators, whose contact details are on page 23 of this pack, or you can download one by logging into your account at **www.ycbps.co.uk**

Please note that benefits are governed by the Trust Deed and Rules of the Scheme. In the event of any discrepancy between this guide (including the accompanying retirement forms and statements), the Trust Deed and Rules will prevail.