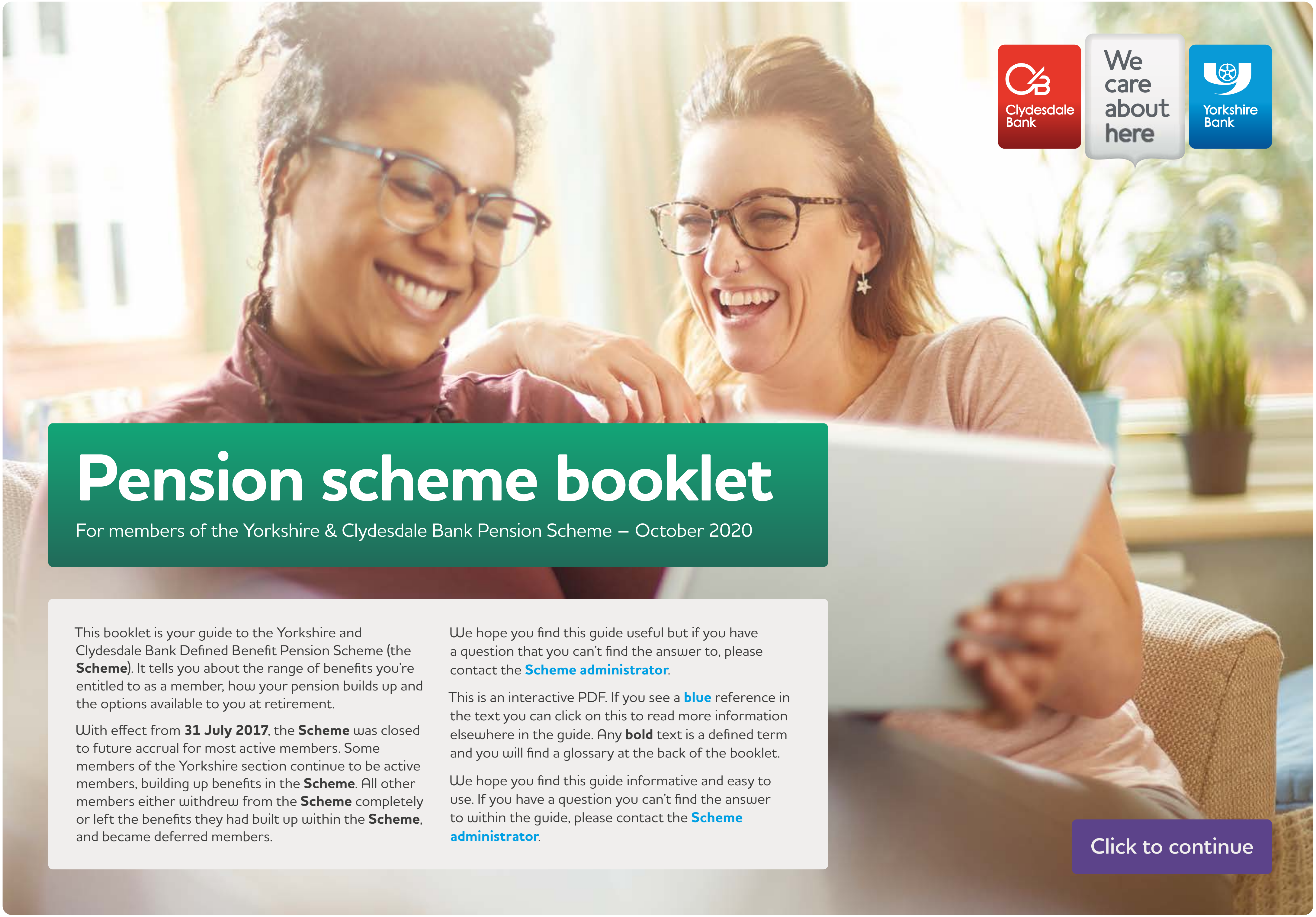

Clydesdale Bank

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Yorkshire Bank

Pension scheme booklet

For members of the Yorkshire & Clydesdale Bank Pension Scheme – October 2020

This booklet is your guide to the Yorkshire and Clydesdale Bank Defined Benefit Pension Scheme (the **Scheme**). It tells you about the range of benefits you're entitled to as a member, how your pension builds up and the options available to you at retirement.

With effect from **31 July 2017**, the **Scheme** was closed to future accrual for most active members. Some members of the Yorkshire section continue to be active members, building up benefits in the **Scheme**. All other members either withdrew from the **Scheme** completely or left the benefits they had built up within the **Scheme**, and became deferred members.

We hope you find this guide useful but if you have a question that you can't find the answer to, please contact the **Scheme administrator**.

This is an interactive PDF. If you see a **blue** reference in the text you can click on this to read more information elsewhere in the guide. Any **bold** text is a defined term and you will find a glossary at the back of the booklet.

We hope you find this guide informative and easy to use. If you have a question you can't find the answer to within the guide, please contact the **Scheme administrator**.

Click to continue

What's inside

How to use this booklet

The booklet is divided into sections aimed at helping guide you to the information most relevant to you. Depending on if you're an active or deferred member of the **Scheme** you'll need to read different sections of this guide. The specific active and deferred member areas are labelled for you below.

This booklet provides a summary of the Scheme. The full details are set out in the Trust Deed and Rules of the Yorkshire and Clydesdale Bank Defined Benefit Pension Scheme. The Trust Deed and Rules are the legal documents governing the Scheme and they will always override this booklet if there is a dispute. **For copies of these documents please contact the Scheme administrator.**

1. An overview of how the Scheme works – active members

1.1 What will my pension be?

The Scheme is a 'defined benefit' arrangement which means every year you're an active member of the **Scheme** you build up pension benefits.

Whilst we cannot provide you with an individual forecast within this guide, we have provided an example on **page 13** to help explain how this works in practice.

The way your pension builds up can be split into three main parts:

Part 1

Pension built up to 31 March 2006 – final salary

For service to 31 March 2006 your pension is calculated as 1/60th of your **final pensionable salary** times your **pensionable service** to that date.

Part 2

Pension built up from 1 April 2006 to 31 March 2012 – career average revalued earnings (CARE)

For each year of service from 1 April 2006 to 31 March 2012 your **pensionable service** will earn a 'block' of pension of 1/60th of your **pensionable salary** for that year. The pension block built up each year is then revalued annually for each year of active membership in line with RPI.

Part 3

Pension built up from 1 April 2012 onwards - CARE

Following the 2012 **Scheme** reforms, the block of pension you earn will depend on your current chosen contribution rate, which governs the amount of contributions that are deducted each month from your salary and paid into the **Scheme**.
For each year of service from 2012 your **pensionable service** will earn a block of pension of either 1/60th or 1/80th of your **pensionable salary** depending on your chosen contribution rate for that period. For example, if you elected to pay contributions in 2012 and subsequently elected in 2017 to pay contributions at the higher rate of 24%, you'll continue to build up your benefits on a 1/60th rate. If you originally elected not to make any contributions but, as a result of the changes made from 31 July 2017, currently pay contributions at the reduced rate of 15%, then you'll be building up benefits at a reduced rate of 1/80th. See the **How does my pension build up?** section on **pages 11 and 12** for more detail on the pension you can expect to receive and a member example. The pension block built up each year is revalued annually for each year of active membership in line with **CPI** capped at 5%.

1. An overview of how the Scheme works – active members

1.2 What happens...

If I stop working because of ill-health?

If the **Bank** decides the severity of your medical condition is sufficient to warrant retirement on grounds of ill-health, an immediate pension will be payable irrespective of age.

See section 2 for more detail.

If I die in service?

A lump sum equal to four times your **pensionable salary** and a **spouse's/ dependant's/civil partner's** pension is payable. Any payments are made at the discretion of the **Trustee**, but to help them make sure your wishes are considered, please complete an **expression of wish form**.

See section 2 for more detail.

If I leave active status in the Scheme?

As long as you have at least two years' qualifying service you're entitled to a preserved pension, which would be payable in full from age 65. If you choose to take your pension between 60 and 65 there'll be no reduction applied for early payment for any pension built up to 31 March 2006 but the **Bank's** current policy is that a reduction is applied for pension built up from 1 April 2006 to reflect early payment before age 65. As a 'deferred member' your pension will be increased annually between the date of leaving and date of retirement in line with statutory requirements. Currently this requires increases in line with **CPI** capped at 2.5% per annum.

See section 3 for more detail.

When I retire?

The **normal pension age** is currently 65. However, with the **Bank's** permission you may retire from age 55. If you retire between age 55 and 60, your benefits will be reduced to reflect the fact that your pension will be paid for longer. If you apply to retire from age 60 or over, the **Bank's** current policy permits active members of the **Scheme** to retire without any reductions.

You may have the option to exchange up to 25% of the value of your pension for a tax-free cash sum. You may also be entitled to the **Pension Increase Exchange (PIE)** option.

Your pension will be paid monthly and is subject to income tax.

See section 6 for more detail.

1. An overview of how the Scheme works – active members

1.3 How did the 2012 changes affect my benefits?

The 2012 reforms introduced two options for the way you can build up future benefits in the **Scheme**:

Option 1

Continue at a 1/60th accrual rate

Under this option you build up pension at a rate of 1/60th of your **pensionable salary** each year and sacrifice a portion of salary in return for the **Bank** making equivalent value contributions to your pension.

Option 2

Move to a 1/80th accrual rate

Under this option, you build up pension at a lower rate of 1/80th of your **pensionable salary** each year.

Under either option, the pension that is built up each year after 31 March 2012 will now be revalued annually in line with the Consumer Price Index (CPI), capped at 5% p.a.

What is SMART?

Under SMART you agree to reduce your salary by the amount you would have paid as a pension contribution and the **Bank** pays this amount on your behalf. You will receive tax relief on your notional contribution and as your salary is reduced, you pay lower National Insurance contributions.

Contributions don't have to be made via SMART. If you choose not to do so, your contributions are deducted from your salary before tax and therefore you still receive tax relief on contributions, but you don't benefit from paying lower National Insurance contributions.

What are lifestyle events?

You usually have the opportunity to review your choice once a year during the **Bank's** salary sacrifice renewal period around November.

However, you can apply to change your decision at anytime should you experience a lifestyle event such as:

- a change in working hours
- promotion or demotion
- redundancy of your partner
- pregnancy of you or your partner
- maternity, adoption or paternity leave
- birth or adoption of a child
- starting pension contributions

Approval of your application to change your decision is at the **Bank's** discretion and you may be required to provide additional evidence where applicable.

1. An overview of how the Scheme works – active members

1.4 What tax rules could affect my pension?

The two principal ways in which pension limits are now set are the annual allowance (AA) – which limits tax efficient pension savings each year – and the lifetime allowance (LTA) – which limits the total value of tax efficient benefits at retirement. Neither of these is likely to affect the majority of members; however, it's important you're aware of them as they could result in you having to pay additional tax.

1.4.1 Annual allowance

The AA is the limit on how much tax-free pension saving you can make in any one year. If your pension savings in any year are over the AA you may have to pay extra income tax.

The AA for the tax year 2020/21 has been set at £40,000 but will taper down to £4,000 for members earning over £240,000. Your AA will be based on your income from all sources, such as any rent you receive on buy-to-let properties, or returns on other investments you may have, and not just your salary from the **Bank**. There are currently no plans to change the current AA amount of £40,000, but it is reviewed on a regular basis and may change in the future.

To provide a 'worst case' estimate of your **Scheme** savings against the AA (ignoring any AVCs), you can multiply the increase in your accrued pension during the **Pension Input Period (PIP)** by 16, noting that this is likely to overestimate the true position due to the inflationary increase to which you're entitled over the PIP.

If your **Scheme** benefits exceed the £40,000 limit you'll be issued a Pension Savings Statement. However, this statement doesn't allow for any benefits you may be building up in other pension arrangements. If, having reviewed your circumstances you believe you may be subject to paying tax, you may wish to contact an independent financial adviser.

Any excess above your AA limit will be taxed at your highest marginal rate. If you do exceed the limit you may have scope to carry forward unused allowance from the previous three years to reduce any potential tax bill you may receive.

1.4.2 Lifetime allowance

The LTA is the total value of all your private and work pensions, but not any State Pension, which you can build up over your lifetime without paying extra tax. The LTA for the tax year 2020/21 is £1.0731 million, and will rise each year in line with the **CPI**.

The percentage of the LTA you've used up with your **Scheme** benefits is detailed in your annual benefit statement.

It's important to note that both the LTA and AA explain the maximum permitted benefits that may be built up without a tax penalty applied. It's possible to pay more, but any contributions paid or benefits accrued over these allowances will be subject to tax at your highest marginal rate.

If you think you may be affected by any of these restrictions and want further information please contact the **Scheme administrator**.

Pension Input Period (PIP) – The increase in your benefits for calculating the AA is measured over a period known as a PIP. The PIP for the **Scheme** is aligned with the tax year 6 April to 5 April.

1.5 What is the Scheme Specific Earnings Cap?

The Earnings Cap was introduced by the Finance Act 1989 and was designed to limit the level of benefits payable to **Scheme** members under the former tax regime which applied to pension schemes. Set initially at £60,000, it rose each April in line with prices as measured by the **Retail Prices Index (RPI)**.

The Finance Act 2004 removed the requirement for schemes to apply an earnings cap on **pensionable salary**. However, the **Trustee** has decided to retain a **Scheme specific earnings cap** for its members. The **Scheme specific earnings cap** for the tax year 2020/21 is £170,400.

It's important to note that if your salary exceeds the cap your **pensionable salary** will be restricted. This cap only applies to joiners from 1 June 1989.

1.6 Can I transfer in benefits from a previous pension scheme?

No, it's no longer possible to transfer any previous pension benefits you may have into the **Scheme**.

1.7 Can I also pay into another pension scheme?

Following legislation introduced in April 2006, you have more flexibility to make contributions to other registered pension arrangements subject to the limits regarding contributions.

2. What happens if? – active members

This section provides details on how your pension could be affected by decisions you make or unforeseen events that happen while you're a member of the Scheme and still in employment with the Bank.

2.1 I change my working hours?

This will have no effect on any pension you have built up in previous **Scheme** years. However, it will affect your future benefits. Under the **CARE pension**, the pension you build up will be based upon your actual revalued **pensionable salary** over the relevant period reflecting the number of hours you work in that period. To see how this works **click here**.

2.2 I am temporarily absent?

Periods of paid temporary absence and any maternity/ paternity leave which is protected by legislation will count as **Pensionable Service**, and you will continue to build up pension benefits.

2.3 I take a career break?

In accordance with **Bank** policy an agreed career break may last up to two years. You'll leave the **Scheme** at the commencement of the career break and won't build up **pensionable service** for the period of absence. It's also important to note that you'll not be covered for death in service benefits for the period of absence.

As long as you then return to work within two years you'll be re-entered into the **Scheme**.

For full details on the **Bank's** career break policy visit the Your Career section on Our World.

2.4 I have to stop working due to ill-health?

The **Bank** has discretion to decide whether the severity of a medical condition is sufficient to warrant retirement on grounds of ill-health, in which case an immediate pension is payable, irrespective of age. The pension will be calculated based on your built up pension at the date of your actual retirement, and will also credit you with either 50% or 100% (depending on the severity of incapacity) of the future pension you could have earned to age 65 using your **pensionable salary** at the time of your retirement. The **Bank's** decision on the severity of incapacity is final.

An ill-health pension will only be paid if the requirements of tax legislation for payment of ill-health pensions are met.

An ill-health pension, once in payment, may be subject to regular reviews by the **Trustee** and may be reduced or cease if you don't continue to meet the eligibility conditions.

2. What happens if? – active members

2.5 I die in active service?

As well as providing you with a pension at retirement, as a member of the **Scheme** there's a range of protection benefits associated with your membership. It can be reassuring to know that in the event of your death your **dependant(s)** may be entitled to financial support. The benefits payable can be broken down into:

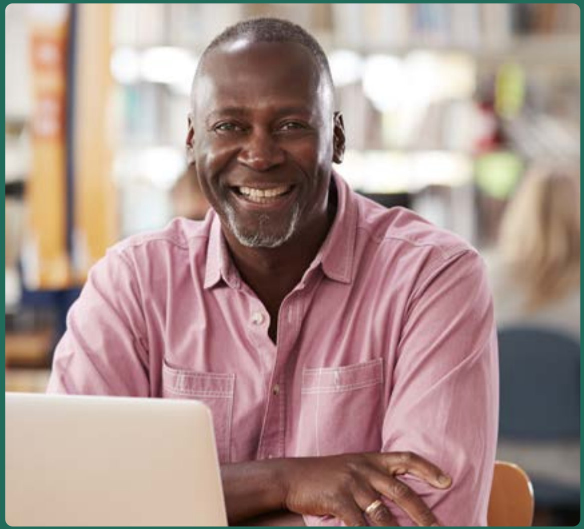
2.5.1 Lump sum

A lump sum equal to four times your **pensionable salary** at death is payable to your **spouse** or **dependant(s)**. The lump sum is paid to recipients at the discretion of the **Trustee** and is therefore normally tax-free. It would usually be paid to your **spouse**, **civil partner** or immediate **dependant**. However, the **Trustee** will take into account your personal circumstances including any request from you to pay the sum to any other person(s) detailed on your **expression of wish form**. It's important that you keep your form up to date. If you haven't filled out a form or should your personal circumstances change, you can complete another form or contact the **Scheme administrator**.

2.5.2 Spouse's, civil partner's or dependant's pension

Your surviving **spouse** or **civil partner** will receive a pension equal to one-half of the pension you would have received had you remained in service until age 65, but based on your **pensionable salary** at the date of your death. normally, in order to qualify for the pension, your **spouse** or **civil partner** must have been living with you at the time of death. If you die without leaving a **spouse** or **civil partner**, the **trustee** has discretion to pay the equivalent pension to an adult **dependant**. A **Guaranteed Minimum Pension (GMP)**, if applicable, will always be paid to your legal widow or widower irrespective of circumstances.

If your **spouse**, **civil partner** or **dependant** is more than ten years younger than you, the amount of pension will be reduced by 2% for each complete year by which the age difference exceeds ten years. The pension is payable for the remainder of your **spouse**, **civil partner** or **dependant's** lifetime and is subject to regular increases.



Neil Strong

If Neil, aged 60, passes away with a **pensionable salary** of £25,000 and had elected a 1/60th accrual rate, the following pension benefits will be payable to his **Spouse**, **civil partner** or **dependant**.

Lump sum payment

Pensionable salary

£25,000 x 4

=

£100,000

Annual payment

Accrued pension at date of death

£8,932.88 ÷ 2

+

Pensionable salary		Accrual rate		Potential years		
£25,000	x	1/60th	x	5	÷	2

=

£5,508.10

2. What happens if? – active members

2.5.3 Child allowance

An allowance is payable in respect of any children until age 18, or later (until age 23 if remaining in full-time education). The allowance is equal to one third of the **spouse** or **civil partner's** pension for each qualifying child (subject to a maximum of three children). The reduction outlined under **spouse's, civil partner's** or **dependant's** pension, which is applied if your **spouse** or **civil partner** is more than ten years younger than you, does not apply when calculating the child allowance. The child allowance is doubled if you leave no surviving **spouse, civil partner** or adult financial **dependant**.

Disabled children

Special provisions exist for payment of allowances to a child with a physical or mental disability irrespective of age. You should advise the **Scheme administrator** of details of any person who may qualify for this benefit.

3. Leaving service – active members

This section looks at the options available to you should you leave employment with the Bank or are considering leaving the Scheme.

3.1 Can I leave my benefits in the Scheme?

If you have completed two or more years' **pensionable service** you will be entitled to a preserved pension. This is payable in full from age 65. If you choose to take your pension between 60 and 65 there'll be no reduction applied for early payment for any pension built up to 31 March 2006 but the Bank's current policy is that a reduction is applied for pension built up from 1 April 2006 to reflect early payment before age 65. Your preserved pension will increase between the date of leaving and the date of retirement; under current legislation the increase rate is approximately equal to CPI up to a maximum of 2.5% per annum for most members.

The pension will be calculated in the same way as your pension at retirement but using service to the date of leaving only. A reduced pension may be available from age 55, with the consent of the **Trustee**, and subject to HMRC limits.

Please note: Whilst you can request to transfer your benefits out of the **Scheme** you must take, and pay for, independent financial advice if your transfer value is over £30,000, in order to do so.

The adviser must be authorised and regulated by the Financial Conduct Authority and you will be required to provide evidence of the advice you received.

This is a requirement the Government has introduced to ensure that these types of transfer are only undertaken by those individuals who are likely to benefit from doing so.

3.2 Can I transfer my benefits to another pension arrangement?

Yes. You can ask the **Trustee** to pay the cash equivalent of your pension to either the registered pension scheme of your new employer or to a registered personal arrangement of your choice once you have left the **Scheme**.

A transfer value is calculated on a basis agreed by the **Trustee** on the advice of the **Scheme** actuary, and is equal in value to your current pension entitlement under the **Scheme** which includes an allowance for guaranteed increases. Transfer values are calculated in accordance with legislation.

Transferring your benefits to another scheme may provide you with access to ways of taking your benefits that aren't available from the **Scheme**, including the ability to select an annuity and the flexible pension withdrawals introduced by the Government in 2015.

You'll be entitled to request a quotation of the cash equivalent transfer value of your benefits within the **Scheme** but will be unable to transfer them out of the **Scheme** until you've left.

Most deferred members are able to view what their CETV may be via the **Scheme** website. However, figures quoted on the website are not guaranteed. Should a guaranteed figure be sought, this can be requested from the **Scheme administrator**.

Deferred members are entitled to one free guaranteed transfer value in a 12 month period. Additional requests may be subject to a charge.

It's important to note that your new scheme may not be willing or able to accept the transfer value. If this is the case, you may retain the benefit within this **Scheme**, or transfer to a personal pension arrangement.

3.3 What happens if I die after leaving the Scheme?

In the event of your death, benefits will be payable to your **dependants**. To make sure the **Trustee** is aware of who you'd like to receive any benefits, it's important to keep your details up to date. If you've had a change in address or if you've any other questions please contact the **Scheme administrator**.

4. How does my pension build up? – active members

This section provides detail on what your entitlements will be in retirement. It outlines how the pension you receive builds up while you are an active member of the Scheme. Information is provided with regard to current tax rules that may affect your pension. If you are approaching retirement and considering your options there is also information on taking a tax-free cash lump sum and the PIE option you may have available to you at retirement.

4.1 How is my pension calculated?

The most important benefit that the **Scheme** provides is the pension you receive at retirement. How this is calculated can be complicated to explain especially given that your pension will be calculated in three parts.

1 Final salary pension

(Pension built up to 31 March 2006)

For service to 31 March 2006 your pension is calculated as 1/60th of your **final pensionable salary** times your **pensionable service** to that date (including any transferred in benefits). The pension will be increased to retirement in line with **Retail Prices Index** inflation each year.

So for example if you joined the **Scheme** in 1986 and had a **pensionable salary** of £40,000 at 31 March 2006, this part of your pension would amount to £13,333 p.a.

No. of years in Scheme	Scheme accrual rate	Pensionable salary
20	1/60th	£40,000

=

Pension £13,333 p.a.

2 CARE pension basis

(Pension built up from 1 April 2006 to 31 March 2012)

For service from 1 April 2006 your **pensionable service** will earn an annual 'block' of pension of 1/60th of your **pensionable salary** for that year.

Each block will be increased to retirement in line with **Retail Prices Index** inflation each year and summed to give your total pension for this period of service.

3 CARE pension basis

(Pension built up from 1 April 2012 onwards)

Following the 2012 reforms, your annual CARE block of pension will be calculated as either 1/60th or 1/80th of your **pensionable salary** depending on the decision you made.

Each block will be increased to retirement in line with **Consumer Price Index** inflation each year, but capped at 5% per annum and summed to give your total pension for this period of service.

Whilst we cannot provide you with an individual forecast within this guide, we have provided an example on the next page to help explain how this works in practice.

4. How does my pension build up? – active members

How does your pension build up?

In our example, Louise:

- is 60 years old
- has accrued 16 years' **Pensionable Service** up to 31 March 2006
- has a **Pensionable Salary** in the year ending 31 March 2006 of £20,000 that increases by £500 each year thereafter
- elected to pay member contributions to maintain her 1/60th accrual rate.

Assuming RPI inflation and CPI inflation are 3% each year, below is an example of the pension Louise would be expected to receive at age 60. Please note that the normal retirement age for most members is 65. However, under current policies, active members may access benefits from age 60 with no reduction.

Year	Pensionable salary		Pension for year		Total pension for prior years		Inflationary increase (3% p.a.)	Total pension*
2006	£20,000	x 16 ÷ 60 =	£5,333.33					£5,333.33**
2007	£20,500	÷ 60 =	£341.67	+	£5,333.33	=	£5,675.00	£5,845.25
2008	£21,000	÷ 60 =	£350.00	+	£5,845.25	=	£6,195.25	£6,381.11
2009	£21,500	÷ 60 =	£358.33	+	£6,381.11	=	£6,739.44	£6,941.63
2010	£22,000	÷ 60 =	£366.67	+	£6,941.63	=	£7,308.30	£7,527.55
2011	£22,500	÷ 60 =	£375.00	+	£7,527.55	=	£7,902.55	£8,139.63
2012	£23,000	÷ 60 =	£383.33	+	£8,139.63	=	£8,522.96	£8,778.65
2013	£23,500	÷ 60 =	£391.67	+	£8,778.65	=	£9,170.32	£9,445.43
2014	£24,000	÷ 60 =	£400.00	+	£9,445.43	=	£9,845.43	£10,140.79
2015	£24,500	÷ 60 =	£408.33	+	£10,140.79	=	£10,549.12	£10,865.59
2016	£25,000	÷ 60 =	£416.67	+	£10,865.59	=	£11,282.26	£11,620.73
2017	£25,500	÷ 60 =	£425.00	+	£11,620.73	=	£12,045.73	£12,407.10
Total pension								**£12,407.10**

*Total pension = total pension at start of year + pension for current year + inflationary increase on all pension earned to the end of the year.
The pension accrued up to 31 March 2006 = 1/60th x **final pensionable salary (at 31 March 2006) x **pensionable service** to 31 March 2006.

Following the 2012 reforms, your future **CARE pension** will be calculated as either 1/60th or 1/80th of your **pensionable salary** depending on the decision you made. The measure of revaluation also switched from **RPI** to **CPI** capped at 5%.

4. How does my pension build up? – active members

4.2 How is my pension calculated if I am a part-time employee?

If you're a part-time worker the calculation looks at each 1/60th or 1/80th and the annual **pensionable salary** each year:

Each 1/60th or 1/80th is calculated using your **pensionable salary** for the year. For this illustration the pay is assumed to be £15,000 throughout this period and the accrual rate is 1/80th.

Full-time at 35 hours on £15,000 would provide	Part-time at 17.5 hours on £7,500 would provide:
1/80th x £15,000 = £187.50 p.a.	**1/80th x £7,500 = £93.75 p.a.**

Each block of pension is then rolled forward with inflation and totalled at leaving or retirement to produce the final pension. As the pension is based upon actual **pensionable salary** over the period, the actual hours worked are not directly relevant.

If your hours fluctuate throughout the year, your benefits will still be calculated using your actual **pensionable salary** over that period. The more you earn, the higher the benefit.

5. What are my options? - deferred members

This section looks at the options available to you as a deferred member.

5.1 Can I transfer my benefits to another pension arrangement?

Yes. You can ask the **Trustee** to pay the cash equivalent of your pension to either the registered pension scheme of your new employer or to a registered personal arrangement of your choice.

A transfer value is calculated on a basis agreed by the **Trustee** on the advice of the **Scheme** actuary, and is equal in value to your current pension entitlement under the **Scheme** which includes an allowance for guaranteed increases. Transfer values are calculated in accordance with legislation.

Transferring your benefits to another scheme may provide you with access to ways of taking your benefits that are not available from the **Scheme**, including the ability to select an annuity and the flexible pension withdrawals introduced by the Government in 2015.

Most deferred members are able to view what their CETV may be via the **Scheme** website. Figures quoted on the website are, however not guaranteed. Should a guaranteed figure be sought, this can be requested from the **Scheme administrator**.

Deferred members are entitled to one free guaranteed transfer value in a 12 month period. Additional requests may be subject to a charge.

It's important to note that your new scheme may not be willing or able to accept the transfer value. If this is the case, you may retain the benefit within this **Scheme**, or transfer to a personal pension arrangement.

5.2 What happens if I die?

In the event of your death, benefits will be payable to your **dependants**. To make sure the **Trustee** is aware of who you'd like to receive any benefits, it's important to keep your details up to date. If you've had a change in address or you've any other questions please contact the **Scheme administrator**.

Details of your retirement options can be found on **page 16**.

6. What are my retirement options? – active members

6.1 When can I retire?

With the **Bank's** permission the earliest age you can retire is 55, however, your benefits will be reduced* to reflect that your pension will be paid for longer. If you apply to retire from age 60 or over, the **Bank's** current policy permits active members to retire without any reductions.

* Any reduction will be applied by way of actuarial early retirement factors. These factors are set by the **Bank** following actuarial advice and are regularly reviewed in line with market conditions and are subject to change.

6.2 What is flexible retirement?

From 1 March 2008 the **Bank** introduced new flexible retirement options to help you plan for the future and tailor the way you receive your pension benefits.

If you are an active member of any of the **Bank's** pension schemes, you will be able to apply to take advantage of flexible retirement.

Taking this option allows you to:

- phase the transition from work to retirement
- take your pension benefits whilst still working reduced hours
- continue working beyond age 65 and continue to build up pension benefits

For further details about the **Bank's** flexible retirement contact Human Resources on **0800 328 8303** (option 2) or talk to your People Leader.

Please remember that flexible retirement does require **Bank** approval and applications will be considered on an individual basis.

If your application is approved you'll be classed as a pensioner in terms of this **Scheme** and automatically transferred into the **Bank's** defined contribution Scheme; Total Pension! for your future service.

6.3 What are my options?

With the introduction of the **PIE** option (see page 17), you may now have up to four main options to consider:

Option 1

You can take the regular pension that increases annually in line with the Scheme rules.

Option 2

You can take the full pension commencement lump sum (PCLS) and a reduced pension.

Option 3

You can take a pension with the PIE option.

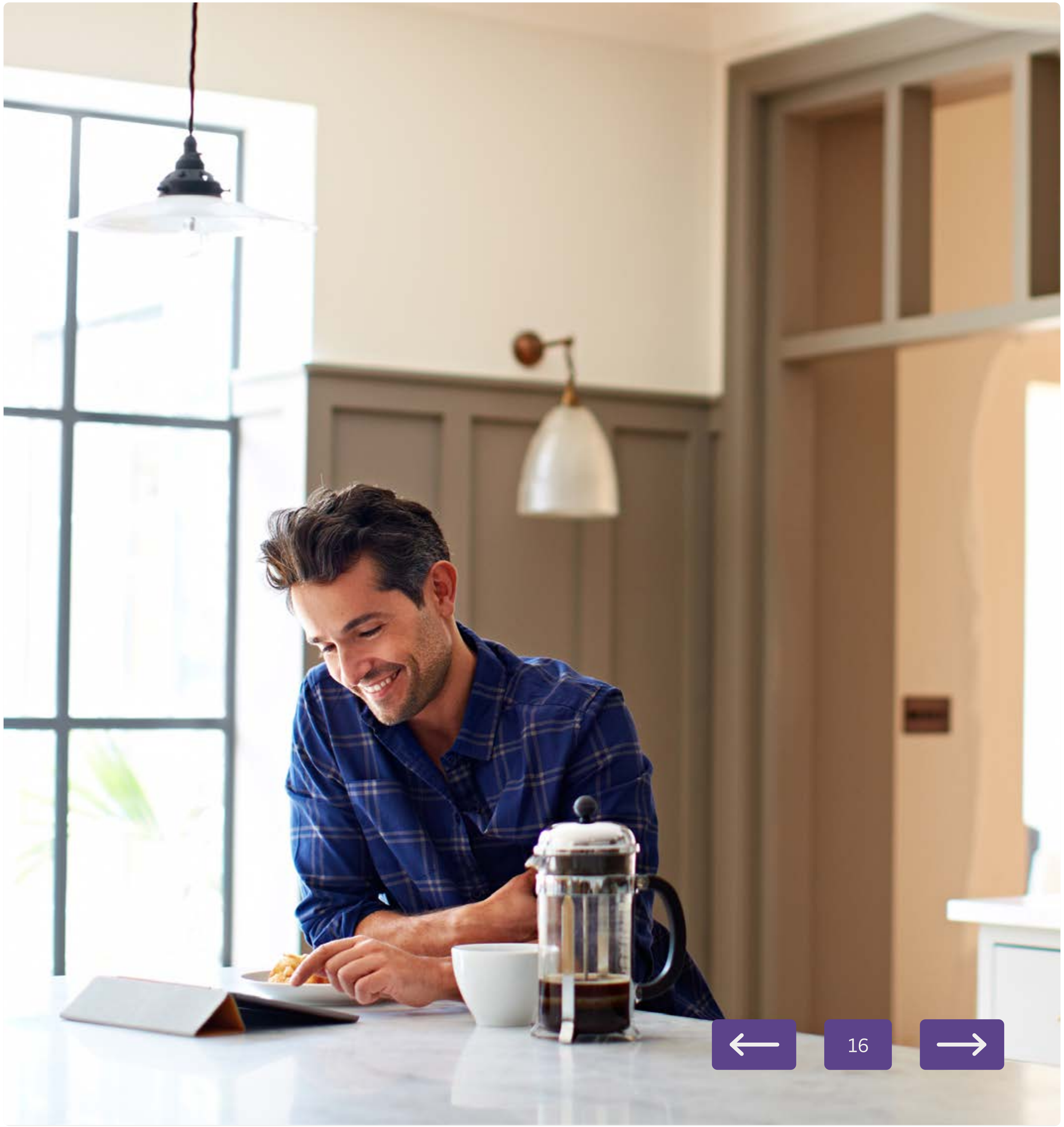
Option 4

You can take the full PCLS and a reduced pension with the PIE option.

6. What are my retirement options? – deferred members

6.4 When can I retire?

Your deferred pension is payable in full from age 65. With the **Trustee**'s permission, the earliest age you can retire is age 55. However, your benefits will be reduced to reflect that your pension will be paid for longer. If you retire between ages 60 and 65 only the benefits accrued after 31 March 2006 will be reduced for early payment.



6. What are my retirement options? – all members

6.5.1 Taking a Pension Commencement Lump Sum (PCLS)

You can normally take up to 25% of the value of your pension as a tax-free PCLS. You don't have to take the full PCLS and at retirement you can request an estimate for a smaller amount. The amount you decide to take will impact on the amount your pension is reduced by. The rate at which you may exchange pension for cash is decided by the **Bank** and the **Trustee**, having taken the advice of the actuary. These rates are subject to regular review and subsequent change depending on market conditions.

Please note: If your exchangeable pension (that part of your pre-97 pension which is not needed to cover the **GMP**) is £400 per year or less, you'll not be eligible for the **PIE** option. This is because the level of uplift you receive would be small and the costs of offering such members the **PIE** option are disproportionately high. If you're entitled to the **PIE** option you'll be provided with a more detailed guide and will be entitled to paid for advice in regard to this option which you must take; you can only then take the **PIE** option if the financial adviser recommends that it is appropriate for you.

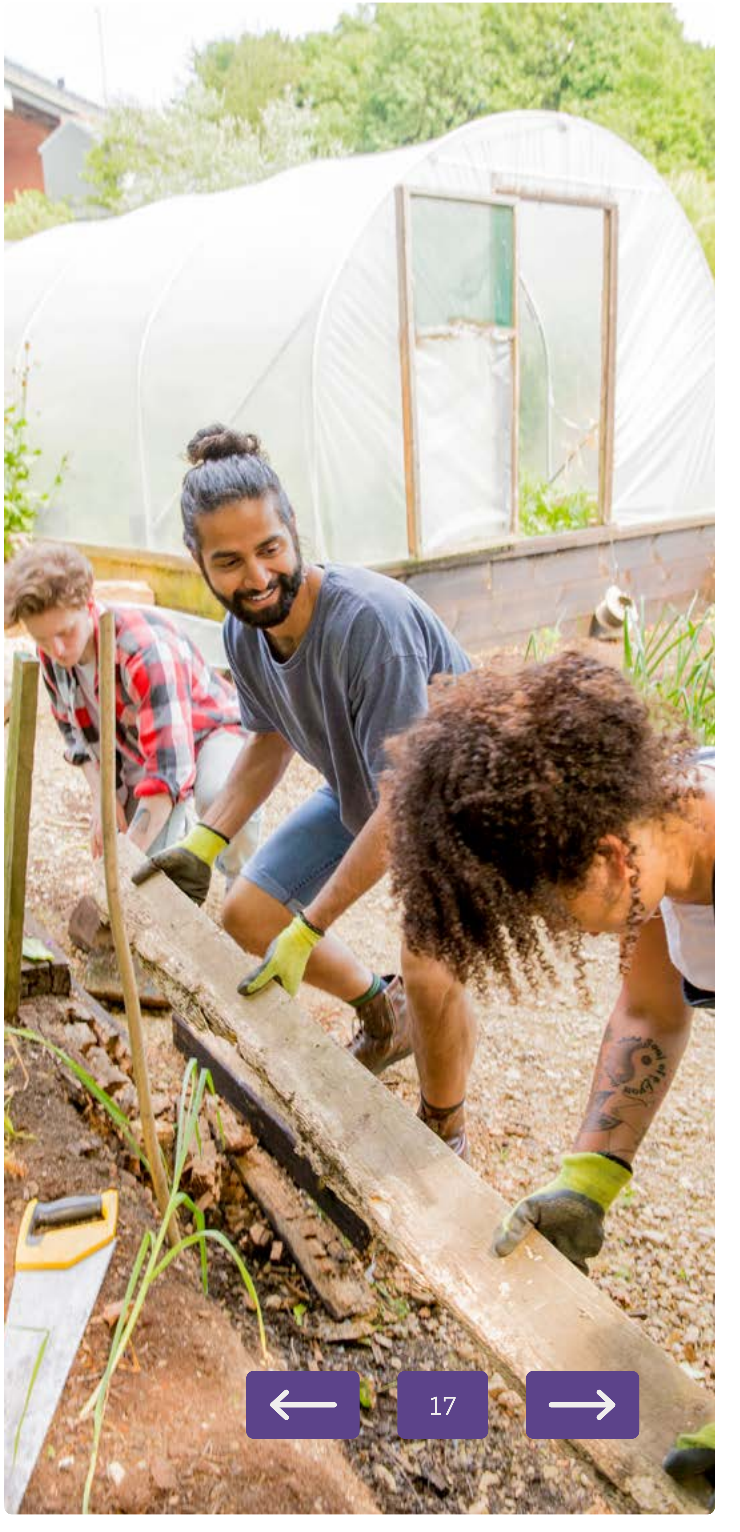
6.5.2 What is the Pension Increase Exchange (PIE) option?

Your pension is made up of a number of parts. Each part is treated differently when pension increases are calculated. The **PIE** option allows you to give up future increases on part of your pension (your 'exchangeable pension') and in return your initial pension will be higher.

If you're eligible for the **PIE** option you'll receive a detailed guide that explains how it works as part of your retirement pack. Below is a summary of some key points about this option:

- The introduction of the **PIE** option was a **Bank** decision but the **Trustee** was consulted on its design.
- The **Bank** decided to introduce this option to help give a greater level of certainty about how much pensions will cost in the future. The **Bank** estimates that in the long-term this will reduce risk and the cost of funding the **Scheme**, as well as increasing the choice available to members.
- The **Trustee** and the **Bank** can jointly withdraw or make amendments to the **PIE** option at any time.
- The **Bank** and the **Trustee** have agreed to provide paid for financial advice for members who wish to consider the **PIE** option.
- You don't have to take the advice the financial adviser gives you, however, you cannot take the **PIE** option without receiving a recommendation from the financial adviser that the **PIE** option is appropriate for you.

The table on the following page shows how the different parts of your pension are usually increased and how these would change if you decided to take the **PIE** option.



6. What are my retirement options? – all members

6.6 How is my pension increased in retirement?

The increases applied to pension in payment are reviewed annually and are applied in January for Clydesdale members and in April for Yorkshire members.

	Before PIE option		After PIE option	
Element of pension	**Clydesdale Bank**	**Yorkshire Bank**	**Clydesdale Bank**	**Yorkshire Bank**
Exchangeable pension – Pension built up before 6 April 1997, in excess of GMP	**RPI** or 2.5%, whichever is lower	**RPI** or 5%, whichever is lower	Nil	Nil
Pension set aside to cover GMP from Guaranteed Payment Age (GPA)	**RPI** or 2.5%, whichever is lower, up to GPA only	**RPI** or 5%, whichever is lower, up to GPA only	**RPI** or 2.5%, whichever is lower, up to GPA only	**RPI** or 5%, whichever is lower, up to GPA only
Pre 6 April 1988 GMP	Nil from GPA	Nil from GPA	Nil from GPA	Nil from GPA
Post 5 April 1988 GMP	**CPI** or 3%, whichever is lower, from GPA	**CPI** or 3%, whichever is lower, from GPA	**CPI** or 3%, whichever is lower, from GPA	**CPI** or 3%, whichever is lower, from GPA
Pension built up between 6 April 1997 and 31 March 2006	**RPI** or 5%, whichever is lower	**RPI** or 5%, whichever is lower	**RPI** or 5%, whichever is lower	**RPI** or 5%, whichever is lower
Pension built up after 31 March 2006	**RPI** or 2.5%, whichever is lower	**RPI** or 2.5%, whichever is lower	**RPI** or 2.5%, whichever is lower	**RPI** or 2.5%, whichever is lower

- The table refers to the **RPI** and **CPI**. These are measures of inflation which are used to determine the increases to your pension.
- GPA is the statutory payment age for the GMP and is 65 for men and 60 for women for the above purpose.

6. What are my retirement options? – all members

6.7 Can I transfer out at retirement?

You can request to transfer your benefits out of the **Scheme** at retirement, however, you should think about your decision carefully and you must take, and pay for, independent financial advice if your transfer value is over £30,000 in order to do so. The adviser must be authorised and regulated by the Financial Conduct Authority and you will be required to provide evidence of the advice you received. This is a requirement the Government has introduced to ensure that these types of transfer are only undertaken by those individuals who are likely to benefit from doing so.

A warning from The Pensions Regulator

The Government's pension reforms in 2015 have seen an increase in the number of pension scam artists. They have a variety of tricks to try and catch you out.

They may:

- claim that you can access your pension savings before age 55
- approach you out of the blue over the phone, via text message or even in person door-to-door
- entice you with upfront cash
- offer a free 'pension review'

Visit www.pension-scams.com to find out more.

6.8 How is my pension paid?

Your pension is paid monthly and is subject to income tax under PAYE. Payment will be made to your chosen bank account each month for your remaining lifetime.

6. What are my retirement options? – all members

6.9 What happens to my pension if I die?

As well as providing you with a pension at retirement, as a member of the **Scheme** you're entitled to a range of protection benefits that, in the event of your death as a pensioner, provide financial support to your **dependant(s)**. In accordance with the **Scheme** rules, the **Trustee** has the discretion to decide who receives any lump sum payments that may be due. However, you can help the **Trustee** in making its decision by completing an **expression of wish form** so that in the event of your death the **Trustee** is aware of your wishes.

The following benefits are payable:

1. Lump sum
(if death occurs within five years of retirement)

A lump sum is payable equal to the balance of pension that you would have received (ignoring future increases) had you lived for five years from the date of your retirement. It's payable at the discretion of the **Trustee** and would usually be paid to your **spouse** or immediate **dependant(s)**.

2. Spouse's, dependant's or civil partner's pension

Your surviving **spouse** or **civil partner** will receive a pension equal to 50% of your pension in payment at date of death. The pension will take account of any increases awarded since retirement and will include 50% of any pension you may have exchanged for a tax-free cash lump sum at retirement. Rules regarding residency, **GMP** and age difference will apply.

If you don't leave a surviving **spouse** or **civil partner**, the **Trustee** has the discretion to pay the pension to someone who it considers was financially dependent on you at your date of death.

Please note that the spouse's pension will be reduced if your spouse is more than 10 years younger than you.

3. Child allowance

Child allowances are paid to qualifying children as explained in the **Child allowance section**.

7. General information – all members

7.1 Entry

The **Scheme** was closed to new joiners with effect from 31 December 2003.

The **Scheme** was closed to future accrual of benefits for most members with effect from 31 July 2017. From this date, only a small number of eligible Yorkshire section members chose to continue to accrue benefits and remain as continuing active members of the **Scheme**.

7.2 Trust fund

The assets within the **Scheme** are held in trust in order to secure benefits for all beneficiaries. Assets are held entirely separate from the **Bank's** finances. The **Trustee** must appoint a **Scheme** actuary who advises on the level of funding required to meet the **Scheme** liabilities in the long-term. Similarly, the **Bank** also uses the services of an independent firm of consulting actuaries for the same purpose.

7.3 Trustee

The **Scheme** is managed by a Corporate Trustee which comprises a Board of Directors. The Directors include members of the **Scheme**. Details of the Directors and their advisers are published each year in the **Scheme** Report & Accounts. The **Trustee's** main role is to look after your benefits so that you receive your pension when you retire.

7.4 Trust Deed and Rules

An important function of the **Trustee**, with the assistance of independent professional advisers, is to ensure that the **Scheme** is administered in accordance with the Trust Deed and Rules. The Trust Deed and Rules are the formal legal documents which govern the operation of the benefits payable under the **Scheme** and its management. This booklet is intended to be a guide which provides a summary of your benefits but in the event of any inconsistency or conflict, the Trust Deed and Rules will prevail. A copy of the Trust Deed and Rules of the **Scheme** is available from the **Scheme administrator**.

7.5 Assignment of benefits

Pension benefits cannot be assigned, mortgaged, charged or otherwise alienated. They cannot be used as security for loans.

7.6 Alteration and termination of the Scheme

The **Bank** is fully committed to the **Scheme** and intends to maintain it for the foreseeable future. However, it does reserve the right to change the **Scheme's** terms and conditions at any time, subject to the Trust Deed and Rules and legislation. You'll be told if any amendments are made which will affect your right to benefits under the **Scheme**. If the **Scheme** is closed or wound up, the **Scheme** assets would be used to secure benefits in accordance with the Trust Deed and Rules, and the **Bank** would meet any shortfall to the extent required by legislation.

7.7 Special provisions

Special terms apply for a small number of members – if these apply to you, you'll have been notified of them separately. If you're unsure, you can contact us to find out more – please see the contact details on **page 25**.

7.8 Special provisions for former members of the National Australia Bank Retirement Plan

If you were a former member of the National Australia Bank Retirement Plan and were an active member immediately prior to the closure to future accrual from 1 August 2017 (for most active members), special rules apply to the way your benefits are increased and calculated on leaving employment with the Bank or on taking your benefits if earlier. If this applies to you, these provisions will have been notified to you separately.

7.9 Report & Accounts

Each year the **Trustee** presents a report on the progress of the **Scheme** together with the formal accounts. A full copy of the formal Report & Accounts (summarised annually to all members in Pensionfile) is available on request from the **Scheme administrator** at the address shown on **page 25**.

7. General information – all members

7.10 State Pensions

From April 2016, the UK government combined the two State Pensions (the basic State Pension and the State Second Pension) into one. As a member of the **Scheme** you'll receive a basic State Pension in addition to your **Scheme** pension. The amount payable will depend on your National Insurance (NI) contributions record. The pension is payable from **State Pension age** and the level is reviewed each year by the Government.

Previously, members of the **Scheme** paid less in NI, because they didn't pay for the State Second Pension. This was called contracting out. In place of earnings related State benefits, the **Scheme** had to provide equivalent benefits to those which would have been earned under the State Second Pension.

Contracting out ceased from April 2016 and YCB members, together with the **Bank**, started paying more NI contributions to the Government towards the new single-tier State Pension. This means that while the level of your **Scheme** benefits remains the same following the end of contracting out, if you are an active member you'll have seen an increase to the amount of NI contributions you pay.

For the 2020/21 tax year, the single-tier State Pension pays a maximum of £175.20 per week. Workers who have paid full NI contributions for a period of 35 years are eligible for the full amount. As YCB members have been contracted out in the past, it's likely the pension you are paid from the State will be less than the full pension of £175.20. As the exact amount of State Pension you will receive is based on your NI record, it will vary from person to person.

However, don't forget that you have benefited from paying lower NI contributions and accrued benefits in the **Scheme** that more than make up this difference in State Pension.

For benefits accrued between April 1978 and March 1997, these equivalent benefits were recorded as GMP. For post April 1997, these contracted-out rights for salary related schemes are recorded as 'Post 1997 rights'.

7.11 Data protection

The **Trustee** and the **Bank** have both a legal and a legitimate interest to process data relating to you for the purpose of administering and operating the **Scheme** and paying benefits under it.

This may include passing on data about you to the **Scheme's** actuary, auditor, administrator and such other third parties, as may be necessary for the administration and operation of the **Scheme**.

The **Trustee**, the **Bank** and the actuary from time to time are all regarded as 'data controllers' (for the purposes of the data protection legislation) in relation to the data processing referred to above.

Important changes to the way we hold your personal data

New data protection laws came into force on 25 May 2018 - relating to the way we gather, hold (either directly or through a third party) and use personal information about members and former members of the **Scheme**, their family and **dependants**.

The **Trustee** maintains a Privacy Notice that sets out more detail about the kind of personal information it holds, how it gathers that information, how the information is used, how long they hold it for and who they share it with.

This Notice also sets out an individuals' data protection rights and who to contact if an individual wants to exercise those rights, make a complaint or ask any questions. For more details of this, please review our **Privacy Notice**.

This **Privacy Notice** is provided on the secure member portal at **www.ycbps.co.uk** or alternatively available in hard copy form by contacting the Secretary care of the **Scheme administrator** on **0345 120 0556**

7.12 Pension Protection Fund

If the **Scheme** started to wind up, the **Bank** would be required, under legislation, to pay enough money into the **Scheme** to enable members' benefits to be secured by purchasing an insurance policy with an insurer. It may be, however, that the **Bank** would not be able to pay this full amount. If the **Bank** became insolvent and was unable to meet its obligations to the **Scheme**, the **Scheme** may apply for entry to the Pension Protection Fund (PPF). This fund was established by the Government in order to provide pension benefits to members in the event of sponsor insolvency. The benefits paid would be subject to various limitations, restrictions and individual benefit caps. Further information and guidance can be found on the PPF's website at **www.pensionprotectionfund.org.uk**.

7.13 What happens if I go through a divorce?

Legislation introduced from 1 December 2000 made it possible for some or all of your pension to be shared with your former **spouse** as part of a divorce settlement. Pension sharing requires the transfer of benefits from you to your former **spouse**. It's not compulsory and the court, and/or you and your former **spouse** would agree on the actual basis applicable.

It's important to note that an earmarking (where the pension still belongs to you but you must make payments from it to your former **spouse** or **civil partner**) or sharing order (where part of your pension benefits would be transferred to your former **spouse** or **civil partner** so they own their share) may be placed upon your pension benefits whether you're an active, deferred or retired member.

8. Further help – all members

Pensions are a complicated subject so it's useful to know that as well as the Bank and the Trustee there are external bodies that you can go to for help and support. Whether you wish to discuss your pension or want to find out how you go about tracking down old schemes you may have been a member of, this section will point you in the right direction.

8.1 What do I do if I have a complaint?

We hope you're always satisfied with the service you receive. However, should you find yourself needing to complain, the **Trustee** has an Internal Dispute Resolution Procedure (IDRP) in place to help resolve the matter promptly and fairly.

You can complain if you're a:

1. member (i.e. active, deferred, pensioner member or pension credit member)
2. surviving **spouse**, **civil partner** or **dependant** of a deceased member
3. person who ceased to be in any of the above categories
4. person claiming to be in one of the above categories.

Any complaint would be reviewed under a 'two stage' process and a decision on any complaint would be made within a reasonable period, normally no more than four months. We hope you never have reason to complain but, if you require further information or a full copy of the process, please contact the **Scheme administrator**.

8.2 The Pensions Regulator

This is the regulator of work based pension schemes, aiming to protect members' benefits and promote good administration. The Regulator can intervene in the running of schemes where trustees, employers or professional advisers have failed in their duties.

Contact details:

Napier House
Trafalgar Place
Brighton
East Sussex
BN1 4DW

0845 600 0707

www.thepensionsregulator.gov.uk

8. Further help – all members

8.3 The Pensions Advisory Service (TPAS)

TPAS was set up to give help and advice to anyone experiencing difficulties over their pension rights. TPAS is available at any time to assist members and beneficiaries of the **Scheme** in connection with any pensions query they may have or difficulty which they have failed to resolve with the **Trustee**, or administrators of the **Scheme**.

Contact details:

11 Belgrave Road
London
SW1V 1RB

0800 011 3797

www.pensionsadvisoryservice.org.uk

8.4 The Pensions Ombudsman

As a last resort if your concern cannot be satisfactorily resolved by the IDRP, or through the Pensions Advisory Service (TPAS), you can refer it to the Pensions Ombudsman. The Pensions Ombudsman is a Government appointed official who may investigate and determine any complaints regarding maladministration or disputes of fact or law in relation to any pension scheme.

Contact details:

10 South Colonnade
Canary Wharf
E14 4PU

0800 917 4487

www.pensions-ombudsman.org.uk

It's important to note that the Ombudsman will not investigate any matter unless the IDRP has been followed.

8.5 The Pension Tracing Service

The GOV.UK website has details on all public services in one place. The Pension Tracing Service is one of these services and was set up to help people trace previous employers and their pension schemes. All registered pension schemes, like the schemes operated by the **Bank**, have to pass all their relevant contact details to the Department for Work and Pensions. If you've lost track of a previous employer, you should contact the Service who may be able to help.

Contact details:

The Pensions Tracing Service
The Pension Service 9
Mail Handling Site A
Wolverhampton
WV98 1LU

0800 731 0193

www.gov.uk/find-lost-pension

9. Contact details – all members

The Bank has outsourced day-to-day administration to a professional pensions company, Capita, the Scheme administrator. This should be your first point of contact for any pension related queries.

Contact us

The dedicated YCB pensions team can be contacted at:

0345 120 0556

ycb.administration@capita.co.uk

Yorkshire and Clydesdale Bank Pension Scheme
Capita
PO Box 555
Stead House
Darlington
DL1 9YT

For general changes to personal information, such as changes of address, current employees can call the YCB Human Resources team on **0800 328 8303** (option 2) or use the Your Career section of Our World.

Looking for general financial advice?

Neither the **Scheme administrator** nor the YCB Human Resources department are able to provide specific advice relating to your individual financial position. If you would like independent financial advice you should contact an independent financial adviser (IFA).

www.moneyadviceservice.org.uk lists local IFAs, but please remember you may be charged for their advice.

Government guidance

The Government has introduced a 'guidance guarantee' for members with defined contribution (DC) pension savings, under which they will be entitled to free and impartial guidance to help them understand what their options are and how they work. This service is known as 'Pension Wise: Your Money. Your Choice'.

Whilst not relevant to your main **Scheme** benefits you may be entitled to this guidance for any AVCs or benefits you may have in other pension arrangements.

The service can be accessed:

Online at **www.pensionwise.gov.uk**

Face-to-face at the Citizens Advice Bureau.

By phoning the **Pensions Advisory Service**.

Pension wise
Your money. Your choice.
Backed by HM Government

10. Glossary – all members

Bank

Clydesdale Bank PLC.

CARE pension

The pension from the career average revalued earnings (CARE) arrangements provided by the Scheme.

Civil partner

A same sex partner with whom a civil partnership has been formed under the Civil Partnership Act 2004.

Consumer Price Index (CPI)

The Consumer Price Index is used to measure inflationary increases following the 2012 reforms. It is published monthly by the Office for National Statistics.

Dependant

A person deemed by the Trustee to have been financially dependent upon you at the date of death.

Final pensionable salary (for pensionable service to 31 March 2006 only)

Pensionable salary earned in the year ending 31 March 2006 or pensionable salary earned in any of the four preceding years if higher. If any one of the four preceding years' figures is used it will be revalued in line with the movement in the Retail Prices Index (RPI) to 31 March 2006. There was a limit on final pensionable salary for members joining the Scheme after 31 May 1989 which for the tax year 2005/6 was £105,600.

Guaranteed Minimum Pension (GMP)

The minimum pension which the Scheme is obliged to provide in respect of membership up to 5 April 1997 as a result of contracting out of the State Earnings Related Pension Scheme. It is payable from age 60 for women and 65 for men.

Pension increase exchange (PIE)

An option which lets members exchange part of their usual annual pension increases in return for a higher fixed pension.

Pensionable salary

Basic annual salary (excluding overtime, bonuses and other non-pensionable allowances), subject to the Scheme specific earnings cap.

Pensionable service

The length of continuous service as a member of the Scheme.

Retail Prices Index (RPI)

The Retail Prices Index is used to measure the rate of inflation, and is published monthly by the Office for National Statistics.

Scheme

Yorkshire and Clydesdale Bank Pension Scheme.

Scheme specific earnings cap

The pensionable salary for Scheme members is limited to £170,400 for 2020/21. This amount increases annually in line with price inflation.

Spouse

Husband or wife ordinarily resident with you at date of death.

State Pension age

The age at which you are due to receive your State Pension. To find out more visit **www.gov.uk/calculate-state-pension**

Trustee

The Trustee is the person or persons which has responsibility for managing the Scheme and looking after your benefits. Currently the Trustee is a corporate trustee, Yorkshire and Clydesdale Bank Pension Trustee Limited.