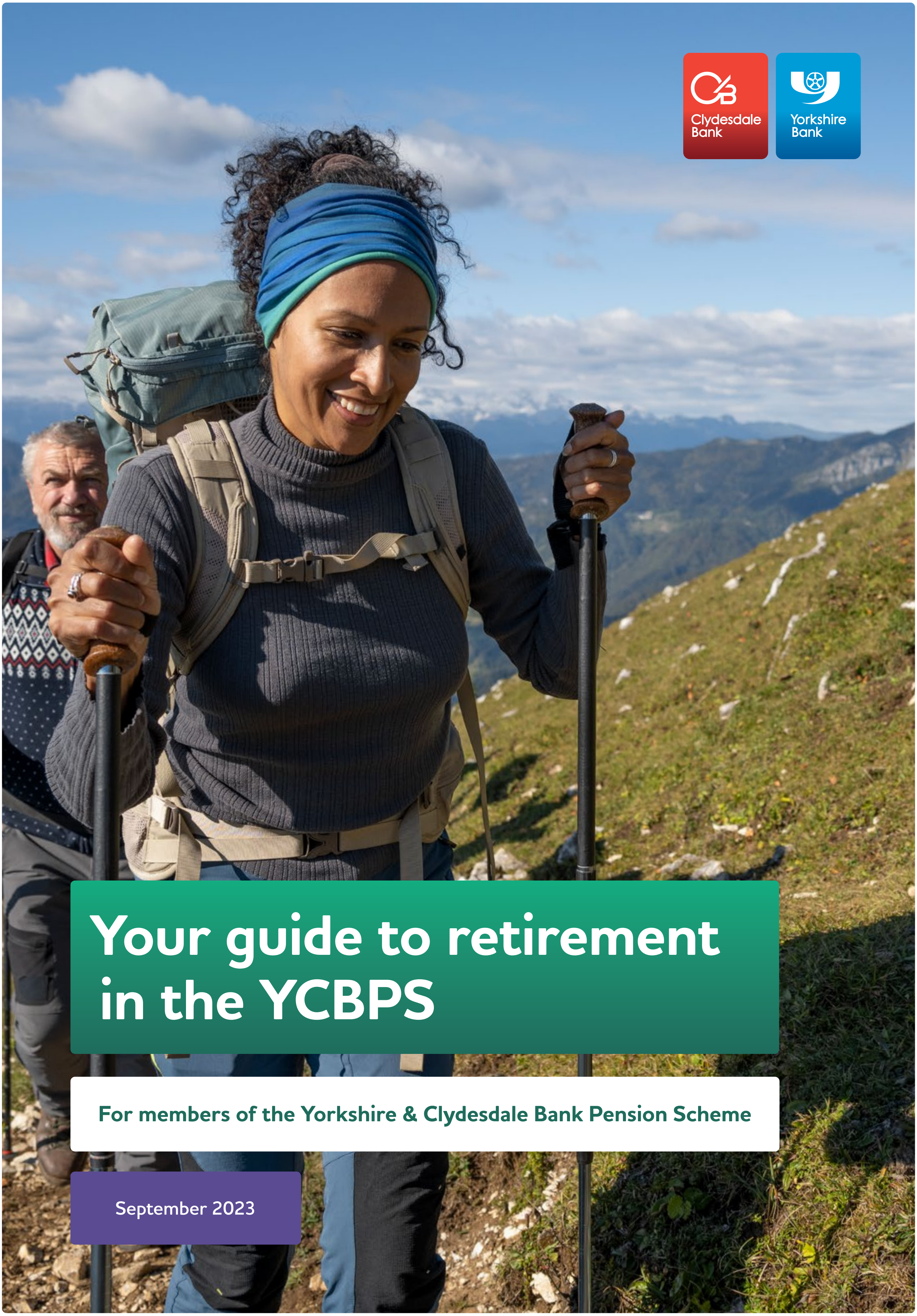
Clydesdale Bank

Yorkshire Bank



Your guide to retirement in the YCBPS

For members of the Yorkshire & Clydesdale Bank Pension Scheme

September 2023

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 3** – 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.

Contents

Understanding the basics

What are my pension options?

Enclosed within your personalised retirement statement, you will find up to three 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 2** – Trivial commutation payment
- **Option 3** - 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 Pension Solutions, 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.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser**

We recommend you think about taking independent advice before making a decision on your options.

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 3** 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.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser**

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.moneyhelper.org.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 3** and are allowed to take a lump sum from that arrangement, or if you're eligible for **Option 2**.

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. **Option 1** provides 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),
- **nomination for lump sum death benefit 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 on or around your retirement date.

Death benefits the same as 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),
- **nomination for lump sum death benefit form**
- **lifetime allowance form**
- **bank mandate form**
- **recycling declaration form**

Option 2

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 HM 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 2**. 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 3

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 MoneyHelper or Citizens Advice.

(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 MoneyHelper or Citizens Advice.

(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 2023/24 this is £10,000, but you can find the latest figure here **https://www.gov.uk/guidance/work-out-your-allowances-if-youve-flexibly-accessed-your-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 **Option 1**), 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 ScamSmart leaflet, to ensure you don't fall victim to any pension scams.

You'll also find excellent information on the MoneyHelper website at: **www.moneyhelper.org.uk**

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 3**. 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.

The incentives code

There are circumstances in which the incentives code 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 3** 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

HM Revenue and Customs (HMRC) currently 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 but is expected be abolished from 6 April 2024.

For the 2023/24 tax year the lifetime allowance is still £1,073,100.

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 2023/24 tax year the annual allowance is £60,000, 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 £10,000. 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 this 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 Pension Solutions
PO Box 555
Darlington
DL1 9YT

By telephone: **0800 093 0176**

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

Financial advice

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

www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser

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

MoneyHelper

MoneyHelper is a government-backed service providing impartial guidance on money and pensions. For more information you can call or visit the website:

0800 0110 3797

www.moneyhelper.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.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser** An IFA may charge you for their services so you should check beforehand.

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

Nomination for lump sum death benefit form

If you take **Option 1**, 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 **nomination for lump sum death benefit 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 15 of this pack, or you can download one by logging into your account at **www.hartlinkonline.co.uk/ycbps**

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.