The Diocese of Arundel & Brighton Workplace Pension Scheme
2017 Pension Booklet Summary

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Contents

Welcome

Welcome to The Diocese of Arundel & Brighton sponsored workplace pension scheme with Legal & General. This pension booklet has been prepared by Origen Corporate Solutions to provide you with information regarding the pension scheme provided. In particular, the aim of this booklet is to provide you with details on how to fund your pension, the investments choices you have, when you can retire and the retirement options available to you.

Specific details regarding the pension plan can be found in the Technical summary at the end of this document along with other important appendices relating to pension schemes in general.

If you are joining this pension scheme for the first time, you are invited to read this booklet in conjunction with the other material you have received in relation to you joining the scheme.

IMPORTANT INFORMATION

- The information in this summary does not take account of your personal circumstances and does not constitute advice.
- Your employer is not authorised to give financial advice and have appointed Origen Corporate Solutions (who are a firm of Financial Advisers) to advise them and present the scheme details to their employees using this booklet.
- Your employer has not engaged with Origen Corporate Solutions to provide financial advice to employees (please refer to the 'Additional important information' section for further details). Should you require advice, then please contact your usual Financial Adviser or by contacting Origen directly (please see Appendix 5 for the relevant contact details). The cost for any advice received is likely to be at your own expense.
- Origen Corporate Solutions has approved this communication and are a division of Origen Financial Services Limited which is authorised and regulated by the Financial Conduct Authority (FCA)
- This booklet is accurate at the time of writing (06 April 2017) to the best of Origen Corporate Solutions' knowledge and understanding of pension and other applicable legislation applying at the time. If you are in any doubt as to any subsequent changes and/or legislation not covered by this booklet, then you are recommended to contact your existing Financial Adviser or Origen.

Your employer reserves the right to:

- alter the terms and conditions of the benefits stated
- make alterations to the scheme design

Introduction to pensions

A pension is type of savings plan designed to provide benefits when you retire. Unlike other savings plans, you are not able to access your funds (unless you are in serious ill health) before a certain age, currently aged 55. This is to safeguard your benefits from being depleted in your pre-retirement years.

There are a number of different pension scheme types and although they are all designed to provide a similar outcome, i.e. an income when you retire, different types of schemes work in different ways. The following questions and answers are designed to give you an overview of the benefits in place.

What is the workplace pension scheme?

The scheme provided is a series of personal pensions where every member has their own plan and these are grouped together as one arrangement. Your plan offers a flexible and tax-efficient way to save for your retirement and aims to provide:

- a regular income after you retire; and/or
- a pension commencement lump sum plus a reduced regular income; and/or
- protection for your family through a lump sum paid to your beneficiaries should you die before you take these benefits and if you wish, a regular income for your dependants on your death after you take your benefits/retire.

The actual income and/or lump sum that you and/or your family receive will depend upon a number of variable factors, which you will decide when and how you take your benefits and are not guaranteed.

For the sake of clarity the term 'member' in this booklet refers to an employee or worker who is in the workplace pension scheme.

When will I join the scheme?

As your employer has reached their staging date for auto-enrolment, you will be joining this scheme automatically if you meet the qualifying criteria. Please refer to your assessment letter for further information regarding auto-enrolment and opting out. You are also recommended to read this booklet in conjunction with your joining information.

Am I able to cease my membership in the scheme and continue to work for my employer?

Yes, you are permitted to cease membership of the scheme at any time. In this event, the fund you have accumulated to date will continue to be invested until you decide to re-join, transfer or retire. Should you die before your retirement date, the value of your fund at that time will be paid to your nominated beneficiaries. Should you wish to re-join the plan, then please speak to your employer.

Under auto-enrolment, you are able to receive a return of your contributions if you opt out within the first 30 days of receiving your notification of joining the scheme. If you opt out of the scheme after 30 days (in line with legislation) you are not entitled to a refund and the funds will remain in your plan until you retire. If you remain opted out for a prolong period of time, you will be automatically re-enrolled at a later date. You will receive notification of your re-enrolment at the applicable time.

I have previously applied for lifetime allowance protection for my existing pension funds, what should I do?

Where changes have been made to the tax advantages of UK Registered Pension Schemes in the past, individuals have been able to elect for a degree of protection for benefits that accrued prior to the change.

If you have previously applied for and received protection of your funds then you should seek advice, as joining the scheme may revoke your existing protection and therefore may not be in your best interests.

I have already started 'drawing down' income from a pension policy, what should I do?

If you are already drawing down income from a pension arrangement, then being automatically enrolled into a pension scheme may cause you to incur a tax penalty; you should seek advice.

Information on the pension provider

Who is the provider of the scheme?

Your workplace pension is provided by Legal & General who is a major UK pension provider.

Why was this provider chosen?

Your employer along with advice from Origen Corporate Solutions, selected Legal & General as they provide; a competitive charging structure, offer excellent levels of customer service, financial stability and a good online proposition in which to engage with your pension plan.

How do I access my plan online?

When you first join your plan, you will be advised how to obtain login details shortly after you receive your policy document. If you didn't receive your logon details or have since mislaid these, you can re-request login on details by contacting Legal & General on 0345 073 0785 or by visiting https://www.legalandgeneral.com/existing-customers/

What information can I access from my plan on-line?

By logging on you should be able to see your current fund value, the funds you are invested in and the contributions that have been credited. In addition, you will be able to amend your fund choice, change your address and order certain policy information like retirement projections and contribution statements.

What are the plan charges?

For managing your pension plan, Legal & General charges an annual plan charge. Details of the current annual charge can be found in the Technical Summary. Please note this charge only applies if investing in the scheme's default investment fund (please refer to section 'My investment choices' for more details). If selecting alternative funds, then this charge may be higher or lower. In addition, you should note:

- 100% of all contributions are invested in your pension plan.
- There are no exit penalties (although if a With Profit fund is selected, this may be subject to a Market Value Reduction in the future).
- Please refer to your Policy Document for full details of the charging structure that applies to your plan.

Does this charge change on ceasing contributions or upon leaving?

Not usually, but please refer to your Policy Document and the Technical Summary for further information.

Making contributions

What contributions will be paid into my pension?

The contribution structure of the scheme is confirmed in the Technical Summary at the end of this booklet. This will confirm the minimum contribution you must make along with the contributions that will be paid by your employer. You can pay in more than the amount stated, subject to an overall limit (please see 'How much can I contribute'), however your employer will not increase their contributions from those stated.

How do I pay my contributions?

Any contributions you make will be deducted from your salary net of basic rate tax. Basic rate tax relief is recovered by the pension provider from HM Revenue & Customs (HMRC). If you are a higher rate tax payer or additional rate tax payer, the additional tax relief will need to be claimed by you from your Inspector of Taxes, normally via your self assessment tax return or through your tax code.

How do I claim higher rate tax relief?

Under normal circumstances, you should declare the total amount of your personal contributions being paid into your pension plan and any other personal pension plans on your tax return. You do not necessarily have to complete a tax return but can submit a separate claim for higher rate tax relief to your tax office by sending them a letter. Your Inspector of Taxes will adjust your tax code, if applicable.

What are the tax benefits of pensions?

The workplace pension scheme is a tax-efficient way of providing for your retirement because:

- your contributions normally qualify for income tax relief, so you pay a net amount from your net pay; if paying through Salary Sacrifice, your contributions are sacrificed from your Gross Salary, therefore making them tax-efficient;
- your investments grow free of UK Capital Gains Tax and mostly free of Income Tax; Investments that are linked to stock markets can go down in value as well as up;
- current legislation allows you to take up to 25% of the fund value as a Pension Commencement Lump Sum when you choose to take your benefits/retire, which is tax free;
- your dependants would not normally have to pay any tax on a cash lump sum that they receive if you die before taking the proceeds of your plan prior to age 75.

Note: Tax relief may be altered and the value to you depends on your individual circumstances.

How much can I contribute?

Each tax year you can make tax relievable contributions of up to £3,600 gross, or 100% of your total UK relevant earnings, whichever is the greater. However, annual tax-efficient contributions to this type of pension are limited to the Annual Allowance set by the Government. The current Annual Allowance is confirmed at £40,000 for this tax year (this may be reduced in certain circumstances, please see below)

Contributions made in excess of the Annual Allowance will be subject to a tax charge which is payable by the member according to their marginal rate of Income Tax. However, it may be possible to make use of unused Annual Allowance from the preceding three tax years to offset against the excess.

It is important to note that the Annual Allowance is tested against your pension input to all pension plans of which you are a member and not just this pension scheme. The level of contributions is calculated differently for final salary schemes than for money purchase schemes.

Special contribution limits if you earn £110,000 or more

Should you earn more than £110,000 per annum, then the amount of contributions you are permitted to make could be subject to special rules (please see the Appendix 1 for further information). If this is the case, then you should speak to your usual Financial Adviser or contact Origen.

Money Purchase Annual Allowance

If you have already taken some or all of your retirement benefits (regardless of the pension scheme used) and you wish to continue to make ongoing contributions, then the maximum that you may be allowed to contribute could be restricted to £4,000 for this tax year. If this affects you, then you should speak to your Financial Adviser or contact Origen.

Further information on the Money Purchase Annual Allowance is contained in Appendix 1. More information about the Annual Allowance can be obtained from the HMRC website: http://www.hmrc.gov.uk/pensionschemes/calc-aa.htm

What is the maximum amount that I can accrue in my pension arrangements?

There is a maximum amount, set by the Government, that can be accumulated in pension funds and attract tax advantages. This is called the Lifetime Allowance and the current limit is £1,000,000.

The Lifetime Allowance is the aggregate value of all of your pension arrangements of all kinds, past and present, generally calculated at the date at which benefits are first taken. The Lifetime Allowance is tested when benefits are taken from your pension plans and any excess amounts may be subject to tax. Should a tax charge arise, this will be met by the scheme administrator and will result in a reduction in your fund value accordingly.

More information about the Lifetime Allowance can be obtained from the HMRC website: http://www.hmrc.gov.uk/pensionschemes/lifetime-allowance.htm

Can I alter my contributions at a later date?

You may be allowed to amend your personal contributions at any time; however you may be required to make a minimum level of contributions in order to continue receiving your employer's contribution and/or remain a scheme member.

If your contributions fall below a certain level, your employer may be required to automatically increase these in the future to meet the minimum levels set by the Government. Please refer to your Human Resources or Payroll Department for further details.

Affordability

Please note that if you are making Employee Contributions to the scheme you must be confident that you can afford to make this commitment on a long-term basis.

If you are in any doubt if you can afford the contributions being made, in particular if you are making additional contributions, then you should seek advice from your Financial Adviser or contact Origen (please refer to Appendix 5 for contact details).

My investment choices

Where will my contributions be invested?

Your contributions will be invested in the default investment fund, the UK Equity Index 10 Year Lifestyle Profile fund which has been selected by your employer. Further information on the fund can be found in the provider's fund brochure and/or by visiting their website.

It should be borne in mind that the default investment fund is likely to be suitable for the majority of employees; **because personal circumstances vary it may not be appropriate for every individual.** It is therefore recommended that you assess whether the default fund is the right investment strategy for you now and in the future.

If invested in the default investment fund, we strongly recommend that you regularly review your fund choice to ensure the fund(s) you are invested in meet your future retirement objectives. Failure to do this could have a financial impact on meeting your retirement objectives

Please note that past performance is not necessarily a guide to future returns. Assets held in investment-linked funds can fluctuate in monetary terms and the unit prices can go down as well as up.

What are the alternative investment options?

The alternatives to the default investment fund are to select from:

1) Funds available from the provider. This allows you total discretion to invest your contributions within the range of investment funds available. It is important to note that these funds vary in the level of risk and return they offer.

2) In addition to the range of internal funds available with the provider, you may have the ability to access external fund links, with fund managers from different investment houses. Please note 'external' funds normally carry additional charges.

Selecting from such a wide range of options can be challenging and it is recommended that if you are contemplating this course of action you should seek financial advice either from your usual financial adviser or by contacting Origen.

Please note that the return on your funds will be impacted by the charges applicable on the funds you are invested in and performance of this fund or funds.

Should I review my investment choices?

Yes, it is strongly recommended to regularly review your investment choices, especially if you have selected a strategy outside the default investment fund. As your circumstances and objectives change, you should ensure your investment selection remains appropriate.

Can I change my investments?

Yes, you can redirect contributions into a new fund(s) and switch existing holdings into different funds. Should you wish to alter your investment holdings, this can be accessed through the provider's website or by contacting the provider directly.

Is there a cost?

You may change the funds in which your contributions are invested at any time. There may be a charge for this and if you are invested in a With-Profits Fund, a Market Value Reduction may be applied on switching. Please contact the provider for information. In addition, some specialist investment funds may apply additional ongoing management charges.

How do I know how my investment is doing?

You will receive a statement at least once each year showing the contributions made into your plan and the value of your investment fund(s). Additional statements are available from the provider on request, or can be viewed online. There is no charge for requesting additional statements from the provider or accessing this information online.

ONLINE INFORMATION

The provider's online service gives access to information about your pension plan. This includes your personal details, information and explanations about the funds available, contributions and fund values. You will be provided with details of how to log on with your notification of membership.

Taking my retirement benefits

What pension will I receive at retirement?

The pension payable from your plan will depend upon the contributions paid into your plan, the charges levied upon the fund that you build up, the subsequent value of this fund at retirement and how you decide to access your funds in retirement.

There is no guarantee of the level of the pension benefit that you will receive at retirement. The provider will provide you with an annual statement, confirming the current value of your plan and an indication of the future benefits based on current contribution levels and your chosen retirement date. However, you may request an illustration that estimates the projected value of the benefits at retirement, based upon alternative assumptions.

When can I retire?

You can start to take the proceeds from this pension plan once you reach the minimum retirement age which is currently 55. You may, should you choose to, arrange to start receiving your pension whilst you are still working. Please note that your State pension only becomes payable when you reach your State Pension Age.
This decision should not be taken lightly and we recommend that you seek financial advice at or nearer to the time.

What are the benefits that I will receive at retirement?

You may start to draw your benefits (all or in part) at any time after the minimum retirement age. At this time you may:

- take your entire pension savings as cash (up to 25% will be tax free with the remaining fund subject to tax at your marginal rate), and/or
- buy an annuity (or other income generating guaranteed products that may emerge), and/or
- enter drawdown with no income limits applied.

Whatever option you decide to take, it is always recommended to seek further guidance so that you are aware of all the underlying facts. Some options may require you to seek financial advice.

A detailed guide on the options available at retirement is provided in the appendices section.

What happens if I die before I reach retirement?

If you die before you take your benefits, the value of the fund accumulated is normally paid to your nominated beneficiaries. After joining the plan, you should nominate to whom you would wish the benefits to be paid (known as the nominated beneficiaries). You can change your nomination at any time (by logging into your account or contacting the provider).

Please note that although the provider will normally choose to follow your wishes, this form is not legally binding on them.

Why do I have to complete a Nomination of Beneficiary?

The pension scheme is written in Trust. A Trust enables the benefits in the event of death to be paid at the discretion of the Trustee, avoiding your dependants having to wait for probate and potentially making the benefits free of Inheritance Tax. Completing the Nomination of Beneficiary on line with the provider, though not binding on the Trustee, is your opportunity to express your wishes of who you would wish to benefit in the event of your death prior to retirement.

Is there any tax on the death benefit?

It depends upon when death occurs. Generally, provided that the total lump sum death benefit from all of your pensions is below the Lifetime Allowance, there will be no tax to pay.

Dependants' pensions do not count towards the Lifetime Allowance. Tax may be payable where the policyholder is aged 75 or over. Further information can be supplied upon request.

What happens if I leave my employer before retirement?

If you leave before retirement the following options are available:

- your Plan can be altered to a 'non group' plan where you could continue to pay contributions if you remain eligible to do so this may incur additional charges on your plan
- you could ask for the transfer value to be paid to your new employer's arrangement (if possible) or to another insurer. Transferring benefits can be a complex matter and you are recommended to seek financial advice before proceeding with such a transaction. **Please note that a Market Value Reduction may be applied on transfer, if you are invested in a With-Profits Fund.**
- you do not have to contribute to the plan – the funds accumulated will remain invested with the benefits being available from the minimum retirement age, based upon the fund value prevailing at the time.

Please note in the event of you leaving, the provider will write to you shortly thereafter with details of your current fund value and the options available to you.

Can I leave the scheme whilst still employed?

Yes, however, ceasing membership may not be in your best interests. You should ensure that you fully understand what you may be giving up before you make that decision.

Where can I get help if I am unsure which retirement option I should take?

The Government has launched a free service called Pension Wise, a service to help provide information and guidance to those at or approaching retirement. The website is http://www.pensionwise.gov.uk.

It is recommended that individuals seek guidance or advice when reviewing their pension fund and income / lump sum requirements in retirement to help ensure the right decision is made. Your usual financial adviser will be able to assist you in selecting the option that is right for you or alternatively you are able to contact Origen for assistance. You may be charged for this service.

Pension consolidation

I have other pension arrangements from my previous employment, am I able to transfer these to this scheme?

Yes, this scheme allows transfers to be made. However, **transferring benefits can be a complex matter and you are recommended to seek financial advice before proceeding with such a transaction.**

Why might I wish to consider consolidating my pension schemes?

You may wish to consolidate your other pension plans. This can help:

- keep your various plans invested in one arrangement to make it easier to keep track rather than having numerous schemes
- take advantage of a lower charging structure
- move your benefits away from poorly performing investment funds

Conversely, it might not be appropriate to transfer as:

- the possibility of losing valuable benefits which are not available under the new scheme
- you may prefer diversification by not investing all your pension benefits in one place
- your current fund choice not being available or priced higher under the new scheme

Ultimately it will depend on your own personal circumstances whether it is a suitable course of action. It can be a complex matter and you are recommended to seek financial advice before proceeding with such a transaction.

Can I make the transfer myself or do I have to go through Origen?

It maybe be possible to arrange the transfer yourself as many providers allow transfers to be made on an own risk basis, but this is dependant on the pension provider if they will allow this.

Transfers can be complex and may involve losing attractive features that are not available on this scheme, for example, guaranteed annuity rates or loyalty bonuses. For these reasons, some insurance providers may require transfers to be made by using a Financial Adviser to ensure any valuable benefits are not lost inadvertently. It is always recommended that guidance or advice is sought before undertaking a transfer yourself.

At the time of writing, Legal & General does allow transfers to be made without using a financial adviser.

If I am unable to undertake the transfer myself or if I wish someone to undertake this on my behalf, how do I go about this?

You are able to instruct your usual Financial Adviser to assist or you can make use of Origen's transfer services. There is usually a fee for this service which will be discussed and agreed with you prior to any work being undertaken.

Additional important information

Financial Advice

This booklet provides general information about the workplace pension scheme provided by your employer. It does not provide individual advice. You should satisfy yourself that the plan and your choice of investment fund(s) are suitable for your personal financial circumstances.

If you do not already have a financial adviser, you can ask your HR Administrator or use the service offered by www.unbiased.co.uk. Origen can also provide you with advice if required (please refer to Appendix 5 for the contact details). You may be charged for this service.

Risk factors

What you receive when you draw benefits from your plan cannot be guaranteed and will depend on various factors, for example:

- how much has been contributed into your plan
- the level of charges applied to your plan
- any future changes to pensions legislation, regulation and tax relief
- investment performance (which may go down as well as up)
- the level of interest rates when you take your benefits/retire

The level of your pension may be lower or higher than illustrations provided to you during the life of the plan. The investment funds available offer different asset classes and investment aims, therefore they have varying levels of investment 'risk' and volatility.

Data Protection

The Data Protection Act 1998 provides certain rights when you supply personal information to organisations like your pension provider. It also demands good information handling practice by those who use and record that information, referred to as 'data controllers'. Your pension provider, as data controller, aims to be open about the use of personal information and follow proper practices in obtaining, holding, using and disclosing that information.

- all personal information provided by you or your employer in (or in connection with) your application for a product or service from your provider, will be held on their computer systems and manual records
- this could also include personal information you may have provided about your partner (husband, wife or registered civil partner), dependants or beneficiaries
- all or part of such information will be available to your provider or associated companies, only where it is necessary for purposes of processing your application and administering your plan
- this allows your provider to keep a record of the products that you hold and to support and promote their range of services to you

Further information can be obtained from your employer.

Legislation and regulation

This document is based upon our understanding of current UK pensions' legislation and regulation, which are subject to change. Registered pension providers may place additional restrictions on the operation of their schemes to those allowed by HM Revenue and Customs. Please refer to the scheme's governing documentation for further information.

Tax rates, allowances and relief may also be subject to future change, and the value of tax relief depends on individual circumstances. This shall be governed and construed in accordance with the laws of England and be subject to the jurisdiction of the English Courts. All communication with you will be in English.

About Origen Corporate Solutions

Origen Corporate Solutions is a trading name used by Origen Financial Services Limited who is Financial Advisers, authorised and regulated by the Financial Conduct Authority. Our Registration Number is 192666. You can confirm this by visiting the Financial Conduct Authority's website www.fca.org.uk/register or by contacting the Financial Conduct Authority on 0800 111 6768. Our Registered Office is: Infor House, 1 Lakeside Road, Farnborough, Hampshire GU14 6XP. Tel: 0344 209 3000*, Fax: 0344 209 3001. Registration Number: 03926629.

Complaints

If you wish to register a complaint please contact the Customer Relations Team, Compliance Department, Origen Corporate Solutions Limited, Infor House, 1 Lakeside Road, Farnborough, Hampshire, GU14 6XP. Tel: 0800 819 9111 or email complaints@origenfs.co.uk. If a complaint is not resolved to your satisfaction, you may have the right to refer it to the Financial Ombudsman Service. A copy of our internal complaints handling procedure is available on request from the Compliance Department at the above address.

Compensation

Origen Corporate Solutions is covered by the Financial Services Compensation Scheme. You may be entitled to compensation from the scheme if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim. Most types of investment business are covered for the first £50,000 (100% of the first £50,000). Most deposits are covered up to £85,000 per person per firm and joint accounts up to £170,000. There is a £1 million protection limit for temporary high balances held with a bank, building society or credit union. Most insurance claims are covered for 90% of the balance (without limit), with 100% of benefits for long-term, compulsory and professional insurance being covered.

Further information about compensation scheme arrangements is available from the FSCS, who can be contacted at the following address: 10th Floor, Beaufort House, 15 St Botolph Street, London, EC3A 7QU. Tel: 0800 678 1100 or 020 7741 4100, Fax: 020 7741 4101, Email: enquiries@fscs.org.uk

*Calls are charged at your phone company's basic rate. All calls are recorded for business purposes.

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Appendices

Appendix 1 – Annual contribution limits

For tax year 2017/18, you are allowed to contribute up to £40,000 per annum in total across all pension schemes that you contribute to. The £40,000 limit includes the contributions you make and those from your employer. This is referred to as the Annual Allowance and is subject to future changes.

Making use of carry forward
In addition to the £40,000 limit, you maybe be able to make use of any unused relief from any of the previous three tax years. For example, if your total contributions made in tax year 2016/17 were £30,000, then the unused £10,000 of your allowance could be carried forward to this tax year enabling you to contribute up to £50,000.

Tapering of the Annual Allowance
For higher earners, the amount of tax relief available under the Annual Allowance maybe restricted depending on the level of your earnings. The effect of this restriction is to reduce the annual allowance from £40,000 to £10,000 on a sliding scale.

If your threshold income and adjusted income is over £110,000 and £150,000 (threshold income is income excluding pension contributions and adjusted income includes all pension contributions made) respectively, then your Annual Allowance will be reduced by £1 for every £2 your adjusted income exceeds the £150,000 limit. The maximum reduction is £30,000, so if your adjusted income exceeds £210,000, then a flat annual allowance of £10,000 will apply for the tax year. You can still make use of any unused carried forward.

Money Purchase Annual Allowance
An Annual Allowance of £4,000 will apply if you have or intend to take flexible income from your pension and make further pension contributions. If you have taken an Uncrystallised Funds Lump Sum (please refer to Appendix 2 for an explanation) or started flexible income, then this restriction will apply to the amount you and your employer are able to contribute once these benefits have commenced. In addition, the ability to carry forward any unused relief will not be possible.

If you believe you are affected by any of the above scenarios or require more information, then it is recommended that you seek advice to help avoid an Annual Allowance charge. Please contact your usual Financial Adviser or you can contact Origen.

Appendix 2 – Pension flexibility

You have a number of options on how to take your retirement benefits, which are designed to provide greater choice depending on your circumstances, the size of your pension fund and your attitude to risk.

Introduced from 6 April 2015, the options available from age 55 are:

- Take your entire pension savings as cash (in most cases up to 25% can be taken as tax free cash with the remaining fund taxed at your marginal rate of income), and/or
- Buy an annuity (or other income generating guaranteed products that may emerge), and/or
- Enter drawdown with no income limits applied

To help facilitate these changes, two new ways of taking cash out of your pension pot have been created; flexi access drawdown (FAD) and uncrystallised pension fund lump sums (UFPLS).

What is flexi access drawdown (FAD)?

Flexi access drawdown gives you a way of taking money flexibly from your pension pot. Your pension fund will remain invested, meaning that the value of your remaining fund will rise and fall depending on the prevailing relevant market conditions and the performance of your chosen investments. In most cases, you can take 25% of your pension pot as a tax free lump sum with the remaining 75% being taxed at your marginal rate of income. Within flexi access drawdown you have the choice of taking just the tax free cash, just income or a mixture of the two.

On death, any remaining money within your flexi access drawdown pension pot can be passed on to a beneficiary/beneficiaries of your choice, free of Inheritance Tax.

Flexi access drawdown (FAD) is a high risk strategy. Many people underestimate their life expectancy and base their retirement budget on too short a term. You will continue to take investment risk within a FAD product. If the funds you are invested in fall in value you risk running out of money, a risk that is magnified by taking high levels of income and/or requiring the income to meet your retirement needs. Furthermore, if you should suffer sharp market falls at the beginning of commencing FAD, it may be difficult to recover these losses without taking more investment risk.

It should also be remembered, that taking an income from your pension will trigger the Money Purchase Annual Allowance (MPAA), which restricts the annual allowance from £40,000 to £4,000 if you are planning to continue contributing to a pension scheme.

Origen Corporate Solutions strongly recommends that if you are considering flexi access drawdown you should receive professional advice with a yearly financial review at a minimum. This approach is unlikely to be suitable for those with relatively small pension pots.

What is an Uncrystallised Funds Pension Lump Sum (UFPLS)?

To enable savers to gain access to their pension pot without creating a flexi access drawdown fund, the Government has introduced legislation which allows uncrystallised funds pension lump sums to be payable.

Under the new tax rules, individuals will have the flexibility of taking a series of lump sums from their pension fund, with 25% of each payment tax free and the remainder being taxed at your marginal rate of income tax. This could be the entire value of your pension fund or it could just be a proportion.

Taking large lump sums in a single tax year will normally create bigger tax bills than spreading the withdrawals over a period of years. It's likely to be in most customers' interest to consider phasing their taxable income from their pension pot once they have received appropriate advice.

Taking an UFPLS can have further consequences than paying an Income Tax bill. If you take an UFPLS you trigger the Money Purchase Annual Allowance (MPAA) (see later in this guidance for a full explanation), which restricts the amount you can save into a defined contribution pension to £4,000 per year, a big reduction from the standard £40,000 annual allowance. To avoid triggering this you can use the 'Small Pots' rule allows you to take up to three defined contribution pension pots worth less than £10,000 without triggering the MPAA.

How will I pay any tax charges?

If you take income from a pension provider as a UFPLS or from a FAD they will normally withhold some Income Tax from your money. If they do not have your correct tax code they may not deduct the correct amount of tax, which could result in you making an overpayment, or an underpayment which could lead to further tax charges in the future. If you are in doubt about the amount of tax you would need to pay we suggest you seek appropriate professional advice.

What about those who were in drawdown before these changes?

Under the rules that applied up to the end of the 2014/15 tax year there were two different types of drawdown; capped and flexible.

In capped drawdown the amount of income you can take each year is limited by factors set by the Government Actuary's Department (GAD). These factors change depending on current gilt yields (rate of return) and are intended to broadly reflect the amount of income a pensioner would receive from an annuity, although the maximum capped drawdown amount is currently higher than this level. These income levels are reviewed by the pension provider on a triennial basis. There is no income limit applied to flexible drawdown, but savers had to meet a minimum income requirement from their other pensions which were already in payment and were guaranteed before they were allowed to access a flexible drawdown product.

Savers who were invested in capped drawdown (where their income was limited based on their fund value and Government-set factors) will be 'grandfathered' under the new rules unless they ask for their pension to be converted into a flexi access drawdown so they can utilise the new flexibility. This will allow them to retain the full £40,000 annual allowance if they keep within the capped drawdown income limits.

Those who were in Flexible Drawdown will automatically be converted into Flexi access drawdown. They will be restricted to the MPAA of £4,000 per year for any future money purchase pension contributions.

Will providers offer these options for my pension?

Most providers are endeavouring to provide the full range of retirement options, however this does vary on the type of pension you have and when it was established.

The Government has introduced legislation that creates a 'permissive statutory override'. This override will allow schemes to ignore their scheme rules and follow the new pension tax rules instead, in order to pay out payments flexibly or to provide a drawdown facility. However, this does not mean that all schemes and providers will choose to offer these new rules and we expect to see a division between those that choose to offer these freedoms and those who do not.

What is the Money Purchase Annual Allowance (MPAA)?

Under the current pension rules there is an annual amount you can save into a pension and receive Income Tax relief on. The threshold is currently £40,000, although you will only receive tax relief if you have sufficient income to offset against your contribution. You can also potentially 'carry forward' unused allowances from the previous three years although any contributions made are always assessed against your earnings in the tax year you make them.

Under the rules, if you 'trigger' one of a range of specified events you will receive a reduced 'Money Purchase Annual Allowance' of £4,000 per year. Once you have triggered the MPAA it will remain in place for the rest of your lifetime. You will not be able to carry forward any unused allowances from previous years towards the £4,000 limit.

What impact do these changes have on Lifetime Annuities?

While the flexibilities will prove attractive to many pensioners, there will remain a significant proportion of the 'at retirement' market whose needs are best served by purchasing a secure income for life, known as an annuity. To enable further competition and innovation in the annuity market the following changes are being introduced:

- Lifetime annuities will be able to decrease as well as increase once in payment; this will allow annuities to be more closely linked to the annuitants needs, for example reducing once the pensioner becomes eligible for the State Pension.
- Lump sums can be payable from lifetime annuities provided that they are specified when the contract is set up.
- Removal of the ten-year maximum guarantee period for guaranteed annuities, which will allow payments made to beneficiaries from guaranteed annuities to continue beyond the current ten year maximum.
- Allow payments from guaranteed annuities to be paid to beneficiaries as a lump sum, where they are under £30,000; this will allow beneficiaries to receive pension payments as a lump sum if they wish, rather than having to spread these out over several years
- The range of allowable beneficiaries is being extended to allow those other than a spouse, civil partner or financial dependant to be a beneficiary.

It is too early to say what impact these changes will have on the annuity market. The new flexibilities may make annuities more attractive in some circumstances, although there is a danger that taking a high level of income earlier in your retirement could leave you short of funds in the future, particularly if you underestimate your life expectancy. Annuities will still have to make a payment at least annually for the life of the annuitant, as per the current rules.

What about death benefits?

For money purchase pensions, all death benefits are tax free if you die before age 75, including any dependants pension payable from an annuity. Funds in flexi access drawdown can be transferred to a beneficiary and they can draw a tax free income over their lifetime.

For those who die aged 75 or over, the tax charge on lump sum death benefits will be charged at the beneficiary's marginal rate. Alternatively, your pension fund can be transferred to any beneficiary or beneficiaries and they can draw income from the fund subject to their marginal rate of tax.

What is the Guidance Guarantee?

The Government has launched Pension Wise, a service to help provide information and guidance to those at or approaching retirement. The website is http://www.pensionwise.gov.uk

Everyone who has a money purchase pension plan has the right to receive free and impartial guidance when they come to retirement. There is currently no limit to the number of times you can use the guidance service in your retirement.

The guidance service cannot make a recommendation to you in terms of any course of action you should take. They will provide information on the different types of policy you have and the retirement income options available to you, but you will have to either make your own decisions or seek advice from an FCA regulated adviser following your guidance session.

Do you need to take advice?

It is recommended that individuals seek out advice or guidance when reviewing their pension fund and income / lump sum requirements in retirement. The implications on what to do and also how to do it can be significant, especially if you get the decision wrong.

Getting the decision wrong could result in less income and lump sum in retirement than you are entitled to and potentially a higher tax bill.

How can Origen assist?

Origen has a specialist team of consultants, called Origen Retirement Solutions, who provide advice on all options available for taking pension benefits.

As a member of the scheme, you are entitled to a free consultation with a consultant to discuss your pension options.

If financial advice is required, then this can be provided for a fee, which is disclosed in advance. Please note it is not compulsory that you receive financial advice as part of this service.

If you would like to book an appointment, then please contact your usual Origen consultant or call Origen's Client Liaison team on 0344 209 3925*.

*Calls are charged at your phone company's basic rate. All calls are recorded for business purposes.

Appendix 3 - Information on the State Pension

Flat-rate State Pension

The Government has introduced a new, simpler flat-rate State Pension from 6 April 2016, that has replaced the previous basic and additional State pensions.

If you reach State Pension Age on or after 6 April 2016, then the new basis will apply to you. If you achieve the required 35 qualifying years then the amount payable will be £159.55. If you do not have the full 35 years, then you will receive a pro-rata amount as long as you meet the new 10 year minimum qualifying period.

Transitional provisions are in place to assist those that have built up qualifying years and credits prior to 6 April 2016, so that you do not receive a lower pension entitlement than under the previous system. Again this will be subject to the new 10 year qualifying period.

To obtain a forecast of your State Pension and to find out further information, then please visit the following website for further details https://www.gov.uk/new-state-pension.

State Pension Age

Under the Pensions Act 2011 the female State Pension age will increase to age 65 between April 2016 and November 2018. From December 2018, the State Pension age for both men and women will start to increase to reach age 66 in October 2020. State Pension age will then increase to age 67 between 2026 and 2028. It is important to note that State Pension age is continually reviewed, therefore these retirement ages may vary in the future.

Appendix 4 - Pension credit

Pension credit is a means-tested benefit that provides a proposed minimum income for everyone who has at least reached the prevailing female State Pension age.

This is known as the 'Guarantee Credit' and the age from which an individual may qualify has been gradually increasing from April 2011 from age 60 to age 65, in line with the increase in the female State Pension Age.

With the introduction of the flat rate State Pension on 6 April 2016, savings credit will cease to apply. If you are already in receipt of the savings credit, then in some circumstances this may continue to be paid.

Appendix 5 - Useful contacts

- To enquire further information on the scheme provided (guidance information only), please contact Lorraine Blackstock, 0344 209 3468, lorraineblackstock@origencs.co.uk
- If you require personal financial advice relating to aspects of your pension, such as investment fund selection, contribution affordability or to discuss a transfer, please contact:

  Origen Desk Based Advice Team1 on 0344 209 3952*
- If you are approaching retirement and are looking for advice on the option you should take, please contact: Origen 'At Retirement Team'1, please contact 0344 209 3918*

  Please see Appendix 2 'How Origen can assist' for additional information.
- To contact customer services at Legal & General, then please contact: 0345 070 8686
- To access your plan on-line please visit: https://www.legalandgeneral.com/existing-customers/
- To contact Pension Wise to obtain generic information on retirement options, please visit:

  http://www.pensionwise.gov.uk
- To find a local Financial Adviser, please visit: www.unbiased.co.uk

[1] It is likely you will need to meet the cost of these services, but this will be discussed and agreed with you first before any costs have been incurred. In addition, the options available on how you could meet these costs will also be discussed with you.

*Calls are charged at your phone company's basic rate. All calls are recorded for business purposes.

Technical summary

Annual Allowance
Tax year 2017/18 £40,000 per annum

Higher earners, depending on their circumstances, maybe affected by the 'annual allowance taper relief' whereby the amount available to contribute can be restricted between £4,000 and £40,000 per annum.

In addition, taking an income from your pension will trigger the Money Purchase Annual Allowance (MPAA) which restricts the annual allowance from £40,000 to £4,000.

Annual Management Charge (AMC)
0.55%

This applies to the Default Investment Fund only. If investing in alternative funds, then the AMC maybe higher.

Cooling off / opt out period
30 days

Contribution Basis

Default Fund
UK Equity Index 10 Year Lifestyle Profile

Please see the Provider's website for further information and explanations about the funds available.

Employer
The Diocese of Arundel & Brighton

Individual Personal Allowance
Tax year 2017/18 £11,500 per annum

Lifetime Allowance
Tax year 2017/18 £1,000,000

Lower Earnings Threshold Limit
Tax year 2017/18 £5,876.00 per annum

Minimum Retirement Age (the earliest age at which you can take benefits)
Age 55

Pension Commencement Lump Sum
Currently up to 25% of your pension fund

Pension Credit

Tax year 2017/18 at least	£159.35 per week for a single person
	£243.25 per week for Partners

'Partner' is defined as your husband or wife or registered civil partner, or a person you live with as if you are married to them.

Pension scheme name

The Diocese of Arundel & Brighton Group Personal Pension

Savings Credit

With the introduction of the new flat-rate State pension, the Savings Credit is no longer available for people reaching their State Pension age from 6 April 2016.

Selected Retirement Age of the Scheme

65

Staging Date

01 July 2014

State Pension

Old state pension	£122.30 per week for a single person
	£195.60 per week for Partners
New state pension	£159.55 per week (if retiring after 5 April 2016)

Upper Earnings Threshold Limit

Tax Year 2017/18	£45,000.00 per annum