tpt Retirement Solutions

Heywood and Partners Ltd Pension Scheme

A Guide for Members

A Guide for Members

The Heywood and Partners Ltd Pension Scheme (the Scheme) has been designed to provide security for you during your retirement and for your dependents in the event of your death. The Scheme provides benefits related to your earnings and the length of your active membership.

The main benefits can be summarised as:
•a pension for you when you retire;
•the opportunity to exchange part of your pension for a lump sum when you retire;
•a pension and/or lump sum for your dependents(s) or beneficiary(ies) upon your death.

This Guide gives general guidance only, and it should not be regarded as a complete or authoritative statement on the formal Trust Deed and Rules. It is provided to all members and prospective members and consolidates and replaces any previous scheme booklets, announcements and leaflets. If there is any conflict between the interpretation given in this Guide and the formal Trust Deed and Rules or the Scheme Document, the legal interpretation of the formal documents will prevail.

The Scheme closed to any further accrual of benefits on 16 March 2010.

If you have any general enquiries about joining the Scheme, please contact the individual who deals with pension matters in your organisation.

The Scheme is administered by the Administration Team at TPT Retirement Solutions. Should you have any other queries or require further clarification or detailed information about your own benefits, you should contact:

TPT Retirement Solutions
Verity House, 6 Canal Wharf
Leeds, LS11 5BQ

Telephone: **0113 234 5500**
Email: **enquiries@tpt.org.uk**
Website: **www.tpt.org.uk**

Contents

Leaving

Deferred pension

You may have a deferred pension if you left the Scheme before 16 March 2010, or were active at that date and left employment at a later date.

A deferred pension was calculated for you, based on the service you have completed as a member of the Scheme and your pensionable earnings. This pension will remain in the Scheme and become payable at Normal Pension Age **(NPA)**. You can apply for early payment of the deferred pension any time after age 55. See 'Retirement' for further details.

How does my deferred pension increase?

If you joined the Scheme before 6 April 1997 part of your deferred pension will be a Guaranteed Minimum Pension **(GMP)**. The GMP part of your pension is increased by a statutory revaluation rate, that varies based on your date of leaving, for each complete tax year until you retire.

The pension remains in the Scheme and any deferred pension in excess of GMP may increase, prior to retirement.
This increase is based on the Retail Prices Index **(RPI)** and the Consumer Prices Index **(CPI)** as follows:

- the increases will be based on the index increase, with a maximum increase of 5%. Up until 2010 this was the RPI and from 2011 this has been CPI.

The measure of inflation used in the future may be changed but any such change would not apply retrospectively.

Transfer of your benefits

You may transfer your benefits to another pension arrangement (such as your new employer's pension scheme or to a personal or stakeholder pension plan) at any time after you leave the Scheme, but before you take your pension.

Defined Benefit transfer values are calculated as the best estimate of the cash sum that would need to be invested in order to reproduce your benefits at retirement. A Statement of Entitlement to a guaranteed cash equivalent transfer value of your benefits will be provided on request. You will need to pass the information provided to the administrator of your new pension arrangement to investigate if the transfer can proceed.

From 6 April 2015, it is a legal requirement for members to receive independent financial advice before a transfer from a defined benefit scheme to a defined contribution (money purchase) scheme can proceed (unless the transfer value is less than £30,000). TPT will seek evidence that this advice has been received before proceeding with a transfer to a defined contribution arrangement.

Unfortunately, pension scams have become increasingly prevalent in recent years. To protect your benefits from possible fraud attempts, further checks and due diligence will be carried out by TPT in respect of the scheme you are considering transferring to. Any such advice must have been provided or checked by a 'pension transfer specialist'. It may also be prudent to consider taking such advice when transferring your benefits, even if the law does not require you to do so.

Retirement

You don't have to leave your job in order to draw your pension. Any reference to retirement in this Guide includes those members who choose to receive their pension benefits and continue working, as well as those members retiring in the more traditional sense (i.e. stopping work).

When can I retire?

The Normal Pension Age **(NPA)** under the Scheme is 65. This is the age that will be used for normal funding purposes for Scheme benefits. Some benefits in the scheme may be payable from age 60. If your pension does not start until after NPA, it could be more – and if it starts before NPA, it will be less than the normal retirement pension.

You can apply for early payment of your deferred pension at any time after age 55 although the government has indicated this may raise to 57 in 2028.

What will I get?

The pension remains in the Scheme and increases in deferment as noted above.

It may then be reduced or increased to take account of the fact that your pension would be payable for longer or shorter than if it had started at NPA. Certain restrictions may apply and you may not be able to take your deferred pension early if it is not sufficient to cover the statutory minimum pension the Scheme is obliged to pay. You will be advised if your application is unsuccessful.

.

Can I take a cash sum at retirement?

You may have the option to take a PCLS and reduced pension.

Yes, when you retire you can give up part of your pension and exchange it for a Pension Commencement Lump Sum **(PCLS)** which is usually tax free under current legislation. This will leave you with a smaller pension.

The maximum lump sum available is 25% of the value of your pension benefits subject to the minimum pension conditions being satisfied.

Taking a PCLS at retirement will leave you with a reduced pension. If you want to receive a quotation of your benefits please contact us for an estimate.

You will be advised of the specific options available to you at the time your application for payment of your pension is processed.

Financial Guidance

The UK Government recognizes the importance of making good financial decisions and that information regarding retirement incomes is vital to ensuring your long-term welfare.

Since April 2015, a free pensions guidance service, called Pension Wise, is available for members with defined contribution (money purchase) arrangements. This includes members with AVC funds, who are approaching retirement. This is separate to independent financial advice which is available.

For further details, go to **www.pensionwise.gov.uk**.

Death Benefits

What if I die after leaving the Scheme?

If you die after leaving the Scheme but before you start receiving your pension the benefits payable are:

Lump sum

A refund of your own contributions if no Survivors pension is payable (see Definitions).

Survivor's pension

If you were married at date you left service, spouse pension of 50% of member's deferred pension revalued to the earlier of death or your NRD.
If you were not married when you left service, pension is:
1/160ths x Pensionable Salary at date left Service x Years of contracted-out Service (since 1 April 1978)

What benefits are payable if I die after retiring?

If you die after your pension has started the benefits payable are:

Lump sum

If you die within five years of retiring, a lump sum death benefit is payable equal to the unpaid balance of the five years' pension payments, at the rate applicable at the date of death.

Survivor's pension

If you were married at your date of retirement, 50% of your pension at the time of your death before any pension reduction due to commutation for a retirement cash sum.

If you were not married when you retired, 1/160^{ths} x Pensionable Salary x Years of Service (since 1 April 1978).

Children's pensions

If you were in pensionable service on or after 19 February 1991, a pension equal to one third of the amount of the Survivor's pension will be paid to any child up to a maximum of three.

If you left pensionable service before 19 February 1991, a pension equal to one quarter of the amount of the Survivor's pension will be paid to any child up to a maximum of four.

There is a minimum pension of £200.

Important notes

- The regulations governing schemes which were contracted-out of the additional State Pension prior to April 2016 require that any spouse's / civil partner's GMP, or Reference Scheme pension for service up to 5 April 2016, must be paid to your widow, widower or civil partner at the date of your death.
- If your survivor is more than ten years younger than you, the pension will be reduced by 2.5% for each year in excess of ten that he/she is younger.
- Except for widows, widowers and civil partners, it will be necessary for the Trustee to receive confirmation that the nominee for a pension is eligible at the date of the member's death.

Who will receive the benefits payable on my death?

The lump sum death benefits are payable at the discretion of the Trustee. Under current legislation this means that they do not form part of your estate for inheritance tax purposes. You can help the Trustee by completing a Nomination Form detailing the beneficiaries you would like to be considered.

Nominations

- Your nominations should be provided in writing, preferably on a Nomination Form or using your DB Online account
- Separate nominations are required for lump sums and pensions (even if you have nominated the same person to receive both).
- You should ensure your nominations are kept up-to-date if your personal circumstances change. If you wish to make any changes to your nomination or a nominee's address, please notify TPT in writing by completing a new Nomination Form.
- Nomination Forms are available from the Administration Team at TPT (contact details can be found on page 2) or can be downloaded from the website at **www.tpt.org.uk**.
- **Please note:** Upon marriage/entering into a civil partnership, or upon divorce/dissolution of a civil partnership, any existing nomination will be revoked. Additionally, if you have nominated a partner who lives with you and at a later date you cease cohabiting, the nomination will be revoked. If you wish to re-nominate a person whose nomination was revoked in any of the circumstances outlined above, please contact TPT to check whether that person is eligible. If they are, a further signed Nomination Form must be provided.

Who can I nominate?

Lump sum

- You can nominate one or more persons or organisations;
- If you choose more than one you must state the percentage you want each person or organisation to receive;
- You should not use the words 'Executor', 'Administrator', 'In Trust for', or 'Estate' for your nomination, but the proper names of persons or organisations.

Survivor's pension

The definition of a Survivor or Dependent, and the pension due to them, within the Heywood Pension Scheme is complicated, and the following statements are a simplification for ease of understanding and do not override the Scheme Rules.

A survivor's pension may be paid to:

- Your spouse or civil partner; or
- You may nominate a dependent child to receive the survivor's pension, but this would stop when he or she ceased to be treated as a 'Child' as described below. (Please note: The child would receive the survivor's pension in place of the child's pension); or
- Anyone who is largely financially dependent on you.

Children's pensions

The definitions of a Children within the Heywood Pension Scheme are complicated, and the following statements are a simplification for ease of understanding and do not override the Scheme Rules.

Children's pensions may be paid to:

- Any child, legitimate, illegitimate, legitimised, legally adopted children or a child who is financially dependent on you who
    - is aged under 16; or
    - below age 23 if continuously in full-time education since 16 or

- in training or
- a child of any age who is disabled and unable to earn a living, unless they are already receiving a survivor’s pension.

Children’s pensions stop on reaching age 16 or 23 as described, unless the child is disabled and unable to earn a living, when the pension can continue for the rest of that child’s life.

Paying Your Pension

How will my pension be paid?

Your first payment will be made shortly after either the date your pension was due to start, or the date TPT receives the appropriate forms if later, and will cover the period due from your retirement date to the next 1st of the month payment date.

Payment is subject to receiving all necessary forms and relevant certificates. Your first pension payment will include any lump sum you have elected to receive.

After this pensions are paid monthly in arrears on 1st of each month. They will be paid direct to your bank or building society account. It is not usually possible to pay your pension to a bank or building society account that is not in your name.

If tax is due on the pension then it will be deducted under the PAYE system. Details of the PAYE reference number and relevant tax office dealing with the Scheme pension payments will be provided with confirmation of your pension at retirement.

Will my pension increase?

Pensions are reviewed each year and any increase granted is applied to pensions due from 1 January. Increases are based on the rise in the relevant Index each September. If the change in that index is zero or negative then the pension will remain the same; it will not be reduced.

How does my pension increase?

The increases explained below apply to your own retirement pension, your survivor's pension, and any children's pensions.

Once in payment, your pension will be reviewed each year and will increase as follows:

Before Guaranteed Minimum Pension Age

- For pension built up after 5 April 1997 and prior to 6 April 2006, your pension will increase by the lower of 5% or the rise in the Consumer Prices Index (CPI) and
- For pension built up after 5 April 2006, your pension will increase by the lower of 2.5% or the rise in the Consumer Prices Index (CPI).

After Guaranteed Minimum Pension Age

- The GMP part of your pension (applicable for benefits earned between April 1988 and April 1997), if any, is guaranteed to increase each year by the rise in the Consumer Prices Index (CPI) up to a maximum of 3%. CPI is measured each September.
- For pension built up after 5 April 1997 and prior to 6 April 2006, your pension will increase by the lower of 5% or the rise in the Consumer Prices Index (CPI) and
- For pension built up after 5 April 2006, your pension will increase by the lower of 2.5% or the rise in the Consumer Prices Index (CPI).

Further Information

Who looks after the Scheme?

The day to day administration is entrusted to TPT which has been administering pension schemes since 1946. TPT is directly answerable to its members, the employers who choose its pension schemes, and the active members, pensioners and deferred members who belong to these schemes. TPT is not an insurance company.

Scheme registration

The Scheme is a registered pension scheme for the purposes of Part 4 of the Finance Act m2004. The Pension Scheme Tax Reference is 00829486RM.

Are there any restrictions on benefits?

HM Revenue & Customs no longer impose limits on the pension benefits you can receive. However, if the value of your benefits from all tax registered schemes exceeds the Lifetime Allowance, there may still be tax consequences. Please see the definition of Lifetime Allowance below for further details if you believe this applies to you.

It should be noted that both the Lifetime Allowance and Annual Allowance (see Definitions) are only likely to affect those with very high earnings and/or significant pension benefits held elsewhere. For example, if your pensions from all tax registered schemes do not exceed £60,000 a year, you are unlikely to be affected.

Can I assign my pension?

No, except where permitted by law on divorce, you cannot sign away your pension rights, even temporarily, for example as security for a loan.

The Trustee Company

The Scheme is governed by a Trustee Company called Verity Trustees Limited. Directors are non-executive, three nominated by members, three nominated by employers, and up to three co-opted by the member nominated and employer nominated Directors.

Investments are managed independently by external authorised fund managers. Investment performance is reviewed regularly by TPT's Investment Committee.

The State Pension

Prior to 6 April 2016 the State Pension was made up of two parts: the basic State Pension and the additional State Pension (this is also called the State Second Pension or SERPS).

During the period you were a member of the Scheme, your employment was contracted out of the State Second Pension and as a result, you paid lower National Insurance contributions. This meant that you did not accrue the full State Second Pension during your period of membership.

From April 2016, there is a single tier State Pension for people reaching State Pension age on or after this date. This has replaced the basic and additional State Pension and also ends contracting out (of the additional State Pension) and the National Insurance rebate.

The amount of State Pension you receive after 6 April 2016 will take account of any time that you have been contracted-out and paid National Insurance at a lower rate.

To find out more about the State Pension visit **www.gov.uk/state-pension**.

Contracting out prior to April 2016

Between 6 April 1997 and 5 April 2016 a contracted out scheme had to provide benefits for members which were broadly equivalent to, or better than, those that would have been provided under a 'Reference Scheme'. The requirement was for the benefits overall to be as good as those under this Reference Scheme, although there is no guarantee that every member's own benefits would pass that test.

For any period of membership between 6 April 1978 and 5 April 1997 a Guaranteed Minimum Pension (GMP) had to be provided for each member who was contracted out. The GMP is payable to women from age 60 and men from age 65, or the date of retirement, if later. At that age, the pension payable has to be at least as much as the GMP, which for the majority of members is usually the case. The main impact the GMP has on retirement pensions is the way that pension increases after it starts to be paid. Please refer to the section 'How does my pension increase?', earlier in this guide, for details of how the GMP affects the annual increase in your pension.

Pension Tracing Service

Details of TPT (and all its pension schemes) have been registered with the Pension Tracing Service and the address is:

The Pension Service
Post Handling Site A
Wolverhampton
WV98 1AF

Telephone: 0800 7310193

www.gov.uk/find-pension-contact-details

Please quote reference: 10170418

The purpose of this registration is to help individuals trace their pension rights. If you think you have pension benefits with a previous employer's scheme, but have lost contact, the Pension Tracing Service may be able to help.

Rights, obligations and limitations

The rights and obligations of members of the Scheme are set out in the Trust Deed and Rules and the Scheme Document which are the formal documents of the Scheme. This Guide is intended to provide a clear and simple explanation of the main benefits you are entitled to under the Scheme.

If there is any conflict between the interpretation given in this Guide and the formal Trust Deed and Rules or the Scheme Document, the legal interpretation of the formal documents will prevail. Copies of the Trust Deed and Rules and the Scheme Document are available from TPT. Full contact details are provided on the back cover of this booklet, or from the website at **www.tpt.org.uk**.

Before making any financial commitment on the basis of any information provided in respect of retirement benefits, please contact TPT for final confirmation of the expected level of benefits. Staff will be pleased to provide any further information or assistance you may need.

TPT is not registered under the Financial Services and Markets Act 2000 to give financial advice. Any information that is provided to members or prospective members should therefore be taken to constitute information and not be taken to constitute advice.

When providing information to members or prospective members, TPT takes care to provide an accurate service but the decision and choice remain the individual's, for which TPT cannot be responsible.

General Data Protection Regulation (GDPR)

For more detailed information on how we use and disclose personal information, the protections we apply, the legal basis for our use of personal information, and your data protection rights under the GDPR, see our privacy notice at **www.tpt.org.uk/privacy-policy**.

If you would like a copy of the privacy notice to be sent to you, please email **privacy@tpt.org.uk** or call **0113 394 2779**.

The Trustee takes appropriate measures to ensure that your personal data is held securely.

Annual Report and Financial Statements

Members receive a summarised version of the Annual Report and Financial Statements each year, but are entitled to the full version that will be provided on request. Alternatively, a copy can be viewed on TPT's website at **www.tpt.org.uk**.

Pension Protection Fund (PPF)

1. The PPF is a fund designed to protect members' rights under company Defined Benefit pension schemes should the employer become insolvent.
2. The PPF is funded by a levy on company pension schemes that are potentially eligible to benefit from it. The levy on the Scheme will not result in a reduction to your pension.
3. Benefits payable under the PPF are, briefly, as follows:
    - Your full pension if you have reached the Scheme NPA or receive an ill health pension (regardless of your age);
    - 90% of the expected Scheme pension for all other members;
    - Widow/ers' or survivors' pensions of 50% of the member's PPF pension; and
    - Pension earned from 6 April 1997 will increase each year in line with CPI up to a maximum of 2.5%. Pension relating to service before April 1997 will not be increased under the PPF.
4. In general, benefits will be paid from the PPF, as opposed to from the Scheme, when:
    - Your employer becomes insolvent, or in circumstances where the Trustee or the Pensions Regulator consider this likely; and
    - The assets of its pension scheme are insufficient (i.e. there is not enough money to pay at least the level of PPF benefit as described in point 3 above).

Complaints …

Complaints Procedure

If you have a problem or complaint in connection with your pension, we recommend that you initially discuss this with your usual contact at TPT. If they are unable to resolve the matter you may find it helpful to speak to the Executive Administration Manager and/or the Head of Pension Administration Services.

If your complaint cannot be resolved informally and you remain dissatisfied you may at any time follow the formal complaints procedure; this has two stages and is summarised below.

Disputes – Formal Resolution

If you remain dissatisfied, you may request (in writing) a formal resolution from the Head of Trustee Services. A decision should be provided within two months of your formal request.

Appeal

If you remain unhappy or disagree with the formal resolution from the Head of Trustee Services, within six months of the decision you have the right to appeal to the Trustee. The result of your appeal should be provided within two months of your request.

The Pensions Ombudsman Early Resolution Team

The Pensions Ombudsman Early Resolution Team is available if you need help raising your concerns, or wish to discuss a potential complaint. They provide a quick, informal and streamlined process, and you do not need to have first used the Scheme's internal complaints process to use this service. The address is:

The Pensions Ombudsman
Early Resolution Team
10 South Colonnade
Canary Wharf
E14 4PU

The Pensions Ombudsman

The Pensions Ombudsman may investigate and determine any complaint or dispute of fact or law in relation to the Scheme where the issue has not been resolved via the Scheme's complaints procedure.

The Office of the Pensions Ombudsman
10 South Colonnade
Canary Wharf
E14 4PU

Telephone: **0800 917 4487**

Email: **enquiries@pensions-ombudsman.org.uk**

Or visit: **www.pensions-ombudsman.org.uk**

The Pensions Regulator (TPR)

TPR is able to intervene in the Scheme administration where the Trustee, employers or professional advisers have failed in their duties.

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW

Telephone: **0345 600 7060**

Email: **customersupport@tpr.gov.uk**

Or visit: **www.thepensionsregulator.gov.uk**

Definitions

These definitions are provided as a summary. Please see the formal Trust Deed and Rules if further clarification is required.

Additional Voluntary Contributions (AVCs)

Is the name given to any contributions you pay above your 'normal' contributions to the Scheme to secure extra benefits.

Annual Allowance

There is a maximum amount which can be put into your pension plan called the Annual Allowance. This is currently £60,000, although it might be lower if you have flexibly accessed pension benefits or have a high income.

It is the amount by which the value of your pension benefits may increase in any one year period without you having to pay a tax charge. From April 2016 the Scheme's pension saving year has been aligned to the tax year and is called the pension input period.

The Annual Allowance is reviewed each year and more details can be found by visiting **www.gov.uk/tax-on-your-private-pension/annual-allowance**.

Please inform your employer if you think you will exceed the Annual Allowance.

Benefits

Are the pensions and other payments made to members and their dependents on death, retirement and after leaving the Scheme.

Deferred Pension

Is the pension secured for you on leaving service and is payable on retirement.

Final Pensionable Earnings

The higher of your annual rate of salary and the highest average salary over any consecutive 12 months during the sixty calendar months immediately preceding the relevant date.
Less one and a half times the Lower Earnings Limit at the relevant date. Where the Lower Earnings Limit is defined as the amount you need to earn as an employee before paying National Insurance.

Guaranteed Minimum Pension (GMP)

Is that part of your pension, or your widow, widower or civil partner's pension, which is roughly the equivalent of the SERPS pension for membership before 6 April 1997.

The Scheme pays a GMP to you during retirement or to your widow, widower or civil partner after your death as part of the Scheme pension, to replace the SERPS pension. The Scheme must provide at least this level of pension.

Interest

Means compound interest calculated annually on the amount of the member's contributions at the end of the preceding September. The rate of interest will vary from time to time. For refunds of contributions on death, interest only accrues up to the date of death.

Lifetime Allowance

In the Spring Budget 2023 the Government announced its intention to abolish the 'lifetime allowance' with effect from 6 April 2024. However, the detailed proposals have not yet been announced and, in the interim, we are still required to carry out various checks before putting benefits into payment. The specific tax charge which previously existed for exceeding the lifetime allowance was removed with effect from 6 April 2023. However, there may still be tax consequences of exceeding the lifetime allowance.

Each individual in the UK is allowed to accumulate pension benefits up to a value of £1,073,100 (this was set for the 2021/22 tax year and is due to be frozen at this level until the 2025/26 tax year) without incurring any tax charge.

Each year your Benefit Statement shows the value of the pension benefits you have accrued as a percentage of the current Lifetime Allowance. You must also take into account the value of any pension benefits you have from previous pension arrangements in estimating whether you have scope to pay AVCs without any danger of breaching the Lifetime Allowance.

Previously if the Lifetime Allowance was exceeded, a tax charge of 55% would be levied on the excess fund if the benefits were taken as a cash lump sum. If the excess benefits were taken as pension then a tax charge of 25% would be levied, as well as the usual income tax payable on the pension instalments.

If you are concerned that your benefits from all sources may breach the Lifetime Allowance you should consult an Independent Financial Adviser (IFA) as to your best course of action.

Please note: TPT and its representatives are not permitted to give financial advice.

Limited Price Indexation (LPI)

Is a requirement under the Pensions Act 1995 to pay specified increases on pensions in payment.

For pension accrued before 6 April 2005, LPI is currently defined as the rise in the Consumer Prices Index (CPI) up to a maximum of 5%.

For pension accrued from 6 April 2005, the law requires (as a minimum) that the Scheme pays increases in line with the Consumer Prices Index (CPI) capped at 2.5%.

Normal Pension Age (NPA)

Is age 65 for payment of full Scheme benefits. Some benefits may be payable at 60.

Pensionable Service

Is your period of membership of the Scheme (in years and completed months).

Reference Scheme Test

To contract out between 6 April 1997 and 5 April 2016 the Scheme had to provide benefits at least equivalent to the Reference Scheme (as defined by legislation for contracting out purposes).