Your Retirement and Beyond

This guide will help you choose the most suitable options from the Company pension Scheme. The benefits you earned before 1 April 2011 are treated differently to those built up on or after this date and these are shown separately on page 5 of this guide.

Your options

You now have some decisions to make, so please take a look at the information we have sent you. We have included a Retirement Options statement which shows the choices available to you. Please make sure you read the notes which accompany your statement.

The options available to you are as follows:

1. Take a tax-free cash lump sum
You have a one-off opportunity to convert some of your pension benefits into tax-free cash.

2. Use your Retirement Account to buy an annuity
Your Retirement Account is made up of your Credit Account and any AVCs paid into your AVC account. You must use your Retirement Account to buy an annuity (a pension income) from a provider or you may be able to take all or part of it as tax-free cash. If you buy an annuity, you will need to choose the features you want your annuity to provide.

Alternatively, if your Retirement Account is worth £5,000 or less, you can take it as a pension which we will pay from the Scheme.

3. Take a bridging pension
This option only applies if you have pre-April 2011 benefits and enables you to take a larger pension before your State Pension starts and a smaller pension afterwards.

4. Transfer some or all of your pension benefits out of the Scheme
You may transfer the cash value of some or all of your Scheme benefits to another pension arrangement, for example if you would like to enter into a drawdown policy.

Your retirement options are explained in more detail in the pages that follow.

May 2016

1. Taking tax-free cash

The first decision you need to make is whether to convert part of your benefits into a tax-free cash lump sum. The maximum amount of cash you can take is shown on your Retirement Options statement which is enclosed with this guide.

Before converting any of your pre-April 2011 benefits into cash, we will try to maximise your retirement income by using your Retirement Account (if this applies) as the first source for providing any tax-free cash you choose to take.

"The cash is tax-free, but any pension you take is taxable."

The issues to consider are:

- How much income you will need in retirement. Taking tax-free cash is attractive, but it does mean you will get a lower pension.

- We have shown the maximum tax-free cash available on your retirement options statement. You may take less than this and if you do, the amount of pension you get will go up.

If you decide to convert part of your pension into tax-free cash, we can pay this straight into your bank/building society account.

2. Using your Retirement Account to buy an annuity

You must use your Retirement Account to buy an annuity from an insurance company of your choice if you do not take all or part of it as tax-free cash.

Alternatively, if the amount available from your Retirement Account is below a level determined by the Trustees from time to time (currently £5,000) you can choose to convert it to a pension which we will pay from the Scheme. This will be on the same basis as detailed in the 'Benefits built up before April 2011' section on page 5, although the Trustees can change this basis at any time. If you choose this option, you can disregard the rest of this section.

We will help you to find the most competitive annuity on the market that meets your needs by using a leading annuity services provider. However, you are not obliged to use them.

The amount of annuity you will receive depends on:

- The value of your Retirement Account.
- The amount of tax-free cash you take.
- Whether or not you choose to include provision for a dependant
- Your age and that of your dependant; you will get a higher income the older you are.
- The options you choose, such as an annuity that increases in payment. The less options you choose, the higher your income will be.
- Your health and lifestyle; you may get a higher income if you are a smoker, have high cholesterol or are in poor health.
- Where you live and your occupation.
- Economic conditions and general life expectancy at the time you take your benefits.

As we must pay all your benefits at the same time, your annuity must be set up before we can pay out any tax-free cash or pre-April 2011 pension. This could take a month or more, so please make sure you reply quickly to any requests for information.

Choosing your annuity options

There are many types of annuity you can buy and you will be able to choose from a number of options to suit your circumstances. The most common options are:

A flat annuity – this pays out the same amount of income throughout your life. In other words, it does not increase in line with inflation. You will get more money to start with than you would from an increasing annuity, but it will buy you less in the future because of inflation.

An increasing annuity – this will normally start at a lower rate and will gradually build up. With an increasing annuity there are two main choices:

> **Fixed rate** – your income increases each year by an agreed fixed rate (for example 3% or 5%)
>
> **Inflation-linked** – your income is adjusted each year to reflect the changes in the cost of living. The actual increase in your annuity will vary from year to year to match inflation, so the buying power of your pension will stay the same.
>
> Although you will get less money with an increasing annuity than with a flat annuity, it will increase each year but it could take a while for the increasing annuity to catch up with the flat annuity. However, with a flat rate annuity, even low levels of inflation could reduce your standard of living over time.

We have quoted an inflation-linked annuity on your Retirement Options statement, however you can choose flat or fixed rate if you prefer.

Single life – an annuity just for you. This may suit you if you do not have a partner or if your partner has their own pension arrangement.

Joint life – an annuity that will pay out to you first, and then to your partner after your death (normally at a reduced rate such as half or two-thirds your pension).

You can also choose whether you want your single or joint life annuity to be flat or increasing. We have quoted a joint-life annuity on your retirement options statement, however you can choose single life if you prefer. A single life annuity will give you a much higher income than a joint life because the insurance company will not be expecting to continue paying the annuity for as long.

A guarantee period – You can guarantee your annuity for a specific number of years (usually five or ten) so it will continue to be paid, even if you die before the guarantee period has expired.

We have quoted a guarantee period of five years on your retirement options statement, however you can choose a different or no guarantee period if you prefer.

Enhanced and impaired-life annuities – You could be entitled to a higher annuity due to certain lifestyle or health conditions, for example if:

- you or your partner smoke.
- you or your partner suffer from any health conditions. Even relatively minor conditions such as high blood pressure can sometimes result in an enhancement.
- you have had any serious conditions in the past, such as having a heart attack or cancer some years ago.

Always let us know if you might be eligible for this option.

Frequency – You can usually choose when you want your annuity to be paid; every month, every three months, every six months or once a year.

Please note that if you die after your annuity is put into payment, your dependants or nominees may not receive any payment depending on the type of annuity you choose. Depending on how long you live for, you could receive less in total pension payments than you paid the annuity provider.

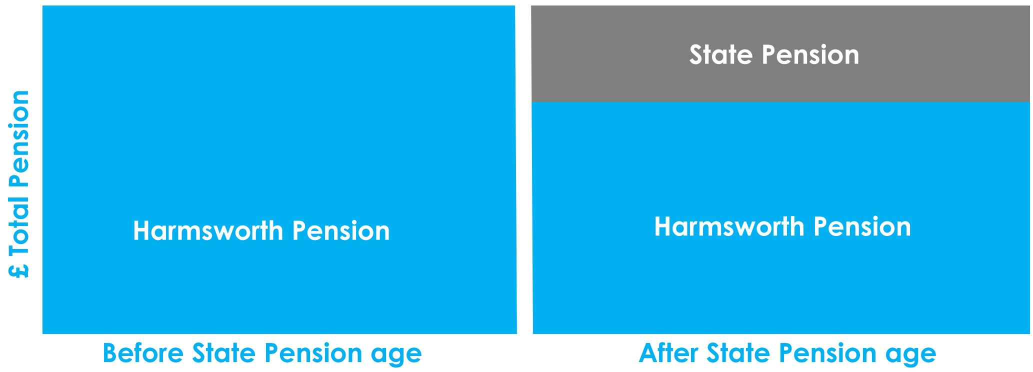
It is important that you assess how much annual income you need and whether you need cash instead. Your annual income from an annuity may also affect your entitlement for some State or other means-tested benefits and may also be claimed by your creditors if you are in debt.

3. Taking a Bridging pension

A bridging pension is only available if you have built up benefits before 1 April 2011.

If you are retiring before you receive your basic State Pension, other than on ill-health grounds, you could consider a bridging pension. A bridging pension gives you a bigger pension from the Scheme before your State Pension starts and a smaller pension after your State Pension is paid.

The chart below illustrates how the bridging pension works. Using the example below, we will pay you a bigger pension up to your State Pension age. Then when you start to receive your State Pension we will reduce your Company pension.



- The bereavement grant is not available to ex-members of the BUP Pension Fund.
- The value of your Scheme pension is the same regardless of whether or not you choose the bridging pension.
- If you choose the bridging pension, the amount that your pension is increased by each year will be higher in the early years than in later years. This is because we will reduce your Scheme pension when you reach State Pension age.
- The bridging pension shown on your retirement options statement is a current amount. The amount we will reduce your pension by when your State Pension starts will be higher than that shown because your pension is increased each year.
- Please note that we use the State Pension age prevailing at the time of your retirement to work out your bridging pension. Any subsequent changes to your State Pension age will not be taken into account.
- We have based your bridging pension solely on your National Insurance record whilst working for DMGT. This accurately reflects the basic State Pension to which you would be entitled for this period.
- The bridging pension is not available if you have retired due to ill health.
- Please note that an Annual Allowance applies to any increase in your Scheme benefits during the tax year. If your increase is greater than the Annual Allowance, a tax charge will apply on the excess.

  The Annual Allowance is the most that can be paid into your pension by you and the Company tax-efficiently. The Annual Allowance from 6 April 2016 is £40,000 (tapering down to £10,000 for those earning over £150,000). Taking the bridging pension could breach the Annual Allowance in the tax year of retirement, resulting in a tax charge.

4. Transferring out of the Scheme

Taking a transfer out means giving up all or some of your benefits in the Scheme in return for a payment which is then transferred to another pension arrangement of your choice. This new scheme could be a Personal Pension Plan or a drawdown policy for example.

The benefits that you secure with your transfer payment in the receiving scheme will depend very much on where you transfer to and the provider you choose.

Full or partial transfers can be made in respect of one or more of the following tranches of benefits. You must transfer the full value of each tranche of Benefits before you retire. So for example, if you choose to transfer your Credit Account benefits, the whole of this must be transferred.

- Pre-April 2011 benefits.
- Credit Account.
- AVCs paid to the DMGT AVC Plan
- AVCs paid to an external policy, such as the Friends Life AVC Plan.

If you wish to take a partial transfer and subsequently retire, your retirement benefits would need to be recalculated.

Financial advice

We always recommend that you seek professional financial advice before taking a transfer to make sure it is the right thing for you to do.

If your transferring benefits are valued at £30,000 or more, it is compulsory for you to take professional financial advice before the transfer can take place. Transfer values under that amount are not subject to this requirement.

Please contact the DMGT Pensions & Benefits team using the details on the back page if you would like more information regarding transferring your benefits out of the Scheme.

Benefits built up before April 2011

The features of your pre-April 2011 benefits are determined by the Scheme rules as follows:

Pension payments – We will pay your pension monthly, in advance, directly into the bank/building society account shown on your Retirement Decision form. After we have taken tax off, your net pension will be in your account on or before the first day of each month.

Tax – We will tax your pension through PAYE, just like your salary has been, although you will not have to pay National Insurance contributions.

If you have a query about tax on your pension payments, please contact the tax office directly, quoting your National Insurance number and the Scheme's tax reference 846/FSN1P:

HM Revenue and Customs
Pay as You Earn
PO Box 1970
Liverpool
L75 1WX

Tel: 0300 200 3300
If you are calling from abroad: +44 135 535 9022

Pension increases

Once we start paying your pension, we will increase it on 1st April each year in accordance with the Scheme rules and statutory requirements.

Pension increase letter

Each year, we will send you a letter showing how much your pension has increased by, how your pension is split and, depending on your situation, different rates of increase could be applied to different parts of your pension. The letter will also show the percentage of the Lifetime Allowance used up by your Company pension. You will need this figure if you decide to take a pension from another pension scheme.

Death benefits

If you die, your next of kin should notify DMGT Pensions & Benefits immediately on 020 3615 0070 to avoid any overpayment of pension, which we will reclaim.

We will ask your next of kin to send in the original death certificate and, if a dependant's pension is to be paid, the original birth, marriage/civil partnership certificates. We may also need to see any will and possibly the funeral expense account depending on the circumstances.

When we receive the above documents, we will let your next of kin know the death benefits that are payable.

Bereavement grant

If you were in the Plus section (or in pensionable service before 1 July 2005 in the Standard section) your dependants may also receive a bereavement grant, currently £1,750, to help with funeral costs.

The bereavement grant is not available to ex-members of the BUP Pension Fund.

Five year guarantee

If you die within five years of retirement, we will pay any unpaid pension instalments for the remainder of that period as a tax-free cash amount to your partner or dependants.

Adult dependant's pension

We will pay a pension to your spouse or civil partner for the rest of their life. This will be half of the pre-April 2011 pension you have built up at the time of your death assuming you did not take a bridging pension or convert any of your pension into tax-free cash when you retired.

In circumstances where we do not pay a spouse's or civil partner's pension, the Trustees may pay an equivalent pension (less any limited pension payable as described above) to a person who has been validly nominated and who depends on you financially or with whom you share living expenses.

There are conditions attaching to this pension as follows:

- If your spouse or civil partner has been living apart from you for more than five years, they will only be entitled to a limited pension or possibly no pension at all.
- If your spouse, civil partner or adult dependant is more than 10 years younger than you, we may reduce the amount of pension that we pay.
- The pension payable to an adult dependant may be payable for a specified period and may be terminated by the Trustees in certain circumstances.

Children's pension

We will also pay a pension of 1/8th of the Pre-April 2011 pension you have built up at the time of your death to each dependent child for up to four children, up to age 18 (or 21 if they remain in full-time education) or beyond this if they are disabled and unable to financially support themselves.

If there is no adult dependant's pension payable, the child pensions will be doubled and paid for up to four children.

For ex-members of the BUP Pension Fund, a pension is only payable to children if no adult pension is payable.

Choosing who you want to receive the death benefits

You should let us know who you want to get any cash amount or pension should you die before taking your benefits. You can do this by completing the enclosed Nomination Form.

It is important to keep your form up to date to avoid any complications. If your wishes change, you can get a new Nomination Form at www.dmgtpensions.co.uk.

Next steps

Please complete the enclosed Retirement Decision form and return it to us. Unfortunately we cannot start processing your benefits until we receive this form.

Lifetime Allowance

You have been asked to state the percentage of the lifetime allowance you will be using up on the form. If your Scheme pension is the first or only pension that you will receive you should state "0%" on the form.

If you are already receiving other pensions, apart from State Pensions, then you should have been told the percentage of the Lifetime Allowance you have used up. If you have not been given this information, you should contact the administrator and ask for the 'percentage of the lifetime allowance already used'.

You need to do this for all pensions you are receiving (apart from State Pensions) and add the figures together.

Buying an annuity

If you have to buy an annuity, please refer to the enclosed leaflet explaining how the Hargreaves Lansdown Annuity Service works. We suggest that you use the Hargreaves Lansdown annuity comparison website to get an idea of the income you could receive. You may also use your own independent financial adviser.

More information

Finding out more

If you need help before making your decision please contact the DMGT Pensions & Benefits team on 020 3615 0070 or send an email to **pensions@dmgt.com**.

You may also find some interesting information on our website **www.dmgtpensions.co.uk**.

If you have a Credit Account or have paid AVCs, you can also access Pension Wise, a government service providing free impartial guidance on your options at retirement via the website **www.pensionwise.gov.uk**.

Legal documentation

This document aims to give you an accurate guide to the benefits presently available to you. However, it is not a legal document. The Scheme is governed by rules, containing extra conditions which can be amended from time to time. If there is any difference between the information in this guide and the information in the rules, the rules will apply.

Member Helpline

DMGT Pensions & Benefits
Northcliffe House
2 Derry Street
London W8 5TT

Phone: 020 3615 0070   Fax: 020 3615 3099   Email: pensions@dmgt.com   www.dmgtpensions.co.uk