

# Your retirement and beyond

The following steps will give you guidance to help you choose the most suitable option from the company pension scheme.

## Your decision

Nearly everyone has to choose whether to give up part of his or her pension for tax-free cash.

If you are retiring before you receive your basic State Pension, other than on ill-health grounds, you may have a second decision to make. Should you take the bridging pension which gives you a bigger pension before your State Pension starts and a smaller pension afterwards?

### Step 1 – Look at the information

You should first look at the letter we will send you. We will include a benefit options statement showing all the figures. Please make sure you read the accompanying notes.

### Step 2 – Decide whether to take cash (if applicable)

At retirement you have a one-off opportunity to exchange some of your taxable pension for tax-free cash (now known as 'pension commencement lump sum').

The issues to consider are:

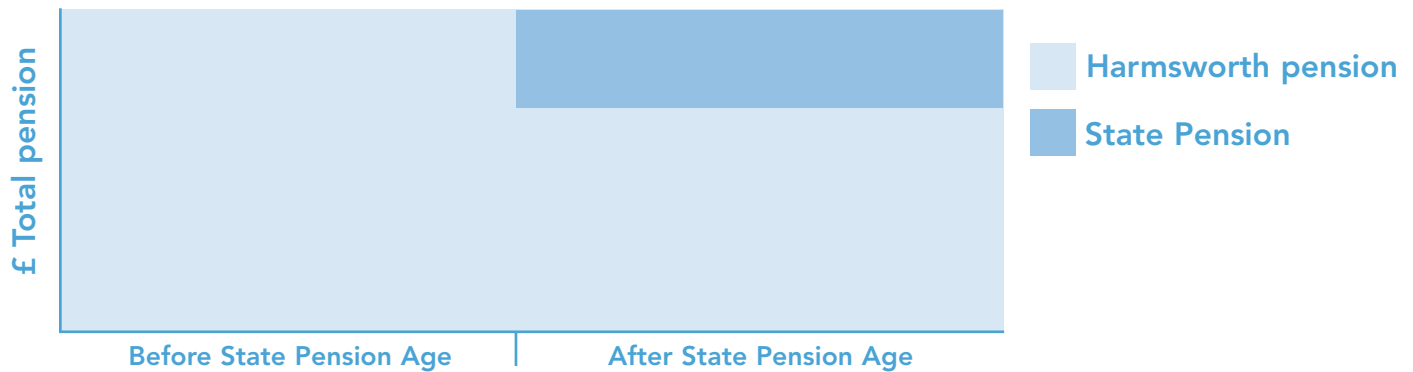
- ➔ The level of income you will need in retirement.
- ➔ Whether or not you wish to invest part or all of your cash outside the pension scheme to top up the income from your pension, although this is unlikely to replace the pension you have given up.
- ➔ Taking cash will reduce your pension. However the pension we pay to your spouse or partner following your death will be based on your full pension, whether or not you take cash.
- ➔ You may take less than the full amount of cash shown on your benefit options statement, which is the maximum figure. If you take less, your reduced pension will be higher.
- ➔ The cash might be useful now or later on, for house repairs or a holiday of a lifetime.

### Step 3 – Decide whether to take the bridging pension

You may receive a pension from the State and this is payable in addition to your company pension. As the State Pension is only payable from State Pension Age the bridging pension allows you to arrange a pension income that is relatively constant during retirement.

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.



#### Features of the bridging pension are:

- ➔ The value of the company pension you receive is the same whether you choose a level pension or the bridging pension.
- ➔ If you choose the bridging pension the higher pension paid in the early years means that you receive bigger annual pension increases. In later years, after your pension has been reduced, the pension increases will be lower.
- ➔ The bridging pension figures shown on your benefit options statement is a current amount. The reduction when your State Pension starts will be greater than that shown, as annual pension increases will be applied to this figure.
- ➔ The bridging pension is based 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 are female and elected to pay National Insurance contributions at the married woman's reduced rate in the past (ie: small stamp payers), or if you have retired due to ill health.

### Step 4 – Complete the Retirement Decision and Payment Authority form

We will send you a Retirement Decision and Payment Authority form for you to complete. Unfortunately we cannot pay your pension until we receive your fully completed form.

You will be asked to state the percentage of the lifetime allowance you will be using up on the form. If your DMGT Pension will be the first or only pension that will be paid to you, then this will be 0%.

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.

## Flexible retirement

If you have decided to take your pension while continuing to work for the company, you should note that if you choose this option your employment will become non-pensionable and you will be unable to continue to participate in the pension scheme. You will earn no more pension and will no longer be covered for death in service benefits.

## More information

If you need help before making your decision please contact DMGT Pensions on 020 7395 7272 or send an email to [enquiries@dmgtpensions.com](mailto:enquiries@dmgtpensions.com)

You may also find some interesting information on our website [www.dmgtpensions.com](http://www.dmgtpensions.com)

## Pension payments

We will pay your pension monthly, in advance, directly into the bank/building society account shown on your Retirement Decision and Payment Authority form. After deduction of tax, the net pension will arrive in your account on or before the first working day of each month.

If you have decided to take part of your benefits in cash you can choose whether to have this paid straight into your account or by cheque.

## Tax

We will tax your pension via PAYE, just like your salary has been, although we will not deduct National Insurance contributions. DMGT Pensions will pay your pension instead of your payroll department.

If you have any queries about taxation please contact your Inspector of Taxes at:

LP Lothians  
Grayfield House  
5 Bankhead Avenue  
Sighthill  
Edinburgh EH11 4AE  
Phone: 0845 300 0627

You will need to provide them with your National Insurance number and quote reference LP22/846/FSN1P.

Any cash you receive at retirement is totally tax-free and does not need to be declared on your tax return.

## Pension increases

The trustees of the scheme award increases on 1st April each year in line with inflation, capped at 5%. (For this purpose inflation is measured between January and December each year).

If you retire after 1 April we will increase your pension based on a part-year.

You and your employer paid reduced rate National Insurance contributions because you were "contracted-out" of the earnings-related part of the State Pension. In return for these savings the scheme has to pay you a minimum pension from State Pension Age. Once you reach State Pension Age the Department of Work and Pensions are responsible for increasing this part of your pension.

## Pension increase letter

We will send you a letter each March giving details of your pension increase. This gives important information about the way your pension increase has been calculated. The letter shows how your pension is split and, depending on your situation, different rates of increase could be applied to different parts of your pension.

This letter also shows the percentage of the lifetime allowance used up by your DMGT pension. You will require 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 on 020 7395 7272 immediately 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 survivor'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 tell your next of kin of the death benefits that are payable.

## Bereavement grant

If you die after your pension has started, your dependants may be eligible to receive a bereavement grant to help with funeral expenses. This is currently £1,750.

The bereavement grant is available to persons chosen by Pension+ members and those members of the Standard section who were in pensionable service on 30 June 2005.

## Five year guarantee

In addition, 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.

## Spouse's/civil partner's pension

We may also pay a spouse's/civil partner's pension for the rest of their life. This will be half your pension before any pension given up for cash.

## Adult dependant's pension

In circumstances where we are not paying a spouse's/civil partner's pension, we can pay an equivalent pension to a person who is financially dependent on you, or with whom you share living expenses. Please tell us if you have someone other than your spouse/civil partner who falls into this category.

## Children's pension

If you die leaving dependant children we may also be able to pay a pension to them.

## Nominating beneficiaries

We strongly advise you to choose dependants to receive the benefits stated in these last two paragraphs. If you would like a form for this purpose please call us on 020 7395 7272 or send an email to [enquiries@dmgtpensions.com](mailto:enquiries@dmgtpensions.com) or download a form from [www.dmgtpensions.co.uk](http://www.dmgtpensions.co.uk).