

Retiring?

All you need to know.



Introduction

You may have one or two questions when you first retire about your pension from the Tesco PLC Pension Scheme and we hope that this guide will answer them for you. Please remember, after 21 November 2015 any retirement savings are paid into the Tesco Retirement Savings Plan and different rules will apply.

How will my pension be paid?

Just like Tesco pay, your Tesco pension will be paid every four weeks into your bank or building society account.

Do I get a payslip?

As your pension is generally the same amount each pay period, we don't send out payslips each month. You will receive a payslip:

- when you first retire
- at the end of the tax year
- at the start of the tax year
- if your pension increases by more than 50p per pay period

Will my pension increase?

When your pension is in payment, it will increase in line with inflation up to a maximum of 5% a year*. If you have been receiving your pension for less than a year, you will receive a proportion of the increase based on the number of months since your pension started.

** Inflation is based on RPI for pension built up before 1 June 2012 and CPI for pension built up on or after 1 June 2012.*

What happens to my pension if I decide to live overseas?

Living overseas doesn't affect your Tesco pension as we can continue paying your pension into your UK bank or building society account.

Your pension will still increase each year as if you were living in the UK. We are unable to pay your pension into an overseas bank account, as tax rules could be different.

Guaranteed Minimum Pension (GMP)

If you have Tesco pension that was built up before 6 April 1997 you are likely to have a 'Guaranteed Minimum Pension' (GMP) element included in your Tesco Pension. Once you've reached GMP Payment Age (which is age 65 for males and age 60 for females) this part of your Tesco Pension will increase at a different rate which is set by the Government each year.

GMP built up after 1988 will increase automatically as part of your overall pension increase applied by the Tesco PLC Pension Scheme (up to 3% a year). Increases to any **GMP built up before 1988** will be included in your State Pension and not paid through your Tesco Pension.

Remember, this only comes into effect when you reach GMP Payment Age. Before this, the whole of your Tesco Pension is increased in the same way.

The Pensions Team will write to you at the end of March each year to let you know about the pension increase, and your new pension amount.

State pension

The State Pension changed on 6 April 2016.

- The Government provides a State Pension at State Pension Age which for many colleagues will form an important part of their retirement income. This is paid for the rest of your life.
- The Government made changes to the State Pension in April 2016 and people who reached State Pension Age on or after 6 April 2016 the new State Pension will be a minimum of £151.25 per week.
- If you were a member of the Tesco PLC Pension Scheme, both you and Tesco paid reduced National Insurance (NI). This was because part of your pension from the Tesco PLC Pension Scheme replaced part of the pension that would have been paid by the State (so you got less from the State). This is called 'contracting-out'. As this scheme is now closed and you will no longer be 'contracted out' you'll start to earn more State pension while paying slightly higher NI.
- The amount of your State Pension depends on how many years of NI you've paid in total when you retire. To get the full amount you'll need 35 future years of NI contributions.
- The pension you receive from the State will be paid in addition to the pension you receive from the Tesco PLC Pension Scheme (if you were a member).
- Further information on State benefits, including how to obtain a forecast of what your State Pension might be, can be found at www.gov.uk/state-pension-statement

Do I have to pay tax on my pension?

Your pension is taxable income and will be taxed after normal allowances have been made.

When you receive your pension, we will deduct income tax at a temporary rate set by HMRC, until we get your new tax coding. To help us apply the correct tax coding, please send in the P45 you received when leaving Tesco or your last employer. When we get your new tax code, your pension payments will be adjusted to ensure you have received the correct amount of pension and paid the right amount of tax.

If your pension is small and is paid as a one off lump sum, and tax is deducted, you will need to ring the tax office to claim back the overpaid tax.

Lifetime Allowance

If the value of your pension from all pension schemes (including non-Tesco schemes) is above the Lifetime Allowance, you will pay an extra tax when the pension is paid to you. The Lifetime Allowance for the 2019/2020 tax year is £1.055m, which is equal to a pension of £52,750 a year.

What do I do if I have a tax query?

If you have any query regarding tax, you can contact the tax office at:

LP Lothians, Grayfield House, 5 Bankhead Avenue, Edinburgh EH11 4AE or you can telephone: **0845 3021409**.

Please have your National Insurance number and your Income Tax reference number, to hand when you ring.

846 T2PP

If you are a retired colleague

846 T1

If you are a current colleague

846 GA31025

If you are a current colleague and work for Tesco Bank

120 YA68637

If you are a current colleague and work for Tesco Pension Investments

C100543E01-94

If you are a current colleague and work in the Isle of Man

321 KA81217

If you work overseas as an EX-PAT

X010168E01-54

If you are a retired colleague in the Isle of Man

I've paid Additional Voluntary Contributions. What happens to these?

When you retire, the Pension Team will ask you what you want to do with your AVCs.

You choose how to take your AVC fund

1. As part of your tax-free cash sum

You can take up to 25% of the value of your total Tesco pension and AVCs as tax-free cash. If you wish, you can take all or part of your AVC fund as cash. If your fund is less than the maximum allowed, you can take some tax-free cash from the pension scheme too.

2. To buy extra Tesco pension

When we calculate how much pension your fund will buy, we divide your fund by a conversion factor. The factors are given to us by our Actuaries and are the cost of buying the extra pension from the Tesco pension scheme. Once your AVC fund has bought extra pension, it is added to your Tesco pension and treated in the same way.

3. A combination of tax-free cash and extra Tesco Pension

You can have a combination of the above two (within certain limits). Please refer to the information above.

4. Buy a pension outside Tesco (i.e. an annuity)

An annuity is a pension you can buy with some or all of your fund value at retirement, this is sometimes called an "open market" option. It can provide a fixed or variable amount of income for either a fixed term or for life. You can choose the type of annuity you wish to buy and different providers will offer different features, rates of payment and qualifying terms.

5. Transfer your AVCs to another provider

If you transfer your AVCs to one or more different providers, each will offer different options for what you can do with your AVCs, including the option to purchase an annuity. Each of the different options will have different features, rates of payment, charges and tax implications.

Important information

Pensions guidance is available to help you decide what to do with your AVC benefits. This guidance may be accessed at pensionwise.gov.uk or from the Pension Advisory Service by phoning 0300 123 1047.

You may also obtain face-to-face guidance from your local citizen advice service. This guidance is free and impartial. You should access the pensions' guidance and consider taking independent financial advice to help you decide what options are suitable for you in relation to your AVCs. You can find an advisor local to you at www.unbiased.co.uk.

There may be tax implications with accessing your AVCs. Income from pensions is taxable. The rate at which income is taxed will depend on the amount of income you receive from a pension and from other sources.

What happens when I die?

If I die after taking my pension, the Tesco PLC Pension Scheme may pay:

A spouse or dependant's pension

The Scheme will normally pay a pension to your spouse or civil partner. If you are not married, it may be possible for a pension to be paid to somebody who is financially dependent on you. The pension would be 60% of your pension. If you took the tax-free cash, the pension will be based on your pension before the cash sum was taken.

Children's pension

The Scheme will pay a pension to your children if they are under 16, or while they are in full-time approved education or Trustee approved vocational training, up to age 23. The pension would be 25% of your pension for one child, or 40% of your pension for two or more children. Children's pensions are doubled if no spouse's or dependant's pension is payable.

Lump sum

If you die before you have received five years' pension, a lump sum of five years' pension, less what you have already received, will be paid as a tax-free sum. The Trustee has discretion as to whom this is paid, and will take into account whom you have nominated on your Expression of Wish form.

The Pensions Team will ask to see a copy of the:

- Death certificate
- Marriage/civil partnership certificate
- Child's/children's birth certificates
- Partner's/dependant's birth certificate

If you could make a wish to help someone you love when you're no longer around...

...who would you want to help?



What is the Expression of Wish form?

Use your 'Expression of Wish' to let the Trustee know who you would like the lump sum paid to. The Trustee will make its decision with this in mind. You can nominate any person, organisation or charity and money can be divided as many ways as you like.

If your circumstances change, or you want to alter your wishes, please call the Pensions Team and ask for an Expression of Wish form, download the form from the Tesco pension website or fill in an online version. Our website address and all other contact details can be found on the back page of this leaflet.

What to do in retirement?

If you retired from Tesco on or after 1 April 2017 with over 5 years of continuous service, you can join the Retired Colleague Community (RCC).

The RCC has groups around the country and provides a great way of socialising and keeping in touch with other retired colleagues, and with Tesco.

The group co-ordinators arrange holidays and social events throughout the year, take part in fundraising for local charities and support Tesco community events.

There are currently over 14,000 members, divided into more than 55 groups across the UK.

To find out how to join the RCC, please ask your People Partner, or send an email to retired.colleagues@tesco.com

How to find out more.

If you need more information please visit our website or contact us:



Pension Website:
www.pensionwebsite.co.uk
User ID: **tesco**
Password: **mypension**



Post: Pensions Department, PO Box 567,
Welwyn Garden City AL7 9NN



Email: pensions.dept@tesco.com



Helpline: 0345 070 1113 (option 2)
9am – 5pm, Monday to Friday (excluding bank holidays)

Local rate from landlines or contract mobiles. Charges for 'Pay As Go' mobiles may be higher – please check with your provider.

Important notes – Every effort has been made to make sure that the information in this guide is correct at the time of publishing. This guide is intended to give an overview of some of the benefits which are available, and a summary of some of the Rules of the Scheme. Please note that Tesco has the right to change the Scheme at any time. The Rules are a binding document and if there is any difference between this guide (or any other communications about the Tesco PLC Pension Scheme) and the Rules, the Rules will always prevail.

There are certain general communications that we are legally required to send to all members. The Trustee plans to give this information to members electronically – either by email or through a website. Please contact us (including your name and employee number) if you want to 'opt out' of receiving these items electronically. If you're happy to receive general information by email please send us your email address.