

Tesco Pension Trustee Ltd



Senior Final Salary.

Tesco PLC Pension Scheme



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About the Tesco PLC Pension Scheme

The **Tesco PLC Pension Scheme** is now closed and you are no longer able to pay into this Scheme.

You can now pay savings into the Tesco Retirement Savings Plan – to find out more information visit www.thecolleagueroom.com or call 0345 070 1113 (option 2)

Your pension on retirement

Final salary – is a defined benefit scheme

- Your pension is based on your earnings and how long you were paying into the Tesco PLC Pension Scheme
- It includes ill health and death benefits

The scheme rules are available on request and from the Pensions Team, who can also help with any queries that you may have.

Contact details are on the back of this booklet.

What are my options before retirement?

You have two options to choose from

Option 1

You can to leave the pension that you have built up in the Scheme. It will increase every year with inflation* (up to 5% a year) before you start to receive it.

Your options for starting to receive your pension are set out on page 5 in the 'What are my options at retirement?' section.

** Inflation in this case is in line with pension legislation, currently based on CPI for all pension.*

Option 2

You can take the value of your pension to the Tesco Retirement Savings Plan, another employer's pension scheme or to a private arrangement, like a Stakeholder Scheme.

You can decide to take this option at any time before you reach age 59. However, you may be required to provide evidence that you have taken expert independent financial advice before choosing this option.

You can contact the Pensions Team to request a transfer value or retirement quote on 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.

What are my options at retirement?

Retiring at Normal Pension Age

The Normal Pension Age is 60. If you retire at this age then the pension you built up before 1 June 2012 is paid in full. The pension you earn from 1 June 2012 will be reduced for early payment if taken before Full Pension Age (see the 'What else do you need to know?' section, on page 17).

When you retire, you can choose to take part of your pension as an up front tax-free cash lump sum up to a maximum 25% of the value of your total pension.

The 'Lifetime Allowance' section on page 14 gives further information about the tax treatment of your total pension and how this has recently changed.

If your Tesco pension is less than £30,000, you may be able to take all of it as a one-off cash sum, which may be taxable, instead of an ongoing pension.

Retiring early

Your Normal Pension Age is 60. However, you can retire before that and apply for your pension from age 55, expected to increase to 57 from 2028. Trustee approval is needed to retire early.

Your pension will be the pension you built up in the Scheme before it closed, reduced according to your age when you retire because it will be paid for longer. You still have the choice of a tax-free cash lump sum and a lower ongoing pension.

You may be able to retire earlier than age 55 if suffering from ill health. Please refer to the section 'What if I become too ill to work?' on page 8 for further details.

Change to the age at which you can take your benefits in full

We had a change to the Tesco PLC Pension Scheme on 1 June 2012, here are the details of that change as a reminder:

- For pension earned after 1 June 2012, the age at which your pension is paid in full (which is called your 'Full Pension Age') initially increased by two years to 62, and
- if, by the time you retire, there have been changes to how long our members are expected to live, your Full Pension Age will be adjusted.

The calculation of the Full Pension Age is carried out every year by an independent expert (appointed by the Trustee and Company) who reviews how long people are expected to live and adjusts the Full Pension Age in accordance with the Scheme rules. The Full Pension Age already allows for the fact that we expect people to live longer over time, and so the Full Pension Age will only change if life expectancy changes by more or less than was expected. An important part of the expert's review is analysis of the number of recent deaths of Scheme pensioners, which may vary from year to year.

The independent expert review happens every year and the results are published on 1 December, on the pension website. Please visit www.pensionwebsite.co.uk username: tesco password: myseniorpension to see the current Full Pension Age.

If you have any further questions please email us at pensions.dept@tesco.com or ring our helpline on 0345 070 1113 (option 2).

Take advantage of some existing legislation

To take advantage of some existing legislation, Tesco and the Scheme's Trustee have agreed that when you start to receive your pension, you may have the option to transfer part of it out of the Scheme to allow you to use your retirement savings in a more flexible way.

However, in order to make use of this option you will need to follow three rules:

- The remaining pension that is paid from the Scheme must be at least £2,000 a year
- If you have built up any Guaranteed Minimum Pension (GMP), you must leave all of this in the Scheme or transfer it all somewhere else – you cannot split your GMP. You may have built up GMP if you joined the Scheme before April 1997
- If you have built up any pension since April 1997, you must leave all of this in the Scheme or transfer it all somewhere else – you cannot split this part of your pension. This option is only available when you start to receive your pension. All pension remaining in the Scheme will be paid in the normal way.

If you are approaching retirement and are interested in this option. Please contact the Pensions team on 0345 070 1113 (option 2) or by email pensions.dept@tesco.com

This option is made available at the discretion of Tesco and the Trustee and additional terms and conditions may apply.

How will my pension be paid?

All pensions are paid four-weekly into a UK bank or building society account. If you pay tax, this will be deducted at source under the PAYE system.

If you decide to take a tax-free cash lump sum, the Pensions Team will arrange a payment direct to your bank account.

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 your pension has been paid for.

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

What if I become too ill to work?

Your Tesco PLC Pension Scheme benefits include an ill-health pension if you are unable to continue working because of permanent illness or injury. You may be eligible for a pension for life from the Scheme whatever your age, however long you've been in the Scheme, but certain conditions apply.

If you are still working for Tesco

You must be leaving Tesco as a result of illness or injury, which prevents you from doing your normal job, and is likely to prevent you from doing that job at least until you reach age 60. The Trustee will need medical evidence to confirm this.

If the Trustee agrees to your ill-health retirement application, the pension that you'd receive would be reduced for early payment. The Trustee may also request further evidence from time to time to reassess your illness or injury and whether you might be able to return to work.

If you worked for Tesco when the scheme closed 21 November 2015 and became a deferred member on that date, different rules apply.

In this case, provided you're still employed by Tesco when you want to retire through illness or injury, you don't need the consent of the Trustee and your pension will not be reduced. You will still need to provide evidence of your condition.

If you have already left Tesco

You may be able to take your pension from the Scheme early, as a result of an illness or injury that prevents you from doing your normal job, and is likely to prevent you from doing that job at least until you reach age 60. The Trustee will need medical evidence to confirm this.

If the Trustee agrees to your ill-health retirement application, the pension that you'd receive would be reduced for early payment. If you are being paid an ill-health pension, the Trustee may also request further evidence from time to time to reassess your illness or injury and whether you might be able to return to work.

We will require evidence of your ill health from a registered medical practitioner and your eligibility will be decided by the trustees.

What if I die?

If you die you have the reassurance of knowing that your loved ones will be given financial help at a time when they might really need it.

What benefits are payable if I die before retirement?

Cash lump sum

The Scheme pays a tax-free cash lump sum of five times the value of your deferred pension. This may be paid to the person on your 'Expression of Wish', however, it is ultimately the discretion of the Trustee who to pay the benefits to.

Spouse or civil partner's pension

Your Spouse or Civil Partner will receive a pension of 60% of the pension you would have built up when you left the Scheme increased to your date of death, and reduced in the same way as your pension would have been if payable at Normal Pension Age. If you don't leave a Spouse or Civil Partner the Trustee can pay a pension to a partner with whom you are in a relationship similar to marriage or civil partnership, or to any individual who is financially dependent on you at the time of your death.

Child pensions

The Scheme will pay a pension to your children if they are under age 16, or if they are in full time education or Trustee approved vocational training, up to age 23. The pension is 25% (40% for two or more children) of the same pension on which the spouse's pension is based (as described above). If no pension is paid by the Scheme to the partner or any other dependant the children's pension will be doubled.

Use your 'Expression of Wish' form to let the Trustee know who you would like the lump sum paid to. The Trustee will make their decision with this in mind.

What benefits are payable if I die during retirement?

Cash lump sum

If you die during the first five years of retirement, the Scheme pays a lump sum of five years' pension, less the pension you've already received.

Spouse or civil partner's pension

The Scheme normally pays 60% of your full pension (your pension before you took a tax-free cash lump sum) to your spouse or civil partner.

If you have no spouse or partner, it may be possible for a pension to be paid to someone who is financially dependent on you.

If you married or entered into a civil partnership within 6 months of your death, the Trustee may limit the amount of spouse's or civil partner's pension payable. If the Trustee does this, it may (but need not) pay all or part of the reduction to one or more of your dependants.

Child pensions

If you have one child when you die, the Scheme pays 25% of your pension. If you have more than one child, the Scheme pays a total of 40%. Children's pensions are paid up to the age of 16, or until 23 while they're still in approved full-time education or Trustee approved training.

Maximum Tesco benefits

The Scheme Rules allow a maximum level of benefits. This restriction is based on the Scheme Earnings Cap, which in 2017/2018 is £154,200 and is expected to broadly increase by inflation each year.

The maximum benefit is approximately two thirds of the Scheme Earnings Cap at the date you stopped building up pension in this scheme, less any other pension benefits you may have earned through membership of any other UK registered schemes before Tesco.

What about my 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.
- As a former member of the defined benefit pension scheme, both you and Tesco paid reduced National Insurance (NI). This was because part of your pension from the Tesco defined benefit 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 any pension you receive from the Tesco defined benefit pension scheme.
- 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

Other information

If you have a complaint about the Scheme, please address it to the Pensions Benefits Manager at Pensions Department, PO Box 567, Welwyn Garden City AL7 9NN.

If your complaint is not dealt with satisfactorily, you can write to the Pensions Team and ask for a Formal Complaint form.

Once you've completed and returned the form, a member of a sub-committee of the Trustee will consider your complaint and send a written reply to you. If you're unhappy with this response, you can ask the full Trustee board to re-consider your complaint and they will also send a written response.

The Pensions Advisory Service (TPAS)

If you are unable to resolve your difficulties with the Trustee or need help during the formal complaint process, TPAS may be able to help.

TPAS can be contacted at:

11 Belgrave Road
London
SW1V 1RB

0300 123 1047

www.pensionsadvisoryservice.org.uk

The Pensions Ombudsman

The Pensions Ombudsman might also be able to help.

The Ombudsman can be asked to decide on complaints and disputes relating to the running of the Pension Scheme if you have not been able to resolve them with the Trustee.

The Pensions Ombudsman will not usually investigate a complaint until TPAS has been consulted.

The Ombudsman can be contacted at:

11 Belgrave Road
London
SW1V 1RB

020 7630 2200

www.pensions-ombudsman.org.uk

The Pensions Regulator

The Pensions Regulator is able to intervene in the running of schemes where trustees, employers or professional advisers have failed in their duties.

The Pensions Regulator can be contacted at:

Napier House
Trafalgar Place
Brighton
BN1 4DW

0845 6001011 Auto enrolment queries

0845 6000707 guidance and support

0845 600566 all other queries

www.thepensionsregulator.gov.uk

Data protection

The Trustee has to keep personal information about you and your dependants to manage the Scheme. The Trustee may have to disclose this information to other people (such as their professional advisers) from time to time. However, this information will only be used for the purposes of the Scheme and will not be used for any other purpose.

In the course of administering the Scheme, Tesco and the Trustee may engage third parties to carry out certain services on our behalf and transfer your personal information outside the European Economic area. Tesco and the Trustee will employ appropriate security measures to protect your personal data where that is the case.

Assignment

You may not dispose of or promise your benefits to anyone else, even in your will, or use them as security (against a loan for example).

Tax concessions to Scheme members

The Scheme is registered with Her Majesty's Revenue and Customs (HMRC) for the purpose of Part 4 of the Finance Act 2004. This means that membership has the following tax advantages under current law:

- Any interest or profits earned on Scheme investments will be treated favourably for tax purposes
- Part of your Tesco pension can normally be exchanged for a tax-free cash lump sum at retirement

When your pension is paid, if you pay tax, this will be deducted at source under the PAYE system, subject to the applicable tax deductions at that time. Where this guide refers to 'tax-free' payments, this is based on current law so could change. If it does, we will tell you.

Registration

The Scheme is listed with the Pension Schemes Registry under registration number SF20/8737

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.

The section 'Maximum Tesco benefits' on page 11 describes the maximum benefits from the Tesco Scheme, which can be more than the current Lifetime Allowance.

Annual Allowance

As the Scheme has now closed to all future benefit accrual – and the only increase to your pension is inflation related – then this pension is no longer assessed against the Annual Allowance.

Report and Accounts

Each year, we produce a summary funding statement. You can view a copy by visiting the pensions website under the heading ‘features’. Alternatively you can ring the helpline and ask them for a copy. The website and helpline number can be found on the back page of this booklet.

Contacting you

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.

Contact us

All the details in this booklet and other Scheme information are available on the pension website:

www.pensionwebsite.co.uk

User ID: tesco

Password: myseniorpension

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.

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

Expression of wish

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

The Trustee does not have to follow your Expression of Wish but will always take it into account when it decides who to pay the cash lump sum death benefit to – so it's important to keep it up to date.

If you would like to add more names, please add another sheet and show how you would like the amount to be split by including a proportion, for example, 50% each. You can add names in case your first choice has already died – put the names in order of preference and add after the name 'if already dead'.

If the person you would like to nominate is under 18, the Trustee may set up a trust fund until their 18th birthday, pay into an alternative trust fund set up for them, or pay directly to the child or their guardian – what happens may depend on the amount of money involved.

You can nominate a charity. If you're unsure which charity to choose, you can nominate the Tesco Charity Trust.

You can find an Expression of Wish form at the back of this booklet or on the 'Forms and information' section of the website, print it off, fill it in and return it to the Pensions Department, PO Box 567, Welwyn Garden City AL7 9NN.

www.pensionwebsite.co.uk

User ID: tesco

Password: myseniorpension

What else do you need to know?

CPI

Consumer Price Index.

Full Pension Age

The age at which all of the pension you earn from 1 June 2012 is paid in full. On retirement before Full Pension Age this part of your pension is reduced for early payment. Full Pension Age is initially 62 (from 1 June 2012) but will change if, in future, there are changes to how long people are expected to live.

For example, if at the date you retire, independent advisors say that people are expected to live longer than we expected them to live today then Full Pension Age would increase. It would reduce if independent advisors say that people aren't living as long as we expected.

Full Pension Age will be reviewed every year by an independent advisor. Any changes will be announced each 1 December and will apply from the following 1 June. Further details will be provided on the pensions website.

Normal Pension Age

60 for both men and women.

RPI

Retail Prices Index.

Scheme

Tesco PLC Pension Scheme.

Scheme Earnings Cap

Used to calculate the maximum benefit the Scheme pays, this matches the HMRC limits before the 2006 legislation changes. Lump sum death benefits are limited to four times the Scheme Earnings Cap. Pension Benefits are broadly limited to two thirds of the Scheme Earnings Cap, less any other benefits you may have earned through membership of any other registered UK schemes before Tesco.

Trustee

Tesco Pension Trustee Limited.

Expression of Wish

Please complete this form in BLOCK CAPITALS and return to:
Pensions Department, PO Box 567, Welwyn Garden City AL7 9NN

IF YOU ARE ALSO A MEMBER OF THE TESCO RETIREMENT SAVINGS PLAN (TRSP), YOU SHOULD COMPLETE THE TRSP EXPRESSION OF WISH FORM TOO AND MAKE SURE IT'S UP TO DATE. DOWNLOAD THIS FORM AT THECOLLEAGUEROOM.COM.

Full name

Pension/Employee number

(This eight digit number can be found on your payslip or Colleague Clubcard))

National Insurance number

A A 1 1 1 1 1 1 A

Date of birth

Email

To: The Directors, Tesco Pension Trustees Limited

On my death I wish you to pay any benefits, which are within your discretion to distribute, to the following people and/or organisations.

Please remember if you have nominated several people the proportions need to add up to 100%

1. Full Name		Relationship	
Address	 	Proportion	
2. Full Name		Relationship	
Address	 	Proportion	
3. Full Name		Relationship	
Address	 	Proportion	

+ If you wish to add more people and/or organisations.

REMEMBER, YOUR PROPORTION SELECTION NEEDS TO TOTAL 100%

I appreciate that the above is an expression of my wishes, which I may alter at any time. I acknowledge that you are not bound to act in accordance with my wishes. Without creating any trust, or binding obligation, and without overriding in any way your discretion, I request that you take note of my wishes.

To the best of my knowledge and belief, the details I have given on this form are correct and complete.

☐

Tick here

Signature

Date

We may contact you to verify your identity.

Information collected using this form will be processed by, or on behalf of, the Trustees of the Tesco Plc Pension Scheme for the purposes of administering the scheme. Further details can be found in our data protection notice, available at pensionwebsite.co.uk, or by contacting us at the above address.

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: **myseniorpension**



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



Email: pensions.dept@tesco.com

To find out about your 'defined contribution' pension administered by Legal & General, please contact tescoretirementssavingsplan@landg.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 under the 'Final Salary' section of the Scheme, and a summary of some of the Rules of the Scheme. Please note that Tesco has the right to change the Scheme, or stop future benefit accrual, at any time. The Rules are a binding document and if there is any difference between this guide (or any other communications about the 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 plan 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.

The Tesco PLC Pension Scheme is looked after by Tesco Pension Trustee Limited on behalf of the members.

The Trustee's duty is to manage the Scheme so that it pays the right benefit to the right person at the right time. The Scheme fund is separate to Tesco, and is invested by the Trustee.