Your lifestyle your choice

Retirement options guide

For members of the British Polythene Pension Scheme

Find out more inside ›

Introduction

We all look forward to retirement. Before you get there, you need to think about how you want to use the money you've saved up.

For example, do you want:

- A fixed amount for the rest of your life?
- Something that pays more earlier on?
- One big cash lump sum?

This guide sets out the retirement options available to you as a member of the British Polythene Pension Scheme (the Scheme).

Please read this with your personal retirement statement.

What's inside?

1

What are your options?

There are three different options. It's important that you understand and consider each of them. If you need help planning your financial future, speaking to a financial adviser is a good idea.

option 1

Standard Scheme Benefits

With this option your pension is paid from the Scheme and **increases each year in line with the rise in the cost of living (subject to certain limits).**

➔ *Go to* ***page 1*** *of your personal retirement statement to find out what benefits you'd be entitled to with Option 1.*

option 2

Pension Increase Exchange

With this option your pension is paid from the Scheme, but you choose to receive a higher rate of pension immediately when you retire but **it won't increase each year in line with the cost of living. Pension Increase Exchange is only available on benefits earned before 6 April 1997.**

➔ *Go to* ***page 2*** *of your personal retirement statement to find out what benefits you'd be entitled to with Option 2.*

option 3

Cash Equivalent Transfer Value Option

This option allows you to use your money more flexibly. You take the total value of your benefits from the Scheme as cash and transfer them out of the Scheme to a money purchase pension account.

You can then do one or a combination of the following:

- **Buy an annuity** – an insurance policy that pays an income for the rest of your life.
- **Take income drawdown** – a retirement option that allows you to withdraw some money for a retirement income and leave the rest invested. You have the flexibility with this option to take extra money at different times throughout your retirement.
- **Take cash** – you can take all of your money in one go (25% is tax-free). Or take it in chunks whenever you want – every time you take some, 25% is tax-free. You'll hear this cash option referred to as an Uncrystallised Funds Pension Lump Sum (UFPLS).

The Pensions Regulator believes that it isn't in the best interest for the majority of members in defined benefit schemes like ours to transfer their benefits into a separate money purchase pension account. And you'll be giving up benefits for your spouse and dependants in this Scheme too.

➔ *Go to* ***page 4*** *of your personal retirement statement to find out what benefits you'd be entitled to with Option 3.*

Find out more

We explain more about these options on pages 4 to 8.

We also explain in your personal retirement statement if there's anything else you need to know for your personal circumstances.

Money purchase account

A pension arrangement where money is paid in and invested in investment funds chosen by members. For more information go 'Technical terms explained' on page 12.

Financial advice

Remember, the decision is ultimately yours. If you're not sure which option is right for you, seek financial advice.

What are your options?

Retirement options explained

Here we provide more information about the three options so you can compare them side by side. Read the options carefully and seek advice if you need to.

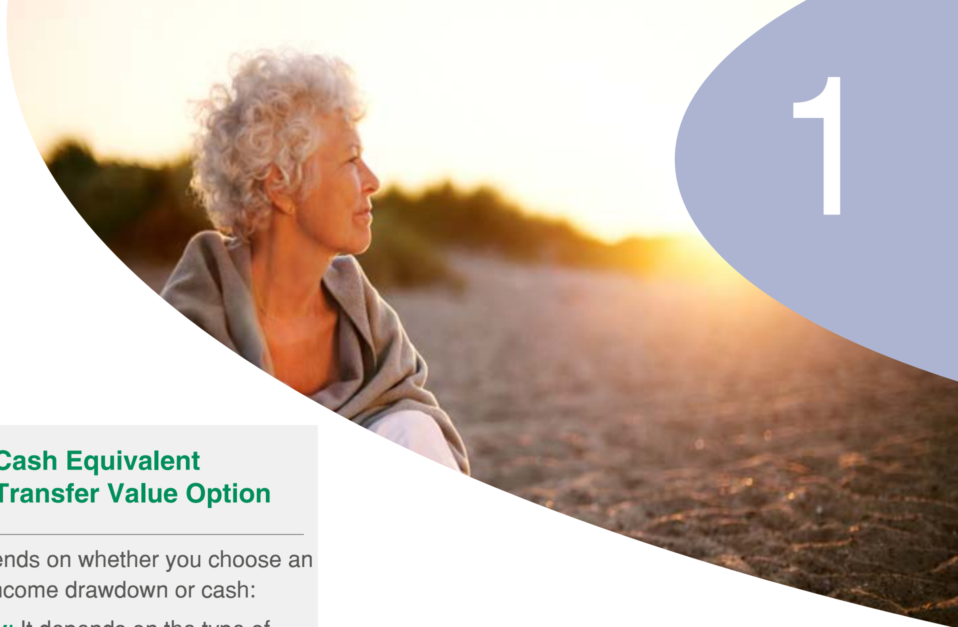
	Key differences		
	option 1 Standard Scheme Benefits	option 2 Pension Increase Exchange	option 3 Cash Equivalent Transfer Value Option
Can I take a 25% tax-free lump sum?	Yes. We refer to this as Option 1b. If you do, you'll receive a reduced pension (see what this would mean for you on page 1 of your personal retirement statement). If you don't take a tax-free lump sum, we refer to this option as 1a.	Yes. We refer to this as Option 2b. If you do, you'll receive a reduced pension (see what this would mean for you on page 2 of your personal retirement statement). If you don't take a tax-free lump sum, we refer to this option as 2a.	Yes.
Can I cancel this at any time?	No.	No.	You can change your mind at any time within two weeks of telling us that you want to retire. If you change your mind in those two weeks, your benefits will remain in the Scheme. Once you've transferred out, you can't transfer your benefits back in – different rules apply: • **Annuity**: Once you buy an annuity, you have a short window to cancel it. After that, it's a fixed contract for the rest of your life. • **Income drawdown**: Yes – you can buy an annuity in the future with your remaining savings if there is enough left. • **Cash**: Yes – you could use all or some of your money to buy an annuity in the future if you have some cash left.

What are your options?

	option 1 Standard Scheme Benefits	option 2 Pension Increase Exchange	option 3 Cash Equivalent Transfer Value Option
Do I need to manage pension investments when I retire?	No.	No.	You would need to if you choose income drawdown, but not if you choose annuity or cash.
Would the amount I receive increase with the cost of living (inflation)?	Yes (subject to certain limits set out on page 1 of your personalised retirement quotation).	Only on any pension you've built up since 6 April 1997 and GMP since 6 April 1988. **Note:** Depending on your personal circumstances this could mean you're likely to receive less than you would have with Option 1. Typically your annual pension amount would start off higher with Option 2. However, the amount you get from Option 1 would be more over time because you'd get annual increases to your pension. Eventually, if you live long enough the total amount of pension you receive in retirement would be higher under Option 1 than Option 2. The point at which this is expected to happen for you is explained on page 3 of your personalised retirement quotation.	That depends on whether you choose an annuity, income drawdown or cash: • **Annuity**: It depends on the annuity choice you make. If you buy an inflation-linked annuity, it will keep up with the cost of living each year. If you don't buy an inflation-linked annuity, it may not (and would drop in value over time). • **Income drawdown**: You have the potential to increase your pension savings by investing – but there's also a risk they could drop in value. • **Cash**: No.

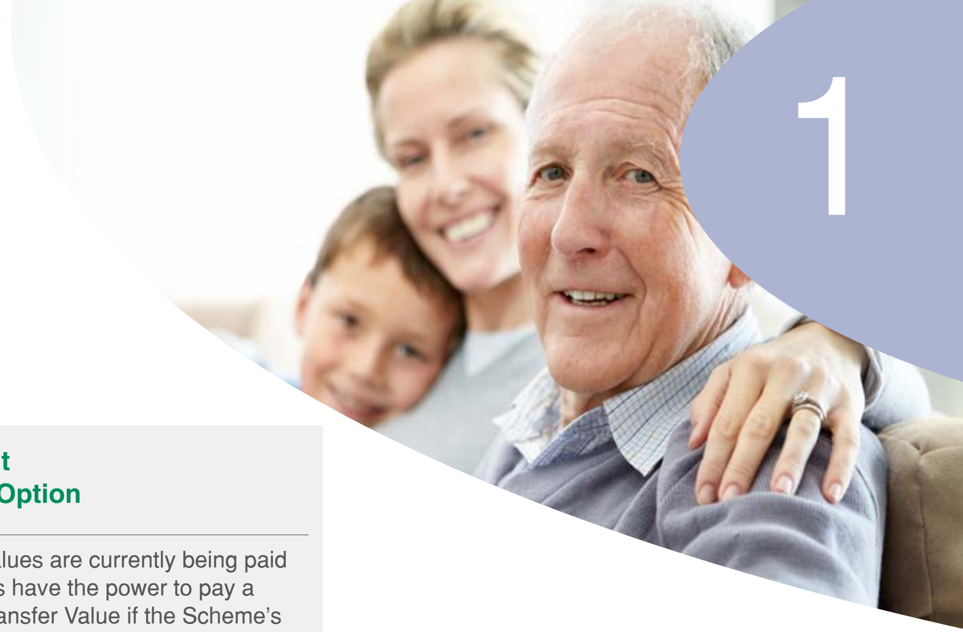
What are your options?

	option 1 Standard Scheme Benefits	option 2 Pension Increase Exchange	option 3 Cash Equivalent Transfer Value Option
Is my income secure?	Yes – it's paid throughout your retirement.	Yes – it's paid throughout your retirement.	That depends on whether you choose an annuity, income drawdown or cash: • **Annuity**: Yes – it's paid throughout your retirement. • **Income drawdown:** No – you have to make sure you have enough money throughout your retirement. • **Cash**: No – you have to make sure you have enough money throughout your retirement.
Do I need my spouse to give their written consent to take this option?	No.	Yes, because this option could change the pension currently available to your spouse / dependants in the Scheme.	No.
Do I need to take financial advice before taking this option?	No.	No. Although if you're unsure whether it's right for you, we would recommend seeking financial advice.	Yes – if the total value of the benefits you're transferring out of this Scheme are more than £30,000, you must seek financial advice from a Financial Conduct Authority (FCA) regulated adviser and provide this to the Scheme Administrators if you wish to go ahead with this option. The Pensions Regulator believes that it isn't in the best interest for the majority of members in defined benefit schemes like ours to transfer their benefits into a separate money purchase pension account. So even if your benefits are lower than £30,000 we would recommend seeking financial advice.



What are your options?

	option 1 Standard Scheme Benefits	option 2 Pension Increase Exchange	option 3 Cash Equivalent Transfer Value Option
What happens if I die?	Your spouse and dependants are entitled to the benefits outlined on page 2 of your personal retirement statement.	The value of the pension available to your spouse or dependants could be lower – see page 2 of your personal retirement statement.	That depends on whether you choose an annuity, income drawdown or cash: • **Annuity**: It depends on the type of annuity you choose. If you bought a spouse's pension or have some sort of guarantee, then your spouse will continue to receive a pension or some type of lump sum benefit. If you haven't your dependents won't be entitled to any annuity benefits. • **Income drawdown:** If you die, it may be possible for your remaining fund to be left as part of a lump sum inheritance (which could be taxed). • **Cash**: Any money left would form part of your estate when you die (which could be subject to inheritance tax).
What happens if British Polythene Industries plc is unable to meet the costs of running the Scheme?	In this unlikely event, the Pension Protection Fund (PPF) may take over the payment of compensation to Scheme members. For more information visit **www.pensionprotectionfund.org.uk/Pages/Compensation.aspx** Under the current rules, the pension increases paid by the PPF are lower than those paid by the Scheme under Option 1 so in these circumstances, taking higher pension as per Option 2 now could be beneficial in some circumstances.		You won't be affected if you've selected this option and transferred your benefits out of the Scheme. However, if the insurer providing your benefits should become insolvent, the Financial Services Compensation Scheme (FSCS) will provide compensation. For more information visit **www.fscs.org.uk**



What are your options?

	option 1 Standard Scheme Benefits	option 2 Pension Increase Exchange	option 3 Cash Equivalent Transfer Value Option
Will the Scheme's finances affect how much I get with this option?	Please refer to the box on the previous page.		Cash Equivalent Transfer Values are currently being paid in full. However, the Trustees have the power to pay a reduced Cash Equivalent Transfer Value if the Scheme's finances are considered sufficiently low. You can find out how much you're currently entitled to on page 4 of your personal retirement statement. If they decided today to buy an insurance policy to replicate your benefits in the Scheme (including all of your future Scheme pension increases and your spouse's / dependants' pension), it is likely that your Cash Equivalent Transfer Value would be less than the cost of the insurance policy. This is because insurance companies use more cautious assumptions about things like how long people will live, and are required to invest in less risky assets than the Scheme is able to.

Other important things to consider

2

Choosing which option is right for you is a big decision. It could mean changing the type of pension that you (and potentially your spouse and dependants) will be entitled to now and in the future.

Before making your decision, also consider:

Your health

It's important to consider whether you're expected to live a long life and if, when you retire, you need a pension that will keep up with rises in the cost of living.

What your decision means for your spouse and / or dependants

Consider whether you need a retirement option that provides you with the full spouse / dependants' pension currently available to you in the Scheme.

Your expectations regarding increases in the cost of living

Are you comfortable with the risk of choosing an option that won't rise with the cost of living, and could therefore provide you with a lower income?

The impact on your State benefits

Certain State benefits such as Council Tax and housing benefit (but not your Basic State Pension) could be affected if you choose to accept a one-off increase to your pension (Option 2).

Tax implications

Taking your pension while you are still working could mean that you pay more income tax. How much tax you pay is based on the total income you're receiving, including State pensions and benefits.

Your lifestyle / financial commitments

If you have any significant financial commitments in the next few years, consider whether a larger pension now, or one that increases each year is appropriate for you.

Security of your benefits

If you take the Cash Equivalent Transfer Value Option (Option 3) and buy an annuity, your benefits will be provided by an insurance company rather than the Scheme.

Making your decision

Choosing which option is right for you is a big decision. It could mean changing the type of pension that you (and potentially your spouse and dependants) will be entitled to now and in the future.

1. Read this guide and review your options.

2. Seek financial advice if you need it.

3. Once you’re happy with your decision, there are three things you need to complete in your personal retirement statement and send back to the Scheme Administrators (contact details on the next page):
    - Decision form.
    - Declaration statement.
    - Declaration form.

Useful information

Scheme Administrators

To find out more about your current benefits in the Scheme, you can contact the Scheme Administrators:

Hymans Robertson LLP
20 Waterloo Street
Glasgow G2 6DB
bpipensions@hymans.co.uk

Useful websites

Here is list of websites for other organisations that can help you with guidance and advice. If you use other websites, please make sure they are legitimate.

www.unbiased.co.uk has a list of experienced independent financial advisers in your area who are regulated by the Financial Conduct Authority. Independent financial advisers normally charge a fee, which you will be responsible for paying.

Make sure you choose an adviser who specialises in pensions.

www.pensionwise.gov.uk gives tips and guidance, either online, over the phone or face to face, on taking benefits from a money purchase scheme.

www.moneyadviceservice.org.uk has been set up by the Government to offer free, impartial guidance on all financial matters, including pensions.

More support

The Pensions Advisory Service (TPAS)

TPAS is an independent, non-profit organisation, providing free and impartial information and advice to members regarding any issues members have failed to resolve with the trustees, company, administrators or pension provider of their pension scheme.

The Pensions Advisory Service
11 Belgrave Road
London SW1V 1RB
0845 601 2923
www.pensionsadvisoryservice.org.uk

The Pensions Ombudsman

The role of the Pensions Ombudsman investigates complaints and disputes about the way that pension schemes are run. The Pension Ombudsman is completely independent and acts impartially to resolve disputes.

The Office of the Pensions Ombudsman
11 Belgrave Road
London SW1V 1RB
020 7630 2200
www.pensions-ombudsman.org.uk

Financial Ombudsman Service

The Financial Ombudsman Service may be able to help you if you have any issues about sales or advice which you have received from financial firms who are regulated by the Financial Conduct Authority.

The Financial Ombudsman Service
South Quay Plaza
183 Marsh Wall
London E14 9SR
0800 023 4567
complaint.info@financial-ombudsman.org.uk
www.financial-ombudsman.org.uk

The Pensions Regulator

The Pensions Regulator is an organisation which protects members' benefits. It works to ensure that those involved in running pension arrangements fulfil their responsibilities and manage them effectively. The Pensions Regulator can intervene in the running of the Plan if it believes this is in members' best interests.

The Pensions Regulator
Napier House
Trafalgar Place
Brighton BN1 4DW
www.thepensionsregulator.gov.uk

Technical terms explained

Annuity	An insurance policy you buy when you retire using the money in your Personal Account. It pays an income for the rest of your life.
Cash Equivalent Transfer Value	An option where you take the total value of your benefits as cash and transfer them to a money purchase pension account which will allow you to use your money more flexibly.
Dependant	Someone who is financially dependent on you.
Guaranteed Minimum Pension or GMP	The minimum amount of pension you must receive from the Scheme because you weren't building up State Second Pension (you might hear this referred to as being 'contracted out' of the State Second Pension).
Income drawdown	Under income drawdown, each year you withdraw a retirement income from a pension arrangement and leave the rest invested. You have the flexibility to take out as much money as you like each year.
Money purchase pension account	A pension arrangement where money is paid in and invested in investment funds chosen by members. How much money is available in the account when a member is ready to use it depends on: • how much was paid in; • which funds the money was invested in; • how long the funds are invested for; and • how well the investments perform (the value can go down as well as up).
Pension Increase Exchange Option	An option where your pension is paid from the Scheme, but you choose to receive a higher rate of pension immediately when you retire and it won't increase each year in line with the cost of living.
Spouse	The male or female you're legally married to or in a civil partnership with.
Uncrystallised Funds Pension Lump Sum (UFPLS)	An option where you can take all of your money in one go (25% is tax-free) or take it in chunks whenever you want (each time you take some, 25% is tax-free).