

The A. S Watson (Health & Beauty UK) Pension Plan

How do I know what benefits I have in the Plan?

If you were a member of the Kingfisher Pension Scheme as at 31 March 2002 and elected to join the Plan you will be a member of the Defined Benefit section of the Plan.

The Defined Benefit section of the Plan closed on 28 February 2010. All current employees of Superdrug who were members of the Defined Benefit section of the Plan at this date were invited to join the new Defined Contribution section of the Plan. The Defined Contribution section of the Plan closed on 30 September 2012.

Depending on your service dates you may therefore have two benefit entitlements in the Plan, a Defined Benefit and a Defined Contribution entitlement. The Frequently Asked Questions below cover both sections of the Plan.

You may access details of your benefits through Barnett Waddingham's free [BWebstream](#) online platform. This allows you to keep your personal details up to date and to obtain estimates of your retirement benefits. Pensioner members are able to view pension increase letters and payslips through BWebstream. Correspondence issued by Barnett Waddingham is available to view on your BWebstream record. If you have not yet registered for this service and would like to use it, please contact Barnett Waddingham to arrange your account setup.

If you are in any doubt about your Plan entitlement, please contact the Plan's administrators, Barnett Waddingham, at the details given below.

Questions & Answers – Defined Benefit (DB) Section

What are my options at retirement?

You will have the option to either:

1. Receive an annual pension which will be paid monthly in advance, or
2. Receive a reduced annual pension which will be paid monthly in advance and a one-off tax-free cash lump sum (known as a Pension Commencement Lump Sum or PCLS). The amount of lump sum quoted will be the maximum to which you are entitled under the Plan Rules, but you are able to take a lower amount than this should you wish. A lower amount of lump sum would result in the reduced annual pension being increased after the tax-free cash has been taken.

If you have any Additional Voluntary Contributions (AVCs) under your DB section, you can use these to fund your tax-free lump sum. You will also have all the options under the Defined Contribution (DC) section available to you in respect of your AVCs. If you would like further information on this, please contact us at the details given below.

How is my pension paid?

Any tax-free cash sum due will be credited to your bank or building society account around your retirement date, provided we have received all the necessary paperwork.

Instalments of your pension will be paid monthly in advance. They will be credited directly to your bank or building society account. Your pension is payable for life. The payroll payment date is currently the 1st of the month.

Can I retire early?

Early retirement is subject to the consent of the Trustee and the Company.

The current minimum early retirement age is 55. However, you may be able to retire on the grounds of ill-health at any age subject to the consent of the Trustee and the Company.

Will my pension be reduced for early payment?

An early retirement factor will be applied to your pension if it's being paid before your Normal Retirement Date.

Can I retire late?

Late retirement is subject to the consent of the Trustee.

Will my pension be adjusted for late payment?

A late retirement factor will be applied to your pension if you decide to start receiving it after your Normal Retirement Date.

What about tax?

Once your pension is in payment your pension will be taxed as income under PAYE.

Will my pension increase while it's being paid?

Pensions in payment are reviewed each year on 1 April in line with the Plan Rules. You can find out more about pension reviews in your Plan booklet.

Will the Lifetime Allowance affect me?

If you think you will exceed the Lifetime Allowance, we recommend you take financial advice.

What are my options before retirement?

As a member of the Plan yet to receive your pension, you have built up an entitlement to receive a guaranteed income for life from the Plan. This is a valuable benefit and, for most members, receiving a pension from the Plan will be the best course of action.

You also have the option of transferring your benefits to another pension arrangement, separate to the Plan. If you were to exercise this option, the Trustee would pay out a cash sum to another type of pension arrangement that you specify. In return, you would give up your entitlement to the guaranteed pension you had built up in the Plan. You can request a transfer value quotation from the Plan's administrators, Barnett Waddingham, free of charge once in any 12-month period.

What are the new pension flexibilities?

In April 2015 the Government introduced more flexibility regarding how people can use their pension funds. These new flexibilities only apply to Defined Contribution (DC) benefits which include any Additional Voluntary Contributions (AVCs) under the Plan or cash balance funds and include:

- buying a guaranteed income for life (an annuity)
- a taxable cash lump sum
- flexible withdrawals (drawdown)

These flexibilities are not currently available for Defined Benefit (DB) pensions and therefore do not apply in respect of your pension benefits. You can also transfer your pension benefits into another arrangement to take advantage of these new flexibilities should you wish. Read more about this in the second half of this document.

How can I access flexible options not offered by the Trustee?

Depending on your circumstances, you may be able to take a transfer value of your DB pension benefits to an alternative pension arrangement e.g. to access flexible options available in respect of DC funds. These arrangements may offer alternative options such as buying an annuity or taking flexible withdrawals. They have different charges, rates of payment and tax implications. Take a look at the 'Where can I get more help' section below if you think you may need more information about flexible benefits.

Please also note that if you also have AVCs as well as a Defined Contribution (DC) pension under the Plan, under the rules of the Plan, you will have the following options:

- transfer only your DB Section benefits and leave your money purchase benefits (your AVCs and DC section) preserved; or
- transfer only your money purchase (your AVCs and DC section) benefits and leave your DB section benefits preserved; or
- transfer all your benefits from the Plan.

Should I get advice if I'm thinking of transferring?

By law, the Trustee is required to check that any member who is entitled to a transfer of £30,000 or more has taken financial advice from a registered financial adviser unless the member is transferring to another Defined Benefit employer's pension scheme. The Trustee must do this before paying a transfer value.

The Trustee has considered this issue carefully and concluded that it can be hard for individuals to find a registered financial adviser who is able to advise on the merits, or otherwise, of transferring a Defined Benefit pension to another type of pension arrangement. As a result, the Trustee has appointed 'Informed Pensions' who can provide members with the impartial financial advice that is required by law if you are considering whether to transfer your benefits out of the Plan. If you request a retirement or transfer value quotation, you will automatically be provided with details of the services provided by Informed Pensions. Informed Pensions will provide you with details of their charges if you engage them. While the Trustee has negotiated preferential rates, no part of the cost will be covered by the Plan.

Do I have to use Informed Pensions?

You are not obliged to use Informed Pensions. You may already have your own adviser, or you may wish to appoint an adviser yourself. Further information in relation to financial advice, including details of how to choose a suitable adviser, can be found from register.fca.org.uk/directory, directory.moneyadviceservice.org.uk, pensionwise.gov.uk or other publicly available websites.

What pension benefits are payable to my spouse or partner?

Death Before retirement

A pension will be paid to your spouse or dependants equal to one half of your pension benefits pension revalued to date of death (this will be treated as if it is your normal retirement date).

The Trustee may reduce the pension payable to a Member's Spouse who is more than 20 years younger than the Member and married less than a year before death. The amount will be determined by the Trustee. It will not exceed 2.5% for each complete year by which the age difference exceeds 10 years (subject to GMP requirements).

If no pension is payable to a spouse, civil partner or dependants, the Trustee will pay a cash sum equal to the value of any member contributions plus interest.

The Plan rules set out who is eligible for any benefits when you die, but completing an Expression of Wishes form is the best way to make sure the Trustee is aware of who you want to receive any payment. Remember, the Trustee will make the ultimate decision although they will normally take your wishes into account.

You should review and update your Expression of Wishes form regularly to make sure that the people you wish to be your beneficiaries are considered. If you need a new form please contact Barnett Waddingham.

Death After Retirement

A pension will be paid to your spouse, civil partner or dependants equal to one half of your pension benefits at your date of death. This will include any pension you may have exchanged should you take the tax-free cash at retirement. The pension will include any increases between your retirement date and your death.

If you die within five years of your retirement date and no pension is payable to a spouse, civil partner or dependants, the Trustee will pay a cash sum. This will be equal to the value of the remaining unpaid instalments in this five-year period instead, less the aggregate of any cash sum and instalments of pension already paid.

Your Plan booklet has more information about who may qualify for a spouse's pension. There may be a difference to what partners, including civil partners, and same sex spouses are entitled. If your spouse is significantly younger than you, it's possible a reduced amount will be receivable.

Where can I get more help?

For questions directly related to the Plan please contact us at the details below:

Write	Call	Email
Barnett Waddingham LLP 2 London Wall Place London EC2Y 5AU	0333 11 11 222	ASWatson@Barnett-Waddingham.co.uk

The third party services listed below are also available to help you with your queries:

Pension Wise - free and impartial guidance provided by the Government for everyone with a DC pension over the age of 50. To book an appointment for a telephone or face to face guidance session, please call **0800 138 3944** between 8am and 8pm, Monday to Friday. Calls cost the same as a normal call - if your calls are free, it's included. Or you can visit www.pensionwise.gov.uk

Financial advice - if you are thinking about taking financial advice you can find a financial adviser in your local area by visiting the following website: www.thepfs.org/yourmoney/find-an-adviser/

Questions & Answers – Defined Contribution (DC) Section

What are my options at retirement?

1. Take a tax-free cash lump sum (PCLS) and purchase an annuity. The tax-free cash available is usually up to 25% of your DC account value, but if your pre-A Day lump sum entitlement is 'protected', you may be entitled to take a tax-free lump sum of more than 25% of your DC account value. You will be notified by Barnett Waddingham when you receive your retirement correspondence should this apply to you.
2. Take a partly taxable cash lump sum (also known as a Flexi-Access lump sum or UFPLS). **If you have Additional Voluntary Contributions (AVCs) under the DB section, you will also need to take your DB AVCs as a partly taxable cash lump sum at the same time.**
3. Transfer your benefits to access different flexible options. **If you have Additional Voluntary Contributions (AVCs) under the DB section, you will also need to transfer your DB AVCs at the same time.**

Can I use my pension savings to buy an annuity?

An annuity provides you with an income of guaranteed, regular payments that will last as long as you live. There are various options available to you so it's important to be clear about which is most suitable for your needs.

Some companies will pay higher rates to people whose life expectancy is likely to be shorter than average, for example those who are overweight, have high cholesterol, are smokers, or are generally in poor health. You can also choose an annuity that:

- provides a higher level of income at the start but payments remain the same for the rest of your life;
- increases with inflation or at a fixed rate;
- provides a higher level of income but doesn't provide any benefits to a dependant when you die;
- starts as a lower pension but continues to provide an income for a dependant when you die.

You can choose to buy your annuity through the Plan, in which case the Trustee will arrange for HUB Financial Solutions (HUB) to set up a policy and pay your pension monthly.

Can I take my pension savings as a taxable lump sum?

Provided you satisfy certain conditions, HM Revenue & Customs (HMRC) will allow you to take your fund as a one-off partly taxable lump sum payment called a flexi-access lump sum. This is sometimes also referred to as an Uncrystallised Funds Pension Lump Sum (UFPLS). One quarter of this sum will be tax-free. The conditions are as follows:

- you must be over age 55 or satisfy HMRC's serious ill-health conditions if younger;
- payment is made from a Defined Contribution (DC) arrangement, sometimes referred to as a Money Purchase arrangement;
- you must have some of your Lifetime Allowance available; and
- you must not have HMRC primary or enhanced protection where certain conditions are met, or a Lifetime Allowance enhancement factor.

If you believe you will not meet all these conditions, or you are unsure whether you will, please call us on **0333 11 11 222** to discuss this option further.

Will my future pension contributions be affected?

If you take a flexi-access lump sum and continue to pay into any defined contribution (DC) arrangement, you will be subject to the Money Purchase Annual Allowance (MPAA). The MPAA is currently £4,000 and annual contributions made above this may face a tax charge on the excess. Exceeding this allowance in a tax year means the annual allowance for payments into arrangements (which are not DC) will be reduced by £4,000.

You might also be required to let other pension schemes know you have accessed these benefits in this way. We will provide details if you choose this option.

What about tax?

If you take a tax-free cash lump sum under current regulations there won't be any tax deducted from the cash sum paid to you. You'll be taxed in the usual way (under PAYE) on any pension paid by your chosen provider.

If you choose a **partly-taxable one-off cash payment**, up to 25% of your cash payment is tax-free, but the remainder will be taxed as income under PAYE. If your total income is below your Personal Allowance, there might not be a tax charge on this payment. You can contact HMRC to claim a refund of any overpaid tax, once the payment has been made. If your flexi-access lump sum is more than your available Lifetime Allowance, the excess will be taxed at 55%. More details will be provided if you choose this option.

How can I access flexible options not offered by the Trustee?

You now have more flexibility around how you use your pension savings than ever before, but sometimes there are scheme restrictions which mean you might not be able to access all these options. In this case, transferring your pension savings elsewhere might give you access to options not offered by the Trustee. Take a look at the 'Where can I get more help' section if you think you may need more information.

Will the Lifetime Allowance affect me?

If you think you will exceed the Lifetime Allowance, we recommend you take financial advice.

How can I avoid a pension scam?

Thousands of people have fallen foul of pension scams and lost their life savings, faced huge fines and even big bills from the taxman. By being vigilant you can avoid being the next victim on the scammers' hit list.

Watch out for:

- claims you can access your cash before age 55
- offers of 'one-off' investment opportunities
- being contacted out of the blue also known as cold calling
- promises of cash in advance
- pressurised sales tactics

Remember if it seems too good to be true, it probably is!

For more help, The Pensions Regulator offers comprehensive information and guidance on pension scams (www.thepensionsregulator.gov.uk/en/pension-scams).

What are my options before retirement?

You are able to transfer your account to another registered pension scheme. Let us know if you would like a formal transfer value quotation. If you have lump sum protection, this will be lost if you take this option.

You will receive a statement every year around July which details your current fund holdings and value. The statement includes an estimate of the level of pension you may expect to receive at retirement. This will be based on your account value and a number of assumptions required by law.

The Plan produces an annual Chair's Statement which covers (amongst other things): the Plan's investment strategy, investment costs and charges, and an assessment of value for members. This may be accessed through Superdrug's website at:

<https://www.superdrug.com/pension-plan>

What happens to my account when I die?

If you die in retirement, the death benefits payable will depend on the choice you made when retiring. If you die before retirement the Trustee will decide how your fund is used to provide benefits.

Answers to frequently asked questions by Independent Financial Advisers:

- The current fund value is the same as the transfer value.
- The Normal Retirement age for this Plan is age 65. There are no charges to the member for accessing this policy earlier than age 65.
- We do not offer projected retirement illustrations for this policy.
- There are no penalties, guarantees, with-profits, life cover or bonuses associated with any of the policies. The Plan is also not subject to ongoing adviser fees.
- The earliest the member can access their pension for retirement purposes (in good health) is age 55.
- If the member dies in retirement, the death benefits payable depend on the choice the member makes when retiring. If the member dies before retirement the Trustee will decide how your fund is used to provide benefits.
- The policy is written under Trust.
- Transfer of pension and assets using "Origo Options" is not accepted.
- The Plan does allow Uncrystallised Pension Fund Lump Sum (UFPLS) to be taken from the Plan. The Plan does not allow for partial UFPLS or for a flexi-access drawdown.
- The Plan does allow members to switch between funds free of charge once every 12 months.

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Financial advice - if you are thinking about taking financial advice you can find a financial adviser in your local area by visiting the following website: www.thepfs.org/yourmoney/find-an-adviser/