

Know your pension

Your member booklet for the Defined Contribution (DC)
Section of the FDR Limited Pension Scheme (the Scheme)

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An Introduction to the Scheme

The Defined Contribution (DC) Section of the FDR Limited Pension Scheme (the Scheme) closed on 31 August 2013. The booklet outlines the benefits for members with funds remaining in the Scheme.

In addition to this booklet, a separate DC Section investment guide is available, which explains the Scheme's investment options, and can help you decide how to invest your Member Account.

How does the Scheme work?

As a member of the DC Section of the Scheme, money was paid into your Member Account by you and the Company before the Scheme closed. This money remains invested and, when you retire, you can use the value of your Member Account to provide your retirement benefits.

The value of your Member Account when you retire will depend on:

- the amount of contributions you and the Company have paid into the Scheme;
- how well your investment options have performed; and
- the cost of buying a pension (known as an annuity).

You can use the money in your Member Account to provide:

- up to 25% cash, tax-free;
- a pension for you; and
- a pension for your spouse/civil partner or another dependant when you die.

Alternatively from April 2015, on retirement you can take your Member Account as a single lump sum payment. 25% of this will be tax free and the balance will be subject to tax at your marginal rate of income tax for the tax year in which it is taken. This is known as an 'Uncrystallised Funds Pension Lump Sum'.

From April 2015 pension savers have been given more freedom over how they can use the money they have saved once they reach a retirement age, In addition to the options outlined above, benefits may also be taken as a series of lump sum payments, income drawdown (known as Flexi-Access Drawdown) or a mixture of these. If you wish to take your DC benefits as a series of lump sums or Flexi-Access Drawdown you will not be able to do so directly from the Scheme. However, you may transfer your funds to another pension arrangement which does offer these options.

If you die before taking your retirement benefits, your Member Account will be paid out as a lump sum to your beneficiaries. For more details, go to page 9.

Who runs the Scheme?

The Scheme is administered by a Trustee Board. The contributions made by you and the Company were paid to a trust fund that is entirely separate from the Company or any employer assets. The Scheme is registered with Her Majesty's Revenue & Customs (HMRC), which means that both you and the Scheme benefit from certain levels of tax relief.

This booklet provides a simple explanation of the main aspects of the Scheme. For full details of the Scheme's rules, you should refer to the Trust Deed and Rules. A copy is available on request from the FDR Limited Pension Scheme helpline (see page 3 for contact details). In the event of any inconsistency between this booklet, or any previous announcements, and the provisions set out in the Trust Deed and Rules, the Trust Deed and Rules will prevail.

Where can I get advice?

As a member of the DC Section of the Scheme, it is your responsibility to manage how much you contribute and how your contributions are invested. If you are unsure about the decisions you need to make, you may wish to talk to an Independent Financial Adviser (IFA). You can find an IFA in your area by visiting **www.unbiased.co.uk**. An IFA may charge for advice given. Please note that the Trustees and the Company can provide information about the Scheme but are not authorised to give you any personal financial advice.

Where can I find out more?

If you would like more information about the Scheme, you can contact the FDR Limited Pension Scheme helpline:

By Email: fdr@capita.co.uk

By Phone: 0345 604 5316

By Post: FDR Limited Pension Scheme, Capita, PO Box 555, Stead House, Darlington, DL1 9YT

Online: www.fdrlimitedpensionscheme.com

This booklet applies to employees and former employees who are members of the DC Section of the Scheme and is current at July 2015. The terms and conditions under which the DC Section operates are subject to change at any time as provided for in the Trust Deed and Rules.

Where is my money invested?

You choose how your Member Account is invested. To make this easier, the Trustees have prepared a separate investment guide describing the range of funds available and the ways you can choose how to invest both your Member Account and any AVC Account. If you don't have a copy of the investment guide, this can be found on the Pension Scheme website:

www.fdrlimitedpensionscheme.com.

The investment guide may be updated from time to time and you will receive notification if it changes. Please note that the investment guide provides information only and is not financial advice. If you need advice about how to invest your contributions, you should speak to an Independent Financial Adviser (IFA). Please be aware, an IFA may charge for any advice given.

Reviewing your investments as you approach retirement

You should regularly review how your Member Account is invested; this is particularly important as you approach your Target Retirement Date. As you get nearer to retirement, if your Member Account is invested in higher-risk assets such as stocks and shares, you need to think about the effect on the value of your Member Account if these funds underperform, or fall sharply before your Target Retirement Date, as this will directly impact your pension benefits. The important thing is to manage these risks as you approach retirement by starting to invest in appropriate funds. Please see the Investment Guide for further information.

What are my options when I retire?

When you retire you can usually use the money in your Member Account and any AVC Account to give you:

- a tax-free lump sum; and/or
- a pension for you; as well as
- a pension for your spouse/civil partner or another dependent when you die.

Or

- A single lump sum payment part of which is subject to tax.

From April 2015 pension savers have been given more freedom over how they can use the money they have saved once they reach a retirement age, In addition to the options outlined above, benefits may also be taken as a series of lump sum payments, income drawdown (known as Flexi-Access Drawdown) or a mixture of these. If you wish take your DC benefits as a series of lump sums or Flexi-Access Drawdown you will not be able to do so directly from the Scheme. However, you may transfer your funds to another pension arrangement which does offer these options.

When can I take my retirement benefits?

When you joined the DC Section, you were able to choose a Target Retirement Date; if you didn't choose one, your Normal Retirement Age is 65. However, you can ask to take your pension at any time after you reach the Normal Minimum Pension Age. This is currently age 55 but will be increasing to age 57 from the year 2028. Thereafter it is expected to be 10 years before State Pension Age. You don't need to stop working in order to take benefits from the DC Section.

Generally, the earlier you start to take your benefits, the smaller your pension is likely to be. This is because the younger you are, the more expensive it will be for you to buy a pension as it is likely to be paid for longer. In addition, the value of your Member Account may be lower due to the shorter period that contributions will have been invested.

If you're considering taking retirement benefits, you should speak to an Independent Financial Adviser (IFA). Details on how to find an IFA are included at the end of this guide.

How much can I take as cash?

Generally, the maximum tax-free cash lump sum you can take is 25% of the value of your Member Account. The balance is used to buy an annuity.

If your Member Account is worth less than £10,000, and you have no other benefits in the Scheme, you may take the entire Member Account as a cash sum known as a Small Lump Sum Payment. The first 25% of this will be tax free and the balance subject to income tax at your marginal rate of income tax for the tax year in which it is taken.

From April 2015, if you do not qualify for a Small Lump Sum Payment on retirement, you can take your Member Account as a single lump sum payment known as an Uncrystallised Funds Pension Lump Sum (UFPLS). The first 25% of this will be tax free and the balance will be subject to tax at your marginal rate of income tax for the tax year in which it is taken. If you take an UFPLS the amount you can pay into any DC pension arrangement in future will be restricted to the Money Purchase Annual Allowance. The amount applicable for the current tax year can be found online at www.gov.uk.

Note – If you are an Ex-Defined Benefit (DB) Section member, you are able to draw your tax-free cash lump sum from any part of your benefits, so you will be able to exhaust your tax-free cash allowance using your DC or AVC benefits before reducing your DB pension. Further details will be provided on retirement.

Pension income

Unless you take the entire Member Account as a lump sum payment, most of the money which has built up will be used to give you a regular income, payable for the rest of your life. The way in which this income is provided is by using your Member Account to buy a pension, known as an annuity.

What is an annuity?

An annuity is a contract with an insurance company which guarantees to give you a regular income in retirement. The annuity is bought in your name with your Member Account that you have built up in the DC Section. The annuity market is very competitive and no single company can give the best annuity rate in all circumstances. You have the right to buy your annuity from any insurance company or annuity provider of your choice, and this is called the 'Open Market Option'. To help you find a competitive annuity, the Trustees have appointed the Scheme's administrator, Capita, to undertake thorough research on your behalf.

Once a lifetime annuity has been bought, the terms of the contract can't be altered and you can't cash it in, so it's particularly important that you select the right one for you. Once bought, the annuity is normally guaranteed not to fall in value and is payable for your lifetime.

How much pension will I get?

The amount of income provided by the annuity you buy will depend on:

- how much you have built up in your Member Account by the time you draw your pension;
- annuity rates (the cost of buying a pension) when you draw your pension, and;
- the benefit options you choose, such as whether the annuity is just for you or whether it will continue to be paid to a dependant after your death, whether you wish the pension to increase in payment etc.

All pensions are taxed as earned income which means that income tax is paid but National Insurance contributions will not be deducted.

Different types of annuities

Level or escalating: do you want your pension to increase each year? If you choose a 'level annuity', you will get the same pension year after year for the rest of your life. It will pay a higher starting pension, but could you cope with your pension not increasing in order to keep pace with rising prices? To protect your pension from rising prices, you can choose an annuity that increases each year, either at a fixed rate (e.g. 3%) or in line with inflation. Your starting pension may be considerably lower than you would get from a level annuity because you would be giving up some pension at the start to make sure that it maintains its buying power in the future.

Single or joint life: do you need an annuity that provides a pension for a dependant on death? A single-life annuity stops on your death. A joint-life annuity continues to pay a pension after you die, to your spouse, civil partner or dependant, for their lifetime. On your death, the pension paid to your dependant is typically reduced, for example to two-thirds or half of the pension you were receiving. You can choose the proportion of pension your dependent receives, but the higher the proportion, the lower the pension you receive throughout your lifetime.

Guaranteed: do you want your pension to be guaranteed to be paid for a minimum period of say, five or ten years from when it is first paid, in the event of your death within that period? Typically this means that, on death within the guaranteed period, the full pension will continue to be paid to a dependant for the remainder of the period you selected.

What affects annuity rates?

Health: annuity rates may also be affected by whether you are a smoker or in poor health. Some insurance companies offer annuities that pay you a higher income because of a lifestyle choice or health problem that threatens to reduce your life expectancy – these are called ‘impaired-life’ or ‘enhanced’ annuities. The range of conditions that offer qualification for impaired annuities is wide and varied – so it is worth noting any conditions you may have when considering your annuity options.

Interest rates: when interest rates are low, annuity rates can also be low, which leads to lower pensions.

Life expectancy: a 55-year old, for example, would receive a lower initial pension than a 65-year old with the same Member Account value because the pension for the 55-year old is assumed to be paid for longer. If an annuity provides a dependant’s pension when you die, the dependant’s age will also have an impact on the amount of the starting pension – the younger the dependant, the more expensive the pension is to buy, resulting in a lower starting pension.

Are there any alternatives to buying an annuity?

In addition to ‘traditional’ annuities, or a single lump sum payment, there are a number of other options available to you including investment-linked annuities, phased retirement and Flexi-Access drawdown. These options are not available from the Scheme but you can choose to transfer your Member Account to another pension arrangement which does provide these options.

If you are thinking about using your Member Account to secure retirement benefits via one or more of these alternative options, you should speak to an IFA.

Guidance on Retirement

You are eligible to receive free, impartial guidance from Pension Wise to help you understand your retirement options in relation to your DC and AVC benefits. Pension Wise is a government service introduced from April 2015 that offers you:

- tailored guidance (online, over the telephone or face to face) to explain what options you have and help you think about how to make the best use of your pension savings;
- information about the tax implications of different options and other important things you should think about; and
- tips on getting the best deal, including how to shop around.

To receive free, impartial guidance from the government, go to www.pensionwise.gov.uk or call 030 0330 1001.

State pensions

The State currently provides two levels of pension benefit: the Basic State Pension and the State Second Pension but this is changing from 6 April 2016 when a new flat rate State Pension will be introduced.

State pensions are paid from State Pension Age (SPA) – currently age 65 for men and between 60 and 65 for women depending on when you were born. By 2018 the SPA will be equalised and will be 65 for both men and women. Between 2018 and 2020, SPA will increase to age 66 for both men and women. It is then, to age 67 between April 2034 and April 2036, and to age 68 between April 2044 and April 2046. The Government has since proposed that the increase to age 67 should be accelerated and take place by 2026, rather than 2036 in line with future life expectancy. These changes are not yet law and still require the approval of Parliament. When any changes become law we will provide you with the details in future Newsletters.

You can check your own State Pension Age at www.gov.uk/calculate-state-pension

What is the Basic State Pension?

The Basic State Pension is a flat amount, reviewed every year by the Government. It is paid to everyone with a sufficient National Insurance (NI) contribution record. Currently you have to pay at least 30 years of NI for the full Basic State Pension. The Basic State Pension from 6 April 2015 was £6,029.40 a year, or £115.95 a week, for a single person. This will be replaced by the new State Pension from 6 April 2016. Details of the current State Pension can be found online at www.gov.uk.

What is the State Second Pension?

The State Second Pension (S2P) was introduced in April 2002 and replaced the State Earnings Related Pension Scheme (SERPS). S2P provides an additional pension based on a proportion of your earnings during your working life from April 2002 onwards. For S2P, earnings are split into three bands, with the aim of providing an additional State pension for low and moderate earners. Additional pension from SERPS earned before 6 April 2002 is unaffected by S2P. The Scheme is not contracted-out of the Additional State Pension (S2P). This means that while you are a member of the Scheme, you will also build up S2P benefits. This was replaced by the new State Pension from 6 April 2016.

What is the New State Pension?

The New State Pension replaced the Basic State Pension and State Second Pension for people reached SPA from 6 April 2016. Details of the current State Pension can be found online at www.gov.uk. To receive the full amount people will need to have paid National Insurance contributions for 35 qualifying years. You will receive a proportion of the new State Pension if you have between 10 and 35 qualifying years. Transitional arrangements will apply for people who have built up an entitlement to the existing State Pension benefits.

Where can I find out about State pensions?

If you would like more information on State pensions, visit: www.gov.uk/calculate-state-pension

For help making a claim, you can call the Pensions Service on 0800 731 7898.

Is there anything else I should know?

What options are available before retirement?

You can:

- leave your Member Account (and any AVC Account) in the Scheme until you retire, when it will be used to buy your benefits – in the meantime you decide how your Member Account and any AVC Accounts are invested.
OR
- transfer your Member Account and any AVC Account to your new employer's pension scheme, if it will accept the transfer of a personal pension scheme.
OR
- transfer your Member Account and any AVC Account to an authorised insurer who will provide you with a pension policy in your own name.

What happens if I die before taking my benefits?

If you die before you retire, or reach your Normal Retiring Date, your Member Account plus the value of your AVC Account will be used to pay a lump sum. This is subject to the maximum level of the Lifetime Allowance (see page 10).

The Trustees will decide how the lump sum will be distributed. You should complete an Expression of Wish form to indicate to the Trustees who you would like any lump sum death benefit to be paid to. This form can be found online at www.fdrlimitedpensionscheme.com or you can request one from the Scheme administrator using the contact details shown on page 3.

Can I make contributions to the Scheme after I leave?

No. The Scheme is closed so no further contributions can be made.

Can I re-join at a later date?

No. The Scheme is closed so members cannot re-join.

What if I move house?

If you move house, you need to let the Scheme administrators know to help avoid any possible delay in the payment of your retirement benefits when you retire. Contact details for the FDR Limited Pension Scheme helpline are given on page 3.

What happens if I get divorced?

If you get divorced, the value of your retirement benefits will usually be included in the calculation of your overall assets. You will come to some agreement with your spouse about the allocation of the assets during the divorce process. Your retirement benefits will normally be offset against other assets. However, there are other options:

Pension earmarking is where a share of your retirement and death benefits may be paid to your ex-spouse, but only when they are paid to you (or to your current spouse);

Pension sharing is where a portion of your retirement benefits are transferred into your ex-spouse's pension arrangement.

Pension earmarking and pension sharing can be complicated and a legal adviser will be able to give you more information.

It is important that you ask a solicitor to contact the FDR Limited Pension Scheme helpline at the earliest opportunity if your retirement benefits in the Scheme are likely to be part of any divorce settlement.

Can I transfer benefits into the Scheme?

No. The Scheme is closed so funds cannot be transferred in from elsewhere.

Can I use my Scheme benefits to get a loan?

No. Any benefit that you or your spouse or civil partner are entitled to under the Scheme cannot be assigned to another party or used as security for a loan. Any attempt to do this may result in you losing your retirement benefits.

Can the Company change the Scheme?

The Company reserves the right to make changes to the Scheme at any time in the future, as detailed in the Trust Deed and Rules.

Are there any general restrictions on the benefits provided by the Scheme?

The Lifetime Allowance is the maximum overall amount of pension saving you can have at retirement and still get tax relief on. It was £1 million from 6 April 2016. The amount applicable for the current tax year can be found online at www.gov.uk.

The Annual Allowance is a limit on the level of contributions that get tax relief. The maximum amount of contribution or pension accrual in any one tax year cannot exceed the Annual Allowance. The amount applicable for the current tax year can be found online at www.gov.uk. For DC schemes, both employee and employer contributions count towards the Annual Allowance. For DB schemes it is the capital value of any additional pension accrued during the period.

Note that if you take your Member Account as a single lump sum payment, and the value is greater than £10,000, this will limit the amount that you can pay in future into any other DC pension arrangement to the Money Purchase Annual Allowance. From April 2017 this was £4,000 a year. The amount applicable for the current tax year can be found online at www.gov.uk.

How can I find out the Value of my Member Account?

Benefit statements are issued each year showing the fund value as at 1 April and a projection of the benefits which might be available at your Target Retirement Age.

You can obtain the latest details of the value of your Member Account at any time through the Scheme's website at www.fdrlimitedpensionscheme.com or alternatively you can ask for this information by contacting the Scheme administrator using the contact details shown on page 3.

Other sources of information and assistance

Scheme Accounts

Scheme Accounts are prepared each year in accordance with requirements laid down by legislation and these accounts are independently audited. The Scheme's latest audited accounts are available via the FDR Limited Pension Scheme helpline.

Trustees' Annual Report

Each year a report is drafted by the Trustees of the Scheme, containing the latest audited accounts and also giving further details about the Scheme, including information about its finances. This report is available upon request from the FDR Limited Pension Scheme helpline.

Disputes

If you have a complaint please contact the FDR Limited Pension Scheme helpline for assistance. If your complaint is not resolved to your satisfaction, then a formal procedure exists for resolving any disputes which arise between the Trustees and any person who is a prospective member, existing member, spouse or surviving dependant of a deceased member, and any person claiming to be any of these people.

The formal procedure is known as the Internal Dispute Resolution Procedure (IDRP) which operates in accordance with the provisions of the Pensions Act 1995. There are two stages: the first is where a person nominated by the Trustees will try to resolve your formal complaint.

The person nominated by the Trustees for stage one complaints is the Secretary to the Trustees. Correspondence should be sent care of:

Secretary to the Trustees of the FDR Limited Pension Scheme
Capita,
65 Gresham Street,
London,
EC2V 7NQ

If you are not happy with the response at stage one then you can ask for it to be considered by the Trustees. This is the second stage.

You can get further details of the procedures through the FDR Limited Pension Scheme helpline. While every effort will be made to resolve any disputes or queries that may arise, the organisations on the next page can also assist you when needed.

The Pensions Advisory Service

The Pensions Advisory Service (TPAS) is available at any time to assist members and beneficiaries of pension schemes with any pension scheme query they may have. Their services are free.

You can contact them at:

11 Belgrave Road London SW1V 1RB

Phone: 0345 6012923

Website: www.pensionsadvisoryservice.org.uk

Pensions Ombudsman

The Pensions Ombudsman may investigate and determine any complaint or dispute of fact or law in relation to an occupational pension scheme made or referred in accordance with the Pension Schemes Act 1993.

You can contact the Pensions Ombudsman at:

10 South Colonnade, Canary Wharf, E14 4PU.

Phone: 0800 917 4487

Email: enquiries@pensions-ombudsman.org.uk

Website: www.pensions-ombudsman.org.uk

You can also submit a complaint form online: www.pensions-ombudsman.org.uk/our-service/make-a-complaint/.

The Pensions Ombudsman will usually expect the Trustees to have been approached before undertaking any further investigation.

The Pensions Regulator

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

TPR also acts as the Registrar of Occupational and Personal Pension Schemes. The register contains basic information on all registered pension schemes to enable employees to trace the source of their benefits. You should quote the Scheme's registry number 100551609. Information concerning the Scheme has been supplied to the Registrar.

TPR can be contacted at the following address:

The Pensions Regulator Napier House Trafalgar Place Brighton East Sussex BN1 4DW

Phone: 0870 606 3636 Website: www.thepensionsregulator.gov.uk

Data Protection

The Trustees of the Scheme are registered with the Information Commissioner as a data controller under the Data Protection Act 1998.

The Trustees of the Scheme will use the personal information you have given to them, together with any other information from the Company or the Trustees' professional advisers, for the purposes of administering the Scheme, maintaining records, insuring benefits and making payments under the Scheme, and complying with all legal requirements of corporation and tax law applicable to the Company, its subsidiaries, and its U.S. parent entity, First Data Corporation.

The Trustees may involve contractors in administration, investment, record keeping, paying benefits and storing and destroying data. Your information may also be passed to the Company, the Trustees' professional advisers, the Department for Work and Pensions, HMRC and any other relevant government departments, agencies or other public bodies where necessary. The Trustees may pass information to insurance companies where this is necessary for insuring benefits under the Scheme. In addition, the Trustees, and such data recipients described above may transfer or share your information with the Company's U.S. parent entity, First Data Corporation, and its employees and advisers as may be necessary or appropriate from time to time in connection with administration or oversight of the Scheme, resolving disputes, auditing the Scheme, or otherwise exercising oversight of the Company and the Scheme. First Data Corporation whilst not subject to the data privacy rules of the UK or the European Union, has nevertheless implemented data privacy policies and procedures designed to comply with these requirements and ensure that your individual information is fully protected. Under these policies and procedures, your information may be utilised only as necessary and appropriate for lawful purposes as described above, and will be made accessible only to such individuals and entities (and only to the extent) necessary and appropriate to carry out such lawful purposes. You have all rights with respect to your individual information that are intended under the data privacy directive of the European Union and the implementing legislation in the UK.

You have the right to request the Trustees and the Company and First Data Corporation to inform you about the personal data they hold about you (for which they may charge a small fee) and to have any inaccuracies corrected.

Scheme Enquiries

If you have any questions about the Scheme generally, you should address your enquiries to the FDR Limited Pension Scheme helpline.

Jargon Buster

It's difficult to avoid using pensions terms altogether, so the few that we've used in the booklet are listed below for ease of reference.

AVC Account

This is where your Additional Voluntary Contributions (AVCs) are paid. Its value is equal to the amount of AVCs you have paid, plus investment returns which can be positive or negative.

Company

This means FDR Limited and any subsidiaries.

DC Section

This means the Defined Contribution Section of the Scheme as described in this booklet.

Dependant

This is your spouse, registered civil partner, qualifying child, financial dependant or an individual dependant on you due to their physical or mental impairment.

Member Account

This is where your regular employee contributions and any Company contributions were paid. The value of this account and the amount available to provide your benefits is made up of your employee contributions, the Company's contributions and any transfer payments received from previous pension schemes, plus or minus investment returns and any charges or other accumulation attributed by the Trustees.

Normal Minimum Pension Age

This is the earliest age you can take your retirement benefits. Currently this is age 55 but it will be increasing to age 57 from the year 2028. Thereafter it is expected to be 10 years before State Pension Age.

Normal Retirement Date

This is your 65th birthday.

Pensionable Salary

This is the annual rate of your Base Salary or wage determined each month by the Company.

Qualifying Service

This is normally equal to your length of service with the Company while a member of the Scheme (including membership in sections of the Scheme other than the DC Section).

Scheme

This is the FDR Limited Pension Scheme.

Contacting us

If you have any queries about the Scheme or your benefits, please contact us:

By Email: fdr@capita.co.uk

By Phone: 0345 604 5316

By Post: FDR Limited Pension Scheme, Capita, PO Box 555, Stead House, Darlington, DL1 9YT

Also don't forget to let us know if your circumstances change, for example, if you move house.