IMPORTANT DISCLOSURES ON RETIREMENT OR TRANSFER OUT

You have received two copies of this leaflet. **When you have read this leaflet, and if you are seeking to take your retirement benefits, OR to transfer any part of your ICL Plan benefits to another pension scheme, please sign the declaration at the end and return one copy to the Pensions Department together with your other documents. The extra copy is for your records.**

From April 2015, you have more options about what you can do with your pension savings. We recommend that you get guidance or advice to help you with this decision. Pension Wise is a new service from the government that offers free and impartial guidance in connection with defined contribution (money purchase) benefits. The Pension Wise web site is www.pensionwise.gov.uk and the telephone number to arrange appointments is 0300 330 1001. We have included a letter to you from the government explaining what the service will provide. You should also consider seeking advice from a Financial Conduct Authority (FCA) regulated adviser if you have not already done so.

The ICL Plan (the Plan)

You have defined benefits under the Plan. If you have paid Additional Voluntary Contributions (AVCs) or Additional Swap Contributions (ASCs) you will also have a defined contribution (also called money purchase) fund.

Your normal pension age under the Plan is 65 unless all of your pensionable service was earned before March 2004 in which case it is 60.

If you decide to take your benefits early before your normal pension age under the Plan, they will usually be reduced to allow for early payment (at least for some part of your benefits, if not all). If you retire early, except in circumstances where you have qualified for an ill health pension, you need to be aged at least 55 (or, for some members, age 50) to draw retirement benefits from the Plan. There is no minimum age requirement to take a transfer value but if you are over your normal pension age, the Trustee may not allow (or may not be able to permit) a transfer to proceed.

If you have an AVC/ASC fund and draw this before your normal pension age, your fund is likely to be less than it might otherwise have been.

If you have paid Additional Voluntary Contributions (AVCs) or Additional Swap Contributions (ASCs)

If you have paid AVCS or ASCs you will have a defined contribution (also known as money purchase) fund.

You may use up to the whole ASC/AVC fund from the Plan as a one-off tax-free cash sum at retirement. If the cash sum exceeds the maximum tax-free cash sum you are eligible for, the Trustee will still let you take it, but anything over the maximum is taxable at your marginal rate of income tax. If this applies to you, this will be shown on your Retirement Statement.

Taking this option may also reduce the amount of tax-relieved contributions you can make to schemes in the future.

You have a selection of other options as to how you use your AVC/ASCs fund from the Plan (although not all of them are available through the Plan).

- You can buy an annuity (a pension)
- You can transfer your fund from the Plan to one or more pension providers if they are willing to accept the transfer value (but leave your final salary benefits in the Plan). This may enable you to use options that are not available in the Plan. However, you need to consider carefully the potential impact of this decision on the way in which you could take tax-free cash from the Plan.
- You may be able to use your fund for drawdown but you will have to transfer your fund out to a personal pension arrangement as the Trustee does not operate drawdown in the Plan
- You may be able to use a mixture of these options depending on the amount of your fund.

If you have investments in Equitable Life's With-Profits Fund and London Life's With-Profits Fund, the availability of the guarantees within these Funds may be affected by the way in which you decide to take these benefits. In some circumstances, your decision could mean you lose the value of the guarantee. Please refer to the AVC updates previously issued or contact Pensions Department for more information about these guarantees and how your decision might affect them, and ensure you take this point into account when making your pension choices. If you have investments with London Life's With-Profits Fund, information about the guarantee has been supplied with your quotation.

Transfer and other options

Even if you do not have an AVC/ASC fund, you can consider a transfer of the capital value of your full final salary pension to another arrangement. You should note that transferring out would be a material step to take and may have significant risks attached. If your transfer value is £30,000 or more and you intend to transfer to a defined contribution (money purchase) arrangement, the Trustee will need to receive evidence that you have received advice from a Financial Conduct Authority (FCA) approved independent financial adviser before releasing a transfer payment. You should consider taking advice for any transfer out of the Plan, even if under £30,000 in value or if your transfer only relates to defined contribution benefits (i.e. AVCs/ASCs).

If the total value of your benefits under the Plan is under £10,000, you may also have an option of cashing in the full value of those benefits at retirement. A similar option may be available to you if the value of all of your pension schemes is less than £30,000. Typically, the first 25% of any cash sum you take in this way would be tax-free and the balance is taxed at your highest marginal rate.

You can find details of independent financial advisers in your area at www.unbiased.co.uk. The Money Advice Service has a list of additional web sites and other information about choosing an adviser at: www.moneyadviceservice.org.uk/en/articles/choosing-a-financial-adviser

Please contact the Pensions Department or refer to your Plan booklet if you wish to access any further information about your defined benefits under the Plan.

Other pension providers

Different pension providers will offer different options about what you can do with your transfer value including the purchase of an annuity.

Different options have different features, different rates of payment and different tax implications. You should refer to Pension Wise (see page 1 above) before taking any action. You should also read the leaflet "Your Pension: it's time to choose" issued by the Money Advice Service, which can be found at www.moneyadviceservice.org.uk/en/articles/free-printed-guides, as this explains the features of different options relating to defined contribution (or money purchase) benefits.

The Financial Conduct Authority, the Regulatory Authority and the Pensions Advisory Service provide information about pensions, including about transfers, which may assist you in deciding what actions to take in relation to your pension arrangements.

Tax

If you transfer your fund to another provider to take advantage of the new flexibilities there may be tax implications to accessing flexible benefits. For example pension income is taxable and the rate of tax will depend on the amount of income you receive from pension and other sources.

Pension Scams

Pensions are very valuable and unfortunately there are people who will try to defraud you of yours. Please read the 'Scamproof your savings' leaflet from the Pensions Regulator that has been enclosed with this leaflet. It is important that you are very careful.

Pension Protection Fund

The Plan is eligible for entry in the Pension Protection Fund (PPF), which exists to provide a certain level of compensation to scheme members in the event that the sponsoring employers of a pension scheme go into insolvency leaving the scheme without sufficient funds. Further information about the PPF can be found at www.pensionprotectionfund.org.uk/Pages/homepage.aspx.

PENSION FLEXIBILITIES

These are general notes and not specific to any member's circumstances and they only apply to defined contribution pension funds.

There are a number of different flexible options for members who retire from defined contribution (money purchase) schemes and for scheme members who have paid AVCs / ASCs.

Please note that the options set out below are not all available from the Plan or from every pension provider. Where the Plan offers the option for your AVC/ASC fund this has been noted in italics.

1. Using your pension fund to buy a guaranteed income for life (annuity)

(This is available from the Plan in relation to defined contribution AVCs and ASCs.)

People who have a medical condition are in poor health, smoke or who are overweight, may be able to get a significantly higher income through taking an 'enhanced annuity'. These people should consider opting into health and lifestyle questions – and it's important to answer these questions honestly.

People considering this option should think about whether to provide an income for a partner or another dependant on death and therefore whether to purchase a single life or joint life annuity. Compare what, if anything, the Plan offers to spouses or dependants against what's offered by another scheme or provider.

'Level' annuities provide a higher income to start with than annuities that increase but the payments will then stay the same for life. This means that the purchasing power of the annuity will reduce over time, due to inflation.

You don't have to take the first annuity or other pension you may be offered. Different providers might pay a higher income. So it's important to shop around. Remember that annuity purchases are usually a lifetime commitment so it's important to take care with your decision.

If you retire from the Plan and you want to use your AVC/ASC fund to buy an annuity, you will need to notify the Trustee of the provider and details of the annuity you want to buy so that the annuity can be set up for you.

2. Using your pension fund to provide a flexible retirement income ('flexi-access drawdown')

(This is not available from the Plan.)

As with every investment, there is a risk that the value of a pension pot can go up or down. People considering this option should think about how much they take out every year and how long their money needs to last. If too much money is taken out too quickly, the available retirement income could fall drastically or even run out, especially if stock markets fall.

Charges can reduce the money received. Check whether there are any charges or other reductions to the pension pot when a lump sum is withdrawn. Providers and schemes may also make ongoing charges on any undrawn money, so it's important to consider the impact of these charges. And if you plan to take the cash and invest somewhere else, check what the charges are before you cash in your pension.

Different schemes and providers offer different types of flexible retirement income. Check what kind of drawdown is being offered. Some might have products where part of your income is guaranteed but charges and conditions will apply. People considering flexible retirement income should consider shopping around – an FCA regulated financial adviser will be able to help with this.

3. Take your pension fund as cash in stages

(This is not available from the Plan.)

In most cases, 25% of each amount withdrawn is not liable for tax but the rest will be taxed as income. People considering this option should consider their own personal tax circumstances, and the impact of the taxable cash sum on the tax they pay – including the possibility that they may have to pay a higher rate of tax than normal depending on the amount withdrawn. As with every investment, there's a risk that the value of a pension pot can go up or down. People considering this option should think about how much they can take out each year and how long their money needs to last.

Charges can reduce the money received. Check whether there are any charges or other reductions to the pension pot when the lump sum is withdrawn. Charges will continue to be taken from any money left in the pension pot, so it's important to consider the impact of these charges. And if you plan to take the cash somewhere else, check what the charges are before you cash in your pension.

Taking cash withdrawals may have implications for people with debt or who may be entitled to means-tested benefits. People who are concerned about this aspect can contact Pension Wise, the Citizens Advice Bureau or the Money Advice Service.

4. Take your pension fund as cash in one go

(This is available from the Plan in relation to defined contribution AVCs and ASCs.)

On average, people aged 55 today will live to their mid-to-late 80s. It's important not to underestimate your own life expectancy. People considering this option should think about how to use the money to provide income throughout retirement.

There will be tax implications if an entire pension pot is taken in one go. These will depend on an individual's personal circumstances. In most cases, there will be a tax-free amount available (normally 25%). People considering this option should consider their own personal tax circumstances and the impact of taking a taxable lump sum on the tax they pay – including the possibility that they may have to pay a higher rate of tax than normal. Some providers and schemes may have charges for taking a pension pot as cash, so check this before committing. And if you plan to take the cash to invest somewhere else, check what the charges are before you cash in your pension.

Taking cash withdrawals may have implications for people with debt or who may be entitled to means-tested benefits. People who are concerned about this aspect can contact Pension Wise, the Citizens Advice Bureau or the Money Advice Service.

5. Pension Scams

If you are taking a cash lump sum from your pension to invest somewhere else, are thinking of taking a transfer out of your benefits from the Plan or plan to take income drawdown, be aware that scammers may operate in these markets. You can find out more about how to identify these scams here:
www.pensionsadvisoryservice.org.uk/publications-files/uploads/members_detailed_booklet_7_page.pdf

Disclosures Declaration

Please tick one box and sign below.

I acknowledge that I have been supplied with the risk warnings and other information in this document.

☐ Yes

☐ No

Signed …………………………………………………………… Date …………………………

Members name: ………………………………………………… Personal No …………………