The College Court Stakeholder Pension Scheme

(Pension benefits for College Court staff)
Welcome to the College Court’s booklet covering the benefits provided for members of the College Court Stakeholder Pension Scheme (‘the Plan’). A plan for you to save money while you are working to provide benefits for your retirement.

If you have any questions or need further assistance please contact University of Leicester’s Pensions Office, University of Leicester, University Road, Leicester, LE1 7RH. Tel: 0116 252 2404.

Notes:

This Guide is valid until further changes are made by College Court or legislation.
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Joining

The Plan is a ‘defined contribution’ personal pension scheme, which means that you know in advance how much will be paid into it. After joining the Plan, you will be issued with a personal policy – it works like a savings account or an investment plan but is just for you and only for your pension benefits. The Plan is administered by Friends Life and is likely to be a suitable way to provide benefits on or before retirement in a tax efficient and cost effective way.

You will be able to join the Plan immediately. See the ‘Contributing’ section for details of the contributions you and College Court will pay as a member of the Plan.

So that you have all the information about the Plan, please read this Guide and the information you receive from Friends Life on joining.

If there is any discrepancy between the information contained in this document and Friends Life’s policy document, the terms and conditions of the policy document will prevail.

When you join the Plan your ‘selected retirement age’ (SRA) – is set at age 65. It can be any age from 55 onwards, and you can change it at a later date to reflect the age you intend to draw benefits. The SRA is important because it can affect how your pension contributions are invested – see the ‘Investing’ and ‘Taking your benefits’ sections for more details.

Other pension arrangements

If you already have a personal pension you can still be a member of the Plan; you are allowed to contribute to more than one pension at the same time. Bear in mind that the conditions in the ‘Contributing’ section will apply to all contributions. Please note that College Court will not contribute to any other pension arrangement.

Benefits from other schemes

You may be able to transfer in benefits from a previous pension arrangement. However, this is a complex area and you should seek independent financial advice beforehand.

If you want to arrange a transfer, please contact Friends Life in the first instance.

If you leave the Plan (cease contributions) whilst still working for College Court

If you decide that you want to leave the Plan, please give your employer one month’s written notice. Your benefits will be treated as if you had left employment – see the ‘Leaving service’ section.
Important note – do you have Primary, Enhanced, Individual or Fixed Protection from the Lifetime Allowance?

If you join an employer’s pension plan (either by completing an application form or as a result of automatic enrolment) or a life assurance scheme, you will lose your Enhanced or Fixed Protection. If you have Primary Protection, joining the Plan may involve you paying extra tax upon taking benefits.

If you join an employer’s pension plan through automatic enrolment but opt out within the one month period, you will be treated as if you have never been a member and you will not lose your protection.

If you believe that this issue may affect you, you must seek independent financial advice before joining the Plan (please note that this advice is at your own cost).

For details on how to find an independent financial adviser, please see the section ‘Finding out more / important information’. More information on lifetime allowance protection and automatic enrolment is available on Her Majesty’s Revenue & Customs (HMRC) website at: http://www.hmrc.gov.uk/pensionschemes/pension-savings-la.htm

College Court, Friends Life and its advisers are not responsible for any tax charge or loss of tax relief you incur through joining or being automatically enrolled into the Plan.
Contributing

**Contribution rates**

When you join the Plan, College Court pays 5% of your basic pay on the basis that you pay a minimum of 3% of your basic salary.

<table>
<thead>
<tr>
<th>Your Pension Contribution</th>
<th>College Court’s Pension Contribution</th>
</tr>
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<tbody>
<tr>
<td>3%</td>
<td>5%</td>
</tr>
<tr>
<td>4%</td>
<td>7%</td>
</tr>
<tr>
<td>5%</td>
<td>9%</td>
</tr>
<tr>
<td>6%</td>
<td>11%</td>
</tr>
<tr>
<td>7% or more</td>
<td>11%</td>
</tr>
</tbody>
</table>

College Court's contribution is capped at 11% of your basic pay, even if you decide to pay more than 7%.

Your contributions are taken from your pay and paid into the Plan each month along with College Court’s contributions. You can change the amount you contribute or make an additional one-off contribution by contacting the University of Leicester's Pension Office in writing.

When you pay contributions into a pension plan, you may need to bear in mind some tax rules and limits – see the section ‘Tax and your benefits’.

**Tax Relief**

You receive tax relief on your contributions to the Plan. This means that while your full contribution goes into the Plan, the actual cost to you is this amount less basic rate Income Tax (currently 20%). So, if your monthly contribution is £100, then only £80 will be taken from your pay.
Example:

<table>
<thead>
<tr>
<th>Monthly Contribution</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Your contribution</td>
<td>£100</td>
</tr>
<tr>
<td>Income Tax relief @ 20%*</td>
<td>£20</td>
</tr>
<tr>
<td>Cost to you</td>
<td>£80</td>
</tr>
<tr>
<td>College Court’s contribution**</td>
<td>£100</td>
</tr>
<tr>
<td>Total amount paid into your plan</td>
<td>£200</td>
</tr>
</tbody>
</table>

*Based on tax rates for the year starting 6 April 2016
**Assuming College Court contributes the same percentage of your salary as you do.

If you pay Income Tax at the higher or additional rate, you may be able to claim further tax relief on your annual tax return or through your local tax office.

HMRC will normally then adjust your personal tax coding, allowing you to take home slightly more salary before you start paying higher or additional rate tax. In other words, you receive the extra tax relief in your pay, rather than in the Plan.

**Please note:** College Court reserves the right to make changes to the Plan or reduce or withdraw employer contributions to the Plan, subject to current pension law.
Investing

There is a range of funds available to you for investing your contributions. The Friends Life "How contributions are invested" and “Choosing your own investment funds” documents give you full details of the funds available.

Contributions will be automatically invested in the Plan’s 'Default Investment Option’ from the outset (see below). You can change this directly with Friends Life once your first contribution has been paid into the Plan.

Your fund choices

Any investment decision you make now is not final – at any time, you can switch existing funds, redirect future contributions to other investment funds, or both.

The default investment option

Contributions will automatically be invested in the 'default’ investment option, which initially invests in the Baillie Gifford Managed Fund. This option automatically moves your investments gradually from the higher risk Baillie Gifford Managed Fund to the lower risk Friends Life Pre-Retirement Fixed Interest Fund and Friends Life Cash Fund over the 7 years before your ‘selected retirement age’ (or ‘SRA’). The mechanism of automatically moving assets is known as a 'lifestyle' approach.

Please note that the default investment option may not be suitable for everyone.

Full details of each fund are provided in the Friends Life “How contributions are invested” and “Choosing your own investment funds” documents, including details on selecting your own funds.

On joining the Plan, your SRA is set to age 65, unless you specify otherwise. However, you can currently change your SRA to any age from 55 onwards, by contacting Friends Life directly. It is important that you review your SRA from time to time and advise Friends Life as soon as possible if you want to change it. Otherwise, the fund switching may start at the wrong time. Too late, and you could end up being exposed to unnecessary risk. Too early, and your investments may miss out on potential returns.
Keeping track

Friends Life will send you a benefit statement that will show:

- details of the contributions paid;
- the current value of your fund; and
- an estimate of the benefits you might receive at SRA, based on the contribution rate at the time.

If you prefer, you can register for online access to your personal pension details. Please visit www.friendslife.co.uk/membersite for more information.

Charges

The fixed charge made by Friends Life for providing the Plan administration and investment services is called the ‘Annual Management Charge’, or ‘AMC’. Providers also have the right to charge additional expenses, which may vary. The AMC for the Default Investment Option is currently 0.69% of your fund value (that is 69p for each £100 of your fund value). The AMC will be automatically reflected in your fund value. Funds managed by other fund managers may carry a higher or lower AMC, as detailed in the Friends Life information.

Important information

Some funds invest in a particular market, with the investment manager for that fund choosing the assets. You may only want to choose specialist funds like this if you are familiar with investing (and the risks it involves), or if you are familiar with that market or how the fund might behave.

Typical examples include:

If you invest in overseas funds, changes in currency exchange rates may affect the value of your investments. Some funds in regions where markets are still developing (often called ‘emerging markets’) may be especially volatile, with dramatic falls and rises in value.

Property funds can carry extra risk because of the time it takes to buy and sell property – you may find that there are delays with moving money you have ‘tied up’ in property to another type of investment.

Some cash or deposit funds are actually ‘money market’ funds that invest in different types of asset. As a result, these funds can be more volatile than ordinary cash investments and may rise and fall in value. This means the value of your capital – the original amount you invested – is not guaranteed.

Please familiarise yourself with the descriptions from the fund guide and take advice as appropriate to your circumstances.
Family Leave

Family leave means maternity, paternity, adoption and parental leave.

While you are on paid family leave you continue to pay contributions. The rate of contributions you pay is based on the pay you actually receive.

College Court continues contributing during paid family leave. Your employer’s contributions are based on the pay you would have received had you not gone on family leave. Your employer must still contribute at the contribution tier your employer would normally pay and not what you actually pay during family leave.

During any period of unpaid family leave, neither you nor College Court are required to contribute to the Plan. However you may, if you wish, pay contributions during this period in which case College Court will also contribute to the Plan.

Further details can be obtained from the University of Leicester’s Pensions Office.
Leaving service

If you leave College Court, you keep the fund you have built up. You may:

- Leave your benefits in your fund and they will continue to be invested in the funds you chose.

- Continue paying contributions to your fund (although College Court's contributions will stop) – please contact Friends Life for further information.

- Transfer your fund to another pension arrangement.

- Use your fund to buy your benefits if you are aged 55 or over.

The most suitable option for you will depend on your situation at the time you leave. You may want or need to seek independent financial advice before deciding.
Taking your benefits

There are several options to choose from when taking your benefits.

You can currently take up to 25% of your fund value as a tax-free cash sum. The rest of your fund can be used to provide an income for you, either by or a combination of:

- buying an annuity; and/or
- drawing income from your fund otherwise known as ‘Flexi-access drawdown’.

You may also be able to take your pension as a cash lump sum.

The level of your benefits will depend on the size of the fund you have built up. You can currently draw retirement benefits from age 55 onwards.

Annuities

An annuity provides you with a guaranteed income payable for either the rest of your life or a fixed number of years. If you decide to buy an annuity, your options are:

- Pension for yourself – a regular income, payable for life.
- Pension increases – you may choose whether your pension remains at its starting level, or increases in payment (normally to help protect it against rises in the cost of living).
- Family pensions – you can choose to have a pension paid to your spouse or other dependants following your death.
- Guarantee – you can have your pension guaranteed for a minimum length of time (up to 10 years) – that is, if you were to die within this guarantee period, your pension would be paid in full for the rest of the period.
- Term – you can buy an annuity for a fixed number of years rather than one which continues until your death.

Please note that you have a fixed amount of money (your fund value) for providing benefits – so for each ‘extra’ option you choose, you will start with a smaller amount of pension.

You should also bear in mind that your pension will generally be smaller the earlier you take your benefits. This is because fewer contributions will have been paid in, your fund will have been invested for a shorter period of time, and your pension is likely to be paid for a longer period. On the other hand, the later you take your benefits the higher your pension is likely to be, because more money will have been paid into your fund, it will have been invested for longer and your pension will potentially be paid over a shorter time.

Before taking your benefits you will receive a statement showing full details of your options and more information about buying pensions. However, you can buy your annuity from an insurance company of your choice – you do not have to take your benefits from Friends Life.
Flexi-Access Drawdown

Instead of buying an annuity, you may draw an income from your fund and carry on investing the rest. If you are thinking of doing this, remember that your fund – and the income you receive – may go up or down depending on how well your investment choices perform.

For more information with regard to this option, please call Friends Life’s Retirement Information Centre on 0800 023 4298.

Taking your pension as a cash lump sum

It may be possible for you to cash-in your fund. Under current legislation the first 25% will be tax-free but the remaining 75% will be subject to tax. Further details will be provided by Friends Life at retirement.

Making your choice

There are some important things to consider when deciding what to do with your retirement savings. You’re likely to have many years to enjoy in retirement, therefore it’s important to plan how much you need, make your savings last and understand the tax implications.

Guidance

Pension Wise is the Government’s new free, impartial and independent guidance service to help you understand your choices. It is available to those aged 50 or over. Pension Wise offers you:

- tailored guidance (online, over the telephone or face to face) to explain what options you have and to 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
- tips on getting the best deal, including how to shop around

Visit www.gov.uk/pensionwise for more information or to book an appointment call 0800 138 3944.

Advice

Before you make any decision we strongly recommend you consider taking professional advice. You can find an independent adviser by going to www.unbiased.co.uk.

Should you require an independent financial adviser (IFA), if you call the Retirement Information Centre, Friends Life will be able to refer you to an IFA firm called Foster DeNovo. Please note that any fees associated with using Foster DeNovo or any other IFA will be met by you and not College Court. You will need to enter into your own individual agreement direct with the IFA.

Other resources

The Pensions Advisory Service (TPAS) is an independent, non-profit organisation that provides free information and guidance on pensions. It can also deal with potential complaints from members regarding their scheme. You can contact them using the details below:

The Pensions Advisory Service
11 Belgrave Road
London
SW1V 1RB
Telephone: 0300 123 1047
Website: www.pensionsadvisoryservice.org.uk

The Money Advice Service provides free and impartial money and pensions advice on their website: www.moneyadvice.org.uk
Pension scams are on the increase in the UK. Check the facts before you make an irreversible decision. Have a look at the guidance from the Pensions Regulator on its website if you need more information www.thepensionsregulator.gov.uk/pension-scams.aspx

The Financial Conduct Authority also has details on its website www.fca.org.uk/consumers as to how to avoid being scammed and how to check whether your adviser is authorised.
Protecting your family

Financial protection for your dependants is available from the Plan.

**If you die before taking your benefits**…

The fund you have built up to the date of your death would be payable to your beneficiaries as a cash sum.

**Your wishes**

It is important that you complete a Nomination form outlining who you would like to receive any benefits following your death. Equally, if your personal situation changes – for example, you marry, divorce or become a parent – you may need to update a Nomination form you have already completed.

You can ask for a Nomination form from Friends Life using the contact details in the section ‘Finding out more / important information’.

**If you die after taking your benefits**…

The benefits payable will depend on what option you choose when you take your benefits.

If you buy an annuity and choose to have a pension paid to your spouse or dependants following your death, or have your annuity guaranteed for a minimum length of time, your beneficiaries will receive an income and/or lump sum should you die.

If you decide to draw an income from your fund and carry on investing the rest, or take your fund as a series of lump sum payments, you can nominate who you would like to receive any money left in your drawdown fund when you die.

If you take your entire fund as a cash lump sum or have used up all of your fund drawing an income, no further benefits will be payable to your spouse or dependants should you die.
Tax and your benefits

Personal contributions
HMRC applies certain restrictions to the level of your own pension contributions that can receive tax relief. You can make contributions of up to £3,600 (including tax relief), or if greater, 100% of your UK earnings into the Plan each year.

You would also have to pay a tax charge on any contributions (from you and College Court) or benefits, above the allowances described in the following two sections:

Annual allowance
The annual allowance applies to all contributions - from you or any employer - going into your pension arrangements over a tax year. If the total payments into the Plan made by you and College Court, plus contributions made to any other pension arrangements, are likely to be close to £40,000 in any tax year, please seek financial advice before making any decisions. (If you have already drawn ‘flexible’ benefits from a defined contribution pension scheme, a reduced, £4,000 annual allowance will apply to your contributions).

If you draw your benefits due to ill health (provided this satisfies the requirements set by HMRC) or die while still building up your plan, the annual allowance will not apply in that year.

Lifetime allowance
The lifetime allowance applies to the value of all the pension benefits you build up from all sources* (apart from the State) over your working life. For the 2017/2018 tax years the allowance is £1 million. With effect from the 6 April 2018, it will increase in line with inflation (as measured by the Consumer Price Index).

* Spouse’s pensions and other pensions paid following the death of someone else may be ignored.

You can build up benefits over the lifetime allowance, but you would have to pay a tax charge on the excess. This charge is 25% if you take these excess benefits as a pension or annuity (which would then be subject to Income Tax). It rises to 55% if you take the excess as cash.

Please note that the lifetime allowance also applies to death benefits paid in lump sum form. If these benefits – along with any other pensions or cash sums being paid – go over the allowance, a charge of 55% will apply to the excess unless it is used to provide dependants’ pensions.

Before benefits are paid the ‘administrator’ will ask about the % of lifetime allowance used and you will need to find the information from all of your pension sources (exception of the State pension).

Again, if you think your contributions or benefits may be close to either of the allowances, please consider taking financial advice about the most suitable action to take.
State benefits

The State pension was, until April 2016, previously made up of two parts, payable from State Pension Age:

- The Basic State Pension – a flat rate amount payable to everyone who has paid enough National Insurance contributions.
- The State Second Pension (S2P formerly SERPS) – which provides mostly earnings-related benefits. The total benefit is based on your full earnings built-up over your working lifetime.

State Pension Ages have been under ongoing review by the Government, and your own State Pension Age depends on both your sex and date of birth. You can use the State Pension age calculator on the Government’s website (https://www.gov.uk/calculate-state-pension) to find your State Pension age, based on the rules currently in force.

A new State Pension system came into effect from 6 April 2016. What you might get depends on when you reach your State Pension Age. More information can be found at: https://www.gov.uk/new-state-pension/overview

You can get an indication of your State pension by visiting: https://www.gov.uk/state-pension-statement
Finding out more / important information

About the Plan

College Court has appointed KPMG LLP, to advise them on the Plan. Because KPMG LLP is paid by fees by College Court, rather than by commission from Friends Life, you will not pay any extra charges if you join the Plan other than those detailed in this Guide and the Friends Life Investment Fund Guide.

Friends Life is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

About this Guide

This Guide aims to give you an accurate summary of how the benefits work. However, it cannot cover everything. If you need more information please contact University of Leicester’s Pension Office.

The Friends Life information and policy documents will always over-rule this Guide if any differences between them come to light.

College Court has the right to make changes to your benefits package, including reducing or withdrawing employer contributions (where applicable), within current law. If this were to happen, you would receive full details of the changes.

Taking advice

If you are unsure whether any of the benefits covered in this booklet are suitable for you, please consider seeking advice from an independent financial adviser. In particular, the Plan may not be appropriate for everyone as contributing to it may affect entitlement to State benefits (which may change themselves in future).

You can find an independent financial adviser by going to www.unbiased.co.uk.
Queries

If you have a query with regards to the Plan, please contact Friends Life on 0345 608 4289 in the first instance.

You can access specific information relating to your benefits under the Plan by registering on the ‘membersite’. You can register online by accessing the link www.friendslife.co.uk/membersite

The ‘membersite’ gives you access to a forecaster to help you estimate how much your pension and savings could grow to and an investment analysis tool to help you understand your overall investment portfolio.

Other Queries and complaints

If you have a query you would like to raise with College Court or a complaint, please contact:

Pensions Office
University of Leicester
University Road
Leicester
LE1 7RH

Tel: 0116 252 2404

If you cannot settle your complaint with the Pensions Office, you may be entitled to refer it to the Financial Ombudsman Service; visit www.financial-ombudsman.org.uk/ or call 0800 023 4567 for further information.

The Pensions Advisory Service (TPAS)

TPAS is an independent non-profit organisation that provides free information, advice and guidance on all pensions, including State, company, personal and stakeholder schemes. TPAS is available to help at any time if you have questions about your own pension arrangements.

TPAS
11
Belgrave
Road
London
SW1V 1RB

Tel: 0300 123 1047
www.pensionsadvisoryservice.org.uk

You can also find more information about the automatic enrolment rules on the TPAS website at: www.pensionsadvisoryservice.org.uk/automatic-enrolment
The Financial Services Compensation Scheme (FSCS)

Friends Life is covered by the FSCS. You may be entitled to compensation from the FSCS if Friends Life cannot meet their obligations. This depends on the type of business and the circumstances of the claim.

For further information about compensation scheme arrangements please contact the FSCS at:

10th Floor
Beaufort House
15 St Botolph
Street
London
EC3A 7QU

Tel: 0800 678 1100 or 0207 741 4100
www.fscs.org.uk