MERCER

PENSION WISE

Due to the recent introduction of the pension flexibilities we are currently updating our main member documentation. This insert provides you with all the information the Trustees are required to provide you in respect of the pension flexibilities relating to the Pension Wise service now available.

Please be aware that how and when you decide to take your pension benefits is an important decision that is irreversible in the majority of circumstances. To help you with this decision you can find free and impartial guidance on what you can do with your pension benefits by using any of the following services:

- Pension Wise – who provide free pensions guidance to all pension scheme members with flexible benefits to help you understand what you can do with your benefits. More details on the Pension Wise service can be found in the attached leaflet. You can call Pension Wise on 030 0330 1001.
- The Pensions Advisory Service via their website at www.pensionsadvisoryservice.org.uk/
- The Money Advice Service, where a leaflet entitled "Your pension: It's time to choose" is available. The website address is: www.moneyadviceservice.org.uk/en/articles/free-printed-guides#pensions

In addition you should consider whether you require specific advice that is tailored to your individual circumstances. Mercer Limited is not authorised to give you advice so if you require further help you should seek financial advice. You can find a Professional Adviser in your local area by searching on www.unbiased.co.uk which also provides further information on pensions. The Professional Adviser will inform you of any charges that apply in return for their advice.

Insert 2 Pension Wise – April 2015

IMPORTANT RISK WARNINGS

Due to the recent introduction of the pension flexibilities we are currently updating our main member documentation. This insert provides you with all the information the Trustees are required to provide you in respect of the pension flexibilities relating to retirements and which will help you with any decisions you may need to take. As a result some of the information in this document supersedes that which is contained within the accompanying letter and this document should be read in conjunction with the main information provided.

The following risk warnings have been produced by the Pensions Regulator, the regulator for occupational pension schemes, for you to read before making any decision over what to do with your flexible pension benefits (also known as money purchase, defined contribution or cash balance funds). If you have money purchase AVCs these are flexible benefits.
Please note that the following information does not apply to any defined benefit, final salary or career average benefits that you may have as these benefits would be provided through the pension scheme. This information only applies for your flexible benefits but be aware that some of these options may not be available through your pension scheme, but may be possible following a transfer of your pension benefits elsewhere.
You will be asked to confirm that you have read and understood these risk warnings as part of your decision on how to take your pension benefits.

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

People who have a medical condition, are in poor health, smoke or 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, we offer 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 income will reduce over time, due to inflation.

You don't have to take any annuity or other pension we may offer – and different providers might pay a higher income. So it's important to shop around. Remember that annuity purchases are a lifetime commitment, so there's no rush to make a final decision.

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

As with every investment, there's the risk that the value of a pension pot can go up and 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 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 a 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 to 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 a flexible retirement income should consider shopping around – an FCA-regulated financial adviser will be able to help with this.

3. Take your pension as cash in stages

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 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 depending on the amount withdrawn.

As with every investment, there's the risk that the value of a pension pot can go up and down. People considering this option should think about how much they take out every 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 a 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 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.

4. Take your whole pot as cash in one go

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 an income throughout retirement.

There will be tax implications if an entire pension pot is taken as cash 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, or plan to take income drawdown, be aware that scammers may operate in these markets. You can find out more about how to identify scams here:
www.pensionsadvisoryservice.org.uk/publicationsfiles/uploads/Pension_Scams_-_members_detailed_booklet.pdf

MERCER

IMPORTANT INFORMATION ON TRANSFERS

Due to the recent introduction of the pension flexibilities we are currently updating our main member documentation. This insert provides you with all the information the Trustees are required to provide you in respect of the pension flexibilities relating to transfers which will help you with any decisions you may need to take. As a result some of the information in this document supersedes that which is contained within the accompanying letter and this document should be read in conjunction with the main information provided.

There are significant changes in the way scheme members may take their money purchase or defined contribution benefits (also known as flexible benefits) since 6 April 2015. If you wish to transfer out of a defined benefit arrangement to an arrangement that can provide you with flexible benefits and the transfer value of your defined benefits (also known as safeguarded benefits) under the scheme is more than £30,000, the trustees of the scheme are required to check that you have received appropriate independent advice before the trustees are able to complete the transfer of any of your safeguarded benefits under the scheme to an arrangement that can provide you with flexible benefits.

Unless you confirm to the trustees otherwise, the trustees will assume that any request to transfer any of your safeguarded benefits under the scheme will be for the purposes of providing flexible benefits under another arrangement.

You are required to take appropriate independent advice from an authorised independent adviser who is authorised by the Financial Conduct Authority (FCA) to provide advice on conversions or transfers of safeguarded benefits to provide flexible benefits. The adviser must provide written confirmation to the trustees of the scheme:

- That they have provided you with specific advice in connection with the transfer of your safeguarded benefits under the scheme
- That they have permission under part 4A of the Financial Services and Markets Act 2000, or resulting from any other provision of that Act, to carry on the regulated activity in Article 53E of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001
- Of the adviser's FCA firm reference number
- Of your name and the name of the scheme in which you have safeguarded benefits and in respect of which the advice has been provided

1) This confirmation should be forwarded to us with your application to proceed

2) Unless the transfer value of your safeguarded benefits under the scheme is no more than £30,000, or you confirm to the trustees that a transfer of any of your safeguarded benefits under the scheme is not for the purpose of providing flexible benefits under another arrangement, the trustees will check the Financial Services Register to confirm that your adviser has permission to carry out the regulated activity specified in Article 53E of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001.

3) Where the trustees are unable to confirm that your adviser does have the required permission, they will not be able to comply with your request to transfer any of your safeguarded benefits under the scheme to secure flexible benefits in another arrangement.

Transfer-out enquiries IFA FAQ Sheet

Q. What kind of schemes does Mercer administer?

A. Occupational Pension Schemes; these are schemes established by an employer, or on behalf of a group of employers, to provide pension and/or other benefits. They are governed by a trust deed.

Q. What legislation governs an Occupational Pension Scheme?

A. They are registered schemes under section 153 of the Finance Act 2004. Before 6 April 2006, they were approved under Chapter I, Part XIV of the Income and Corporation Taxes Act 1988.

Q. Do the members have individual policies assigned to them?

A. There are no individual policies and no commission is payable.

Q. What is a Defined Benefit Scheme?

A. This is an Occupational Pension Scheme where benefits are linked through a formula to the members' earnings and/or length of pensionable employment.

Q. Does a Defined Benefit Scheme transfer value vary with the change in unit prices? A. No, it is the value of the member's accrued benefits calculated in accordance with the scheme rules and with relevant legislation. It will usually be guaranteed for 3 months, unlike a Money Purchase scheme where it may change daily.

Q. For a Defined Benefit scheme does it matter where the funds are invested?

A. No, it makes no difference.

Q. What is a Money Purchase Underpin?

A. This is provided by some Occupational Pension Schemes where benefits are calculated as the better of two alternatives, for example the better of a final salary and a money purchase benefit.

Q. Will Mercer provide a projection to NRD for a member of a Defined Contribution (Money Purchase) scheme?

A. The member receives an annual projection to NRD, please ask your client for a copy of their latest statement.

Q. Will Mercer provide a projection to NRD for a Defined Benefit deferred member? A. A projection to NRD can not be provided for a DB deferred member as we are unable to predict the RPI. A current projection could be provided to the member upon request subject to the member's eligibility and relevant company/trustee approval.

A lifetime's savings lost in a moment.

Pension scams. Don't get stung.

ActionFraud
Report Fraud & Internet Crime

THE PENSIONS ADVISORY SERVICE

Pension scams are on the increase in the UK.
'One-off pension investments', 'pension loans' or upfront cash are being used to entice savers.

For most people the offers will be bogus and **you will probably lose most, if not all, of your savings**.
In the future you may be able to take more than 25% of your pension savings as a cash lump sum after the age of 55 – but this would not come into effect until at least April 2015.

As well as losing most, if not all, of your savings, you may also receive tax charges of over half the value of your pension for taking an 'unauthorised payment'.

This booklet explains in more detail how to spot potential pension scams, what to do if you suspect a scam and who to contact.

Check the facts before you make an irreversible decision.
A lifetime's savings can be lost in a moment.

Types of scam to watch out for

Pension scams can take many forms. Some scams will appear to be legal, and some scammers may even suggest that the Government has asked them to contact you. Watch out for these common features of pension scams:

- Phrases like 'one-off investment opportunies', 'free pension reviews', 'legal loopholes', 'cash bonus', 'government endorsement'
- Victims are approached out of the blue over the phone, via text messages or in person door-to-door
- Transfers of your money or investments overseas, meaning the money is harder to recover
- Access to your pension pot before age 55
- No member copy of any documentation
- Victims are encouraged to speed up transfer of their money to the new scheme.

Scams may be presented as unique investment opportunities. They may try to get your attention by offering a free pension review. You may be encouraged to transfer your pension quickly, and they may even send documents to you by courier in an attempt to pressurise you to sign. **Once you've transferred your pension, it's too late. Many victims will lose their entire pension and will have to pay a large tax charge on top.**

Pension facts

What can I do?	What can't I do?
You can start to draw your pension once you reach 55 if your scheme allows it.	You cannot access any of your pension before you are 55 (other than due to ill health).
You can take a cash lump sum of up to 25% when you start receiving your pension.	You cannot take more than 25% of your pension as a cash lump sum. This may change from April 2015, however only 25% of the pot will be tax free.

Examples of real life scams

Victim A: upfront cash scam

Ruby is 53 years old and due to retire in six years. She's recently re-mortgaged her home to free up some cash for her son's university costs. She has had a pension scheme for over 30 years and now it's worth £114,000. She wants to explore whether she can access it early, so she searches on the internet for **'early pension release'**.

The trap

Ruby finds a website that offers pension release so she fills out their contact form and is called the next day. She is told that she can take 5% of her pension in cash now and the rest will be invested in UK storage facilities, which will generate a **guaranteed 8% return** for her savings. She is disappointed that she can only release £5,700 now but is happy at the prospect that the rest will grow quickly.

The point of no return

A courier is sent to Ruby and she signs the papers provided. One week later £5,700 is transferred to her bank account and she receives a welcome letter as well as an opening statement showing her pension monies.

What happened next?

For more than a year, Ruby heard nothing about her pension. She called the contact number she had been given to find out how the investment was going but the phone lines were constantly engaged. She visited the address and was told by a company on the premises that they were not responsible but to call a different number. This number was also constantly engaged.

The punishment

Ruby called Action Fraud and was told that it was likely she had lost all of her pension. Three months later she was contacted by HM Revenue & Customs (HMRC) and told that she would be hit with unauthorised payment tax charges of £62,700.

How did it happen?

Ruby's desire for short term cash meant that she agreed to a investment opportunity that didn't exist. The upfront cash she received was a deliberate attempt to lure her in from scammers who knew that, if successful, they'd walk away with over £108,000 of her money. By the time she reported it, it was already too late. And by accessing her pension before age 55, Ruby broke rules which meant that she was hit by a tax charge. The fact that she lost most of her pension didn't mean that she was exempt from these heavy charges.

Points in **bold** are hallmarks of a pension scam.

Victim B: Tricked into being part of the scam itself

Henry is 44 years old and has been in his company pension scheme for 17 years. He receives a **cold call** out of the blue with an offer of a **free pension review**.

The trap

The caller offers Henry a **'unique investment opportunity'** for his pension savings, specifically in property developments overseas. The investment promises much higher returns than the current return on his work pension. Henry is told that the more he invests, the better the interest rate he'll receive.

The point of no return

Henry is interested and tells the cold caller that he'd like more information. The next day a **courier arrives** with forms for him to sign. Henry has questions that the courier can't answer, but he signs the forms because he was told the day before that if he doesn't take the investment opportunity it'll be **offered to someone else**. A week later, Henry receives a brochure in the post giving details of his investment.

What happened next?

Six months later Henry wanted to know if he could invest any more money in the property developments. He called the number in the investment brochure and it was disconnected. He investigated online and discovered that some pension transfer offers may be a scam. Concerned, Henry called Action Fraud to register a suspected crime.

The punishment

18 months after he transferred his pension, Henry had heard nothing about the investment and had no records of where his money was. But losing his pension savings was just the start. HMRC issued a tax penalty against Henry for not filing his tax returns; and a charge for making an unauthorised payment. Companies House informed Henry that he might also be fined and banned for life from being a director of any company.

How did it happen?

When Henry signed the papers several things happened. Firstly, he lost his entire pension. Secondly, he unwittingly agreed to become a 'director' of the investment company at the centre of the scam. This meant he had legal duties with Companies House and HMRC that he didn't even know about. Henry lost 17 years' worth of savings because he was coerced into transferring without knowing all the facts.

Points in **bold** are hallmarks of a pension scam.

What to do if you think you're being targeted

- Never be rushed into making a decision
- Make sure the adviser is authorised by the FCA at www.fca.org.uk/register
- Before you sign anything, call The Pensions Advisory Service on 0300 123 1047 for information and guidance about pension scams
- If you have already accepted an offer, raise the alarm by calling Action Fraud on 0300 123 2040.

Don't proceed unless you are absolutely certain your money will be safe. Once you transfer, it's too late.

For impartial information and guidance on scams:

THE PENSIONS ADVISORY SERVICE

0300 123 1047

www.pensionsadvisoryservice.org.uk

If you have already accepted an offer, call:

ActionFraud

Report Fraud & Internet Crime

0300 123 2040

A cross-government initiative by:

ActionFraud – Report Fraud & Internet Crime

City of London Police

FCA – Financial Conduct Authority

HM Revenue & Customs

the Money Advice Service

NCA – National Crime Agency

SFO – serious fraud office

The Pensions Advisory Service

The Pensions Regulator

Pension scams
Help for individuals

WHITBREAD GROUP PENSION FUND

Important Notice for all members wishing to transfer

The trustees are not able to advise members who want to take a transfer from the scheme/plan. The trustees recommend that you take financial advice to help you consider carefully the possible merits and risks associated with taking a transfer value, compared with retaining a deferred benefit entitlement from the scheme/plan. Some of the aspects to consider:-

- Compare the benefits expected from the arrangement to which you are planning to take the transfer value, with your entitlement in the scheme/plan. If the receiving arrangement is money purchase (that is, the ultimate benefit depends entirely on investment returns on the underlying funds) the comparison will be difficult, since the benefits payable cannot normally be predicted with any certainty.

- From 6 April 2005 members of schemes like the WHITBREAD GROUP PENSION FUND may have greater security in some circumstances where the scheme's assets would otherwise not be able to provide the members' entitlements in full. This is because, in addition to requiring the sponsoring company to make additional contributions in certain circumstances, the Government has introduced a "Pension Protection Fund". This is a statutory fund run by the Board of the Pension Protection Fund, which will provide some compensation for members if the sponsoring company is not able to contribute more.

  Members of the WHITBREAD GROUP PENSION FUND would be entitled to receive compensation from the Pension Protection Fund in the appropriate circumstances.

- Other organisations such as the Financial Conduct Authority, the Pensions Regulator and the Pensions Advisory Service can also provide general information about transfers which may help you to decide whether or not to transfer your benefits. Please note, however, that these organisations cannot give you specific advice on whether or not to transfer your benefits – only a financial adviser can do that.

Transfer values are calculated using a method and basis determined by the trustees, after taking advice from the scheme actuary, to be consistent with legislation and the rules of the scheme. The method and/or basis may therefore be revised from time to time, to reflect changes in legislative and financial conditions.

Mercer is providing you with this transfer information purely in accordance with its duty as administrator of the pension scheme, and does not profess to offer any advice in respect of your personal circumstances.

Pension Liberation

In light of Her Majesty's Revenue and Customs' ('HMRC') and the Pensions Regulator's concerns over possible pension scam, before they can consider any request to transfer out, the trustees of the scheme currently require all members who request a transfer to provide some additional information in support of their request.

I have sent a Member Information form to the member and have asked the member to complete this and return it to me.

Enclosed are an Occupational Pension Scheme Additional Information Form and a Personal Pension Plan Additional Information Form. Please arrange for the appropriate Form to be completed by the scheme or arrangement that the member wishes to transfer to and returned to me with the supporting evidence requested.

I wish to emphasise that this is in no way intended to suggest that you or the member are in any way involved in any pension scam activity. The trustees of the scheme currently require **all** members who request a transfer to provide this additional information.