

PEARL GROUP STAFF PENSION SCHEME

SCHEME INFORMATION

This information is for members of the Pearl Final Salary section of the Pearl Group Staff Pension Scheme who left service on or after 6 April 1997.

The right to a deferred pension is governed by the Rules of the Scheme and a pension will only be paid in accordance with those rules. The Scheme is a registered pension scheme under the Finance Act 2004, previously being approved by HM Revenue & Customs (HMRC) under Chapter 1 Part XIV of the Income and Corporation Taxes Act 1988. The Scheme reference number is SF016/118607/000000/Z and the Pension Scheme Tax Reference (PSTR) number is 00274756RX.

The Pearl Group Staff Pension Scheme is a non-contributory scheme. The date of the Constituting Deed is 22 December 1948.

The information provided summarises the main features of the benefits available to you from the Scheme. It is a summary only and not legally binding. The full rules governing the Scheme are set out in the Trust Deed and Rules which will always override this information leaflet.

The Scheme provides defined benefits based on pensionable earnings for each complete year and months service. The Scheme's accrual basis is 1/60th.

For members leaving on or after 17 May 1990 normal retirement ages for men and women have been equalised. With the exception of Guaranteed Minimum Pension (GMP), benefits have been equalised with effect from 17 May 1990. This has been taken into consideration when calculating the transfer value. It is not our policy to sign equalisation disclaimer forms.

Before 6 April 2016, the Scheme was contracted out of the State pension on a reference scheme test basis (SCON - S1600041B).

The date of the last actuarial valuation was 30 June 2018. A summary of the valuation report can be found in the Member section of the Scheme website under Documents.

The Scheme is not in the process of being wound up. The Scheme is not a member of any transfer club.

BENEFIT INFORMATION

Guaranteed Minimum Pension (GMP) & Equivalent Pension Benefit (EPB)

If you were in service between 6 April 1978 and 5 April 1997 then you were contracted out of the State pension, and your deferred pension includes an element of GMP. The GMP at the date of leaving service appears in your statement. If you were contracted-out of the old State Graduated Scheme which ended in 1975 the deferred pension also includes an element of EPB. If you joined the scheme after 5 April 1997, your pension does not include any GMP and you should ignore all further references to it.

Additional Voluntary Contributions (AVCs)

If you were an AVC payer, no further contributions can be accepted under the AVC Scheme.

Contributions will continue to be invested in the funds selected by you. AVC benefits are provided on a money purchase basis. The value of your AVCs when you retire can be taken as a lump sum subject to HMRC limits or alternatively if no lump sum is required the value will be converted to pension on a basis agreed between the Trustee and the Scheme Actuary.

Part pension conversion option

Under the rules of the Scheme between the ages of 52 and 55, you may convert part of your pension into a pension payable to a dependant, but it should be noted that evidence of good health will be required if you wish to convert after age 53.

Transfer of pension

Under pensions legislation you are entitled to transfer your deferred pension rights to another registered pension scheme. This could be to a new employer's pension scheme, a personal pension, a stakeholder plan or to an annuity contract with a suitable insurance company of the member's choice (also known as a Section 32 buy-out policy). The transfer value paid from the Scheme will be the same regardless of the type of scheme you transfer to. The option to transfer is available at any time after leaving service and before commencement of your pension.

Members only have a statutory right to ask for one transfer value within a twelve month period. The Trustees will charge £250 for any subsequent requests for transfer values within that twelve month period.

The transfer value quoted allows for any amounts transferred into the Scheme from other schemes.

Depending on what elements of pension you hold, you may have the option of transferring only part of your pension and retaining the rest within the Scheme. For example, you may choose to take your defined benefit transfer value and leave your money purchase pension pot and/or AVCs in the Scheme. Or, you could transfer only your pre 97 benefits or post 97 benefits or GMP.

Further investigations would have to be made if you wish to transfer your benefits to an overseas scheme. The receiving scheme would need to be registered as a Qualifying Recognised Overseas Pension Scheme (QROPS) with HMRC in the UK.

Unless specified on a transfer value statement the transfer value has not been reduced in any way and represents the full value of your benefit entitlement.

No allowance for the value of any discretionary benefits that may be awarded in the future has been made in calculating the cash equivalent transfer value.

When deciding whether to transfer you should consider the total benefits payable from the pension provider and the State. In all cases it is recommended that you seek independent financial advice before transferring, however where the cash equivalent transfer value exceeds £30,000 it is now a statutory requirement. Full details are provided with the transfer pack.

Increases to your pension before commencing

The pension quoted in your statement is calculated as at your date of leaving service. The pension in excess of any GMP element will be revalued in the year of commencement.

For pension earned prior to 5 April 2009, the pension (in excess of the GMP) will be revalued by price inflation between your date of leaving service and commencement of pension up to a maximum of 5% for each complete year between those dates. The pension earned after 5 April 2009 will be revalued by price inflation up to a maximum of 2.5%.

Note regarding price inflation: Deferred pensions (in excess of any GMP) are revalued using Statutory Occupational Pensions Revaluation Orders. This is based on the movement in the Retail Prices Index up to 2011 and the movement in the Consumer Prices Index since 2011.

The GMP element of your pension is not revalued during deferment. If you commence your pension before GMP age (60 for females, 65 for males) the GMP payable will be the GMP calculated at your date of leaving service with no revaluation.

If you commence your pension at or after GMP age, the GMP will be revalued by fixed rate revaluation, for each complete tax year between date of leaving and date of commencement.

Please see the section 'Increases to your pension once in payment' for information regarding increases to the GMP after commencement of your pension.

Commencement of your pension

You can commence your pension at any time between your 55th birthday and your 75th birthday. Please refer to your statement for your normal retirement date.

Early Retirement

You can draw a reduced deferred pension at any time between age 55 and 60. A projection/quotation can be provided upon request.

The early retirement reduction at age 55 is fixed at 15% reducing at the rate of 3% every year (or 0.25% for each complete month of age) to nil at 60. This reduction is applied to the pension revalued to the early retirement date. Commencement of your pension cannot be backdated.

An Incapacity Pension may be granted due to ill health before normal retirement age. The granting of such a pension would be at the approval of the Company.

Normal Retirement

We will contact you approximately eight months before your normal retirement date to confirm your address and establish if you wish to receive a quote for commencing your pension.

Late Retirement

Under current pension regulations you can defer commencement of your pension up until your 75th birthday. We are currently unable to provide projections for late retirement, however, a quotation can be provided within one year of your chosen retirement date.

A late retirement quotation is based on the pension that would have been payable at normal retirement age. This would then be increased by the actual scheme increases it would have received had it been in payment since normal retirement age. It would then be increased further by 4.4%* compound for each year and complete month since normal retirement age. *This is the current factor and is subject to change by the Trustees, acting on the advice of the Scheme Actuary.

If your pension includes an element of GMP and you wish to retire after GMP pension age (65 for men, 60 for women) your quotation will be referred to the Scheme Actuary for calculation.

Commutation option

When you commence your pension, part of your pension can be used to provide a lump sum. In general you will be able to take 25% of the value of your pension benefit (including any AVCs) as a pension commencement lump sum. In some circumstances it may be necessary to restrict the lump sum that is available to ensure that the overall limit set by HMRC is not breached.

This option does not affect any spouse or dependant's pensions, which are based on the full pension.

These are the current commutation rates. They are subject to change by the Trustee Directors, acting on the advice of the Scheme Actuary and subject to approval of the Company.

Commutation Rates

| Age | | Age | | Age | |
|-----|-------|-----|-------|-----|-------|
| 55 | 25.63 | 62 | 21.31 | 69 | 16.82 |
| 56 | 25.03 | 63 | 20.67 | 70 | 16.17 |
| 57 | 24.43 | 64 | 20.03 | 71 | 15.53 |
| 58 | 23.82 | 65 | 19.39 | 72 | 14.88 |
| 59 | 23.20 | 66 | 18.74 | 73 | 14.24 |
| 60 | 22.58 | 67 | 18.10 | 74 | 13.59 |
| 61 | 21.95 | 68 | 17.46 | 75 | 12.95 |

Option to recast

If you commence your pension more than six months before reaching your State pension date you may elect to recast your pension so that you receive a higher pension until your State pension date in exchange for a lower pension thereafter.

Lifetime Allowance

Benefits available from pension schemes are unlimited, however, you will have to pay tax on the value of your benefits, from all sources, where this exceeds the Lifetime Allowance. This is £1,073,100 for the 2020/21 tax year.

At retirement we will need to ensure that the pension benefits you receive from all sources do not exceed the Lifetime Allowance. At that time you will need to provide us with details of pensions which you are already receiving or that will commence prior to, or on the same day as your pension with us.

Increases to your pension once in payment

Once in payment the pension receives an increase from the 1st April each year. The first increase will be proportionate based on the number of complete months since commencement.

Different increase rules apply to different parts of your pension depending on your age at commencement.

If you start your pension before reaching GMP age (65 for men, 60 for women), the whole of your pension (including any GMP) will increase in line with increases in the Retail Prices Index between February and February, up to a maximum of 5%.

If your pension includes GMP, at GMP age we will be notified by HMRC of the revaluation due to the GMP element of your pension from your date of leaving service to GMP age. Any difference between the GMP being paid at that time and the revalued amount confirmed by HMRC will be added to your pension. The GMP will be increased by fixed rate revaluation of 6.25% per annum (if you left before 6 April 2002), 4.5% per annum (if you left between 6 April 2002 and 5 April 2007) or 4% (if you left after 5 April 2007) for each complete tax year between the date of leaving service and attaining GMP age.

After GMP age the different elements of your pension will increase at different rates. Any GMP earned before 6th April 1988 does not receive increases from the Scheme. Any GMP earned from 6th April 1988 receives increases equal to price inflation over the year from September to September, up to a maximum of 3%.

Death Benefits - Dependant's Pension

Upon the death of a member the spouse/civil partner at that time will become entitled to receive an immediate pension from the Scheme, payable for life.

If you are unmarried and have nominated your partner (or any person who is unmarried that you were financially interdependent with at the date of death) to receive a discretionary dependant's pension, the granting of such a pension will be at the discretion of the Trustee. It will wish to be satisfied that, at the time of death there was financial interdependency and that the relationship was of a long-standing nature. Any nomination made may be withdrawn at any time by written notice and such nomination will automatically become void upon the subsequent marriage of either partner.

If a member dies before commencing their pension, any dependant pension benefits would be based on the pension as at the date of leaving revalued to the date of death.

If a member dies after commencing their pension any dependant pension benefits would be based on the pension that would have been payable at the date of death if the commutation option had not been exercised. Unless the spouse/civil partner or partner was more than ten years younger than the member, the dependant's pension in each case would be one half of this amount.

If it is established that a child of a member is financially dependent on the member at the time of his or her death then the child will be awarded a pension payable until age 18, or age 21 if they are in full time education or vocational training. If there is a spouse or partner then the children can share up to 50% of the member's pension. If there is no spouse or partner then the children can share up to 100% of the member's pension. However an individual child cannot receive more than one-sixth of the member's notional pension.

Any dependant's pension would be subject to the same increases as the member's pension in payment.

Death Benefits - Lump Sum

If a member dies within five years of the date of commencement of their pension, a lump sum will be payable equal to the balance of pension which would have been paid within that five years, but assuming no future pension increases.

The Trustee will have discretion to decide to whom the benefit is payable. It will take into consideration any nomination you may wish to make at the time of commencement of your pension or subsequently.

If the member dies whilst a deferred member of the Scheme; there is no lump sum death benefit payable. If a member has made Additional Voluntary Contributions and dies before commencing their pension, the Trustee will have the discretion to decide to whom any payment is made. It will take into consideration any nomination you have made.

Service on the Channel Islands or Isle of Man

If the deferred pension is in respect of service on the Channel Islands then the sections referring to GMPs are not appropriate.

If the deferred pension is in respect of service on the Isle of Man then the GMP operates in the same way as for mainland UK but all references to HMRC National Insurance Contributions Office should be replaced by the Isle of Man DHSS Social Security Division.

Scheme Administrators

First Actuarial LLP, First House, Minerva Business Park, Peterborough, PE2 6FT.