

# **STAR GROUP PENSION SCHEME**

## **How the pension changes may affect you**

From April 2015, defined contribution (DC) pension scheme members will have more flexibility over how they take their pension from age 55.

There will be more options for taking retirement income and fewer restrictions on the amount you are able to take as cash.

The information below is provided to help you consider all the routes available for your future.

## **New Flexibilities**

One or more of the following benefits may be available to you from the Star Group Pension Scheme.

### **If you are a Defined Benefit Member:**

- You may take a pension or give up part of your pension for a tax free cash lump sum and a smaller pension.
- If your pension is very small you may commute your pension, on the grounds of triviality, for a one off lump sum providing all conditions are met.
- You can transfer your pension away from the scheme or to the Star Group Defined Contribution section. You must be an active member of the defined contribution section to do this.
- If you have an AVC's it must be taken at the same time as your Defined Benefit pension unless you transfer it separately away from the Scheme.

### **If you are a Defined Contribution Member:**

- You may buy an annuity with your total fund or have 25% as a tax free cash sum and buy an annuity with the remaining 75%.
- You may take your fund as a lump sum – this will have tax implications.
- You may transfer your fund to an alternative pension provider.

### **If you are a Dual Member (Defined Benefit and Defined Contribution)**

- A combination of one or more of the above.

## **Other Options:**

**Alternatively you have the option of transferring your funds to a third party provider whose range of options may better suit your requirements.**

Options have different features, rates of payment charges and tax implications. Read more in the enclosed Money Advice Service leaflet called 'Your Pension - it's time to choose'.

We have also included in our letter to you an estimate of the transferrable value of your benefits. The date this value is calculated will be the date of the letter and is **NOT** guaranteed.

## **Tax Implications**

Accessing your flexible benefits may have implications for the amount of tax you pay. Income from a pension is taxable, with the rate of tax decided by how much income you receive from your pension and from other sources.

## **Shopping Around**

Choosing what to do with your pension savings is a very important financial decision and like many other financial choices you can often get a much better result by shopping around.

You should consider taking independent advice to help you decide which option is most suitable for you.

If you transfer a defined benefit (DB) pension valued at more than £30,000 to a defined contribution (DC) scheme, you must provide evidence that you have received advice from an advisor who is properly qualified and authorised to give financial advice over pensions. If we do not receive evidence within three months, your statutory right to transfer away from the scheme may be lost.

In some instances, the Star Group Pension Scheme trustees will not be able to complete a transaction unless they have been able to check you have received appropriate independent advice.

## **Pension Wise**

If you decide to take advantage of the changes or would like to understand your retirement choices, the Government has introduced a free and impartial service called Pension Wise.

Pension Wise aims to help people via its website, its telephone service or through face to face meetings. The service can explain your options and help you make best use of your pension savings.

It also provides information about tax implications, tips on getting the best deal and how to shop around. To find out more go to the website [www.pensionwise.gov.uk](http://www.pensionwise.gov.uk)

The service should also be setting up delivery centres with the Citizens Advice Bureaux in the West Midlands, including South West Staffordshire, Shropshire, Wolverhampton, Coventry and Worcester, where face to face advice will be available.

Read the enclosed Pension Wise letter to find out more.

## **‘Scamproof’ your savings**

Be aware that there are people who may try to trick you out of your retirement savings.

It is therefore important that you read the enclosed leaflet called ‘Scamproof your savings’ to find out how to spot a possible attempt to attack your savings.