

Comet Pension Scheme

December 2015

Dear Member

I am pleased to enclose the annual Trustee's Report and the annual Summary Funding Statement for 2015 relating to the Comet Pension Scheme.

The Trustee has delayed slightly the posting of these documents so that we can take this opportunity to update you on the recently announced proposal by Fnac (a major French retailer) to acquire Darty, the Scheme's principal employer and sponsor.

The Proposed Acquisition of Darty plc ("Darty") by Groupe Fnac SA ("Fnac")

On Friday 20th November, the boards of Darty plc ("Darty") and Groupe Fnac SA ("Fnac") announced that they had reached agreement on the terms of a recommended pre-conditional offer to be made by Fnac to acquire 100% of Darty.

The impact of this proposed transaction, should it be completed as expected, will be that the new ultimate holding company for the new combined group will become Groupe Fnac SA. Darty will remain the principal employer and sponsor for the Scheme.

The primary pre-condition to the recommended offer is approval for the transaction from the competition authorities in France and Belgium. As a result, the anticipated date for completion of the transaction is around the middle of 2016. If the French competition authorities decide a more detailed "Phase II" investigation is required, then this could delay completion to the end of 2016.

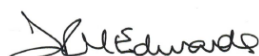
The Trustee directors are pleased to advise members that both the managements of Darty and Fnac have actively engaged in discussions with us throughout the last month. This has enabled us to communicate to them the factors that are of importance to the Scheme, which were subsequently reflected in the joint announcement; and we are confident that this positive engagement will continue as the transaction progresses.

In the joint announcement referred to above, Fnac confirmed its intentions regarding the Scheme as discussed with us, namely:

- The existing level of Darty deficit recovery contributions will continue until the next triennial valuation is completed (by 30 June 2017) and a new deficit recovery plan is agreed with us;
- Member benefits accrued and payable will not be impacted; and
- The other arrangements in place between Darty and the Scheme will be replaced with similar arrangements.

The Trustee's financial adviser, Ernst & Young, is assisting the Trustee to assess the impact of the proposed transaction on the Scheme. Nearer to completion of the transaction, together we will be carrying out a further more detailed assessment of the impact of the newly combined Fnac/Darty group on the Scheme.

A copy of this summary has been posted on the Scheme's website www.comet-pensions.co.uk; and, in the first instance, we will update that message as the transaction progresses when we have anything more substantial to communicate to members.



Ian Edwards

On behalf of the Trustee of the Comet Pension Scheme

Comet Pension Scheme

2015 Trustee's Report

This report is issued to all deferred members and pensioners of the Comet Pension Scheme. The Scheme is a final salary pension arrangement and was closed to future accrual from 30 September 2007. Once Comet Group plc was sold in 2012, all members became deferred members of the Scheme.

You will recall when Comet was sold, the Scheme was retained by Kesa Electricals plc (now Darty plc), who became the Principal Employer, under an agreed Scheme Apportionment Arrangement.

The representative from Darty plc ('the Company') on the Trustee Board is Simon Enoch. Simon attends all Trustee meetings and gives an update on the Company's outlook and performance. The Trustee continues to meet regularly to discuss the governance, audit and investment of the Scheme's assets, and to monitor the funding of the Scheme. In addition, Ernst & Young have been appointed to conduct regular assessments of the Company covenant to provide the Trustee with reassurance that the Company can meet the ongoing funding of the Scheme.

The formal Trustee Report and Accounts for the year to 31 March 2015 is now available to view on the Comet Pension Scheme website at www.comet-pensions.co.uk. The Comet Pension Scheme website continues to be reviewed and kept up to date.

At 31 March 2015, the Scheme assets were worth just under £438 million (including members' AVC funds).

Scheme Assets

This money is kept quite separate from the Company, and is looked after for you, the members, by the Trustee Company, Comet Trustee Company Limited. The Directors of the Trustee Company are responsible to members and other beneficiaries (for example, widows or widowers of members) for the proper running of the Scheme.

Their duties include the collection of contributions from Darty plc and the prudent investment of the Scheme's monies, the payment of benefits in accordance with the Scheme's Trust Deed and Rules and the maintenance of records of membership and financial transactions.

Your Trustee Directors

At the year end the Directors of Comet Trustee Company Limited were:

Ian Edwards	Member Nominated Pensioner Director & Chairman
Simon Enoch	Company Appointed Director and Darty plc Company Secretary
James Arnold	Company Appointed Director and Ex-Reward Manager – Comet Group Ltd
Victoria Milford	Member Nominated Director
Jon Herzberg	Company Appointed Director
Helen Woodhouse	Member Nominated Director

Professional Advisers

The Trustee has a duty of care and must act prudently. To help the Directors, they employ various professional advisers. These are currently:

Scheme Actuary	Steve Leake of Punter Southall
Administrator	PS Administration Limited (PSAL)
Auditors	BDO LLP
Bankers	Bank of Scotland
Covenant Advisers	Ernst & Young LLP (EY)
Investment Managers	R&M, Pinebridge, Leadenhall, LGIM, P-Solve, PIMCO & GMO
Investment Consultants	P-Solve Asset Solutions
Solicitors	Eversheds LLP
Trustee Company Secretary	Wayne Phelan of PS Independent Trustees Ltd
Secretary to the Trustee	Ann Geer of PS Secretarial Services

The Fund – Value Just Under £438 million

During the last year, the Scheme’s total net assets have increased by c.£95m, or 27%, to just under £438m. This is an excellent performance with the fund outperforming the market and other pension funds.

At 31 March 2014	£343,217,000
Income (1)	£10,247,000
Investment (2)	£94,653,000
Expenditure (3)	(£10,139,000)
At 31 March 2015	£437,978,000

The total net assets at 31 March 2015 shown above include c.£3.5m representing members’ AVCs.

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|---------------------------|---|
| (1) Income... | includes contributions and mitigation payments. |
| (2) Investment... | is the change in the market value of the Scheme’s assets over the year and investment income, less investment management expenses |
| (3) Expenditure... | includes pension payments, transfers out of the Scheme and expenses. |

AVCs

Some Scheme members elected to pay Additional Voluntary Contributions (AVCs) in addition to their normal contributions to the Scheme. No further AVC payments are allowed but these members should regularly review their investments, particularly in the five years leading up to retirement.

The Trustee regularly reviews the AVC funds available and are satisfied they remain appropriate.

The Pensions Regulator has also issued a Code of Practice (13) to improve governance of defined contribution arrangements, which includes the Scheme’s AVCs. A governance statement was signed by the Trustee on 3 October 2014 and a copy is available on the Comet Pensions website at www.comet-pensions.co.uk.

Investment

The Trustee has continued to manage the investments in accordance with the agreed investment strategy as set out in the Statement of Investment Principles (SIP), a copy of which is available on the Scheme’s website at www.comet-pensions.co.uk. Each of the Scheme’s investment managers (as detailed on page 4) takes responsibility for the day to day decisions relating to each portfolio. The Trustee has taken steps to ensure the investment managers and advisers have the appropriate knowledge and experience.

During the year, the Trustee redeemed fully from Baring Dynamic Asset Allocation Fund (c. 30% of assets) due to concerns over organisational changes with the manager, namely, two of the key portfolio managers leaving the company. The proceeds were invested in a Temporary Diversified Static Portfolio (TDSP) constructed by P-Solve until new managers could be sourced as a replacement to Barings.

The Trustee also agreed the following over the twelve month period:

- Reduce the strategic allocation to ‘on-risk’ assets from 85% to 70%, adjusting the Scheme’s target return to swaps + 2.1% p.a.;
- Reduce the Scheme’s allocation to Dynamic Asset Allocation (DAA) from 41.5% to 30% of assets;
- Appoint Pinebridge Investments Ltd and River and Mercantile Plc (R&M) as new DAA managers to help diversify the existing DAA mandate;
- Trim the existing Leadenhall allocation from 6.5% to 4% of total assets;
- Restrike the existing interest rate and inflation swaps in order to release the majority of a positive mark to market gain which is to be reinvested in gilts;
- Terminate a near expiration EDOS5 in favour of new equity structure EDOS6;
- New allocation to LGIM’s FTSE RAFI equity tracker.

As at 31 March 2015, the investment allocation strategy followed by the Trustee was as follows:

Asset Class	%	Manager	Benchmark and target
On risk assets	70.0		
UK structured equity including collateral (EDOS 4)	8.5	P-Solve	7.24% p.a. in excess of the compounded 6 month Sterling LIBOR return
UK structured equity including collateral (EDOS 6)	12.5	P-Solve	6.00% p.a. in excess of the compounded 6 month Sterling LIBOR return
Dynamic Asset Allocation	20.0	GMO	G7 CPI + 5.00% (over 7 year period)
Dynamic Asset Allocation	8.0	Pinebridge	3-month LIBOR + 5.00% p.a.
Dynamic Asset Allocation	2.0	R&M	3-month LIBOR + 4.00% p.a.
Active global investment grade bonds	10.0	PIMCO	Composite of three credit indices (GBP Hedged)
Insurance linked	4.0	Leadenhall	US 3-month T-bills +8.00-10.00% p.a.
FTSE RAFI Equity	5.0	LGIM	FTSE-RAFI Dev 1000 Composite
Off risk assets	30.0		
Index linked gilts	30.0	P-Solve	n/a
Total	100.0		

In addition, an amount of cash is held with LGIM, to cover the immediate cash flow from the Scheme.

The liability hedge is made up of a series of interest rate and inflation swap contracts together with a portfolio of UK government fixed and inflation linked bonds (used as collateral for the swap contracts), with a view to closely match changes in value in the Scheme’s liabilities. The liability hedge helps to reduce risk in the Scheme and should result in a smoother level of funding over time. Please refer to the SIP for further details.

The DAA allocation is a core mandate for the Scheme, where the appointed manager invests across a range of asset classes and varies the allocations to assets over time depending on the attractiveness. For example, in periods where equity markets are expected to suffer the manager would be expected to hold a smaller equity allocation.

Investment (continued)

In assessing the success of the investment performance, the key measurement used is the performance of the assets relative to a proxy for the movement in liabilities – the Liability Related Objective (LRO).

Over the year and three years(or since inception) to 31 March 2015, the Scheme’s assets performed as follows:

Asset Class	Manager	12 months to 31 March 2015		3 years to 31 March 2015 p.a.	
		Fund	Benchmark	Fund	Benchmark
Off risk assets					
UK Gilts	P-Solve	18.6	18.6	6.8	6.8
On risk assets					
US structured equity (EDOS4)	P-Solve	22.8	7.9	14.9	8.0
UK structured equity (EDOS6)	P-Solve	5.1	0.5	5.1	0.5
Cash	LGIM	0.4	0.4	0.5	0.5
RAFI Equity	LGIM	9.6	9.6	9.6	9.6
Dynamic Asset Allocation	GMO	0.4	2.0	0.4	2.0
Dynamic Asset Allocation	Pinebridge	0.3	0.4	0.3	0.4
Dynamic Asset Allocation	R&M	1.6	0.4	1.6	0.4
Active global bonds	PIMCO	5.0	6.1	5.8	7.1
Insurance linked	Leadenhall	11.3	8.0	11.2	8.0
Total Fund Return (including swaps)	All	28.7	25.8	13.4	9.9

Actuarial Valuation

Every three years the Trustee asks their Scheme Actuary to undertake a formal actuarial valuation of the Scheme in order to compare the amount of the Scheme’s assets with the estimated amount needed to pay the benefits earned in the Scheme. An update is shown in the enclosed Summary Funding Statement. The next formal valuation is due as at 31 March 2016.

Membership

At 31 March 2015, there were:

- 3,531 deferred members who have an entitlement to a pension when they reach Normal Retirement Date.
- 1,655 pensioners receiving their pension from the Scheme.

Dispute Resolution

If you have a complaint about the running of the Scheme or your benefits under it, this should be raised informally through PS Administration Limited. If you do not receive a satisfactory response, then you should write formally to the Complaints Procedure Officer who is Secretary to the Trustee, Ann Geer, of PS Secretarial Services. Ann will supply you with a copy of the Internal Dispute Resolution Procedure.

Nomination Form

On death before retirement, subject to the Rules, a return of contributions (plus interest) becomes payable when there are no dependants’ or childrens’ pensions payable. The lump sum is paid at the discretion of the Trustee to one or more of a member’s dependants, relations, ‘nominee’ or estate. It is important to ensure that the Trustee understands your wishes over the payment of death benefits by keeping your Nomination Form up to date. If you need a new form or want to know more about this, please refer to the Comet Pensions website at www.comet-pensions.co.uk or contact PSAL.

Lifetime and Annual Allowance

The Lifetime Allowance (LTA) is the total value of all pension savings you can build up without incurring extra tax charges. It includes the value of pensions promised through any defined benefit and defined contribution schemes, but excludes your State Pension.

The LTA is £1.25 million in the tax year 2015-16 but is being reduced to £1.0 million from 6 April 2016. Members who consider that the value of their pensions might be close to, or in excess of, the LTA threshold may be able to protect their individual LTA in certain circumstances. If you think this could apply to you, you should seek independent financial advice.

The Annual Allowance is a limit on the amount of contributions you can pay into your pension arrangements or the growth in your pension funds, in any one year, whilst still benefitting from tax breaks. If the Annual Allowance is exceeded, this gives rise to a tax charge. The Annual Allowance is currently £40,000.

Member Data

The Pensions Regulator has issued guidance to trustees requiring member data to be of a certain standard. The Trustee has reviewed the data held for all members and can confirm that the Scheme data is of a high quality. Regular checks are made on the data held but if there has been a change to your personal circumstances, for example a change of home address, please contact the Scheme administrators, PS Administration Limited, at the address on page 6.

The Trustee is always looking to improve communications with members and may, in future, issue certain communications by email. If you have an email address, please let the Scheme administrators know by emailing them on cometadmin@puntersouthall.com.

Budget Changes

The pension freedoms introduced by the government from April 2015 aim to give more flexibility and choice in the way people can access their pension savings. The flexibilities predominantly apply to a type of pension savings known as ‘defined contribution’ benefits, where a member has a pot of money within a pension scheme which is used to provide some or all of their benefits at retirement. Although the Comet Pension Scheme is NOT a defined contribution scheme, any additional voluntary contributions (AVCs) that members have made within the Scheme are classed as ‘defined contribution’ benefits.

In addition, if a member wishes to take advantage of the new freedoms then they may be able to transfer all of their benefits from the Comet Pension Scheme into an arrangement that offers these flexibilities. However, the decision to transfer your benefits out of the Scheme should not be made without careful consideration, and the Trustee recommends that you take independent financial advice if you are considering this. In addition, following recent changes in legislation, depending on the size of your benefits you may be required to take independent financial advice before taking a decision to transfer your benefits out of the Scheme.

The enclosed ‘Pension flexibilities’ factsheet is also available on the Comet Pension Scheme website www.comet-pensions.co.uk and gives an overview of the flexibilities that are available in the market. For practical reasons, the Scheme does not offer all of the flexibilities mentioned for AVC funds in the Scheme, however, the options that are currently available at retirement are as follows:

Budget Changes (continued)

Flexible cash

At retirement, the Scheme’s administrators will calculate the maximum tax-free cash available in respect of the total of your main Scheme pension and your AVC funds within the Scheme. If you wish to take tax-free cash and your AVC fund is less than the maximum tax-free cash, your AVCs can be taken as cash in their entirety as part of your tax-free cash payment.

If your AVC fund is greater than the maximum tax-free cash allowed (and so cannot all be taken as tax-free cash), it is still possible to take part of your AVC fund as tax-free cash and the remainder as a single lump sum cash payment that would be taxed as income. Depending on the size of your AVC fund, doing this could potentially move you into a higher tax band.

Lifetime income

If you do not wish to take tax-free cash or the amount of the tax-free cash you choose to take is less than your AVC fund at retirement then:

- if your residual AVC fund (i.e. the amount remaining after any tax-free cash has been taken) is less than £10,000, you will be offered the chance to convert your remaining funds into pension within the Scheme; or
- you can purchase a lifetime income (annuity) with your residual AVC fund on the open market.

Flexible income

This option is not available within the Scheme.

Pension Scams

As reported last year, some companies are claiming to be able to release cash from a member’s pension benefits as a loan or lump sum before members reach the normal minimum pension age of 55. This activity was known as ‘pension liberation fraud’ and is becoming increasingly more common in the UK. It is now being referred to as a ‘pension scam’ and a further leaflet from the Pensions Regulator is enclosed giving more details. Members should be wary of any offers that appear too good to be true as they may be a pension scam.

Information

If you require any information about the Scheme or you would like a copy of the more detailed disclosure report, please refer to the Comet Pensions website at www.comet-pensions.co.uk or ask:

Ann Geer – Secretary to the Trustee

ann.geer@psitl.com · 0118 313 0882 · Albion, Fishponds Road, Wokingham, Berkshire, RG41 2QE

or

PS Administration Limited – Scheme Administrator

cometadmin@puntersouthall.com · 0330 202 0770 · Albion, Fishponds Road, Wokingham, Berkshire, RG41 2QE

Issued by the Trustee – December 2015

Comet Pension Scheme

2015 Summary Funding Statement

Trustees are required to send members a brief statement giving a regular update of the Scheme's funding position. The Trustee of the Comet Pension Scheme is therefore pleased to provide the annual Summary Funding Statement for 2015. The Trustee is responsible for administering the Scheme and you will receive a statement like this each year to let you have updated information about the funding of the Scheme. The statement refers only to the Comet Pension Scheme (i.e. your final salary benefits).

What is the purpose of this statement?

This statement has been produced by the Trustee and its purpose is:

- to summarise the results of the latest actuarial valuation, carried out as at 31 March 2013; and
- to state how the funding position may have changed since that valuation was carried out.

What is an actuarial valuation?

The Scheme Actuary studies the financial position of the Scheme periodically (at least every three years) by carrying out an actuarial valuation. The valuation is used to estimate the amount of money required to pay benefits as they fall due and compare this with the assets held in the Scheme. To make this assessment, the Actuary has to use a number of assumptions about what will happen in the future such as how long people will live, what inflation will be and how much income the Scheme will earn from its investments.

Previous actuarial valuation

The most recent actuarial valuation of the Scheme was completed as at 31 March 2013 and an annual updating report was produced as at 31 March 2015. The results of the actuarial valuation as at 31 March 2013 along with the updated funding position as at 31 March 2014 and at 31 March 2015 are shown below for information.

	31 March 2013 £thousands	31 March 2014 £thousands	31 March 2015 £thousands
Value of assets	344,700	339,800	433,500
Value of past service liabilities	(417,200)	(394,000)	(492,900)
Past service shortfall	(72,500)	(54,200)	(59,400)
Funding level	83%	86%	88%

Following the actuarial valuation as at 31 March 2013 a recovery plan was put in place with the aim of removing the remaining shortfall. As a result, Darty plc agreed to pay additional contributions of £6.1 million per annum until 31 March 2015 followed by contributions of £10 million per annum until 31 May 2019. In addition to these lump sum payments, Darty plc continued to make mitigation payments of £3.9m per annum until 31 March 2015, following the sale of Comet out of the Kesa group.

Change in the funding position

The following factors have affected the funding position of the Scheme since 31 March 2014, by the approximate amounts shown:

	£m
Past service shortfall as at 31 March 2014	(54.2)
• Interest on shortfall	(1.0)
• Change in market conditions	(105.4)
• Contributions received	10.0
• Return on assets	88.7
• Other factors	2.5
Past service shortfall as at 31 March 2015	(59.4)

Over the period the ratio of the assets to the estimated liabilities, known as the funding level, has increased from 86% to 88%. However, as both the assets and past service liabilities have increased significantly in size, the Scheme's shortfall has worsened by around £5.2 million, as shown above.

Funding position of the Scheme had it wound-up

The aim of the Trustee is for there to be enough money in the Scheme to pay pensions now and in the future, but this depends on Darty plc carrying on in business and continuing to pay for the Scheme. If Darty plc goes out of business or decides to stop paying for the Scheme, it must pay enough money to buy all the benefits built up by members from an insurance company. This is known as the Scheme being 'wound-up'. The comparison of the Scheme's assets to the cost of buying the benefits from an insurance company is known as the 'solvency position'.

A test of this solvency position at 31 March 2013 showed that the Scheme's assets could not have paid for the full benefits of all members to be provided by an insurance company if the Scheme had wound-up at that date. If the Scheme had wound-up on 31 March 2013 then it is estimated that the amount needed to buy the Scheme benefits in full from an insurance company would have been £724 million (that is, a shortfall of £379 million). This figure is just an estimate and is not meant to imply that the Trustee or Darty plc are considering winding-up the Scheme. It is just another piece of information that we are required to tell you and we hope will help you understand the financial security of your benefits.

Payments to the Company

The Trustee is required to make an annual statement on any payment from the Scheme that has been made to Darty plc. We can confirm that there have not been any payments to Darty plc out of Scheme funds since the inception of the Scheme.

How are the Scheme's assets invested?

The Trustee employs specialist fund managers to look after the day to day investment of the Scheme's assets. We set the investment strategy and monitor the fund managers' performance on a regular basis. We invest in a broad range of assets, limiting the amount invested in a particular class of assets. As at 31 March 2015, the Scheme's target asset allocation was:

Company shares (equities)	30.0%
Government securities (gilts)	15.0%
Corporate bonds	10.0%
Dynamic asset allocation	40.0%
Other investments	5.0%

The Scheme's Statement of Investment Principles is in the process of being reviewed and updated to reflect changes in the investment strategy. A full breakdown of the Scheme's investment strategy is available on www.comet-pensions.co.uk.

The Scheme's financial security

The Scheme's assets are held separately from Darty plc's assets. If the Scheme was to wind-up (come to an end), then, as previously stated, Darty plc would be required to pay enough into the Scheme to enable members' benefits to be secured with an insurance company. The Government established the Pension Protection Fund (PPF) to pay benefits to members if the Scheme is wound-up when the Scheme and Darty plc do not have enough money to cover the cost of buying all members' benefits with an insurer. The pension you would receive from the PPF is likely to be less than the full benefit you have earned in the Scheme, depending on your age and when your benefits were earned.

In certain circumstances, the Pensions Regulator has powers to modify a pension scheme, impose directions on it, or impose a schedule of contributions. The Trustee can confirm that no such intervention has taken place for the Scheme.

Further information is available on the PPF website at www.pensionprotectionfund.org.uk or you can write to the Pension Protection Fund at 12 Dingwall Road, Croydon, CR0 2NA.

Where can I get more information?

If you have any questions, or would like any more information, please write to:

Comet Pension Scheme

PS Administration Limited

Albion, Fishponds Road

Wokingham, Berkshire RG41 2QE

Email: cometadmin@puntersouthall.com

Tel: 0330 202 0770

A list of the documents available is set out below. If you want to be sent a copy of any of these documents please contact PS Administration Limited at the address shown above.

We send you a Summary Funding Statement each year, so if you change address you should let us know so that we can update our records. A form for you to use for this purpose is enclosed.

Additional documents available from www.comet-pensions.co.uk

- **The Statement of Investment Principles**

This explains the Trustee's principles for investing the money in the Scheme.

- **The Annual Report and Accounts of the Comet Pension Scheme**

This shows the Scheme's annual income and expenditure.

- **Pension Scheme Benefits**

This website is a guide to the various benefits provided by the Scheme.

Additional documents available on request from PS Administration Limited

- **The Formal Actuarial Valuation Report as at 31 March 2013**

This contains the details of the Scheme Actuary's check of the Scheme's financial situation as at 31 March 2013.

- **Statement of Funding Principles**

This sets out the Scheme's funding plan

- **The Schedule of Contributions and Recovery Plan**

These explain how the funding shortfall is being made up including how much money Darty plc is paying into the Scheme. A certificate from the Scheme Actuary is included showing that these contributions were expected to be sufficient at the specified date.

- **Annual Updating Valuation Report**

This shows the Scheme Actuary's review of the Scheme's financial situation as at 31 March 2015.



Pensions Administration

October 2015

Pension flexibilities fact sheet

The pension flexibilities introduced by the government from April 2015 aim to give more flexibility and choice in the way people can access their pension savings and improve the tax treatment of pension savings passed on after death.

This fact sheet gives a general overview of the flexibilities and how they may affect your choices when you access your defined contribution (DC) pension savings. It should not be seen as financial advice and is not part of the government's new guidance service. Any specific changes to your scheme will be communicated separately.

How do the flexibilities affect me?

This depends on the type of pension you have and the flexibilities offered by your scheme.

Schemes do not have to offer the flexibilities. If you cannot access the flexibilities through your scheme, you can transfer your benefits out of your scheme to access the new flexibilities elsewhere.

The flexibilities referred to in this fact sheet apply to **defined contribution (DC)** pension savings where you have a pot of money which is used to provide some or all of your benefits, these may include additional voluntary contributions (AVCs). **The information in this fact sheet therefore only applies to your DC or AVC retirement pot.** References to DC pension savings include AVCs.

How can I access my pension savings?

Flexible cash (cash lump sums)

From age 55, you can take your entire DC pension savings as one or more cash lump sums (25% of each payment can be paid tax-free).

Lifetime income (annuity)

From age 55, you can buy a lifetime income (annuity) after taking up to 25% of your pot as tax-free cash. An annuity gives the security of an income for life.

Flexible income (drawdown)

From age 55, you can take some tax-free cash and leave your remaining pension savings invested to draw income when you need it.

You can use a combination of these options.

If all of these options are not offered by your scheme, you can transfer your pension savings to another pension scheme to access the flexibilities elsewhere.

This fact sheet is based on our understanding of the position at the date shown. You should not rely on it for detailed advice or take it as an authoritative statement of the law

What are the tax implications?

Flexible cash (cash lump sums)

If you take your entire pension savings as one or more cash lump sums, 25% of each payment will be tax-free and you will pay tax on the rest at your highest rate of income tax for the tax year in which the payment is made. The rate of tax you will pay depends on the size of the cash lump sum plus your other income and earnings for the tax year. **Receiving even a small cash lump sum could put you into a higher tax band than would normally apply to you.**

Lifetime income (annuity)

Annuity payments are taxable as income. The rate of income tax you pay depends on what you receive from pensions, earnings and all other sources.

Flexible income (drawdown)

Flexible income (drawdown) payments are taxable as income. The rate of income tax you pay depends on what you receive from pensions, earnings and all other sources.

Can I continue to make pension savings in future?

Yes, but if you use the flexibilities, the tax relief available for future pension savings will be reduced. The government is concerned that people might exploit the pension flexibilities. Therefore if you take flexible cash or flexible income from any scheme after April 2015, you will have a reduced annual allowance of £10,000 for future DC pension savings.

The Annual Allowance is the total pension savings you can make (or someone can make on your behalf) that can benefit from tax relief. It is usually £40,000. If your pension savings in any year exceed the annual allowance you may have to pay a tax charge.

(The reduced annual allowance won't apply if you take tax-free cash linked to an annuity, if you take tax-free cash but defer taking flexible income (drawdown) payments, or if your entire savings in a scheme are less than £10,000 and you take them as a single cash lump sum.)

If you think this may affect you, you should take financial advice.

What happens to my pension savings when I die?

This depends on your age when you die and whether you have started to access your pension savings. If you die after accessing your pension savings having chosen an option that pays income or cash payments after you die:

- If you die before age 75, payments will be tax-free*.
- If you die on or after age 75, payments will be taxable.

* This may be subject to a test against your lifetime allowance (currently £1.25 million for most people).

How can I arrange a transfer?

A transfer can be paid to one or more registered pension schemes. We recommend that you consider taking independent financial advice before making a decision about whether to transfer your benefits.

The Pensions Advisory Service (TPAS) has issued warnings about pension scams offering tempting investment opportunities if you transfer your pension savings or who claim to be providers of the government's free guidance service or authorised financial advisers. Ignore cold callers and only use a financial adviser who is authorised by the Financial Conduct Authority (FCA).

What else do I need to consider?

If you don't buy a lifetime income (annuity), you should think about what other savings and income you'll have to live on in retirement.

With annuities, you will generally know how much you will get and how much will be paid after your death (if you choose this) but you can not change an annuity once it is set up. (In Budget 2015 the government suggested that this may change in future.)

If you do choose an annuity, it is important to understand the different types and features available and to shop around to get a good deal for the type of annuity you choose.

If you choose an option where your retirement pot remains invested, your future income is not guaranteed and you stay exposed to investment risks and charges.

Where can I get more information?

You can also find more information about pension savings in general and the pension flexibilities at:

Pension Wise (the government's free guidance service)	www.pensionwise.gov.uk
The Pensions Advisory Service (TPAS)	www.pensionsadvisoryservice.org.uk
Warning about pension scams by TPAS and The Pensions Regulator	www.pensionsadvisoryservice.org.uk/content/publications-files/uploads/members_detailed_booklet_7_page.pdf
Money Advice Service's online adviser directory (to find an independent financial adviser local to you)	www.moneyadvice.service.org/directory

If you don't have access to the internet, you can request copies of this information.

The trustees and scheme administrators are unable to give financial advice about your options.

This fact sheet is based on our understanding of the position at the date shown. You should not rely on it for detailed advice or take it as an authoritative statement of the law

A Punter Southall Group Company

Are you scammable or scamproof?



Scam: Pension access offered **before age 55** and you are not in ill health

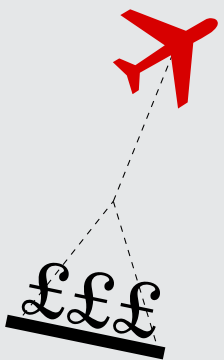


Scam: Offers of a **free pension review**, a one-off investment opportunity, the chance to cash in or release your pension early, pension loans or upfront pension cash



Scam: Unsolicited contact via call, text, email or in person claiming to be from The Pensions Advisory Service, Pension Wise or government-endorsed. Such contact would always be initiated by you first, never by those organisations.

Scam: Convincing marketing materials that promise you **guaranteed high returns** on your investment

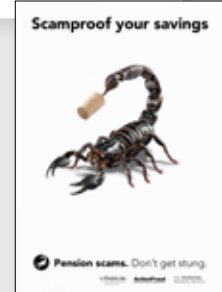


Scam: Overseas investment opportunities in property, green energy plantations, scratchcards where **all your money is in one place**

Scamproof: Arming yourself with the facts at www.pension-scams.com

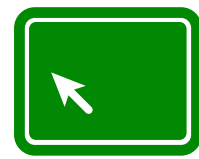


Scamproof: Taking advantage of free support and guidance offered by The Pensions Advisory Service and Pension Wise

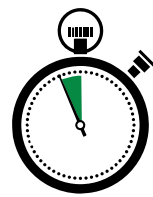


Scamproof: Seeking professional **independent** financial advice

Scamproof: Checking a financial adviser is personally **authorised by the FCA** at www.fca.org.uk/register



Scamproof: Check the list of known investment scams at www.fca.org.uk/scamsmart



Scamproof: Not allowing yourself to be **rushed into a decision** by time limited offers or delivery of previously unseen paperwork by courier

Scamproof: Not signing anything you don't completely understand



Don't get stung.
www.pension-scams.com

