



Royal London Group Pension Scheme

Frequently Asked Questions

I have received a retirement quotation and have decided on my retirement options; where do I need to send my completing forms and identification documents?

Completed forms should be sent to the Scheme administrator at:

The Royal London Group Pension Scheme
WTW
Sunderland
SR43 4JU

Should I exchange part of my pension for the tax-free lump sum?

Neither the Trustee nor the Scheme administrator can provide advice regarding which retirement option you should select. You should consider whether the tax-free cash option, and corresponding reduced retirement income, is suitable to your financial circumstances.

If you are not sure which option to take the Trustee would encourage you to seek independent financial advice from a qualified, registered adviser.

The Trustee has appointed Origen, a firm of financial advisers regulated by the Financial Conduct Authority (FCA), to help you understand your options for your Scheme benefits and decide which one is right for you. You can access this support from age 55 (or if you're otherwise eligible to retire) and the cost of this advice will be met from the Scheme.

As you can only receive one round of advice from Origen paid for by the Scheme, think carefully about when to use it.

More details on how to take up this advice are included in your retirement pack.

How has the pension and tax-free cash sum been calculated?

The pension amount quoted in 'Option 1' represents your annual pension accrued as at the date you left the Scheme, increased in line with the Scheme Rules for each complete year up to your Normal Retirement Date (NRD).

Should you have requested an early retirement quotation, for a date before your NRD, then the amount quoted in 'Option 1' will represent your annual pension accrued as at the date you left the Scheme, increased in line with the Scheme Rules for each complete year up to your chosen retirement date, with an early retirement reduction factor applied to reflect the fact that you will be in receipt of your pension for longer than you would have if retiring at NRD.

The tax-free cash is calculated using a 'commutation' factor, whereby the cash is effectively 'purchased' from the annual pension, with the pension reduced to reflect this. The commutation factor is set by the scheme actuary and is determined by a member's age.

Scheme factors are subject to change before your retirement date, so the pension and cash amounts could differ from any quotations you've received once your final figures are calculated at your retirement date.

Can I retire after my Normal Retirement Date (NRD)?

You can delay taking your pension savings from the Scheme until after your Normal Retirement Date (NRD). If you do this, the value of your benefits may increase to reflect the fact that you're taking them later. However, there may be additional tax considerations if you delay beyond age 75.

What is the Lifetime Allowance (LTA) and do I need to complete the LTA Declaration form?

In the Spring Budget 2023, the Chancellor of the Exchequer announced the removal of the Lifetime allowance (LTA) tax charge from 6 April 2023, meaning that no one needed to report or pay LTA tax charges from 6 April 2023 unless they were incurred before 6 April 2023.

Spring Budget 2023 also announced that the concept of the LTA would be abolished from 6 April 2024. However, the legal changes effecting this were not published until November 2023 and much of the detail was incomplete or unclear. In place of the LTA, new pensions allowances were introduced:

- **The individual lump sum allowance (iLSA).** The standard allowance is £268,275 (where HMRC protections exist it can be higher) and this is the maximum that can normally be paid as a tax-free lump sum at retirement. Except where the total value of an individual's benefits is very small, each time such a tax-free lump sum is paid this reduces the amount of an individual's available iLSA – and the scope for paying future lump sums free of tax.
- **The individual lump sum and death benefits allowance (iLSDBA).** The standard allowance is £1,073,100 (where HMRC protections exist it can be higher) and this is the maximum that can normally be paid tax-free as a death benefit or serious ill health lump sum. Tax-free lump sums that have already been paid and were assessed against the iLSA (see previous point) reduce an individual's iLSDBA and

the scope for payment of a tax-free death benefit or serious ill-health lump sum. Similarly, payment of a tax-free serious ill-health or death benefit lump sum reduces the available iLSDBA and scope for any further such lump sum payment tax-free.

- **The overseas transfer allowance.** The standard allowance is £1,073,100 (where HMRC protections exist it can be higher) and any transfers paid to a Qualifying Recognised Overseas Pension Scheme (QROPS) will be assessed against this allowance. Any transfer value over this allowance will be subject to a 25% overseas transfer charge. There are circumstances where the overseas transfer charge can apply irrespective of the availability of overseas transfer allowance (please see the overseas transfer quotation for details of when this may apply) and, in such circumstances, while the transfer will reduce the available overseas transfer allowance (for future transfers), there won't be an additional charge if the amount transferred exceeds the available allowance (there is no "doubling-up" of the overseas transfer charge). Transfers to overseas pension schemes will not reduce the iLSA or iLSDBA.

We will need you to provide us with certain information to allow us to calculate whether you have sufficient iLSA/iLSDBA to be able to take up to 25% (where HMRC protections exist it can be higher) of your pension benefits as a tax-free lump sum, or where you are transferring benefits overseas that you have sufficient overseas transfer allowance remaining.

If you decide to take your pension benefits, you will need to confirm the amount of LTA you have previously used, plus details of any HMRC protections you may have. We still need you to complete and return the forms enclosed with your retirement pack, but you will also need to confirm the exact amount of LTA previously used. If you have taken pension benefits on or after 6 April 2024, you must also tell us how much tax-free cash you took at that time. Therefore, please confirm in writing when you return your retirement forms the exact amount of LTA percentage used up before 5 April 2024 and that, since 6 April 2024, you've either taken no tax-free lump sums or the amount of tax-free lump sums you have taken.

We'll assume that, if you have other pension benefits that were put into payment before 6 April 2024, you took 25% of these benefits as tax-free cash.

For example, if you tell us that you used 30% of your LTA, we will assume that the amount of any tax-free lump sums you received was £80,482.50 (30% x 25% x £1,073,100)

We do this to check that you have sufficient iLSA/iLSDBA available to pay the amount of tax-free cash shown as an option in your retirement pack.

How do I know the LTA percentage of any other pensions I am receiving?

The percentage of the LTA value that these benefits represent should be noted on any retirement settlement paperwork that you received at the time of your retirement.

Alternatively, the administrators of any other pension benefit you may have should be able to inform you of the LTA percentage used up by those benefits.

What identification do I need to provide to claim my pension?

The Scheme administrators employ an identification verification service to validate your identity, however in addition they also need to see a copy of the personal information page from a current valid passport. Should you not have a current valid passport then please contact the administrators to discuss alternative arrangements. In certain circumstances - for example, if you have moved address recently - you may not meet the requirements of

the verification service the administrators use and you will be asked to provide further proof of address or identification. As an extra layer of security, we also require sight of a bank statement dated within the last 3 months of the account you have requested your benefits be paid to.

Why do I need to provide proof of my identity?

The Trustee has a duty to ensure that the pension is being paid to the correct person and not being fraudulently claimed.

In addition, many of the elements that go towards determining your pension benefit are age related, and as such verification that the correct date of birth is held on the administrator's system is necessary to ensure the benefits calculated to you are in line with your entitlement as per the Scheme Trust Deed & Rules.

Does the Scheme offer any retirement flexibilities beyond those set out in my quotation letter, such as drawdown or partial retirement?

No, the scheme only offers a regular pension payment with commuted tax-free cash sum option. The tax-free cash amount can be adjusted down, below the maximum quoted in the retirement correspondence.

Should any member wish to take advantage of some of the retirement flexibilities introduced over the past few years then they would have to seek an alternative arrangement into which to transfer their benefit.

The majority of our members are able to run transfer quotations through ePA. Some hints on how to log in to ePA are set out below. You are able to run a maximum of one transfer value every three months. Members with certain types of benefits, such as those transferred-in from previous arrangement or Pension Sharing debits, may not be able to obtain quotations through the portal and will receive a message advising them to contact the Scheme administrator.

Alternatively, members are entitled to two transfer value quotations calculated by the Scheme's administrator free of charge within any twelve-month period. Additional transfer values can be provided, but the scheme administrator would charge for these.

Please note, for transfer values in excess of £30,000, members who decide to proceed with the transfer must take independent financial advice before transferring. In line with regulatory initiatives concerning pensions liberation, the advice must be obtained from a fully qualified, registered UK adviser, who has the relevant permissions to advise on Defined Benefit (DB) transfers in line with Financial Conduct Authority (FCA) requirements.

If you are aged 55 or over (or otherwise eligible to retire) and a UK resident, you're eligible for one round of free retirement advice with Origen, a firm of financial advisers authorised and regulated by the Financial Conduct Authority (FCA). The session is paid for by the Scheme. You can find more details by logging in to ePA or in your transfer pack.

Can I take the whole of my pension as a lump sum/cash in my pension?

If you are over age 55 and the overall value of all your pension benefits is less than £30,000 then you may have the option to take your pension as a one-off payment, known as a Trivial Commutation Lump Sum, subject to any other pension benefits that you might hold in alternative arrangements. If the overall value of your RLGPS benefits is less than £10,000

then you may have the option to exchange your pension for a one-off 'small lump sum'. Note that for settlement under both these options you would be entitled to 25% of the total value tax-free, while the rest would be paid as a taxable sum.

I don't have a bank account; can you pay me by cheque or into my spouse or a family member's account?

All payments by the Scheme are run electronically through the Administrator's payroll system, and as such must be paid into a bank or building society.

Pensions can only be paid into accounts held in the Scheme member's name; this could be into a joint account but one of the account holders would have to be the member.

When will I receive my tax-free cash and first pension payment?

Typically, and provided all the correct paperwork and proof of identification checks have been completed by the administrator, you can expect to receive payment of your tax-free cash five working days after your retirement. Note that if you have an Additional Voluntary Contribution (AVC) fund that is being used towards your benefits then the administrators have to await disinvestment of this fund into the Scheme account before settlement can proceed. Depending on the AVC provider, the disinvestment process can take up to 20 working days to finalise, and they may not be able to commence the disinvestment process until your retirement date has passed.

Pensions are paid monthly, in line with the payroll cut-off for your respective Business Group in the Scheme. Each month's pension will represent 1/12 of the total annual pension amount quoted on your retirement settlement letter, with exception of the first month which will be either a partial month's payment or will include backdated arrears to your retirement date, as determined by whether or not this fell before the payroll cut-off for the month in which you retired.

Will my pension increase in payment?

Details of the increases to be applied to your pension once in payment can be found on the last page of your retirement statement, in the 'Extra Information' statement. You should note that the first year's increase may be pro-rated if you retired after the date of the previous annual increase.

My pension includes a Guaranteed Minimum Pension (GMP); what is GMP and what is the impact on my pension?

GMP is the minimum pension which the Scheme has to provide from age 60/65 those employees who were contracted-out of the State Earnings-Related Pension (now S2P) between 6 April 1978 and 5 April 1997. The amount is broadly equivalent to the amount you would have received from the State Pension had you not contracted-out.

The impact on your pension is that GMP accrued prior to 6 April 1988 attracts no guaranteed increases in payment whereas GMP accrued between 6 April 1988 and 5 April 1997 receives increases in line with CPI up to a maximum of 3%.

Who do I contact if I want information on my monthly pension, tax or P60?

You can view the details held on your record through the administrator's online portal, ePA. If you don't already have access, details of how to access and log-on to ePA will be sent to you when you retire. This is a self-service facility that can be accessed at the following web address: <https://epa.towerswatson.com/accounts/roy/>

More information on how to log on to ePA is set out below. Alternatively, if you do not have internet access or would prefer not to use the online portal then payroll information can be requested from:

The Royal London Group Pension Scheme, WTW, Sunderland, SR43 4JU; or by telephone on 0113 394 9307

Will I pay tax on my pension/lump sum?

The lump sum is paid tax-free.

The pension is taxable, and tax will be deducted based on the tax code provided to the Scheme administrator by HMRC. If a tax code has not been provided by the time the pension is set up, then the first month or two may be subject to tax deduction at Basic Rate. Any excess tax paid because of this will be adjusted accordingly in later pension payments.

Will my spouse receive a pension on my death?

Please refer to your retirement statement. Details regarding any spouses' pensions payable are noted in there.

It is worth noting that, if a spouse's pension is payable and your spouse is more than ten years younger than you, then their pension may be reduced to reflect the length of time they would be expected to receive ongoing payments.

If I don't have a spouse, can I nominate someone else to receive ongoing pension payments in the event of my death?

It is not possible to nominate an alternative recipient of your pension. The Scheme Rules may allow for a child beneficiaries pension if the member has children under the age of eighteen or in full-time education. This type of benefit would be subject to an annual review and proof of ongoing educational status.

Dependants' pensions for co-habiting long-term partners may be considered by the Trustee on an individual basis, subject to proof of cohabitation and financial co-dependency.

I also have a policy with Royal London; who do I contact about that?

Royal London House, Alderley Park, Congleton Road, Nether Alderley, Macclesfield, SK10 4EL

Tel: 03450 50 20 20

How can I log in to ePA?

To access ePA, visit: <https://epa.towerswatson.com/accounts/roy>

If you've forgotten your details, try our User ID reminder, password reset or Account recovery services on the login page. If you're new to the site, follow the Account recovery steps to create your details.

You'll find some FAQs to help you through the process on the login screen.