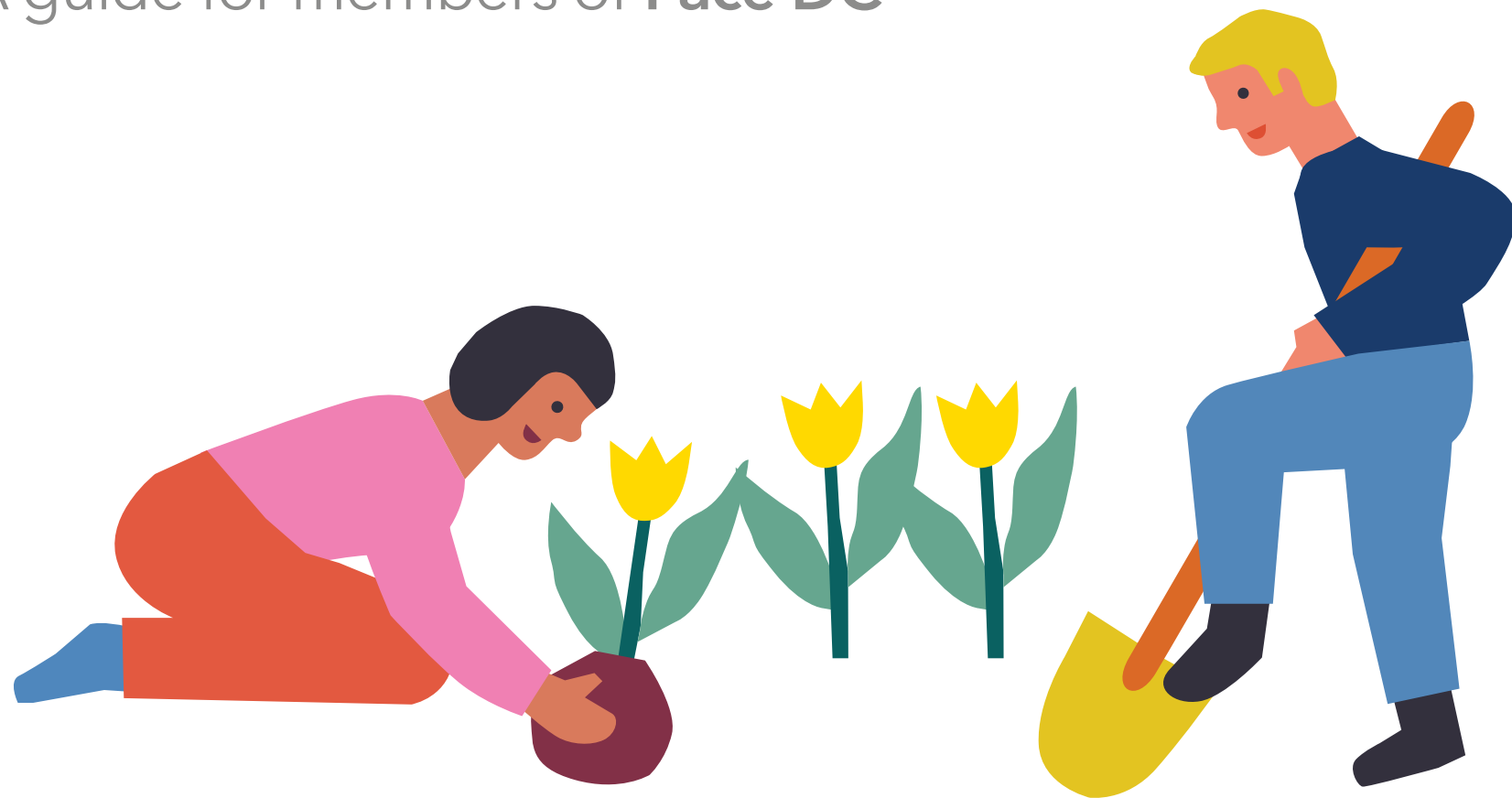


Your pension

A guide for members of Pace DC



October 2017



Welcome to the pension guide for members of Pace DC.

Pace is the pension arrangement for Co-op colleagues. This guide tells you how to join Pace DC, what benefits you get as a member and also how Pace is run.

This guide is for employees of the Co-op. If you're employed by the Co-operative Bank, you should visit the Bank's pensions website at www.legalandgeneral.com/coopbank for pension information that is relevant to you.

Defined contribution (DC)

This is a type of pension arrangement where the benefit you receive at retirement is based on the contributions paid into your account and investment returns. At retirement, you use your account to provide an income or a lump sum.



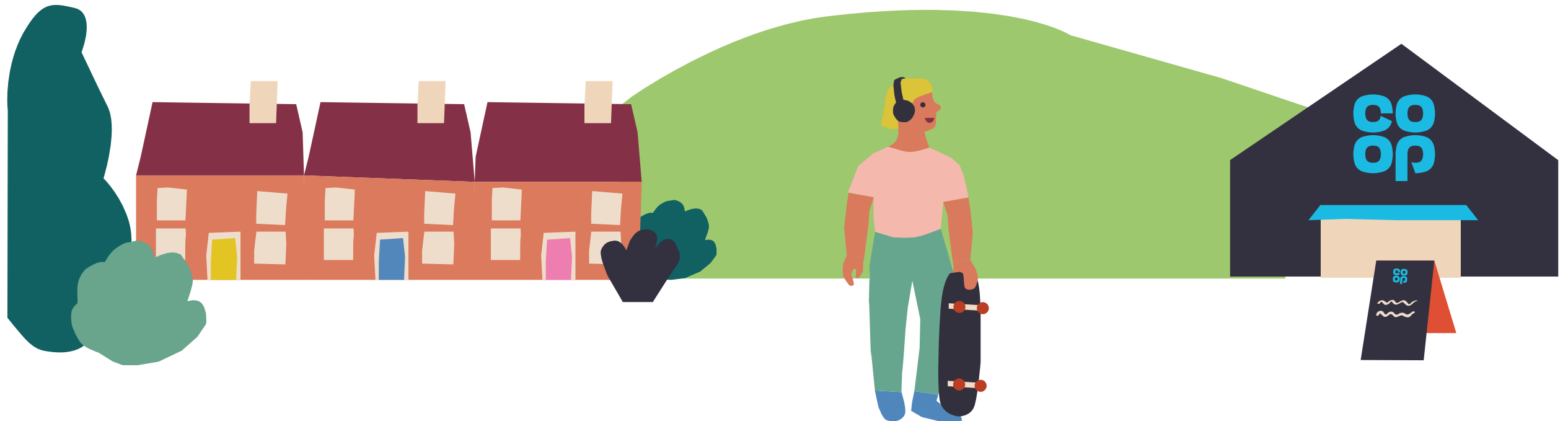
Why should you have a pension?

Retirement may seem like a long way off, but everyone needs money for when they stop working, so saving for retirement is important. You'll have flexibility and choice in how you use your Pace account on retirement to suit your own needs and circumstances.

The State Pension will only provide for your most basic needs, so the Co-op offers you a flexible and affordable pension arrangement, called Pace, to help you save more for when you retire.

Pace DC is the defined contribution section of Pace and you can join it as soon as you start working for the Co-op. If you meet certain conditions to do with your age and the amount you earn, you may be automatically enrolled into Pace DC to encourage you to save for your retirement. This is a law that the Government has introduced.

Pace DC is easy to join, it probably costs less than you think - and comes with some great extras, such as financial support for your family if you die. What's more, when you join Pace DC, the Co-op will also pay into your account - making it easier for you to save more for your retirement.



The highlights

This guide describes Pace DC, which is the defined contribution section of Pace. There is also a defined benefit section, Pace Complete, which closed in October 2015 and is described in a separate guide on the Co-op's pensions website, coop.co.uk/pensions

How much does it cost to join Pace?

You can choose how much you pay into Pace DC. Turn to **page 10** for more details.

How does my pension build up?

If you join Pace DC, you and the Co-op pay contributions into an account. You'll also get tax relief on your contributions.

Your account is invested until your retirement. At retirement, you use the money saved in your account to provide an income or a lump sum. If you take some or all of your benefits as a lump sum, a proportion of it may be paid free of tax. If you want to, you can make a choice about how your money is invested - but there are also three 'Target' investment options where your account is invested automatically so you don't have to make investment decisions yourself. There are different investments available and these are designed to match the different options available on retirement.

See the **Pace DC fund guide** for more information to help you decide.

What other benefits does Pace give me?

As well as money in retirement, Pace can give your family benefits in the event of your death.

What about tax?

You get tax relief on your contributions, and national insurance savings through what is called 'NICE Pensions' (see **page 12**), so with these savings joining Pace DC may cost less than you think.

Who manages Pace?

The Pace Trustees make sure that Pace is run properly. They have chosen Legal & General to administer Pace DC. Legal & General make sure that your contributions are invested in your account, and they are your main contact if you have any questions. Their details are on **page 31**.

If there are any pension words you don't understand, you will find them explained on page 30.

How do I manage my account?

You can see your current fund value and change your investment choices at coop.co.uk/pensions by following the links to Manage your Account.



What is the Pension Quality Mark Plus?

Pace has been awarded the Pension Quality Mark (PQM) Plus by the Pensions and Lifetime Savings Association (PLSA), which is the highest standard that can be achieved by PQM. In order to achieve this prestigious award, the PLSA had to be satisfied that Pace meets certain contribution requirements, is well managed, and has good member communications.

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Joining Pace DC

This section tells you how to join Pace DC and provides information on your contribution options.

What contribution rate do I pay?

Pace DC offers a choice of how much you pay into your Pace account. The level of life cover provided will depend on your chosen contribution rate. See **page 20** for more details.

Contribution rates (% of Pay)		
You pay	The Co-op pays	Total
1%	2%	3%
2%*	3%	5%
3%*	5%	8%
4%	8%	12%
5%	10%	15%
6%	10%	16%
7%	10%	17%
8%	10%	18%
9%	10%	19%
10%	10%	20%

This is what you and the Co-op will pay if you are automatically enrolled into Pace DC.

* If you join today, your starting contributions will be 2% of Pay and the Co-op will pay 3% of your Pay. You can change to a different contribution level at any time. Under the current Pace Rules, the starting contribution will be 3% from October 2018

If you don't think you can afford the minimum contribution, once you are a member you can choose to pay in a lower amount (1% of Pay), so that at least you're making some savings for the future.

The contribution rates are based on Pay (also known as 'pensionable earnings'). This is your basic pay, plus overtime and any other payments that are pensionable, excluding any bonus payments.

Life cover is based on Salary. For the purpose of working out your death in service benefit, 'Salary' means either your Pay in the 12 months prior to the date of death, or your basic annual Salary at the date of death, if higher. If you have previously been a member of Pace Complete, you may be entitled to extra life cover as well as that provided by Pace DC. See the **Pace Complete pension guide** for more information.

The DC pension modeller can show you how much it costs to be in Pace DC and how much the Co-op pays in to help you save. Go to coop.co.uk/dcm modeller

Section 1 Joining Pace DC

How do I join Pace DC?

If you're not already a member of Pace DC and you meet certain criteria set by the Government, you will automatically become a member approximately three months after you start working for the Co-op.

The Co-op and Legal & General will send you information about the process (see **Section 2**), and you will join Pace DC and contribute 2% of your Pay, increasing to 3% from October 2018, in line with current Pace Rules. If you're not automatically enrolled because you do not meet the criteria, or if you want to join as soon as you join the Co-op, you can apply to join.

How do I change my contribution?

When you join or are automatically enrolled into Pace DC, you'll be given the option to change your contribution rate in your first 30 days of membership. At any other time you can change your contribution rate by completing the **Increase or decrease my contributions form**.

You can use the DC pension modeller to see what difference paying in more could make to the value of your account at retirement, go to coop.co.uk/dcm modeller

If you're not a member of Pace DC, you can join Pace DC at any time by completing the **Join Pace DC form** at coop.co.uk/pensions

Please note that if you want to pay a contribution of more than 3%, you'll be entitled to additional life cover and your application may be subject to you meeting certain medical requirements.

Can I transfer another pension into Pace DC?

From March 2017, if you're paying contributions to Pace DC, you can transfer other pensions into Pace DC if you would like to do so.

If the pension you'd like to transfer is from a Defined Contribution (DC) scheme, like Pace DC, you should read '**Your Guide to Pension Transfers**' before you complete the transfer request form and return it to Legal & General. The administrator of your old pension may also need you to complete some forms before they can transfer your pension to Pace DC.

If you'd like to transfer a defined benefit (DB) pension, or you're unsure whether the pension you'd like to transfer is from a DB or DC scheme, please contact Legal & General on 0345 026 8689.

Please note that Pace DC can't currently accept transfers in from Pace Complete, or pensions from which you've already started to take your benefits.

What if I'm already contributing to a personal pension?

You can pay into Pace DC and also pay into a personal pension at the same time. You'll also get tax relief on any payments you make into a personal pension up to certain limits (see **Section 3, page 11** for more information about tax). However, the Co-op will not pay contributions into any personal pension you may have.

Joining is easy - all you need to do is complete the **Join Pace DC form**, which is available at coop.co.uk/pensions

At a glance

If you meet the Government's criteria you'll be automatically enrolled into Pace DC - but even if you don't, you can still join. You can change your contribution rate at any time by completing the **Increase or decrease my contributions form**.

Automatic enrolment

This section tells you who will be automatically enrolled into Pace and how you can opt out if you want to.

What is automatic enrolment?

The law says all eligible employees must be automatically enrolled into a workplace pension scheme if they're not already in one. (Employees can then opt out if they want to.) All eligible employees will be automatically enrolled into Pace DC.

Who will be automatically enrolled?

The law says that all employees aged over 22 but under State Pension Age, who earn over a certain amount (£10,000 in 2017/2018), must be automatically enrolled into a workplace pension.

When will I be automatically enrolled?

If you have not already joined Pace, and you meet the criteria, you will automatically join Pace DC approximately three months after you first become eligible.

The Co-op will write to you with information on this - you don't need to do anything. Legal & General will send you an enrolment pack when you first become eligible to join. You can also join Pace before the end of the three-month period if you wish to do so.

Even if you do not meet the Government's criteria for automatic enrolment (but as long as you are at least 16), you are welcome to join Pace if you want to. Just complete the **Join Pace DC form**.

At a glance

All employers must automatically enrol their eligible employees into a pension scheme.

The Co-op will enrol eligible employees into Pace DC if they're not already a member.

An eligible employee is someone aged between 22 and State Pension Age, who earns over a certain amount (£10,000 in 2017/2018).

Can I opt out of Pace DC?

Yes - if you don't want to join Pace DC and if you opt out straight away, it's possible that you will not have any contributions deducted from your pay.

Legal & General will write to you with details of how you can opt out when you're automatically enrolled. If you don't want to join Pace and you opt out within one month of receiving the letter from Legal & General, you will be treated as not joining Pace and any contributions that you've paid will be returned to you, less tax, at the next available pay date.

You should think carefully before opting out. If you opt out of Pace, the Co-op will stop paying pension contributions into your account. For information on what happens to your Pace account if you decide to leave Pace when you have been a member for more than one month, see **Section 7**.

If I opt out of Pace DC, can I rejoin later?

Yes - if you opt out, you can rejoin at any time by completing the **Join Pace DC form**, which is available at coop.co.uk/pensions, or call Legal & General. Please note that if you want to pay more than 3% into Pace DC, your application may be subject to you meeting certain medical requirements.

Can I pay less than 2%?

If you don't think you can afford the minimum contribution, you can choose to pay in a lower amount (1% of Pay), so that at least you're making some savings for the future. If you choose a contribution that is below the minimum required by the Government's automatic enrolment rules, the Co-op may increase your contribution in the future to the minimum required by automatic enrolment. If this happens, you will receive further information at the time and you can choose to reduce your contribution rate again if you want to.

If I opt out, will I be enrolled back into Pace in the future?

The law says that the Co-op must enrol you back into Pace approximately every three years, if you meet the Government's criteria as described on **page 8**. You will have the option to opt out again, if you wish.

At a glance

If you opt out in the first month, you'll be put back in the position you would have been if you had not joined.

If you leave Pace or choose to pay less than 2%, you may be automatically enrolled back into Pace in the future.

There is more information on automatic enrolment at coop.co.uk/pensions



Being a member

How much does it cost?

When you join, you and the Co-op will pay contributions into your account. You can choose to pay in between 1% and 10% of your Pay. The contribution rates are set out in the table below:

Contribution rates (% of Pay)		Total % paid into your account
You pay	The Co-op pays	
1%	2%	3%
2%*	3%	5%
3%*	5%	8%
4%	8%	12%
5%	10%	15%
6%	10%	16%
7%	10%	17%
8%	10%	18%
9%	10%	19%
10%	10%	20%

* If you join today, your starting contributions will be 2% of Pay and the Co-op will pay 3% of your Pay. You can change to a different contribution level at any time. Under the current Pace Rules, the starting contribution will be 3% from October 2018.

If you don't think you can afford the minimum contribution, once you are a member you can choose to pay in a lower amount (1% of Pay), so that at least you're making some savings for the future.

This section explains how much it costs to be a member of Pace, the different ways of paying your contributions, and what happens to the money you pay in.

Pay

Also called 'pensionable earnings'. This is your basic pay, plus overtime and any other payments that are pensionable, excluding any bonus payments.

You can use the **DC pension modeller** at coop.co.uk/dcm modeller to show how much it costs you to be in Pace DC and how much the Co-op will pay in to help you save.

At a glance

Contributions to Pace DC will start at 2% of Pay (so £2 out of every £100 you earn).

If you want to pay more than this minimum amount, you can choose to contribute up to 10% of your Pay (£10 out of every £100 you earn).

If you pay more, the Co-op will contribute more too, up to a maximum of 10%. You get tax relief on your contributions.

You can pay more than 10% of your Pay into Pace DC if you want to build up a bigger fund for retirement - read the **AVC factsheet** for more information.

What happens to my contributions?

Your contributions and the Co-op's are paid into an account in your name, which is administered by Legal & General. Your money is invested and when you come to retire you use the money in your account to provide yourself with an income or a lump sum. The [Pace DC factsheet](#) contains more information, including an easy to read illustration of what happens to your contributions from joining through to your retirement. In addition, **Section 5** of this guide provides information on what happens when you retire and more detailed information is in the [retirement guide](#).

What happens if I get a pay rise?

As contributions are a percentage of Pay, the value of your and the Co-op's contributions will automatically increase.



If I join Pace DC, do I pay less tax?

You get tax relief on your contributions to Pace. So every £10 you pay into Pace only costs you £8. (One way of explaining it is that some of the money that you would have paid to the Government as income tax gets paid into your Pace account instead.) These figures assume that you pay tax at the basic 20% rate. If you are a higher rate taxpayer (up to certain limits), the benefit to you may be even greater. Also, contributions are usually paid through what is known as 'NICE Pensions', a salary sacrifice arrangement that means you make further national insurance savings (see [page 12](#) for more detail).

Can I pay more than 10% into my account?

You can pay more than 10% of your Pay into Pace DC if you want to build up a bigger fund. You can pay Additional Voluntary Contributions (AVCs), which are extra payments you make into Pace DC. When you retire, you use the money in your AVC account to provide yourself with additional benefits. You can decide how much to pay and you can also vary your AVCs. You also benefit from tax relief on your AVCs (up to a certain limit). Your AVCs will be deducted from your Pay, rather than being paid through NICE Pensions.

Remember, you can contribute up to 10% of your Pay as 'ordinary' contributions through NICE Pensions.

If you want to pay AVCs, fill in the **Start paying AVCs form** on coop.co.uk/pensions. You can find out more about paying AVCs by reading the **AVC factsheet** on the pensions website.

Remember, you can pay up to 10% of your Pay as 'ordinary' contributions through NICE Pensions.

What is NICE Pensions?

NICE Pensions is a 'salary sacrifice' arrangement run by the Co-op that lowers the cost of saving for a pension and actually increases your take-home pay (that is, the pay you get after you've paid pension contributions, income tax and national insurance from your pay). Most people will automatically pay into Pace using NICE Pensions.

With NICE Pensions, you don't actually pay any contributions into Pace. The Co-op pays them for you! In exchange, you agree to reduce your basic pay by an amount that is equal to what your pension contributions would have been. So, if you earn £15,000 a year, and you pay 2% into Pace (£300 a year), your basic pay after NICE Pensions would be £15,000 - £300 = £14,700.

Now, this is the clever bit: because your basic pay is smaller, you pay less national insurance - and that means your take-home pay actually ends up being more than if you weren't in NICE Pensions. See the example on the **next page**.

NICE Pensions does not affect any other employee benefits or statutory payments, such as life assurance, overtime, sick, redundancy and holiday pay or bonuses, which are all worked out according to your pay before the NICE Pensions reduction is applied. The benefits you receive from Pace are also unaffected by NICE Pensions.

Is everyone better off paying their contributions through NICE Pensions?

Most colleagues will benefit from NICE Pensions. However, there are some people for whom NICE Pensions is not suitable; this includes people who earn close to the National Minimum Wage and people who earn close to the national insurance and tax thresholds (around £157 per week for the 2017/18 tax year). If you fall into either of these two categories, the Co-op will assess your earnings levels and if NICE Pensions is unsuitable for you, you'll automatically be taken out of NICE Pensions and you'll pay your pension contributions by payroll deduction. You will, however, automatically be included in NICE Pensions should NICE Pensions become suitable for you in the future.

Can I opt out of NICE Pensions?

Yes. You need to be happy that NICE Pensions is right for you. You can opt out of NICE Pensions and pay contributions directly from your Pay, if you prefer. You can do this at any time by completing a **Change how I pay my contributions form** on coop.co.uk/pensions

At a glance

NICE Pensions stands for National Insurance Contribution Efficient Pensions.

Under NICE Pensions you may benefit from national insurance savings. This helps to reduce the cost of paying into Pace.

NICE Pensions is the name of the way in which contributions are made to Pace. It is not a separate arrangement.

NICE Pensions operates automatically to make contributions to your pension more cost effective. If you wish, you may opt out of NICE Pensions.

You can find out more about how NICE Pensions works by reading the **NICE Pensions factsheet** at coop.co.uk/pensions

Section 3 Being a member

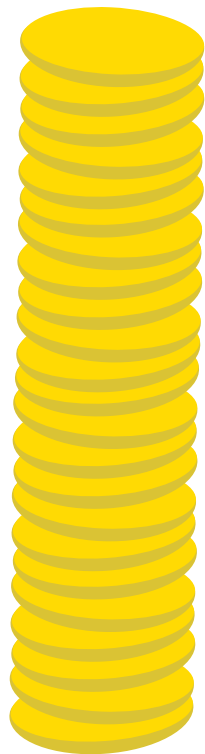
NICE Pensions example

Jane earns £15,000 a year. She is a member of Pace and has a contribution rate of 2% of her Pay. Jane pays tax at the standard rate (20%).

2% of Jane's Pay = £300 a year, which is a contribution of around £23 each pay period.

£23

The pension contribution shown on Jane's pay slip.



£15 the actual amount
Jane's Pay is reduced by

The difference is made up of:

£3 national insurance savings

£5 tax relief

This example is based on the tax and national insurance rates for 2017/18.

Is there a limit on how much I can pay into my pension each year?

The Annual Allowance is a limit set by the Government for how much tax-free money you and the Co-op can pay into a pension in any one year. For 2017/18 the Annual Allowance is £40,000. Anyone drawing some of their pension savings under the new flexible retirement rules may have their allowance restricted to £4,000 (the Money Purchase Annual Allowance). You'll be advised by your pension provider if such a restriction applies to you. There is more detail in the [Pension Tax Limits: Summary factsheet](#).

Is there a limit on how much I can pay into my pension during my lifetime?

The Lifetime Allowance is a limit set by the Government on the total value of retirement benefits you can build up in a registered pension scheme before you have to pay extra tax. For 2017/18 the Lifetime Allowance is £1 million. There is more detail in the [Pension Tax Limits: Summary factsheet](#).

Pension Input Period

For the purposes of the Annual Allowance, each assessment year is defined as the Pension Input Period, or PIP. For Pace, the PIP runs from 6 April to 5 April. Please see the [Pension Tax Limits: Summary Factsheet](#) at coop.co.uk/pensions

Will I pay contributions if I'm absent from work?

Family leave

Family leave means maternity, paternity, adoption or parental leave. While you're on family leave, you'll still be a member of Pace and will be covered for the death in service benefits that are described in **Section 6, page 20**. Your contributions to Pace DC will be based on the actual Pay you receive. However, the Co-op's contributions will be based on your full Pay (the pay you were getting before you went on family leave). If you don't receive any pay while on family leave, your contributions to Pace will stop and so will the Co-op's.

Ill health

If you're too sick to work, you may be able to use your account early to provide ill health benefits. Please turn to **Section 6, page 21** for more details.

Other periods of absence

If you're on a career break or absent from work for any other reason than those described previously, and you don't receive any Pay during this time, neither you nor the Co-op will pay contributions into Pace. You will, however, continue to be covered for your death in service benefits.

What if I work part-time?

Your contributions and death in service benefits will be based on your part-time Pay.

At a glance

While you're on paid family leave, you'll continue to be covered for death in service benefits.

Your contributions to Pace during paid family leave will be based on the actual Pay you receive.

If you work part-time, your contributions are based on your part-time Pay.

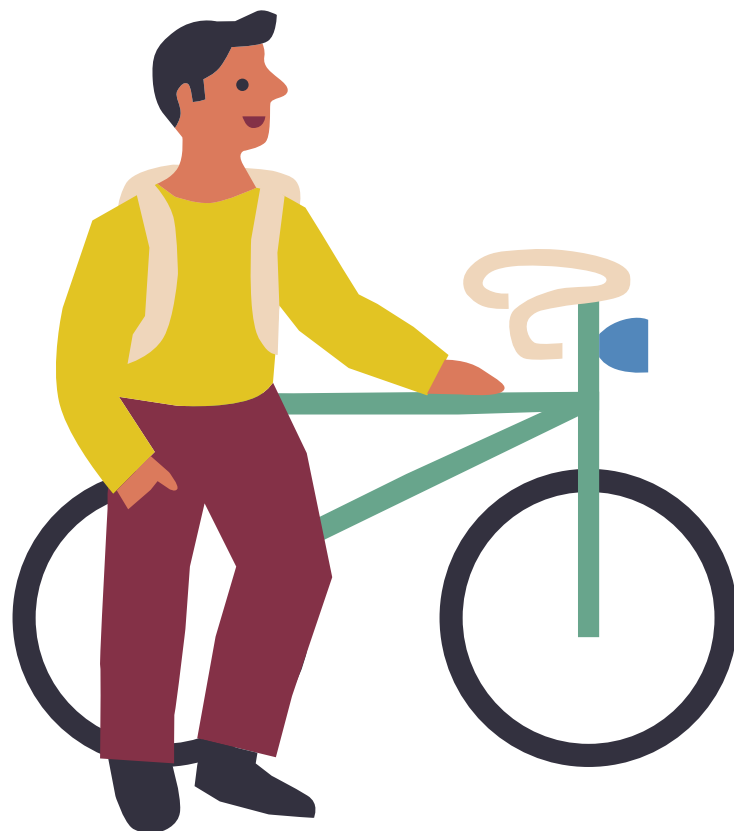


Where is my money invested?

In Pace DC you can choose how your account is invested, from a range of funds chosen by the Trustees.

At a glance

You can find out more about your investment options in the **fund guide** for members of Pace DC.



Target options

Pace DC offers three Target options, which are designed to be appropriate for the different retirement options you can take from Pace.

1. Target: Lump Sum (the default option)

This option is designed to be a good match if you want to take your account as a lump sum at retirement. **This is also the option your contributions will be invested in if you don't make an alternative choice.**

2. Target: Secure Income

This option is designed to be a good match if you want to use your account to buy a pension (annuity) at retirement.

3. Target: Flexible Income

This option is designed to be appropriate if you want to have the flexibility to leave some or all of your account invested and take sums of money from it (this is sometimes called 'drawdown'). Option 3 is not currently available from Pace. At retirement you'd have to transfer to another provider who can offer this.

For full information on your investment options see the separate Pace DC fund guide available at coop.co.uk/pensions

What charges apply to my account?

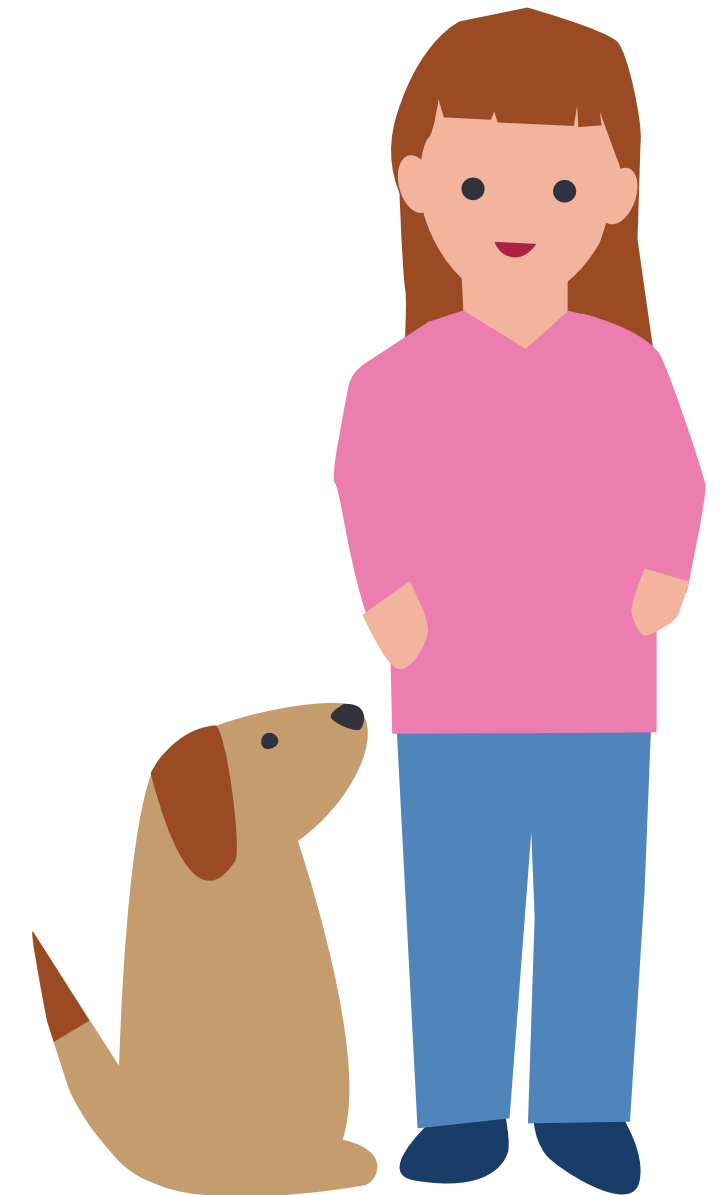
The Trustees have negotiated competitive charges with Legal & General, for administering and investing your account. The Co-op also pays £5 a year to Legal & General for each member, to reduce the charges that apply to your account.

The charges that Legal & General apply to your account cover two areas; namely the administration and the investment of your account. Both charges are expressed as a percentage of your fund value. The administration charge is called the annual management charge and is 0.13% of your account each year. The investment charge is called the fund management charge and is between 0.10% and 0.30% of your account each year, depending on your investment choices. The total charge applied to your account would therefore be between 0.23% and 0.43%, depending on your investment choices. The fund management charges for each of the investment options are shown in the **fund guide**, which you can find at: coop.co.uk/pensions

This means that the actual administration charge is 13p a year for every £100 in your account, and the investment charge is between 10p and 30p a year for every £100

invested, depending on your investment choices, which means the total charge is between 23p and 43p a year. So if you had a fund of £1,000 and you were invested in the Target: Lump Sum option, the annual charge on your account would be no more than £2.60.

The £5 a year which the Co-op pays to Legal & General for each member is a benefit of your employment. If you leave the Co-op's employment and choose to keep your account in Pace, the Co-op will continue to pay the £5 on your behalf until your account is transferred to an individual policy in your own name, which will be between 12 and 24 months after you leave the Co-op (see **Section 7, page 23**). The annual management charge will then increase from 0.13% to 0.16%. The fund management charge will remain the same, which will mean that the total charge will be between 0.26% and 0.46%.



Pace Complete

What is Pace Complete?

Pace Complete is the defined benefit section of Pace. It is now closed to new members and no contributions can be made by members who were previously in Pace Complete.

Where can I find more information?

The Co-op's pensions website at coop.co.uk/pensions has more information about Pace Complete. If you were previously a member of Pace Complete, please see the [Pace Complete pension guide](#).



Retirement benefits

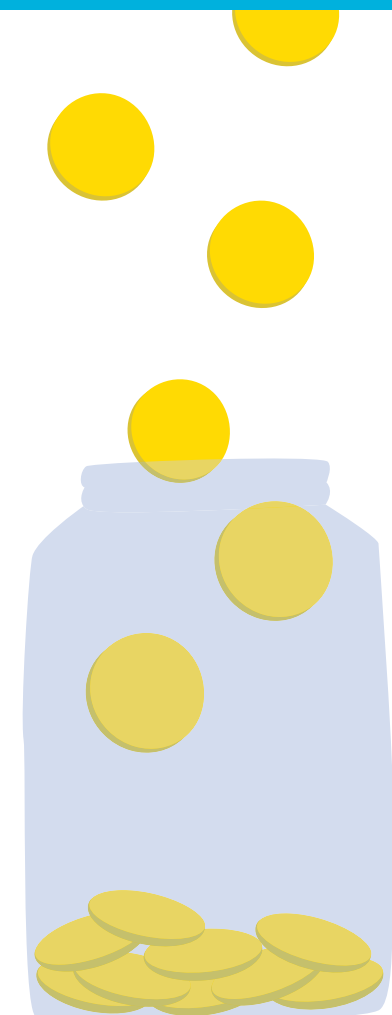
This section tells you about the retirement benefits you build up in Pace DC and how and when you can take them.

What happens to the money in my Pace DC account when I retire?

Following new rules introduced from April 2015 there are three ways in which you can use the money in your account at retirement:

- You can take all of your account as a lump sum; 25% will be paid tax-free and the rest will be taxed at your highest rate of income tax.
- You can use your account to buy a regular income, which is called an annuity. If you want to, you can take up to 25% of your account as tax-free cash and use the rest to buy an annuity.
- You can leave your account invested and take sums of money (either as income or a series of cash payments) directly from it, instead of taking one lump sum payment. This option is sometimes known as 'drawdown'. The first 25% of your account will be paid tax-free and the rest is taxed as income. This is not currently an option provided directly by Pace. If you wish to choose this option, you'll need to transfer your Pace account to another pension provider who is able to offer this option.
- The Trustees have appointed HUB Financial Solutions, specialists in the retirement market, to help you to choose the best option for you (the cost of any advice will be explained to you before you decide to go ahead). If you'd like to speak with HUB Financial Solutions, you can contact them on 0345 863 0495 or email retirementsolutions@hubfs.co.uk

Read the **retirement guide** available at coop.co.uk/pensions for more information on your options in Pace DC at retirement. There's also a useful budgeting tool and checklist if you're near retirement.



What will happen at retirement?

As you approach normal pension age (or selected retirement age, if you have chosen one), you will receive more information on your options. Pace has developed a guide which you may find useful when considering your retirement options, the guide can be found at: [coop.co.uk/pensions](https://www.coop.co.uk/pensions). Legal & General (the administrators of Pace DC) assume that you'll want to retire at age 65, unless you tell them otherwise. If you want to retire earlier or later than 65, you should call Legal & General on the number on **page 31**. This is particularly important if you are invested in one of the Target investment options as Legal & General automatically switch your funds by reference to your retirement age.

What if I'm unsure about which option is right for me?

HUB Financial Solutions

The Trustees have appointed HUB Financial Solutions, specialists in the retirement market, to help you to choose the best option for you (the cost of advice will be explained to you before you decide to go ahead). If you would like to speak with HUB Financial Solutions, you can contact them on 0345 863 0495 or email retirementsolutions@hubfs.co.uk

Pension Wise

If you're aged 50+ and you've built up pension savings in a defined contribution scheme (like Pace DC), you can receive free, impartial guidance from the Government, by going to: www.pensionwise.gov.uk

Pension Wise is a new Government service that will offer you:

- impartial guidance (online, over the telephone or face to face) to explain what options you have and help you think about how to make the best use of your pension savings;
- information about the tax implications of different options and other important things you should think about; and
- tips on getting the best deal, including how to shop around.

Choosing what to do with your pension savings is an important financial decision; you can often get more for your money by shopping around.

Please note that Pension Wise can only provide general guidance and not personalised advice. Neither the Trustees, the Co-op nor Legal & General can provide you with financial advice. You can speak to a financial adviser for personalised information. To find an adviser in your area, go to www.unbiased.co.uk

When can I take my pension?

The normal pension age for Pace is 65. You have some options regarding when you take your pension, as described below.

Can I retire early?

Yes. You may retire early, at any time from age 55. If you retire early, and choose to take your pension benefits, they will be smaller as you'll have paid in fewer contributions.

Can I retire later than age 65?

Yes. Note that no further contributions will be paid into your account after age 75.

Can I take my pension and continue working?

Yes, you may be able to take your pension and continue working for the Co-op, but you'll be required to opt out of Pace. If you take your pension savings from Pace DC (or any other pension arrangement) as cash or drawdown, your maximum tax free pension savings will be restricted to the Money Purchase Annual Allowance, currently £4,000 p.a.

Important

It's really important to tell Legal & General if you're planning to retire earlier or later than 65, because this can affect how your account is invested, if you're using one of the Target investment options. Just call Legal & General or write to them to let them know (contact details are on **page 31**). Read the **Pace DC fund guide** on the pensions website to find out more.

Death and ill-health benefits

This section tells you about the benefits that Pace provides on death or if you become too ill to work.

What benefits are paid if I die while I'm still contributing to Pace?

The money in your account will be paid as a lump sum (including the contributions paid by the Co-op and any Additional Voluntary Contributions that you have paid).

In addition, a death in service lump sum will also be paid. This depends on your contribution rate at the time of your death.

Your contribution rate	Lump sum
1% - 3% of Pay:	1 x Salary (or £5,000 if more)
4% - 10% of Pay	3 x Salary

If you were an active member of Pace Complete on 28 October 2015 and switched immediately to Pace DC, you'll also qualify for an additional 3 x Salary life cover, provided that you satisfy the 'actively at work' criteria as at 29 October 2015. Please see some terms you should know - **page 30**. This 3 x Salary cover will remain in place while you are a contributing member of Pace DC.

What happens if I'm not contributing to Pace and I die while I am employed by the Co-op?

In this case, a lump sum of £5,000 or 1 x Salary, whichever is the highest, will be paid by the Co-op. If you have previously been a member of Pace DC then the money in your account will be paid in addition.

What happens if I die after I leave the Co-op but before I take my pension?

Your account will be paid as a lump sum, in the same way as described above.

Who decides who will get my Pace benefits when I die?

Pace is run by a Board of Trustees (see **Section 8, page 27**). If you die, the Trustees decide who should get benefits from Pace. This is to ensure that the payment does not attract inheritance tax. Because the Trustees need to decide who the benefits should be paid to, it is very important that you tell the Trustees how you would like them to be paid. You can do this by completing and returning a **Nomination form** to Legal & General. You can find this form on the pensions website, or ask Legal & General to send you a copy.

It's also important to keep your **Nomination form** up to date as your circumstances change. The Trustees will usually follow your wishes, but they're not bound by them.

If the value of your account plus the death in service lump sum exceeds the Lifetime Allowance (see **Section 3**), then the Trustees may decide to use part of your account to buy a pension for one or more of your dependants. This is because it may be more tax efficient to buy a pension in these circumstances.

If you also have benefits in Pace Complete then you may also receive death benefits from this section; see the **Pace Complete pension guide** for further information.

Salary
For the purpose of working out your death in service benefit, 'Salary' means your Pay in the 12 months prior to the date of death, or your basic annual Salary at the date of death, if higher.

What if I die after I take my pension?

It depends on the choices you make when you retire:

- If you take all of your Pace account as a lump sum, there'll be no money in your account to provide benefits to your family.
- If you use your account to 'buy' a pension, which is called an annuity, you'll be able to choose to have a pension paid to your spouse or a lump sum paid to your family at the time that you buy the annuity.
- If you transfer your benefits to another pension scheme and leave your account invested, taking sums of money directly from it, if there is any money left invested, your dependants will be entitled to receive it (tax-free if you die before age 75).

What happens if I have a long-term illness and I can't return to work?

You may be able to use your account to provide benefits before age 55 if you become seriously ill or incapacitated.

You can only take benefits in these circumstances where the Trustees receive written evidence from a registered medical practitioner confirming that you're seriously ill or incapacitated. If you should find yourself seriously ill and unable to work, please contact your HR representative in the first instance.

Incapacity

Pace DC defines incapacity as a 'permanent physical or mental impairment which prevents (and will continue to prevent) the colleague from following their normal occupation, or from doing any paid work (except work provided for remedial activity for which the colleague receives only a modest amount of pay)'.

If you also have benefits in Pace Complete then you may also be able to receive additional ill-health benefits; see the **Pace Complete pension guide** for further information.

At a glance

If you die before retirement, your account will be paid - usually as a lump sum.

If you're contributing to Pace when you die, a tax-free death in service lump sum is payable of 1 x Salary or 3 x Salary, depending on your contribution rate at the time of your death.

Death benefits after retirement depend on the choices you make at retirement.

Remember to keep your **Nomination form** up to date so the Trustees know what your wishes are.

If you become seriously ill, you may be able to use your account to provide benefits before age 55.

Leaving benefits

This section tells you what happens to your benefits if you leave Pace, or if you leave the Co-op.

What happens if I opt out of Pace DC when I'm first automatically enrolled?

If you opt out of Pace within one month of being automatically enrolled, then you'll be put back into the same position as if you had never joined. If you've paid any contributions, then they'll be paid back to you through payroll, less tax. Please see **Section 2** for more information.

What happens if I leave the Co-op before I take my benefits?

If you leave the Co-op, you and the Co-op will stop paying contributions into Pace. You'll no longer qualify for the lump sum death in service benefits from the Co-op. The options you have will depend on when you joined Pace, how long you were a member of Pace and whether or not you paid contributions through NICE Pensions, as explained on the **next page**.

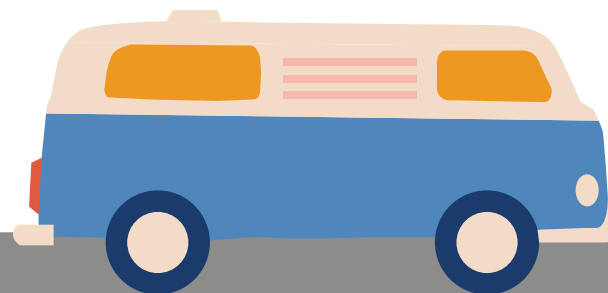
At a glance

If you opt out of Pace but remain employed by the Co-op, you'll still be covered for £5,000 or 1 x Salary death benefit, whichever is the highest.

Your options on leaving will depend on when you joined and how long you were a member of Pace. You may be eligible to receive a refund of your contributions if you joined Pace before October 2015.

If you're not entitled to receive a refund and you don't tell Legal & General what you want to do with your account, it will eventually be transferred out of Pace into an individual policy in your name.

If you opt out of Pace, you'll be automatically enrolled back in approximately every three years if you're an eligible employee.



Due to a change in Government rules, what happens to your funds when you leave depends on when you joined Pace and how long you were a member.

If you joined Pace DC before 1 October 2015 and you've been a member of Pace for between one and three months in total

You will receive a refund of your own contributions paid, less deductions (equal to tax and any national insurance savings you received while you were a member).

Your refund will not include any investment growth (or losses) applied to your account while you were a member of Pace, and it will not include any contributions paid by the Co-op. If you paid your contributions through NICE Pensions, your refund will be paid from the Co-op's Payroll. If you did not pay your contributions through NICE Pensions, then your refund will be paid by Legal & General.

If you joined Pace DC before 1 October 2015 and you've been a member of Pace for between three months and two years in total

You will have a choice between:

- A refund (as described left), or
- Transferring all the money in your account to another registered pension scheme. This will include the Co-op's contributions and any investment growth (or losses) applied to your account. If you don't choose to transfer within three months of being told what your options are, a refund will be paid to you.

If you joined Pace DC on or after 1 October 2015 or if you were a member of Pace for more than two years

You will have a choice between:

- Transferring all the money in your account to another registered pension scheme. This will include the Co-op's contributions and any investment growth (or losses) applied to your account, or
- Leaving your account in Pace. This money will remain invested and you will be able to continue to manage your account online and change your investment choices if you want to. Around 12 to 24 months after you have left the Co-op, your account will be transferred to an individual policy in your own name. The charges that will then apply to your policy will be equivalent to those detailed in **Section 3, page 16**, except that the Co-op will not pay £5 a year towards reducing them. This means that the annual management charge will be 0.16% instead of 0.13%. Fund management charges will also be applied to your policy, as described on **page 16**.

The Government wants to encourage people to build up retirement savings, which is why it will not be possible to receive a refund of your pension contributions (unless you opt out of Pace within 30 days of being automatically enrolled), if you join Pace after 1 October 2015.

What happens if I leave Pace DC but I'm still employed by the Co-op?

If you decide to leave Pace after more than a month but you remain employed by the Co-op, your options are the same as described on the **previous page**.

Note that, if you opt out and you leave your account in Pace, it will not be transferred into an individual policy in your own name while you are employed by the Co-op. The Co-op will continue to pay £5 a year towards the running costs of your account until after you leave employment.

You'll remain eligible for death in service benefits (£5,000 or 1 x Salary, whichever is highest) as long as you remain employed by the Co-op.

Please note: if you leave Pace but still work for the Co-op, you'll be automatically enrolled back into Pace approximately every three years if you meet the automatic enrolment criteria, as described in **Section 2**.

What happens to my AVCs if I leave Pace DC before taking my retirement benefits?

If you're eligible and choose to receive a refund, as described on **page 23**, your AVC fund value will also be refunded.

Note that the refund from your AVCs will include any investment growth (or losses) – this is slightly different to your ordinary contributions which do not include any investment growth (or losses).

If you decide to transfer your benefits out of Pace or if your account is transferred to an individual policy in your own name, your AVC fund value, including any investment growth or losses, will be transferred as part of your account.

If you decide to leave your account in Pace, your AVCs will remain invested for as long as your account remains in Pace. You'll be able to continue to manage your AVCs online and change your investment choices if you want to.

Please note that if you opt out of Pace DC:

- You'll lose any additional entitlement to a death in service lump sum provided by Pace and will only be entitled to a lump sum of £5,000 or 1 x Salary, whichever is highest.
- If you have any benefits in one of the former final salary schemes built up before April 2006 or have transferred in salary-linked benefits from one of the Co-op's other pension schemes, you should note that the salary link will be broken if you stop contributing to Pace DC.

Can I transfer my benefits out of Pace DC?

Yes. You can transfer your benefits to another registered pension scheme at any time after you have left Pace. If you are interested in this option, please contact Legal & General.

Other information

What happens if I get divorced?

If you get divorced from a marriage or registered civil partnership, your Pace benefits will be included as part of your assets. What actually happens to your benefits depends on how the total assets of the marriage are split as part of the divorce settlement. If the court orders the pension benefits to be shared between the couple, there are three possibilities:

- Your pension rights can be offset against other assets
- Part of your pension rights can be 'earmarked' and paid to your ex-spouse (which includes a civil partner) when you retire
- The value of your pension rights can be divided at the time of divorce (pension splitting). In this case, your ex-spouse's or civil partner's share will generally be transferred to another pension arrangement.

If you want more information, please contact Legal & General.



State benefits

What are the State Pension arrangements?

A new State Pension has been introduced for anyone who reaches State Pension Age from April 2016. It replaces the Basic State Pension and the Second State Pension (S2P). There'll be transitional arrangements in place for people who have built up S2P, but the aim is that eventually everyone who has paid enough national insurance contributions will get the same amount. Please note, under the new system, you will need 35 qualifying years to receive the full amount of State Pension and you must have a minimum of 10 qualifying years to receive anything. You can find out more at www.gov.uk

State Pension arrangements before April 2016

The State provided two different kinds of pension:

Basic State Pension

This was a flat-rate pension paid to everybody who had paid enough national insurance contributions during their working life.

State Second Pension (S2P)

This was a top-up to the Basic State Pension, which was based on your actual or deemed earnings on which standard rate Class 1 national insurance contributions were paid or

treated as having been paid. If you were ever 'contracted out' of S2P (for example, if you were a member of Pace Complete), your new State Pension may be reduced, to reflect the fact that you were paying lower NI contributions during that time. Further details of State benefits, including how to obtain a forecast of your State Pension, can be found on www.gov.uk

When are State Pensions payable?

State Pensions are payable from State Pension Age. Your State Pension Age will depend on when you were born. Generally, your State Pension Age will be between 65 and 68 but there are some exceptions to this. There is a calculator on www.gov.uk that will tell you what your State Pension Age is likely to be.

Will I receive a State Pension?

You will receive a State Pension if you have paid sufficient national insurance contributions over your working lifetime. You currently need 35 qualifying years on your national insurance contribution record to qualify for a full State Pension. If your number of qualifying years is less than 35, you will receive a proportionately lower State Pension. Remember that you require a minimum of 10 years qualifying service to receive any State Pension.

At a glance

Membership of Pace DC does not affect your entitlement to the State Pension.

Use the gov.uk website to check your State Pension Age and to obtain a forecast of your State Pension.

State Pensions and State Pension Ages are set by the Government and can change.

More about Pace

How is Pace set up and run?

Pace is a registered pension scheme, whose details have been given to the Registrar of Occupational and Personal Pension Schemes.

Pace is run by the Trustee Board, in accordance with the Rules and in the interests of all members.

The Trustee Board is responsible for ensuring that Pace is managed effectively, that it complies with a wide range of legal and regulatory requirements and that it is able to pay all your benefits when they are due. The Trustees appoint professional advisers, including actuaries, legal advisers, investment managers and auditors, to help them.

The Pace Trustee Board is called Pace Trustees Limited and is a separate company from the Co-op. There are 9 Trustee Directors on the Board:

- 3 Professional Independent Trustees who are pensions experts
- 3 Trustees chosen by the Co-op
- 3 Trustees chosen by the members of Pace

The Pace Trustees meet frequently and undertake regular training in relation to issues that they'll need to understand in detail in order to carry out their role, for example investment strategy or valuing DB scheme benefits, as well as current pensions issues.

Money paid into Pace is held in a trust in individual retirement accounts for each member of Pace DC and in a pooled fund for Pace Complete benefits. This means the money is kept separate from the assets of the Co-op. The Trustees have chosen Legal & General to administer and invest the money in Pace DC.

Can Pace be closed or changed?

The Co-op can give notice that it wishes to close Pace at any time. It can also, with the Trustees' consent, change the Rules that govern how Pace is set up.

If Pace is closed, the Trustees will use its assets for the benefit of members in accordance with the Rules and general pensions law.

You can read about each Pace Trustee Director by going to the website, coop.co.uk/pensions

What information does Pace hold about me?

In order to run Pace, personal information about you will be used by Pace Trustees Ltd, their advisers, administrators (including the Co-op and Legal & General) and other third parties who process data on their behalf. Your information will be used to administer your pension scheme, calculate and pay benefits, and for statistical purposes. At all times, your personal information will be processed in line with the Data Protection Act 1998. This Act gives you the right to request a copy of personal information held about you.

You can get further information by writing to:

Data Protection Team
5th Floor
1 Angel Square
M60 0AG

What if I have a complaint about Pace?

Any problems with Pace can usually be sorted out by asking Legal & General for more information. If you're not satisfied with the response you receive and you wish to contact the Co-op Pensions Department, please refer to the contact details on **page 31**. There is also a formal dispute resolution procedure that can be used by anyone who has rights in Pace. For details and relevant forms, you can contact the Secretary to the Trustees, through the Co-op Pensions Department.



What if I want financial advice?

Neither the Trustees, the Co-op nor Legal & General can provide you with financial advice. If you'd like financial advice before making any decisions about your membership of Pace, you should speak to an independent financial adviser (IFA). You should bear in mind that an IFA will charge for any advice given. To find an adviser in your area, visit www.unbiased.co.uk

Alternatively, the Money Advice Service is a free independent service set up by the Government, which provides unbiased money advice and can be contacted at www.moneyadvice.org.uk or by calling 0800 138 7777.

Find out more

The Co-op's pensions website, at coop.co.uk/pensions, contains lots of useful information about Pace. You can access lots of useful tools on the site and manage your account by logging into [Manage your Account](#).

For example, you can go online to:

- See how much it costs you to be in Pace DC and how much the Co-op pays in to help you save
- See how much you might get at retirement and what your choices are
- See the current value of your account
- Change your investment choices
- Change your contribution rate
- Start paying AVCs/change your AVCs
- Change your contribution method, i.e. from NICE Pensions to the payroll method (see **Section 3, page 12**)
- Get a **Nomination form** to tell the Trustees who you'd like to receive your lump sum benefits in the event of your death
- See fund factsheets for each of the investment funds

You can find out more about Pace by clicking on the useful information section. This area of the website contains:

- Factsheets, giving you more information about various topics, including AVCs, NICE Pensions, and your options at retirement
- Pace annual reports
- Newsletters
- A copy of the Rules.

While you're a member, you'll be sent an annual benefit statement, showing projected estimated benefits so that you can see whether you're on track for the income you need in retirement. Benefit statements are usually issued in November each year.

Some terms you should know

Actively at work

Actively at work means that you have not received medical advice to refrain from work, are not absent from work or restricted from work due to illness or injury, and are actively following your normal occupation.

Annual management charge

The cost of managing your account each year (for current colleagues: currently 0.13% of the total value of your account; for members who have left the Co-op and whose benefits have been transferred into a policy in their own name: 0.16% of the total value of your account).

Defined benefit (DB) (Pace Complete)

This is a type of pension arrangement where your benefit is linked to your pay and the length of your membership in the scheme. Final Salary and Average Earnings schemes are types of DB arrangements.

Defined contribution (DC) (Pace DC)

This is a type of pension arrangement where the pension you receive at retirement is based on the contributions paid into your account and investment returns. At retirement, you use your account to provide an income or a lump sum.

Dependant

Someone who (in the Trustees' opinion) is, or was at the time of your death, wholly or partly financially dependent on you.

Drawdown

An alternative to cash or an annuity as a way of taking your DC benefits. You can leave your account invested and take sums of money directly from it instead.

Fund management charge

The cost of managing your investments each year. It varies between 0.10% and 0.30% of your account, depending on your investment choices.

The Co-op

Co-operative Group Limited and all other Participating Employers in Pace. If you want to know whether your employer participates in Pace, please contact the Co-op Pensions Department.

Normal pension age

65.

Partner

Your husband, wife, registered civil partner, same sex spouse or any dependant with whom you are in a relationship that the Trustees consider to be similar to marriage for a period of at least six months.

Pay

Also called 'pensionable earnings'. This is your basic pay, plus overtime and any other payments that are pensionable, excluding any bonus payments.

Pensionable earnings

Your pensionable earnings are made up of the parts of your earnings that you and the Co-op are required to pay contributions on. Some elements of your Pay, such as car allowance, are not included in your pensionable salary. See the definition of 'Pay' above.

Pensions website

You can find detailed information about Pace at coop.co.uk/pensions

Registered pension scheme

This is any scheme registered with HMRC. This includes occupational schemes and personal pension schemes but excludes State Pension schemes.

Salary

For the purpose of working out your death in service benefit, 'Salary' means either your pay in the 12 months prior to the date of death, or your basic annual Salary at the date of death, if higher.

Trustees

Pace Trustees Limited. The Trustees are the legal owner of the assets of Pace. Information on your Trustees can be found in **Section 8** under 'How is Pace set up and run?'

Useful contacts

Legal & General

For general enquiries about Pace DC, or information about your own benefits, please contact Legal & General:

Legal & General
Trustee Services Team
City Park
The Droveaway
Hove BN3 7PY

Tel: 0345 026 8689

Email: coopensions@landg.com

Whenever you contact Legal & General, please quote your national insurance number, which can be found on your payslip. If you're writing to Legal & General, you'll need to refer to Pace or the Co-op.

The Co-op Pensions Department

If you can't find the information you need on the pensions website, and Legal & General can't help you, please write to:

Co-op Pensions Department
Department 10406
1 Angel Square
Manchester M60 0AG

Email: staffpensions@coop.co.uk

PACE Trustees Limited

This is the trustee body which is responsible for managing Pace.

PACE Trustees Limited
1 Angel Square
Manchester
M60 0AG

Pensions website

More information about Pace DC and the Co-op's other, closed pension schemes (including Pace Complete) is available at coop.co.uk/pensions

Useful contacts

The Pensions Advisory Service (TPAS)

This is an independent organisation that provides free information, advice and guidance on all pension-related matters.

11 Belgrave Road
London
SW1V 1RB

Tel: 0345 601 2923

Email:
enquiries@pensionsadvisoryservice.org.uk

Website:
www.pensionsadvisoryservice.org.uk

The Pensions Ombudsman

If you have a problem with Pace that cannot be resolved through the normal dispute resolution procedure, you can ask for the matter to be referred to the Pensions Ombudsman.

11 Belgrave Road
London
SW1V 1RB

Tel: 0207 630 2200

Email:
enquiries@pensions-ombudsman.org.uk

Website: www.pensions-ombudsman.org.uk

The Pensions Regulator

The Pensions Regulator regulates work-based pension schemes in the UK. It works with trustees, employers, pension specialists and business advisers to protect members' benefits and encourage high standards in running pension schemes.

Napier House
Trafalgar Place
Brighton
BN1 4DW

Tel: 0345 600 0707

Email: customersupport@tpr.gov.uk

Website: www.thepensionsregulator.gov.uk

Department for Work and Pensions (DWP)

You can find details of your local Jobcentre Plus office either on the internet or in your local phone directory.

Tel: 0800 055 6688 (benefit enquiries)

Website: www.gov.uk/dwp

GOV.UK

You can find more information on pensions and retirement planning, including State Pensions and State Pension Age.

Website: www.gov.uk

HUB Financial Solutions

The Trustees have appointed HUB Financial Solutions, specialists in the retirement market, to help you to choose the best retirement option for you (the cost of advice will be explained to you before you go ahead). If you would like to speak with HUB Financial Solutions, you can contact them on 0345 863 0495 or email retirementsolutions@hubfs.co.uk

Pension Wise

Members of defined contribution pension schemes (like Pace DC) can receive free, impartial guidance from the Government at retirement, by going to: www.pensionwise.gov.uk

Pension Wise is a new Government service that will offer you:

- impartial guidance (online, over the telephone or face to face) to explain what options you have and help you think about how to make the best use of your pension savings;
- information about the tax implications of different options and other important things you should think about; and
- tips on getting the best deal, including how to shop around.

Choosing what to do with your pension savings is an important financial decision; you can often get more for your money by shopping around.

Large format available

This summary is available in large print and as an audio file. Please contact Legal & General to request a copy.

Important note

This guide is not intended to be a legal promise to members, as it's only a summary of the terms and conditions of Pace and reflects the pensions and tax legislation at the time the guide was written. If there is any conflict between this guide and the Rules, the Rules (as amended from time to time) will be overriding. Any changes to legislation will also override the terms of this guide. If you want to see a copy of the Rules, or have any questions concerning the contents of this guide, please contact Legal & General.