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# **C & J Clark Pension Fund**



## **Plan 18 Explanatory Leaflet**

February 2014

## **Joining Plan 18**

Previous eligibility rules meant you could join Plan 18 if you were aged 18 – 65 years and had completed 6 months' continuous service as a full or part-time employee. However, Plan 18 is now closed to new members.

## **Contributions**

### **Your Contributions**

As a member of Plan 18, you contribute 4% of your Pensionable Pay. (For examples, see Table of Contributions at the back of this leaflet).

### **Company Contributions**

While you are a member of Plan 18, your Plan 18 account will also be credited with 6% of Pensionable Pay at no cost to you.

### **Pensionable Pay**

This is your annual basic salary or wages, overtime and certain other payments, less the Basic State Pension (proportioned for part-timers).

### **Tax Relief**

Your contributions enjoy full tax relief. They are paid into the Plan before you pay Income Tax. In other words, part of your earnings that would otherwise have gone in tax, go towards providing you with pension instead. If you are paying tax at 20% it would mean that every £1 you put into the Plan would only cost you 80p in actual take-home pay.

## **Your Personal Account**

The contributions paid by you and the Company are paid into your own Plan 18 account with Legal & General. The money contributed by you and the Company goes into your account and any investment returns are tax-free.

### **The cash you accumulate**

So that you can keep track of the money in your account, you receive a personal statement each year showing how much you have built up in the Plan. When you retire, the money you have accumulated is taken out and used to buy a pension (from Legal & General or any insurance company you choose) and from then on, it is paid to you.

## **Benefits**

### **Retirement**

The Normal Pension Age for men and women is 65.

### **Early Retirement**

If the Company agrees and provided sufficient money is built up in your account, you can retire and draw an immediate pension anytime after you reach age 55.

### **Your Pension**

The exact amount of your pension depends on a number of factors:

- The amount of money contributed by you and the Company.
- How successfully it is invested over the years.
- How much pension can be bought with the money when you retire.
- The type of benefits you want to provide.

### **Tax-Free Lump Sum**

Under current Inland Revenue rules, when you retire you may be allowed to take part of the money in your Plan 18 account in the form of a tax-free cash sum.

### **Income if Disabled**

If you are a member of Plan 18 and have to retire on grounds of ill-health (on which the Trustees' decision will be final), you will be entitled to buy an immediate pension with the money accumulated in your Plan 18 account.

If you have to retire on grounds of incapacity and the Company consents, you can elect to receive an enhanced pension. Incapacity means that, as a result of physical or mental deterioration, there is no reasonable prospect of you being capable of following any employment at any time in the future. The pension is equal to  $1/80^{\text{th}}$  of your Final Pensionable Pay for each year of your service as a Plan 18 member plus a further  $1/80^{\text{th}}$  of Final Pensionable Pay for each year of service you would have completed had you remained a member of the scheme until age 65. If you are aged under 35 when you retire,  $1/60^{\text{th}}$  of Final Pensionable Pay (instead of  $1/80^{\text{th}}$ ) is paid for each year of Pensionable Service you would have completed between age 35 and age 65. Final Pensionable Pay is your highest Pensionable Pay in your last five tax years of pensionable service. Final Pensionable Pay and Pensionable Service may be adjusted to take account of any periods of part-time service.

## **Protection for Your Dependants**

### **Lump Sum**

If you die before you reach the age of 65 while you are an employee of the Company and a member of Plan 18:

- A lump sum equal to 4 x your annual pay, plus a refund of that part of your Plan 18 account in respect of your own contributions since joining, is payable.

To make sure the Trustees of the Plan know the person you would choose to receive this lump sum, you should complete a Nomination Form/Expression of Wishes Form that is available from the pensions department or on the Clarks Pension Website.

### **Widow's/Widower's Pensions**

If you die while you are an employee of the Company and member of Plan 18:

- A pension is payable to your widow/widower (or in some cases, another dependant). This pension is equal to 25% of your annual pay at the time and is guaranteed to increase at a rate of 5% a year or by the increase in Retail Prices, if this is less.

If you die after leaving the Plan but before you qualify to start drawing your Plan 18 pension:

- The value of the pension your widow/widower receives will depend on the amount of money paid in by you and the Company up to the time you left, and the investment return these contributions earned before and after you ceased to be a member.

If you die after starting to draw your Plan 18 pension:

- Any widow's/widower's pension payable will depend on whether you arranged for one to be provided when you started to draw your own pension. For example, if you were married at the time of retirement you might provide for the pension to continue being paid at half the previous amount if you died leaving a widow/widower.

### **Children's Allowances**

If you are a member and you die leaving children, an allowance is payable for the benefit of a child up to age 18 or, at the discretion of the Plan's Trustees, up to age 23 if the child remains in full-time education. These allowances are payable for up to 4 children, although the Trustees may approve payments for more than 4 if they feel it is justified. The allowance is based on 5% of your annual pay at the time but with a minimum payment\* which is guaranteed to increase at a rate of 5% a year or the increase in Retail Prices, if this is less.

(\*At 6<sup>th</sup> April 2013, the minimum payment is £2,525.04 a year for each dependent child).

## **Increasing your Benefits**

### **Additional Voluntary Contributions**

If you want to increase the value of the benefits you will receive, you can make Additional Voluntary Contributions (AVCs) to the C & J Clark AVC Scheme. This works in much the same way as your Plan 18 contributions. The money is put aside and invested, but you do not have to keep on contributing a set amount. You pay in what you can afford although there are certain upper limits. Again, your contributions and any investment returns they earn are tax-free. Please contact the Pensions Department for further information.

## **Benefits on Leaving**

If you leave Plan 18 for some reason other than retirement or incapacity you have the following options you can:

- Leave your account with Legal & General and Clerical Medical, where it will continue to be invested for you until the time you qualify for your Plan 18 pension. The value of your account may be used to buy a pension in the same way as if you had retired from the Company at age 65 or earlier. If you die before taking your pension, the value of your account at that time can be used to buy a pension for your widow/widower;

OR

- Open a separate Personal or Stakeholder Pension and transfer the value of your Plan 18 account into that;

OR

- Transfer the value of your Plan 18 account to a new employer's scheme if that scheme is approved and your employer is willing to accept it.

### **Incapacity after leaving Plan 18**

If having left Plan 18, but retained your account with Legal & General and Clerical Medical, you subsequently become permanently incapacitated, on which the decision of the Trustees is final, you will be able to use the value of your Plan 18 account to buy a pension at that time.

## **Miscellaneous**

### **Income Tax**

All pension payments, including the Basic State Pension, are treated as earned income, just like your pay, and are subject to PAYE tax in exactly the same way.

### **HM Revenue & Customs**

The C & J Clark Pension Fund has been designed for approval by HM Revenue & Customs as an "exempt approved" scheme under chapter I part XIV of the Income and Corporation Taxes Act 1988. This means that both members and the Company receive full tax relief on their contributions and any income from the Fund's investments is exempt from tax.

In return, HM Revenue & Customs places certain limits on the maximum percentage of your pay you are allowed to contribute tax-free. It also limits the amount that may be paid out to you as a tax-free cash sum and the maximum pension which can be paid. The Trustees must agree to comply with these restrictions as part of the conditions for tax approval of the Fund.

In rare cases, your benefits may therefore be cut back to comply with these limits. You will be notified if you are affected.

### **Benefits not Assignable**

You may not sell or in any other way assign the value of your benefits in Plan 18 to any other persons. The only exception may occur if the Trustees receive a Court Order in connection with a divorce case.

### **Trustees**

The Company's pension scheme is administered by a Corporate Trustee, and it is their job to see that your interests are protected.

### **Security**

Your contributions as a Plan 18 member and amounts credited to your Plan 18 account are invested on your behalf with Legal & General and Clerical Medical. All the scheme's funds are held by the Trustees (a corporate trustee) entirely separate from the Company's assets.

### **Rules and Regulations**

Plan 18 is administered in accordance with the rules laid down in a legal document covering the Plan. These rules are designed to comply with the requirements of HM Revenue & Customs. You may see a copy by contacting the Pensions Department.

### **Legal Documents**

In any case of a difference arising between the legal documents covering the Plan and the contents of this leaflet, the legal documents will, at all times, overrule this leaflet.

### **Your Legal Rights to Information**

The Social Security Act 1985 places a legal requirement on the Trustees to provide certain information about the Company's pension plan to members, other beneficiaries and the recognised trade union of members. The Plan more than meets these requirements and set out below is a summary of how and when the information can be obtained.

### **Trust Deed and Rules**

This is available for inspection or purchase from the Pensions Department.

**Plan Details**

This leaflet is available on request to other interested parties. In addition, the annual Trustees' Report and Accounts provides other relevant information.

**Pension Statements**

These are issued automatically when a benefit is payable. Also, Benefit Statements are issued each year to Plan members.

**Trustees' Annual Report**

A simplified version is issued each year to members in the Bulletin. A full Report and Accounts is available on request.

**Contracting-Out**

The State Second Pension (S2P) is the earnings related State scheme which provides extra pension on top of the Basic State Pension. S2P replaced the State Earnings Related Pension Scheme (SERPS) from 6<sup>th</sup> April 2002. From 6<sup>th</sup> April 1997, the C & J Clark Pension Fund has contracted-out of SERPS and S2P on a protected-rights basis until Plan 18 contracted back in with effect from 6<sup>th</sup> April 2012.

**Temporary Absence**

If you are absent from work without pay because of sickness and you do not want to pay any contributions during that period, the Company contributions to your Plan 18 Account will be suspended. However, you will continue to be covered for the death-in-service and disability benefits.

**Maternity Leave**

If you are absent on maternity leave, your rights under Plan 18 will be the same as for temporary absence.

**Opting Out**

If you decide to withdraw from the C & J Clark Pension Fund, but do not leave the Company, you must give at least 1 month's notice to the Pensions Office. As the Scheme is closed to new members you may not rejoin if you change your mind at a later date.

**Data Protection Act 1998**

The Trustees and employers hold and process data about members and their dependants in connection with the Fund, including sensitive personal data such as health records and death benefit nominations. This data is processed in order to administer Fund benefits, to produce statistical and financial information and for the purpose of Fund administration generally. The data may be disclosed to third parties such as Fund administrators, professional advisers and insurers.

**Transfers In**

The Trustees may accept a transfer value into the Fund; at anytime you are an active member, provided that the transfer value is sufficient to secure any guaranteed benefits. The transfer value received is invested in your personal account with Legal & General.

### **Internal Disputes Resolution Procedure**

If you wish to make a complaint, you must submit a complaints form (which may be obtained from the Pensions Department) to The Pensions Manager, Box 123, C & J Clark Pension Fund, 40 High Street, Street, Somerset BA16 0EQ. You will receive a reply within 2 months. If you are dissatisfied with the response, you may refer the complaint to the Trustee within 6 months of receiving the response from the Pensions Manager. They will reply directly to you, again, where possible, within 2 months. If, following review by the Trustee you are still unhappy, then you may refer your complaint to either The Pensions Advisory Service (TPAS) or the Pensions Ombudsman, addresses of whom will be provided with the Trustees' response.

### **Registrar of Occupational and Personal Pension Schemes**

Information about the C & J Clark Pension Fund has been given to the above Registrar.

### **The Pensions Advisory Service**

The Pensions Advisory Service is available at any time to assist members and beneficiaries of the scheme in connection with any difficulties or queries they have failed to resolve with the Trustees or administrators of the scheme. The contact address is:-

The Pensions Advisory Service  
11 Belgrave Road  
London SW1V 1RB

### **The Pensions Regulator**

The Pensions Regulator is able to intervene in the running of schemes where trustees, employers or professional advisers have failed in their duties. The contact address is:-

The Pensions Regulator  
Napier House  
Trafalgar Place  
Brighton BN1 4DW

### **Queries**

All queries concerning Plan 18 should be directed to

Clarks Pensions (Box 123)  
C & J Clark Limited  
40 High Street  
Street  
Somerset BA16 0EQ

Telephone: 01458 842292

Email: [pensionshelpdesk@clarks.com](mailto:pensionshelpdesk@clarks.com)