



---

# **C & J Clark Pension Fund**



## **Plan 35 Explanatory Leaflet**

February 2014

## **Contributions**

### **Your Contributions**

As a member of Plan 35, you contribute 10% of your Pensionable Pay.

### **Pensionable Pay**

This is your annual basic salary or wages, overtime and certain other payments, less the amount of the single person's Basic State Pension. In determining Pensionable Pay, from 6th April 2000, only part of the single persons' basic state pension will be deducted for part-time employees. The proportion of pay, which is pensionable, will then be broadly equivalent to that of full time employees on the same pay scale.

### **Tax Relief**

Your contributions enjoy full tax relief. They are paid into the Plan before you pay Income Tax.

### **Lower National Insurance Contributions**

As a member of Plan 35, your National Insurance (NI) contributions are reduced because you are contracted-out of the State Second Pension (S2P).

### **Company Contributions**

The Company contribution is not a fixed percentage. It contributes whatever is needed (over and above the members' contributions and any income from the Fund's investments) to ensure there is sufficient to provide the benefits of all scheme members and their dependants.

## **Benefits**

### **Retirement Age**

Normal Pension Age in Plan 35, that is the age at which you qualify for a pension, is 65 for both men and women, but it is possible to retire earlier and draw a pension. If the Company agrees, you can retire from service on an immediate pension at any time from age 55 provided that your pension benefit has a value in excess of those which are required to be paid from age 60/65 as a result of contracting out of S2P.

### **Maximum Pension**

The rules of Plan 35 provide that the maximum pension payable at NPA shall not exceed two thirds of the greater of:

- Your Final Pensionable Pay (inclusive of the single person's Basic State Pension) and
- The annual average of your gross taxable earnings for the best 3 consecutive tax years in the last 10 prior to you leaving or retiring.

The Maximum Pension is adjusted to take account of any periods of part-time service. It is also reduced pro-rata on early retirement in line with the amount of pensionable service actually completed.

### **Your Pension on Retirement at Normal Pension Age**

You receive a pension equal to 1/60th of your Final Pensionable Pay multiplied by your Pensionable Service in Plan 35.

**Pensionable Service** is the years and months you have been a member of Plan 35 plus any additional period you have been granted as a result of the transfer of money from Plan 18.

**Final Pensionable Pay** is your highest Pensionable Pay (see contributions section) in your last five complete tax years of Pensionable Service.

Final Pensionable Pay and Pensionable Service may be adjusted to take account of any periods of part-time service.

**For example**, if you retire at 65 with Final Pensionable Pay of £12,000 and you have 25 years Pensionable Service, your pension calculation would be:

$$\begin{array}{r} 1/60\text{th of your Final Pensionable Pay of } \pounds 12,000 \\ \times \\ \text{your Pensionable Service of 25 years} \end{array}$$

So your Plan 35 pension would be £5,000 a year.

### **Early Retirement**

If you retire before Normal Pension Age your pension is calculated in the same way; 1/60th of your Final Pensionable Pay for every year of Pensionable Service. However, if you retire before 62 the amount is reduced because you are likely to be drawing your pension for longer. The percentage reduction on retirement from active service before the age of 65 is shown in the table below.

<u>Age</u>	<u>Reduction</u> %	<u>Age</u>	<u>Reduction</u> %	<u>Age</u>	<u>Reduction</u> %
64	NONE	59	9	54	20
63	NONE	58	11	53	21
62	NONE	57	14	52	23
61	3	56	16	51	24
60	6	55	18	50	25

For instance, in the previous example if you retire at 60 with 20 years' service then your pension would be:

$$\begin{array}{r} 1/60\text{th of your Final Pensionable Pay of } \pounds 12,000 \\ \times \\ \text{your Pensionable Service of 20 years} \\ \text{Less 6\%} \end{array}$$

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

Regardless of age, if you retire on an immediate pension, you can choose to take part of your pension in the form of a tax-free cash sum.

### **Income if Disabled**

If you have to retire on grounds of Incapacity and the company consents, you can elect to receive an enhanced pension. In Plan 35 Incapacity means that as a result of physical or mental deterioration there is no reasonable prospect of you being capable of following any employment of any description at any time in the future. It is for the Company to decide whether you suffer from Incapacity. If it decides that you do, the Trustees also have to approve the decision.

The Incapacity pension is equal to 1/60th of your Final Pensionable Pay for each year of your Pensionable Service plus a further 1/60th of Final Pensionable Pay for each year of Pensionable Service you would have completed had you remained a member of the scheme until age 65.

In the previous example, if you retired on an incapacity pension at 60 with 20 years' Pensionable Service then your pension calculation would be:

$$\begin{array}{r} 1/60\text{th of your Final Pensionable Pay of } \pounds 12,000 \\ \times \\ \text{your Pensionable Service of 20 years} \\ \text{plus the extra 5 years you would have served to age 65.} \end{array}$$

Which would give you a Plan 35 pension of  $\pounds 5,000$  a year.

## **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 35:

- A lump sum equal to 4 x your annual pay, plus
- a refund of your own contributions, is payable.

To make sure the Trustees of the Plan know the person you would choose to receive this lump sum, please complete a Nomination Form.

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

If you die while you are an employee of the Company and member of Plan 35:

- 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 35 pension:

- your widow/widower receives a pension of half (50%) of your preserved pension at the time of leaving the Plan, increased between leaving and death.

If you die after starting to draw your Plan 35 pension:

- if your pension has been paid for less than five years the balance of five years' pension payments will be paid as a lump sum to your dependants.
- whether or not you had opted for a tax-free lump sum at the time you retired, your widow/widower receives a pension equal to half of the full pension you would have been entitled to before giving up any for cash, plus half of any increases that would have been awarded on the full pension since you retired.

### **Children's Allowances**

If you are a member or a pensioner 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 £2525.04 a year for each dependent child).

### **Increases to Pensions and Allowances**

As a member of Plan 35, your pension or any pension paid to your dependants (including children's allowances) above the Guaranteed Minimum Pension will increase each year at a rate equal to the increase in Retail Prices up to the maximum of 5%. The Guaranteed Minimum Pension also receives increases, partly from the plan and partly from the State (see Contracting Out section under Miscellaneous).

### **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. The money is invested in a money purchase account. You do not have to keep on contributing a set amount, but 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 the plan without being entitled to an immediate early retirement pension you can:

- leave your benefits in the Plan as a preserved pension, based on your Final Pensionable Pay and Pensionable Service at leaving. This will be payable when you reach 65 or at any time from age 55, subject to a reduction because you are likely to be drawing your pension over a longer period. The value of your preserved pension above the GMP is guaranteed to increase at 5% a year or, if it is less, the rise in Consumer Prices or alternative suitable index between the date you leave and the date you start to receive your pension. For members leaving after 5th April 2012, increases in the GMP between the date of leaving and the date of starting to receive pension will be at a rate of 4.75% a year.

OR

- transfer the cash value of your benefits to an Approved Personal or Stakeholder Pension plan of your choice.

OR

- transfer the cash value of your benefits to a new employer's scheme if it is approved and your new employer is willing to accept it.

## **Incapacity after leaving Plan 35**

If after leaving Plan 35 and having opted to retain a preserved pension you subsequently suffer from incapacity, (on which the Trustee's decision is final), you will be able to draw the full value of your preserved pension immediately without the usual reduction for early payment.

## **Transfers Out**

### **Guaranteed Cash Equivalents**

If you are considering transferring your benefits you will be provided with a guaranteed cash equivalent. This is a quotation of the transfer value payable and also gives you instructions on how to exercise this option. Requests for a guaranteed cash equivalent may only be made every 12 months and if you choose to proceed with the transfer you are required to reply within 3 months of the quotation. If you are interested in transferring or obtaining an estimate of your transfer value, please contact the Pensions Department.

### **Calculation of Transfer Values**

The transfer value is the current cash value of your preserved benefits and is calculated in accordance with instructions provided by the scheme actuary. The value of the future benefits payments, taking into account guaranteed increases both before and after the benefit becomes payable, are discounted at an assumed rate of interest. The calculations take into account the probability of each benefit payment being made, but no allowance for future discretionary increases.

## **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 35 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 35 member and any Company contributions form part of the scheme's assets and are invested by the Trustees (a corporate trustee) and are kept entirely separate from the Company's assets.

### **Rules and Regulations**

Plan 35 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.

### **Amendment or Discontinuance**

Although the Company intends to continue its present pension arrangements, it has the right to amend or discontinue any of the pension plans at any time. If your benefits or rights are affected, you will be given written notice.

### **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. 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 active 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.

Guaranteed Minimum Pension (GMP) is the minimum pension which must be provided by Plan 35 in respect of service before 6<sup>th</sup> April 1997 because the scheme was contracted-out of SERPS.

From 6<sup>th</sup> April 1997, the C & J Clark Pension Fund had contracted-out of SERPS and S2P on a protected-rights basis until Plan 35 changed to contracted-out on a Salary Related basis using the Reference Scheme Test 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 period during which you do not contribute will not count towards your pensionable service. 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 Pensionable Service will include the period of absence or, if you do not return to work, your absence up to the date your Statutory Maternity Pay ceased.

**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. Should you wish to re-join at a later date this will only be permitted with the approval of the Company and the agreement of the Trustees, and you will not be permitted to rejoin Plan 35.

**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 a personal money purchase account.

**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 OEQ. 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 or the Pensions Ombudsman, addresses of whom will be provided with the Trustees' response.

**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 35 should be directed to

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

Telephone: 01458 842292

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