

## Explanatory notes for your Money Purchase Annual Statement

**This note should be read in conjunction with your Money Purchase Annual Statement as at 5 April 2024.**

This is to provide you with further information relating to your Statement, including the details of the assumptions used to produce the Statutory Money Purchase Illustration included in the Statement.

### Assumptions behind your Statutory Money Purchase Illustration

As explained in your Money Purchase Annual Statement, we had to make some assumptions about what your Money Purchase Account will be worth when you reach retirement, as well as what your money could buy you at that time. What actually happens may be different to what we've assumed, therefore these figures are not guaranteed.

From 1 October 2023, the way in which the investment return assumptions we use to calculate the value of your future pension changed, in line with new regulations. The investment return assumptions are now based on historic volatility (changes in investment prices over a certain period) of the fund(s) your money is invested in. Whereas last year, the investment return assumptions were forward-looking, and we were able to use the best estimate of how we expected different funds to perform.

In addition to this, from 1 October 2023, the following assumptions were also made, in line with new requirements:

- You take a fixed annuity which does not go up in line with inflation each year.
- You will purchase an annuity that is paid for your lifetime only i.e. won't be paid to a surviving spouse.

Please note that these new assumptions may lead to your benefit statement looking significantly different to previous years and may not reflect how you choose to use your DC pension pot when you retire.

For the purpose of the illustration the following assumptions are made about your choices at retirement:

- You will use the entire value of your Money Purchase Account to purchase an annuity at retirement, so no cash lump sum is taken
- No further contributions are paid into the Fund
- The pension you receive from the annuity will not increase in payment
- You will purchase an annuity that is paid for your lifetime only i.e. won't be paid to a surviving spouse
- Your Money Purchase Account continues to be invested in the same funds as at 5 April 2024, but allows for any planned automatic lifestyle switches

The key financial assumptions used to calculate your Statutory Money Purchase Illustration projections are:

Price Inflation	2.5% p.a.
Salary Inflation	2.5% p.a.
Interest rate on which annuity will be based	3.8% p.a.

Please note that the value of your Money Purchase Account is not guaranteed and may fluctuate up or down, depending on investment returns. The income you may receive from an annuity will depend on the investment returns received, the amount of your account you take as a lump sum and the cost of buying an annuity when you retire – all of which can differ from the assumptions we have made. Consequently, the actual amount of pension you receive is likely to be different from the projection, and as such the illustration is not guaranteed. Past performance is not a guide to future performance, and you may not get back the contributions originally invested.

### Your benefits on leaving service

If you are a deferred member you can transfer your pension to another approved Plan or leave your funds in the Fund where they will continue to be invested.

### Your Retirement Options

At retirement there are a number of options available to you for how you can use the value of your Money Purchase Account. These include:

- Taking the total amount as a lump sum, after any tax that is due;
- Taking part of the value as a lump sum and buying an annuity (a regular income paid to you for life, with the option of including an income to your spouse after your death, and indexation of the income to take account of inflation); and
- Transferring the value of your account to another pension provider to allow you to draw income as and when you need it, also known as income drawdown.

These options and the tax charges associated with them may change, you should therefore seek financial advice if you are planning for your retirement. For further information please visit

<https://www.clarkspensions.co.uk/clarks-pensions/documents-and-links/forms-and-publications/> to view the Fund investment guide, or contact the Fund Administrator using the contact details provided below.

For free, impartial guidance on these options, please visit [www.moneyandpensionsservice.org.uk](http://www.moneyandpensionsservice.org.uk).

### What do you need to do now?

- 1 See if you're on track for your retirement plans. To achieve an 'adequate standard of living' the Pensions Policy Institute suggest that you will need a retirement income that is between 50% and 80% of what you earned before you retired. If you're not on track, you may wish to consider topping up your savings, changing investment options or deferring your retirement date. To see how you could improve your outlook, why not try the pension modeller available at [www.clarkspensions.co.uk](http://www.clarkspensions.co.uk).
- 2 Check your Target Retirement Date. If you are invested in a Lifestyle option, this is the age we think you might retire. The Trustee will use this age to switch your investments as you approach retirement. To change your target retirement date go to [www.clarkspensions.co.uk](http://www.clarkspensions.co.uk) or contact the Fund Administrator.

A lifestyle option works in two stages. During the first stage your money is invested in funds to help it grow (such as equity funds). Then it is moved to be invested in funds to help protect your money as you get closer to retirement (for example, bonds and cash). Further information on the Lifestyle options can be found in the investment guide at <https://www.clarkspensions.co.uk/clarks-pensions/documents-and-links/forms-and-publications/>

- 3 Nominate your beneficiaries and keep them up to date. If you die whilst you're a member of the Fund, the beneficiaries you list on your Expression of Wishes form could receive valuable financial support. You can update them online at [www.clarkspensions.co.uk](http://www.clarkspensions.co.uk)

### Pension scams

You can find information about pension scams and how to avoid them in the enclosed leaflet and also at <https://www.fca.org.uk/scamsmart/how-avoid-pension-scams>

### Contact

For more information on the Fund and your benefits, please visit the Fund website at [www.clarkspensions.co.uk](http://www.clarkspensions.co.uk).

If you have any queries about the information provided above please contact the Fund Administrators, Hymans Robertson, T: 0121 212 8122 or E: [Clarks@hymans.co.uk](mailto:Clarks@hymans.co.uk) .

You can write to the Fund Administrators at Hymans Robertson LLP, PO Box 27169, Glasgow, G2 9NE..