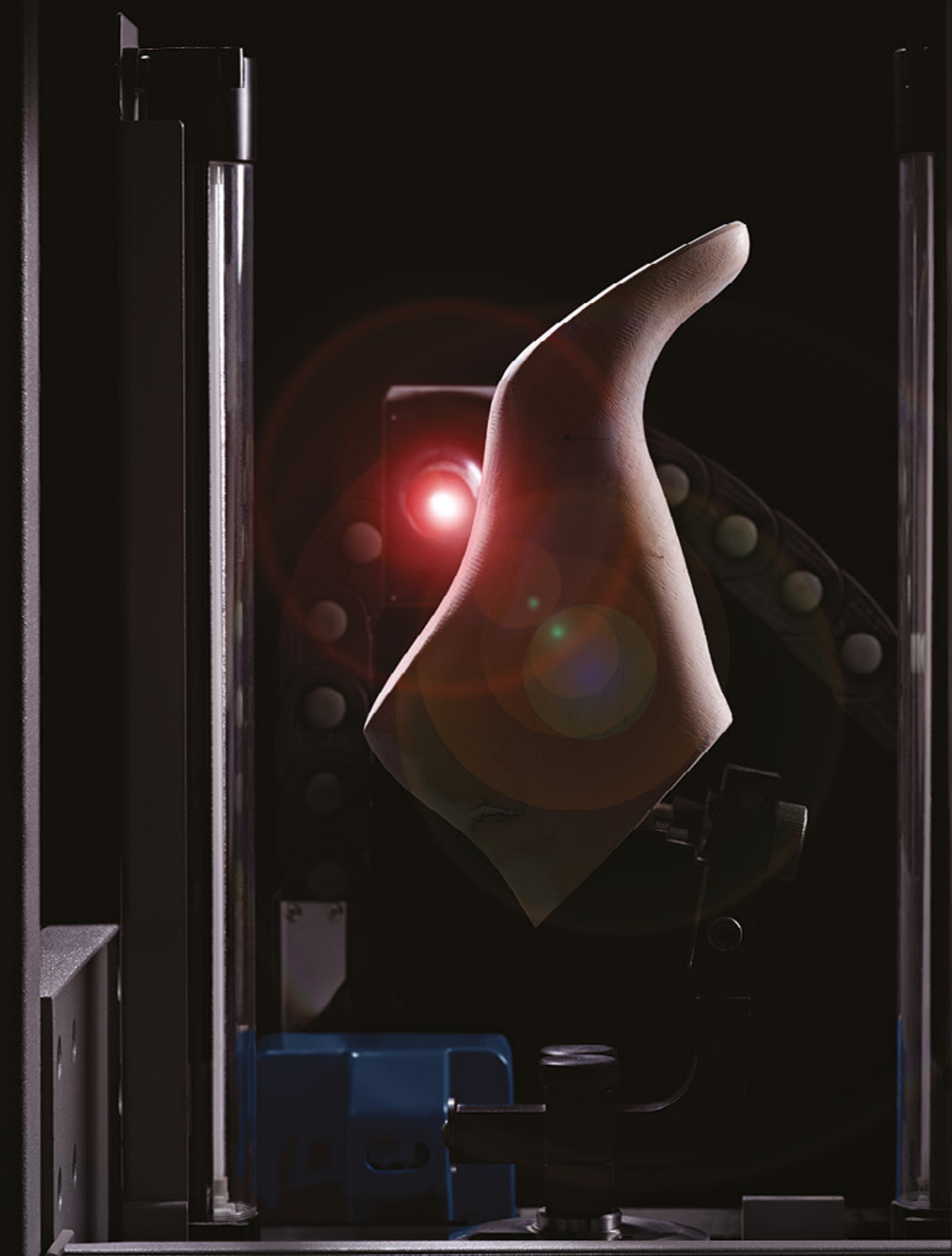
Clarks | PENSIONS



CLARKS FLEXIBLE PENSION SCHEME

YOUR MEMBER GUIDE

WHY DO I NEED A PENSION?

EVERYONE HAS A DIFFERENT IDEA OF WHAT THEY WANT IN THEIR LATER YEARS. MANY PEOPLE WILL WANT TO STOP WORK ALTOGETHER, BUT THAT MAY NOT BE AN OPTION FOR SOME. INSTEAD, THEY MIGHT LIKE TO GRADUALLY MOVE AWAY FROM FULL-TIME WORK.

Whatever you decide, you will need money coming in – and while the State Pension is higher than it used to be, it's still only a safety net designed to provide a very basic standard of living.

Click here for a quick overview of how the Clarks Flexible Pension Scheme works.

This document is a guide to the Scheme and will always be overruled by the Trust Deed and Rules, and pension law, if there are any differences.

WHAT'S SO DIFFERENT ABOUT THE CLARKS PENSION?

A COMPANY PENSION FUND SUCH AS THE ONE OFFERED BY CLARKS IS ONE OF THE BEST WAYS TO SAVE FOR YOUR LATER YEARS.

IT'S FREE MONEY
(because Clarks pays into your pension too)
You can decide how much to pay in. The more you pay in, the more Clarks pays in.

READ MORE HERE

IT'S TAX EFFICIENT
(which means your contributions cost less than you think)
Every £1 you pay into the Scheme actually only costs you 80p (if you're a basic rate taxpayer). Once you've been in the Scheme for two years, you can pay your contributions through salary sacrifice, which reduces the cost even more.

IT'S PORTABLE
You can take it with you if you leave Clarks.

READ MORE HERE

IT'S FLEXIBLE
You can decide whether to build up pension in the Investment Related Section or the Pay Related Section. Each section offers a different type of pension, so you can choose the type that suits you best.

The Investment Related Section gives you lots of options for taking your built-up pension savings, although you won't know how much you have until you actually retire.

The Pay-Related Section gives you the security of a guaranteed, regular income (a pension) in retirement, which can be predicted in advance – but you won't have as much flexibility.

READ MORE HERE

PLUS
As an active member of the Scheme, you also get free death in service cover of up to EIGHT times your annual salary.

READ MORE HERE

SOUNDS GOOD? If you want to join up and start saving for your retirement, just fill in the Application Form – or read the rest of this guide for more details.

INSIDE YOUR GUIDE

JOINING OUR PENSION

WHY CHOOSE THE CLARKS FLEXIBLE PENSION SCHEME (THE SCHEME)?

The Clarks Flexible Pension Scheme has been designed to give you control over how you build up your pension while working for Clarks. You can choose how much you pay, and how your contributions are invested.

However, the main advantages over a personal pension, or other types of long-term savings, is the contribution from the Company of up to 9% of your salary, and life assurance of up to eight times annual pay.

WHO CAN JOIN THE SCHEME?

You can apply to join the Scheme if you are:

- an employee between the ages of 18 and 64 years, and
- not already an active member of the C & J Clark Pension Fund, and
- not a member of the National Employment Savings Trust (NEST) through automatic enrolment whilst working for Clarks (or if you were automatically enrolled, you have since opted-out or ceased contributions).

If you have been with the Company for more than three months (while over the age of 18), membership will be at the discretion of the Company. If the Company allows you to join the Scheme, your membership may be subject to special terms and conditions.

You can carry on paying into any personal pension or stakeholder pension arrangement you have, as well as into the Scheme.

HOW DO I JOIN THE SCHEME?

To join the Scheme all you need to do is complete and return the Application Form, which you download by clicking

CONTRIBUTIONS

HOW MUCH DOES IT COST?

As a member of the Scheme, you can choose how much to pay, although the minimum contribution rate is currently 2% of your Contribution Pay*. You can change the level of your contributions at any time.

When deciding on your contribution rate you must choose a whole percentage.

*Under certain circumstances we may need to increase the minimum contribution rate in line with the Government's automatic enrolment regulations.

HOW MUCH DOES CLARKS PAY?

Clarks helps you save for retirement by also paying in a contribution on your behalf.

The Company will contribute one and a half times your contribution, up to a maximum of 9%. This is shown in the table below:

YOU PAY	CLARKS PAYS
2%	3%
3%	4.5%
4%	6%
5%	7.5%
6%	9%
7% or more	9%

The most that Clarks will pay into your pension is 9% of your Contribution Pay. However, the Company also makes additional payments towards Scheme administration, expenses and death benefits, and to fund any shortfall that arises in the Scheme (for the Pay Related Section). The amount of any additional contribution is decided by the Company after consultation with the Trustee and the Scheme's actuary.

CONTRIBUTIONS CONTINUED

EXAMPLE
Laura is a shop assistant who earns £10,000 a year. How much would she and Clarks pay into her pension at different contribution rates?

LAURA'S CONTRIBUTION PER YEAR		CLARKS' CONTRIBUTION PER YEAR		TOTAL PER YEAR	
2%	£200	+ 3%	£300	= 5%	£500
3%	£300	+ 4.5%	£450	= 7.5%	£750
4%	£400	+ 6%	£600	= 10%	£1,000
5%	£500	+ 7.5%	£750	= 12.5%	£1,250
6%	£600	+ 9%	£900	= 15%	£1,500
7%	£700	+ 9%	£900	= 16%	£1,600

WHAT IS TAX RELIEF?
Your contributions are paid into the Scheme before you pay Income Tax. In other words, part of your earnings that would otherwise have gone in tax, goes towards providing you with pension instead.

There are some limits on the amount of tax-efficient pension contributions you can make, but they are generally very high and do not affect most people. You can read more about these limits – the Annual Allowance and the Lifetime Allowance – in the 'jargon-buster' at the back of this guide.

WHAT IS SMART PENSIONS?
Once you have been a member of the Scheme for two years, you may also be able to benefit from 'SMART Pensions'. This is a salary sacrifice scheme that enables you to pay less National Insurance. You can get more details from either HR or the Pensions Department.

CONTRIBUTIONS CONTINUED

WHAT HAPPENS TO MY CONTRIBUTIONS?

The Clarks Flexible Pension Scheme gives you two very different options: you can choose the Investment Related Section (where your contributions are paid into your Pension Account that is invested until retirement), or the Pay Related Section (where your contributions are exchanged for a percentage of your final salary, which is paid as a regular income from retirement).

You can choose to invest all your contributions in one section, or you can split your contributions between the two.

At any time you can also change how you invest future contributions. However, once a contribution has been paid into one section of the Scheme, you can't transfer it later to the other section.

Find out how each section works, on the pages that follow.

- Investment Related Section

- Pay Related Section

- A comparison of the two

INVESTMENT RELATED SECTION

More than ever before, you have more freedom and choice when deciding how and when to take money from your Pension Account, sometimes referred to as a 'pension pot'.

If you select the Investment Related Section, you choose where to invest your contributions, and at retirement you will generally be able to take the money you have built up in your Pension Account in the way that best suits you.

This is suited to the new flexibilities that were introduced by the Government in 2015. You no longer have to use your Pension Account to buy a guaranteed income for the rest of your life. You may instead take a some or all of your fund as a lump sum, or series of lump sums. Although not all options are currently available from the Scheme, you can easily transfer your Pension Account to an alternative provider to take advantage of all of the available flexibilities.

HOW DOES IT WORK?

The size of your Pension Account at retirement will depend on how much you and Clarks have paid in over the years, and how well your investments perform. The aim is for your fund to grow until retirement, but investments can go down as well as up.

The key to the Investment Related Section is that although you may have more choice available, you will not know the value of your Pension Account, or income, until retirement.

HOW DO I CHOOSE MY INVESTMENTS?

If you choose the Investment Related Section, you will need to decide where to invest your contributions.

The investment guide on the Clarks pensions website gives you more information about all the funds that you can put your money into. You can also see the latest interactive fund factsheets on the website. These factsheets give up-to-date information about each fund's charges, make-up and performance to date.

DO I HAVE TO CHOOSE AN INVESTMENT OPTION?

If you do not want to make a decision you don't have to. The money that you contribute will be invested in the Lifestyle Fund if you do not make a choice. The Lifestyle Fund moves your money between investment funds at certain times, depending on how far away you are from retirement. Although it's designed for the average member's needs, it may not suit your retirement plans – further information is available on pages 17-20 of the investment guide.

PAY RELATED SECTION

If you choose this option, you will be better placed to work out how much income you will receive in retirement.

HOW DOES IT WORK?
At the end of each Scheme Year your contributions are exchanged for a percentage of your final salary, which is paid as a regular income from your Normal Retirement Date.

The percentage of your salary that you buy each year is based on the total contributions paid into the Pay Related Section, and a price set each year by the Scheme's actuary. We call this price the 'pension exchange rate', and you can read more about it on the next page.

Choosing this option means you will be able to calculate what pension you will get in retirement (as a proportion of your final salary) for each year's contribution. However, your total pension at retirement will depend on your Final Pensionable Pay, and the percentage of your salary that you have bought each year.

Please note that the maximum that you can pay into the Pay Related Section is 30% of your Contribution Pay.

PAY RELATED SECTION CONTINUED

WHAT IS THE PENSION EXCHANGE RATE?

The pension exchange rate is set each year by the Scheme's actuary and it is announced by the Trustee before the start of each Scheme Year. They set this amount by estimating how much money will be needed to provide a member with a pension of 1% of their Final Pensionable Pay at retirement (at Normal Retirement Age – age 65).

These estimates are based on a number of assumptions that change (such as salary growth, life expectancy and return on underlying investments), which is why there is a different rate set each year.

This table shows the exchange rates over recent years:

SCHEME YEAR	EXCHANGE RATE
2017/2018	26.8%
2016/2017	23.5%
2015/2016	23.2%
2014/2015	20.9%
2013/2014	21.7%

For 2016/17, the pension exchange rate has been set at 23.5%, which means that for 23.5% of your Pensionable Pay you would get a pension of 1% of your final salary each year in retirement.

[Click here to see an example of how it works in practice.]

PAY RELATED SECTION CONTINUED

EXAMPLE
Laura earns £15,000 a year. Let's assume her salary stays the same until retirement and the pension exchange rate is 27%. How much pension could she build up in a year?

A total of £4,050 was paid into Laura's pension this year. This is 27% of her £15,000 Contribution Pay, but she didn't pay it all herself – she contributed 18% and Clarks paid 9%.

With this year's contributions, Laura has matched the pension exchange rate and therefore buys a pension of 1% of her salary, or £150 a year (payable from age 65, for the rest of her life).

Let's assume Laura has 20 years of service in the Scheme by the time she reaches her Normal Retirement Age of 65. How much Scheme pension will she have at retirement?

Laura will continue to buy a pension of 1% of her salary each year. After 20 years of service Laura will have bought a total of 20% of her salary, or a pension of £3,000 a year (payable for the rest of her life).

What if Laura wanted to pay a lower contribution rate, or only pay a proportion of her contribution into the Pay Related Section?

Laura doesn't have to contribute the full 27% of her salary. At any time, she could decide to pay in less and receive a lower pension.

In the example above, Laura could have chosen to pay in 15% (6% from her and 9% from Clarks) of her salary and buy a pension of 0.56% of her salary each year, resulting in a total pension of £1,680 a year at retirement.

INVESTMENT RELATED VS PAY RELATED: A COMPARISON

The table below summarises some of the key differences between the two sections. But remember, if you want the best of both options, you can split your contributions between the Pay Related Section and the Investment Related Section.

PAY RELATED SECTION	INVESTMENT RELATED SECTION
For each year's contribution you will know what pension you will receive in retirement, as a percentage of your final salary. This amount will not depend on the level of investment returns achieved or other factors that impact the cost of buying pensions. Your pension from this section is therefore more predictable, although it will depend on your final salary at the time you retire. If you are expecting high salary rises you could see the benefit from this section as the amount you receive in retirement will be based on your final salary. You are able to access the flexibilities introduced by the Government in 2015, however, you would have to transfer the value of your pension to an alternative provider. This is not as straightforward as transferring from the Investment Related Section, because regulations dictate that, depending on the value of your fund, you may have to obtain independent financial advice before you can transfer from the Pay Related Section.	Your contributions are invested and will fluctuate in value. The size of the fund you build up at retirement is therefore uncertain. Different investment options have different levels of anticipated returns and risk. The level of risk you are prepared to take when investing your money is up to you but generally people closer to retirement don't want to lose money without having enough time to build it back up again. When you come to retire you may use your Pension Account in a number of ways, including taking a one-off lump sum or a series of smaller lump sums, or buying an annuity (a pension). If you do decide to buy a pension, the amount you will receive per year depends on the cost of buying your pension at retirement. This cost will vary over time depending on a number of factors; for example the cost will rise if anticipated levels of longer-term inflation or life expectancy increase. Although not all of the options are currently available within the Scheme, you can easily transfer your Pension Account to an alternative provider to access all of the new flexibilities.

RETIREMENT

WHAT HAPPENS WHEN I RETIRE?

Investment Related Section: You may use your Pension Account to buy an annuity. This is an insurance product that provides you with a guaranteed income for life, in return for a lump sum payment. Different insurance companies have different prices for their annuities so you should shop around. If you want 'extras' like annual pension increases, or a pension for your spouse, these will cost more.

Another option is to use the new flexibilities that the Government introduced in April 2015. You could choose to take your Pension Account as a lump sum, taxable at your marginal rate, or withdraw it gradually over time. These flexibilities aren't available directly through the Scheme, so you would need to transfer your Pension Account to an insurance company or other provider who offers these options.

You could use some of your Pension Account to buy an annuity and take the rest flexibly.

If you do not make a choice, the Trustee may either buy an annuity from the insurance company of its choice or, with the Company's consent, provide you with a pension from the Scheme.

Pay Related Section: When you retire at Normal Retirement Age, the total of the percentages of your Final Pensionable Pay that you have bought each year and your Final Pensionable Pay will be calculated in order to work out your pension.

For example, if you have built up a total of 20% and your Final Pensionable Pay is £15,000, your annual pension will be: £15,000 x 20% = £3,000.

Your pension will be provided by the Scheme. When you retire, you can choose to take a lower pension in order to provide a pension to a dependant (for example, your spouse) after your death. Your dependant's pension will be worth half (50%) of your pension.

You may also take advantage of the flexibilities, introduced by the Government in April 2015, by transferring the value of your pension to an alternative provider that offers these options. However, unlike the Investment Related Section, you may need to obtain independent financial advice in order to complete the transfer.

RETIREMENT CONTINUED

WHEN CAN I TAKE MY PENSION?
The Scheme's Normal Retirement Age is 65, but you can retire earlier than this or delay retirement, with the Company's consent.

Early retirement
If the Company agrees, you can leave the Company and take immediate payment of your benefits at any time after you reach age 55. You can retire at any age on grounds of ill-health if the Company and the Trustee agree.

Investment Related Section: Your Pension Account (if any) will be used to buy an annuity and/or used to access the new flexibilities, the same as for retirement at Normal Retirement Age.

Pay Related Section: Your pension from the Pay Related Section will be calculated in the same way as for retirement at Normal Retirement Age, but based on the pension percentage you have built up to your early retirement date and your Final Pensionable Pay at that time. It will then be reduced by an early retirement factor to allow for the fact that it is likely to be paid for a longer period. You may choose to take a lower pension and provide for the pension to continue to a dependant at the rate of 50% after your death.

Late retirement
You may stay in the Scheme after age 65 and continue to pay contributions if you are still working for the Company.

If you decide to stop paying contributions before you retire, you cannot start to pay them again, unless the Company and the Trustee consent.

Investment Related Section: If you pay contributions to the Investment Related Section these will be invested in your Pension Account as normal. On retirement, your Pension Account will be used to buy an annuity and/or used to access the new flexibilities, the same as for retirement at Normal Retirement Age.

Pay Related Section: Any contributions paid into the Pay Related Section will continue to buy pension each year. When you do retire, your pension will be worked out as a percentage of your Final Pensionable Pay at your late retirement date. However, the total pension will be increased for each year that you delayed retirement, at the rate determined by the Trustee on actuarial advice, to allow for the fact that it is likely to be paid for a shorter period. As for retirement at Normal Retirement Age, you may then choose to take a lower pension and provide for the pension to continue to a dependant at the rate of 50% after your death.

- CONTENTS -

RETIREMENT CONTINUED

WILL MY PENSION GET INCREASES?

Investment Related Section: Any pension increases will depend on the terms of the annuity you buy (if relevant). You can choose an annuity that increases in line with price inflation, or one that receives a fixed percentage increase – or, indeed, a so-called 'level' pension that does not receive any increases.

Pay Related Section: All pensions paid from the Pay Related Section will increase in line with the Retail Prices Index, up to a maximum of 2.5% each year.

CAN I TAKE A TAX-FREE LUMP SUM?

When you retire, under current tax rules you may be allowed to take part of your benefits in the form of a tax-free cash sum, up to the maximum allowed by Her Majesty's Revenue & Customs (HMRC). You will be notified of your options at the time. If you take the cash option, then your remaining pension will be smaller.

WHAT IS THE 'OPEN MARKET OPTION'?

Investment Related Section: As explained on page 15, you have the option of buying an annuity with your Pension Account, and/or taking advantage of the new flexibilities that the Government introduced in April 2015. Different providers will have different charges, so you should shop around for the best deal. We have provided links to some useful websites, here.

Pay Related Section: Instead of receiving a pension from the Pay Related Section of the Scheme you may, if you wish, transfer the value of your benefits to an alternative provider to buy an annuity (and decide what pension increases and death benefits you wish to include) or access the flexibilities which are available to defined contribution funds, such as the Investment Related Section. If your benefits are valued at £30,000 or over, you will have to take appropriate financial advice before any transfer can proceed.

The value available for an open market option from the Pay Related Section will be your transfer value calculated on a basis specified in the Scheme Rules; or, if greater, your statutory cash equivalent. Note that transfer values can be reduced in some circumstances.

LEAVING THE SCHEME

WHAT IF I LEAVE THE SCHEME BEFORE RETIREMENT?
If you leave the Scheme for any reason other than retirement or ill-health, your benefits will depend on how long you have been in the Scheme.

If you have been a member for 30 days or less, and you have not transferred benefits into the Scheme from a personal or a stakeholder pension arrangement, or a previous employer's scheme, you will receive a refund of your member contributions. This includes your contributions to the Pay Related Section plus the value of your Pension Account which has resulted from your own contributions, less tax at the appropriate rate.

If you have Pensionable Service in the Scheme of 30 days or more, or you have less than 30 days' service **but** you had a transfer in from a personal or a stakeholder scheme, or a previous employer's scheme, you have two options.

You can:
- leave your benefits within the Scheme, and have what are known as deferred benefits, or
- transfer the value of your benefits into a personal or stakeholder pension, or a new employer's scheme, if that scheme is willing to accept it.

If you joined the Scheme before 1 October 2015 and have Pensionable Service of less than two years, you can choose to have a refund of contributions (less tax at the appropriate rate) instead of deferred benefits.

With the consent of the Trustee and the Company, you can take payment of your deferred benefits any time after you reach the minimum retirement age (currently 55), or at any age if you satisfy the conditions of ill-health. Benefits will be reduced for early payment.

LEAVING THE SCHEME CONTINUED

WHAT DO I NEED TO KNOW ABOUT 'DEFERRING' MY BENEFITS?
Benefits retained within the Scheme on leaving the Company or opting out, are know as deferred benefits.

Investment Related Section: If you leave your benefits deferred within the Scheme, your Pension Account will continue to be invested for you until you retire. You can continue to make investment changes but you will not be able to pay further contributions into your Pension Account.

Pay Related Section: Your deferred pension will be calculated at the date you leave the Scheme based on the total percentage you have built up to that date and your Final Pensionable Pay. This deferred pension will then be revalued by 5% per year or in line with inflation if lower, up to retirement date.

When you retire, you will have the same options as described on here.

WHAT DO I NEED TO KNOW ABOUT TRANSFERRING MY BENEFITS?
If you decide to transfer your benefits (both Investment Related and Pay Related) to another scheme after leaving service with the Company, the transfer value available to you will be:

Investment Related Section: The value of your Pension Account.

Pay Related Section: Your transfer value at date of leaving calculated on a basis specified in the Scheme Rules and then revalued in line with the performance of a notional portfolio of investments agreed periodically between the Company and the Trustee; or, if greater, your statutory cash equivalent. Note that transfer values can be reduced in some circumstances.

The Trustee is only obliged to provide one guaranteed cash equivalent in a 12 month period, and may charge if further requests are made. A guaranteed cash equivalent is guaranteed for a period of three months. If the guaranteed cash equivalent is more than £30,000, you may have to obtain independent financial advice before any payment can be made. If you are interested in transferring or obtaining an estimate of your transfer value, please contact the Pensions Department.

If you decide to opt out (leave the Scheme but carry on working for the Company) you must give at least one month's notice to the Pensions Department. If you later decide that you want to re-join the Scheme, you will only be able to do so if the Company and the Trustee agree. Your membership then may be subject to special terms.

TIME OFF WORK

WHAT IF I HAVE TIME OFF WORK?

You will remain a member of the Scheme during periods of sick leave or paid maternity, paternity or adoption leave.

SICK LEAVE

If you are on sick leave and receiving sick pay from the Company, then your contributions to the Scheme will continue to be deducted from your pay, and the Company contributions will continue to be added to your Pension Account (if applicable). You will continue to be covered for death-in-service benefits, but cover may reduce in line with any reduction in your Contribution Pay.

FAMILY LEAVE

You will continue to build up benefits in the Scheme and be covered by death-in-service benefits. You will be required to pay contributions based on the pay you actually receive during your leave. Your Company contributions will also continue, but these will be based on the pay which you would have been receiving had you not been on leave.

If you do not return to work at the end of maternity, paternity, adoption or family leave, you will be treated as having left the Scheme at the end of that period.

PERIODS OF UNPAID FAMILY LEAVE

If you take any periods of unpaid maternity or family leave, you will not be entitled to Company contributions during the unpaid period.

DEATH BENEFITS

IS THERE ANY PROTECTION FOR MY FAMILY?
If you are a member of the Clarks Flexible Pension Scheme, your family would receive financial support from the Scheme.

Death before retirement
The following benefits are payable from the Scheme if you die while you're a member of the Scheme and still working for the Company:

- **Investment Related Section:** The amount equal to the balance (if any) in your Pension Account

PLUS

- **Pay Related Section:** The value of any pension you have built up

PLUS

- Up to 8 x best Contribution Pay in the last three complete Scheme Years*

*There may be certain circumstances in which the level of life cover provided by the Scheme will be restricted. We will let you know if any special circumstances apply to you.

These benefits will be used to provide a pension for your dependants and/or lump sum benefits, as decided by the Trustee.

If you die after leaving the Scheme but before you qualify to start drawing your benefits, the following amounts will be available to provide death benefits:

- **Investment Related Section:** The amount equal to the balance (if any) in your Pension Account.

- **Pay Related Section:** Your transfer value at date of leaving calculated on a basis specified in the Scheme Rules and then revalued in line with the performance of a notional portfolio of investments agreed periodically between the Company and the Trustee; or, if greater, the statutory cash equivalent. Note that transfer values can be reduced in some circumstances.

These benefits will be used to provide a pension for your dependants and/or lump sum benefits, as decided by the Trustee.

DEATH BENEFITS CONTINUED

Death after retirement
If you used your Scheme benefits to buy an annuity at retirement, no death benefits are payable from the Scheme if you die after retirement. Any death benefits would be payable in accordance with the terms agreed with the insurance company.

If your pension is paid from the Scheme, your beneficiary/ies would receive the following payments:

- If you die within five years of retiring and before your 75th birthday, the balance of five years' pension payments will be paid to your dependants, subject to HMRC rules.
- Any dependant's pension payable will depend on whether you arranged for one to be provided when you started to draw your own pension (see page 14).

Keep your Nomination Form updated
To make sure the Trustee of the Scheme knows the person (or persons) you would choose to receive any of the above death benefits, please complete a Nomination Form and keep it updated as your circumstances change. This form makes it possible for benefits from the Scheme to be paid free from Inheritance Tax. The Trustee has final discretion on who should receive your benefits, but they will take your wishes into account.

STATE BENEFITS

WILL I STILL GET A STATE PENSION?

Membership of the Clarks Flexible Pension Scheme will not affect your entitlement to a State Pension.

The amount of State Pension you get will depend on your National Insurance (NI) record. You need at least 35 qualifying years of NI contributions to get the full amount of State Pension, which is currently £155.65 a week for people who reached State Pension Age on or after 6 April 2016. You need at least 10 years on your NI record to receive any sort of State Pension. And, if you were a member of a contracted-out pension scheme, your new State Pension will be subject to deductions, to reflect the fact that you paid lower NI contributions during that time.

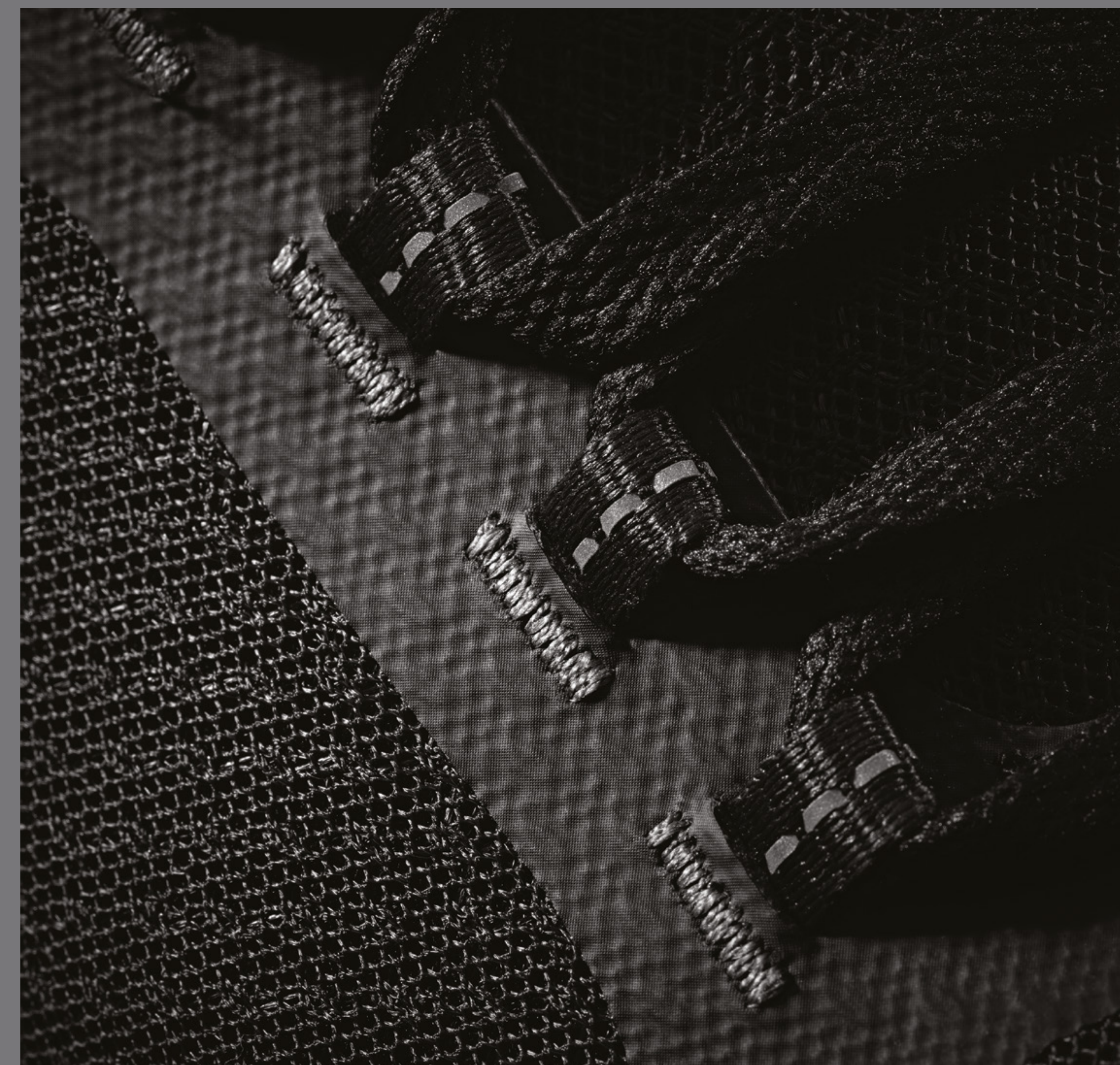
WHEN CAN I CLAIM MY STATE PENSION?

The State Pension is paid from State Pension Age – currently age 65 for men and between 60 and 65 for women depending on their date of birth. In 2020, the State Pension Age for both men and women will increase to 66, and then to 67 between 2026 and 2028.

You can check your State Pension Age online at: **www.gov.uk/calculate-state-pension**

You can contact the Future Pension Centre to ask for a statement that shows how much State Pension you might get.

Future Pension Centre
Telephone: 0345 3000 168
Post: The Pension Service 9, Mail Handling Site A, Wolverhampton WV98 1LU



TAX AND YOUR PENSION

ARE THERE ANY TAX ADVANTAGES TO JOINING THE SCHEME?

The Scheme is a registered pension scheme under the Finance Act 2004. This means that as a member you benefit from some important tax advantages:

- You receive tax relief on your contributions, subject to the Annual Allowance.
- Your investments are free from tax on interest and capital gains.
- You have the option of taking part of your pension benefits as tax-free cash at retirement.

The contributions paid and benefits provided by the Scheme are subject to HMRC allowances (see the 'jargon-buster' for details of the Annual Allowance and Lifetime Allowance). Because these allowances apply to all your pension savings plans, you are responsible for monitoring your contributions and benefits against these allowances.

WHAT ARE THE TAX RULES ON DEATH BENEFITS?

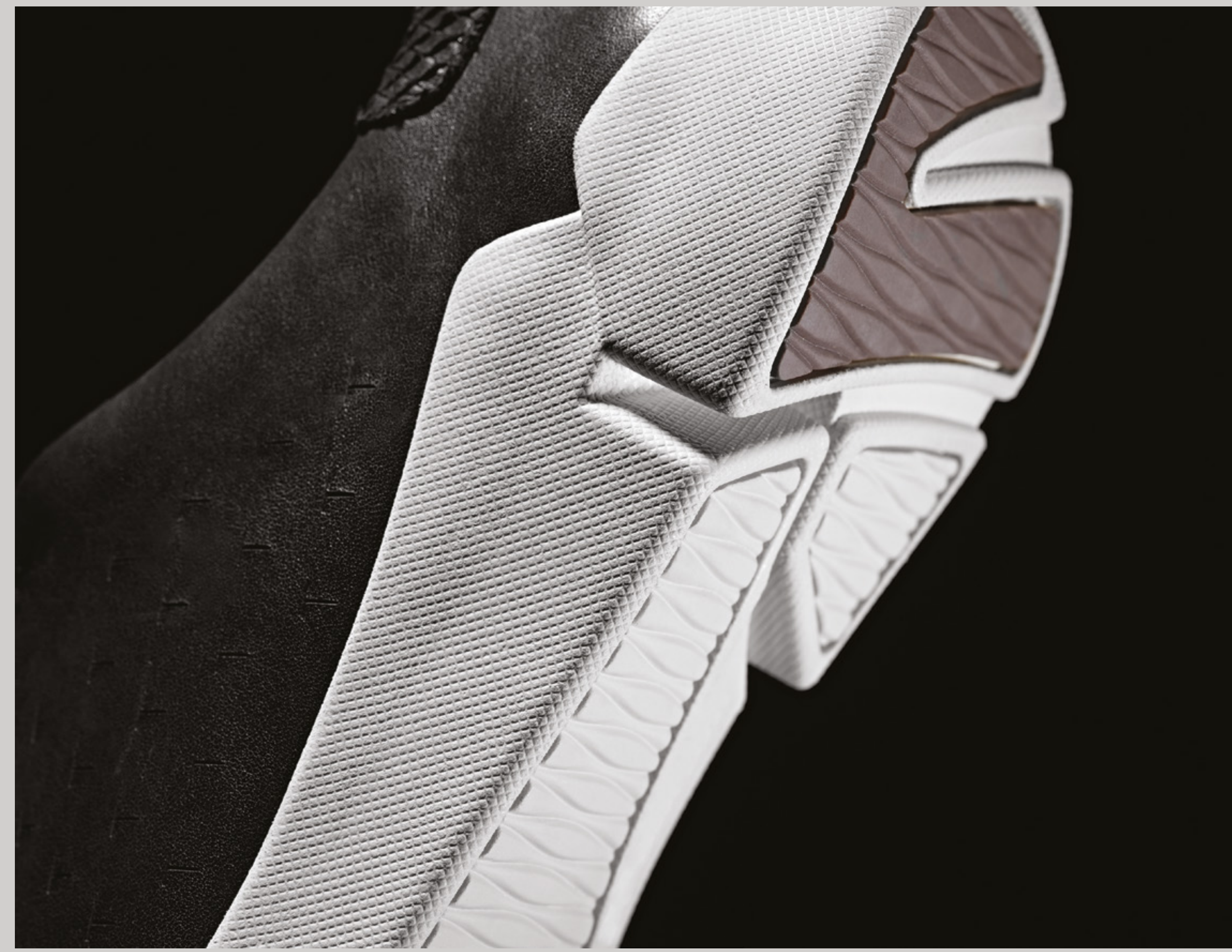
All lump sum life cover death benefits will be paid at the Trustee's discretion and is normally paid free of Inheritance Tax.

Usually, if you are under 75, any other lump sum pension payments (for example, your Pension Account if you leave it invested) will be paid out tax-free if you are under 75, or taxed as income if you are over age 75. However, this is subject to the Lifetime Allowance.

There is a useful summary on this website:
https://www.gov.uk/tax-on-pension-death-benefits

WILL MY PENSION BE TAXED?

Any pensions paid from the Scheme to you, your spouse, children or other dependants will be treated as earned income and subject to Income Tax.



RUNNING THE SCHEME

WHO RUNS THE SCHEME?

The Scheme is run by an independent corporate trustee, Clarks Pension Trustee (2005) Limited, and it is the Trustee's role to see that your interests are protected. The Company has the power to change the Trustee.

The Trustee must ensure the Scheme is run in line with legislation and the Scheme's Trust Deed and Rules. You can ask the Clarks Pensions Department for a copy of the Rules at any time.

The money in the Scheme is kept entirely separate from those of the Company. Every year the Trustee prepares an annual report which includes audited accounts of the Scheme. You can get a copy of the latest report on the Clarks pensions website.

The Clarks Pensions Department helps the Trustee run the Scheme, by carrying out the day-to-day administration. The Trustee also appoints other specialist advisers to help it run the Scheme.

CHANGING OR CLOSING THE SCHEME

While the Company has every intention of maintaining the Scheme as described in this booklet, it reserves the right to modify, amend or terminate the Scheme at any time. If your benefits or rights are affected, you will be given written notice. If the Scheme is discontinued, a statement detailing the value of your benefits will be sent to you and your options will be explained to you.

DATA PROTECTION

The Trustee and the Company have a legal obligation of legitimate interest to process data relating to you for the purpose of administering and operating the Scheme and paying benefits under it. This may include passing on data about you to the Scheme's actuary, auditor, administrator and such other third parties as may be necessary for the administration and operation of the Scheme.

The Trustee and the Company from time to time are both regarded as 'Data Controllers' (for the purposes of the Data Protection Act 1998) in relation to data processing referred to above and can be contacted at the Street address.

ASSIGNING YOUR BENEFITS

Your benefits from the Scheme are strictly personal and cannot be charged or assigned to anyone else, for example, used as security for a loan.

GETTING IN TOUCH

CLARKS PENSIONS DEPARTMENT

You can contact the Clarks Pensions Department with questions about the Scheme and your benefits.

Telephone: 01458 842292
Email: pensionshelpdesk@clarks.com
Post: Clarks Pensions Department, 40 High Street, Street, Somerset BA16 0EQ

CLARKS PENSIONS WEBSITE

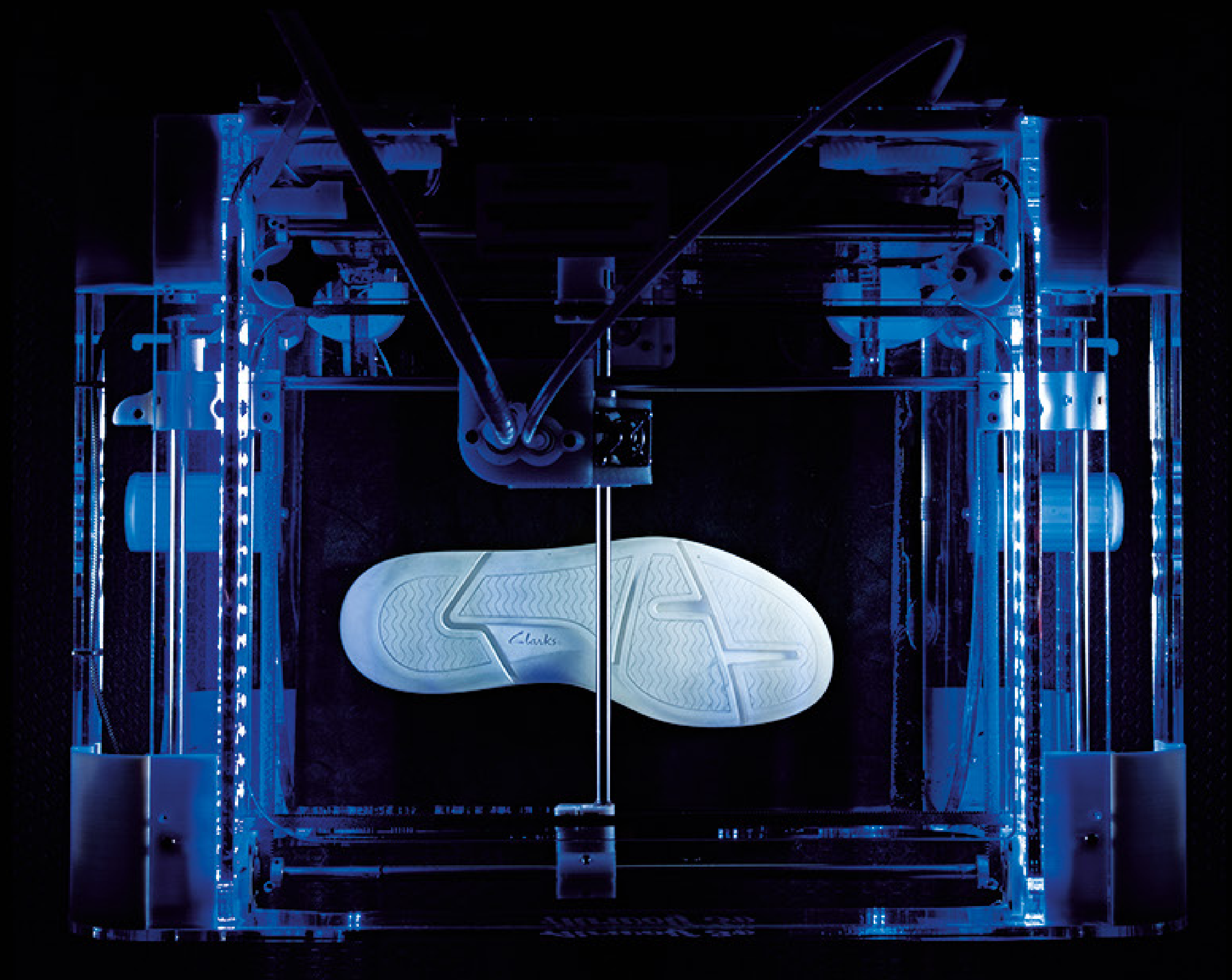
The Clarks pensions website has lots of extra information and tools to help you learn about your pension options, including an online modeller to help you choose which section is right for you.

We have provided an online investment guide, to help you decide how to invest your Pension Account.

www.clarkspensions.co.uk

FINANCIAL ADVICE

Please note that no-one connected with the Scheme can give you financial advice. You can get advice from an independent financial adviser, though you may have to pay for it. You can find an adviser in your area on this website: **www.unbiased.co.uk**



FINDING OUT MORE

PENSION WISE
Pension Wise is a free and impartial guidance service set up by the Government that aims to help you understand how you can use the savings in your Pension Account. When you get close to taking your pension savings, you will be able to get help on the Pension Wise website **(www.pensionwise.gov.uk)**, over the phone, or face-to-face with guidance specialists from the Pensions Advisory Service and Citizens Advice about:

- what you can do with your pension savings
- the different pension types and how they work
- what's tax free and what's not.

The guidance provided by Pension Wise will be generic and not specific to your individual circumstances, so we recommend that you seek independent financial advice before making any decisions on your pension.

THE PENSIONS ADVISORY SERVICE (TPAS)
TPAS is an independent and voluntary organisation that gives free advice to members of the public who have a problem concerning either a company or personal pension scheme. You can contact TPAS if you have a dispute you have been unable to resolve with the Trustee.

Tel: 0300 1231047

Post: The Pensions Advisory Service, 11 Belgrave Road, London SW1V 1RB
www.pensionsadvisoryservice.org.uk

PENSIONS OMBUDSMAN
If you're still dissatisfied with matters after TPAS has attempted to resolve them, you may wish to contact the Pensions Ombudsman, who can further investigate any disputes. You'll be expected to contact TPAS before the Ombudsman.

Post: The Pensions Ombudsman, 11 Belgrave Road, London SW1V 1RB
www.pensions-ombudsman.org.uk

THE PENSIONS REGULATOR
The Pensions Regulator is an organisation that protects members' benefits. It works to ensure that all involved in running pension funds fulfil their responsibilities and manage their funds effectively.

Post: The Pensions Regulator, Napier House, Trafalgar Place, Brighton BN1 4DW
www.thepensionsregulator.gov.uk

THE PENSION TRACING SERVICE
If you think you've got a company pension from another employer but you aren't sure, the Pension Tracing Service can help you to find it.

Post: Pension Tracing Service, The Pension Service 9, Mail Handling Site A, Wolverhampton WV98 1LU

Tel: 0345 6002 537
www.gov.uk/find-pension-contact-details

JARGON-BUSTER

THERE ARE SOME WORDS USED IN THIS GUIDE THAT WE HAVE DEFINED BELOW, TO HELP YOU UNDERSTAND YOUR BENEFITS.

ANNUAL ALLOWANCE
All contributions paid into the Scheme each year (5 April to 6 April) benefit from tax relief up to certain limits – this is known as the Annual Allowance. Anything above the Annual Allowance is taxed at your marginal rate of income tax. The Annual Allowance is currently £40,000, although it may be lower if you earn more than £110,000 or if you have taken any pension savings flexibly. Go to **www.gov.uk/tax-on-your-private-pension** for details

ANNUITY
A pension payable for life, which you buy when you retire with the cash value of your Pension Account/Pay Related benefits as appropriate.

AUTOMATIC ENROLMENT
A Government rule that says all companies must put workers who meet certain requirements into a qualifying workplace pension scheme without them needing to make an active decision.

COMPANY
C & J Clark Limited and any subsidiary or associated company whose employees are included in the Scheme.

CONTRIBUTION PAY
Your basic pay and any other payments that the Company decides should be included when working out your contributions to the Scheme.

DEPENDANT
This is a person who:
- was married to you at the date of your death, or
- is your child, who is under age 23 or was 23 or over and was, in the Trustee's opinion, at the date of your death dependant upon you because of a physical or mental condition
- at the date of your death, and in the Trustee's opinion, either financially dependent on you, a person with whom you had a financial relationship of mutual dependance or was dependent upon you because of physical or mental impairment.

FINAL PENSIONABLE PAY
Your annual basic pay for the last complete tax year, increased if necessary to the value which would have applied had you worked full time.

HMRC
Her Majesty's Revenue & Customs.

JARGON-BUSTER CONTINUED

ILL-HEALTH
A condition which prevents you from following your normal occupation. To qualify you must have ceased to carry on that occupation.

LIFETIME ALLOWANCE (LTA)
This is a limit on the amount you can save towards your retirement and benefit from tax relief – this is known as the Lifetime Allowance. It is currently set at £1 million. Anything above the Lifetime Allowance will be taxed at your marginal rate. Go to **www.gov.uk/tax-on-your-private-pension** for details.

MARGINAL TAX RATE
This is whatever tax band you are pushed into once all your income, including withdrawals from your pension, has been counted. Everyone has a personal allowance, which is the amount of income you're allowed before you have to start paying tax. On anything above that, you are taxed at 20 per cent, 40 per cent or 45 per cent, depending on the size of your income.

NORMAL RETIREMENT AGE
Age 65.

PENSION ACCOUNT
The Investment Related Section account maintained by the Trustee in the Scheme for you. You choose how it is invested and the benefits it provides at retirement.

PENSIONABLE PAY
The part of your pay during a Scheme Year that is based on your hours worked and has been paid at your basic hourly rate.

PENSIONABLE SERVICE
Your last or only period of service as a member of the Scheme.

SALARY SACRIFICE/SMART PENSIONS
Salary sacrifice (SMART Pensions) is a way of paying pension contributions that reduces the amount of National Insurance you pay. You give up part of your salary and, in return, the Company gives you a non-cash benefit, such as increased pension contributions. Your overall pay is lower, so you pay less National Insurance and so does the Company. Salary sacrifice is currently allowed by HMRC, but if the rules change then the Company would have to withdraw this as an option. You can choose to pay your pension contributions through salary sacrifice once you have been a member of the Scheme for two years.

SCHEME
The Clarks Flexible Pension Scheme.

SCHEME YEAR
6 April to 5 April the following year.

TRUSTEE
The Trustee company Clarks Pension Trustee (2005) Limited. The directors of the Trustee company are responsible for the trust fund and for ensuring that the Scheme is administered in accordance with the Trust Deed and Rules.