Employee Guide to Pensions 2021

Helping you save towards retirement

L&Q Housing Trust Staff Benefits Plan (DC section)

Welcome

Well done. If you're reading this, you've taken the first step towards a better retirement.

This guide provides you with information on L&Q's workplace pension.

You could have 25 years of retirement. People are living longer and that means a longer retirement to fund.

The State Pension is a foundation for your retirement, but you will probably need more.

Joining a workplace pension is a simple, low-cost and tax efficient way of saving for retirement.

Your workplace pension is a valuable benefit. Both you and L&Q pay into your workplace pension, with L&Q 'double matching' your savings.

Taking 20 minutes to read this guide is time well spent in shaping a better future.

You are strongly advised to seek professional financial advice before you make any decisions related to retirement. Neither the Trustees nor L&Q as the employer can provide this advice.

April 2021

If you have any questions about pensions you can contact:

The pension scheme administrators LQpensions@hymans.co.uk or 0121 210 4334

L&Q's pensions manager pensionsLQ@lqgroup.org.uk

L&Q's payroll team payrollandpensions@lqgroup.org.uk

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1. How does the Plan work?

L&Q's workplace pension is a savings plan for your future retirement

Both you and L&Q contribute to the workplace pension each month

The money is invested in a pension account in your name

L&Q will 'double match' your contributions, so for every £10 you save, L&Q will add £20

You receive tax relief on your contributions. E.g. for a basic rate tax payer;
**every £10 you save costs you £8 in net take-home pay,
and £30 is invested in your pension account**

You choose how your money is invested,
or you will be placed into the default investment option if you don't want to decide

The money in your pension account remains yours, even if you leave L&Q

You choose when to access your account, from minimum pension age (currently 55) onwards

The amount of income you receive in retirement is not guaranteed,
but depends on how much money is in your pension account at retirement

You have flexibility in how you take benefits from your pension account; e.g.
a guaranteed income for life, a cash sum, or a series of cash sums

L&Q's workplace pension is set up under Trust, so the money is kept separate
from L&Q, and is overseen by a board of Trustees

L&Q's workplace pension is called the L&Q Housing Trust Staff Benefits Plan
(Defined Contribution Section) or 'the Plan' for short

2. How do I join?

Am I eligible?

You can join the Plan if you are:

- ✓ Between the ages of 16 and 64
- ✓ A permanent employee of L&Q Housing Trust
- ✓ Not currently saving for retirement with another L&Q pension arrangement

How do I join?

Complete the application form included with your contract of employment and send it to payrollandpensions@lqgroup.org.uk.

Your membership will start from the first of the month following receipt of your completed application form. For example, if your application form is received on 15 August, your membership will start on 1 September.

What if I don't want to join?

Membership of the Plan is voluntary, so you can choose whether to join.

However, if you have not applied to join the Plan within 3 months of starting employment, L&Q is required by law to automatically enrol you in a workplace pension.

For auto enrolment purposes, L&Q uses the Social Housing Pension Scheme (SHPS) and the minimum levels of saving specified by the Government apply.

You can opt-out of the Social Housing Pension Scheme, but you will be re-enrolled every three years.

For more information on automatic enrolment contact payrollandpensions@lqgroup.org.uk.

If you do not want to join the Plan, L&Q will still provide you with life cover of 3 x your pensionable salary. See section 7 for more details.

You cannot be a member of two L&Q pension arrangements at the same time.

What if I have been auto enrolled into SHPS but now want to join the L&Q Plan?

You should:

- ✓ Check you satisfy the eligibility conditions above
- ✓ Tell payrollandpensions@lqgroup.org.uk you want to stop auto enrolment contributions to the Social Housing Pension Scheme
- ✓ Complete an application form for the Plan and send this to payrollandpensions@lqgroup.org.uk.

Can I transfer other pensions in?

Yes, you may be able to transfer in a pension from a previous employment.

Please contact the Plan's administrators at LQpensions@hymans.co.uk to investigate this further.

Transfers from pension schemes where the pension is calculated using a formula are not currently being accepted. These are often referred to as defined benefit or final salary pensions.

3. How much will it cost me?

Both you and L&Q make regular monthly contributions to your pension savings account.

You choose to save at one of the following levels:

Your contributions (% of pensionable salary)	L&Q's contributions (% of pensionable salary)
3%	6%
4%	8%
5%	10%
6%	12%

The 6% contribution level is not available for employees joining the Development & Sales department after 1 February 2018.
'Pensionable Salary' is your basic salary at the previous 1 April, subject to an overall limit of £172,800 (the current Earnings Cap).

Your contributions are deducted from your pay each month and paid to the Trustees of the Plan, together with L&Q's contribution.

Your contributions receive tax relief at the highest rate of income tax you pay.

For most people, pension contributions to the Plan are made through salary sacrifice.

The amount you save into your pension account will be a big factor in determining the level of your retirement benefits.

For comparison, auto enrolment saving rates in the Social Housing Pension Scheme are 3% of basic salary (you) and 6% (L&Q). L&Q will not increase their contribution above 6% of salary in the Social Housing Pension Scheme.

What is salary sacrifice?

Salary sacrifice is a particularly tax efficient way of making pension contributions.

It works like this:

- ✓ You give up (or 'sacrifice') part of your salary, equal to your regular pension contribution.
- ✓ L&Q pays that amount into your pension account, along with their regular pension contribution.
- ✓ The same overall amount is paid into your pension account, but this will all appear as an employer contribution on your pension statement.
- ✓ As your salary is lower, your National Insurance contributions are reduced, resulting in a higher take-home pay.

For a basic rate tax payer making contributions by salary sacrifice, every £10 saved reduces take home pay by £6.80.

For a higher rate taxpayer making contributions by salary sacrifice, every £10 saved reduces take home pay by £5.80.

For all other purposes, e.g. for calculating overtime, future salary increases, contractual redundancy pay and the lump sum payable on death in service, L&Q will use your pre-sacrifice salary.

You will be included in salary sacrifice when you join the Plan, but you can tell payrollandpensions@lqgroup.org.uk if you don't want to make contributions this way.

Salary sacrifice may not be appropriate for some people:

- You can't use salary sacrifice if this takes your salary below the minimum wage.
- Salary sacrifice can affect your entitlement to certain state benefits. Visit www.gov.uk/guidance/salary-sacrifice-and-the-effects-on-paye for more information about state benefits.

Please contact payrollandpensions@lqgroup.org.uk for further information on salary sacrifice.

Do I have to claim any tax relief?

No. Tax relief is granted automatically as pension contributions are deducted from your pay before income tax is calculated.

Can I change the amount I save?

You can change your level of salary sacrifice (or pension contribution, if not participating in salary sacrifice) once a year. You need to give at least 1 months' notice to payrollandpensions@lqgroup.org.uk.

Further changes are only allowed in exceptional circumstances and need the agreement of L&Q.

Can I save more?

Yes, you can save more than the maximum amounts shown in the table above.

The extra savings are known as Additional Voluntary Contributions or 'AVCs' and an AVC application form is available from payrollandpensions@lqgroup.org.uk.

There are no employer contributions added to any AVCs you make.

Are there limits on how much I can save?

There are no limits on how much you can save towards retirement, but the tax reliefs do not apply above certain saving levels.

If your total pension savings in any tax year, including L&Q's contributions to your pension account, exceed the Annual Allowance (currently £40,000 for the 21/22 tax year), you will have to pay extra tax.

The Annual Allowance may be lower than £40,000 for some people:

- If your total income is over £200,000 for 21/22, your Annual Allowance could be as low as £4,000.
- If you have flexibly accessed pension benefits from another pension pot, your Annual Allowance may be £4,000.

See the Appendix for further information.

If you think you might exceed the limits, you may want to seek independent financial advice. See www.unbiased.co.uk .

Can I stop contributing to the Plan at any time?

You can stop contributing at any time by giving payrollandpensions@lqgroup.org.uk at least one month's notice. L&Q's pension contributions will stop at the same time. You will have to wait at least a year before applying to re-join the Plan, and re-entry is subject to the agreement of L&Q and the Trustees.

While you are not a member of an L&Q workplace pension, you will be automatically enrolled into the Social Housing Pension Scheme every three years. You can still opt out of the Social Housing Pension Scheme if you choose to.

4. How is my money invested?

You can choose how your pension account is invested from a range of options.

If you would rather not make an active investment decision, the Trustees provide a default investment strategy for your pension account.

How you invest your pension account is a big factor in determining the level of your retirement benefits.

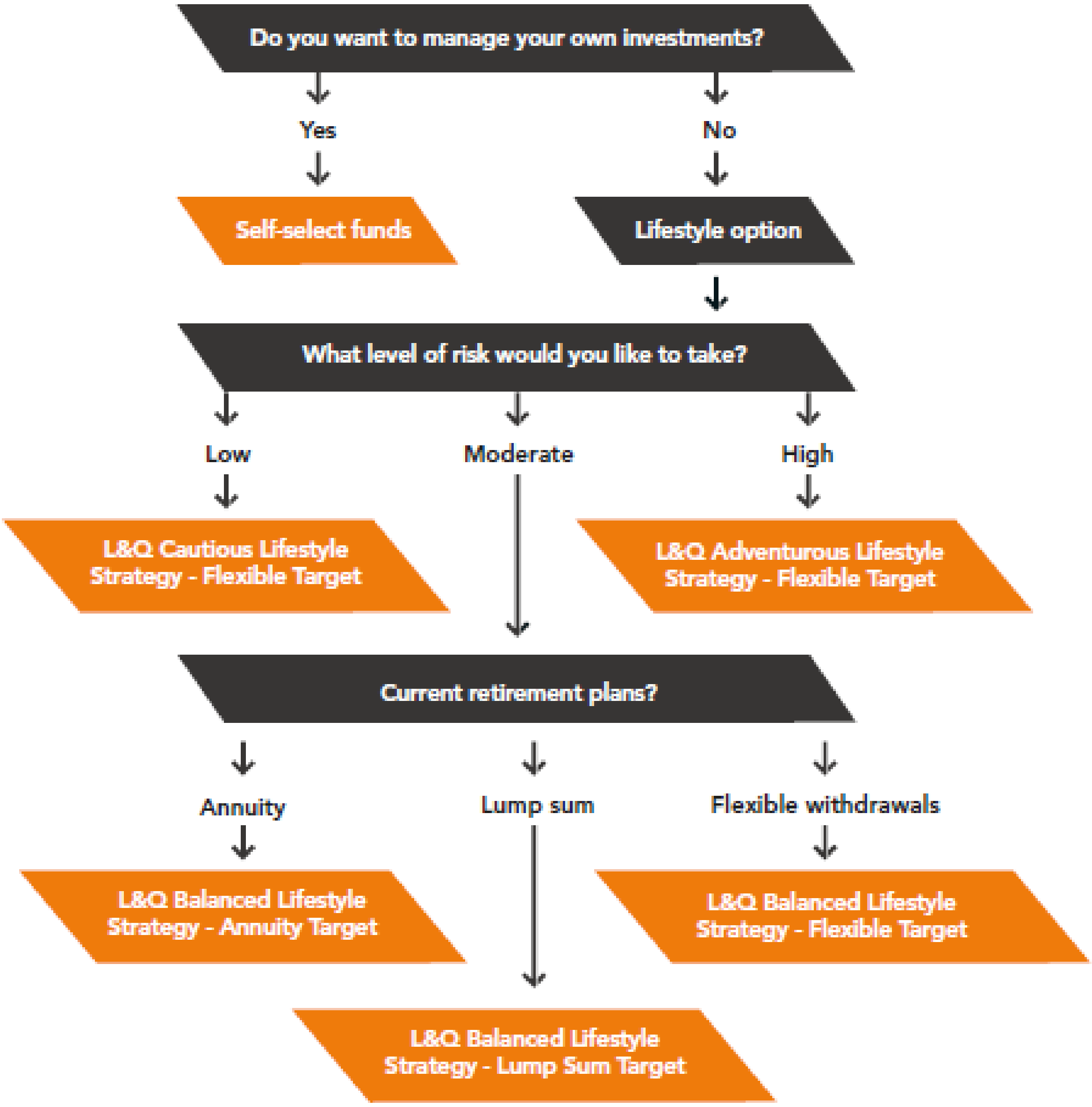
What are the options?

There are a range of different investment options offered under the Plan, designed to give you flexibility to select the funds that are best suited to your circumstances, and whether you want to actively make decisions about your investments.

You can either

Invest in a Lifecycle Strategy	OR	**Choose to self-select**
A lifecycle strategy invests your pension account in different funds and manages the transition towards retirement without you having to worry about actively managing your investments. A lifecycle strategy is appropriate if you do not want to actively make an investment decision.		There are 18 different funds that you can select from. You can invest in more than one fund and you can switch your investments over time.
Each lifecycle strategy provides a pre-determined path of how your account will be invested, starting in higher risk funds (while you are more than 10 years away from retirement) and gradually switching into lower risk funds in the 10-year period prior to retirement.		Unlike the lifecycle strategies, there is no automatic switching of investments as you approach retirement. Therefore, you will need to actively manage your investments.
There are 5 different lifecycle strategies which cater for: • different attitudes to risk (cautious, balanced and adventurous) • current plans for your pension account at retirement e.g. purchase of a guaranteed income (known as an 'annuity'), a lump sum or series of lump sums.		There are several different investment managers, but most of the funds are managed by Legal & General.
The default investment option is a lifecycle strategy named the **L&Q balanced lifestyle strategy – flexible target**.		

The decision tree below will help guide you through the investment choices you have:



Where can I find more information?

More detail on the lifecycle strategies and the self-select funds can be found in the separate Investment Guide.

Please note the value of your pension account is not guaranteed and can go down as well as up and that past performance is not a guide to future performance. The choices you make will depend on how you feel about the ups and downs of investments, how long you have until retirement and what other savings you have as part of your plans for providing you with an income once you've retired.

The default investment strategy (L&Q Balanced Lifestyle Strategy – Flexible Target) has been designed to be suitable for members who are likely to want to take advantage of the flexibilities on offer at retirement. Whilst the default investment strategy has been designed to be appropriate for most of this group of members, it may not be appropriate for all.

Not retiring at 65?

The lifecycle strategies are based on a target retirement age of 65 and switching starts 10 years before this. If you are intending to retire earlier or later than age 65, you should let the Plan's administrators know at LQpensions@hymans.co.uk.

Can I move my investments?

Yes. You can switch your investments at any time by accessing your online account (see section 5). Or you can contact the Plan's administrators at LQpensions@hymans.co.uk.

Are there any investment charges?

Fund management charges prior to accessing your pension are currently paid for by L&Q.

There are no charges for switching investments, provided this is done via your online account.

Where can I find information on fund performance?

This can be found online at www.lqpensionplan.co.uk (see section 5).

You should review your investment choices regularly to ensure they remain appropriate for your circumstances.

If you are unsure on what investment choices are best for you, you should seek professional financial advice before you make any decisions. Neither the Plan Trustees nor L&Q as the employer can provide this advice.

Will the investment options change?

The Trustees and their advisers regularly monitor the investment options available, reviewing investment performance, the underlying investment manager and the continued suitability of the options on offer.

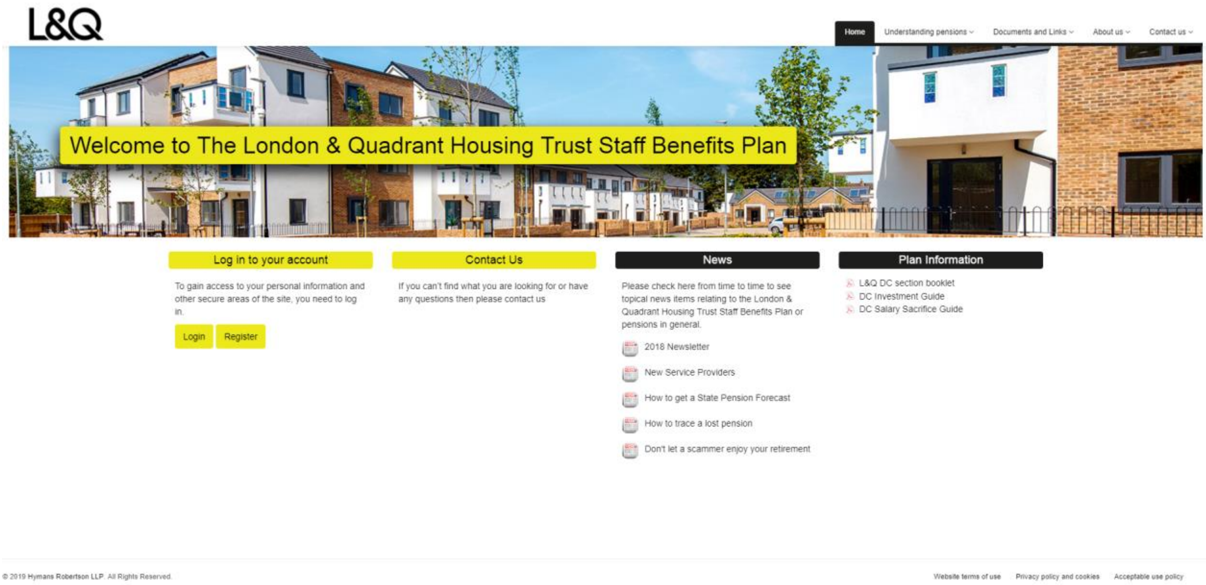
The Trustees have appointed several investment managers although most funds are currently managed by Legal & General.

The Trustees can appoint different investment managers if they feel this would better suit the requirements of members. You will be told if the Trustees decide to make any changes to the current investment managers.

5. How do I keep track of my money?

We will send you a pension statement each year showing your current pension savings value.

You can also view the value of your pension account online at any time at www.lqpensionplan.co.uk . Shortly after joining the Plan, you will be provided with log in details.



If you want to switch the funds in which your pension account is invested, or change the investment of your future contributions, you can do this online at any time.

If you have any further queries on your pension account, please contact LQpensions@hymans.co.uk.

6. What happens if I leave L&Q?

If you leave L&Q, the money in your pension account remains invested until you retire. If you wish to retire after your normal retirement date (age 65), consent from the Trustees may be required.

You can't make any further contributions to your pension account after you leave L&Q, but you can still monitor your investments and switch these if you wish.

Can I transfer to a new employer's pension scheme?

Yes, if you leave L&Q instead of remaining invested in the Plan you can transfer your pension account to a new employer's pension scheme, or to a personal pension arrangement.

Please contact LQpensions@hymans.co.uk for more information.

You can seek guidance from a financial adviser to decide if a transfer is right for you. See www.unbiased.co.uk.

What if I leave L&Q very soon after joining the Plan?

If you leave L&Q within 30 days of joining the Plan you'll receive a refund of your contributions less tax.

If you leave L&Q after 30 days of joining the Plan your pension account will remain invested until you retire or transfer out of the Plan.

If you've transferred benefits into the Plan, a refund will not be available, and your pension account will remain invested until you retire.

Can I leave the Plan while still working for L&Q?

Yes, you can opt-out of the Plan at any time by giving written notice to payrollandpensions@lqgroup.org.uk.

L&Q will not make any further contributions to your pension account after you have opted out.

However, you will still be covered for the lump sum of 3 x pensionable salary payable on death whilst working for L&Q.

If you change your mind, you can't apply to re-join the Plan for at least a year. Future admission to the Plan is not guaranteed and will need the consent of both L&Q and the Trustees.

What happens if I take family leave?

If you are off work through family leave (maternity, paternity, adoption or parental leave) you will remain a member of the Plan during this time.

Whilst you are on paid maternity, paternity or adoption leave, you will continue to pay contributions but based on the pay you actually receive.

L&Q will continue to pay contributions based on the pensionable salary that would have applied if you had not been absent but had been working normally.

If contributions are paid via the salary sacrifice arrangement, then L&Q will continue to pay contributions at the same rate as prior to your leave commencing.

Whilst you are on unpaid family leave, no contributions will normally be paid by either you or L&Q, but you will remain as a member of the Plan.

What happens if I am off work for a while?

If you are away from work for an extended period, your membership of the Plan will continue at the discretion of the Trustees and L&Q.

During any period of unpaid absence, no contributions will be payable to your pension account by either you or L&Q.

7. What happens if I die?

If you die before retirement, a lump sum of 3 x pensionable salary plus the value of your pension account is payable.

'Pensionable salary' is your basic salary at the previous 1 April, subject to a limit of £172,800 (the current Earnings Cap for tax year 21/22).

What happens if I die after leaving L&Q but before accessing my pension account?

A lump sum equal to the value of your pension account is payable.

Who is the lump sum payable to in the event of my death?

The Trustees have discretion over who the lump sum is payable to, which means the payment is usually free from inheritance tax.

You can help the Trustees by telling them who you would like any death benefits to be paid to, although they are not legally bound to follow your wishes. Nomination Forms are available from payrollandpensions@lqgroup.org.uk. You should consider updating your Nomination Form whenever your personal circumstances change.

What happens if I die after retirement?

The benefits payable depend entirely on the decisions you made when accessing your pension account at retirement. See section 8 for more details.

8. What happens at retirement?

You can access the money in your pension account from minimum pension age (currently 55) onwards.

The earlier you retire, the lower your pension benefits are likely to be. This is due to fewer contributions paid in, investment returns earned over a shorter period and a longer retirement to fund.

You must cease to contribute to the Plan at age 75 but there is no requirement for you to take your retirement benefits at this date. However, there may be additional tax implications of delaying retirement beyond age 75 so you should seek independent financial advice if you are concerned about this.

What are my options?

When you access the money in your pension account you have several options. You can usually take up to one quarter of your account as a tax-free cash sum, with the remainder taxed as income.

Single cash payment	Series of cash payments	Guaranteed income for life
You can take the full value of your pension account as a single cash payment. This is formally referred to as an Uncrystallised Funds Pension Lump Sum (UFPLS).	You can leave your account invested and take a series of cash sums. These must be taken within 10 years of the first cash sum.	You can use your pension account to buy a regular, guaranteed income for life from an insurance company. This is called an annuity.
A quarter of the payment is tax free. The remainder is taxed as income. This may put you into a higher tax bracket.	A quarter of each payment is tax free. The remainder is taxed as income. This gives you the ability to receive cash payments whilst potentially making the most of any tax allowances.	Income payments are subject to income tax. You can take up to a quarter of your pension account as a tax-free cash sum before buying an annuity. You can choose a level income or one that increases over time (the latter will cost more).

	A charge (currently £179 plus VAT) will be deducted from each cash sum to reflect the extra work needed. The charge will increase each April in line with the Average Earnings Index.	You can also choose for a guaranteed income to be paid to your dependants in the event of your death after retirement.

Or you can transfer your pension account to another pension scheme or to an insurance company. You might get more flexibility in how you use your pension account e.g. being able to drawdown a flexible amount of income.

You don't need to consider these options in detail until you decide to access your pension account, at which time you will be given full details of your options and any costs involved.

How do I decide?

Deciding when and how to access your pension account is one of life's big financial decisions.

If you are over 50 you can start preparing by booking a free appointment with Pension Wise (www.pensionwise.gov.uk), who will explain all the options available.

The pension scheme administrators will write to you six months before your 65th birthday, unless you have notified them (via LQpensions@hymans.co.uk) that you intend to take benefits at an earlier date. Their letter will set out full details of the options available, with indicative figures.

We strongly advise that you seek professional financial advice before making any decisions related to your retirement. The Trustees, L&Q, the pension scheme administrators and Pension Wise can provide you with information to help you make the best decision for you. But they can't make the decision for you and they can't provide financial advice. If you think you might need financial advice, see www.unbiased.co.uk. You will need to pay for any financial advice.

Can I access my pension account without retiring from L&Q?

Yes, you can access the money in your pension account while still working for L&Q.

You will not be able to make any further contributions to your pension account although you may be automatically enrolled in the Social Housing Pension Scheme (see section 2). You can opt out of this arrangement if you choose.

After accessing your pension account in this way, any future annual retirement savings above £4,000 (the current Money Purchase Annual Allowance) may incur a tax charge. See the Appendix for further information.

You will continue to be covered for the lump sum death in service benefit of 3 x pensionable salary whilst still employed by L&Q.

9. Important information

This is a summary

Detailed provisions of the Plan are set out in a Trust Deed & Rules, the legal document which governs the Plan. This guide is a summary and does not confer any entitlement to benefit. In the event of any discrepancy between this guide and the Trust Deed & Rules, the latter will prevail.

This is not financial advice

The information provided in this guide is not intended to constitute financial advice or to recommend one course of action over another. The information provided is general in nature and does not take account of your personal financial circumstances or objectives. If you need advice relating to your own specific circumstances, you may need to seek the services of a financial adviser at your own cost. See www.unbiased.co.uk for more information.

Tax rules and pensions legislation may change

This guide is based on tax rules and pensions legislation in force at the date of issue. These may be subject to change in the future by the Government.

Your data is protected

The Trustees use personal information about you and your dependants to administer the Plan e.g. to calculate and pay your benefits. The Trustees comply with the relevant Data Protection legislation and have a Data Protection Policy in place to ensure your data is confidential and secure.

Investment warning

Please note that the value of certain investments can go down as well as up. Past investment performance is not necessarily an indication of future investment returns. Please read the description of the Plan's investment strategies and investment funds carefully to ensure that you choose the funds most suitable for your needs and objectives.

Pension Scams

There continues to be an increase in pension scams – companies that entice individuals to have transfer values paid from their existing pension schemes or arrangements. This may involve "promises" to release money before age 55 or to pay greater sums than are allowed. There have also been cases where companies have disappeared with the money transferred to them. If you do decide to choose a new pension provider, you are urged to be careful and make sure that they are legitimate before you transfer and not to be pressured into making a decision. A transfer to a bogus product or provider may not only result in you losing all of your pension savings, but you could also incur a tax charge of over half the amount of the transfer value. A transfer to a bogus arrangement is considered by HM Revenue & Customs to be an "unauthorised payment" which triggers a 55% tax charge. It's vital to consider this risk if you are looking at transferring your benefits out of the Plan.

The Pensions Regulator is keen to take stronger enforcement steps to help prevent these scams being widespread; see www.thepensionsregulator.gov.uk/individuals/dangers-of-pension-scams.aspx.

10. Contact details

What if I have a general query?

Please contact L&Q's Pensions Manager at pensionsLQ@lqgroup.org.uk or L&Q's Payroll Team at payrollandpensions@lqgroup.org.uk.

What if I have a specific query about my membership of the Plan?

If you are a member of the Plan, please contact the Plan's administrators at

Hymans Robertson LLP
45 Church Street
Birmingham B3 2RT

Telephone: 0121 210 4334

Email: LQpensions@hymans.co.uk

Who else can help?

If you need help from an independent financial adviser, details can be found at www.unbiased.co.uk.

If you would like to investigate the options available at retirement and you are aged 50 or over, you can arrange a free appointment with www.pensionwise.gov.uk.

If you would like a forecast of your State Pension, go to www.gov.uk/check-state-pension.

If you want to trace a previous pension, help is available at www.gov.uk/find-pension-contact-details.

If you would like more general information on pensions and personal finance, see www.moneyadviceservice.org.uk.

What if I have a complaint?

Any problems can be referred to L&Q's Pensions Manager (pensionsLQ@lqgroup.org.uk) who will try to resolve the issue.

If your complaint or dispute is not resolved, you can use the Plan's Internal Disputes Resolution Procedure (IDRP). The IDRP cannot be used for disputes between you and L&Q.

In cases where a complaint or dispute cannot be resolved, an application can be made to the Pensions Ombudsman. The Ombudsman has legal powers to investigate and make determinations that are binding and enforceable in court.

You can contact the Pensions Ombudsman at:

10 South Colonnade
Canary Wharf
E14 4PU

Telephone: 0800 917 4487

What is the Pensions Regulator's role?

The Pensions Regulator's role is to protect pension scheme members' interests and to ensure that schemes operate within the law. The Pensions Regulator can become involved in the running of a scheme if Trustees, employers or professional advisers do not carry out their duties properly.

You can contact the Pensions Regulator at:

Napier House
Trafalgar Place
Brighton
BN1 4DW

Telephone: 0345 600 1011

Appendix Tax Limits

There are no limits on how much you can save towards retirement, but the tax reliefs do not apply above certain saving levels, and additional tax charges may apply.

This is a complex area and an overview is provided below. If you think you might exceed the tax limits for pension saving, you may need to seek independent financial advice. See www.unbiased.co.uk.

Limits on Contributions

The Annual Allowance

If your pension savings in any tax year exceed the Annual Allowance (currently £40,000 for 21/22) then a tax charge may apply.

For these purposes, pension savings to be tested against the Annual Allowance include:

- Your contributions to your pension account
- L&Q's contributions to your pension account
- Any contributions you make to other pension arrangements (excluding the State Pension)
- Any increase in a Defined Benefit pension which is linked to your salary

Even if your pension savings exceed the Annual Allowance in a single tax year, you may not have a tax charge to settle. This is because you can carry forward any unused Annual Allowance from the previous three tax years.

The Annual Allowance may be lower for some people:

- High earners where the Tapered Annual Allowance may apply
- People who have already accessed money in a pension pot, where the Money Purchase Annual Allowance may apply

The Tapered Annual Allowance

If your total taxable income exceeds £200,000 for 21/22 you may be subject to the Tapered Annual Allowance.

Total taxable income for these purposes includes more than your salary from L&Q; it also includes any taxable income from personal sources e.g. dividends, rental income and savings interest.

If this applies, you'll need to calculate your 'Adjusted Income' to work out your personal Tapered Annual Allowance. Adjusted Income is broadly total taxable income plus the value of employer contributions and the value of any increase in a Defined Benefit pension if applicable.

For every £2 of your Adjusted Income above £240,000, the Annual Allowance is reduced by £1.

Adjusted Income	Tapered Annual Allowance 21/22
£240,000	£40,000
£260,000	£30,000
£280,000	£20,000
£300,000	£10,000
£312,000	£4,000
Above £312,000	£4,000

Different provisions applied for tax years 16/17 to 19/20 inclusive where anyone with Adjusted Income of £150,000 or more was subject to a Tapered Annual Allowance. See 'An Employee Guide to Pensions 2019' for more information.

The Money Purchase Annual Allowance

If you have taken money from a pension pot, your future pension savings may be limited by the Money Purchase Annual Allowance which is currently £4,000 for the 21/22 tax year.

If you are subject to the Money Purchase Annual Allowance, there is no permitted carry forward of unused Annual Allowance from previous tax years.

Limits on Benefits

You may pay extra tax if your pension pots are worth more than the Lifetime Allowance, which is set at £1,073,100 for the 21/22 tax year.