

Stanplan A

Important: please read and keep for future reference

MEMBER'S OUTLINE

An Outline of your employer's
Executive Pension Plan



Stanplan A

***A Retirement and Death Benefits Plan
with
Standard Life Assurance Limited***

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Introduction

General information

This outline describes your employer's Executive Pension Plan which is a part of Stanplan A. Many different employers use Stanplan A to provide retirement and death benefits for their employees. Stanplan A is written under trust and the trustee is Standard Life Trustee Company Limited (a company owned by Standard Life Assurance Limited). The benefits from the Plan are in addition to your State pensions.

When you join or increase your contributions or benefits, you will get an Acceptance setting out these contributions and benefits. You should always read your most recent Acceptance with this outline.

Your legal rights and your dependants' legal rights are set out in the trust deed and rules. Your employer has a copy of these documents if you wish to see them. The Plan may be changed at any time but only where the trust deed and rules allow this. Any change will not affect your benefits before the date of change.

The benefits from the Plan are strictly personal and you or your dependants cannot transfer them to any other person or use them as security for a loan of any kind. If you try to do this you may lose the benefit.

The tax position

Her Majesty's Revenue and Customs (the 'Revenue') treat the Plan as a registered scheme which means that -

- your contributions are taken from your pay before tax is calculated and they qualify for tax relief at the highest rate of income tax you pay
- you can take a tax-free lump sum at the same time as you take your pension
- the Plan investments will grow free of UK taxes (with the exception of dividends from company shares which are taxable).

Also, your dependants do not normally have to pay Inheritance Tax on the lump sum benefit which is paid if you die before retiring.

To prevent these tax reliefs being abused, the Revenue have put certain limits on contributions and benefits. These limits will be explained later.

Pensions are treated as income by the Revenue and you and your dependants will pay income tax under the PAYE system on all pensions paid from the Plan.

Revenue limits

The annual allowance

The Revenue limit the amount you can contribute to all your pension plans each year that will qualify for tax relief. The amount is equal to your total earnings for that year. But the limit does not apply in the year you take all your benefits.

Your employer can pay unlimited contributions to the Plan for you. But if the total of your and your employer's contributions to all your pension plans exceeds an amount set by the Revenue (the 'annual allowance'), you will pay income tax on the excess (currently 40%). If you pay any contributions which do not qualify for tax relief, they are not tested against the annual allowance.

The annual allowance for the following tax years is:

2006/07	£215,000
2007/08	£225,000
2008/09	£235,000
2009/10	£245,000
2010/11	£255,000

The lifetime allowance

If your fund exceeds an amount set by the Revenue (the 'lifetime allowance') you will have to pay an additional tax charge on the excess. The additional charge is 55% if you take the excess as a lump sum, or 25% if you take it as pension.

When testing your benefits from this Plan against the lifetime allowance the following benefits must also be taken into account:

- any retirement benefits you have already taken from other pension plans, and
- any retirement benefits you are going to take from other pension plans at the same time.

The lifetime allowance for the following tax years is:

2006/07	£1.5 million
2007/08	£1.6 million
2008/09	£1.65 million
2009/10	£1.75 million
2010/11	£1.8 million

It may be possible to have a 'personal lifetime allowance' which is higher than these amounts (see the Appendix for details).

What you and your employer pay

You and your employer will agree the amounts which you will each pay regularly to the Plan. These contributions are known as ordinary contributions.

You can also pay voluntary contributions. These are contributions over and above those that you have agreed to pay. They can be paid regularly or on a one-off basis or both.

Your employer can also pay extra contributions for you at any time.

Normally, contributions will stop at your normal retirement date unless you leave service or opt out of the Plan before then. If you opt out of the Plan, your employer may not allow you to restart contributing at a later date.

Your employer can suspend, reduce or stop their contributions to the Plan but normally they must tell you in advance. If your employer agrees, you can also suspend or reduce your contributions.

Applying the contributions

In this outline, any reference to 'Standard Life' means Standard Life Assurance Limited.

The trustee applies the contributions as premiums to a Standard Life policy which it has taken out for all the members of Stanplan A. Your part of this policy is called your Fund. Standard Life will use the premiums paid to your Fund to provide any death benefits or to buy units in any one or more of its range of pension funds.

Your employer, with the help of their financial adviser, will choose the pension funds which Standard Life will use. Standard Life will normally allow your employer to sell units in one pension fund and buy units in another.

You can ask for a description of the pension funds from your employer.

Charges

The trustee does not charge for acting as trustee to the Plan but Standard Life does collect charges under the policy and can provide you with details on request.

Taking your benefits

Normal retirement date

You and your employer will agree the date on which you expect to retire. This is known as your 'normal retirement date'.

Taking benefits before normal retirement date

If you become seriously ill, you can retire earlier than your normal retirement date.

You can also take your benefits at any time on or after your 50th birthday if your employer agrees. However the Revenue are raising the minimum age for taking benefits to age 55 on 6 April 2010.

Of course, you will normally get smaller benefits than you would have got at your normal retirement date. You will lose out on the contributions which would have been paid and the investment returns which would have been added to your Fund. Also, because it is likely to be paid for a longer time, you will not be able to buy as big a pension with your Fund.

Taking benefits after normal retirement date

If you have not taken your benefits by your normal retirement date, your Fund will remain invested under the Plan until you tell the trustee that you want to take your benefits. But if you have not taken your benefits before your 75th birthday, you will lose your right to a tax-free lump sum.

Your benefits

Shortly before your benefits are due to start, the trustee will send you details of your Fund and estimates of the costs of buying different benefits. You must then choose the type and, within certain limits, the level of the benefits which you want. You can ask the trustee to buy your benefits from another insurance company. If you do not choose another insurance company, the trustee will buy your benefits from Standard Life.

The amount of your benefits depend on the size of your Fund and the cost of buying pensions when you retire.

Lump sum

You can normally take up to 25% of your Fund as a tax-free lump sum (but see the Appendix).

Pension

The trustee will use the rest of your Fund to buy a pension for you. You must take your tax-free lump sum and pension at the same time.

Once your pension starts, it will be paid for the rest of your life, normally in monthly instalments.

You can ask for your pension to remain level, to increase each year by a fixed percentage, or to change in line with the cost of living.

If you want, you can ask for your pension to be guaranteed for a period of between 1 and 10 years. This means that if you die during the guaranteed period, the pension will continue to be paid until the end of that period. The trustee will decide who is to get the continuing instalments of pension.

Dependant's pension if you die after taking your benefits

If you wish to provide a pension for your widow, widower or surviving civil partner or for another dependant when you die, you should tell the trustee shortly before you intend to take your benefits.

The pension will increase each year in the same way as your own pension.

Death in service benefits

Lump sum benefit

If you die in service before your 75th birthday, the trustee will pay a lump sum from your Fund.

You can arrange with your employer that Standard Life will insure an additional lump sum. It will only be paid if you die before your normal retirement date and if, when you die, your employer is still paying ordinary contributions for you.

The trustee will pay your lump sum to the dependants that your employer chooses. If 18 months after you die your employer has still not decided, the trustee will choose the beneficiaries. There should normally be no liability for Inheritance Tax. But any lump sum paid on your death that exceeds your remaining personal lifetime allowance will be subject to a 55% tax charge. If the beneficiary is a dependant, they can ask the trustee to pay part or all of the lump sum as a pension instead.

It is up to your employer to decide who will receive the benefit but you can help by telling him who you want it to be paid to. A special form is available from your employer.

Dependant's pension

You can also arrange with your employer that Standard Life will insure a pension for one or more dependants. This pension will only be payable if you die before your normal retirement date and if, when you die, your employer is still paying ordinary contributions for you.

This pension will be paid for the rest of the dependant's life except that a child's pension will normally stop when the child reaches 18.

This pension will increase each year in line with the rise in the cost of living or by 5%, if this is less. Or the trustee may agree to insure a pension which will increase by a different rate.

The trustee will buy your dependant's pension from Standard Life but in certain limited circumstances, your employer can choose another insurance company.

Evidence of health

Standard Life will ask you for evidence that you are in good health before it insures an additional lump sum or a dependant's pension.

Absence from work

If you are off work, but are expected to return, you will normally remain covered for death in service benefits for as long as your employer decides.

Your employer may reduce or suspend its contributions while you are off. If they do so, your contributions may also be reduced or suspended. Your employer will tell you if this is to happen.

There are special arrangements if you are off on maternity leave, adoption leave, statutory paternity leave or paid family leave.

Maternity leave and Adoption leave

During your ordinary 26 week maternity leave or adoption leave period (and any additional period of maternity leave or adoption leave for which you get pay or statutory maternity pay or statutory adoption pay), your employer's contributions will continue as normal and you will be covered for the benefits payable on death in service. You can usually continue to pay your normal contributions but, if you want, you can pay contributions in line with your reduced earnings or statutory maternity pay or statutory adoption pay.

Your employer may decide to stop paying contributions and suspend cover for death in service benefits when you are on unpaid additional maternity leave or adoption leave. Full contributions and cover for death in service benefits will start again as soon as you go back to work.

Statutory Paternity leave

During your statutory paternity leave your employer's contributions will continue as normal and you will be covered for the benefits payable on death in service. You can usually continue to pay your normal contributions but, if you want, you can pay contributions in line with your reduced earnings or statutory paternity pay.

Family leave

If you are off work on paid family leave, contributions will continue and you will still be covered for the benefits payable on your death in service. You can usually continue to pay your normal contributions but, if you want, you can pay contributions in line with your reduced earnings.

Your benefits on leaving service or opting out of the Plan (see also 'Taking your benefits')

If you leave service or opt out of the Plan before normal retirement date, there are several choices open to you.

Leaving your benefits in the Plan

You can leave your Fund invested under the Plan and take your benefits at any time after your 50th birthday. The Revenue are raising the minimum age for taking benefits to age 55 on 6 April 2010. But if you joined the Plan before 6 April 2006 this increase to age 55 will not affect you and you will still be able to take your benefits from age 50.

If you opt out of the Plan, you can only take your benefits before normal retirement date if your employer agrees.

If you have not taken your benefits before your 75th birthday, you will lose your right to a tax-free lump sum.

You will be sent regular statements of the value of your Fund. Standard Life will normally allow units in the pension funds to continue to be sold and the proceeds applied to different funds. If you have left service you (not your employer) make this decision.

If you die before you take your benefits (and before your 75th birthday), the trustee will use your Fund to buy benefits like those described in the section headed **Death in service benefits**. The trustee (not your employer) will decide who will receive the benefit. You should tell the trustee who you want it to be paid to. A special form is available from your employer.

Refunds of contributions

Sometimes, you can choose to have all your contributions returned with interest (as long as your Fund is big enough). A refund is taxed at a special rate, at present 20% on the first £10,800 and 40% on any balance. You can only get a refund when the following four conditions apply -

- you have not completed two years' pensionable service (this is service counting for retirement benefits from the Plan and from other schemes which have transferred benefits to this Plan)
- your employer is the only employer who has contributed to the Plan for you
- you ask for the refund within six months of leaving service or opting out
- nothing has been transferred into the Plan for you from a stakeholder pension scheme or a personal pension scheme.

If you take a refund, nothing else will be paid on your death or retirement.

Transferring your benefits

If you leave the service or opt out of the Plan not later than one year before your normal retirement date, you have the right to ask the trustee for a transfer payment as long as you have not taken your benefits. That right will normally remain open until one year before your normal retirement date or, if later, until six months after you leave. Even if you do not have a right to a transfer payment, the trustee may allow it. Your transfer payment is the amount which the trustee gets from Standard Life on cancelling your Fund.

You can ask the trustee to make a transfer payment to another registered scheme such as –

- your new employer's scheme
- a stakeholder pension scheme or personal pension scheme
- a buy-out policy (a policy in your own name).

You do not have to transfer everything to the same scheme or policy but you cannot leave any part of your Fund in the Plan.

If you take a transfer, nothing else is paid from this Plan on your death or retirement.

Additional information

Transfers into the Plan

You can ask the trustee to accept a transfer of your benefits from another pension scheme such as an occupational pension scheme, a stakeholder pension scheme, a personal pension scheme, a retirement annuity contract or a buy-out policy. (The trustee cannot accept any transfer which includes a benefit which replaced what you would have got from the State earnings-related pension scheme or State Second Pension.) The Revenue have conditions that apply to transfer payments. If the trustee agrees to accept a transfer payment, it will apply the payment as an additional premium to the policy.

Option to continue cover for death benefits (only for those who joined the Plan before 5 July 1988)

If your death in service cover stops on or before your normal retirement date because you leave the service or retire, you may be able to take out an individual policy with Standard Life, without producing evidence of health, to replace some or all of that death benefit. Standard Life can explain the conditions but you must choose the option within 30 days.

Serious ill-health

If you are in serious ill-health it may be possible to receive a lump sum instead of your own pension. Serious ill-health means that you are expected to live for less than a year. The trustee will decide if this is the case based on independent medical evidence.

Registrar of Occupational and Personal Pension Schemes

Where required, information about the Plan (including information about the address where the trustee may be contacted) has been or will be given to the Registrar of Occupational and Personal Pension Schemes, Napier House, Trafalgar Place, Brighton, East Sussex, BN1 4DW.

Internal Dispute Resolution

If you have a disagreement with the trustee, you can ask for a written decision. You should make your request in writing and send it to The Manager, Standard Life Trustee Company Limited, Standard Life House, 30 Lothian Road, Edinburgh, EH1 2DH. Your employer has forms which you can use for this purpose. If you use one of these forms, this will help the Manager reply quickly to your request.

You will normally receive a reply within two months. If this is not possible, the Manager will send you a letter explaining the reason for the delay and a target date for a full reply.

If you do not agree with the decision, you have six months to ask the trustee to reconsider. You should make your request in writing and send it to the same address. The trustee will normally reply within two months. If this is not possible, the trustee will send you a letter explaining the reason for the delay and a target date for a full reply.

A person who could become a member under the Rules and a widow, widower, surviving civil partner or another surviving dependant of a deceased member can also use the procedure. A more detailed explanation of the dispute procedure is also available from your employer.

The Pensions Advisory Service (TPAS)

TPAS is available at any time to help you or your beneficiaries in connection with -

- any pensions query
- any difficulty which has not been resolved with the trustee.

You can contact TPAS at 11 Belgrave Road, London SW1V 1RB.

Pensions Ombudsman

The Pensions Ombudsman appointed under section 145(2) of the Pension Schemes Act 1993 may investigate and determine any complaint or dispute of fact or law in relation to an occupational pension scheme (including this Plan) made or referred to in accordance with that Act. He may be contacted at the Office of the Pensions Ombudsman, 11 Belgrave Road, London, SW1V 1RB.

You should normally use the internal dispute procedure before you contact the Pensions Ombudsman.

Pensions Regulator

The Pensions Regulator replaced the Occupational Pensions Regulatory Authority (OPRA) in April 2005. The Regulator's main aims are to protect the benefits of scheme members and to promote good scheme administration. The Regulator also has wide ranging powers such as the right to freeze scheme assets and to suspend or remove trustees. You can contact the Regulator at Napier House, Trafalgar Place, Brighton, East Sussex, BN1 4DW.

Annual Report

A copy of the annual report for Stanplan A is available on request from your employer.

Further Information

If you have any questions about the Plan generally or about your benefits, you should ask your employer in the first place. If your employer cannot give you a satisfactory answer, you should write to Standard Life Trustee Company Limited, Standard Life House, 30 Lothian Road, Edinburgh, EH1 2DH.

Joining the Plan

If your employer agrees that you can join the Plan, you will need to complete an application form and let the trustee see copies of any birth or marriage certificates asked for. You will become a member when the trustee accepts your application.

Data Protection

Personal information provided in connection with your membership will be used by Standard Life to set up and administer the Plan.

If your membership does not proceed, it will be held on our records for six years before it is deleted.

We will keep the information supplied confidential, and will not disclose it to any third party unless it is lawful to do so.

If a Financial Adviser has been appointed in connection with the Plan, we will give him information about the Plan and, where appropriate, also send copies of correspondence to him to enable him to give advice.

If your employer is paying contributions to the Plan, we may disclose information to him about the contributions paid.

We may pass your personal details to subsidiaries of Standard Life plc so that we or they may contact you with details of products or services which may be of interest to you. If you do not wish your personal details to be used in this way, please write to the Data Protection Co-ordinator at our Head Office, (quoting your plan membership number (if known) or your full name and date of birth). We will not pass any of your details to companies that are not subsidiaries of Standard Life plc for marketing purposes.

If you would like to request a copy of the information we hold about you, please write to the Data Protection Co-ordinator. We may charge a fee for providing the information.

Appendix – Protecting your pre 6 April 2006 rights

This Appendix briefly explains how you may be able to take benefits in excess of the new limits introduced by the Revenue on 6 April 2006 without having to pay an additional tax charge on the excess. If you think this could affect you, we strongly suggest you discuss the situation with your financial adviser. You can also find further information on the Revenue website at: www.hmrc.gov.uk/pensionschemes.

Protecting your right to a tax-free lump sum greater than 25%

If you were a member of the Plan before 6 April 2006, you may be able to take more than 25% of your Fund as a tax-free lump sum. This will depend on:

- your tax-free lump sum rights at 5 April 2006,
- your Fund value at that date,
- whether any contributions are paid to your Fund after that date,
- your Fund value when you take your benefits, and
- the increase in the lifetime allowance between the two dates.

We may need certain information from you, such as your earnings history and details of other pension benefits you have elsewhere, before we can calculate your tax-free lump sum rights at 5 April 2006.

Transitional protection

Transitional protection is available to you if -

- on 5 April 2006 your pension rights under all your plans exceeded £1.5 million, or
- you expect your retirement benefits to exceed the lifetime allowance (see 'Revenue limits') when you take them.

Types of transitional protection

There are two types of transitional protection available: 'primary' and 'enhanced'. To take advantage of either of these, you (not your employer or the trustee) must register with the Revenue by 5 April 2009. In order to register you should contact us for information about the value of your pension benefits at 5 April 2006. To calculate this value, we may need certain information from you such as your earnings history and details of other pension benefits you have elsewhere. If you do register, you should receive an enhanced Lifetime Allowance Certificate. You should let us know if you receive such a certificate.

Primary protection

This is available if the value of your pension rights under all your plans was more than £1.5 million on 5 April 2006. It allows you to have a higher personal lifetime allowance before you pay an additional tax charge.

For example, if you register a fund value of £2.25 million on 5 April 2006, this is 150% of the standard lifetime allowance of £1.5 million, so you would receive an enhancement factor of 50%. If the lifetime allowance has increased to £2 million in the year you take your benefits, your personal allowance will have risen to £3 million before you have to pay an additional tax charge.

A disadvantage of primary protection is that your personal lifetime allowance will only grow in line with the standard lifetime allowance. So if your fund grows at a quicker rate than this, you could end up exceeding your personal lifetime allowance. You will then have to pay an additional tax charge on the excess.

If you were entitled to a tax-free lump sum greater than £375,000 from all your pension plans on 5 April 2006, this can also be registered. The amount will increase in line with the increase in the lifetime allowance and will be paid when you take your pension benefits

Enhanced protection

A major disadvantage of enhanced protection is that no further contributions can be paid after 5 April 2006.

It is available regardless of the value of your pension rights on 5 April 2006. It means that all your benefits are free from any additional tax charge.

In addition, if you were entitled to a tax-free lump sum greater than £375,000 from all your pension plans on 5 April 2006, this can also be registered, but as a percentage of your 5 April 2006 rights.

For example, if you have a fund of £2 million and a right to a tax-free lump sum of £1 million on 5 April 2006, you have an entitlement of 50%. If your fund has grown to £2.5 million when you take your benefits, you could take a tax-free lump sum of £1.25 million.

