Stanplan M2

Important: please read and keep for future reference

MEMBER'S OUTLINE

An Outline of your employer's Pension Scheme

STANDARD LIFE

Stanplan M2

A Retirement and Death Benefits Scheme
with
Standard Life Assurance Limited

Contents

November 2006

Introduction

General information

This outline describes your employer's Pension Scheme which is a part of Stanplan M2. Many different employers use Stanplan M2 to provide retirement and death benefits for their employees. Stanplan M2 is written under trust and the trustee is Standard Life Trustee Company Limited (a company owned by Standard Life Assurance Limited. All other references in this outline to 'Standard Life' means Standard Life Assurance Limited). The benefits from the Scheme are in addition to your state pensions.

When you join, you will get a summary of the details which are particular to you. If these details change, you will get a new summary. You should always read your most recent summary 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 Scheme 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.

All benefits are assured by the trustee under a group policy taken out with Standard Life.

The benefits from the Scheme 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 Scheme 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.

Also, your dependants do not normally have to pay Inheritance Tax on any 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 Scheme.

Revenue limits

The annual allowance

The Revenue limit the amount your can contribute to all your pension schemes 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 Scheme for you. But if the total of you 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 policy proceeds (see the section headed **Applying the contributions**) exceed 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 Scheme against the lifetime allowance the following benefits must also be taken into account:

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

The lifetime allowance for the following tax year 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 Appendix 2 for details).

What you and your employer pay

You and your employer will agree the amounts which you will each pay regularly to the Scheme. 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 Scheme before then. However, you can give notice to your employer at any time that you wish no further contributions to be paid to the Scheme on your behalf (three months' notice is normally acceptable but your employer may accept a shorter period). If you give notice, no more contributions will be paid to the Scheme and the section headed **Your benefits on leaving service or opting out of the Scheme** will apply. You will have the same options in relation to your benefits as a normal member, but your employer may refuse to allow contributions by or in respect of you to be resumed at a later date.

Applying the contributions

The trustee will apply all contributions towards your retirement benefits as the premiums of an endowment contract under a group policy with Standard Life.

Under this contract, the trustee will receive a sum of money from Standard Life at your normal retirement date which they will use to provide your retirement benefits. This sum, known as the 'policy proceeds', consists of a basic sum guaranteed plus any bonuses added by Standard Life. The policy proceeds cannot therefore be known accurately before they are paid, but you will receive regular statements setting out the amounts secured for you by the contributions paid.

Taking your benefits

Normal retirement date

At your normal retirement date, the trustee will receive your policy proceeds.

Your normal retirement date is shown in the summary and is the age at which people in your category of employment will normally retire.

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.

The trustee will surrender the endowment contract and use the policy proceeds to provide benefits in the same way as would have been done at your normal retirement date. The amount available will normally be less and the benefits will be smaller.

Taking benefits after normal retirement date

If you have not taken your benefits by your normal retirement date, your policy proceeds will remain on deposit with Standard Life 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 policy proceeds 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 depends on the size of your policy proceeds and the cost of buying pensions when you retire.

Lump sum

You can normally take up to 25% of your policy proceeds as a tax-free lump sum (but see Appendix 2).

Pension

The trustee will use the rest of your policy proceeds 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.

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

Death in service benefits

Lump sum benefit

If you die in pensionable service, the trustee will pay the lump sum benefit described in the summary.

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.

It is up to your employer to decide who will receive the benefits 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

Your employer may also ask Standard Life to insure a pension for one or more dependants. The summary will tell you if this benefit is provided. It will only be payable if you die in pensionable service. 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.

The summary will show how this pension will increase in payment.

Evidence of health

In certain circumstances Standard Life may ask you for evidence that you are in good health before you are covered for the full amount of the benefits payable on your death in pensionable service. You will be told if this affects you.

Absence from work

If you are absent from work, contributions will normally continue for the first four weeks and for any further period that you are paid at the normal rate.

If you are absent for more than four weeks, your death benefit cover may be suspended. However, if you are absent owing to illness or injury, you will continue to be covered for at least 12 months for the benefits payable on your death in service.

If your death benefit cover is suspended and you are not treated as having left the service, your full cover will resume when you return to work.

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. During your maternity leave or adoption leave, any calculation of the earnings used to work out your employer's contributions and your benefits will use the earnings which you would have received for working normally rather than your actual earnings. 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. Any calculation of the earnings used to work out your employer's contributions and your benefits will use the earnings which you would have received for working normally rather than your actual earnings. 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

During paid family leave your employer's contributions will continue as normal and you will be covered for the benefits payable on death in service. Any calculation of the earnings used to work out your employer's contributions and your benefits will use the earnings which you would have received for working normally rather than your actual earnings. 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 Scheme (see also 'Taking your benefits')

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

Leaving the sums secured in the Scheme

You can leave the sums secured in the Scheme 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 Scheme 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 Scheme, you can only take your benefits before normal retirement date if your employer agrees.

Standard Life may continue to add bonuses up to your normal retirement date.

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 the sums secured.

Death benefits

If you die before your normal retirement date (and before you have taken your benefits), the trustee will normally pay an amount equal to your contributions. The summary will tell you if this is not the case.

Refunds of contributions

Sometimes, you can choose to have all your contributions returned (usually with interest). 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 Scheme and from other schemes which have transferred benefits to this Scheme)
- your employer is the only employer who has contributed to the Scheme for you
- you ask for the refund within six months of leaving service or opting out
- nothing has been transferred into the Scheme for you from a stakeholder pension scheme or personal pension scheme.

If you take a refund, nothing else will be paid on your death or retirement. The summary will tell you if a refund is not allowed.

Transferring your benefits

If you leave the service or opt out of the Scheme 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 as the surrender value of the basic sums paid up to your date of leaving pensionable service (plus any attaching bonuses up to the date of the transfer).

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 policy proceeds in the Scheme.

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

Additional information

Transfers into the Scheme

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 Schemes which started 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 Scheme (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 Scheme) made or referred to in accordance with that Act. He may also 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 M2 is available on request from your employer.

Further Information

If you have any questions about the Scheme 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 Scheme

If you want to join the Scheme, you should get in touch with your employer and let them know. The conditions for joining are described in the summary. You will become a member when the trustee accepts your application.

Data Protection – important, please read

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

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 Scheme, we will give him information about the Scheme and, where appropriate, also send copies of correspondence to him to enable him to give advice.

If your employer is paying contributions to the Scheme, 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 Scheme membership number (if known) or your full name and date of birth). We will not pass your details outside the 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 1 – Earnings

The earnings which can be used to work out your contributions and benefits under the Scheme are calculated on the day you join and either on each anniversary of that day or on a particular date each year which will be stated in the summary. They can be based on one of the following definitions –

Total scheme year earnings – your total earnings from your employer for the year ending on the day before the calculation date.

Total tax year earnings – your total earnings from your employer for the last tax year before the calculation date.

Basic scheme year earnings – your basic salary or wages from your employer for the year ending on the day before the calculation date.

Basic tax year earnings – your basic salary or wages from your employer for the last tax year before the calculation date.

Basic rate earnings – the basic rate of your salary or wages from your employer at the calculation date.

If you joined the Scheme on or after 1 June 1989, your employer may have decided to continue applying the 'earnings cap' after 5 April 2006 to your earnings for the purpose of calculating:

- the contributions that he will pay for you, and
- the level of any death in service benefits that he will provide.

Your summary will normally provide more details.

Appendix 2 - 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 Scheme before 6 April 2006, you may be able to take more than 25% of your policy proceeds as a tax-free lump sum. This will depend on:

- your tax-free lump sum rights at 5 April 2006,
- the value of your policy proceeds at that date,
- whether any contributions are paid after that date,
- the value of your policy proceeds 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 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 the value of your policy proceeds 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 the value of your policy proceeds is £2 million and you have a right to a tax-free lump sum of £1 million on 5 April 2006, you have an entitlement of 50%. If your policy proceeds have grown to £2.5 million when you take your benefits, you could take a tax-free lump sum of £1.25 million.