The Riverside Group Pension Scheme Information Booklet

May 2019

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INTRODUCTION

Background to the Riverside Group Pension Scheme

This booklet outlines the most important features of the Final Salary and Career Average Revalued Earnings (CARE) sections of the Riverside Group Pension scheme (the scheme). It summarises the benefits provided to members from 31 March 2016.

It offers you the information you will normally want to understand your benefits, but it cannot cover every circumstance. Your entitlement to benefits, your rights and obligations, as well as those of The Riverside Group Limited (the Group), are all set out in the scheme rules. A copy of the scheme rules is available from Human Resources on request.

TRUST DEED AND RULES

This booklet is a summary of the contents of the Trust Deed and the scheme rules, which may be amended from time to time. In the event of any difference between the terms, rights, benefits and obligations contained within this booklet and those contained within the scheme rules, the scheme rules will prevail at all times.

SCHEME HISTORY

The scheme commenced on 1 January 1978 as a non-contributory final salary scheme, providing pension benefits calculated by reference to each employee's length of membership (pensionable service) and earnings at retirement (final pensionable salary). The scheme became a contributory arrangement on 1 April 1988, when it also contracted out of the State Second Pension Scheme (formerly known as the State Earnings Related Pension Scheme or SERPS).

On 1 July 2009 the Group introduced the CARE section to operate alongside the original final salary section. All existing members were given the choice of either paying a higher contribution to maintain their membership of the final salary section, or transferring to the CARE section and continuing to contribute at the same rate. Some of the principal features of both arrangements were:

Final Salary section	CARE section
Commenced: 1 January 1978	Commenced: 1 July 2009
Provided a pension related to earnings close to retirement or earlier date of leaving	Provided a pension related to average revalued Pensionable Salary while a member of the CARE section
The opportunity to take part of your pension in the form of tax-free cash on retirement	The opportunity to take part of your pension in the form of tax-free cash on retirement
A pension for your spouse in the event of your death	A pension for your spouse in the event of your death
Closed to future accrual of pension: 31 March 2016	Closed to future accrual of pension: 31 March 2016

The changes introduced in 2009 reflected the increasing cost, financial risk and volatility associated with final salary pensions (caused largely by a combination of continuing improvements to life expectancy and significant volatility within global investment markets) as well as the Group's desire to ensure that its pension arrangements remained sustainable. These same issues led the Group to undertake a further pension review in 2013 and 2016. In 2013, all sections of the scheme were closed to new entrants with effect from 31 August 2013. In 2016, all sections of the scheme were closed to future accrual of benefits.

Management of the pension scheme

The scheme's assets are held in trust to meet the cost of members' benefits as they become due, and are legally separate from the Group. The trust is managed by Riverside Group Pension Trustees Limited (the Trustee Company) with the Directors of the Trustee Company responsible for the day-to-day administration of the scheme, including the investment of its assets. In accordance with legal requirements one-third of the Trustee Company Directors have been nominated by the scheme's members, whilst the Group has appointed an independent professional trustee (Capital Cranfield Pension Trustees Limited) as Chairman of the Trustee Company.

The Group is responsible for meeting the cost of the benefits that have been earned by members, as well as the expenses incurred in the operation of the scheme. The level of contributions required from the Group is reviewed regularly by the scheme actuary (usually every three years), who considers the expected cost of providing the benefits earned by members and compares this with the value of the scheme's investments. As part of its governance of the scheme the Trustee Company regularly monitors the Group's ability to meet the cost of funding members' benefits, referred to as the employer covenant.

If you need any further information about the scheme, or have a query about any of your benefits, you should contact the Pension Administrator:

By post

Human Resources
The Riverside Group Limited
2 Estuary Boulevard
Estuary Commerce Park
Liverpool
L24 8RF

By telephone

0151 295 6160

By email

HR.Support@riverside.org.uk

TERMS USED IN THIS BOOKLET

ACTIVE MEMBER means a current employee of the Riverside Group or another participating employer, who was contributing to the scheme. Following the closure of the scheme in 2016, there are no longer any active members.

AVCs mean additional voluntary contributions. These were contributions paid to increase the level of pension benefits available on retirement.

ANNUAL ALLOWANCE means the maximum amount by which the capital value of a member's pension benefits can increase in a single year before a tax charge is applied. The annual allowance is set by Her Majesty's Revenue and Customs (HMRC) each year and is up to £40,000 for tax year 2018/2019 dependant on your level of income.

AUTOMATIC ENROLMENT means the requirements under legislation (including the Pensions Act 2008 and Pensions Act 2011) for UK employers to automatically enrol employees (subject to certain age and earnings limits) into a qualifying pension arrangement and to make contributions on their behalf.

CAPITAL VALUE means the value of a member's pension benefits for assessment against the annual allowance and the lifetime allowance. A conversion factor of 16 is applied to the increase in a member's pension for assessment against the annual allowance, whilst a factor of 20 is used to assess benefits against the lifetime allowance.

CARE (Career Average Revalued Earnings) means your average annual pensionable salary subject to increases in line with changes in the retail prices index (RPI) while a contributing member of the CARE section of the scheme.

CIVIL PARTNER means a person who is registered as the Civil Partner of a Member in accordance with the Civil Partnership Act 2004.

CONTRACTING OUT means that scheme members do not earn benefits in the State Second Pension (formerly known as the State Earnings Related Pension Scheme or SERPS). Members (and the Group) paid lower National Insurance contributions as a result, while the scheme was required to meet certain minimum benefit requirements. In April 2016 the State Second Pension and contracting out were abolished.

DEFERRED MEMBER means a former active member of the scheme. While the scheme was open to accrual of benefits, prior to 2016, this meant a former employee of the Riverside Group, or another participating employer, who was no longer contributing to the scheme and whose pension benefits had been deferred. Following the closure of the scheme in 2016, members still employed by The Riverside Group are also deferred members, as they no longer contribute to the scheme and their pension benefits have been deferred.

DEPENDANT means a member's spouse, child or anyone who the Trustees consider to be dependent on the member either financially or because of a disability.

ELIGIBLE CHILD means a child or legally adopted child of the member who is either under age 18 or under age 23 and in full time education or vocational training, or if the Trustees decide, a child of any age who is (in the Trustees' opinion) mentally or physically disabled.

EMPLOYER means The Riverside Group Limited and any subsidiary or associated employers that are participating in the scheme.

EMPLOYEE means a permanent full-time or part-time worker of an employer.

FINAL PENSIONABLE SALARY means the higher of:-

- the pensionable salary in the 12 months preceding the date of normal or early retirement, or leaving service.

- The average of the best three consecutive years pensionable salary in the 10 years immediately preceding the date of normal or early retirement, or leaving service.

FLEXIBLE RETIREMENT means the ability of members, subject to the consent of The Riverside Group Limited and having reached the minimum pension age, to receive their scheme benefits and to continue in employment.

GUARANTEED MINIMUM PENSION means the minimum benefit that a contracted out pension scheme must provide for membership between 6 April 1978 and 5 April 1997.

INCAPACITY means physical or mental impairment that The Riverside Group Limited (as principal employer of the scheme) considers is serious enough (a) to prevent a member from following his normal occupation, and (b) to seriously impair his earning ability. If The Riverside Group Limited decides, a member can be treated as suffering from Incapacity even though he does not satisfy condition (b)

LIFETIME ALLOWANCE means the maximum capital value of pension benefits that an individual can earn from all registered pension arrangements before a tax charge is applied. The lifetime allowance is set by HMRC each year and from 6 April 2018 onwards it is indexed annually in line with the consumer prices index (CPI). For the tax year 2018/2019 the lifetime allowance was £1,030,000.

MINIMUM PENSION AGE means the earliest age from which pension benefits can be paid (subject to any consent requirements) to a member of a registered pension arrangement. The minimum pension age is currently 55, but is due to increase to age 57 with effect from 2028.

NORMAL PENSION DATE for men and women is their 65th birthday.

PENSIONABLE SALARY is your basic annual salary (excluding any overtime).

PENSIONABLE SERVICE means complete years and months of contributory membership of the scheme up to the earlier of:

- your normal pension date,
- date of early retirement (i.e. commencement of pension before normal pension date),
- date of leaving service,

- 31 March 2016 (being the date that future accrual of benefits in the scheme ceased).

PENSIONER MEMBER means a member of the scheme whose pension benefits are being paid.

REGISTERED PENSION ARRANGEMENT means a pension arrangement that is registered with HMRC for the purposes of the Finance Act 2004 and which qualifies for certain tax exemptions.

STATE PENSION AGE means the age from which your state pension benefits will be paid. In recent years the traditional state pension ages of 65 for men and 60 for women have been subject to increases, as the Government has sought to take into account continued improvements in life expectancy. The table below will enable you to identify your state pensions age (under current legislation) based on your date of birth.

Date of Birth	State pension age for Men	State pension age for Females
Before 06.04.1950	65	60
06.04.1950 – 05.12.1953	65	Between 60-65
06.12.1953 – 05.10.1954	Between 65-66	Between 65-66
06.10.1954 – 05.04.1960	66	66
06.04.1960 – 05.04.1961	Between 66-67	Between 66-67
06.04.1961 – 05.04.1977	67	67
06.04.1977 – 05.04.1978	Between 67-68	Between 67-68
06.04.1978 onwards	68	68

SPOUSE means your adult husband or adult wife (including a same sex husband or wife as set out in the Marriage (Same Sex Couples) Act 2013, or a civil partner as set out in the Civil Partnership Act 2004).

STAKEHOLDER SCHEME means the Group's defined contribution arrangement established with Friends Life (or any other such arrangement outside of the Group) to which scheme members were able to make additional contributions or transfer benefits that have been earned in other registered pension arrangements.

THE SCHEME means The Riverside Group Pension Scheme.

TRANSFER VALUE is a payment based on the value of your benefits built up in the scheme that may be paid to another pension scheme registered with HM Revenue & Customs, such as your employer's defined contribution scheme or a personal pension.

TRIVIAL COMMUTATION LUMP SUM is a payment based on the value of your benefits built up in the scheme that may be paid to your bank account. These payments can only be made where the total value of a member's benefits under all registered pension schemes does not exceed the 'commutation limit' set by legislation, which currently means less than £30,000.

CONTRIBUTIONS

Up until 31 March 2016, members and the employer jointly funded the cost of providing the benefits earned in the scheme. The employer continues to provide funding. The amount required to fund the benefits earned varies according to, among other things, the level of investment returns achieved and the assumed period for which members will live in retirement.

The Trustee Company employs the services of an actuary who, every three years, formally assesses the value of the scheme's liabilities (essentially, the benefits that are to be paid to members) against the scheme's assets. At the conclusion of this process the actuary recommends the level of contribution that is needed from the employer.

The scheme's assets and future contributions are invested in accordance with the Trustee's Statement of Investment Principles. This statement is required by law and outlines the investment approach adopted by the Trustee Company. The Trustee Company takes professional advice on the investment strategy adopted and regularly reviews investment manager performance.

Additional contributions

The scheme's Additional Voluntary Contribution (AVC) policies, operated in conjunction with Equitable Life & Phoenix Life were closed to new entrants on 5 April 2006.

At retirement, up to 25% of the accumulated AVC fund can be taken as tax free cash sum (subject to an overall limit on tax free cash from HMRC registered pension arrangements of 25% of the lifetime allowance), with the remainder used to provide an income through a pension annuity.

Other pension arrangements

Members are able to join more than one registered pension arrangement, and still qualify for tax relief on contributions up to the lower of 100% of their annual gross taxable earnings or the Annual Allowance.

WHAT WILL MY PENSION BE?

Upon becoming a deferred member of the scheme you would have received a statement of preserved pension entitlement, outlining the level of pension you have earned in the scheme as at the date you left the scheme. Please refer to the appendix for examples illustrating how your benefits would have been calculated at time of leaving.

Between the date you became a deferred member and the date you draw your pension, your pension entitlement from the Scheme will have some inflation protection, in line with the statutory provisions.

At present these statutory provisions are set by the Government and are as follows. Any Guaranteed Minimum Pension (GMP) benefits will be increased at a fixed rate, which is determined by the date you left the scheme. The rate which applied when the scheme closed on 31 March 2016 was 4.75% per annum. Your pension in excess of GMP increases in line with statutory revaluations, which at present is calculated by reference to the annual increase in the Consumer Price Index for the 12 months to September subject to a maximum of 5% per annum. As the statutory provisions are set by the Government, it is possible that the current arrangements could be subject to change in the future. Please note if you left the scheme before 1 January 1986, these statutory provisions do not apply.

Pensions from the scheme are payable for life and are normally paid on the 15th day of each month, beginning with the month coinciding with or following your retirement date. Your pension will be taxed on a PAYE basis.

You will, in addition, receive any state scheme pension to which you are entitled (see page 13).

When can I draw my pension?

You will be entitled to receive your pension from your normal retirement date of 65. You can choose to draw an adjusted level of pension from an earlier or later date, please see early and late retirement sections for further details.

Some members who joined the scheme prior to 1 February 2002 retain the right to take some of their deferred pension unadjusted from age 60. Any pension earned before 1 February 2002 would not be adjusted, however any pension earned after 1 February 2002 would be reduced to take account of its early, and potentially longer, payment.

What happens if I leave employment?

The scheme is closed with effect from 31 March 2016 so you are already a deferred member of the scheme. If you leave the employment of the Riverside Group, there is no impact on the benefits you have earned in the scheme. The sections below explain what your pension will be and the benefit options available to you.

EARLY RETIREMENT

You may choose to retire at any time after reaching age 55 (the current minimum pension age) and receive an immediate pension calculated as for your normal pension date (see page 8), but reduced based on your age at the date your pension commences.

A reduction, calculated by the scheme actuary, will be applied to the early retirement pension to take account of its early, and potentially longer, payment where:

- pension benefits have been earned after 1 February 2002 and are being paid before normal retirement date or;
- pension benefits earned before 1 February 2002 are being paid before age 60.

If you were an active member of the final salary section at 1 February 2002 and you elect to take early retirement between ages 60 and 65 no early retirement reduction will be applied to the pension relating to pensionable service completed prior to 1 February 2002.

Please note that an immediate pension is not available if the Guaranteed Minimum Pension requirements are not met.

If you are suffering from Incapacity, you may be permitted to take your pension before age 55.

FLEXIBLE RETIREMENT

Following a change in legislation which became effective on 6 April 2006 members are able to take early retirement benefits (subject to receipt of the necessary Employer consent) and to continue working for the Employer. This option is referred to as flexible retirement.

Under the scheme's flexible retirement rules members must take all of their benefits in one go, rather than phasing the level of their retirement income.

As the employer is now subject to the automatic enrolment legislation, members who take flexible retirement could (subject to certain earnings and age requirements) be automatically enrolled into the defined contribution section of the Social Housing Pension Scheme, the arrangement that the employer has selected to meet its automatic enrolment obligations.

LATE RETIREMENT

You may postpone your retirement until after age 65. If you do so your pension will be increased to reflect the late, and potentially shorter, payment. The amount by which your pension will be increased will be determined by the Trustee Company following advice from their actuary.

MAY I TAKE A CASH BENEFIT AT RETIREMENT?

At retirement you may, if you wish, exchange part of your retirement pension for a cash lump sum.

The amount of the cash lump sum you receive for each £1 of pension exchanged varies according to your age when you retire. The Trustee Company will decide the rate at which pension is converted into a lump sum. Subject to any maximum required by the Inland Revenue, the rate will be one that the actuary has confirmed is reasonable.

The amount of tax free cash available is, broadly, 25% of the capital value of your pension benefits (subject to an overall limit on tax free cash from HMRC registered arrangements of 25% of the lifetime allowance).

The amount of lump sum that you take affects the size of your pension. The higher the lump sum, the greater the reduction to your pension. Your spouse's pension will however continue to be calculated using the value of your pension before reduction to provide a retirement lump sum. In certain circumstances, however, it may be necessary to restrict the cash sum to ensure that your remaining pension is not less than your Guaranteed Minimum Pension. This restriction will normally only arise in the event of a retirement before normal retiring date.

You will be given a retirement benefits schedule shortly before you are due to retire. This will show the cash sum you may take, and the amount of residual pension.

EXAMPLE

A member retiring at age 65 on a pension of **£10,000.00 pa** can choose a lump sum of:

(20 x C x F) / (20 + (3 x C))

Where:
C = Commutation factor = 15.50*
F = Full pension before commutation = £10,000.00
*varies with age and gender and subject to regular review

(20 x 15.50 x £10,000.00) / (20 + (3 x 15.50)) = £46,616.54

plus a reduced pension. Currently the amount of pension that would need to be given up to provide the lump sum is:

£46,616.64 / 15.50 = £3,007.52

This would give the member a reduced pension of: **£10,000.00 - £3,007.52 = £6,992.48 pa**

PENSION INCREASES

Once in payment some of your pension will increase annually as follows:

- Guaranteed Minimum Pensions earned before 6 April 1988 will not increase.
- Guaranteed Minimum Pensions earned after 6 April 1988 will increase in line with the consumer price index up to maximum of 3% per annum.
- Your pension in excess of Guaranteed Minimum Pension earned before 1 February 2002 will increase in line with the Retail Price Index up to a maximum of 5% per annum. Any annual increase in excess of 5% would be at the discretion of the Trustee Company and would depend on their assessment of the scheme's finances.
- Your pension earned between 1 February 2002 and 5 April 2006 will increase in line with the Retail Price Index up to a maximum of 5% per annum.
- Your pension earned from 6 April 2006 will increase in line with the Retail Price Index up to a maximum of 2.5% per annum.
- Your pension earned under the CARE section will increase in line with the Retail Price Index up to a maximum of 5% per annum.

Benefits in excess of Guaranteed Minimum Pension will increase each October and any post 6 April 1988 Guaranteed Minimum Pension will increase each April.

WHAT BENEFITS WILL BE PAID ON MY DEATH?

If you die **before retirement** (i.e. before your pension commences), the following benefits will be paid:

- A spouse's pension equal to half of your deferred pension valued at the date of death (i.e. your deferred pension at deferment date with statutory inflation protection applied to date of death, as set out on page 10). Should you die without leaving a spouse a dependant partner's pension may, subject to the Trustee's discretion, be payable. The amount will be equal to the spouse's pension that would have been payable.

- Plus a return of your own contributions to the scheme.

Following your death **in retirement** (i.e. after your pension has commenced), the following benefits will be paid:

- If you die within five years of the date of your retirement, a lump sum equal to the pension you would have received for the remainder of the five year period will be paid as a lump sum at the discretion of the Trustee Company (see the section headed Payment of Death Benefits section for more details).

- Your spouse will also receive a pension equal to two thirds of the pension you were receiving at the date of your death in respect of service before 1 February 2002, and half of the pension in respect of service after 1 February 2002.

- A lump sum funeral benefit of £1,000.

Where a spouse is more than 10 years younger than the member, the spouse's pension will be reduced in line with advice provided by the scheme actuary.

PAYMENT OF DEATH BENEFITS

LUMP SUM DEATH BENEFITS

To make the payment of lump sums as smooth and tax effective as possible, they are paid at the discretion of the Trustee Company. This means that under current legislation, the payment will not be subject to inheritance tax. Although the Trustee Company has the discretion to decide who any lump sum death benefits are paid to, you can help by completing a Nomination of Beneficiary Form to provide clear guidance on who you would like the benefit to be paid to.

A copy of the Nomination of Beneficiary Form has been included at the back of this booklet, and you should complete a new form if your personal circumstances change. Completed forms should be submitted Human Resources.

SPOUSE'S PENSION

This is payable to the person who is your spouse at the date of your death and is paid monthly for life on the 15th day of each month, beginning with the month coincident with or following your death (or the next instalment date of your own pension where appropriate). It will be taxed on a PAYE basis.

CIVIL PARTNERSHIPS AND SAME SEX MARRIAGES

The civil partner of a member registered in accordance with the Civil Partnership Act 2004 and the same sex spouse of a member married in accordance with the Marriage (Same Sex Couples) Act 2013 qualify for the same death benefits provided to an opposite sex spouse.

TRANSFER OF PENSION ENTITLEMENT

As an alternative to your deferred pension, a transfer of your pension rights may be made to a new employer's pension scheme, or to a personal pension plan of your own choice. If you wish to investigate this option you will be provided with a statement of the guaranteed cash equivalent (the term for the transfer value you are entitled to under statute) quoting the transfer value which would be payable, and giving instructions on how to go about exercising the option. Requests for guaranteed cash equivalents can only be made once every 12 months and if you wish to go ahead with the transfer you will be required to reply within three months of the date the quotation is given (providing additional information which may be requested by the scheme). Further details will be provided on request.

If you are interested in transferring or obtaining an estimate of the transfer value which would be available you should contact the Pension Administrator in the first instance. You are strongly urged to take independent financial advice before transferring the value of your pension benefits away from the scheme.

PENSION LIBERATION CASES

Under current UK legislation the earliest age from which members of an occupational pension plan can draw their pension is 55. In recent years there has been a significant increase in the number of cases where members have been offered the opportunity to access their pension savings prior to age 55. Often these alternative arrangements are presented as pension 'loans', but ultimately they end up leaving individuals with a very high administration fee and a tax bill from HMRC which may equal more than half the value of their pension fund. The Trustees would urge you to be particularly vigilant if you receive an unsolicited approach (often made through cold calling) encouraging you to transfer to another pension arrangement, and would suggest that you read the further information provided by the Pensions Advisory Service on its website:
www.pensionsadvisoryservice.org.uk

TRIVIAL COMMUTATION LUMP SUMS

If you are aged over 55 and the capital value of your scheme benefits is 'trivial', you can draw your entire pension as cash. This is known as a 'trivial commutation'. Whether your benefits are 'trivial' is defined by legislation as follows:

- If your total pension benefits from all sources (excluding state pension benefits) are valued at less than £30,000 you may be able to take them all as a cash lump sum.
- If your benefits in any one pension scheme are valued at less than £10,000, you may be able to take your benefits from that scheme as a cash lump sum.

This extinguishes your and your spouse's right to any further benefits from the scheme.

TRANSFERS INTO THE SCHEME

The Trustee Company does not accept transfers in to the scheme. You are strongly urged to take independent financial advice prior to reaching a decision on transferring pension benefits.

STATE PENSION ARRANGEMENTS

The state pension scheme changed from 6 April 2016 and affects everyone reaching state pension age on or after that date. A single-tier pension has replaced the two-tier system of basic state pension and the additional state pension. If you already have an entitlement under the additional state pension arrangements (this might be in relation to the State Earnings Related Pension Scheme (SERPS) or State Second Pension (S2P)), there will be a system of credits that will be taken into account when your pension is calculated.

Further information on the new state pension arrangements is available at:

https://www.gov.uk/new-state-pension

Further information about the state pension arrangements is available at:

https://www.gov.uk/browse/working/state-pension

MISCELLANEOUS

APPROVAL FROM HER MAJESTY'S REVENUE & CUSTOMS (HMRC)

The scheme is registered with HMRC as an exempt approved pension scheme under the Finance Act 2004, and receives the following benefits:

- full tax relief on contributions paid by members and the employer.
- the scheme's investments receive favourable tax treatment
- lump sum cash payments on retirement or death can be made tax free (subject to limits)

ANNUAL ALLOWANCE

Since 2006, pension benefits have been assessed for taxation purposes by reference to an annual allowance and a lifetime allowance. Broadly speaking the annual allowance is the maximum amount of pension benefit that you can build up in a single year (from all sources, with the exception of State benefits) and remain eligible for full tax relief. In contrast, the lifetime allowance is a test on the value of your overall pension benefits when you retire.

In recent years both the annual allowance and the lifetime allowance have been subject to material reductions. As a result more people are expected to exceed the limits, leading to the possibility of an extra tax charge. The table below illustrates the changes to the levels of the annual allowance since its introduction in 2006:

Tax year	Annual allowance
2014 – 15 onwards	£40,000
2013 – 14	£50,000
2012 – 13	£50,000
2011 – 12	£50,000
2010 – 11	£255,000
2009 – 10	£245,000
2008 – 09	£235,000
2007 – 08	£225,000
2006 – 07	£215,000

With effect from 5 April 2016 the annual allowance for some individuals has been reduced below the current £40,000 limit. This will affect anyone with adjusted income greater than £150,000. Adjusted income includes income from all sources on which income tax is paid, as well as the value of pension earned over the year (calculated in the same way as for the annual allowance test). As a result members earning between £110,000 to £150,000 may find themselves caught.

The amount that you are permitted to earn tax efficiently depends not only on your income but also the pension you build up during the year. The £40,000 annual allowance will be reduced by 50p for each £1 of adjusted Income over £150,000, tapering down to a minimum of £10,000 for anyone with adjusted Income of £210,000 or more. So, for example, if your adjusted income in the 2016/17 tax year were £180,000 your personal annual allowance would be £25,000.

Further information on tapered annual allowance can be found at:

https://www.gov.uk/guidance/pension-schemes-work-out-your-tapered-annual-allowance

If you take advantage of any of the new pension freedoms that were introduced from 6 April 2015 (i.e. access defined contribution benefits not by way of an annuity; but as a cash sum or 'flexi-access drawdown') and continue to make contributions into a registered pension scheme, your annual allowance for money purchase savings will automatically be restricted to £10,000 in any given tax year. The Government has called this the Money Purchase Annual Allowance.

Please note that it is your responsibility to monitor your position against the annual allowance and pay any related tax charges.

WHAT HAPPENS IF I EXCEED THE ANNUAL ALLOWANCE?

Within a defined benefit arrangement such as the scheme, the annual allowance assessment is processed by multiplying the increase in a member's accrued pension during a scheme year (after allowing for inflation) by 16. Within a defined contribution arrangement such as the Riverside Stakeholder Scheme, the annual allowance assessment is processed by comparing the level of contributions (including any made by an employer) paid during the scheme year against the annual allowance.

What can be done to mitigate the annual allowance tax charge?

If you exceed the annual allowance for a tax year HMRC rules allow you to carry forward any unused allowance from the previous three years to mitigate the potential tax liability. This provision has been designed to address the impact of a one off spike in pension savings which could, for example, have resulted from a promotion. Details of any unused carry forward allowance must be included within a Pension Sharing Statement.

Further information on the carry forward provisions can be found at:
https://www.gov.uk/hmrc-internal-manuals/pensions-tax-manual/ptm055100

If you are subject to an annual allowance tax charge you can ask that the scheme meets the tax cost, with a subsequent reduction applied to your scheme benefits. This process is known as Scheme Pays, and you can find further information at:

https://www.gov.uk/hmrc-internal-manuals/pensions-tax-manual/ptm056400

LIFETIME ALLOWANCE

The lifetime allowance is a test on the value of your total pension benefits (from all registered arrangements) when you come to retire. If the value of your total pension benefits exceeds the lifetime allowance then a tax charge will be payable. Where benefits in excess of the lifetime allowance are taken as cash they are subject to a charge of 55% (tax year 2018/2019). If the excess benefits are taken as annual pension they are subject to a charge of 25% (tax year 2018/2019) but will also be liable for income tax when in payment. The table below illustrates the level of the lifetime allowance since its introduction in 2006:

Tax year	Lifetime allowance
2018 – 19	£1.03m
2016 – 17	£1m
2014 – 15	£1.25m
2013 – 14	£1.5m
2012 – 13	£1.5m
2011 – 12	£1.8m
2010 – 11	£1.8m
2009 – 10	£1.75m
2008 – 09	£1.65m
2007 – 08	£1.6m
2006 – 07	£1.5m

Most individuals are, at the moment, unlikely to have benefits which exceed the limit but at the point of retirement you will need to give the pension scheme administrators details of all your other pension benefits. You will be provided with a Lifetime Declaration form for completion. If you make an incomplete or incorrect declaration, either fraudulently or negligently, you may be subject to a fine.

HMRC has introduced various forms of protection for individuals with large pension rights:

- enhanced protection (no longer available)
- primary protection (no longer available)
- individual protection 2012 (no longer available)
- fixed protection 2012 (no longer available)
- individual protection 2014 (no longer available)
- fixed protection 2014 (no longer available)
- individual protection 2016 (available indefinitely)
- fixed protection 2016 (available indefinitely)

As a result of the reduction in lifetime allowance from £1.25million to £1.0million with effect from 6 April 2016, two new transitional protection regimes were introduced: Fixed Protection 2016 and Individual Protection 2016. Individuals can protect themselves against the reduction by applying to HMRC for fixed protection. Those who already had pension savings in excess of £1.0million can help protect themselves against the reduction by applying to HMRC for individual protection.

If you have registered for any of the above protections you must declare this to the Trustee and provide a copy of your certificate issued by HMRC. Failure to provide such information is liable to a fine and may incur a further tax penalty on any excess benefits.

The Trustee cannot give you advice on whether you should apply for protection. If you think it might be relevant to you, you should consult a financial adviser.

ASSIGNMENT OF BENEFITS

You may not charge, or assign or otherwise dispose of your benefits under the scheme.

AMENDMENT OR DISCONTINUANCE

Although it is intended that the scheme will be continued in its present form, the Group has the right to change or terminate it at any time in accordance with the procedures laid down in the scheme's legal documents. The Group has given no separate guarantee beyond the payment of normal contributions to meet the cost of the scheme benefits as described on page 7.

If the scheme is discontinued the Group is required to make up any shortfall in members' and dependants' benefits if the scheme's resources are not sufficient to provide all the benefits earned up to the date of discontinuance. If the Group were to be dissolved or wound-up, then in the event that the scheme's resources are not sufficient to provide all the benefits earned up to that date, the scheme would become a creditor of the Group.

HELP AND ADVICE

The Trustee Company works hard to ensure you receive an excellent service however acknowledges that there may be times when you are dissatisfied and want help to resolve a problem you may have with your pension provider. In March 2018 the dispute resolution service for pension scheme members was moved from The Pensions Advisory Service (TPAS) to the Pensions Ombudsman.

TPAS remains a reliable source of information about pension schemes in general and may be able to assist you with general questions about your pension. Their explanations are clear and jargon free and you can find out more at: www.pensionsadvisoryservice.org.uk or by contacting TPAS at:

Post: 11 Belgrave Road
London
SW1V 1RB

Telephone: 0300 123 1047

The Pensions Ombudsman can help if you have a complaint or dispute concerning the administration and/or management of any personal and occupational pension. You can contact the Pensions Ombudsman at:

Post: 10 South Colonnade
Canary Wharf
E14 4PU

Telephone: 0800 917 4487

Website: www.pensions-ombudsman.org.uk

However, you are encouraged to go through the scheme's internal dispute resolution procedure before taking your complaint to the Pensions Ombudsman, as the Pensions Ombudsman will not generally consider your complaint until you have been through the Scheme's internal dispute resolution procedure.

INTERNAL DISPUTE RESOLUTION PROCEDURE

As required by the Pensions Act 1995, the scheme has an internal procedure for resolving any disputes which may arise. This is a two stage process. In the first instance you must address your complaint to the Human Resources at:

The Riverside Group Limited
2 Estuary Boulevard
Estuary Commerce Park
Liverpool
L24 8RF

Telephone: 0151 295 6160
Email: HR.Support@riverside.org.uk

In normal circumstances you will receive a full response within two months. If you are dissatisfied with the response you will be entitled to refer the matter to the Trustee Company within six months of receiving it. The Trustee Company will then reply directly to you, where possible within two months. If you are still unsatisfied with the outcome you can contact the Pensions Ombudsman.

ANNUAL REPORT AND ACCOUNTS

Each year the Trustee Company produces an annual report which reviews how the scheme has developed over the year. The report includes the scheme's audited accounts for the year in question, a report about the investments, and statements by the scheme's actuary and auditors. A copy of the report is available to scheme members and beneficiaries on request.

THE PENSIONS REGULATOR

The Pensions Regulator is able to intervene in the running of schemes where Trustees, employers or professional advisers have failed in their duties and in certain other circumstances. The regulator can be contacted at:

Napier House
Trafalgar Place
Brighton
East Sussex BN1 4DW
Website: www.thepensionsregulator.gov.uk

THE PENSION TRACING SERVICE

If you have lost the details of your deferred benefits under a previous scheme you can contact the Pension Tracing Service who will provide you with an up-to-date address for the Trustees of that scheme. You can contact the Pension Tracing Service at:

Pension Tracing Service
The Pension Service 9
Mail Handling Site A
Wolverhampton
WV98 1LU
Telephone: 0800 731 0193
Website: www.gov.uk/find-lost-pension
Riverside Ref: 100055655

THE PENSION PROTECTION FUND

The Pension Protection Fund's main function is to provide compensation to members of eligible defined benefit pension schemes when there is a qualifying insolvency event in relation to the employer, and where there are insufficient assets in the pension scheme to cover the Pension Protection Fund level of compensation. The Pension Protection Fund is a statutory fund run by the Board of the Pension Protection Fund, established under the provisions of the Pensions Act 2004. To help fund the Pension Protection Fund, compulsory annual levies are charged on all eligible schemes.

PENSIONS AND DIVORCE

The Welfare Reform and Pensions Act 1999 provided for the sharing of pension benefits on divorce, with pension sharing becoming an option for couples involved in divorce, or nullity proceedings commencing on or after 1 December 2000. Should you require additional information, then you should contact the Pension Administrator in the first instance.

If you ask the Trustee to give you an estimate of the value of your pension benefits for the purpose of divorce, you should inform the Trustee of this reason. In practice, requests are made to the Pension Administrator at the address at the end of this booklet.

GUARANTEED MINIMUM PENSION

If you earned benefits in the Scheme between 17 May 1990 and 5 April 1997, part of your pension entitlement may include a right to a Guaranteed Minimum Pension (GMP). The High Court decision concerning the Lloyds Bank pension schemes has clarified, in certain respects, how overall pension scheme benefits should be calculated where members have accrued a GMP between those dates.

If your pension entitlement includes a right to a GMP this may affect the benefits that you are entitled to (for example on retirement or if you decide to take a transfer out of the Scheme), although any change is likely to be modest. If you are approaching retirement, or if you inform us that you are considering commencing your pension or taking a transfer out of the Scheme, you will be provided with further information about how GMPs could impact upon your benefits.

DATA PROTECTION

The Data Protection Act 1998 was replaced by the Data Protection Act 2018 (DPA) with effect from 25 May 2018. The Data Protection Act sits alongside, and supplements, the General Data Protection Regulation (GDPR) which came into force on 25 May 2018 and was introduced to enhance the protection of personal data. The Trustee (and its advisers) holds personal data relating to you and your beneficiaries, from which you may be identified. This personal data is used by the Scheme Trustee and its advisers to administer the scheme only for the purposes of calculating and providing members' benefits and for the efficient running of the scheme. The processing of this data is carried out on behalf of the Trustee by the scheme administrator and the scheme's advisors (this may include passing data to other third parties). You are entitled to request to see any of your data that is held by the Trustee. A charge may be made to cover the cost of supplying the data.

For more information on your rights under the GDPR, and on how the scheme processes your personal data, please refer to the Scheme Privacy Notice, a copy of which is enclosed with this booklet.

GENERAL ENQUIRIES

For further information about the scheme or have a query about any of your benefits, please contact the Human Resources at:

By post

The Riverside Group Limited
2 Estuary Boulevard
Estuary Commerce Park
Liverpool
L24 8RF

By telephone

0151 295 6160

By email

HR.Support@riverside.org.uk

THE RIVERSIDE GROUP PENSION SCHEME

NOMINATION FORM

TO: THE TRUSTEE OF THE RIVERSIDE GROUP PENSION SCHEME

While I understand the application of certain lump sums arising on my death is at the complete discretion of the Trustee, I should like the person or persons named below to be considered as possible recipients:

Name & Address	
Relationship	
Fraction of benefit (%)	
Signed Date	
Name (in Block Capitals)	

NOTES

(1) This form should be completed and returned in a sealed envelope to:

Human Resources
The Riverside Group Pension Scheme
2 Estuary Boulevard
Estuary Commerce Park
Liverpool
L24 8RF

(2) The envelope should be clearly marked with your name (block capitals), the date and the words "The Riverside Group Pension Scheme in respect of Death Benefits." This will only be opened in the event of your death.

(3) If you wish to change any details given here, you should complete a new form. Your earlier form will be returned to you. If applicable, this form will be regarded as cancelling any previous form which the Trustee might hold.

(4) In order to maintain the confidentiality of your nomination and to avoid impairing the ability of the Trustee to administer the scheme and pay the correct benefits, the Trustee does not intend sending a privacy notice to anyone named on this form during your lifetime. You may provide them with a copy of the privacy notice if you wish.

APPENDIX

DEFERRED PENSION CALCULATION – FINAL SALARY SECTION: EXAMPLE

The calculation of your final salary deferred benefit is your **final pensionable salary** at date of leaving, multiplied by your **total service** and the **scheme accrual rate**.

Your **final pensionable salary** is your pensionable salary in the 12 months up to your date of leaving.

The **scheme accrual rate** is 1/100 for service before 31st March 1988 followed by 1/60 for all service after 1st April 1988.

Your **total service** is the period between the date you joined and left the scheme calculated in years and months.

Example:

Total service:

Date joined scheme: 1st January 2000

Date of leaving: 31st March 2016

Total service: 16 years and three months

Accrual rate:

All service is after 1 April 1988: 1/60

Final pensionable salary:

Pensionable salary changed on 1st July in each year:

31st March 2015 – 30th June 2015: £20,000 x 3/12 =	£5,000
1st July 2015 – 31st March 2016: £21,000 x 9/12 =	£15,750
Final pensionable salary:	**£20,750**

Deferred pension: **1/60 x (16 + 3/12) x £20,750 = £5,619.79 p.a.**

DEFERRED PENSION CALCULATION – CARE SECTION: EXAMPLE

While actively in service your CARE pension would have been built up each year that you were a member of the CARE section, with the pension being calculated based upon your pensionable salary for that year. At the end of each scheme year (31 March), your pension for that year was calculated and banked. The pension for each scheme year was calculated as, 1/60 of your pensionable salary. Whilst you were an active member of the Scheme your banked pension is revalued each year before your retirement in line with the Retail Prices Index (RPI) subject to a maximum annual increase of 5%.

The following example is based on a CARE section member with exactly four years of pensionable service, with a salary in year one of £20,000 rising to £21,538 in year four.

Pensionable salary in year	Pension calculation	Pension for the year	Banked pension
£20,000	1/60 x £20,000	£333.33 p.a.	£333.33 p.a.
£20,400	1/60 x £20,500	£341.67 p.a.	£341.67 p.a.
£20,808	1/60 x £21,013	£350.22 p.a.	£350.22 p.a.
£21,225	1/60 x £21,538	£358.97 p.a.	£358.97 p.a.

To calculate the re-valued pension the effect of the increase in RPI must be added to the "banked" pension figures. In this example the assumed rate of RPI revaluation is 2% p.a. (shown below as 1.02). The total re-valued pension after four years is worth £1,425.39 p.a.

	Pension for the year	Revaluation calculation	Banked revalued pension
Year 1	£333.33 p.a.	£333.33 x 1.02 x 1.02 x 1.02	£353.73 p.a.
Year 2	£340.00 p.a.	£341.67 x 1.02 x 1.02	£355.47 p.a.
Year 3	£346.80 p.a.	£350.22 x 1.02	£357.22 p.a.
Year 4	£353.75 p.a.	£358.97 x 1	£358.97 p.a.
Total			**£1,425.39 p.a.**

You may have earned pension from both the final salary and CARE sections. Any pension earned from the final salary section would be added to any pension earned in the CARE section to determine your total pension.