



**AEGON**

Transform Tomorrow

For employees

# Easy steps to your company pension

*P*ATTERSON-MILLS

INDEPENDENT FINANCIAL ADVISERS & CHARTERED FINANCIAL PLANNERS



# A message on behalf of your employer

If you're reading this, that's great. It means you've taken the first step towards a better future. Your company pension is an important benefit, and one you should definitely consider taking up.

Your pension plan is **extra money that your employer gives you for your future**. And the government gives you money towards it as well, by boosting your personal contributions through tax-relief.

Pensions can appear complicated – **this booklet explains them really simply**. And if you want more help, it tells you where to find that too.

Let Aegon guide you on your pension journey. **Read on.**

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Reading this booklet should only take 15 minutes of your time and will put you on the first step of your pension pathway.



# Understanding pensions

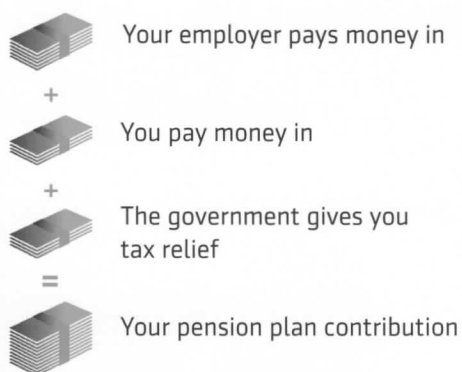
Your employer is offering you a company pension to help you save for your future.

## Why have a pension plan?

The state pension probably won't be enough to live on when you retire, although you may be entitled to other benefits. That's why **many people these days have some form of personal pension**. In fact, the government has put rules in place to help make sure most working people start saving into a pension plan. You probably don't want to be working into your 70s and 80s. Saying yes to your company pension scheme and starting to save now could mean you're less likely to be.



## Your company pension explained



It's that simple.

Your company pays a percentage of your salary into your pension plan. You do too (this is called a contribution). And the government gives you tax-relief on your contributions. Together, this all adds up to your total contributions.

## Then what happens?



This money is invested in funds. You'll find out more about investments in the Understanding investments section.

You keep saving into your pension plan until you're at least 55. And then you use it to provide an income when you retire.

You can now take some or all of your pension savings as a cash lump sum. Normally, up to 25% of this will be tax-free – but you may be subject to various tax implications on the rest. There are several different ways you can take your cash as a lump sum and we suggest you fully understand the implications of each before you make any decision. To find out about the tax implications, go to [www.gov.uk/tax-on-pension](http://www.gov.uk/tax-on-pension).



## It's your pension plan



Not the government's, not ours, not your employer's. **Yours.**

It's still yours when you leave your company, whether that's tomorrow or in 20 years' time, even though you can't actually take any money from it until you're ready to retire. If you leave your company you may be able to transfer benefits to a new scheme. We recommend you get professional financial advice if you need more information on transferring.



# Understanding pensions – *continued*

## How does tax relief work?

### Personal contributions

The government wants you to pay into a pension plan. So, it gives you tax relief on the money you pay into your pension plan as an incentive. If you're using salary sacrifice and your employer is making a pension contribution on your behalf you won't get any tax relief. This is because you've not paid tax on the amount you've given up. For more details, see our salary sacrifice section below.

If you're a basic-rate taxpayer, you'll get 20% tax relief on your personal contributions. You don't have to do anything to claim this tax relief as we'll do it for you and pay it into your plan. If you're a higher-rate taxpayer, you can get additional tax relief through your yearly tax return, or by asking your local tax office to adjust your tax code. For more information go to [aegon.co.uk/higher-rate-taxpayer](http://aegon.co.uk/higher-rate-taxpayer)

You'll get tax relief on your personal contributions up to 100% of your relevant UK earnings, or £3,600 a year (whichever is greater). But there's a limit (called an annual allowance) on the overall amount that can be paid into your pension plans without paying tax on it; it's £40,000 for 2015/16.

This is based on our understanding of current taxation law and HM Revenue & Customs practice, which may change. The amount of tax relief you'll get depends on your individual circumstances.



### Salary sacrifice

Your employer might offer something called **salary sacrifice** – it's just a different way of making contributions to your pension plan. It's an arrangement between you and your employer, where you exchange part of your gross salary (your salary before tax and National Insurance deductions) for a non-cash benefit – in this case a pension plan contribution. When your gross salary is reduced, you automatically pay less tax and National Insurance. As you already benefit from paying less tax on your salary, you won't get tax relief on the contributions paid into your pension plan. Speak to your employer to find out if your scheme offers salary sacrifice and for more information go to [aegon.co.uk/salariesacrifice](http://aegon.co.uk/salariesacrifice)





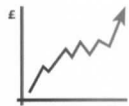
# Your money

The money in your Aegon pension plan is invested for you. We explain here how it all works.

Your pension plan isn't the same as saving money in a savings account with a bank. **We invest the money in your pension plan into funds** – and you can choose which funds you want to put it into.



How does my investment work?

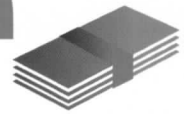


## What fund am I in when I join?

If you've been automatically enrolled or opt into your scheme, your contributions will be automatically invested in a 'default fund'. This is a fund chosen by your employer for their scheme, and it means you're invested from day one.

Your employer will have chosen a fund that they think best meets the average needs of their workforce, but it may not be the best fit for you. If you want more control over where your money is invested, you may want to choose a fund that's more tailored to your needs.

## Is there a charge?



Yes. It's called your annual management charge, and it comes off your plan to cover our set-up costs and ongoing admin. Some funds have additional charges, and you'll get more information on these funds and their charges on our fund list – <https://www.aegon.co.uk/support/fund-prices-and-performance.html>

## How do I choose my own fund?

Choosing which fund to invest in is as easy or as difficult as you want it to be. You'll need to think about:

- whether you want to choose a ready-made portfolio or build your own
- how long your savings will be invested before you retire
- how much risk you're comfortable taking

You can find out more about each of these things later in this booklet.

## Making your decision

You can find more information about our funds, including factsheets, on our website at [aegon.co.uk](http://aegon.co.uk)

Your employer may offer a tailored fund list for you to choose from. You can find out more in your scheme specific information.

If you want more in-depth, tailored advice, you should speak to a financial adviser. They'll usually charge a fee for their advice.

The value of investments can go up and down and you could get back less than you originally invested. And just because an investment's performed well in the past doesn't mean it always will.





# Understanding investments

There's no right or wrong answer when it comes to choosing a fund – what suits you might not be right for your colleagues. Thinking about your investment priorities will help you make the decision that's right for you.



## Use a ready-made portfolio or build your own?

Some of our funds are designed to be the only fund you'll need. They make investing easy by offering a whole investment portfolio conveniently packaged in one fund. We monitor these funds on an ongoing basis and change them if we need to, with the aim of helping them meet their objectives. You can find out about these sorts of funds here [aegon.co.uk/about-aegon/funds-promise](https://aegon.co.uk/about-aegon/funds-promise)



How should I invest my money?



If you're a more confident investor you might want to build and manage your own portfolio, in which case we have a wide range of funds for you to choose from. You can browse our full fund range here <https://www.aegon.co.uk/support/fund-prices-and-performance.html>

LOWER

## What's your risk level?

Different funds have different levels of risk, and all funds can fall in value. Riskier funds tend to have higher long-term growth potential, but they're also more likely to experience greater falls from time to time, so you'll need to work out the balance that's right for you.

To help you choose the fund that matches your risk appetite, we've given all our funds a risk rating, which you can find on our fund factsheets.



Minimal Risk



Low Risk



Below Average Risk



Average Risk

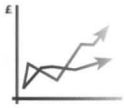


Above Average Risk



Higher Risk

Our risk ratings are based on each fund's sector and characteristics – including its objectives and investment style. They shouldn't be compared to other companies' risk ratings, which may be based on different criteria.



## How long will your savings be invested for?

Generally speaking, the further you are away from retirement, the more risk you could take, as your fund will have time to make back any large falls in value, but there's no guarantee that it will do so.

If you're closer to retirement, you might want to play it a bit safer, with lower-risk funds. But these funds don't give you as much potential for your money to grow.

Of course, this isn't the only factor to take into account, you'll need to work out how much risk you're comfortable with, no matter what stage of your retirement savings journey you're in.

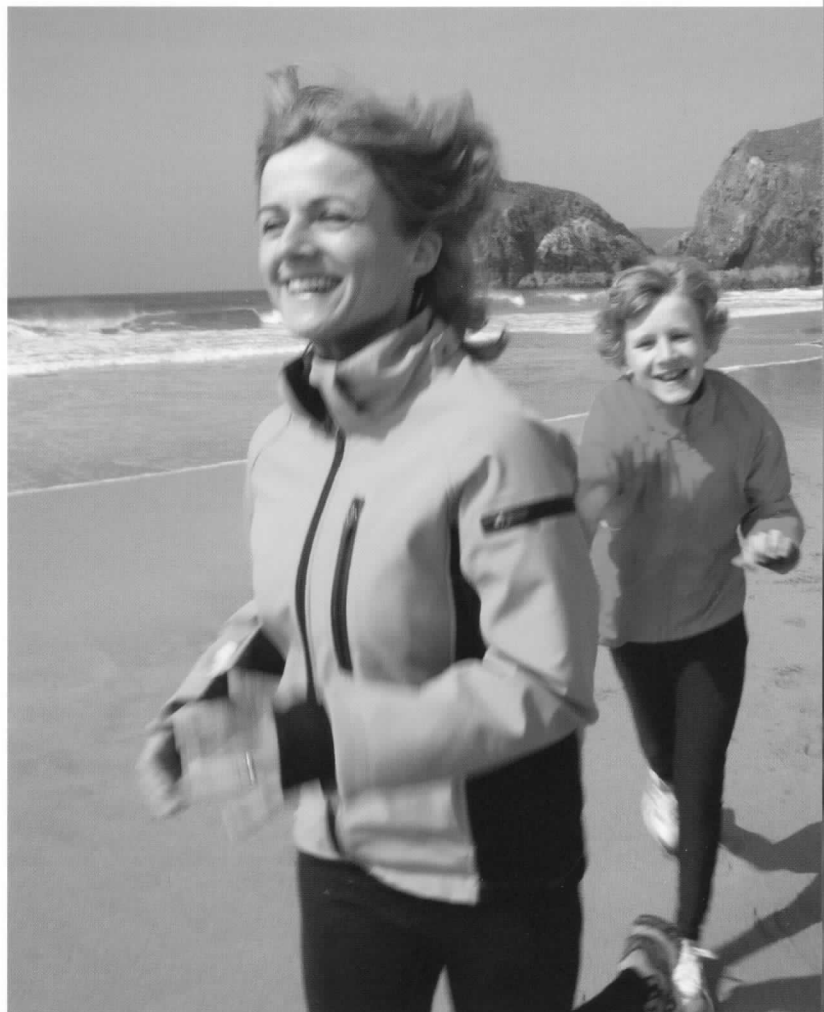


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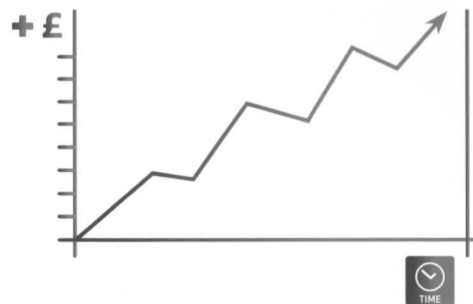
# Understanding you

## Why should you start saving into a pension plan now, and why should we be part of your journey?

Wherever you are on your path towards retirement, it's usually worth saving. People are living longer, the state pension is unlikely to be enough and you don't want to work forever. So, it's worth signing up along with your colleagues and getting started today.



The earlier you join, the more time your pension plan has to grow.



So, if you're closer to retirement and just starting to save, you might want to save a bit more. You should try to save as much as you can afford, as the more you save now the better off you could be when you retire.

And nothing's set in stone. You can change your mind tomorrow, next week or next year if you like, about lots of the choices you make. You can increase, decrease or stop your contributions. You can switch the funds you're invested in. The choice is yours.

## Making your pensions path easier

We're Aegon. We're providing your company pension scheme, but it's not ours. It's yours, and your company's set it up for you. **They've chosen us carefully because they know how important it is for you to save for your retirement.** They probably chose us because we're a global provider of pensions, investments and protection and we're well established. We know how important saving for retirement is, and we care about providing the best pension schemes we possibly can. That's what we do.

We know saving for retirement is a good thing, and we want to convey that to you. So we give you the information you need, in plain English, so you can make the right decisions for yourself.



## Keeping you in the know

We can't give you advice, but we can help if you have any questions or need to know anything about your plan. You'll be able to speak to someone knowledgeable and friendly, right here in the UK.

Or you can use our easy-to-manage online services. You can check the value of your plan online and manage how your money is invested any time you like.





# What next?

**You've taken the first steps towards a better future. Hopefully you now feel clearer about your choices.**

To continue on your pension journey:

- Read the important information issued with this booklet
- Speak to a financial adviser if you want more help with your choices (though there may be a fee for this). You can find a financial adviser near you at [unbiased.co.uk](http://unbiased.co.uk)
- If you've not already joined your company pension scheme, fill in the enclosed form to sign up. If there's no form enclosed, speak to your employer about how to join your scheme

Thanks for reading. These 15 minutes have put you on track for a better future. Continue your journey and say hello to:

- extra money from your company
- extra money from the government, in the form of tax relief
- the chance of a more comfortable retirement





# Get in touch

Phone: 03456 10 00 88 (Monday to Friday, 8.30am to 5.30pm)  
enquiries@aegon.co.uk  
aegon.co.uk

Remember, we can't give you financial advice.


We might record your call, but it's just to improve our service.

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If you'd like a large-print, Braille or audio CD version of this pack,  
please call 03456 10 00 88.



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