CAPITA

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# Scheme booklet

## Capita Group Money Purchase Scheme

Powered by Atlas

Contents


# Destination: your future

# The first step

## Capita Employee Solutions operates a pension scheme called the Atlas Master Trust ('Atlas'). The Capita Group Money Purchase Scheme (CGMPS) is a section within Atlas for current and former employees of Capita. In this guide we will refer to Atlas as the Scheme and the Capita Group Money Purchase Scheme section as CGMPS.

With all travel, preparation is key. Planning a route is vital. Knowing where you start is imperative. This booklet is your first step towards a comprehensive plan to save for your future.

This booklet gives you an overview of the CGMPS, including the benefits of being in the Scheme and the contribution structure. It also provides details of where you can find further information, and a glossary explaining some of the terms used. If you have a question which is not answered by this booklet, please contact the Scheme Administrator, Capita Employee Solutions, on 0345 604 0014 or atlas@capita.co.uk who will be happy to help.

To update your contributions, change your investments and complete your Expression of Wish, visit the Pension pages on Capita Desktop. This can be accessed by logging into Capita Desktop, going to My Self, and then Choice. Alternatively, please go to https://capita.orbitbenefits.com or contact the Scheme Administrator.

Please note that whilst every effort has been made to ensure the information in this booklet accurately reflects the Scheme's legal documentation, if there is any difference, the legal documentation will apply. Members subject to the tax laws of the Isle of Man, Jersey or Guernsey should disregard the information contained within this booklet and instead contact the Scheme Administrator for further information on the CGMPS.

Correct as at March 2019.

# Travel itinerary

# Why should you join CGMPS? Why make the journey?

## People are living longer than ever before. You could spend well over twenty years in retirement; around half the average working life.

Some people think that the State Pension will be enough to meet their financial needs in retirement. From 6 April 2016 a new simplified single State Pension has been introduced for those who reach State Pension age after this date. The single State Pension is based purely on your National Insurance record. In 2019/20 the full amount will be £168.60 per week. Please note that to receive the maximum new State Pension, you require 35 years of National Insurance credits and if you have been 'contracted out' of the state scheme at any time in your working life the amount you receive under the new State Pension may be reduced. Calculating this is complicated, but you can find out more information on www.gov.uk/new-state-pension

If that doesn't sound like a lot to live on, then it's important that you start making plans for extra retirement income, and the sooner the better.

CGMPS offers a wide range of valuable benefits including:

- The flexibility to take benefits in a number of different ways such as tax free lump sums or a regular income.
- Access to benefits before age 55 if you have to retire due to incapacity, serious ill health or injury (subject to criteria being met and the consent of the CGMPS Governance Committee).
- Capita will not pay contributions into a personal pension scheme for you - but they will pay into your personal account within CGMPS (provided you meet the eligibility criteria).
- You pay less income tax and may also pay lower national insurance on your contributions, within certain limits.
- The Scheme is trust based - this means the Scheme Trustee and the CGMPS Governance Committee and their professional advisers look after it for you. They continuously review the level of service the Scheme receives.
- The assets are legally separate from Capita and in the event of an insolvency situation neither the company nor its creditors would be able to access them.

Even if you are unsure if you will stay with your employer in the long term, you should still think carefully about joining the CGMPS.

# How to join

There are a number of ways that you can start membership:

- Your employer may automatically enrol you into the CGMPS. Employers have a legal duty to automatically enrol all those employees that meet the following requirements:
  - they are aged between 22 and their State Pension age
  - they work or ordinarily work in the UK
  - they earn over a minimum earnings threshold of £833 a month or £192 a week (that is equal to earnings of £10,000 a year) in the 2019/20 tax year.

When you join Capita you will be sent a notification confirming that you will be automatically enrolled into Tier 2 of the CGMPS once you meet the above requirements. The Government allows for a postponement period of three months, therefore, unless you want to be enrolled sooner, you will be automatically enrolled where eligible, 3 months from the date you become eligible, and payroll deductions will commence from this date.

Once you have been automatically enrolled if you are happy to be in the CGMPS you do not need to do anything further. If you wish you can choose to opt out of the Scheme. If you are eligible you will have the opportunity to opt up to Tier 1, otherwise you will be eligible after 12 months in Tier 2.

If you don't at first meet the above conditions you will not be automatically enrolled. However, once you do meet the conditions then you will be. You will be notified by your employer at the time you meet the conditions and are automatically enrolled into the CGMPS.

It's important to note that if you opt out, you will no longer be saving for your future through the CGMPS and your employer will not contribute to any alternative pension arrangement. Therefore, you will not receive the benefit of your employer's pension contributions.

**In addition, if you choose to opt out, Capita is required to re-enrol you in the Scheme, broadly every three years (if you continue to meet the relevant eligibility requirements at that time).**

# How much does it cost?

You contribute a percentage of your salary each month and Capita matches the contribution that you make, up to certain limits, dependent on which tier you are a member of.

## Your contributions

The money contributed by both you and Capita is paid into your own personal account within the CGMPS - similar to having a pension bank account in your name. If you wish to pay more you can, within any Tier, choose to pay Additional Voluntary Contributions (AVCs).

## AVCs

AVCs are a flexible way of contributing extra money into your personal account. You can choose to pay regular AVCs as a percentage of your salary, or a fixed level e.g. £100 a month. You can start and stop them at any time (subject to payroll receiving sufficient notice). You can also pay one off lump sums into your personal account if you wish.

You can pay AVCs into another pension arrangement you may have, but you will have to arrange this directly and any payments will have to be paid from your bank account and not through Capita payroll.

## Salary sacrifice

Where you meet the criteria your contributions will be made via a salary sacrifice (unless you request otherwise) which means you give up (sacrifice) part of your salary, and the part of your salary that you sacrifice is added to Capita's pension contributions. All of this money is then paid into your personal account. This method of contributing means that you receive National Insurance Contribution relief (and Income Tax relief where applicable) on the amount of your salary that you sacrifice. Your other benefits from Capita are based on your Reference Salary, which is your salary before any pension contributions are taken into account, which ensures that your other benefits are not reduced.

However, you may not be able to contribute via a salary sacrifice if this results in your pay not being subject to any National Insurance Contributions, for example if this would result in your salary being below the National Living Wage, or if you are in receipt of statutory payments only.

You can choose to opt out of making your contributions by salary sacrifice at any time; however you will not be able to revert back to salary sacrifice within 12 months of opting out.

## Tax relief

Under current tax law, the 'take-home pay' cost of your payments is reduced because you don't have to pay income tax on the money you pay into the CGMPS. This means that if you pay income tax at the basic rate of 20%, each £1 you pay in to the CGMPS only costs you 80p. The idea is that as you only receive the money when you retire, you should only be taxed on it at that time (although this excludes the tax-free lump sum element).

If you pay income tax at the higher rate of 40%, then each £1 you pay in will only cost you 60p, and for 45% tax payers, it's 55p. You receive the tax relief automatically through payroll – there's nothing for you to do, and you should not include details on your annual tax return.

If you earn less than £12,500 (in the 2019/20 Tax Year) you need to be aware that you will not receive tax relief on your contributions, assuming that you pay no income tax from your earnings in this employment. This is because your employer cannot take the money from your income before tax and then apply tax relief, since you do not pay tax normally.

## Tax restrictions

HM Revenue & Customs (HMRC) currently allow you to put all of your gross taxable earnings towards pension benefits (or £3,600 if this is greater). You get income tax relief on your payments, subject to an Annual Allowance and Lifetime Allowance, which are £40,000 and £1.055m respectively, for the 2019/20 tax year.

The Government has announced that it intends to index the Lifetime Allowance annually in line with the Consumer Prices Index (CPI).

If you're interested in making a contribution in one year towards the CGMPS, that when added to your employer's contribution exceeds £40,000, then you could breach the Annual Allowance (which is the limit on the total amount of pension savings that can be accrued during a tax year without triggering a tax charge). However, you may be able to carry forward an unused Annual Allowance that you have from previous years.

In certain cases, a lower Money Purchase Annual Allowance of £4,000 could apply if you have drawn retirement benefits and been informed by your pension scheme that you are subject to the lower Money Purchase Annual Allowance as a result.

Please note from 6 April 2016 a Tapered Annual Allowance is in effect, for every £2 of adjusted income over £150,000, an individual's Annual Allowance will be decreased by £1, subject to a minimum Annual Allowance of £10,000 per annum. Further information is contained later within the guide on page 39. Please speak to the Scheme Administrator if you would like further information on this.

# Tier 1 — eligible employees

## You are able to join Tier 1 of the CGMPS if you meet certain eligibility criteria. Your Statement of Terms and Conditions (employment contract) will detail if you are eligible for immediate membership of Tier 1.

Please note, you will not be automatically enrolled into Tier 1 but will enter Tier 2. If you are eligible to join Tier 1, you are able to do so at anytime. In addition, employees who have had 12 months continuous membership of Tier 2 or Tier 3 may opt into Tier 1 if they wish.

To join Tier 1, if you are eligible, you need to go to Capita Desktop (see page 3 for more information) or https://capita.orbitbenefits.com.

### How much money can you put into CGMPS and how much does Capita put in?

Tier 1 of CGMPS allows you to choose how much you want to contribute into your personal account as a regular contribution. This can be either 5% or 6% of your Reference Salary, which Capita will match up to 5% of your Reference Salary. Contributions to Tier 1 are based on your basic pay which differs from the statutory minimum contribution which is based on qualifying earnings.

| Employee percentage | Employer percentage |
|---|---|
| 6% or higher | 5% |
| 5% | 5% |

**Please note, if you have joined Capita by way of a transfer of employment or acquisition you should refer to your pension's announcement or contract of employment for details of your contribution rates.**

As well as paying these contributions, Capita also pays a portion of the running costs of CGMPS (although certain investment management and scheme administration expenses are deducted from your contributions before they are invested).

You also have the option to contribute more to your personal account by paying Additional Voluntary Contributions (AVCs).

## How to change your contribution rate

You choose the level of contribution you want to make, either 5% or 6%, when you join (or in accordance with your pension's announcement or contract of employment if you have joined Capita by way of a transfer of employment or acquisition). After that, you can alter your contribution level by going to Capita Desktop (see page 3 for more information) or https://capita.orbitbenefits.com

You can opt out of making your contributions by salary sacrifice at any time; however you will not be able to revert back to salary sacrifice within 12 months of opting out.

# Tier 2 — automatic enrolment

You will be automatically enrolled into Tier 2 if you are not already a member of a pension scheme that Capita contributes to on your behalf.

You will be considered eligible if you;

- earn over £10,000 a year (£833 a month)*, and
- are aged 22 or over; and are under State Pension age

If you are between the age of 16 and 75 and have qualifying earnings; i.e. earn more than £6,136 per year (£512 per month)* but don't meet both of the criteria above, you will be able to apply to join Tier 2, but you will not automatically be enrolled (unless you meet both of the above criteria at some point in the future).

*based on figures for the 2019/20 tax year. Please note the amounts and eligibility criteria are set by the Government and may alter in the future.

You can choose to opt out of making your contributions by salary sacrifice at any time. However you will not be able to revert back to salary sacrifice within 12 months of opting out.

## How much money do you put into Tier 2 of CGMPS and how much does Capita put in?

The contribution amounts that both you and Capita are required to contribute to your pension as part of automatic enrolment are as shown below*:

| Date | Employee contribution | Employer contribution |
|---|---|---|
| From April 2019 | 5% qualifying earnings | 3% qualifying earnings |

* as per current Government legislation

As well as paying these contributions, Capita also pays a portion of the running costs of CGMPS (although certain investment management and scheme administration expenses are deducted from your contributions before they are invested).

Qualifying earnings is the threshold of earnings set by the Government, and means that the minimum percentages do not apply to all of your salary. It is applied to what you earn over a minimum (currently £6,136 p.a.) and up to a maximum limit (currently £50,000 p.a.). Qualifying earnings include payments made to you such as overtime, bonus and commission.

The Scheme Administrator will automatically enrol you into the CGMPS if you are eligible when the postponement period of three months has passed. On behalf of Capita, the Scheme Administrator will contact you to confirm that you are eligible for automatic enrolment and will confirm when your contributions will start to be deducted.

You can choose to opt out of the pension scheme if you want to, and the Scheme Administrator will tell you how when they contact you. If you remain a member you will have your own personal account which you can access when you retire.

## How to change your contribution rate

You have to make a minimum contribution of 5% of your salary into Tier 2. If you wish to make a greater contribution you may do so by paying Additional Voluntary Contributions (AVCs).

Once you have 12 months continuous membership in Tier 2 you will have the opportunity to opt-up to Tier 1 and make higher contributions which will be matched by Capita up to 5%.

Please note this will not happen automatically and will require you to make an active selection which can be done by going to Capita Desktop (see page 3 for more information) or https://capita.orbitbenefits.com

As part of the changes to workplace pensions introduced by the Government, Capita will need to ensure that existing and future members have their contribution levels increased over time in order to meet the minimum contribution level requirements.

If you are impacted by this, you will receive further information from the Scheme Administrator nearer the time.

# Tier 3 — entitled worker

This tier is for staff who are not currently eligible to join Tier 1 or Tier 2, who are between age 16 and 75 but earn less than £6,136 p.a. (£512 a month). You will not be automatically enrolled into this section and will need to actively apply by contacting the Scheme Administrator.

## How much does it cost?

The pension contribution you will pay is a minimum 1% of your basic salary.

Although Capita does not contribute to your personal account in Tier 3, it is worth noting that it does pay a portion of the running costs of the CGMPS (although certain investment management and scheme administration expenses are deducted from your contributions before they are invested).

## How to change your contribution rate

You have to make a minimum contribution of 1% of your salary into Tier 3. If you wish to make a greater contribution you may do so by paying Additional Voluntary Contributions (AVCs).

Once you have 12 months continuous membership in Tier 3 you will have the opportunity to opt-up to Tier 1 and make higher contributions which will be matched by Capita up to 5%.

Please note this will not happen automatically and will require you to make an active selection which can be done by going to Capita Desktop (see page 3 for more information) or https://capita.orbitbenefits.com

# Transfers in

When you join the Scheme, you may be able to transfer the value of pension benefits you have built up in previous pension arrangements into your personal account.

If you want to find out more about your transfer options, you should contact the Scheme Administrator. They will then, on your behalf, request information about your previous pension arrangement.

When all the required information is received from your previous pension arrangement, you will be sent full details on the transfer value(s) and then given the opportunity to consider whether you wish to proceed with the transfer(s) or not. If you do opt to go ahead with the transfer(s), these additional funds will be added to your personal account.

Please note that the CGMPS Governance Committee decides whether or not transfers may be accepted. They consider each case on its merits and there may be circumstances where they cannot accept a transfer value.

# How secure is the CGMPS?

The money you pay into the CGMPS is kept separate from the assets of your employer as part of the Atlas Master Trust. Your payments can only be invested in accordance with the Scheme's legal documentation, which are in place to ensure that Atlas is managed correctly.

Atlas is run by a single Trustee company which is called the Atlas Master Trust Trustee Limited. The Trustee company is legally responsible for making sure that Atlas is run properly and also monitors the performance and suitability of the range of investment funds available under Atlas.

The directors of the Atlas Master Trust Trustee Limited are a select group of experienced, industry pension experts. The chair of the company and the majority of the directors are required to be independent of and not affiliated to your employer, the administrators or other service providers. They have a legal duty to act only in members' best interests.

The CGMPS section of Atlas is overseen by a Governance Committee formed and appointed by Capita and to which the Atlas Trustee has delegated many of their duties. They meet quarterly and set the direction for the CGMPS section as well as carrying out many of the key duties (for example, determining where discretionary death benefits should be paid). The Governance Committee is made up of employer and member representatives and has its own advisers to ensure the interests of the CGMPS section of Atlas are achieved.

In addition, the Trustee has appointed other independent specialists to provide expert advice, to ensure Atlas operates efficiently in your best interests. This means that Atlas is regularly reviewed and updated so that the routes and investment strategies used are the most appropriate ones.

# How is your money invested?

## Your contributions are invested each month according to your investment choices. The value of your personal account is linked to the investment performance of the funds in which it is invested. If this has been favourable, the value of your personal account will increase. However, the value of funds can go down as well as up, so increases in value cannot be guaranteed.

The value of your eventual income is closely linked to the value of your account so when you come to withdraw from it, it's very important to try and invest in the most appropriate funds between now and when you take it.

The CGMPS offers a personalised investment package designed to reflect how you want to save. For the road ahead, choose whether you would like to use the default option selected by the CGMPS Governance Committee or whether who you would like to choose your own funds.

There are a number of funds to choose from, selected to offer a range of investment options for members, whatever your age or attitude towards investment risk and returns.

You will find more information in the Investment Guide or by visiting the CGMPS website, www.hartlinkonline.co.uk/cgmps-atlas, where you can see where your funds are invested and make changes to your investment strategy and fund choices, whenever you wish. Please note that you will need to register the first time that you use the website, details of which are available on the homepage.

You can also visit these pages by going to Capita Desktop (see page 3 for more information) or https://capita.orbitbenefits.com and following the links through to the website.

Whatever investment route you decide to take, you will need to specify your investment choices by contacting the Scheme Administrator. You're able to make changes to your investment route and any fund choices you have made, whenever you wish.

If you do not make an investment choice, your savings will automatically be invested in the default option, designed for those who do not wish to manage their individual arrangements in the CGMPS.

Please note that the Trustee and CGMPS Governance Committee facilitates access to funds that invest in regulated markets.

It cannot accept any responsibility for the performance of those markets and, if you make your own choice of funds, the Trustee and CGMPS Governance Committee is not responsible for the outcome of that choice.

You should note that neither the Trustee, CGMPS Governance Committee, nor the Scheme Administrator is authorised to give you advice about which investment choices would be best for you. You may wish to seek independent financial advice.

# Start a new journey — what if you leave the CGMPS?

| < 30 days membership[1] | > 30 days membership |
| --- | --- |
| You will be treated as having never joined the Scheme. Your contribution, which was made through a payroll deduction, will be returned to you less the usual income tax deduction. It will not be affected by the investment conditions nor will it include any element of your employer's contribution.[2]<br><br>If contributions have been made through a salary sacrifice arrangement, then the arrangement will be cancelled. | **You can either:**<br><br>i. Leave your pension account invested with the CGMPS until you come to the time when you start taking your benefits. You will be known as a deferred member[3]; or<br><br>ii. You can transfer[4] your benefits to another registered pension scheme (including your own personal pension plan if you have one).<br><br>Whichever choice you make the benefit will include the value of your employer's contributions as well as yours. |

Whilst you are an active member of the CGMPS you are also free to partially transfer your benefits, once every three months, to another Registered pension scheme without penalty. Further information about this can be obtained from the Scheme Administrator.

Please note that this policy is reviewed annually by the Governance Committee and subject to change.

1 If you've transferred other pension benefits into the CGMPS which have given you more than 30 days' qualifying service, you will be treated as having had more than 30 days' membership.

2 Capita will keep records of any opt outs because, under the legislation, they will be required to re-enrol you in the Scheme broadly every three years (if you meet the relevant eligibility criteria at that time). If you become eligible to be re-enrolled you will be contacted at that time.

3 You will no longer be able to pay into your pension account, but you can choose to change how it is invested, and any investment returns that you make will continue to be added to it.

4 If you decide to transfer your pension account out of the CGMPS then you'll have to check with your new scheme that they are willing to accept the transfer (there is no charge if you wish to transfer out of the CGMPS). If you do wish to transfer your benefits, you'll need to let the Scheme Administrator know where you would like them to be transferred. You'll be able to transfer your rights out of the CGMPS at any time after leaving, provided that you have not started to take your benefits. Once you start taking your benefits then no transfer is possible, unless the CGMPS Governance Committee consents.

# Death benefits
# Is your family protected if you die?

## The CGMPS not only helps you to provide for your retirement, it also offers important financial protection for your family, in case you die before retirement.

The CGMPS Governance Committee can consider a wide range of beneficiaries for payment. Although they are not legally bound to take account of your wishes, they will generally do so. Any lump sum payments on death are payable under discretionary trusts, which means that they are not subject to Inheritance tax. The CGMPS Governance Committee have arrangements in place to establish a Trust Fund for potential beneficiaries who are young or are unable to handle the amount which may be payable to them.

So that they know who you want your beneficiaries to be, you should complete an Expression of Wish Form. This can be done by visiting the CGMPS website, www.hartlinkonline.co.uk/cgmps-atlas, where you can download or print a form, or also make an electronic nomination, whenever you wish. Please note that you will need to register the first time that you use the website, details of which are available on the homepage. You can also visit these pages by going to Capita Desktop (see page 3 for more information) or https://capita.orbitbenefits.com and following the links through to the website.

### Is your family protected if you die before you retire?

If you die while you're a contributing member of the CGMPS, the CGMPS Governance Committee will decide how your death benefits are distributed as a lump sum.

It is important that the CGMPS Governance Committee have this discretion as it usually enables the entire death benefit to be paid free of inheritance tax (in accordance with current tax legislation). Please note all benefits paid out tax free are subject to HM Revenue & Customs limits.

## Death after leaving Capita but not retiring

If you should die after leaving Capita but your personal account remains in the CGMPS, the CGMPS Governance Committee will use the value of your personal account to pay out a lump sum.

## Death after retirement

If you die after your retirement the benefits payable will depend on the options you choose at retirement.

If you have taken the drawdown option, or if you have funds remaining in the CGMPS, your family will have the option to receive a Lump Sum Death Benefit. This is tax free if you die before age 75. Or if you die after age 75, your beneficiaries will be taxed at their marginal rate.

Alternatively, your family will have the option to transfer any remaining funds to either receive drawdown from the remaining fund, or to purchase an annuity. Income from either of these two options will be tax free if you die under age 75 and other criteria set by HMRC are met.

If you die after reaching age 75, or the HMRC criteria are not met, then income tax will be payable at the beneficiaries' marginal rate of tax. Further details can be obtained from the Scheme Administrator.

Please note that your beneficiaries cannot elect to receive drawdown or an annuity within the CGMPS, and so would have to transfer to an alternative provider.

# Change direction?

## Life events can change plans - the CGMPS has the flexibility to change with you.

### What if I get married or enter into a civil partnership?

You should update your Expression of Wish Form to show who you would wish to receive any lump sum benefits on your death. Details of the death in service benefits, lump sum and dependants' pensions available from the CGMPS are set out in the section, 'Death benefits' on page 23.

### What if I start a family?

You'll still be classed as a member of the CGMPS during maternity leave, adoption leave and paternity leave, paid or unpaid. You'll only put in money based on the pay you actually receive (including statutory maternity pay). If your salary drops to a level where salary sacrifice cannot operate (e.g. statutory maternity pay), then you will temporarily be suspended from salary sacrifice and you will automatically have employee contributions deducted from your pay after National Insurance contributions have been deducted. When you return to work your contributions will automatically revert back to being made via salary sacrifice (unless you have opted out).

Your employer will continue to make payments into the CGMPS for you during periods of paid maternity leave, adoption leave or paternity leave, based on the pay you would have received had you been at work.

Remember to update your Expression of Wish form.

## What if I take other kinds of family leave or have a sabbatical?

You will still be classed as a member of the CGMPS during any other period of temporary absence, paid or unpaid, that your employer consents to regard as pensionable. However, you and your employer will only make contributions into your personal account based on the pay you actually receive.

## What if I get divorced?

You may have to share your pension benefits as part of a divorce settlement. Contact the Scheme Administrator and they will tell you how much your personal account is worth and what to do next.

## What if I retire early?

After you've reached your minimum retirement age you can take your benefits. To do this you must notify the Scheme Administrator.

Please see the next section of this booklet, '**Welcome to the open road**' for full details of what happens when you take your benefits and the CGMPS Retirement Guide.

# Welcome to the open road
## Retirement considerations

A few months prior to your Normal Retirement Age you will receive a pack from the Scheme Administrator with information on the value of your personal account and the options available to you, along with the necessary forms that you will need to complete in order to take your benefits. Historically the Scheme Administrator requested original birth and marriage certificates in order to verify your identity, but in line with industry best practice now conducts an electronic identity and verification check with no need for original certificates to be provided. The check will leave what is referred to as a 'soft' footprint on your credit record and will not affect your credit rating. This means that your credit record will show that Capita (as Scheme Administrator) have looked at your record but nothing further. Further details can be obtained from the Scheme Administrator.

Here are some really important points to consider at retirement:

- The minimum age from which you can normally retire or access your funds is currently 55. From 2028 the minimum age is changing, so you won't be able to access any of your long term savings until you're at least 57. This minimum age does not apply if you retire on grounds of ill-health because you can no longer continue to work in your occupation.
- The level of your benefits will depend on the value of your personal account and the type of benefits you choose from the options available.
- You don't need to decide what type of retirement option you would like until you retire, at which time you will be given full details of your options.
- If you retire early your personal account will generally be smaller. This is because fewer contributions will have been paid in, your account will have been invested for a shorter period of time, and your benefits will potentially be paid over a longer period.

- On the other hand, if you retire later, more money will have been paid into your personal account, it will have been invested for longer and your benefits will potentially be paid over a shorter time and so it will generally be higher in value.
- You don't have to take all your money at once. You can take some of your money now and leave the rest of your personal account to grow until you are ready to take it. This gives you freedom of choice and doesn't tie you into making all of your decisions in one go. You can even delay your retirement all together.
- Cash sum – under current HMRC rules, you can take part of your account as an immediate tax-free cash sum when you retire, with 25% tax-free. The remaining 75% will be taxed when you take them. The more you take in taxed income in any one year, the higher the income tax you will pay.
- You can take your tax-free benefits as a lump sum but once you take any of the other benefits flexibly then the tax law will restrict your future saving into the CGMPS and other money purchase schemes to a new lower limit, which is £4,000 a year in 2019/20. This limit is called the Money Purchase Annual Allowance.
- You don't have to buy a regular income. You can take your benefits as you like, including as a single lump sum or several or even have a pot from which you can flexibly access your income as and when you need it.

- You can still purchase a secure income for life if you wish for the security and certainty that this will give you (known as an annuity). Also, there are new flexible options that combine the certainty of some guaranteed income with more money early on.
  - The cost of buying an annuity is set by the annuity rates in force at the time you retire and these will affect the level of your benefits. These are based on how long you will be expected to live (life expectancy) and long term interest rates. Low long term interest rates mean that annuities are more expensive and you will get a lower income for the money you have available.
  - If you have an existing medical condition when you retire which is likely to shorten your life expectancy, you may choose to buy an impaired life annuity. An impaired life annuity will take account of your condition and you may receive a higher than normal level of income, as the annuity is expected to be payable for a shorter period.
  - If you choose an annuity, you may select one that increases over time, but these cost more to provide and so if you choose this option your initial amount would usually be less.
  - You can also choose to have your pension paid for a minimum period should you die, within 5 years of retirement for example. This would mean a lump sum, equal to the value of your pension payments would be payable for the remaining period of the guarantee should you die early.
  - With an annuity you can also select a pension for a beneficiary on your death in retirement.

As a member of CGMPS you get to choose from a variety of options with regards to how to take your benefits. Further information can be found in the CGMPS Retirement Guide.

# Final checks

Having read this booklet you should:

- Understand the benefits that the CGMPS offers in conjunction with the other savings and investments you hold. You can also make use of your Annual Benefit Statement when planning long term savings.
- Have decided what level of payments you want to make and how you would wish to invest them within the contribution structures within each Tier.
- Have accessed the Investment and Retirement guide for the CGMPS to understand the investment options available and the options regarding how benefits can be taken.
- Complete an Expression of Wish form so the CGMPS Governance Committee know who you would like to receive any death benefits that may become payable.
- Understand the transfer in process if you are considering transferring in benefits from another pension scheme.

# For the journey — personal account FAQs

## Do I pay tax on my pension?

When you decide to take your benefits you have the option currently to take up to 25% tax-free. The rest will be taxed. For the remainder of your personal account, whether lump sum or pension, the payments are taxable in the same way as earned income.

If you decide to take some of your personal account now while the rest is left until later, then the 25% tax-free lump sum will be in relation to the part of your personal account that you take now. The part left for later may have its own 25% tax-free element that you get when you take that part.

## What happens if I die after I have purchased an annuity?

The benefits your family would receive if you die after retirement will depend on the options you choose on retirement – see the CGMPS Retirement Guide for further information.

## What happens if I have to stop working because of my health?

If you become permanently unwell or disabled you may be able to receive all of your built up benefits as a lump sum, even if you're below age 55. You must have left employment with Capita and the CGMPS Governance Committee would have to consent to this.

## What happens to my State Pension if I retire abroad?

The good news is that your State Pension can be paid anywhere in the world.

However, State Pensions are generally increased each year, but you'll only receive the increase if you choose to live in another part of the European Economic Area or any country that the UK has an agreement with to allow increases. For more information, click on the following link:
www.gov.uk/browse/working/state-pension

## Where can I obtain a forecast of my State Pension?

You may be able to obtain a forecast. Please refer to:
www.gov.uk/state-pension-statement

# For the journey — automatic enrolment FAQs

## What is automatic enrolment?

The workplace pensions reform (known as automatic enrolment) is a change in legislation, which came into effect on 1 October 2012, to help people save for their retirement. Capita is required to automatically enrol eligible employees into a pension scheme and will enter employees into Tier 2 of the CGMPS when they meet the eligibility criteria. This applies to those employees who aren't already in a workplace pension scheme and are considered to be eligible.

## Will I be automatically enrolled into the pension scheme?

Employees will be automatically enrolled if they:

- are not a member of a scheme to which Capita contributes;
- earn over £10,000 a year (£833 a month);
- are aged 22 or over; and
- are under State Pension Age.

## If I am eligible when will I be automatically enrolled?

The Government allows for a postponement period of three months, therefore, unless you ask to be enrolled sooner, Capita will automatically enrol all eligible employees, who are not already a member of a workplace pension scheme, 3 months from the date you become eligible and payroll deductions will commence from this date.

## Is it compulsory to join this scheme?

Yes, if you meet the criteria, it is a legal requirement for Capita to automatically enrol you into a workplace pension scheme (for which Capita uses Tier 2 of the CGMPS). However, you will have the opportunity to opt out of the Scheme once you have been enrolled.

## What if I already have my own pension?

If you have a personal pension scheme that is not associated with Capita you will still be automatically enrolled into Tier 2 if you meet the criteria.

## What age must I be to be eligible for automatic enrolment?

To be eligible for automatic enrolment you must be aged 22 or over but under State Pension Age. However, you must work for a Capita entity that has already staged and your earnings will also be assessed; if your qualifying earnings are £10,000 p.a. or more, and you meet the age criteria you will be considered eligible for automatic enrolment (the earnings criteria is set by the Government and may change year on year). If you are less than age 22 or above State Pension Age, you will be given an option to opt-in or join the pension scheme.

## How much will being automatically enrolled in a pension actually cost me?

This will depend on how much you earn, however initially you will contribute a minimum of 5% of your qualifying earnings. Qualifying earnings is the threshold of earnings which is set by the Government, and means that the minimum percentages do not apply to all of your salary, but on what you earn in total over a minimum (currently £6,136 p.a.) up to a maximum limit (currently £50,000 p.a.). Qualifying earnings includes payments made to you such as overtime, bonus and commission.

## After being automatically enrolled can I contribute more than the 5%?

Once you have been in Tier 2 or 3 for 12 months you will have the opportunity to opt-up to Tier 1 of the CGMPS and make higher contributions, matched by Capita up to a certain level. You can, within any Tier, choose to pay Additional Voluntary Contributions. Please note this will not happen automatically and will require you to make an active selection which can be done by going to Capita Desktop (see page 3 for more information) or https://capita.orbitbenefits.com

## Will my contributions increase in the future?

As part of the changes to workplace pensions introduced by the Government, Capita will need to ensure that existing and future members have their contribution levels increased over time in order to meet the minimum contribution level requirements.

If you are impacted by this, you will receive further information from the Scheme Administrator nearer the time.

## What if I don't qualify for Tier 2?

If you don't have qualifying earnings, then you have the option to join Tier 3. Once you have 12 months continuous service in Tier 3 you will have the opportunity to opt-up to Tier 1 of the CGMPS and make higher contributions, matched by Capita up to a certain level. Members who are in Tier 3 but meet the eligibility criteria will be automatically enrolled into Tier 2 of the CGMPS by the Scheme Administrator.

## If I decide to opt-out, will Capita automatically enrol me again at some point in the future? If so how regularly?

Yes, as a requirement of the legislation employees who have opted out will be re-enrolled broadly every 3 years from the original staging date, if they continue to meet the criteria for automatic enrolment.

## If I am automatically enrolled will my life assurance benefit increase as I am now a member of the pension scheme?

Being automatically enrolled into the CGMPS will not affect any other benefits that you may be entitled to.

## Is my commission included in the definition of qualifying earnings?

Yes, if you are automatically enrolled into Tier 2, contributions are based on qualifying earnings which includes all earnings such as commission, bonus, overtime etc.

## If I am automatically enrolled do I have an input on how my pension pot is invested?

Yes, your contributions are automatically invested according to the CGMPS default investment strategy, but you are able to change your investment options in the future if you wish. Further information can be found in the CGMPS Investment Guide.

## Is it possible to opt into the scheme at a later date?

If you are not automatically enrolled or decide not to join, you can join the relevant section of the CGMPS that you are eligible for at any time unless you have previously opted out, whereby you will be informed of your options at that time.

## Can I opt in earlier to the CGMPS?

Yes, you can opt into the CGMPS earlier by contacting the Scheme administrator who will confirm which Tier you can join.

# For the journey — salary sacrifice FAQs

## If my salary includes a salary sacrifice deduction, how will I be able to check my overtime etc. has been correctly worked out?

All salary calculations are based on your Reference Salary. The payslips are designed so that, for your information, all elements of pay are shown, but salary sacrifice deductions will also appear. That way you will be able to see how overtime and other calculations have been made.

## Who could be adversely affected by a salary sacrifice arrangement?

There are a small number of people who may be adversely affected by salary sacrificing. These people are those who, by salary sacrificing, would reduce their earnings to below the National Insurance Lower Earnings Limit (for 2019/20 this is £6,136 p.a.). If your earnings drop below this minimum level you may not be building up an entitlement to State pension benefits.

## Will salary sacrificing affect my entitlement to other state benefits or tax credits?

A salary sacrifice arrangement may affect your entitlement to other state benefits and tax credits and you should therefore carefully consider the possible effects. The impact of this arrangement is particularly significant if your earnings are brought below the National Insurance Lower Earnings Limit by the salary sacrifice.

If you feel that this may affect you, please contact HMRC for details of the impact on tax credits at:
www.hmrc.gov.uk/taxcredits

## How will salary sacrificing affect my mortgage reference or credit rating reference, provided by Capita?

Salary sacrifice arrangements are becoming more and more common, so mortgage companies and other agencies are familiar with the use of the term ‘Reference Salary’. Your payslip shows your Reference Salary, and Capita will make this clear in any references sent out on your behalf.

## What happens if my salary drops to a point where there are insufficient funds to deduct a salary sacrifice?

Capita will regard this as a life-changing event and therefore contributions will be suspended, for an agreed period of time, or until your salary returns to its previous level.

## What happens if I have a pay rise whilst I am paying pension contributions by salary sacrifice?

Pay rises will simply be incorporated into your overall Reference Salary. Your sacrifice each year is a percentage contribution, rather than a set monetary amount, so this percentage figure would normally be applied to whatever salary increase you receive during the year.

## I have just applied to join the Childcare Vouchers scheme, is it still possible to also salary sacrifice my pension contribution?

There is no reason why you cannot do both but you must be aware of the impact that this will have on your gross salary and take home pay and there may be implications for you.

## Will my salary sacrifice affect my other Capita benefits?

No. All other Capita benefits, including earnings-related benefits, will not be affected. This is because Capita will always use your Reference Salary, for all calculations except the Capita Share Ownership Plan (see below).

## What is the impact if I am already in the Capita Share Ownership Plan (CSOP)?

If you are exchanging the maximum percentage of your earnings for the CSOP scheme (at the time of production this could not exceed £150 per month or 10% of your total taxable salary if less), the number of shares you can purchase will reduce slightly, as HMRC rules require us to base calculations on your gross salary rather than your Reference Salary. This will probably not affect you if you are not near the maximum limit but will depend on the amount you choose to contribute to the pension scheme.

# For the journey — maximum benefit restrictions FAQs

As mentioned earlier in this booklet, the Scheme is a registered pension scheme with certain tax exemptions. In order to retain these valuable tax exemptions the Scheme has to follow certain rules regarding how the Scheme can operate, and the benefits it can provide which are summarised below.

## Lifetime Allowance

Limits the value of a person's total tax efficient pension benefits from all schemes, not just from Capita, to £1.055 million (as at 6 April 2019). The Government has announced that it intends to index the Lifetime Allowance annually in line with the Consumer Prices Index (CPI).

## Annual Allowance

Limits the value of a person's total tax efficient pension benefits from all schemes, not just from Capita, which can be built up over one year to £40,000 p.a. (as at 6 April 2019). In certain cases, a lower Money Purchase Annual Allowance of £4,000 could apply if you have drawn retirement benefits and been informed by your pension scheme that you are subject to the lower Money Purchase Annual Allowance as a result. The Scheme will advise you if you exceed the standard Annual Allowance in a tax year or the Money Purchase Annual Allowance (where they are aware that you are subject to it).

## Tapered Annual Allowance

Please note, from 6 April 2016 a Tapered Annual Allowance has been introduced. For every £2 of adjusted income over £150,000, an individual's Annual Allowance will be decreased by £1, subject to a minimum Annual Allowance of £10,000 p.a.

Adjusted annual income is worked out by adding to income the amount of pension contributions (from both an individual and employer). However, those with income below a £110,000 threshold, excluding pension contributions, will not be subject to the Tapered Annual Allowance. The table below illustrates how the Annual Allowance will reduce once income exceeds £150,000 p.a.

| Adjusted Annual Income | Tapered Annual Allowance |
|---|---|
| £160,000 | £35,000 |
| £170,000 | £30,000 |
| £180,000 | £25,000 |
| £190,000 | £20,000 |
| £200,000 | £15,000 |
| £210,000 and above | £10,000 |

## Pension Contributions

Tax relief on pension contributions is available up to a maximum of the higher of £3,600 or 100% of UK earnings. Members will also be subject to the Annual Allowance as previously described.

## Tax Free Cash Lump Sum

The maximum tax-free cash lump sum is normally 25% of the whole of your Pension Fund (including any AVCs you have paid) unless you have applied for, and been granted a protected level of tax free cash lump sum. In some cases, the tax-free cash lump sum will be restricted to 25% of your remaining Lifetime Allowance.

## Death Benefits

A tax charge could be levied on a lump sum death benefit payable following your death as this would count towards your Lifetime Allowance.

# Signposts — other information to help you on your way

## Is everything I need to know about the CGMPS in this booklet?

Every effort has been made to give you an accurate overview of how the CGMPS works. However, the CGMPS is part of the Atlas Master Trust and is governed by the legal documents of that Trust, called the Definitive Deed and Rules, along with the Deed of Participation signed by your employer. It isn't possible to cover absolutely everything in this booklet – so it can only be a summary.

In the event of any discrepancy between this booklet and the legal documentation (Definitive Deed and Rules and Deed of Participation), the legal documentation will always take precedence. You can arrange to inspect a copy of the Definitive Deed and Rules by contacting the Scheme Administrator.

## Who is responsible for running Atlas?

Atlas is managed as a Master Trust by a Trustee company, which operates Atlas in accordance with the Rules, and ensures that payments made are properly invested. The Trustee company's directors are helped by professional advisers. The names of the Trustee directors and their advisers are published in the Atlas Annual Report.

Currently, three directors have been appointed to run the Trustee company. The Trustee has a duty to act in the best interests of the members and other beneficiaries.

The assets of Atlas are completely separate from those of your employer. The Trustee has the power to change both the investment manager and the range of investment options available under Atlas.

## Who is responsible for running the CGMPS section?

The CGMPS section of Atlas is overseen by a Governance Committee formed and appointed by Capita. They meet quarterly and set the direction for the CGMPS section as well as carrying out many of the key duties (for example, determining where discretionary death benefits should be paid).

Day to day administration of the CGMPS section and operation of the helpline is carried out by:

CGMPS
Capita
PO Box 555
Stead House
Darlington
DL1 9YT

Telephone: 0345 604 0014

Email: atlas@capita.co.uk

A copy of the full Annual Report and Accounts is available on request from the team.

## Does the Trustee or CGMPS Governance Committee keep information about me?

The Trustee needs to process data relating to you for the purpose of administering and operating the CGMPS and paying benefits under it. This may involve passing on data about you to the auditor, administrator and other third parties, as may be necessary for the administration and operation of the CGMPS or in connection with any corporate transactions entered into by, or involving your employer.

The Trustee has registered Atlas under the data protection legislation and is regarded as the ‘Data Controller’ in relation to the data processing referred to above. You have the right to check that your personal details held by Atlas, your employer, the Trustee and CGMPS Governance Committee and Capita are accurate and security is maintained. If you wish to see this information you must contact Capita via the details to the side.

## Can your employer make changes to Atlas?

Your employer expects to maintain its participation in Atlas for the foreseeable future. However, your employer has the right to amend its participation in Atlas or discontinue their participation in Atlas at any time. If this happened, your rights are set out in Atlas' legal documents and the Trustee must abide by them.

You will be informed if any changes are introduced that affect your benefits.

## What tax law governs Atlas?

Atlas is a registered pension scheme under the Finance Act 2004. This means that within HMRC limits, you and your employer receive tax relief on payments made to Atlas and investment returns receive favourable tax treatment. In return for these tax concessions, there are limits on how much money can be saved towards your retirement and the amount of benefits that can be provided.

Any values used when referring to tax rates, benefit limitations and any State benefits quoted in this booklet are current as at the 2019/20 tax year, and are intended for illustrative purposes only. These rates and benefits, or the treatment of them, may differ in future tax years as a result of changes made by HMRC, or as a result of legislation.

## Can I use my personal account as security for a loan?

Your CGMPS benefits are strictly personal and cannot be assigned to anyone else or used as security for a loan or mortgage. If you become bankrupt or attempt to assign any rights contrary to the restriction in the trust documentation, then your rights may be forfeited and the Trustee and CGMPS Governance Committee, in accordance with the Rules, may exercise their discretion on how to deal with the assets held in your personal account.

## What happens if I have a complaint?

If you have any pension queries or problems, you should first contact the Helpline on 0345 604 0014, who will try to provide a prompt and accurate response. If you are unable to resolve your query or problem in this way, there are other channels you can use.

**Internal Dispute Resolution Procedure** – A process is operated by Atlas and the CGMPS Governance Committee to resolve any disputes between the Trustee, CGMPS Governance Committee and members, prospective members and beneficiaries. You should write to either the person whose letter or statement you disagree with, or to the Secretary to the CGMPS Governance Committee in the first instance at the following address:

CGMPS
Capita
2 Cutlers Gate
Sheffield S4 7TL

You should set out your complaint and ask for a copy of the disputes procedure. This sets out how, if not resolved, you can take your case further. You should receive a reply within 2 months. The sender will say either how things are to be resolved or why they disagree with you, and what you should do next.

If at the end of this procedure you are still unhappy, you could contact:

**The Money and Pensions Service (MAPS)** – MAPS is available at any time to assist members and beneficiaries of the CGMPS in connection with any pensions query they may have.

MAPS can be contacted at:

0115 965 9570

contact@maps.org.uk

**The Pensions Ombudsman** – If MAPS cannot solve your pension problem, the Pensions Ombudsman, appointed under the Pension Schemes Act 1993, may investigate and determine any complaint or dispute of fact or law in relation to an occupational pension scheme made or referred to in that Act.

The Pensions Ombudsman has an early resolution service in addition to its formal adjudication process. This aims to provide a quick, informal service to members who wish to discuss a potential complaint.

Should a complaint not be resolved using this service, then the expectation is that the formal Internal Disputes Resolution Procedure (IDRP) is completed ahead of the formal adjudication process starting.

The Pensions Ombudsman can be contacted at:

10 South Colonnade
Canary Wharf
London E14 4PU

0800 917 4487

helpline@pensions-ombudsman.org.uk

## Where can I get more help?

**Capita Employee Solutions** – is responsible for all the administration involved when you join the CGMPS, leave, retire or die and keeping all records. If you have any query about your membership, your options, your benefits or about the CGMPS in general, please contact them via the Helpline (0345 604 0014) or by writing to them;

CGMPS
PO Box 555
Stead House
Darlington
DL1 9YT

or by email at: atlas@capita.co.uk

**The Pensions Regulator** – exists to intervene in the running of schemes where trustees, employers, or professional advisers have failed in their duties. If you have concerns of this nature, you should write to them at:

Napier House
Trafalgar Place
Brighton BN1 4DW

or phone 0345 600 5666 or online through:
www.thepensionsregulator.gov.uk/contact-us.aspx

**The Registrar of Occupational and Personal Pension Schemes** – acts as a tracking agency for members of pension schemes who have lost touch with their former employers, or the trustees or providers of their previous schemes. The CGMPS is registered with the Registrar. If you need to contact the Registrar about a previous employer's pension arrangement, their address is:

Pension Tracing Service, The Pension Service 9
Mail Handling Site A
Wolverhampton WV98 1LU

www.gov.uk/find-lost-pension

# Glossary

## Additional Voluntary Contributions (AVCs)
Amounts you may choose to contribute to the Scheme in addition to your normal contributions.

## Automatic enrolment
Government legislation requiring employers to automatically enrol eligible employees into a workplace pension scheme and pay a minimum level of contributions into the Scheme.

## Beneficiary
Can include anyone who was financially dependent on the member at time of death, such as a spouse, child, or any other individual who was financially dependent on the member ('dependant'). In addition, this can include an individual nominated by the member ('nominee') or an individual nominated by a 'nominee' or 'dependant' ('successor').

## Capita
Capita and its subsidiaries.

## CGMPS Governance Committee
This will be responsible for overseeing the CGMPS Section of the Atlas Master Trust, and will be made up of representatives from Capita (both member and employer nominated). Whilst the committee will be responsible for the day to day running of the CGMPS section, the Atlas Master Trust Trustee will have overall responsibility.

## Deferred Pension Fund
The value of your personal account left within the Scheme when you are no longer an active member.

## Life-changing event
A significant personal event which may affect your finances. These include marriage, divorce, birth of a child or death of a partner. For further information please contact the Scheme Administrator.

## Master Trust

A pension scheme which is trust based, and which allows unconnected employers to participate within their own ring-fenced section of the Master Trust. The Capita section within Atlas is called the CGMPS section.

## Normal Retirement Age

The age notified to you on joining the Scheme.

## Personal account

This consists of:

- the contributions which have been paid into the Scheme on your behalf, plus
- any pension benefits you have transferred in, plus
- the investment returns on that money (which can be both negative or positive)
- less any charges.

## Qualifying earnings

This is the threshold of earnings set by the Government and for the 2019/20 tax year it is currently your salary over £6,136 p.a. but under £50,000 p.a. (including payment types such as wages, overtime, bonus and commission).

## Reference Salary

Your basic salary before any salary sacrifice.

## Salary sacrifice

A process whereby you give up part of your salary, in return for increased employer contributions of the same amount to your personal account. As you will in effect be nominally receiving a lower salary, you will pay less Income Tax and National Insurance.

## Scheme

The Atlas Master Trust. The Capita section within Atlas is called the CGMPS section.

## Spouse

The person legally married to the Member, or the person who has legally entered into a civil partnership with that Member.

## State Pension Age

The age at which you can claim State Pension is changing - it is currently 65 for both men and women. State Pension age for both men and women will then increase to 66 by October 2020 and after that to at least 68.

## Tier 1

The section of the CGMPS open to those with a contractual entitlement, or who have been in Tier 2 or 3 for 12 months – see page 12.

## Tier 2

The section of the CGMPS open to those who will be automatically enrolled if you are not already in any type of Capita workplace pension scheme and are considered eligible for automatic enrolment. Some staff may be able to join this tier by application – see page 14.

## Tier 3

The section of the CGMPS open to those not currently eligible for either Tier 1 or Tier 2 who are aged between 16 and 75 without qualifying earnings – see page 17.

# Capita

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Email: atlas@capita.co.uk