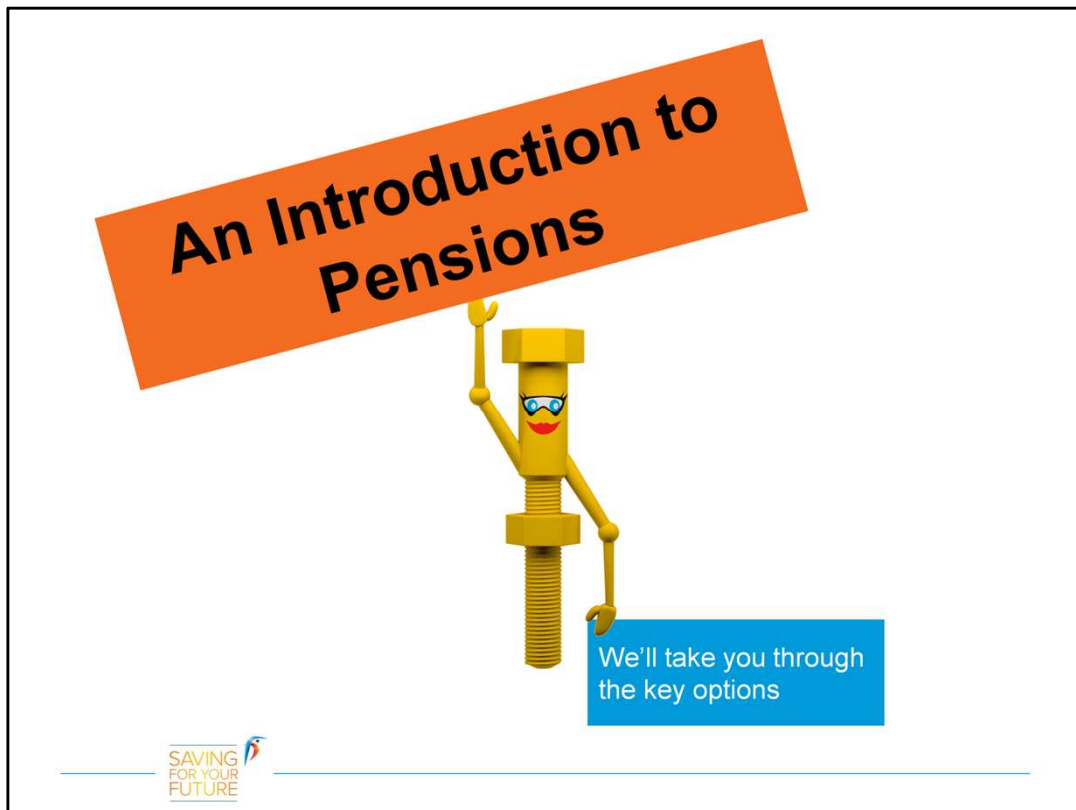




Welcome to the Saving for Your Future An Introduction to Pensions.

This module is aimed at ...

- 1) The new employee population (currently most employees who join the group are under the age of 20) and
- 2) The current non member population (this is wider ranging from 25 to 50).



The purpose of this module is to tell you about the different types of pension scheme including our occupational scheme, the Kingfisher Pension Scheme and how they work with the State pension. Some people believe that if you join a company pension scheme it stops you getting the basic State pension. **THIS IS NOT TRUE.** Joining the Kingfisher Pension Scheme **WILL NOT** affect your entitlement to the basic State pension later in life.

What is a Pension?

A pension is one way of saving for your future, to provide you with an income in retirement.

Let's start with the basics...



Ask yourself...

What do you want your later years to be like?
Will you have enough money to make this possible?



As you go through this module have a think about your own situation. When would you like to stop working? How much will you need to live on once you stop working and what are you doing about Saving for Your Future?

Also think about what might go wrong, eg redundancy or ill health of you or your partner later in life.

Pensions! How do they make you feel?

I don't understand the choices.

Retirement is a long way off.

Pensions are for old people!

I've been automatically enrolled, so there's no need to worry.

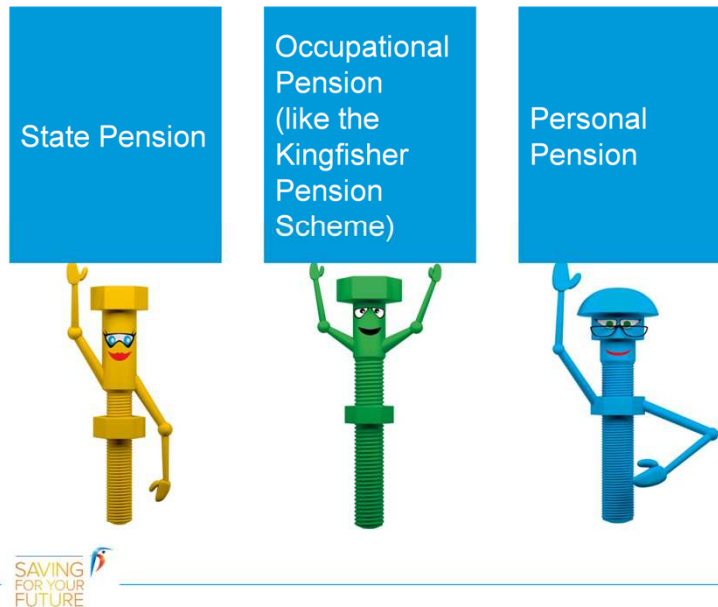
Have I left it too late?

Confused!

SAVING
FOR YOUR
FUTURE

There are many reasons why you may not have given retirement income much thought up to now.

3 Basic Types of Pension



There are three basic types of pension to consider.

Firstly there is the basic State pension, or old age pension as it is often called. Every UK citizen is entitled to a basic State Pension. The amount you will get will depend on your National Insurance contribution history, and the age at which you will receive it will depend on your date of birth. We'll look at this in more detail later.

Secondly, there are occupational pension schemes which are offered by employers. These are often referred to as company pension schemes and in our case it is the Kingfisher Pension Scheme Money Purchase Section. Money purchase schemes can also be known as Defined Contribution schemes.

If you join our employer scheme you become a member of the Kingfisher Pension Scheme Money Purchase section. Under the automatic enrolment legislation there is now a legal requirement for all employers in the UK to offer their employees membership of a scheme that meets certain requirements. The Automatic Enrolment module provides further details on this.

The third type of pension is a Personal Pension Plan. This is also a money purchase type of plan but you would generally take one of these out yourself although you may have been a member of one of these personal pension type plans in the past from a previous employment.

Occupational Pension Scheme

Money Purchase

- Also known as 'Defined Contribution'
- Size of retirement income depends on how much money is paid in, and how much it grows
- At retirement, the fund is used to buy an annuity which provides a regular income for life.

This is how the Kingfisher Pension Scheme – Money Purchase Section (KPS-MP) works.



The Kingfisher Pension Scheme is our occupational pension scheme, made up of a final salary scheme which closed to new members in 2004 and an open money purchase section.

With a money purchase scheme, the amount you get in retirement depends on how much money you have paid in and how much it has grown by. This is determined by investment performance over the time you've been in the scheme. So a money purchase scheme is effectively a savings plan with tax incentives and the money you save is used to provide an income in retirement.

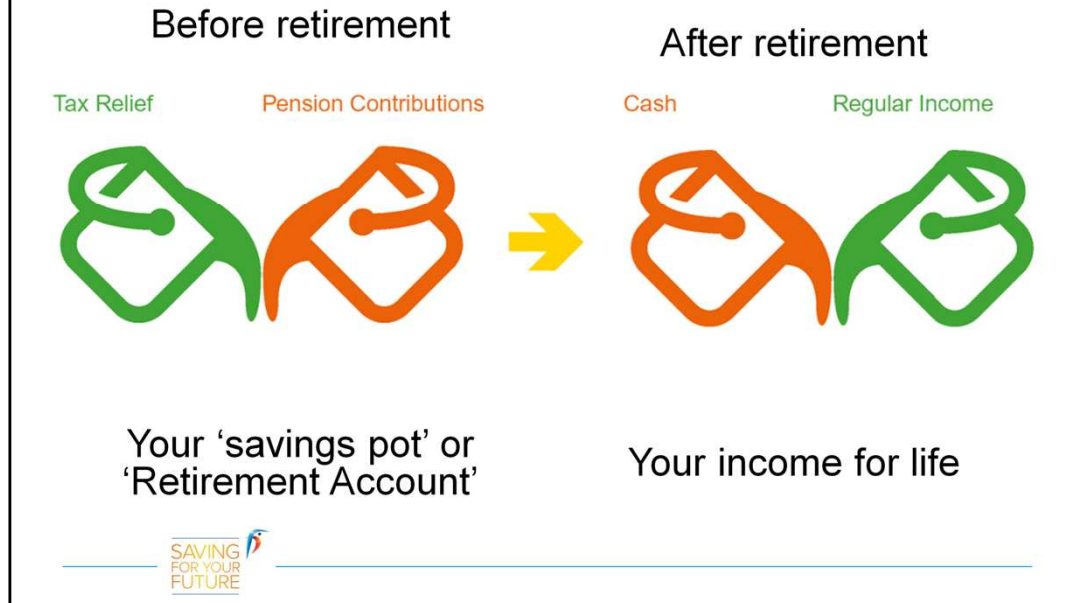
There are two routes to joining the scheme. You may have been automatically enrolled and you can join voluntarily.

If you joined the company before March 2004 you may have joined the final salary scheme and may now have deferred final salary benefits. If you were a member of the Final Salary Scheme you may have paid into the Additional Voluntary Contribution (AVC) arrangement. This is also a money purchase scheme so this module is relevant for you as well. Don't forget to take this into account when working out how much you are likely to get when you want to stop working.

Remember if you were in the final salary scheme prior to 2004 you will still have a pension entitlement under that scheme and you will receive a benefit statement every year to let you know how much that will be. If you have final salary benefits you will not need to buy an annuity for this part of your pension. **HOWEVER, if you contributed to**

an Additional Voluntary Contribution arrangement then you will need to consider annuities for this part of your pension.

Occupational Money Purchase Scheme



To summarise then, the Kingfisher Pension Scheme is a way of Saving for Your Future. Whilst you are working, your employer and you pay contributions into the Scheme and the Government adds tax relief on your contribution.

Over time, this grows into a 'savings pot' of money which for our Scheme is known as your 'Retirement Account'. When you stop work, you can (if you want to), take part of the 'Retirement Account' as cash, which would be tax free - and use the balance to buy yourself an income for life. Taking some of the 'Retirement Account' as cash does of course mean that there's less left over to buy your income, but that's a decision you can put off until you decide to take your benefits.

State Provision

- Basic State Pension:
 - Single person just over £100 per week
- Go to:
www.gov.uk/browse/working/state-pension to get your own State Pension Forecast, or call 0845 300 0168



All UK citizens' are entitled to the **basic State Pension**.

Currently that's just over £100 per week for a single person. But that's only if you have paid enough National Insurance contributions.

There are major changes to the State pension which will come into effect from 2016 which will have an impact on the amount of your State pension and the age at which you can receive it.

It's really important to find out how you will be affected and the best way to do this is to go to the State Pension section of GOV.UK and request a personal State Pension Forecast which will tell you what benefits you're entitled to and from what retirement age. Use the on-screen link to get your own forecast.

State Pension Ages

- These are currently 60 for women and 65 for men
- But, if you are a woman born after 6th April 1950 or a man born after 6th December 1953, your State Pension is changing
- To find out how you are affected, use the **State Pension Calculator** on www.gov.uk/calculate-state-pension
- Keep up-to-date with the **State Pension Changes** on www.gov.uk/changes-state-pension



The State Pension Age is the earliest age you can draw your State Pension and your State Pension Age and is defined by your date of birth and it will be changing for many of you.

Keep up to date with the coming changes to the State Pension Scheme on GOV.UK and The Pensions Advisory Service websites.

Use the on-screen links to access the service you need.

Something to think about...

- My State Pension Age,
 - Will it be later than I expected?
 - Will it be later than the Kingfisher Scheme?
 - Will I need to put off retiring from the Kingfisher Scheme?
 - In other words, am I going to have to work longer than I thought?
- Will I be eligible for the Second State Pension?
 - This depends on your NI contribution history

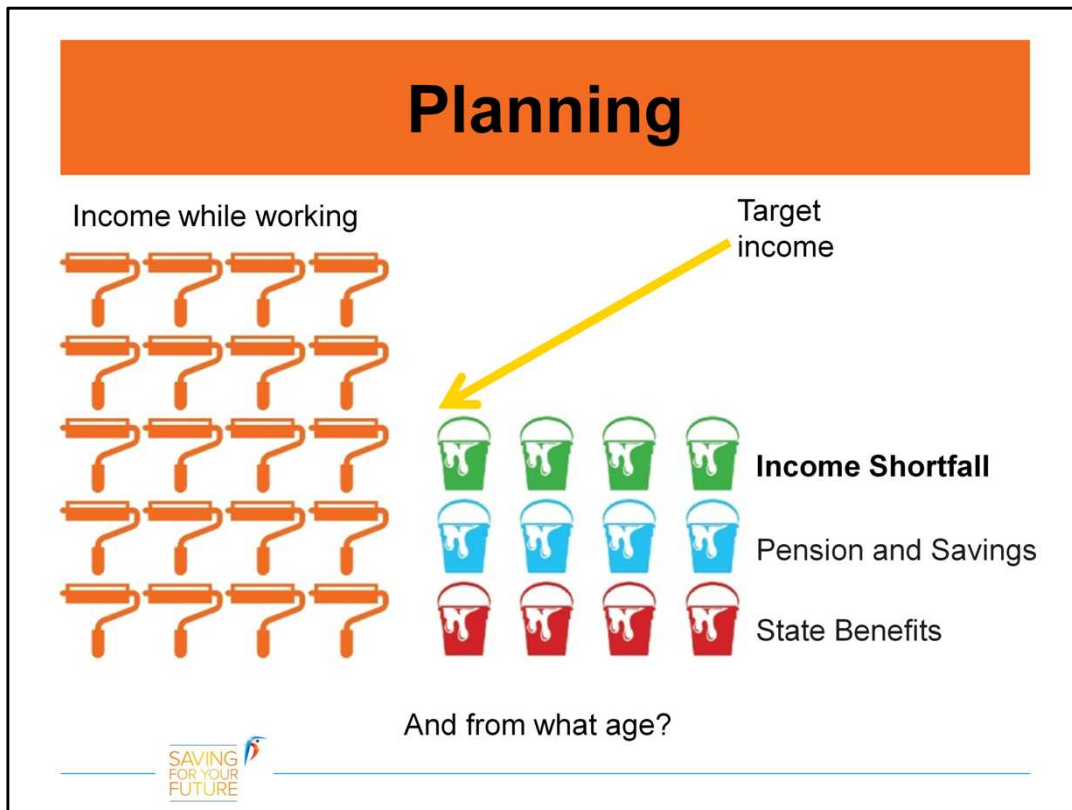
Check your entitlement by calling the Pensions Service for your own Statement. Call 0845 300 0168 or visit www.gov.uk/state-pension-statement



Although you may have to wait beyond age 65 to get the State pension you can take your Kingfisher Pension Scheme benefits at any time from age 55 onwards. If you are a member of the final salary scheme though, you will need permission from the Trustee to retire earlier than 65. As you can probably guess, taking the benefit earlier does mean you could get less than if you waited until later.

If you are thinking about retiring early please check with your HR advisor in the first instance. Deferred members of the final salary scheme may contact Kingfisher Group Pensions direct.

Use the on-screen link to see how you are affected.



You should compare the amount you will need to live on against the total of all your pensions and savings.

If you are likely to have more income than you need that's great but don't be complacent! Things change so you will need to review your savings plans regularly to make sure you are still on track.

If you are likely to have less income than you need (i.e. an income shortfall as shown in the graphic) then to do something about it now!

- If you are still employed by the Company, you could pay more into your Kingfisher Pension or save more into your other savings products.
- You could look again at how much you think you'll need to live on and work out what to cut back on – you can live without Sky!
- You could look at pushing back the date you want to stop working so that you have more time to make up the shortfall.
- The solution depends on individual circumstances but the important thing is to start thinking about it now and plan ahead.
- There are planning tools available to help you for example the one from The Pensions Advisory Service.

Cost of Delay

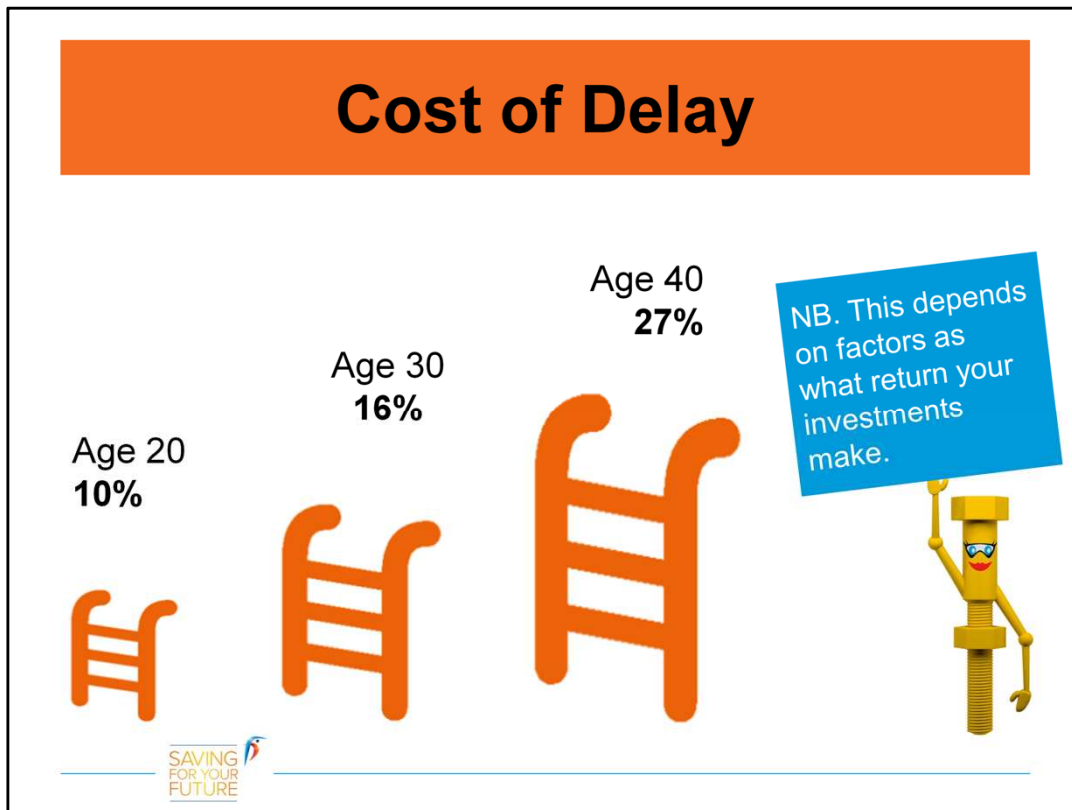
To retire on half pay at 65, what percentage of salary should you be saving now?

- 20 years old?
- 30 years old?
- 40 years old?



SAVING
FOR YOUR
FUTURE

It's never too early to start planning ahead!



At age 20 you'll need to save 10% of your salary. But if you wait 10 years and start saving at 30, you'll need to contribute 16% for the next 35 years to achieve the same result.

And if you don't start until 40, you'll need to contribute around 27% of your salary for your last 25 years of work – which might be when you can least afford it.

This percentage of salary doesn't all have to come from you. Remember, your employer will contribute to your scheme as well, and the Government will also help by adding in tax relief.

Also remember that your State Pension will be paid on top of this amount.

How KPS-MP Contributions Work

You wish to pay	The Company will pay	Total payment
1%	2%	3%
3%	3%	6%
4%	4%	8%
5%	5%	10%
6%	6%	12%
7%	10%	17%
8% or more	14%	22% or more



FOR YOUR FUTURE

As a member of the Kingfisher Pension Scheme, your employer will also contribute to your Retirement Account as shown on the contributions table. This means that if your pay is £13,500 a year you would pay £11.25 per month, your employer would pay £22.50 and the Government would add another £2.25 in tax relief on your contributions - making a total of £36.00 per month.

You would therefore get a total contribution of £36.00 per month towards your pension for less than the cost of a pint of lager a week.

Summary

- Plan ahead
- Stay informed about entitlements, fund values and projections
- Remember the cost of delay
- Always consider the risk of an investment
- Make pensions part of your overall financial planning

Don't delay, start today.



Planning ahead to provide income in later life is a responsibility that we need to take very seriously as we cannot rely on others to provide comforts in our old age.

Find out exactly what your employer's pension arrangements are and make sure you're getting the most out of them. Kingfisher Pension Scheme benefits are available on the Trustee website.

As with all financial products - make sure you understand the risk of any investment and review regularly to make sure your plans are on track.

Important Contacts

Kingfisher Group
Pensions
Department

08456 807060

pensions@kingfisher.com



Pension Tracing
Service

08456 002537

www.gov.uk/find-lost-pension



The Pensions
Advisory Service

08456 012923

www.pensionsadvisoryservice.org.uk



The Pensions
Service

www.gov.uk/browse/working

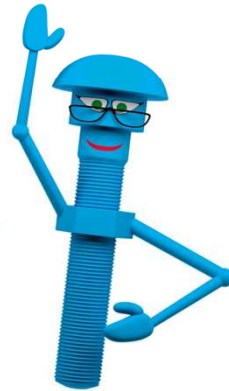
08453 000168



Here are some important 'phone numbers for you. Make a note of them in case you have any difficulty in accessing the information you need over the internet.

Kingfisher Pension Scheme Trustee

This module was developed by Kingfisher Pension Trustee Ltd to help you better understand the pension scheme and related subjects. Please have a look at the other modules to see if they could also be of benefit to you.



No additional notes required.