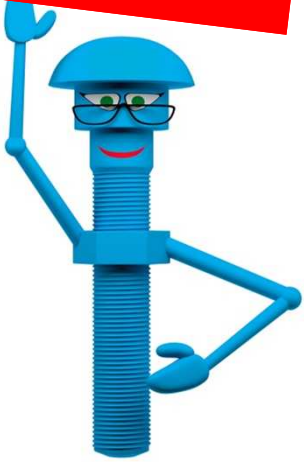


Kingfisher Pension Scheme



Annuities Explained



We'll tell you what you need to know

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

Kingfisher Pension Scheme – Money Purchase Section (KPS-MP) is an Occupational Pension Scheme.



How does a Money Purchase Scheme Work?

Before retirement

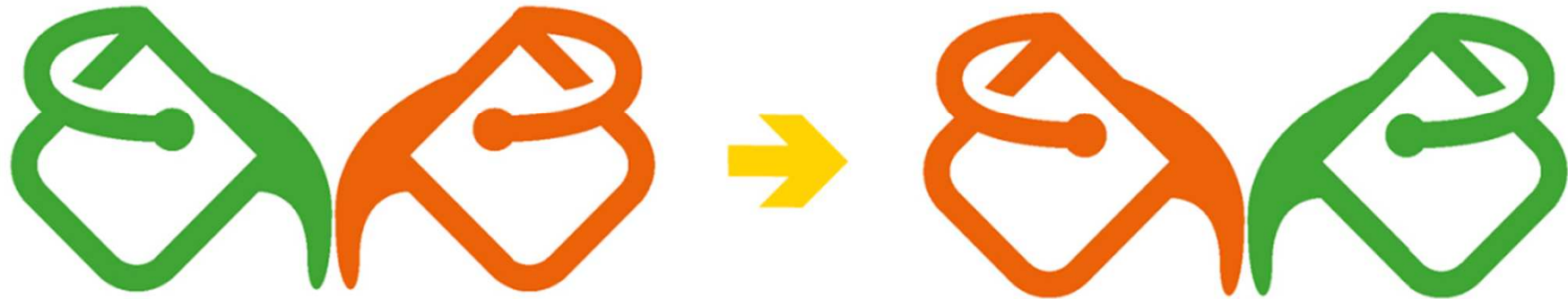
After retirement

Tax Relief

Pension Contributions

Cash

Regular Income



Your 'savings pot' or
'Retirement Account'

Your income for life

How does a Money Purchase Scheme Work?

- Designed to produce a 'pot' of money at retirement
 - In the Money Purchase Scheme, your 'pot' is called your 'Retirement Account'
 - In the Final Salary Scheme, your 'pot' is called your AVC fund
- The value of your 'pot' on retirement will depend on...
 - The contributions you pay (don't forget tax relief)
 - The contributions paid by the Company on your behalf
 - How long contributions were paid for
 - Investment performance
 - Any charges applied to your funds



Money Purchase and Final Salary Retirement Options

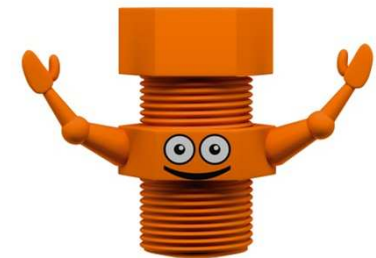
- Money Purchase Scheme
 - Use the value of your Retirement Account to buy an annuity, or take 25% of the 'Pot' as a tax free cash sum and buy an annuity with the balance
- Final Salary
 - Use the value of your AVC Fund to supplement your Final Salary pension benefits
 - As a Final Salary member, other options may be open to you so check with the Trustee to see what these might be.

Important! If you have built up a large money purchase fund there may be other alternatives open to you.



What is an Annuity?

- The value of your Money Purchase Retirement Account or AVC fund may be used to purchase an income, which is known as an annuity
- You can choose:
 - A fixed annuity or an annuity that increases each year
 - To have a guaranteed payment period for your annuity so that it is paid for a minimum number of years, even if you die within that period
 - To provide an annuity for your spouse, civil partner or any dependents after your death or a single-life pension, or
 - A combination of the above.



The Open Market Option

- You can use your Money Purchase Retirement Account or your Final Salary AVC fund to buy an annuity from a provider of your choice
- You can use your 'pot' to shop around
- This is known as the Open Market Option
- The Trustee has appointed an independent firm called Hargreaves Lansdown to help you find the most competitive quote for buying an Annuity on the open market
- Alternatively, you could go to an independent financial adviser of your own choice.



The Open Market Option

Shopping around for an annuity which best suits your needs via the Open Market Option allows you to:

- Find out how the cost may vary between different providers
- Identify different features which may help you find the annuity that best suits your circumstances
- Potentially find a higher annuity if you are in poor health
- Find out if your lifestyle has any effect on the annuity rates available
- Identify the highest income for your circumstances.



Not all annuities are the same

Here are two examples:

Male aged 65 with 'pot' of £18,000 after taking cash*:

Highest Annuity: £1,099.92 per year

Lowest Annuity: £839.52 per year

That's a difference of £260.40 per year between the highest and lowest in the table



Not all annuities are the same

Example 2:

Male aged 65 with health issues and a 'pot' of £18,000 after taking cash*:

Highest Annuity: £1,277.76 per year

Lowest Annuity: £979.52 per year

That's a difference of £298.24 per year between the highest and lowest in the table

Once again, there could be a “**penalty**” of nearly than **£300 per year** for not shopping around.



To find out how to shop around

- Go the [Trustees' website](#)
- Use Hargreaves Lansdown's [Retirement Service](#)
- And use Comparative Tables from:
 - [Annuity Bureau](#)
 - [Annuity Direct](#)
 - [Hargreaves Lansdown](#)
 - [Money Advice Service](#)
 - [Origen Annuities](#)
 - [William Burrows](#)
- Also see the "[Guide To Annuities](#)" from moneysavingexpert.com
- Different combinations of age, pension age etc. will produce different results
- Relying on one comparison table could also cost you – A LOT!



Remember...

How much income you receive from an annuity will depend on:

- The value of your Retirement Account at the time you retire
- The cost of buying an annuity from an insurance company
- The type of annuity you buy
- Your age when you buy your annuity – generally the younger you are when you retire, the less you will receive
- Your health or lifestyle
- Where you live

It will pay you to shop around.



Financial Advice

For personal financial help or advice, you need to speak to an Independent Financial Advisor (IFA) who can look at your circumstances and help you plan what's best for you.

You can find an IFA in your area by visiting:
www.unbiased.co.uk



Learn the 'magic words'

Annuities providers love to use jargon!

Retirement age = the age you want to take the annuity	Impaired life rates = better terms if you smoke or have health issues	Retirement fund = the size of your 'pot'
TFC = Tax Free Cash = how much you want to take out of your 'pot' as cash (maximum one quarter of benefits)	Escalation = the rate you want your income to increase by each year	Guaranteed period = the period you want payments to continue for if you die after taking out the annuity
Payment frequency = how often you want the income paid	Deferred period = when you want the income paid	Drawdown = An investment-linked alternative to annuity, for larger funds

Using the Comparison Tools

It will pay you to shop around

Tax Free Cash: Current maximum is 25% of your benefits.	Escalation: Annuity goes up every year	Single or Joint Life: You can choose to add your partner
Annuity Term: For an OMO annuity the term will be 'For Life'	Guaranteed Period: You can choose 0, 5 or 10 Years	Without Proportion: Pro-rata payment on death if annuity is in arrears
Value Protection: Returns original amount on death before age 75, less income taken and less tax	Commencement Date: You may need to adjust your date of birth to 'trick' the tool	Lifestyle Questions: Complete if you smoke, drink or are overweight

Summary

- Plan ahead
- Stay informed about entitlements, fund values and projections
- Shop around and compare results
- Learn the jargon

Don't delay, start today.



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

08453 000168

<https://www.gov.uk/browse/working>



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.

