

# Givaudan UK Pension Plan

## Defined Contribution (DC) Section

### Purpose

The purpose of this document is to provide an overview of the DC Section of the Givaudan UK Pension Plan (the "Plan").

### How the DC Section works

Each member of the DC Section has their own investment fund. This was contributed to by the member and by Givaudan UK Ltd ("Givaudan"). Members still employed by Givaudan now save in an alternative arrangement and the DC Section is not used for ongoing contributions, but members still have funds invested.

### Why is it called 'defined contribution'?

This is because under this arrangement members and Givaudan contributed a percentage of pay that was defined. However, the amount of benefits this would provide in retirement is not known until the benefits are taken. The fund is subject to investment returns prior to retirement and this will determine the benefits that can be taken. Defined contribution pensions are sometimes also known as 'money purchase'.

### What can members invest in?

The DC Section is invested in funds managed by Legal & General ("L&G"). These aim to track benchmarked investment indices rather than relying on managers to pick assets to outperform the market. The following funds are available:

Fund	Asset type	Annual Management Charge
L&G Global Equity Fixed Weights (50:50) Index Fund	Equities	0.165% p.a.
L&G Over 15 Year Gilts Index Fund	Government bonds	0.100% p.a.
L&G Over 5 Year Index-Linked Gilts Index Fund	Government bonds	0.100% p.a.
L&G Cash Fund	Cash	0.125% p.a.

### What happens if I don't make a choice on investments?

If you have not decided which fund to invest in yourself then you will be invested in the default strategy called the 'Lifestyling' strategy. The Lifestyling strategy is specially designed by the Trustees. It automatically switches between the above funds from investments designed to give you growth in the early years (equities), to those which help reduce unexpected fluctuations in the value of your benefits as

you approach retirement (government bonds and cash). This can help to protect the amount of pension that you can purchase when you retire.

The switching process starts 10 years before your chosen Normal Retirement Age. If you have not chosen your Normal Retirement Age, then it will be set as age 65 which means that the switching process starts from age 55.

As you approach this age, or if you have passed this age already, you should consider whether this is still appropriate for your individual circumstances, particularly in the light of the range of options available for you with your fund when you retire. The Lifestyling strategy is designed on the basis that you purchase a pension with an insurer when you retire, and this may not be appropriate for you.

### **Advantages of Lifestyling**

Switching your funds gradually out of growth assets to lower risk investment funds is expected to give you some protection against the impact of falls in stock markets that could occur shortly before you retire.

The gradual switching of your funds into lower risk funds as retirement age approaches happens automatically, without requiring you to take any action. It also ensures that your funds are not moved in one go at a time when markets might be low.

### **Disadvantages of Lifestyling**

The less money you invest in growth assets, the less opportunity you have to gain from investment growth. So, while switching your funds into lower risk investments is expected to provide greater financial protection close to retirement, it is also expected to reduce the investment returns on your funds.

Lifestyling makes assumptions about when you retire and how you will draw your benefits. These assumptions may not be appropriate to your plans and so Lifestyling may not be suited to your personal circumstances. It is recommended that you review whether this is suitable for you on an ongoing basis.

### ***What benefits can I take?***

Since 2015 there have been more options available to members of defined contribution arrangements. Whilst you can still purchase a pension for life from an insurance company you can also keep your fund invested and draw it down over time or take it all as a one-off lump sum. Please note that you may need to transfer your fund out of the Plan to access some of these arrangements and you need to be aware of the tax consequences of the option chosen. You also will need to consider what your chosen benefits would provide to your dependants if you die in retirement.

### ***What if I die before retirement?***

Should you die before receiving payment of your benefits, your fund value will be used to provide additional benefits for your dependants, in accordance with the Rules of the Plan.

It is helpful to the Trustees in considering any lump sum benefit payable on your death if you have completed a nomination form stating your wishes regarding who you would wish the lump sum to be paid to on your death. The Trustees are not bound by the nominations on your form but will consider them carefully in making their decision. Please ensure your form is kept up to date.

### ***Is there any tax before I take my benefits?***

For most members, no. There are two allowances to be considered for pensions; the Annual Allowance and the Lifetime Allowance.

The Annual Allowance is the maximum you can contribute to pensions in any one year whilst receiving tax relief. The standard Annual Allowance is £40,000 but may be lower for high earners<sup>1</sup>. Since you are no longer contributing to the DC Section you don't need to consider this arrangement, but this allowance covers all your non-State Pension arrangements, so you will need to be aware of your current pension arrangements.

The Lifetime Allowance is the maximum that you can save in pensions before additional tax is payable. This is currently £1.055m<sup>2</sup>. Again, this covers all your non-State pension arrangements.

### ***Is there any tax when I take my benefits?***

Under current legislation, at retirement, you can take part (up to 25%) as a tax-free cash lump sum. The remainder of the fund can be used to either purchase a pension or draw down the money as and when you need it subject to income tax at the time. Alternatively, you could take your entire fund as a lump sum (25% tax-free and 75% taxable). If you take all your benefits in one or a small number of payments, then this may put you in a higher marginal tax bracket, so you should be aware of the consequences of doing so.

### ***What does my annual benefit statement show?***

This gives you an estimation of what your fund may provide you if you bought a pension with an insurance company at retirement, shown in today's prices (i.e. the same purchasing power as today). It makes certain assumptions (refer to your statement) including that it increases with inflation, has an attaching dependant pension if you die, and that you take no tax-free cash. These may not be your choices, but they can give you an indication of the level of benefits that you might get.

### ***Where can I get more help?***

Please see the Help Guide in the Appendix for where to go depending on what you want to do.

#### **Important notes:**

- **The Trustees recommend that you consider taking independent financial advice in making any decisions regarding your pension.**
- **Neither the Trustees nor Givaudan are able to advise you about your pension.**
- **This summary is designed to highlight some of the main issues regarding the DC Section of the Plan. It is not intended to be a definitive guide and does not provide you with any financial advice. If there is any inconsistency between this document and the Plan's Trust Deed and Rules, then the Plan's Trust Deed and Rules will prevail.**
- **Please note that this summary confers no legal rights. Benefits from the Plan will be payable in accordance with the Trust Deed and Rules, HMRC taxation rules and allowances and legislation prevailing at any time.**

#### **Pension scams**

As the number of choices available to pension scheme members has increased so has the frequency and complexity of pension scams. Some disreputable companies are targeting members, claiming they can help them take their pension cash early. While this sounds tempting, this would usually result in tax charges and penalties of more than half the value of your pensions savings, so accessing your pension cash before age 55 is rarely in your best financial interests.

It is not just younger members who have been targeted, some scammers now promise sky-high investment returns if you withdraw your pension and deposit it with them. As with any major financial decision we recommend you seek independent financial advice when reviewing your pension provision.

<sup>1</sup> 2019/20 figures

<sup>2</sup> 2019/20 figures

## Appendix – Help Guide

I want to...	Contact/reference
<ul style="list-style-type: none"> <li>• Change my personal details or address</li> <li>• Change my Normal Retirement Date</li> <li>• Change the funds I am invested in</li> <li>• Find out how to transfer my benefits out of the Plan</li> <li>• Update my nomination form in case I die before retirement</li> </ul>	<p>The Givaudan UK Pension Plan  Aon, PO Box 196, Huddersfield  HD8 1EG  givaudan@aonhewitt.com  0345 605 0341</p>
<ul style="list-style-type: none"> <li>• Find out more about the funds and annual management charges</li> </ul>	<p>Refer to the annual Chair's Statement at: <a href="https://www.givaudan.com/files/giv-2019-uk-pension-plan-chairs-annual-statement.pdf">https://www.givaudan.com/files/giv-2019-uk-pension-plan-chairs-annual-statement.pdf</a></p> <p>L&amp;G: <a href="https://fundcentres.lgim.com/fund-centre/PMC">https://fundcentres.lgim.com/fund-centre/PMC</a></p>
<ul style="list-style-type: none"> <li>• Obtain free guidance on pensions</li> </ul>	<p>If you are aged 50 or over, you also have access to a free and impartial guidance service to help you understand your options and make informed choices regarding your defined contribution funds. The guidance service is called <b>Pension Wise</b> and is a government service that offers you free and impartial guidance and is provided through Citizen's Advice or The Pensions Advisory Service (TPAS). It offers:</p> <ul style="list-style-type: none"> <li>• tailored guidance (online, over the telephone or face to face) to explain what options you have and help you think about how to make the best use of your pension savings;</li> <li>• information about the tax implications of different options and other important things you should think about; and</li> <li>• tips on getting the best deal, including how to shop around for the best annuity product.</li> </ul> <p>Contact details of Pension Wise are as follows:  Website: <a href="http://www.pensionwise.gov.uk">www.pensionwise.gov.uk</a>  Telephone: 0800 138 3944 (or from outside the UK +44 20 3733 3495)</p>
<ul style="list-style-type: none"> <li>• Find more information on tax</li> </ul>	<p><a href="https://www.gov.uk/tax-on-your-private-pension">https://www.gov.uk/tax-on-your-private-pension</a></p>
<ul style="list-style-type: none"> <li>• Find more information on State Pensions</li> </ul>	<p><a href="https://www.gov.uk/check-state-pension">https://www.gov.uk/check-state-pension</a></p>
<ul style="list-style-type: none"> <li>• Find an Independent Financial Adviser (IFA)</li> </ul>	<p><a href="https://www.moneyadvice.service.org.uk/en/articles/choosing-a-financial-adviser">https://www.moneyadvice.service.org.uk/en/articles/choosing-a-financial-adviser</a>  or  <a href="https://www.unbiased.co.uk">https://www.unbiased.co.uk</a></p>