Westpac Banking Corporation UK Staff Superannuation Scheme

Money Purchase Explanatory Booklet

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Westpac

All enquiries should be addressed to the administrators of the Scheme who are:

Capita - Whitstable Office
PO Box 4990
Cutlers Gate
Sheffield
S1 9GE

Telephone: 01227 771445 | Fax: 01227 771466

Continue

Introduction

The subject of pensions has always been complicated and the aim of this booklet is - by use of diagrams and examples - to give a clear understanding of the main features of the Westpac Banking Corporation UK Staff Superannuation Scheme (the 'Scheme') as they currently apply.

This booklet applies to members of the Money Purchase Section. A separate booklet applies to members of the Final Salary section.

It is important that you understand the benefits you are entitled to under the Scheme. The booklet also briefly describes the main benefits provided by the State Pension Scheme. When planning for retirement you should take both your Scheme and State Pension Scheme benefits into account.

If you have any queries, either about the Scheme generally, or about your own entitlement to benefits, please do not hesitate to contact Capita.

NOTES:

1. This booklet is a basic guide to the Scheme and the benefits provided by the Scheme. In the event that there is a conflict between the Scheme benefits as described in this booklet and the actual terms of the Trust Deed and Rules (as amended from time to time) which governs the Scheme, the Trust Deed and Rules will apply and will determine your entitlement to benefits. A copy the Trust Deed and Rules is available for inspection if required.

2. "Bank" throughout this booklet means Westpac Banking Corporation or any other company which is a participating employer in the Scheme.

Eligibility and entry to the Scheme

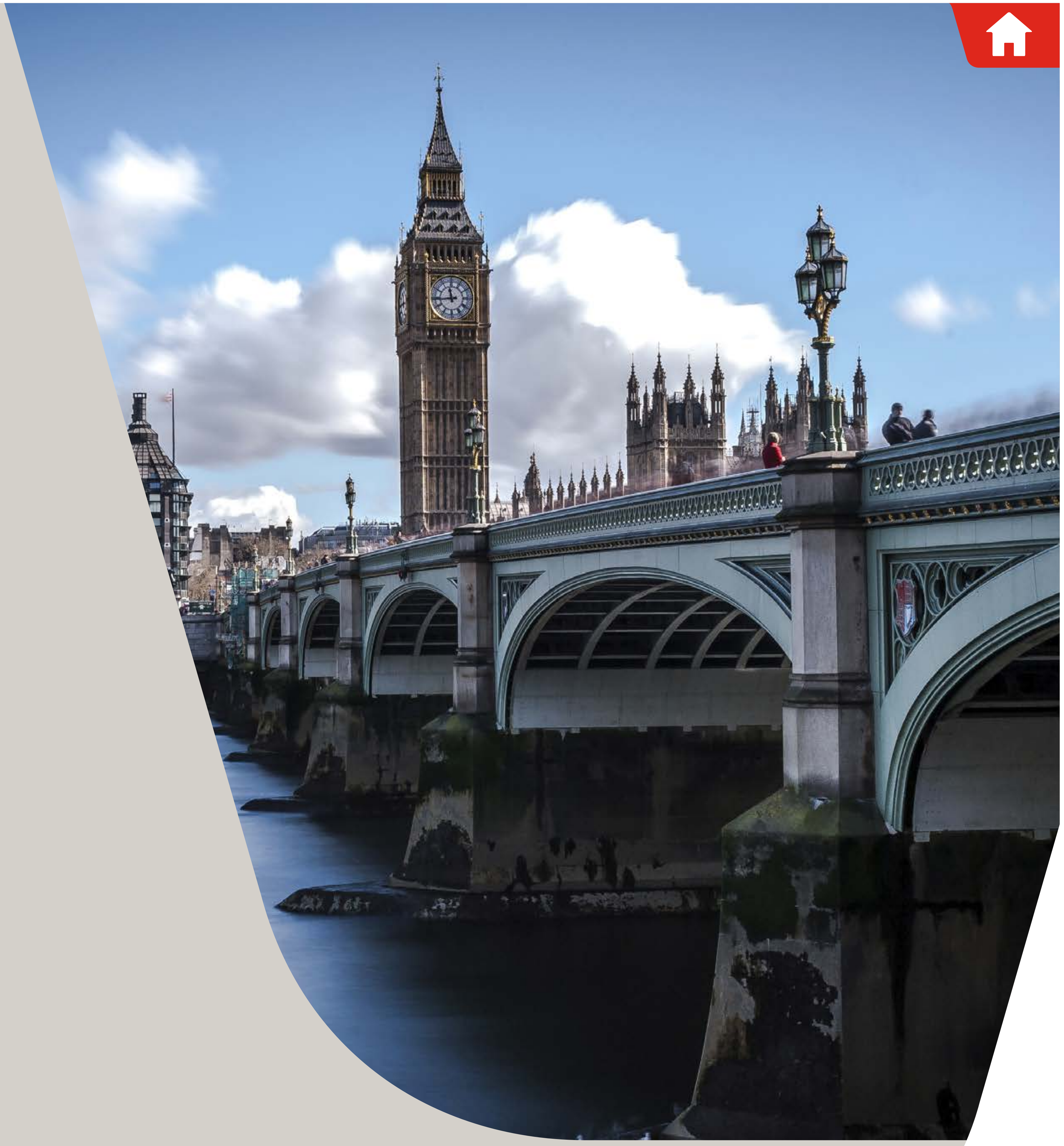
NOTES:

1. UK employees aged between 22 and State Pension Age and who earn more than £10,000 a year will be auto-enrolled in the Scheme in the first pay period on joining. Capita will send you confirmation of your auto enrolment in the Scheme.

2. If you decide to opt out of the Scheme, or having joined the Scheme you later opt out by giving the required one month's notice, you will not be entitled to Death in Service benefits.

3. If you have retained pension benefits in another pension scheme which applied to a previous employment, it may be possible, subject to the Trustees' agreement, to transfer these benefits into the Scheme. Further information will be given on application. (Not strictly necessary although you may have decided that there are benefits to be had from requiring this, except that if you are on service abroad in a country in which the Bank must make compulsory pension contributions to a pension arrangement in that country the Bank will not pay contributions to the Scheme as well.)

4. If you decide to opt out of the Scheme you should contact Capita to request an Opt Out form.



Example

You pay contributions to the Scheme based on your "Salary". (see note overleaf)	**Contributions will vary from month to month depending on your salary in that month. If your monthly salary is £7,000 your contributions will be:**
↓	↓
Your normal contribution rate is 2.5% of your Salary.	**2.5% x £7,000 = £175.00 which is added to your Member Account.**
↓	↓
Your contributions are deducted from your pay before tax is calculated.	**If you pay tax at 40% your net contribution is 60% x £175.00 = £105.00 per month.**

Notes

1. From 1 November 2017, unless you opt out, your contributions will be paid by the Bank. Your salary will be reduced by an equivalent amount and, as you only pay National Insurance Contributions (NICs) on the salary you receive, no NICs are paid on the amount sacrificed. Therefore even though your salary is lower, your take-home pay will show a slight increase. More details are given in the "Scheme contribution changes: your guide" document available on the Scheme website.
2. "Salary" is your annual rate of basic salary or wages from the Bank, including permanent allowances excluding overtime, bonuses, shift premium and similar payments. If you are paying contributions by salary sacrifice it will be your "Reference Salary", which also includes the salary sacrificed. If you are on seconded service abroad, your salary for these purposes will be your notional UK salary or wages including pensionable permanent allowances as calculated by the Bank (except that if you are on service abroad in a country in which the Bank must make compulsory pension contributions to a pension arrangement in that country the Bank will not pay contributions to the Scheme as well).
3. Your contributions will cease when you retire or when you leave the Bank.
4. As a member of the Scheme you paid National Insurance Contributions at a reduced rate (see Page 14 for more details) until 6 April 2016.
5. **Maximum Contributions**

   The total contributions paid by you into the Scheme and any other contributions you make to any other pension arrangements will be limited to 100% of your gross earnings in each tax year. This limit only restricts your contributions and does not apply to any contributions made by the Bank. These contributions will receive full tax relief. Please ask Capita for further details.

The Annual Allowance

From 6 April 2006 an Annual Allowance was introduced by the government to replace previous limits on contributions that could be made into pension arrangements. You can now contribute as much as you want to your pension arrangements (subject to the limit 'Maximum Contributions' described in Note 5). However, any contributions in excess of the Annual Allowance (£40,000 in 2016/17) will be subject to a tax charge. For this comparison against the Annual Allowance, contributions will include:

- Contributions paid by you or the Bank into your Member's Account
- AVCs paid by you into your Member's Account
- Any other contributions you are making to any other pension arrangements

It is your responsibility (not the Bank) to check if you are exceeding this allowance.

The Lifetime Allowance

Her Majesty's Revenue and Customs (HMRC) imposes a limit on the value of the tax-privileged pension benefits you can receive. This limit is in the form of a Lifetime Allowance (LTA), which stands at £1.00 million for the tax year commencing April 2016.

Bank Contributions

Example

If you joined the Scheme before 1st October 2017, the percentage of your Salary which the Bank will add to your Member Account is set at each 1st October based on your age at that date.

The current Bank contribution rates are as follows:-

Age at 1st October	% of Salary
up to 39	10.5
40-44	12.0
45-60	13.5

Your age at 1st October is 39. The Bank will add 10.5% of your Salary each month into your Member Account.

If in any one month your salary is £7,000 per month the Bank will add the following to your Member Account: 10.5% x 7,000 = £735.00

New joiners from 1st October 2017 will have a flat rate employer contribution of 10.5% of salary.

Your 'Member Account'

Contributions to your Member Account will be used to buy units in one or more of the funds operated by the Trustees. The 10 different unitised funds available are as follows:-

- **Aon Managed Liquidity Fund**
- **Aon Managed Long Term Inflation Linked Fund**
- **Aon Managed Bond Phase Fund**
- **Aon Managed Progressive Growth Phase Fund**
- **Aon Managed Global Equity Fund**
- **Aon Managed Active Global Equity Fund**
- **Aon Managed Pre-Retirement Bond Fund**
- **Aon Managed Property & Infrastructure Fund**
- **HSBC Amanah Pension Fund**
- **LGIM Ethical Global Equity Index**

The value of units is governed by the value of the underlying investments of the relevant fund and by the income generated by these investments. As the value of the underlying investments goes up and as income is received from the investments so the value of the units increases. If the value of the underlying investments goes down so the value of the units reduces.

For further information about these funds please refer to the fact sheets on the Scheme **website**.

Switching Your Investments

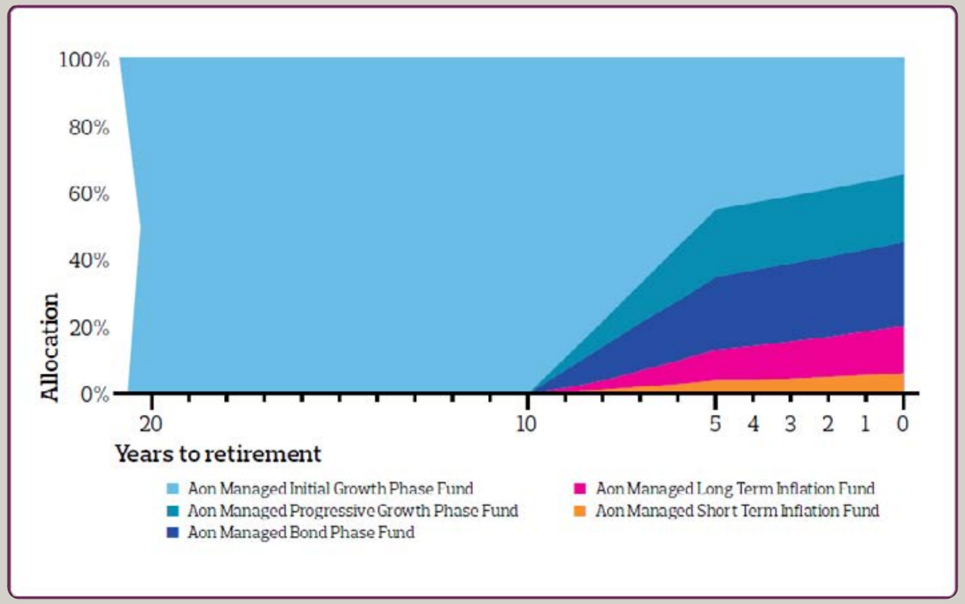
You may switch the units held in your Member Account between the funds that are available. There may be investment charges involved in making a switch but this option gives you the opportunity to change the structure of your unit holding should you wish to do so.

For more information please refer to the Interactive Investment Guide that is available on the Investment Choices section of the **website**.

Change of Investment forms are available from Capita and should be returned two weeks before any proposed switch date to ensure that your instructions can be met.

‘Lifestyle’ Investments

If you do not select how your Member Account will be invested (see page 7) your account will be invested in the ‘Lifestyle’ default investment option as follows:-



This is based on the broad assumption that at retirement you would use your fund to provide a pension using income drawdown. The exact proportion available as a cash sum will depend on your salary, the age at which you retire, tax rules at the time you retire and on the investment returns achieved on your Member Account.

If you do not expect to take advantage of income drawdown there are two other lifestyle options:

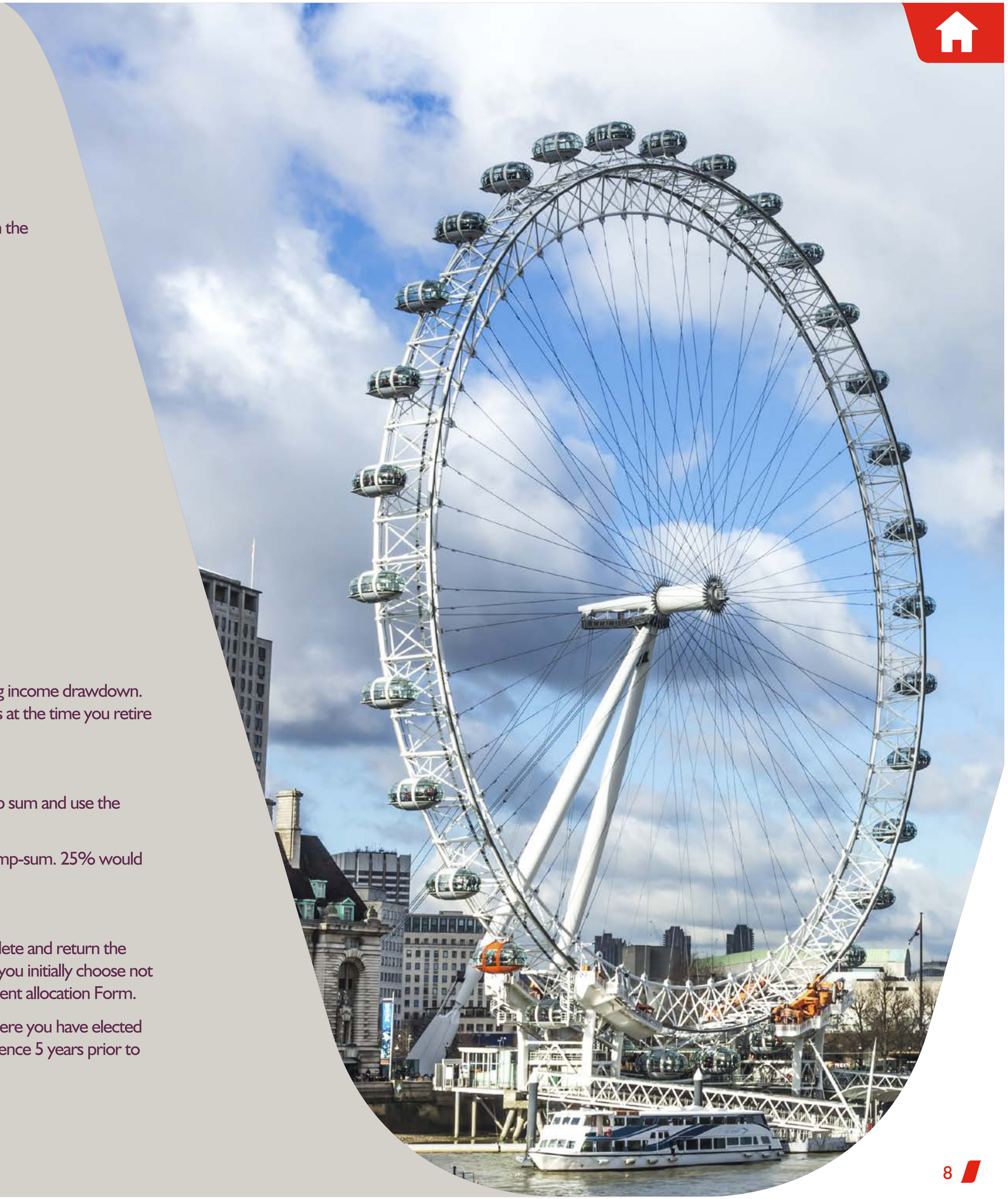
Annuity Lifestyle – This is based on the assumption that at retirement you would take a 25% tax-free lump sum and use the remainder to purchase a pension.

Cash Lifestyle – This is based on the assumption you would use your entire fund to provide a one off lump-sum. 25% would be payable tax free, with the reaminder being taxed at your marginal rate.

More detailed information can be found on the Scheme website **website**.

If you do not wish to operate any of the ‘Lifestyle’ investment profile described above then you should complete and return the Investment Allocation Form, provided to you at the same time as the application form to join the Scheme. If you initially choose not to select your investments but at a later date wish to do so, Capita will be able to supply you with an Investment allocation Form.

You may elect to retire before age 60, with the Bank’s consent (provided that you have reached age 55). Where you have elected to retire early and this has been sanctioned by the Trustees, the life-styling strategy detailed above will commence 5 years prior to selected retirement date where possible.



Retirement Pension

At retirement your Member Account will be used to provide you with a pension payable for the rest of your life.

The amount of the pension will depend upon the value of your account, the level of benefit you select for your dependants and the cost of buying pensions at retirement.

If you wish to use your fund to take advantage of income drawdown, then you would need to transfer your member account to another arrangement

NOTES:

1. Your pension is payable to you monthly for life and is subject to income tax.

2. As a member of the Westpac Banking Corporation UK Staff Superannuation Scheme you were contracted out of the State Earnings Related Pension (called the State Second Pension or S2P). As such, part of your Scheme pension replaces the S2P that you would have earned had you not joined the Scheme (see page 14). The contracted out part of your Scheme benefit accrued before 6 April 1997 is known as your Guaranteed Minimum Pension, or GMP for short. Any benefits accrued between 6 April 1997 and 6 April 2016 in respect of contracted-out employments are known as Section 9(2b) Rights. These benefits are subject to the Conformity act requirements of the Pension Schemes Act 1993.

3. You can in certain circumstances elect to retire and receive your pension from a date earlier than your Normal Retirement Date (age 60). If you want to retire before age 60 this will require the consent of the Bank and the Trustees and is available from age 55.

   You will not be able to retire early if the pension which could be bought on early retirement would be less than Guaranteed Minimum Pension which the Scheme must pay to you in respect of any service you have before 6 April 1997.

5. If you retire before Normal Retirement Date due to Incapacity with the consent of the Bank and the Trustees you will be entitled to a pension equal to 50% of your salary at the date you retire (subject to tax limits). Any excess in your account will be applied under the Rules in the manner agreed between you and the Trustees.

Cash Option

Example

At retirement you may take part of your Member Account as a tax-free cash sum.

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The Scheme tax-free lump sum is limited to 25% of the value of your Member Account, or 25% of the Lifetime Allowance if lower.

Your Member Account value is £200,000.

↓

Your cash sum is 25% x £200,000= £50,000

NOTE

You will not be able to take as much as 25% of the value of your Member Account as a cash sum, if the residual pension is less than your Guaranteed Minimum Pension (see Page 14)

If you wish to take your whole fund as a lump sum, you will need to transfer your benefits to another scheme.

Death in Service Benefits

If you are a member and you die in service whether on, before or after Normal Retirement Date, the benefits payable are:

↓

A return of your own contributions plus interest if no pension is payable OR ...

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If you are married, a pension for your spouse equal to 25% of your Pensionable Salary at the date of death

PLUS

↓

For each "Qualifying Child" (up to a maximum of two) an additional 50% of the spouse's pension will be paid. If there are more than two children then the amount will be paid to any one or more of them and in the shares decided by the trustees. If there is no spouse, or if the spouse dies, the child's allowance will be doubled.

Example

Pensionable Salary is £40,000

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Spouse's pension (25% x £40,000) = £10,000 p.a.

NOTES:

1. "Qualifying Child" is any child whether legitimate, legitimated, adopted, stepchild or illegitimate (who was, in the Trustees' opinion, financially dependent on you at the time of your death) who is under the age of 18 or under the age of 22 and receiving full time education or vocational training.

2. If you are not survived by a spouse, the Trustees have the discretion to pay a pension to someone who is dependent on you or financially interdependent with you.

3. If no spouse's or child's pension is payable there shall be paid an amount equal to the Member's contributions plus interest.

4. A death in service lump sum calculated by reference to your Pensionable Salary at the date of your death is no longer provided under the Scheme. A comparable benefit is now provided by the Bank and is not the responsibility of the Trustees. The Bank may change or terminate these arrangements at any time. Cover for benefits payable on death in service may be subject to production of evidence of good health. You will be notified if you are affected. If you are absent from work owing to injury or illness on the date you are eligible to join the Scheme, there may be some restriction in your death in service benefits until you have returned to active service.

Previous Next

Death after Retirement Benefits

When you retire you may choose the level of protection for your dependants.

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For example you may elect to have the pension continue on your death to your spouse at a rate of half or two thirds of your pension, or for the pension to cease completely on your death.

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You may elect to have your pension paid for a minimum of five years even if you should die within five years of retirement.

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The better the level of protection for your dependants the lower the level of your pension.

NOTES:

1. All lump sums will be paid to one or more of your dependants or to your estate in such shares as the Trustees shall decide according to the terms of the formal trust documents. This is to allow for prompt payment and to avoid Inheritance Tax. Although the Trustees will decide who will receive the benefit, you can tell them in confidence to whom you would like the money paid. If you have not already done so, please complete the Death Benefit Nomination Form included with this booklet.

2. Your spouse's pension is payable by monthly instalments after deduction of Income Tax commencing on the first day of the month after you die.

3. Each child's allowance will cease when the recipient ceases to be a Qualifying Child.

4. The Trustees have the discretion to pay a pension to someone who is dependent on you or financially interdependent with you.

Leaving Service

If you joined the Scheme after 05/04/2016

If you have completed less than 30 days qualifying service in the Scheme, and no transfer has been received in from any other arrangement, then you are entitled to a refund of your own contributions. Payment may also include any interest on the contributions you paid, which the scheme would not deduct tax from but would need to be declared on your next self-assessment tax form.

If you have completed more than 30 days qualifying service in the Scheme and are aged 55 or over you may be able to elect to take your pension immediately. See the Retirement Section for further details.

If you have completed more than 30 days qualifying service in the Scheme and have not reached age 60 you may leave your Member Account invested in the Scheme until you choose to retire, or age 60 if earlier.

If you have more than 30 days qualifying service in the Scheme and are more than one year from your Normal Retirement Date you may transfer your Member Account to another Pension Scheme or to a Personal Pension.

If you joined the Scheme before 06/04/2016

Please refer to the website for more information.

Previous Next

State Pensions

The State Pension Scheme is a single tier system:

The State Basic Pension

You will receive this in addition to your pension from the Westpac Banking Corporation UK Staff Superannuation Scheme.

The Single Person's Basic Pension is £159.55 per week (as at April 2017).

The State Pension

In April 2016, the Government reformed the State Pension system following the abolishment of contracting out.

There is now a single tiered system which gives a flat rate State Pension of £159.55 per week as of the 2017/18 tax year and is payable to all those who reached State Pension age on or after 6 April 2016.

To qualify for the full amount of State Pension, you need to have 35 years of National Insurance contributions. If you have less than this, then you will receive a prorated amount of State Pension as long as you have a minimum of 10 years of National Insurance contributions.

For more information on your State Pension benefits, you should contact the Pension Service at the following address:

The Pension Service 9, Mail Handling Site A, Wolverhampton, WV98 1LU (Please be sure to quote your National Insurance number.)

You can also contact them on the helpline number: 0345 604 3349 or visit the Government website.

State Pension Age

The State Pension Age used to be 65 for men and 60 for women, but this is now being gradually equalized for men and women.

Women born before 6 April 1950 will reach their State Pension Age at age 60. Women born between 6 April 1950 and 5 April 1955 will have a State Pension Age between 60 and 65, depending on their birth date. The Government is seeking to increase the State Pension Age gradually to 68 for both men and women.

General Notes

1. TRUSTEES

The Scheme is administered by Trustees under the terms of the formal trust documents. The present Trustees will be shown in the latest Annual Report and Accounts, a copy of which is available on request from Capita.

2. CONSTITUTION OF SCHEME

The Scheme is a Registered Pension Scheme. It is established under irrevocable trusts and its assets are kept strictly separate from those of the Bank.

The Scheme is registered with the Pensions Regulator.

3. HMRC LIMITS

HMRC may in certain circumstances place restrictions on the amount of the benefits payable under the Scheme. If your benefits or the benefits of your dependants are affected by these restrictions, you will be informed. Except in relation to the payment of cash sums on retirement the Scheme benefits are subject to the limits on benefits which applied as at 5 April 2006 before the coming into force of the Finance Act 2004.

4. AMENDMENT OR DISCONTINUANCE OF THE SCHEME

The Bank expects the Scheme to continue but reserves the right to amend or terminate it at any time.

If an amendment affects your benefits or rights you will be given advance written notice.

If the Scheme is terminated, the Trustees will apply the assets of the Scheme to or for the benefit of the members and other persons then entitled to benefit in the manner prescribed by the formal trust documents.

5. EVIDENCE AND INFORMATION

Every member and beneficiary under the Scheme must give such evidence and information as may reasonably be required by the Trustees for the purposes of the Scheme. The Trustees may withhold any benefit affected until the required evidence or information is given.

6. ABSENCE FROM WORK

If you are regarded as still being in service, you will normally remain a member of the Scheme. You will be informed of any special provisions that will apply if the occasion should arise.

7. ASSIGNMENT OF BENEFITS

Benefits under the Scheme are personal and cannot be assigned or charged, e.g. they cannot be used as security for a loan.

8. DISCRETIONARY PAYMENTS

All the Scheme benefits described in this booklet are payable as of right (subject to any evidence of health requirements) and, apart from lump sum death benefits, are not subject to the discretion of the Trustees. However, the Trustees do have discretion to increase any benefit (including pensions in course of payment) with the consent of the Bank.

9. DISPUTE PROCEDURES

If you think that you have not been fairly treated under the Scheme, you can make an official complaint in accordance with the Schemes' Internal Dispute Resolution Procedure. Details of the disputes procedure are available from Capita whose address is PO Box 4990, Sheffield, S1 9GE (Tel: 01227 771445).

10. THE PENSIONS ADVISORY SERVICE (TPAS)

The Pensions Advisory Service is an independent voluntary organisation established for the purpose of giving free help and advice to members of the public on all matters concerning pension schemes (other than State Schemes) including personal pensions. The service is available to all those who think they have pension rights including scheme members, pensioners, those with deferred pensions and dependants. If you need this service, contact the Pensions Advisory Service, 11 Belgrave Road, London, SW1V 1RB. (Tel: 0300 123 1047)

11. PENSIONS OMBUDSMAN

If TPAS fail to solve your problem you can ask for it to be referred to the Pension Ombudsman. The Pension Ombudsman was appointed under Pension Schemes Act 1993 and may investigate and determine any complaint or dispute of fact or law in relation to an occupational scheme made or referred in accordance with the 1993 Act. There is no charge for his services. The Ombudsman can be contacted at 11 Belgrave Road, London, SW1V 1RB. (Tel: 0207 630 2200)

12. REGISTRAR OF PENSION SCHEMES

The Social Security Act 1990 set up a central register of pension schemes to make it easier for members to trace schemes where an employer has ceased trading or changed its name. The Registrar can be contacted at P.O. Box 1NN, Newcastle upon Tyne, NE99 1NN. (Tel: 0191 225 6316)

13. THE PENSIONS REGULATOR

The Pensions Regulator has replaced the Occupational Pensions Regulatory Authority (OPRA). In some circumstances it is able to intervene in the running of Schemes where trustees or employers have failed in their duties.

The address of the Pensions Regulator is: The Pensions Regulator, Napier House, Trafalgar Street, Brighton, East Sussex, BN1 4DW. (Tel: 01273 627600)

Finding out more

- The Trustees are not able to provide you with investment or financial advice. If you have any questions of this nature you are advised to consult an Independent Financial Adviser (IFA). You can obtain details of a local independent financial adviser by visiting the Unbiased Ltd website at **www.unbiased.co.uk**
- The Money Advice Service is an independent organisation set up by the government and funded by the financial services industry. They offer a free service to help everyone manage their money better. Their website has independent money advice, information and tools to help you work out what's right for you: www.money adviceservice.org.uk. Before you contact an IFA, you may wish to read their guide to getting financial advice, which you can find in the 'Retirement' section of the website. Alternatively you can phone them on 0800 138 7777.