

April 2023

Your retirement

A guide for members of Pace DC

Co-op Section



Important note

This guide aims to provide you with factual information only and the Trustees cannot give you advice. This guide is not intended to be a legal promise to members, as it is only a summary of the terms and conditions of Pace and reflects the pensions and tax legislation at the time the guide was written. If there is any conflict between this guide and the Rules, the Rules (as amended from time to time) will be overriding. Any changes to legislation will also override the terms of this guide. If you want to see a copy of the Rules, or have any questions concerning the contents of this guide, please contact Legal & General.

Contents

1. Thinking about retirement?	3		
2. How to decide when to retire	4		
• So, when's the right time to retire?	5		
• Budgeting for retirement	6		
• State Pension	7		
• Other State retirement benefits	8		
3. How can I boost my retirement income?	9		
4. How will my investment choices affect my retirement?	12		
5. How can I take my Co-op retirement benefits?	13		
• What should I think about before I choose my retirement option?	16		
• Retirement benefits – some examples	19		
• What happens next?	23		
		• What if I want to carry on working for The Co-op after I take my retirement benefits?	24
		• Tax on retirement savings	25
		• Death in retirement	26
		6. Do you want more information?	27
		7. Useful terms	28
		8. Useful contacts	29
		9. Checklist	30

If you need to make the text bigger, just click on this document to zoom in.

Thinking about retirement?

This guide is for members of The Co-op Section of Pace. If you're a member of The Co-operative Bank Section, you should visit the Bank's pensions website at www.co-operativebank.co.uk/pensions for pension information that's relevant to you.

If you're getting to an age when you can start thinking about taking your retirement benefits in Pace DC... welcome!

We've created this guide to help you understand your options and put you in control of the process. Retirement should be a time for you to enjoy life – you may plan to spend more time with your family, go on holiday, or take up a new hobby. You'll probably be looking forward to retirement, but you may also have some questions or concerns, for instance, about how you'll budget for retirement.

Retirement is a big change and a very personal decision. It's important that you have a plan in place that you're happy with. Pace DC gives you a lot of flexibility so you can take the money from your pension account in different ways; this means that you can use the account in the way that suits you best, but you'll have some decisions to make.

You can use the **DC pension modeller** at <https://coop.pacepensions.co.uk/dc-modeller/> to see how much you might be able to build up in Pace DC between now and your retirement. You can also visit Legal & General's online retirement portal at yourpensionoptions.legalandgeneral.com/co-operative or contact Legal & General on 0345 026 8689 for more information about your options.

As well as Pace DC, you might also have a pension in Pace DB, or other pension arrangements from The Co-op, other employers and personal pensions – and you'll probably be entitled to a pension from the State.



We've had to use some pension terms to explain things, but there is a useful terms guide on **page 28**.

How to decide when to retire

The first step is to consider whether you'll have enough income to cover your living costs.

Yes, I'll have enough income

Great!

Now take a look at the section starting on **page 13** of this guide on '**how can I take my Co-op retirement benefits?**', which explains how you can take your Co-op retirement benefits and takes you through what happens next.

Yes, but I'm not sure I want to retire just yet

That's OK!

Retirement is a big change and a very personal decision. If you are not sure whether now is the right time for you, take a look at '**retirement benefits - some examples**' on **page 19**. They might give you some ideas.

No, I don't have enough income

If you've decided you can't afford to retire just yet, there are a number of steps you can take - read '**how can I boost my retirement income?**' on **page 9**. Your investment choices are also really important and affect how your Pace DC account builds up, so read '**how will my investment choices affect my retirement?**' on **page 12**.

What if I'm not sure?

Don't worry - there's lots of information in this guide that can help you to understand whether you're able to afford to retire. You can use the **DC pension modeller** at <https://coop.pacepensions.co.uk/dc-modeller/> to see how much you might be able to build up in Pace DC between now and your retirement. There is a checklist on **page 30** of this guide, which you can print and use to start planning your retirement, as well as a budgeting for retirement ready reckoner on **page 6**. Read on to find out more.

Do you want more information?

There are lots of services available to you to make sure you are making the right decision. See **page 27**.

So, when's the right time to retire?

The normal pension age from Pace is 65, but you can retire at any time from age 55*, under normal circumstances. You may also be able to carry on working for The Co-op while taking your retirement benefits in Pace DC.

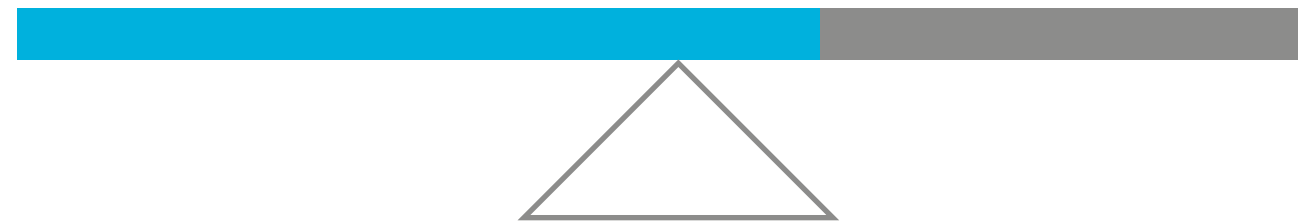
You need to think about how much money you'll need to live on and how much income you'll have.

How much money will you have coming in?

This will usually be a mix of your Pace pension (which may include Pace DC and Pace DB), any other pensions you may have paid into over the years, the State Pension, and any other savings and investments you might have.

If your income in retirement is not as much as you hoped, what can you do about it? See **page 9** for some help with your options on boosting your pension.

**The Government has confirmed that the minimum pension age at which people may ordinarily access their pension benefits will increase from 55 to 57 from 6 April 2028, alongside planned increases in the State Pension Age. Depending on when you joined Pace and the benefits that you have in Pace, you may be protected against this change and may still be entitled to access your benefits before age 57 after 6 April 2028.*



How much will you need to cover your day-to-day living costs?

Usually, you'd expect your living costs to be lower once you've retired. As a guideline, you might aim for a retirement income that is 67%** of your income when you were working. Everyone is different, that's why you really need to do your own personal budget.

You'll need to think about your regular household outgoings but also things like hobbies and activities, or holidays and days out.

***DWP - Analysis of future pension incomes, March 2023*






Will your income cover your living costs?
And will you be able to afford the extras that mean you can get out and meet people?
You can work it out using our budgeting for retirement ready reckoner on **page 6**.

Budgeting for retirement






When you retire, you'll still have bills to pay. This section should give you an idea of how much you'll spend on outgoings and how much you should have left over to spend as you like.

You can choose how you use your Pace DC account, so you might not get a fixed monthly income. (Please note that remaining invested within the scheme after retirement is not an option from Pace DC and you would have to transfer to another pension arrangement at retirement.)

To find out how much you could get from the State, and when, visit www.gov.uk/check-state-pension

-  **Council Tax** - The amount of council tax you pay depends on the type of property you live in. If you live on your own or have a low income, you may qualify for a discount or be able to claim Council Tax Benefit.
-  **Utilities** - You may spend more time around the house so you might spend more on these outgoings.
-  **Groceries** - If you regularly buy lunch out when you're at work, your food costs may go down - but if you get a subsidised canteen meal the reverse may be true!
-  **Transport** - You may spend less on transport if you're no longer travelling into work. Remember that public transport is free or discounted once you reach State Pension Age.
-  **Mortgage/Rent** - If you've paid off your mortgage, this can make a big difference to your monthly outgoings.

Money coming in	How much will you be paid each month?
Pace DC	£
State Pension	£
Other income	
Other pensions <i>Including Pace DB or other pension arrangements with The Co-op, or with former employers</i>	£
Additional Voluntary Contributions (AVCs)	£
Savings	£
Investments	£
Other income	£
Total monthly income	£

Money going out	How much does this cost each month?
Council Tax 	£
Utilities 	£
Groceries 	£
Transport 	£
Other financial commitments	
Mortgage/Rent 	£
Loans/credit cards/overdrafts	£
Insurance	£
Family support	£
Other outgoings	£
Total monthly outgoings	£

Total income - total outgoings = total monthly disposable income:	£
--	----------

To download and print a copy of this budgeting table, please visit the 'When's the right time to retire?' section of coop.co.uk/pensions

State Pension

The State Pension has changed for anyone who reached State Pension Age on or after 6 April 2016.

From this date, a new State Pension replaced the Basic State Pension and Additional State Pension (the earnings-related top-up that used to be called State Second Pension (S2P) or SERPS). For people who earned State Pension before 2016, but retire after, there is a transitional arrangement where pensions may differ from the new State Pension quoted below, or the period to earn a full pension may be longer.

The new State Pension is currently worth £203.85 per week. To get the full amount, you need 35 years or more of national insurance (NI) contributions or credits. If you have less than 10 years of NI contributions, you won't get any sort of State Pension.

If you were ever 'contracted out' of S2P (so, if you were a member of Pace DB or another contracted-out pension scheme), then your new State Pension may be reduced, or the number of years to earn that pension may be increased, to reflect the fact that you paid lower NI contributions during that time.

Find out how much you'd get:
www.gov.uk/check-state-pension



Visit **page 8** to find out what else you might get

Anyone who reached State Pension Age before 6 April 2016 will still receive the Basic State Pension, currently worth up to £156.20 per week.

Even if you reached State Pension Age before 6 April 2016 but have put off your retirement, you will still receive the Basic State Pension rather than the new State Pension.



Other State retirement benefits

When you retire, you may qualify for extra State retirement benefits. You should take these into account when you're working out what your retirement income will be.

Pension Credit tops up your weekly income if it's below a certain amount. You can apply once you reach State Pension Age. If you get Pension Credit you may also be eligible for other help, such as a free or discounted TV licence and Council Tax discount. Find out more at www.gov.uk/pension-credit

Winter Fuel Payment helps you afford to heat your home. If you were born on or before 26 September 1955, you may be eligible for a Winter Fuel Payment to help with fuel bills. The amount you get includes a 'Pensioner Cost of Living Payment'. You'll get this extra amount in both winter 2022 to 2023 and winter 2023 to 2024. This is in addition to any other Cost of Living Payments you get with your benefit or tax credits. To find out more, visit www.gov.uk/winter-fuel-payment

Free eye tests and **free prescriptions** are available if you are over age 60. You may also be entitled to help with other NHS costs. Before paying for treatment, ask your dentist, optician or hospital staff for advice. For help with NHS costs, just show your benefit award letter or HC2 or HC3 certificate as proof.

An older person's bus pass for free travel can be applied for in England when you reach the State Pension Age, or age 60 if you're in London, Scotland, Wales or Northern Ireland. To find out more, visit www.gov.uk/apply-for-elderly-person-bus-pass

How can I boost my retirement income?

If you've worked through the budgeting for retirement ready reckoner on page 6 and decided you can't afford to retire just yet, what can you do to increase your pension savings in Pace DC?

There are a number of steps you can take, such as:

1. Change your retirement age

You may be able to carry on working for The Co-op and at the same time keep paying contributions into Pace DC. This will give you more time to build up a bigger sum of money for retirement. You can use the **DC pension modeller** to see what effect changing your retirement age has on your benefits. You can find the modeller at <https://coop.pacepensions.co.uk/dc-modeller/>

Legal & General (the administrators of Pace DC) will assume that you want to retire at age 65, unless you tell them otherwise. If you want to retire earlier or later than age 65, you should contact Legal & General to let them know. Their contact details can be found on **page 29**.

Did you know, The Co-op has over 2,300 colleagues aged 65+?



How can I boost my retirement income? continued

2. Increase your contributions

One way to boost your retirement income is to pay more into your pension account. You can choose to pay in between 1% and 10% of your Pay. If you pay in more, The Co-op pays in more, to a maximum of 10%. You can also pay in more than the standard maximum contribution rate of 10% by paying Additional Voluntary Contributions (AVCs). You can use the **DC pension modeller** to see what effect changing your contributions has on your benefits. You can find the modeller at <https://coop.pacepensions.co.uk/dc-modeller/>

All of your contributions, including any AVCs, get tax relief – which means that the actual cost to you is less. So, if you pay £100 into Pace DC, your take-home pay will only reduce by £80 (if you are a basic rate taxpayer).

For more information on contributions, read the section on 'Being a member' in your pension guide, which can be found at coop.co.uk/pensions



How can I boost my retirement income? continued

3. Work part-time

An increasing number of people are working part-time in the run up to or even during retirement instead of stopping work altogether, so this is something you might want to consider. You may be able to work part-time and take your pension to boost your retirement income.

Find out what happens if you want to take your pension savings but keep on working on **page 24**.

Did you know?

Over 9,400 colleagues aged 55+ work part-time



How will my investment choices affect my retirement?

It's important to think about whether your pension investments are right for the retirement option you choose.

You might be invested in one of the options that automatically moves your money into different investments as you get closer to retirement (the Target options). There are three of these:

for people who want to take their pension savings as cash

Target: Lump Sum

for people who want to buy an annuity with their pension savings

Target: Secure Income

for people who want to keep their pension savings invested during their retirement and take cash and income from it

Target: Flexible Income

Remember, if you have not made an investment choice, your Pace DC account will be invested in the Target: Lump Sum option. You can change your investment choices at any time by logging into **Manage your Account** at coop.co.uk/pensions or download Legal & General's Coll8 app.

If you need more information, you can read the Pace DC fund guide, which can be found in the **useful information** section at coop.co.uk/pensions

How can I take my Co-op retirement benefits?

As a member of Pace DC you have a number of different options:

1. You can take all of your account as a one-off cash lump sum.

If you take your Pace DC account as a one-off cash lump sum, the first 25% will usually be tax-free, but the rest will be taxed as income.

If you're considering this option, it's important to understand how tax might affect you. You might end up paying more tax than you expect, if your cash withdrawal from Pace DC pushes you into a higher tax bracket.

You should also think about how you'll support yourself financially throughout retirement.

2. You can use your Pace DC account to buy a guaranteed income, which is called an annuity.

An annuity will provide you with a guaranteed income for life.

If you want to, you can take up to 25% of your account as tax-free cash and use the rest to buy an annuity.

You can shop around to get the best annuity for you. It's a bit like shopping around for the best deal on your car insurance - except that this is about your income for the rest of your life.

There are different types of annuities so you can choose the one that suits you best. Some provide extras such as annual increases, or a dependant's pension.

You can also find information about your options on Legal & General's **online retirement portal** or by contacting Legal & General on 0345 026 8689.

Options 3 and 4 overleaf...

How can I take my Co-op retirement benefits? continued

3. You can leave your account invested after you retire and take money out as and when you need it.

You can take an income from your account that's adjustable (flexi-access drawdown).

This means you can get a regular income but can change the amount or take cash sums if you need to.

The first 25% of your account will be paid tax-free and the rest is taxed as income as it is withdrawn. Remember, the value of your invested pot can go down as well as up, which means the income isn't guaranteed and you could run out of money.

This option is not available directly from Pace DC so you'd have to transfer your account to another provider, at retirement.

4. You can take a series of lump sums.

You can take a series of lump sums from your account.

Each time you take a lump sum, 25% will usually be tax-free with the remaining part to be taxed as income.

This option is not available directly from Pace, so you'd have to transfer your Pace DC account to another provider who offers this flexibility, at retirement.

The DC pension modeller can show you what you might get at retirement and what you might be able to do with that money, using the options above. It's available at <https://coop.pacepensions.co.uk/dc-modeller/> You can also find information about your options on Legal & General's **online retirement portal** or by contacting Legal & General on 0345 026 8689.

If you want to, you can choose a combination of these options.

How can I take my Co-op retirement benefits? continued

If you're thinking about buying an annuity (using the money in your account to buy a pension from an insurer), you should consider taking advice. Legal & General can also help members who want to buy an annuity by offering an annuity broking service. Legal & General will tell you if their quote is the best in the market. If it isn't, their partner Annuity Ready lets you compare quotes from other providers to help you find the best deal. More information on annuities, and all of the other retirement options can be found at yourpensionoptions.legalandgeneral.com/co-operative or by contacting Legal & General on 0345 026 8689.

If you choose option 3 (flexi-access drawdown) or option 4 (a series of lump sums), you would be able to transfer your account into Legal & General's Pension Access Scheme (PAS), which is a Mastertrust set up to help pension savers access their money flexibly. Legal & General are the current administrators of Pace DC, so you'd be able to continue to use their online system, Manage your Account, if you transferred to the PAS.

Whilst the Pace Trustees have facilitated access to these options, they are not recommending any particular course of action and are not responsible for information provided by the annuity broking service.

Legal & General offer a way of paying for pensions and retirement advice called a Facilitated Adviser Charge (FAC). You can ask Legal & General to make a payment directly to your financial adviser by making deductions from your Pace DC pension pot.

FAC can only be used if the advice you receive relates to your relevant Legal & General pension plan, in this case, Pace DC. Please go to legalandgeneral.com/adviserchargeguide and legalandgeneral.com/adviserchargeform for more information.

Pace DB (formally Pace Complete)

If you were also a member of Pace DB, remember that you'll receive a separate pension from that section, as well as your retirement benefits from Pace DC. You don't have to take your retirement benefits from Pace DC and Pace DB at the same time. To learn more about Pace DB, you can visit coop.co.uk/pensions

To discuss your Pace DB retirement options, please contact the Co-op Pensions Department using the contact details on [page 29](#).

You may also have a pension from your membership of one of The Co-op's other schemes. You can read more about these by visiting the pensions website at: coop.co.uk/pensions

What should I think about before I choose my retirement option?

What are the key retirement benefits?

Cash	Guaranteed income*	Flexible income or a series of lump sums (including drawdown)
Full immediate access to your Pace account.	A guaranteed monthly income for life. You can also choose a number of additional options, such as a pension that is paid to your partner after your death, or flexibility to change your income levels.	Full flexibility. You can withdraw money from your account, while the rest remains invested. If, after a few years, you decide you want the security of a guaranteed income, you can use what's left in your fund to buy an annuity.

What age can I take my retirement benefits?

All options are payable from age 55**, unless you are retiring due to ill health. Even if you take your retirement benefits, you don't have to stop working.

Can I take 25% of my account as a tax-free lump sum?

Yes - this is available for all options. Note: If a series of lump sums is chosen, only 25% of each lump sum is usually tax free as it's paid.

* You can use some or all of your account to buy an annuity, which provides you with a guaranteed income. The monthly income that you could get from an annuity will depend on a number of factors, including the amount of contributions paid into your pension and how your account has performed, the age at which you retire and the cost of buying the annuity. The cost of buying the annuity will depend on the market conditions at the time of your retirement. If you have a small amount in your retirement account, it may not be beneficial for you to take an annuity, due to the cost of setting them up. It's important that you explore all of your retirement options to understand which will suit you best.

**The Government has confirmed that the minimum pension age at which people may ordinarily access their pension benefits will increase from 55 to 57 from 6 April 2028, alongside planned increases in the State Pension Age. Depending on when you joined Pace and the benefits that you have in Pace, you may be protected against this change and may still be entitled to access your benefits before age 57 after 6 April 2028.

What should I think about before I choose my retirement option? continued

What are the risks?

Cash	Guaranteed income*	Flexible income or a series of lump sums (including drawdown)
You may run out of money too early and be left with only your State Pension. There is also the possibility of a significant tax charge payable from your lump sum.	You might die early in retirement and if you don't select death benefits when you take out the annuity, all payments will cease on your death. Currently, once you have bought an annuity, you cannot change your mind.	You might spend all of your savings and be left with only your State Pension. Your remaining fund may not perform as well as expected and you may be left with less than you need.

What tax will I pay on the remaining benefit?

Cash	Guaranteed income*	Flexible income or a series of lump sums (including drawdown)
The first 25% of the cash lump sum paid to you will usually be tax-free and the remainder will be taxed as income in the tax year in which you take the lump sum. This might push you into a higher tax bracket for that year.	If you want to, you can usually take up to 25% of your account as tax-free cash and use the rest to buy a guaranteed income for life. Annuity payments are taxed as income.	This will depend on the way in which you choose to take money from your account. Either: <ul style="list-style-type: none"> You could choose drawdown; the first 25% of your account will usually be tax-free and the remainder will be taxed as income as it is withdrawn, or You could choose a series of payments; the first 25% of each payment is usually tax-free and the rest will be taxed as income.

What should I think about before I choose my retirement option? continued

Apart from tax, are there any costs in taking this option?

Cash	Guaranteed income*	Flexible income or a series of lump sums (including drawdown)
No. Assuming that you take your account as cash directly from Pace.	Yes. If you use an annuity broker to find the best deal for you, they may take a small commission for their services, so please check with them before proceeding.	This offer is not currently available directly from Pace and you would need to transfer your Pace account to another arrangement. The charges will depend on the arrangement that you transfer to.

What retirement benefits are payable on death after retirement?

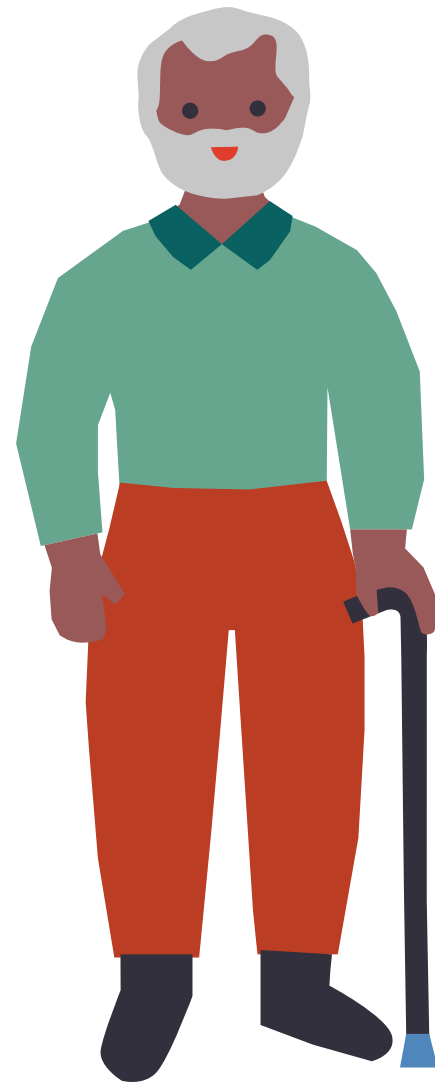
Cash	Guaranteed income*	Flexible income or a series of lump sums (including drawdown)
None.	When you buy an annuity you have the choice of including a spouse's pension and/or a lump sum payable to your family.	If there is any money left invested, your dependants will be entitled to receive it (tax-free if you die before age 75).

Legal & General's **online retirement portal** looks at the important things to consider when choosing your option.

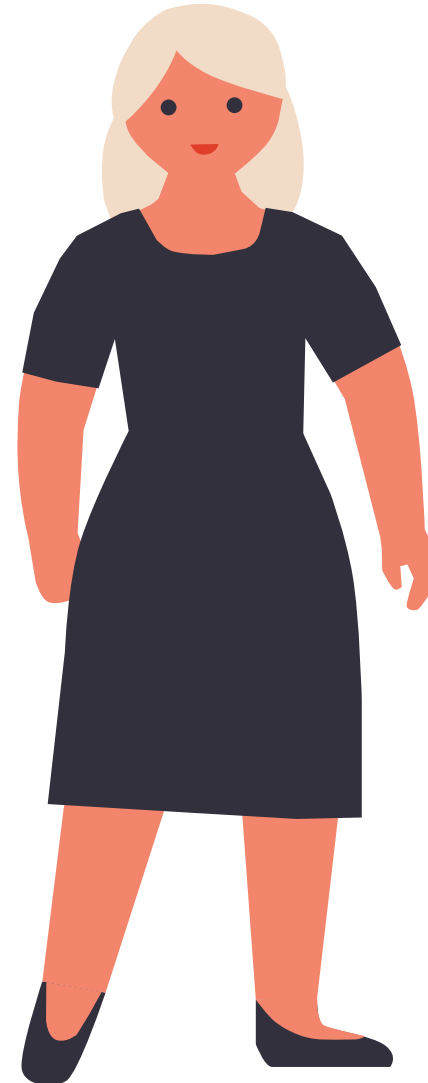
Want to know more?
Go to **page 26** for more details on death benefits.

Retirement benefits - some examples

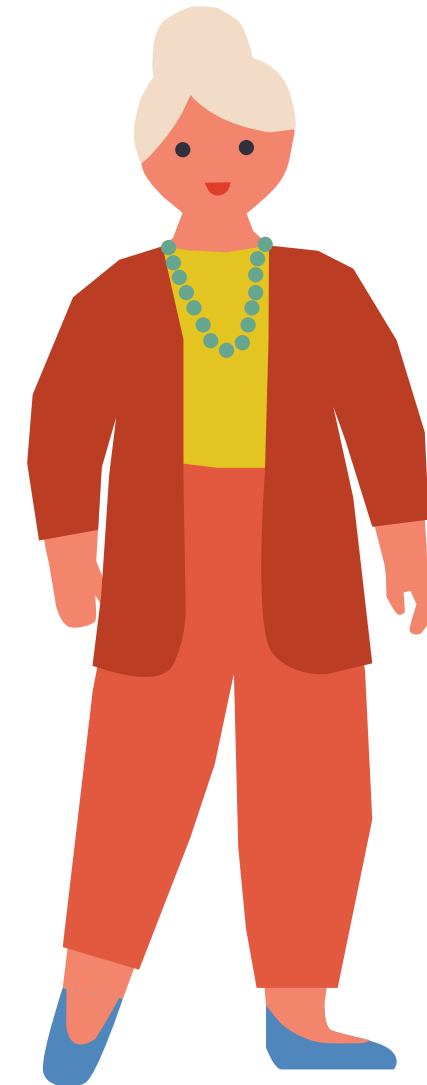
Here are some examples that show how different members might make their retirement decisions.



David



Sally



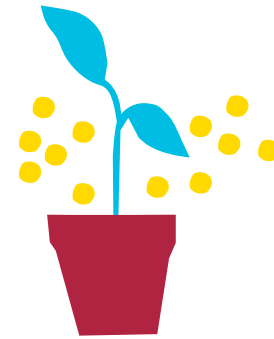
Jill

Example 1: David

David has just turned 60.



He has £50,000 of pension savings in Pace DC.



This will allow him to take £12,500 as tax-free cash.



If he does this he could use the money to pay off what's left of his mortgage.

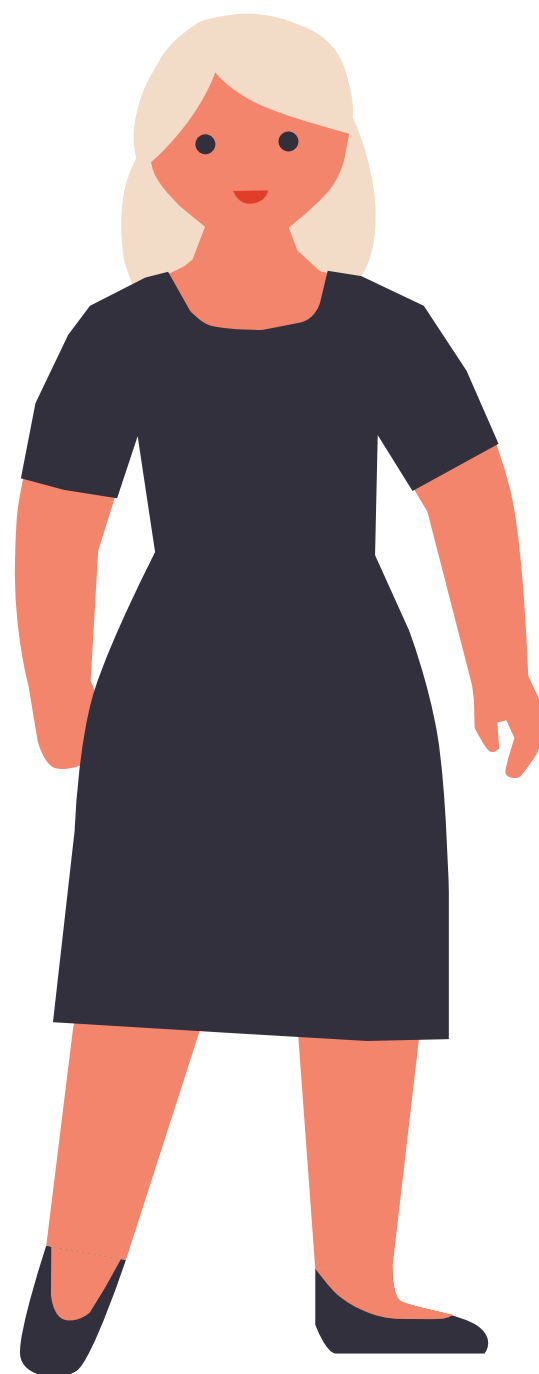
With the rest of his pension savings, he could buy an annuity so that he has a guaranteed income for life.

David could decide to carry on working part-time until he reaches State Pension Age, when he would receive his State Pension in addition to his annuity payments. If his State Pension and annuity payments were above the Personal Allowance, he would pay income tax.

If David takes any regular medication or has a medical condition, then he may be able to get a higher income from an enhanced annuity.



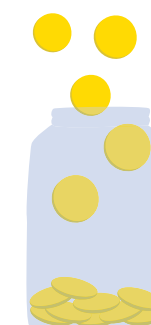
Example 2: Sally



Sally would like to give her daughter some money as a deposit for a house.



Sally has just turned 58 and has Pace DC pension savings of £100,000.



Sally could decide to keep her account invested and take sums of money from it when she needs to.



If she transferred her account to Legal & General's Pension Access Scheme (or another drawdown provider) after taking advice, she'd have the option to take a lump sum payment to give to her daughter. She could, for example, take out **£25,000** - this would be **25%** of her pot and would be paid to her tax-free. The drawdown account means that Sally can leave **£75,000** invested and continue to take sums of money from it each year. Each time she takes a payment from the account, it would be taxed as income.

Sally also has a small company pension with a former employer, but she could decide to delay taking that until age 67, when she will also be able to get a State Pension.

Example 3: Jill

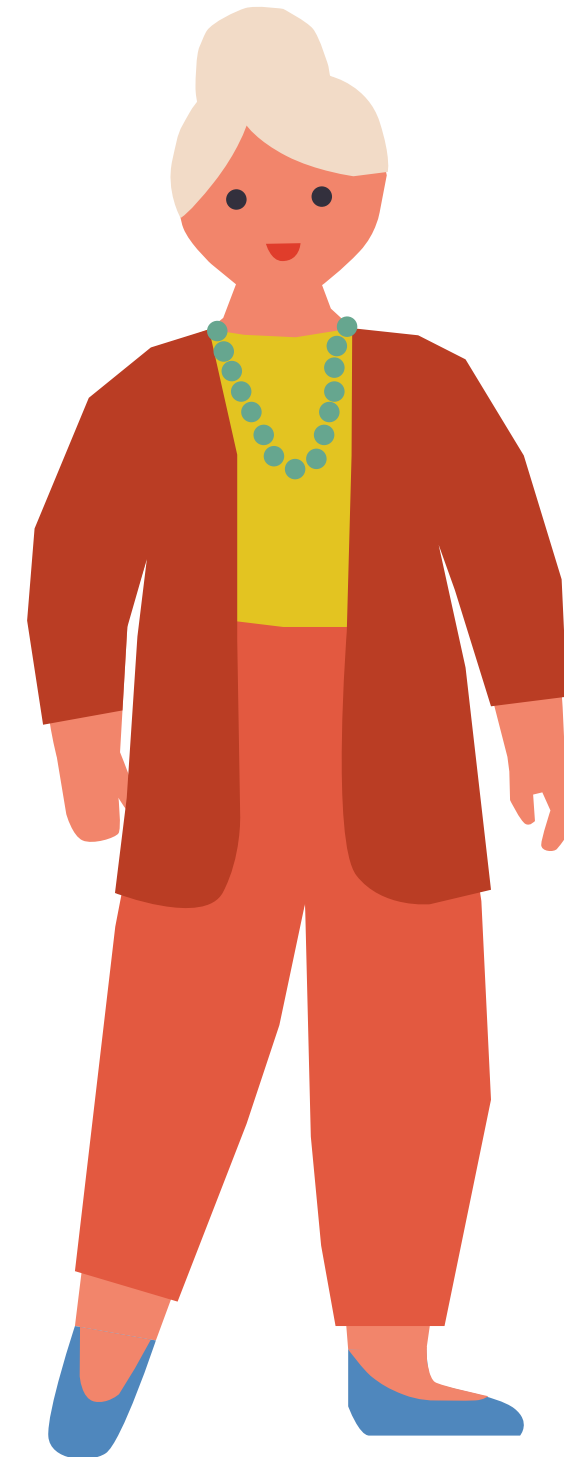
Jill is 65. She has £15,000 of pension savings in Pace DC.



She might take it all as cash. £3,750 of this would be paid to her tax-free.

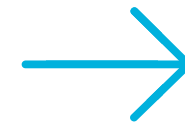


She could then use the money to take her grandchildren on a holiday, and put the rest in the bank for a rainy day. She will receive a State Pension and her husband has a pension too.



What happens next?

1 Your target retirement date will be at age 65, unless you've told Legal & General you want to retire at a different age. If you'd like to retire earlier or later than your target retirement date, you should contact Legal & General.



2 There's a useful checklist of things to do when you near retirement on **pages 30-32** of this guide.



3 When you are four months from your target retirement date, Legal & General will contact you with information about your retirement options.



4 If you'd like to take all of your account as a one-off cash lump sum, or transfer your account into Legal & General's Pension Access Scheme, you can arrange this with Legal & General.



5 If you're thinking about buying an annuity (using the money in your account to buy a pension from an insurer), you should consider taking advice. Legal & General can also help members who want to buy an annuity, Legal & General will tell you if their quote is the best in the market. If it isn't, their partner Annuity Ready lets you compare quotes from other providers to help you find the best deal. More information on annuities, and all of the other retirement options can be found at yourpensionoptions.legalandgeneral.com/co-operative or by contacting Legal & General on 0345 026 8689.

Whilst the Pace Trustees have facilitated access to these options, they are not recommending any particular course of action and are not responsible for information provided by the annuity broking service.

What if I want to carry on working for The Co-op after I take my retirement benefits?

If you feel you want to reduce your working hours and ease into retirement, this is something you need to discuss with your manager first.

You may be able to take your retirement benefits and carry on working for The Co-op. To do this, you will need to opt out of Pace DC - you can complete the [Leave Pace DC form](#), which is available at coop.co.uk/pensions

Point to note: If you decide to opt out of Pace DC, it can take several weeks for Payroll to process you as a leaver and let Legal & General know. Legal & General cannot pay any retirement benefits or transfer your pension to another pensions provider (or their Pension Access Scheme) until this notification has been received from The Co-op.

You may want to re-join Pace DC after you have taken your retirement benefits, so that you can carry on getting contributions from The Co-op. If so, complete the [Join Pace DC form](#), which is available at coop.co.uk/pensions

If you do this, you should note that the amount of money you and The Co-op can pay into your Pace DC account once you've rejoined might be restricted to a maximum of £10,000 per year.

The law says that The Co-op must enrol you back into Pace approximately every three years, if you meet the Government's criteria. You will have the option to opt out again, if you wish.

Tax on retirement savings

When you take money from your pension account as income, you pay tax on any income above your tax-free Personal Allowance, like you do now with your salary. The Personal Allowance for the 2023/24 tax year is £12,570*.

The amount of tax you pay depends on your total income. The tax rate covers bands of income. The first £12,570 is not taxed, then any income above this is taxed as follows:

Band	Taxable income	Tax rate
Personal Allowance	Up to £12,570	0%
Basic rate	£12,571 to £37,700	20%
Higher rate	£37,701 to £125,140	40%
Additional rate	over £125,140	45%

If you live in Scotland, the tax bands are slightly different:

Band	Taxable income	Scottish tax rate
Personal Allowance	Up to £12,570	0%
Starter rate	£12,571 to £14,732	19%
Basic rate	£14,733 to £25,688	20%
Intermediate rate	£25,689 to £43,662	21%
Higher rate	£43,663 to £125,140	42%
Top rate	over £125,140	47%

25% of any lump sums you take are usually tax-free and this amount doesn't use up any of your Personal Allowance. See the case studies on **page 19**.

*The Government plans to freeze the Personal Allowance at this level until April 2026. Please note that depending on your circumstances, your Personal Allowance may be less than £12,570. HM Revenue & Customs will be able to confirm your Personal Allowance.

Death in retirement

What happens to my pension savings if I die during retirement?

That depends on the choices you make at retirement:

1. If you take all of your account as a one-off cash lump sum

There will be no further retirement benefits payable from Pace DC to your dependants.

2. If you use your account to buy an annuity

You'll be able to choose an annuity that provides an income or payment to your dependants after your death. You'll have to set this up at the time of buying your annuity, and you should also note that it would reduce the amount of income you get from your annuity.

3. If you leave your account invested after you retire

Your dependants will be left with a number of options of what to do with the remaining money left in your account. The provider you choose will be able to tell you more when you set it up.

Remember that if you're also a member of Pace DB, there may be further retirement benefits payable. Read the **Pace DB pension guide**, which can be found in the **useful information** section at coop.co.uk/pensions

Do you want more information?

Your Pensions Options

More information about your options can be found on Legal & General's online retirement portal, yourpensionoptions.legalandgeneral.com/co-operative, or by contacting Legal & General on 0345 026 8689.

Legal & General's Pension Access Scheme

This is a Mastertrust set up by Legal & General to help pension savers access their money flexibly. You can use another provider to access your pension savings flexibly. For more information, call Legal & General on 0345 026 8689 or visit yourpensionoptions.legalandgeneral.com/co-operative

MoneyHelper

MoneyHelper is a Government service that provides free guidance and information to help you manage your finances, including your pension. You can also find an adviser in your area by searching for 'retirement adviser' on the MoneyHelper website.

www.moneyhelper.org.uk

(The website offers contact options of live webchat, enquiry form and social media channels).

Call: 0800 011 3797 (Monday to Friday, 9am to 5pm)

Pension Wise

If you're aged 50+ and have built up pension savings in a DC scheme, Pension Wise is a free Government service that can offer you:

- impartial 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
- information about the tax implications of different options and other important things you should think about
- tips on getting the best deal, including how to shop around.

Pension Wise is available through the MoneyHelper website, www.moneyhelper.org.uk

GOV.UK

You can find more information on pensions and retirement planning, including State Pensions and State Pension Age.

Age UK

Age UK can help with money matters, health and wellbeing, home and care, and work and learning. Age UK run a free national advice line that is open 365 days a year. You can call them on 0800 678 1602 or visit them at www.ageuk.org.uk

Citizens Advice

Citizens Advice offers advice on a wide range of subjects from housing and health to debt and legal issues. Visit them at www.citizensadvice.org.uk where you can find your local Citizens Advice to call or visit.



Useful terms

Annuity

An insurance product that provides a guaranteed income in exchange for a lump sum payment. You can get a higher income if, say, you're in poor health or a smoker.

Annuity rates fluctuate and it's not possible to predict how much pension your account will buy in the future. The annuity rates offered by different insurance companies can be different, so it's important to shop around for the best deal and you may want to consider taking financial advice.

- **Lifetime annuity**

A lifetime annuity is payable for life. You can choose a lifetime annuity that also keeps paying out to your spouse after you die. You'd have to set this up from the start and it would make the annuity more expensive.

- **Temporary annuity**

A temporary (or fixed term) annuity is payable for a number of years chosen by you and includes a 'maturity amount', which depends on the amount of income you take at the end of the specified period. You can then use the maturity

amount to buy another annuity or you can take money out of your pension account. This option is only available as part of a flexible drawdown (see **page 14**).

Defined contribution (DC) pension

Also known as 'money purchase' pensions, these schemes take contributions from both you and your employer and invest them to provide a pot of money at retirement. Individual savers bear the investment risks. Pace DC is a DC Scheme.

Defined benefit (DB) pension

This type of pension provides a guaranteed income after retirement and usually continues paying out to spouses after you die. Pace DB (formerly Pace Complete) is a DB scheme.

Flexible drawdown

A retirement income scheme which allows you to take sums out of your pension account while the rest remains invested. You can take up to a quarter of your fund tax-free at the start, with any other payments being taxable. This option is not available directly from Pace DC so you would need to transfer to an alternative pension provider,

or Legal & General's Pension Access Scheme, that does offer this option, at retirement. You may want to consider taking financial advice.

Lump sum payment

This is where a lump sum payment of up to the whole fund is paid to you. One quarter is usually tax-free with the remainder being added to your income to work out the amount of tax payable.

Pace is only able to pay the whole fund, but if you transfer to another provider, or Legal & General's Pension Access Scheme, you may be able to take a series of lump sum payments.

Manage your Account

This is a secure online area provided by Legal & General where you can check the value of your pension account and update your personal details. If you transfer your pension savings into Legal & General's Pension Access Scheme at retirement, you would still have access to Manage your Account.

Useful contacts

Legal & General

For general enquiries about Pace DC, or information about your own benefits, please contact Legal & General:

Legal & General Trustee Services Team
Ground Floor Knox Court
10 Fitzalan Place
Cardiff
CF24 0EB

Tel: 0345 026 8689

Email: coopensions@landg.com

Whenever you contact Legal & General, please quote your national insurance number, which can be found on your payslip. If you're writing to Legal & General, you will need to refer to Pace or The Co-op.

Pensions website

More information about Pace DC and The Co-op's other, closed pension schemes (including Pace DB) is available at coop.co.uk/pensions

The Co-op Pensions Department

If you can't find the information you need on the pensions website, and Legal & General can't help you, please write to:

Co-op Pensions Department
Department 10406
1 Angel Square
Manchester M60 0AG

Email: staffpensions@coop.co.uk

Pace Trustees Limited

This is the trustee body which is responsible for managing Pace.

Pace Trustees Limited
1 Angel Square
Manchester
M60 0AG



Checklist of things to do when you're near retirement

It's a good idea to start planning when you're nearing retirement age. Here's a checklist of things to do so that you'll be ready:

Work out what money you'll have coming in. You can add it to the budgeting for retirement ready reckoner	
Get an estimate from Pace DC by logging in to Manage your Account available at coop.co.uk/pensions	
Check whether you're entitled to any State retirement benefits	
Get an estimate of your State Pension at https://www.gov.uk/state-pension-age	
Make a list of all the pension plans you've had over your working life	
Track down any pension providers that you've lost contact with at https://www.gov.uk/find-pension-contact-details	
Get in touch with all your pension providers and let them know you're planning for retirement - they'll usually send you important information about your pension	
Consider if you have any other savings or investments that you could use in retirement	

Checklist of things to do when you're near retirement

continued

Work out what money you'll have going out. You can add it to the budgeting for retirement ready reckoner

Think about all of your household bills and any other bills you pay now and how these might change once you retire

Work out what's left to pay on your mortgage (if you have one). You might want to pay off what's left, but you should get financial advice first

Work out what money you'll be left with. Will this be enough to afford things like hobbies and activities, days out or holidays?

Think about whether you need, or want, to boost your retirement income (see **page 9**)

Make sure that Legal & General have your correct target retirement date (see **page 23**)

Checklist of things to do when you're near retirement

continued

If you are near to your target retirement date	
Think about how you want to take your Co-op retirement benefits (see page 13) or visit Legal & General's educational portal at yourpensionoptions.legalandgeneral.com/co-operative .	
Find an independent financial adviser or get help from Pension Wise so that you know your options for how to take your pension - you might have to pay for financial advice, but it can save you money in the long term - see page 27 for more information	
Consider leaving your pension account to someone when you die - there'll be tax implications for doing this, but your adviser, or Pension Wise, will discuss this with you. (See page 27 for organisations that can help you with your decisions)	
If you're within four months of your target retirement date and you haven't received a communication from Legal & General about your retirement options, contact them to ask for your retirement pack (see page 29)	