



Pace DC Factsheet for members of Pace DC who join on or after 10 June 2019

Co-op Section

Pace DC is the pension scheme for Co-op colleagues. This factsheet tells you how Pace DC works and where to find more information.

April 2023



This factsheet is not intended to be a legal promise to members, as it is only a summary of the terms and conditions of Pace. If there is any conflict between this factsheet and the Rules, the Rules (as amended from time to time) will be overriding. If you want to see a copy of the Rules, or have any questions concerning the contents of this factsheet, please contact Legal & General.

This factsheet is for members of Pace DC who joined on or after 10 June 2019. If you joined before 10 June 2019 there's a separate [factsheet](#) for you, available at coop.co.uk/pensions. If you're a member of the Co-operative Bank Section of Pace you should visit the Bank's pensions website at www.co-operativebank.co.uk/pensions for pension information that's relevant to you.

Meet Paul

Paul earns £15,000 a year and joined Pace DC when he started working for The Co-op. Paul contributes 4% of his Pay and The Co-op also pays 4%. Paul chooses where to invest his account and, depending on investment performance, his account changes value. When Paul retires, his account is worth £50,000. Paul uses his account to provide him with a lump sum of which 25% is tax-free.



How Pace DC works

1. You can choose how much to pay into Pace DC depending on what's best for you and if you want to save more for retirement. If you pay more, so will The Co-op - up to 10% of your Pay.
2. Contributions from you and The Co-op are made to your account each month.
3. Your account is invested and could increase in value over time, depending on the performance of your investments.
4. Based on current rules, Pace will allow you to take up to 25% of the value of your account as a tax-free lump sum and use the rest to provide a guaranteed income or taxable lump sum. If you transfer out of Pace at retirement, other options may be available. The greater the value of your account, the higher the benefits you will receive.

Watch the video on how Pace DC works at coop.pacepensions.co.uk/im-in-pace-dc-post-june-2019/how-pace-dc-works

What does 'defined contribution' (DC) mean?

This is a type of pension arrangement where the benefits you receive at retirement will depend on the contributions paid into your account and investment returns.

Contribution rates (% of Pay)		
You pay	The Co-op pays	Total
1%	1%	2%
2%	2%	4%
3%	3%	6%
4%*	4%	8%
5%	5%	10%
6%	6%	12%
7%	7%	14%
8%	8%	16%
9%	9%	18%
10%	10%	20%

* If you join today, your starting contribution will be 4% of Pay and The Co-op will also pay 4% of your Pay. You can change to a different contribution level at any time.

If you don't think you can afford the minimum contribution, once you're a member you can choose to pay in a lower amount, so that at least you're making some savings for the future.

Additional Voluntary Contributions (AVCs)

You can pay more than 10% of your Pay into Pace DC if you want to build up a bigger fund. You can decide how much to pay and you can also vary your AVCs. You also benefit from tax relief on your AVCs (up to a certain limit) - for more information you can read the [Tax Summary factsheet](#). Remember, you can contribute up to 10% of your Pay as 'ordinary' contributions through NICE Pensions (salary sacrifice). Please refer to the [AVC factsheet](#) for more information on AVCs.

Pay

Pay means your basic pay, plus overtime and any other payments that are pensionable, excluding any bonus payments. It is also sometimes called 'pensionable earnings'.

The **DC pension modeller** can show you how much it costs to be in Pace DC and how much The Co-op pays in to help you save. Go to coop.pacepensions.co.uk/dc-modeller

Joining Pace DC

Why should I join?

Retirement may seem like a long way off, but everyone needs money for when they stop working, so saving for retirement is important. The State Pension will only provide for your most basic needs so The Co-op offers you a flexible and affordable pension arrangement, called Pace DC, to help you save more for when you retire. You can join Pace DC as soon as you start employment with The Co-op.

If you meet certain criteria to do with your age and the amount you earn, you may be automatically enrolled into Pace DC.

Pace DC is easy to join, it probably costs less than you think - and comes with some great extras, such as financial benefits for your family if you die. What's more, when you join Pace DC, The Co-op will also pay into your pension.

What it costs

There are a range of contribution options and these are shown in the table on **page 3**. The Government has put in place minimum contribution requirements to help employees save for financial security in retirement. The Co-op supports this and is paying more than the Government requires.

If you don't think you can afford the minimum contribution, you can choose to pay in a lower amount, so that at least you're making some savings for the future.

The **DC pension modeller** can show you how much it costs to be in Pace DC and how much The Co-op pays in to help you save. Go to coop.pacepensions.co.uk/dc-modeller

What membership options do I have?

You can change your contribution rate in Pace DC at any time by completing the **Increase or decrease my contributions form**.

Why would I pay more into Pace DC?

1. The more you pay, the more The Co-op pays into your account (up to a maximum of 10%), so you build up more money for your retirement.
2. With a DC scheme such as Pace DC, the more you pay in, the higher your benefits in retirement are likely to be.
3. If you pay 5% or more and you were to die, your partner or dependants would receive a death in service lump sum of 2 x Salary (if you pay less than 5% contributions your death in service lump sum would be the higher of 1 x Salary or £5,000).

What happens to my contributions?

- Your contributions and The Co-op's are paid into an account in your name, which is administered by Legal & General.
- You get tax relief on your contributions - this means that some of the money that you would have paid to the Government as income tax gets paid into Pace DC instead. Also, contributions are usually paid through 'NICE Pensions', an arrangement that means you make national insurance savings. Read the **NICE Pensions factsheet** for more information.
- Your contributions and The Co-op's are invested and could increase in value over time, depending on the performance of your investments.
- From 6 April 2024, if you don't earn enough to pay income tax and you're contributing to Pace DC, HMRC may contact you after the end of the tax year to make a top up payment. This additional payment will be equal to any income tax relief you are eligible to receive from the Government on your pension contributions. If this affects you, HMRC will contact you after the end of the tax year to make the payment direct to your bank account. Please note that HMRC may need you to provide your bank details so that they can make the payment.

At retirement

There are a number of ways in which you can use the money in your account at retirement:

1. You can take all of your account as a lump sum; 25% will be paid tax-free and the rest will be taxed as extra income. This means you could pay a higher rate of tax on some of your payment if it pushes you into a higher tax bracket.
2. You can use your account to buy a guaranteed income, which is called an annuity. 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.
3. You can leave your account invested and then decide if you want a regular income, or amounts as and when you need them - instead of taking one lump sum payment. This option is sometimes known as 'drawdown or flexi-access drawdown'. 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.
4. You can take a series of lump sums from your policy. Of each lump sum, 25% will usually be tax-free with the remaining part to be taxed as income.
5. You can take a combination of the above options.

Options 3 and 4 are not available directly from Pace DC, and you would need to transfer your Pace account to another pension provider who can offer this option, at retirement. Once you're closer to retirement age, be sure to visit Legal & General's retirement options portal at yourpensionoptions.legalandgeneral.com/co-operative or call them on 0345 026 8689 for more information on all of the options available.

How much will my fund be worth?

This depends on a lot of different factors, but the main ones are:

- how much money is paid into your account
- how well your investments perform, and
- when you decide to take your money.

The **DC pension modeller** can show you the effect that changing your contributions or the date you retire might have on the benefits you could get at retirement. Go to coop.pacepensions.co.uk/dc-modeller

The normal pension age for Pace DC is 65. You can retire from age 55*, or keep working past age 65 if you want to, but you should tell Legal & General if you plan to do either of these, because it could change how your money is invested.

Other benefits

What other benefits do I get from joining Pace DC?

- If you die before retirement, your account will be paid to your beneficiaries - usually as a lump sum.
- If you are contributing to Pace DC when you die, a death in service lump sum is payable of either 1 x Salary (if you pay 4% or less), or 2 x Salary (if you pay 5% or more).
- Death benefits after retirement depend on how you choose to use the money in your account at retirement.
- If you become seriously ill, you may be able to use your account to provide benefits before age 55.
- If you leave you won't lose the money you have paid into Pace DC. Your options if you leave depend on how long you were a member of Pace - see section 7 of the **Pace DC pension guide** for joiners on or after 10 June 2019.

There's a lot more information on the Co-op's pensions website: coop.co.uk/pensions

*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.

Investments

How do I invest my account?

In Pace DC, you can choose how your account is invested, from a range of funds selected by the Trustees. Pace DC offers three Target options which are designed to be appropriate for the different retirement options you can take from Pace DC.

If you don't want to invest in one of the Target options, you can select your own investment options from a range of funds. You can find out more in the [Pace DC fund guide](#) available at coop.co.uk/pensions

What charges apply to my account?

The Pace Trustees have negotiated very competitive charges with Legal & General for administering and investing your account. For more information on charges see the [Pace DC fund guide](#).

How do I manage my account?

You can see your current fund value and change your investment choices, by going to coop.co.uk/pensions and clicking on **Manage your Account**. You can also download Coll8, Legal & General's app, from your app store on your smartphone or tablet.

Will I get a State Pension?

Yes, if you have enough national insurance contributions or credits. Your State Pension will not be affected by you being a member of Pace DC, and you'll continue to build up your State benefits while you are a member.

Who manages Pace?

The Pace Trustees make sure that Pace is run properly and they've chosen Legal & General to administer Pace DC. Legal & General make sure that your contributions are paid into your account and invested, and are your main contact if you have any questions.



Find out more

Where can I find out more?

The Co-op's pensions website coop.co.uk/pensions also has lots of useful information and tools. For example, you can go online to see the current value of your account, change your investment choices and see fund factsheets for each of the investment funds. The [Pace DC pension guide](#) and the [Pace DC fund guide](#) go into more detail on all of the points in this factsheet and there are factsheets on other topics, some of which have been mentioned here.

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.



What is the Pension Quality Mark Plus?

Pace has been awarded the Pension Quality Mark (PQM) Plus by the Pensions and Lifetime Savings Association (PLSA), which is the highest standard that can be achieved by PQM. In order to achieve this prestigious award, the PLSA had to be satisfied that Pace meets certain contribution requirements, is well managed, and has good member communications.

If you don't have internet access, you can ask Legal & General to send you more information.

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