Questions about the pension scheme that has now closed

**My pension in the closed scheme**

Q1: How can I find out how much pension I’ve earned in the closed scheme?

The amount of pension you earned up to 21 November 2015 will be calculated and sent to your home in your closing statement, which you’ll receive from 18 January 2016. The letter will also confirm the options that will be available to you – see Qs 2 to 6 below for more information.

To get an indication before you receive your closing statement of what pension you have earned, you could look at your 2014 Benefit Statement.

If you don’t receive your closing statement by late January, you should call the helpline on 0345 070 113 to request a copy.

Don’t forget to keep your statement safe – you’ll need to refer to it again in the future.

Q2: What will happen to my pension?

Your pension will remain in the closed scheme (unless you choose to transfer it into another pension arrangement). When you ask to retire you’ll have the same options available to you as you do today. That means:

1. You’ll be able to apply to take your pension at any age from 55. If you take it early it’ll be reduced as you’ll receive it for longer.
2. You’ll have the option at retirement to swap part of your pension for a tax free cash lump sum.

There will also be benefits payable to your family if you die.

Q3: Can I transfer my old pension into the Tesco Retirement Savings Plan?
Yes, you can ask for a transfer from the closed scheme. However the Trustee of the new Plan will require you to provide evidence that you’ve taken financial advice.

Q4: Can I transfer my old pension into another retirement arrangement?

Yes, you can ask for a transfer from the closed scheme. However the scheme you wish to transfer into may ask you to provide evidence that you’ve taken financial advice.

Q5: I have already started receiving my Tesco pension; will the closure of the scheme affect my pension?

No. Your pension will not be affected.

Q6: Will I receive a refund of my contributions if I’d been in the closed scheme less than two years at the point that it closed?

We will automatically calculate a pension for everyone – even if you have less than two years’ service in the scheme. So if you don’t choose a different option then we’ll keep this pension in the closed scheme until you ask for it to be paid (after age 55).

However, if you have less than two years’ membership of the scheme you will also be offered:

1. A refund of your own contributions, or
2. A transfer value that you can take to a different retirement scheme (although you may have to take financial advice before a different scheme will accept it – see Qs 3 & 4 above)

If you want to take a refund of your own contributions we will ask you to confirm within three months of us writing to you with your closing statement in January 2016 and then we will arrange for your contributions to be returned.

Q7: Where can I go for information about the pension scheme that is closed?

You can find out more information on the scheme website at www.pensionwebsite.co.uk (username: Tesco / password: mypension).

Or if you have any other questions, please call our telephone helpline on 0345 070 1113

- 9am-6pm Monday to Friday and 9am to midday Saturday.
- Not open on Sundays, Bank Holidays or the Saturday before a Bank Holiday)

My benefits from the closed scheme

Q8: Will my family still be protected if I die before I start receiving my pension from the closed scheme?

Yes. If you die before you start to receive any pension, your family will get:

- a lump sum equal to five times the pension you’ve built up
- a pension for your spouse or civil partner, of 60% of the pension you’ve built up, and
- children’s pension may also be payable
Q9: Can I still receive a pension on ill-health?

The Trustee can pay you a pension, even if you’re under age 55, if you can no longer continue to work in your current role through ill-health (and aren’t expected to recover before retirement age).

If you’re retiring from Tesco your pension would not be reduced for early payment.

Moving to the new Plan

Q10: Will I receive the one-off, additional contribution from Tesco – how much is it and when will I get it?

If you were a member of the closed pension scheme on 24 August 2015, joined the new Plan on 22 November and remain a member until 15 January 2016, you will receive a one off additional contribution from Tesco, as described in the letter we sent to colleagues’ homes in October.

The payment will be equal to one week’s average earnings, calculated using your annual earnings up to a maximum of £26,000. It will be at least £100, and no more than £500.

You’ll see how much you’ve received on your January payslip. It will be labelled as “Ret Savings Ers Single”. See Q11 of this FAQ document for a visual of how it will appear on your payslip.

Q11: What will happen to my AVCs (Additional Voluntary Contributions) that I’ve been paying?

When the scheme closed, your AVCs payments stopped. The money you have built up in AVCs will remain where it is until you’re ready to take it after you’re 55 or if you transfer it. You’ll have the same options available to you in the future as you do now.

If you’d like to continue to pay extra money towards your retirement, you can do so by increasing your contributions in the new Plan. Remember you can pay as much as 100% of your salary in the new Plan.

Q12: How will the amount of National Insurance (NI) I pay change if I move to the new Plan?

In the letters we sent to you in April and October 2015, we explained that as a member of the pension scheme that has now closed, once the new Plan opened you might see a decrease in your take-home pay because of changes to National Insurance (NI).

In the old pension scheme part of your Tesco pension replaced part of your State Pension, so both you and Tesco paid reduced NI. This ended when the pension scheme closed. Now the new Plan has opened, you’ll start to build up more State Pension but will pay slightly higher NI. You can see how much on your payslip from December 2015.

To give you an idea of how the changes in NI may affect your take home pay, take a look at this table. It’s based on someone moving from Pension Builder (a section of the closed Tesco PLC Pension Scheme) into the new Plan and saving 4% or 5% of pay.
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<th>Annual pay</th>
<th>Change in 4 weekly take home pay</th>
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<tr>
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<td>If you save 4%</td>
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<tr>
<td>£10,000</td>
<td>£2.75 more</td>
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<td>£15,000</td>
<td>£1.29 less</td>
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<td>£20,000</td>
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<tr>
<td>£40,000</td>
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If you weren’t a member of the closed scheme, this doesn’t apply to you.

Questions about the Tesco Retirement Savings Plan

Joining the new Plan

Q1: What should I think about when deciding if I want to be in the new Plan?

If you’re not in the Plan, here’s a reminder of the benefits of joining and how to do join:

- When you save between 4% and 7.5% of your pay, Tesco will match it – that’s £20 for every £8 you save, including tax relief.
- You also get valuable life cover at five times your pay, so you can protect your family and loved ones if you die while you’re paying into the Plan (one times pay for non-members)
- Apply to join anytime online at TheColleagueRoom.com.

Q2: How do I know if I’ve automatically joined the new Plan?

If you’ve joined the Plan, you were sent a letter in early December 2015 from Legal & General, who are managing the Plan for us, to confirm your membership and explain how to opt out of the Plan (if you choose to do so). Additional, non-personalised, information was also provided, including the minimum contribution rate and how much this might cost you every four weeks, including tax relief.

When new colleagues join Tesco, they will receive a letter from us in the first month to explain that they will join the Plan after three months of service. Shortly after that point, they will receive an enrolment letter from L&G, followed by a welcome letter a month later.

Q3: Why have I joined the Plan, even though I opted out of the scheme that’s closed?

Government auto-enrolment rules say that we needed to join certain colleagues automatically when we opened the new Plan. We wrote to everyone this affected explaining why they’ve joined and how to opt out of the Plan, as well as giving information about an additional, one-off contribution they are entitled to have paid into their Plan in December.

Q4: If I don’t join the Plan automatically, how and when can I join?

All colleagues are invited to apply to join the Plan at any time. It’s quick to do on TheColleagueRoom.com.

Q5: Why don’t colleagues aged 75 and over join the Plan automatically?
From age 75 different tax and enrolment laws apply, so colleagues who are over 75 are not automatically enrolled into the Plan.

For example, when you are over 75, you are not eligible to opt out of the scheme under auto-enrolment rules and receive a refund of your contributions. Although you can choose to take them at any time.

Q6: Is it worth me joining the Plan if I’m planning to stop working for Tesco over the next few years?

When you join the Plan, you benefit from contributions made by Tesco and your life cover increases from one to five times your pay. So no matter when you join or how long you’re planning to work for Tesco, you should consider becoming a member.

Q7: Why is it important I complete an Expression of Wish form?

We need all colleagues to tell us who you would like to receive your benefits if you die while working for Tesco. Everyone should complete an Expression of Wish form to give us this information, even if you completed a form for the closed pension scheme and even if you’re not planning to be a member of the new Plan.

Download the form at TheColleagueRoom.com or use the one in the letter we sent to colleagues’ home addresses in October 2015.

Don’t forget, if you have a pension in the closed scheme, you’ll need to keep that Expression of Wish form up to date as well. So you’ll have two forms – one for the new Plan and one for the scheme that’s closed – and you’ll need to keep them both up to date.

Q8: Leaving the Plan permanently and continuing to work at Tesco

You can choose to leave the Plan at any time but you should carefully consider this before making a decision. Remember, if you leave, you won’t receive contributions from Tesco (including any one-off, additional contributions that you might be entitled to) and your life cover will reduce from five times pay to one times pay.

If you leave within a month of joining you will get back any money you’ve already paid into the Plan. Your enrolment letter from Legal & General gives you a web address where you can request to leave the Plan, as well as the date you need to do it by.

You can choose to leave the Plan more than a month after joining by using a “Stop Contributions” form, available on TheColleagueRoom.com from January 2016. Your money will stay invested in the Plan.

Remember, you can change your mind and choose to come back into the Plan at any time.

Q9: Leaving the Plan permanently and leaving Tesco

If you leave Tesco you can choose to leave your savings where they are but you can’t pay any more contributions into the Plan. Alternatively you can transfer the value of your savings to another pension arrangement. You no longer receive any life cover.

Q10: Taking a temporary break from payments
You can stop contributing to the Tesco Retirement Savings Plan at any time, by completing the “Stop Contributions” form. You can then choose to start paying in again at any time. However, before making any decision you should give serious consideration to the consequences of not saving enough for your retirement.

You should also be aware that if you stop contributing, Tesco will stop contributing to your savings, too and you will lose out on valuable life cover, which will reduce from five to one times pay.

**How much is it?**

**Q11: Will my payslip look different once I’m saving into the new Plan?**

**1. Your contribution**

From December 2015, you are able to see on your payslip how much you’re saving into the Plan.

It’s helpful to understand a little about SMART. SMART is a way of saving through salary sacrifice - which means you pay less National Insurance, in addition to the tax relief you already receive. In most cases if you’re a tax payer, you’re better off saving into the Plan through SMART. We automatically arrange it if it’s likely to be right for you. However, if for any reason you don’t want to pay contributions through SMART you can do so by letting us know you wish to opt out of SMART.

SMART may not be right for everybody, particularly if you’re not a tax payer. If it is likely you’d be better off not paying through SMART, we will automatically take you out and let you know we have done this.

If you’re a higher or additional rate tax payer and you don’t pay through SMART, you won’t automatically receive tax relief on your contributions at your marginal rate of tax. In order to receive any higher rate or additional rate tax you are entitled to, you will need to claim this back direct from HMRC. Further details on how to do this can be found at: [https://www.gov.uk/tax-on-your-private-pension/pension-tax-relief](https://www.gov.uk/tax-on-your-private-pension/pension-tax-relief)

Please note, if you pay through SMART, your contributions will include all of the tax relief you’re entitled to on them. Therefore, you won’t need to claim any tax relief back from HMRC if you pay through SMART.

Read more on SMART in our SMART guide and the Tax Facts Sheet on TheColleagueRoom.com. Or you can call the helpline on 0345 070 1113.

- **So, if you save through SMART** your contribution will be labelled like this on your payslip:

![Smart example](image)

- **If you don’t save through SMART** your contribution will be labelled like this on your payslip:
2. Tesco contribution

From December 2015, you can see the contribution made by Tesco on your payslip. You didn’t previously see this for the pension scheme that’s closed. The Tesco contribution is labelled like this:

3. One-off, additional contribution coming next month

On your January 2016 payslip, if you’re eligible you’ll see your one-off, additional contribution to be paid into your Plan. You’ll receive this extra contribution if:

- You were a member of the closed pension scheme on 24 August 2015, and
- You joined the new Plan on 22 November, and
- You’re still a member on 15 January, when the payment is made.

The payment will be equal to one week’s average earnings, calculated using your annual earnings up to a maximum of £26,000. It will be at least £100, and no more than £500.

Your extra contribution will be labelled like this:
Q12: Why are my contribution figures in my enrolment letter slightly different from the ones given on my December payslip?

Most colleagues pay through SMART, meaning when you save into the Plan you save on tax you’d otherwise have paid on your earnings. The enrolment letter splits the four weekly contribution made by a member and their tax saving onto two separate lines whereas the payslip figure combines them. Remember, the figures on your payslip and in your letter from Legal & General don’t take into account the National Insurance saving you make if you pay through SMART.

Use the calculator on TheColleagueRoom.com to see how much your contribution actually costs you in real terms (net cost) compared to what is paid into the Plan for you (total contribution), which includes tax and NI savings and Tesco’s contribution.

There are differences for higher rate tax payers and non tax payers.

Q13: Why are my contribution figures on the www.thecolleagueroom.com slightly different from what I see on my payslip?

On www.thecolleagueroom.com there is a simple calculator to help you get an idea of how much saving in the Plan will cost you every 4 weeks, if you pay through SMART. This figure shows how much your chosen contribution will cost you from your take home pay – so it’s the real (net) cost to you. This means it takes into account the tax and National Insurance savings you make when you save for retirement.

The contribution you’ll see on your payslip, if you pay through SMART, is a different figure because it shows your (gross) contribution before any tax and National Insurance savings have been taken off. The net cost of saving into the Plan cannot be shown on payslips.

Q14: If I say how much I want to contribute, can you tell me how much will be deducted from my pay?

To see an estimate of the cost of paying into the Plan, log onto TheColleagueRoom.com and try out the calculator. Click on ‘change how much you save’ and follow the instructions. The total amount shown as being payable to the Plan will include the tax and National Insurance (NI) savings you could make and which will be paid into the Plan. You will also see how much being in the Plan will reduce your take home pay, based on different levels of savings rates.
Please note that this is not the same as the amount that will show on your payslip as the figures on the payslip don’t include your NI savings and also, if you pay through SMART the amount on your payslip will include the reduction in tax you will receive by being in the Plan.

Q15: Can I increase or reduce what I save into the Plan whenever I like?

Yes. You can choose to increase or reduce what you save at any time - it’s easy to do on TheColleagueRoom.com. However it cannot be less than 4% of your pay.

Remember, when you choose to save between 4% and 7.5% of your pay, Tesco will match it. You can choose to save even more but Tesco will only match up to 7.5%.

If you want to save more than 4% of your pay, you can tell us at any time.

Managing my savings

Q16: How do I manage my account?

You can manage your retirement savings account online, by following the ‘Manage Your Account’ link on the Plan website via TheColleagueRoom.com. Use your account details given in your welcome letter from L&G (which you will receive from 7 January 2016) to log on. You will be able to do things like see your fund value or change your investments if you want to.

As well as giving you the details of your retirement savings account, how to access it and why, your welcome letter also tells you:

- How you can check what you’re saving into the Plan and your choices
- How your savings are invested and your choices
- How and when you can take your savings

If you don’t receive your welcome letter, you should call the helpline on 0345 070 1113 to request a copy.

Q17: What else can I do to manage my savings?

- You can check you’re happy with the target retirement age that has been set for you. Your welcome letter confirms your target retirement age. It’s important to check this age is right for you because your investments target that age – call us on 0345 070 1113 if you want to change it.

- You can choose how your savings are invested if you want to. To make it easy for you, we automatically invest your retirement savings in the Tesco Lifestyle Investment Options. You can choose to leave your savings invested here and we’ll handle your investments for you. Or you can manage your own investments by selecting from a range of different funds. Read the short leaflet you receive with your welcome letter to understand more about how your savings are being invested and your choices. Or download the full investment guide at TheColleagueRoom.com.

- At least five years before you’d like to retire, tell us how you think you’d like to take your savings because your investments will target your choice. You can choose to take them as cash, a bit at a time (drawdown) or regular pension income.

- You can check and choose how much you save into the Plan. You’re automatically put into the Plan paying the minimum level of 4% of your pay. You can choose to do nothing and just stay at 4%, or you can
choose to increase it at any time. Remember, Tesco matches what you save up to a maximum of 7.5% of your pay. Check what you’re saving now and change it if you’d like to at any time by going online at TheColleagueRoom.com.

Q18: How can I take my savings?

Our Plan gives you choices. When you’re 55 or over, you can choose how and when you take your savings. You can choose to take all or some of your savings as cash, receive it a little bit at a time (drawdown), or get a guaranteed retirement income (annuity) – or a combination of all three.

Q19: What should I do if I still have questions?

There’s lots more information about the Plan on TheColleagueRoom.com. You can download the full Plan Guide and the Investment Guide. You can try out the retirement planner (so you can see what you might have in retirement) and watch some helpful Q&A video clips.

You can contact the helpline on 0345 070 1113 if you have any questions. It’s open from 9am to 6pm Monday to Friday and 9am to midday on Saturdays. It’s closed on Sundays, Bank Holidays or the Saturday directly before a Bank Holiday.

Q20: How do I register on TheColleagueRoom.com if I haven’t already?

You can see a reminder of how to register on TheColleagueRoom.com on OurTesco Colleague Room FAQ here: https://www.ourtesco.com/our-retirement-savings-plan/the-colleague-room-faqs/

Please note, if you haven’t registered already you should use the OTP code and employee number from your October and November 2015 payslip. The OTP given on your December 2015 payslip was incorrect and should be discounted.

If you are a new starter at Tesco, you’ll receive your OTP code to register for TheColleagueRoom.com in your next available pay slip.

If you have any questions about registering on TheColleagueRoom.com, please email: thecolleagueroom.support@uk.tesco.com.

You can also read a reminder of how to access your online payslip on OurTesco here: www.ourtesco.com/working-at-tesco/your-pay/