

# BASF UK Group Pension Scheme

## DC Pensions on Retirement

As you approach retirement it is encouraged to understand the different options available to members. DC members have the option to purchase various retirement products that are tailored to individual circumstances.

### What options are available?

Depending on your personal circumstances, the following retirement options/products may be available:

- Take benefits through **income drawdown**
- Purchase an **annuity**
- Take your entire fund as **cash**
- Combine your fund with your **DB Benefits** (if available)
- **Transfer** your fund to another pension arrangement
- **Defer** your benefits to a later date

### What is Income Drawdown?

Income Drawdown allows you to withdraw your retirement savings as and when you like (subject to limits and tax). Your savings will continue to be invested until the fund has been exhausted. You can take up to 25% of your savings tax-free, with the balance subject to income tax at the time it is withdrawn.

To use income drawdown, you need to transfer your DC Account out to an income drawdown arrangement.

### Where can I transfer my benefits to if I want to use Income Drawdown?

There are various providers of income drawdown arrangements, often insurance companies, and each arrangement has different investment options and charges that will apply.

You will need to choose which arrangement and investments you want to use. It is recommended that you take financial advice to help you make those decisions.

### How and when do I set up an income drawdown arrangement?

You will transfer your DC Account into an income drawdown arrangement, at any time from your retirement age, but before age 75.

The income drawdown provider will have sole responsibility for your pension savings. You and your beneficiaries will have no further legal entitlement under the BASF UK Group Pension Scheme in respect of your DC Account.

It's important to shop around for the best arrangement for your individual circumstances. It's recommended you take independent financial advice.

### What happens if I die before I take all my money?

Depending how the remainder of your fund is to be paid, there may be tax implications for your beneficiaries. Your chosen income drawdown provider will be able to provide you with more information depending on your personal circumstances.

## What is an annuity?

You can use your DC Account to buy an annuity that pays you a regular income for either an agreed period or for the rest of your life. You can choose to take up to 25% of your DC Account as a tax-free cash sum and use the balance to buy an annuity.

The amount of income your annuity will provide will depend on such factors as annuity rates at your retirement, your age, sex, health & lifestyle, and the additional options you want to add on to your annuity.

## How and when do I buy an annuity?

Annuities are bought from insurance companies when you want to take your benefits, and the annuity policy will be in your name.

Shopping around is the best way to make sure that you secure the maximum benefits possible with your DC Account, but you don't have to do this by yourself. BASF has appointed an **Independent Financial Adviser (IFA)** who can help you look for the most competitive annuity rates to help you maximise your retirement income. You can also use your own financial adviser if you prefer.

As you approach your target/normal retirement date, the Scheme Administrator will automatically send you a retirement pack (including contact details for the Scheme's appointed IFA). If you wish to retire earlier or later, you can request a retirement pack from the administrator.

## How do annuities work?

An annuity can be tailored to suit your personal circumstances. The most common options are:

### **An income for others after your death** (a spouse's or partner's income for example)

You can choose the amount payable on your death, from 0% of your annuity, up to a maximum of 100%.

### **A guaranteed minimum length of payment**

If you die within the guarantee period, the remaining instalments would be payable to your estate. You can select the guarantee period for your annuity, these are commonly 0, 5 or 10-year periods.

### **Annual increases to your annuity**

Your annuity can increase each year at a fixed rate (e.g., 3% or 5%) or linked to the rate of inflation.

### **A 'flat' annuity**

You can buy an annuity that does not increase. This will provide a higher income initially, but the payments will then stay the same for life or end of term, which means that inflation will erode the value over time.

### **Cost of annuities**

The price of buying an annuity varies depending on when you buy it. Adding options to your annuity affects the amount it will pay, so you should consider how important each option is to you and shop around to find the best annuity to suit your circumstances.

## Can I take my entire fund as cash?

You can take your DC Account as a single cash lump sum (the first 25% tax-free, the rest subject to income tax).

If your DC Account is worth more than **£5,000**, you can choose to take it as two cash lump sums over two consecutive tax years (provided you have at least **£1,500** left for the second payment 25% of each payment is tax-free, the rest subject to income tax). All relevant details for your second payment would need to be provided to the Scheme Administrator at the time of arranging your first payment. You will receive a payslip at the time of each payment.

This applies to your DC Account and any Additional Voluntary Contributions (AVCs).

## How and when can I take my benefits as cash?

If you want to take advantage of this option, you should contact the Scheme Administrator.

Once all your DC Account has been paid to you, you will cease to be a member of the DC Section of the Scheme. At this time, you and your beneficiaries will then have no legal entitlement under the BASF UK Group Pension Scheme.

Please note:

- The minimum retirement age is currently from age 55, but will increase to age 57 by 2028
- You can take your benefits at them at any time after the minimum retirement age, but no later than age 75 from the Scheme
- Restrictions may apply to your benefit options if you have an entitlement to a **Guaranteed Minimum Pension (GMP)**
- All benefit options are subject to changes in legislation and the tax status currently afforded to pensions savings

## What options are available to me if my DC Account is linked to my DB benefits?

If you joined the DC section at the time that the DB section was closed, your benefits may be linked.

If this applies to you, you may be able to use your DC Account to fund the tax-free cash lump sum from your DB benefits. This means that you could surrender a smaller amount of your DB pension, but still receive the maximum tax-free cash sum.

If your DC Account is greater than the maximum tax-free cash lump sum, you can use the excess to either:

- Buy an annuity
- Transfer to an income drawdown arrangement
- Receive a taxable cash lump sum

## Can I transfer my DC Account to another provider?

Yes, most 'open' pension arrangements will be able to accept a transfer from your DC Account. You should speak with your chosen provider and complete their transfer process if you wish to investigate this further.

Please note that any existing links to DB benefits would be 'broken' on transfer.

### Do I have to take my benefits at a specific time?

No, you can opt to take benefits from the Scheme at any time (after the minimum retirement age), but no later than age 75.

### If I want to defer my retirement do I need to change anything?

If your DC Account is invested in a **LifePlan** you may wish to consider updating your Target Retirement Date to a later age, this will change how your investments are automatically moved as you approach retirement.

### How should I invest my funds to target the retirement product I want?

Where you invest your DC Account can have a material impact on the benefits you receive at retirement. As you get closer to retirement, you may wish to change where you are invested to reduce risk and protect the value of your pension savings.

Currently, there are **nine** different **LifePlan** options shown in the table below. You can either choose one of these or invest your DC Account in a **FreePlan** strategy.

	Guaranteed Income (Annuity)	Flexible Access (Income Drawdown)	Cash
<b>Adventurous LifePlan</b>	✓	✓	✓
<b>Moderate LifePlan</b>	✓	✓	✓
<b>Cautious LifePlan</b>	✓	✓	✓

Please refer to the **Investment Guide** (available on the [Pension Website](#)) for full details and if you wish to change your investment choices, you can do so on the [Pension Portal](#).

### Where can I get help and support?

BASF have appointed an independent company to help you with your retirement choices and to help you maximise your retirement income.

You can contact Origen Financial Services on ☎: 0344 209 3915 or ✉: [basf@origenfs.co.uk](mailto:basf@origenfs.co.uk)

You may wish to choose your own IFA, either instead of or in addition to the Scheme appointed IFA. They will be able to give you advice in relation to your personal circumstances, but please be aware that you may be charged for this advice. To find details of a local IFA visit 🌐: [www.unbiased.co.uk](http://www.unbiased.co.uk).

If your questions relate to Scheme benefits, please contact the Scheme Administrator using the details below.

✉: BASF UK Group Pension Scheme Buck (Bristol) PO Box 319 Mitcheldean GL14 9BF	☎: 0330 123 0647 ✉: <a href="mailto:BASF@buck.com">BASF@buck.com</a> 🌐: <a href="http://www.buckhrsolutions.co.uk/basf">www.buckhrsolutions.co.uk/basf</a>
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You can find various other helpful sources of information and advice by visiting:

🌐: [www.moneyadvice.service.org.uk](http://www.moneyadvice.service.org.uk)      🌐: [www.pensionwise.gov.uk](http://www.pensionwise.gov.uk)