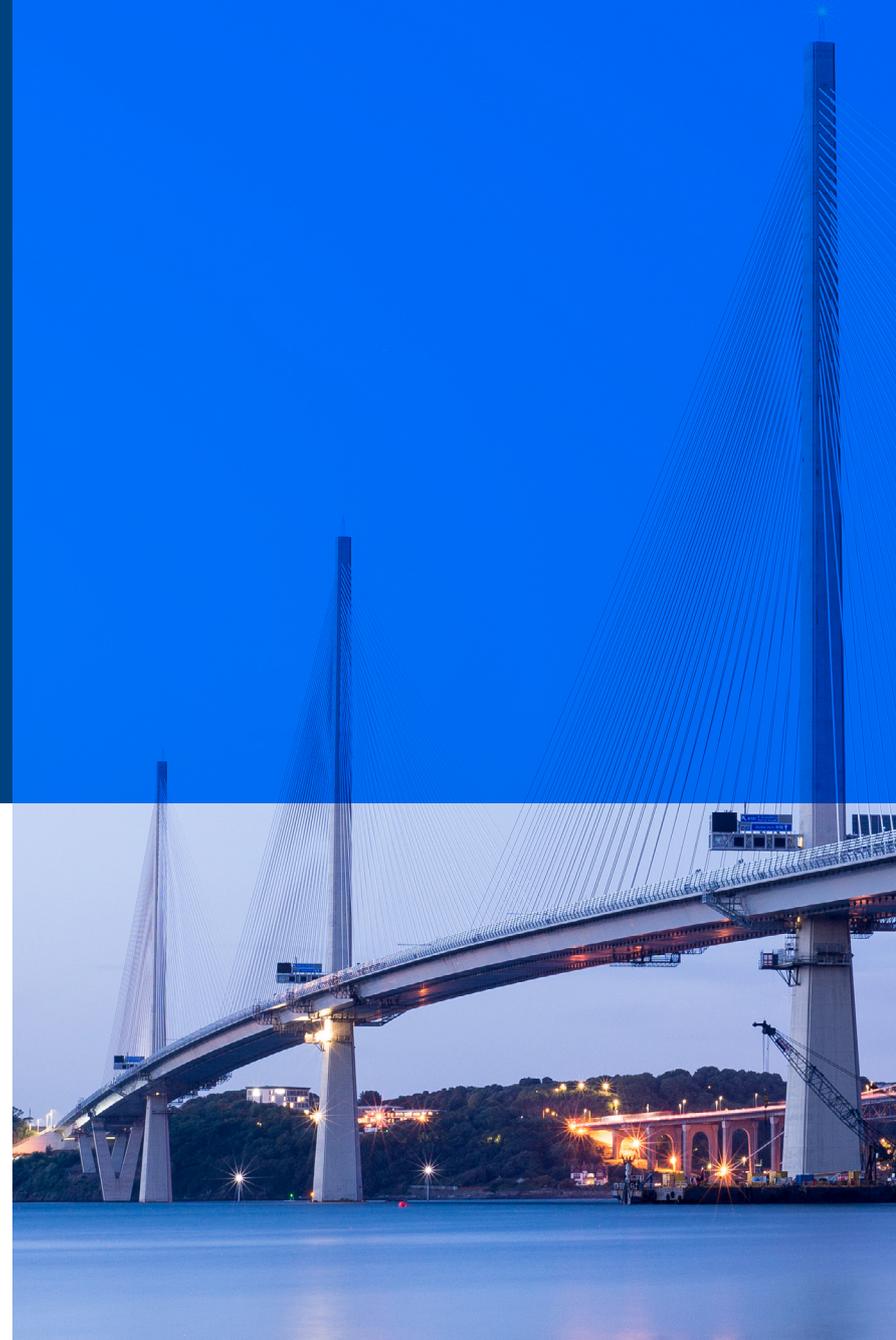


Pension and Life Assurance Scheme guide

2024



Welcome

to the Scottish Enterprise Pension & Life Assurance Scheme

At Scottish Enterprise (SE) we believe that helping employees achieve financial security in retirement is important. Which is why we offer a high-quality final salary pension scheme. The Scottish Enterprise Pension & Life Assurance Scheme (the scheme) pays you an income when you retire or if you suffer from serious ill health. It also pays valuable benefits to your family in the event of your death.

The scheme is registered with HM Revenue & Customs. This means you get tax relief on your contributions to the scheme and tax advantages on some of the benefits.

Use this guide to find out about other benefits of scheme membership.

We've divided this guide into separate colour coded sections. It's interactive too – simply click on one of the tabs on the right to go straight to the information you're looking for, or read on for more information.



What would you like to know?



Please note: while we've taken every care when preparing this guide, the scheme's rules (more formally known as its Trust Deed and Rules) will always override this guide.

Who should read this guide?

This guide is for you if you are currently employed by SE. If you leave SE, please contact the SE Administration Team for information about your pension benefits in the scheme at 0141 566 7655 or scenadmin@hymans.co.uk.

While this guide covers most members, it doesn't cover everyone. For example, you may have received a separate confirmation of your benefits from SE if you moved benefits into the scheme following a transfer of employment. If this applies to you, then please refer to that communication when reading this guide.

Who runs the scheme?

The people who look after the scheme are called trustees. The trustees have a duty to work in your best interests, ensure that the scheme is run properly and that you receive your benefits on time when you retire.

The trustees have appointed Hymans Robertson LLP to handle the day to day running of the scheme. You can email its SE Administration Team at scenadmin@hymans.co.uk.

Keeping it simple

We've written this guide in 'clear English' because we want you to understand how to make the scheme work for you. There are some terms in this guide which only relate to pensions and which we must use. We will explain these terms in a help-point box and give a more detailed explanation of some of these terms in the **Learn** section.

We've used "we" or "our" in this guide to mean SE or the trustees.

If you participate in one of the SE salary sacrifice schemes then your pensionable salary will be your notional salary. Again, to keep things simple we've used the term "pensionable salary" throughout this guide.

Use this navigation bar to return to each section.



Scheme benefits

– just the highlights

Look at what you can get!

Imagine a time when you no longer need to work... what would you love to do? The scheme can help give you the lifestyle you want when you're no longer earning a salary.

	If you're a member	If you're not a member
An annual pension for life increasing to help keep pace with inflation.	✓	✗
A one-off tax-free lump sum of three times your annual pension at retirement.	✓	✗
A tax-free lump sum of three times your pensionable salary* paid if you die while still paying your pension contributions.	✓	✗
An annual pension paid if you die leaving a dependant including eligible children.	✓	✗
An immediate pension if you become permanently ill or disabled and can no longer work.	✓	✗

**If you work part-time, we will use your part-time salary to work out this lump sum payment.*

All this for 6% of your pensionable salary because SE covers most of the costs.

Want to know more?

You can find out more inside this guide.

HELP POINT

Final salary pension scheme

A final salary pension scheme is a workplace pension scheme that pays a benefit based on the member's earnings and membership history. Each scheme has a set of rules which set out how to work out and pay these benefits.

Please keep in touch

We understand we might be low on your list of priorities if you move home or change your name, especially if retirement is a long way off. However, please remember to update your details on SE People Hub or, if you leave SE, email the SE Administration Team at scenadmin@hymans.co.uk.



Join



Join

In this section we explain how to join the scheme, how much it costs, and summarise the benefits that pension scheme membership brings.

How do I join?

The good news is that you automatically join the scheme when you start working for SE.

How much does it cost?

Membership costs 6% of your pensionable salary. This qualifies for tax relief at your highest marginal rate of income tax and, if you pay using Pension Salary Exchange (PSE), you can save on National Insurance contributions too. PSE was set up by the UK government to encourage people to save for their retirement. If you're eligible, you'll automatically pay by PSE unless you tell us you wish to opt out of PSE by emailing askhr@scotent.co.uk

If PSE isn't right for you, payroll will deduct your pension contributions from your four-weekly pay.

Do I have to stay in the scheme?

No, you can opt out of the scheme once you're enrolled in the scheme, but you should think very carefully before giving up this valuable benefit.

Not many employers offer a final salary pension scheme. Most employers provide a workplace pension scheme where a member's benefits are based on how much is paid in, and the investment choices the member makes. These schemes do not have the guarantees our scheme provides.

For most people, the State Pension will not be enough to live on, so you should think about how you'll manage when you stop working. And, if you don't join the scheme, your beneficiaries will not qualify for the lump sum death in service benefit of three times your pensionable salary.

You can opt out of scheme membership at any time by giving the trustees one month's notice – you should fill in an Opt Out form which you'll find on the scheme website www.sepensions.co.uk.

By law we must automatically re-enrol you in the scheme every three years. If you haven't changed your mind in that time, you'll need to opt out again.



Join

When can I take my benefits?

The Scheme's normal retirement age is:

60 if you joined the scheme **before** 1 December 2006.

65 if you joined the scheme **between** 1 December 2006 and 31 January 2022.

State Pension Age (SPA) at retirement if you joined the scheme **on or after** 1 February 2022.

Transferring benefits into the scheme

The scheme does not accept transfer payments from other workplace pension schemes.

Please make sure the trustees know who you would like them to pay any death benefits to.

What will I receive when I retire?

You will be paid:

An annual pension for life of:	+	A lump sum of:
1/80		3 × 1/80
× your final pensionable salary		× your final pensionable salary
× your pensionable service*		× your pensionable service*
This is three times your annual pension		

**if you work part time contact the SE Administration Team at scenadmin@hymans.co.uk for information about how we work out your pensionable service or see the worked example on [page 24](#). The lump sum is paid tax-free, but your pension may be subject to income tax.*

What happens if I leave SE before I retire?

We'll look after your benefits until you are ready to use them, or you can ask us to transfer the value of your benefits to your new workplace pension scheme if they allow for this. Go to the **Change** section to find out more.

What happens if I die before I retire?

The scheme will pay a lump sum and a pension to your beneficiaries or dependants.

It's important that you tell the trustees who you would like them to consider for payment of any lump sums. While the final decision rests with the trustees, they will take your wishes into account if they know what they are. This way the payment is made outside your Estate and would be free of inheritance tax. All you need to do is fill in an Expression of Wish form which you'll find on the scheme's website at www.sepensions.co.uk or the **pensions area of the intranet**.

It only takes a few minutes to give you the reassurance that the trustees know who you would like them to look after if you die before retiring. Go to the **Protect** section to find out more.



Join

How does my pension keep pace with inflation?

To make sure that your pension keeps pace with the cost of living, your pension increases in April each year. We'll also increase any dependants' pensions.

Currently, the rate of increase is set by the UK government and is based on the rise in the Consumer Prices Index for the year to the previous September. However, that might change in the future.

Does the scheme take care of my loved ones?

Yes, the scheme offers valuable protection to your family if you die leaving dependants. Find out more in the **Protect** section.

Can the scheme help if I'm suffering from ill-health?

If you become very ill while you are still paying into the scheme, there are options to support you. You may qualify for an ill health pension or in some cases the trustees may allow you to convert all your pension for a one-off lump sum. Find out more on **page 25**.

Taking financial advice

Finding a trusted financial adviser will be key to any major financial planning decisions you make, including your SE pension. We explain how you can find a reputable financial adviser on **page 30**.





Choose



Choose

Your retirement could easily last up to 20 or 30 years which makes the scheme a valuable part of SE's benefit reward package. In this section we set out the benefits that you will earn, how you can boost your benefits by paying a bit more, and how the State Pension works.

Taking my scheme benefits

In most cases you can use your benefits at any time after your minimum retirement age, but you'll need the trustees' permission if you want to take your benefits before the scheme's normal retirement age.

If you decide to take your benefits before your normal retirement age, you will get less because they'll be paid earlier and for longer.

The rules may be different if you're taking early retirement due to redundancy. Any early retirement options will be explained to you as part of the redundancy communications.

How much is paid?

The benefits you earn in the scheme depend on three factors:

1. How much you're earning when you leave or retire
– **your final pensionable salary.**
2. How long you're a member of the scheme
– **your pensionable service.**
3. Whether you pay any additional voluntary contributions – **AVCs.**

HELP POINT

Minimum retirement age

Age 55 although it may be age 50 if you joined before 1 December 2006.

Normal retirement age

60 if you joined the scheme before 1 December 2006.

65 if you joined the scheme between 1 December 2006 and 31 January 2022.

State Pension Age (SPA)

at retirement if you joined the scheme on or after 1 February 2022.



Choose

My final pensionable salary

This is your average salary in your final 12 months in the pension scheme.

If your salary had previously been higher, we'll use the best of:

- your highest pensionable salary in any one of your final five years; and
- the highest three consecutive years' average pensionable salaries ending in the last ten.

You can find your final pensionable salary on your pension benefit statement on the scheme's website at www.sepensions.co.uk.

We use these factors to work out the benefits you have built up when you leave or retire which will be:

An annual pension for life of:

1/80

x your final pensionable salary
x your pensionable service; and

A lump sum of:

3 x your annual pension

THIS IS HOW IT WORKS

Azima is retiring at her normal retirement age with 20 years' service. Her average salary in her final 12 months was £30,000. As her salary was not previously higher this is her final pensionable salary.

Azima's pension is $1/80 \times £30,000 \times 20 = £7,500$

Azima's tax-free lump sum is $3 \times £7,500 = £22,500$ (which is three times Azima's pension).

Azima's pension is taxed as income, but her lump sum is tax-free.

Azima's pension is paid for the rest of her life, but the scheme guarantees to pay it for at least five years even if she dies earlier. On Azima's death, the scheme will pay benefits to her widower/partner or other dependants which we cover in the **Protect** section.

You can change the amount of cash you take by letting us know in the three months before you retire. If you choose to take a smaller lump sum your pension will be higher. Or you can exchange some of your pension for more cash. Because the lump sum is tax-free, HM Revenue & Customs places restrictions on what you can do. If you're interested in this option, it's best to speak to SE Administration Team at scenadmin@hymans.co.uk

Working out the retirement income I'll need

The **Money Advice Service** has an excellent calculator if you want to work out how much retirement income you should be aiming for. Just enter a few simple details and it will give you a figure which you can then compare with your SE pension, your State Pension, and any other workplace pensions and private savings you have.

More information about your options in retirement is in the **Decide** section.



Choose

Keeping track of all my pension schemes

If you have lost touch with a previous employer, you can go online at www.gov.uk and type 'Find Pension Contact' in the search bar.

If you prefer, you can call the Pensions Service, Monday to Friday, 8am to 6pm:

☎ 0800 731 0193

☎ +44 (0)191 215 4491 from outside the UK

📞 0800 731 0176 (Textphone)

NGT text relay (if you cannot hear or speak on the phone): 18001 then 0800 731 0193

Write to the Pension Service at:

✉ The Pension Service 9
Mail Handling Site A
Wolverhampton
WV98 1LU

Where does my State Pension fit in?

For most people the State Pension may not be enough to live on, but it will form a key part of their retirement income.

To qualify for a State Pension, you must have ten qualifying years on your National Insurance record. The current full State Pension (2021/22) is £179.60 a week paid from your State Pension age. How much you get, and when you can claim your State Pension, depends on your National Insurance record and date of birth.

Go to www.gov.uk and type 'State Pension' in the search bar to find out more.





Choose

I would like to pay Additional Voluntary Contributions

If you find that your income in retirement might fall short of what you need, and you can afford to save a little bit more, you can boost your retirement income with Additional Voluntary Contributions (AVCs).

AVCs are extra funds you save into the scheme over and above the basic 6% of pensionable salary. Your AVCs buy you extra years' pensionable service and qualify for tax relief at your highest marginal rate of income tax. If you're interested in this option contact the SE Administration Team at scenadmin@hymans.co.uk for more information or an illustration.

Of course, if you prefer you can pay extra contributions into your own private pension arrangement or other investments.

How much extra can I pay in AVCs?

You can spend up to 9% of your salary on AVCs. If you want to save more than this then you will need to set up your own private pension arrangement to invest your extra contributions.

Taking financial advice

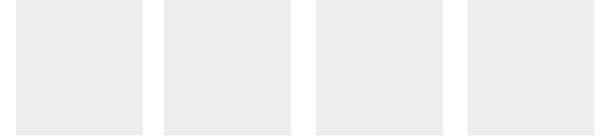
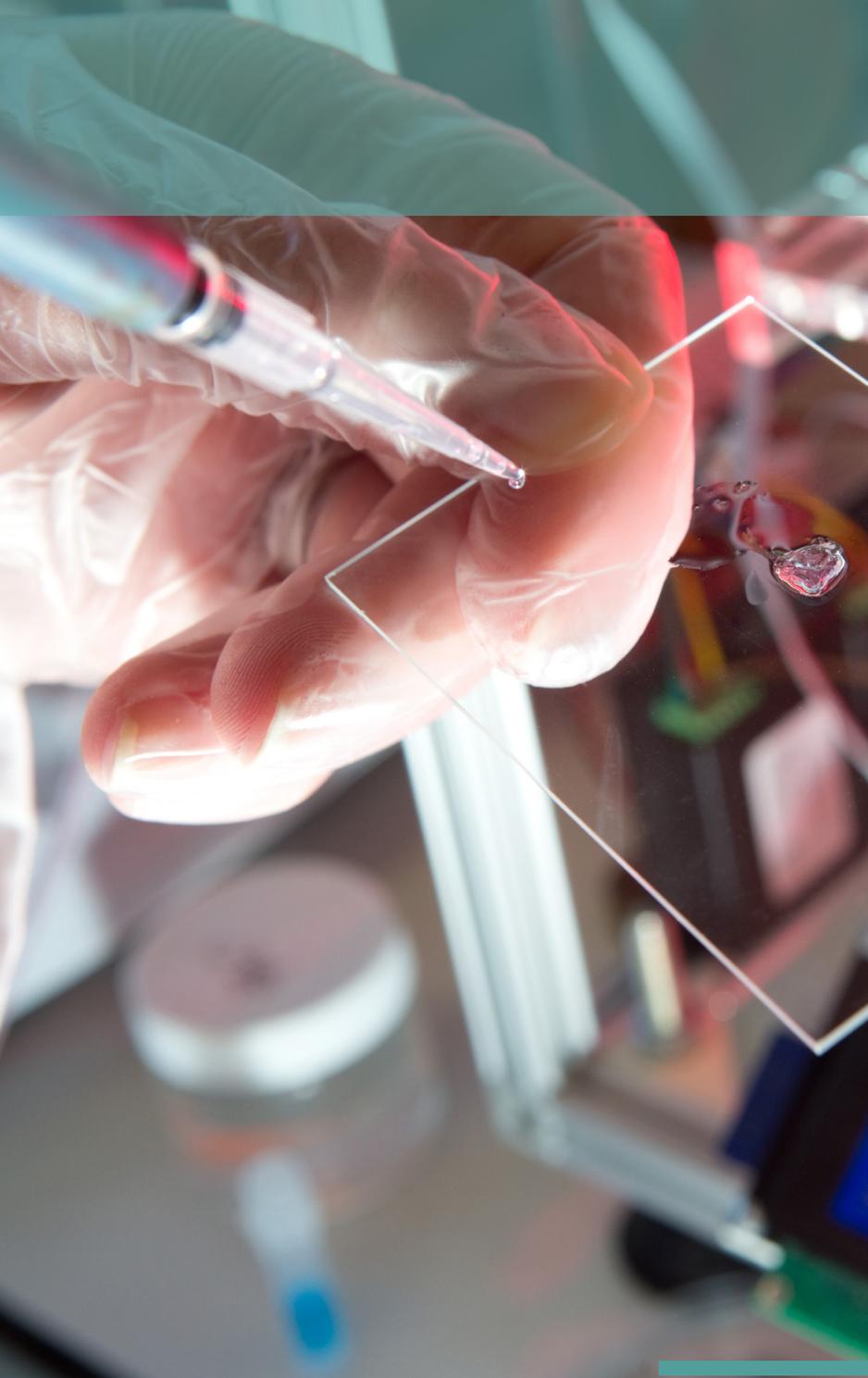
A financial adviser can help you with your pension and general financial wellbeing. If you don't already have your own trusted adviser, we give some hints and tips on **page 30** to help you find a reputable firm who can help you.

Getting in touch

If you have any questions or want to find out more about the scheme and your options, please speak to the SE Administration Team at scenadmin@hymans.co.uk. Full contact details and a selection of independent resources are in the **Learn** section.

AVCs buy you extra years' pensionable service and qualify for tax relief.





Change



Change

Most of us will find that our circumstances change during our career - whether that's a change in job or a period of leave from SE. This section explains what this would mean for your benefits in the scheme.

What happens if I leave SE?

I've been in the scheme for less than three months

If you've used PSE, unfortunately we can't refund the cost of your membership. If you paid pension contributions using payroll deductions, we'll refund your contributions less tax.

I've been in the scheme for more than three months but less than two years

We'll write to you outlining your options when we know you're leaving. If you've used PSE, you can transfer the value of your benefits to another workplace pension scheme. You must move your benefits within three months of receiving your options letter.

If you're not using PSE, you can also choose to receive a refund of your pension contributions less tax.

I've been in the scheme for more than two years

We'll work out the benefits you have earned to date and these will stay in the scheme until you're ready to use them, or you tell us that you wish to move your benefits to your new workplace pension scheme.

An annual pension for life of:

1/80
x your final pensionable salary
x your pensionable service; and

A lump sum of:

3 x your annual pension

We'll revalue these figures every year until you take your pension or transfer to another scheme. This helps protect your benefits against the effects of inflation. We currently use the Consumer Prices Index which the UK government uses to measure inflation.

THIS IS HOW IT WORKS

Maya is leaving SE having been in the scheme for 15 years. Her final pensionable salary is £45,000 a year.

Maya's pension at leaving is:

$1/80 \times £45,000 \times 15 = £8,437.50$ a year

After she leaves, the scheme will revalue Maya's pension every year in line with increases in the Consumer Prices Index (CPI) until she retires. Assuming CPI is 2% a year throughout, when she retires ten years later, Maya's pension will be £10,285.00 a year.

This is a simple example; your final pension will depend on the actual increases in CPI between you leaving the scheme and taking your benefits.



Change

HELP POINT

Paid leave

- Maternity, paternity, shared parental and adoption leave
- Special paid leave.

Unpaid leave

- Unpaid parental leave
- Sabbatical
- Career break
- Special unpaid leave

What happens if my circumstances change?

I want to leave the scheme, but keep working for SE

If you want to opt out of the scheme you should give one month's notice by filling in an Opt Out form. You'll find the form on the scheme website www.sepensions.co.uk. If you opt out within one month of becoming a member, you will be treated as if you never joined the scheme. This means you'll either be opted out of PSE and receive additional pay in arrears or receive a refund of contributions.

Otherwise, any benefits you've built up will be treated in the same way as we've described in this section, but you won't be able to take them until you leave SE. As soon as you leave the scheme, you won't be eligible for the lump sum death in service benefit of three times your pensionable salary

Remember, we must automatically re-enrol you into the scheme every three years – you'll have to opt out each time if you don't want to join. If you re-join the scheme, you'll be treated as having two separate pensions.

I'm going on extended paid leave

You'll continue to build up pensionable service during your absence.

I'm going on unpaid leave

You will generally not build up any pensionable service while you're on unpaid leave. With SE's agreement you can choose to buy back your missing pensionable service when you return to work.

Once you've been on unpaid leave for more than 12 months, you will normally be treated as having left the scheme (although exceptions may apply at the discretion of the trustees and SE).

You will normally continue to be covered for death in service benefits although sometimes the insurance company will need information about your absence and may impose conditions on cover.

As you can see, a lot depends on your personal situation and so if you have any questions, please contact the SE Administration Team at scenadmin@hymans.co.uk

I'm seriously ill

If you're retiring because you've become seriously ill or disabled, you may be able to use your unreduced benefits before your normal retirement age. See [page 25](#) for more details or ask your HR Business Partner for help.



Change

Moving my scheme benefits to another approved pension scheme

If you have more than three months' pensionable service, you can ask the trustees to work out the lump sum value of the benefits you have built up in the scheme. This lump sum value is called a transfer value and you can ask the trustees to pay your transfer value into another approved pension arrangement. You can ask for a transfer value once a year. Taking a transfer value is a big decision so if you want to find out more go to **page 27**.

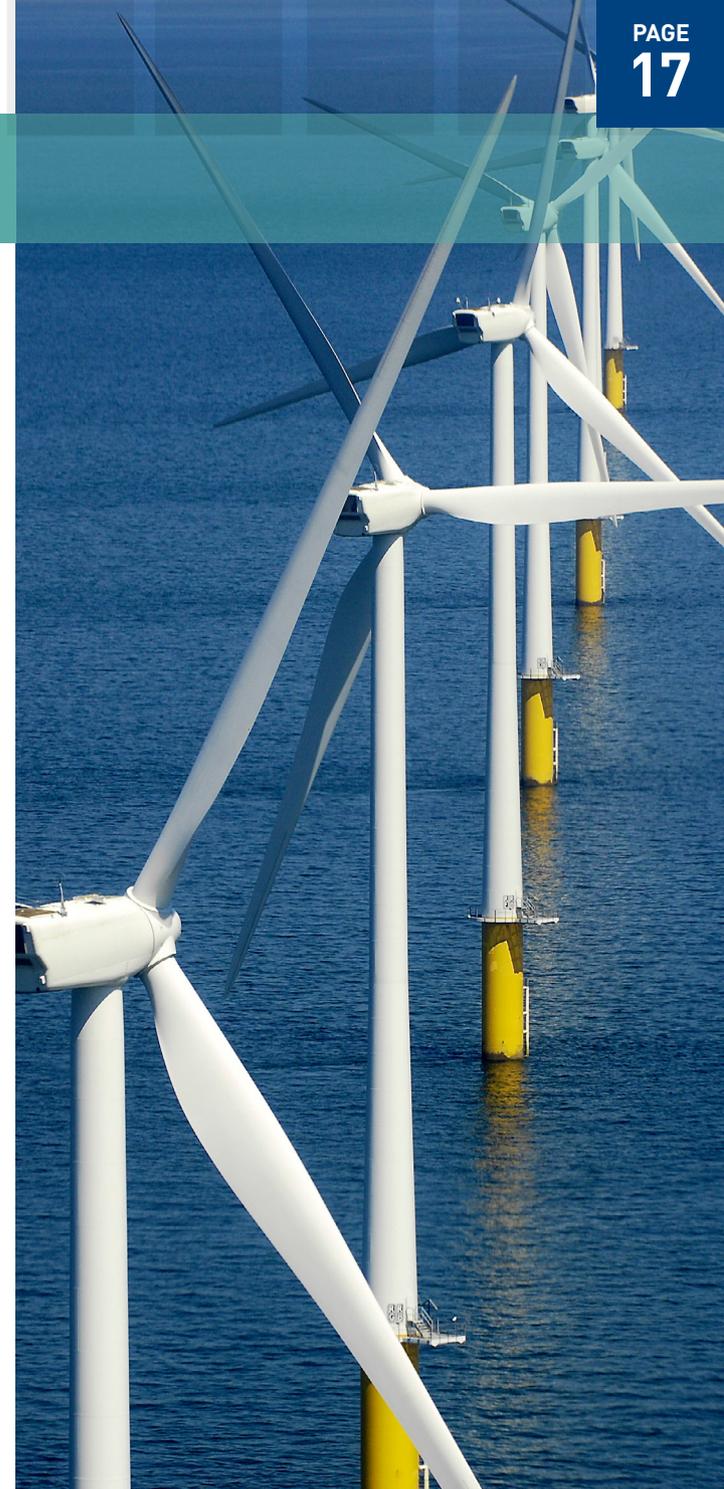
The FCA would never ask you for personal information like bank account details or internet banking passwords.

I want to be scam savvy

There are too many organisations advising people to move their pension scheme benefits who have only their firm's interests at heart. Here are some obvious signs of a scam which you should report to Action Fraud by phoning 0300 123 2040. Textphone users can dial 0300 123 2050.

- You're contacted out of the blue with an offer of a free pension review.
- You're told you can access your pension before you're 55 or have access to high returns.
- You're sent an unsolicited text, email, or social media post. Cold calls about pensions are against the law.
- The Financial Conduct Authority (FCA) rings asking you for personal information – even if the FCA's telephone number is in the caller ID. The FCA has confirmed that it would never ask you for personal information like bank account details or internet banking passwords.

There have been attempts to clone the FCA website. Always type **www.fca.org.uk** into your browser or use this link. If you are in any doubt ring the FCA's free helpline on 0800 111 6768.





Protect



Protect

The scheme gives valuable protection to your family if you die leaving dependants. In this section we explain what these benefits are, who can claim them and what they need to do. The scheme also pays benefits to your dependants if you die after retiring.

What happens if I die while I'm still paying into the scheme?

The scheme will pay the following benefits if you die before you retire and while paying into the scheme:

1. A lump sum death benefit of three times your pensionable salary. If you were working part-time at the time of your death, the scheme will use your part-time salary rather than your full-time equivalent salary.
2. Assuming you were in the scheme long enough to build up a pension, and depending on your personal situation at the time of your death, a pension of either:
 - half your pension if it's paid to your spouse, co-habiting partner, or registered civil partner only; or
 - three quarters of your pension if you're survived by a spouse, co-habiting partner, or registered civil partner with one eligible child in their care; or

- your full pension if you're survived by a spouse, co-habiting partner, or a registered civil partner, with two or more eligible children in their care.

If you die leaving only eligible children with no other dependant, the scheme will adjust the pension, so it pays:

- one third of your pension paid to one eligible child; or
- two thirds of your pension shared between two, or more, eligible children.

What happens if I am not married to my partner?

If you are living with your partner but have not married or entered into a civil partnership with them, they may still receive benefits from the scheme. You and your partner should complete a simple declaration to tell the trustees you are co-habiting partners – you'll find it on the scheme website

www.sepensions.co.uk.

HELP POINT

Dependants

Your spouse, co-habiting partner, or registered civil partner and any eligible children.

Eligible children

A child who is under 17 (or under 23 and in full-time education or vocational training) and is:

- your child or adopted child; or
- wholly, or mainly, dependent on you.

There are some exceptions so please contact the SE Administration Team at scenadmin@hymans.co.uk, if you think your child may be eligible but doesn't meet the above criteria.

Protect

What happens if I die after leaving SE but before I retire?

The scheme continues to offer protection to your dependants even after you leave the scheme and if you die before your pension starts. The scheme will pay a pension as described on **page 19** as long as you:

- were in the scheme long enough to earn a pension, and
- you didn't transfer out your benefits to another workplace pension scheme

The benefits will be different if you die after your normal retirement age and you've not yet taken your pension so please contact the SE Administration Team if you would like more details.

Making my wishes known for any death in service payments

It's important that you tell the trustees who you would like them to consider for payment of any lump sums. While the final decision rests with the trustees, they will take your wishes into account if they know what they are. This way the payment is made outside your Estate and so is free of inheritance tax.

All you need to do is fill in an Expression of Wish form – you'll find it on the scheme website www.sepensions.co.uk or the **pensions page of the intranet**.

Lump sum

The scheme will also pay a lump sum of three times your annual pension as if you had retired just before you died.

THIS IS HOW IT WORKS

Jim leaves SE with 12 years' pensionable service and a final pensionable salary of £26,000 a year. His leaver's statement tells him that he has built up a tax-free lump sum of £11,700 and a pension of £3,900 a year.

Unfortunately, Jim dies six years later and before he had the chance to draw his pension. Since leaving the scheme, his benefits have increased every year in line with inflation (this will normally be based on the Consumer Prices Index (CPI)). To keep things simple, we'll assume that CPI was 2% a year throughout this time. At the time of Jim's death, his benefits have increase to:

Tax-free lump sum: £11,700 x 1.02 for 6 years: £13,176

Pension: £3,900 x 1.02 for 6 years - £4,392 a year

Jim leaves a widow, Sandra, and as all their children have grown up and left home. The scheme pays Sandra half Jim's pension of £2,196 a year and a one-off lump sum of £13,176. Sandra's pension is paid for the rest of her life and increases each year to help keep pace with inflation.

It's important to tell the trustees who you would like any lump sum paid to.

Protect

What happens if I die after I've retired?

The scheme will pay the following benefits if you die after you've retired and started taking your pension:

1. If you die within five years of retirement, a lump sum death benefit of five times your annual pension, less the total amount of pension already paid. If you are aged 75 or older when you die, this lump sum might not be payable.
2. Your existing pension paid to your dependants for three months after your death.
3. Three months after your death, a pension of either:
 - half your pension if it's paid to your spouse, co-habiting partner, or registered civil partner only; or
 - three quarters of your pension if you're survived by a spouse, co-habiting partner, or registered civil partner with one eligible child in their care; or
 - your full pension if you're survived by a spouse, co-habiting partner, or a registered civil partner, with two or more eligible children in their care.

If you die leaving only eligible children with no other dependant, the scheme will adjust the pension paid after three months, so it pays:

- one third of your pension paid to one eligible child; or
- two thirds of your pension shared between two, or more, eligible children.

If the value of the benefits payable to your dependants is very small, it may be available as a lump sum. We will tell you if this is the case.





Decide



Decide

Your scheme benefits are worked out using your final pensionable salary and pensionable service (including any additional voluntary contributions). When you retire the scheme pays you a pension and a one-off lump sum. Your pension is taxed as income, but your lump sum is normally tax-free. In this section we explain how we calculate your benefits and the options you have.

You can request a personalised illustration of each of the options you have from the SE Administration Team (email scenadmin@hymans.co.uk) or from the scheme's website www.sepensions.co.uk.

You can see how changing your options could change your pension on the pension planner in your benefit statement on the scheme website www.sepensions.co.uk.

What options do I have?

You have a choice.

1. Take your benefits from the scheme at your normal retirement age.
2. Take your benefits from the scheme early from your minimum retirement age.
3. Delay taking your benefits beyond your normal retirement age.
4. Transfer some, or all, of the value of your benefits to another approved pension scheme.
5. Partially retire – drawing some of your benefits while still an active member of the scheme.

Let's look at each option in more detail.

HELP POINT

Pensionable service

The time you have worked for SE since joining the scheme. If you work part-time, please contact the SE Administration Team at scenadmin@hymans.co.uk for information about how we work out your pensionable service.

Final pensionable salary

Your average salary in your final 12 months of pensionable service. If your salary had previously been higher, we'll use the best of:

- your highest pensionable salary in any one of your final five years; and
- the highest three consecutive years' average pensionable salaries ending in the last ten.

If you work part-time, we will use an equivalent full-time salary.

Decide

1. Taking my benefits at normal retirement age

You can take your benefits in full when you reach the scheme's normal retirement age. Your benefits will be worked out like this:

Your annual pension will be $1/80 \times$ your final pensionable salary \times your pensionable service.

Your tax-free lump sum will be three times your pension.

See the box to the right for a worked example.

How did we work out Mariko's final pensionable salary?

To work out her final pensionable salary we used the better of:

- her highest pensionable salary in the previous five years; or
- the average of her best three pensionable earnings over the last 10 years.

Mariko can choose to change the amount of tax-free lump sum she takes. She can reduce her lump sum and take a higher pension instead, or she can ask for a higher lump sum in exchange for a smaller pension.

HM Revenue & Customs has set a limit on the maximum tax-free lump sum you can take from a pension scheme and this is detailed in your retirement pack.

THIS IS HOW IT WORKS

Mariko is still working for SE but recently reached her normal retirement age and is looking to retire. She has been in the pension scheme for 30 years and has always worked 17.5 hours a week which is half of a full time employee's hours.

As Mariko works part time her pensionable service is calculated as a proportion of the service that a full time employee would have earned. She has been in the pension scheme for 30 years, working half the hours of a full time employee and therefore she has 15 years pensionable service.

From this, you can see Mariko's pensionable service reflects her part time hours. Pensionable salary, however, is based on her equivalent full-time salary. Therefore her final pensionable salary is £35,000 a year. This is how we work out Mariko's benefits.

$1/80 \times £35,000 \times 15 =$ **£6,562.50 pension a year**

Three times Mariko's pension = **£19,687.50 tax-free lump sum**

HELP POINT

Normal retirement age

This is when you can take your benefits in full and is age:

60 if you joined the scheme **before** 1 December 2006.

65 if you joined the scheme **between** 1 December 2006 and 31 January 2022.

State Pension Age (SPA)

at retirement if you joined the scheme **on or after** 1 February 2022.

RETIREMENT PACK

We'll send you your retirement pack three months before your normal retirement age. This is so that you have the information and doesn't mean that you need to retire.

Decide

2. Can I retire early?

With the trustees' permission, you can use your benefits from the scheme at any time from your minimum retirement age

Your pension and lump sum are worked out in the same way as option 1 before being reduced because they will be paid earlier and for longer. The earlier you retire, the greater the reduction.

You have the same flexibility to reduce or increase the amount of tax-free lump sum you take.

Redundancy

If you've reached minimum retirement age, you may opt to retire early if you leave us due to redundancy. Any early retirement options will be explained to you as part of the redundancy communications.

Retiring early due to ill health

In some situations, the scheme can help if you fall seriously ill and you're not expected to return to work. You may qualify for an ill health pension or in some cases the trustees may allow you to convert all your pension for a one-off lump sum.

If you've at least five years' pensionable service, we'll add extra years because you have no choice but to retire early due to ill health. This extra service will vary depending on your pensionable service – the following table shows how it works.

Pensionable service	Extra years added
Between five and ten years	We'll double your pensionable service
More than ten years	We'll give you the better of: <ul style="list-style-type: none"> an extra six years and eight months added to your actual pensionable service; or twenty years' pensionable service.

Your final pensionable service can't be more than you would have built up if you had been able to stay in the scheme until your normal retirement age.

If you wish to apply for an ill health retirement pension your HR Business Partner will normally already have discussed this with you and explained what the next steps are. If you've not spoken with your HR Business Partner, please contact them first.

Human Resources will ask your GP and specialist consultant for medical evidence to support your claim and might ask you to attend a medical examination with an independent medical adviser.

Read the rest of this answer on **the following page**.

HELP POINT

Minimum retirement age

This is usually age 55 but may be age 50 if you joined the scheme before 1 December 2006.

Pensionable service

The time you have worked for SE since joining the scheme. If you work part-time, please speak to the SE Administration Team at scenadmin@hymans.co.uk for information about how we work out your pensionable service.

Decide

If your life expectancy is less than a year, then the trustees may agree to convert your pension into a lump sum. Choosing this option will not affect any pension or lump sum payment payable to your dependants or beneficiaries.

Did you join or transfer benefits into the scheme on or before 6 April 1997?

If you have, read on. If you have not, you can skip this section as it does get a bit technical.

The benefits you have in the scheme may include a Guaranteed Minimum Pension ("GMP").

GMP is payable at your GMP age which is 60 for women and 65 for men. This may not be the same as your normal retirement age under the scheme.

If you choose to retire early, you can only do so if your reduced pension is at least equal to your GMP at your GMP age. It is complicated and you don't have to worry about the detail as we will explain everything if it affects you. At this stage it's simply something you need to be aware of if you think you might apply for early retirement.

You can use the UK government's website to find out what your State Pension age is. Go to www.gov.uk and search for State Pensions.

3. I'm interested in delaying retirement

You don't have to retire at your normal retirement age. If you choose to delay taking your benefits, they will increase to reflect this. In addition, if you're still working for SE, you can continue to build up benefits in the scheme too. If you choose to stay in the scheme, we will work out your annual pension by giving you the better of:

- $1/80 \times$ your pensionable service at late retirement \times your final pensionable salary; or
- your annual pension at normal retirement age increased to reflect the period of postponement; plus $1/80 \times$ the extra pensionable service built up since normal retirement age \times your final pensionable salary.

Yes, it's complicated! But rest assured we'll work out the figures and give you the better of the two. Your lump sum will also increase to reflect that you delayed taking this benefit. We're giving you this detail as we want to be transparent and it's useful information to have to hand if you consult a financial adviser.

You can't contribute to the scheme after age 75. Once you turn 75, you'll have to take your pension benefits although you don't have to leave SE. We'll contact you three months before your 75th birthday with your pension options.

Remember, while you are still a member of the scheme you also have life assurance cover. The scheme may continue to pay part of your pension if you die leaving a dependant. Go to the **Protect** section to find out more.



Decide

4. Moving my scheme benefits to another approved pension scheme

If you have more than three months' pensionable service, you can ask the trustees to work out the lump sum value of the benefits you have built up in the scheme. This lump sum value is called a transfer value and you can ask the trustees to pay some or all of your transfer value into another approved pension arrangement. You can ask for a free transfer value once a year.

If you decide to take all of your transfer value, you will give up all your rights to benefits for you and your family under the scheme. This is because any benefits will now be paid by your new pension arrangement.

It's a big decision to move your benefits to another pension scheme. Whether it's the right thing for you to do is something only a qualified financial adviser can tell you. Putting all your eggs in one basket is not necessarily a good thing and your new scheme may not offer you the same protections you have in our scheme. For example, your pension may rely on investment returns.

We recommend that you get independent financial advice regardless of your transfer value. However, the UK government insists that if your transfer value is worth more than £30,000, a scheme may not be able to pay the transfer value unless you've received independent financial advice.

Why would I take a transfer value instead of drawing my benefits straight from the scheme?

The scheme can only pay your benefits as set out in its rules. For example, the rules assume that the scheme will always pay a pension to a dependant after your death. The rules don't allow you to give this up and receive a higher pension if you're single or your partner isn't financially dependent on you.

Some other pension schemes may allow you to choose a pension that better suits your personal situation. For example you might receive a higher pension, if you don't want a pension or lump sum for any dependents when you die, or your pension doesn't increase with inflation, or you are a heavy smoker and your life expectancy is less.

This flexibility comes at a price because these schemes do not have the in-built promises like our final salary scheme. The benefits paid out rely on you making sound investment decisions or getting the best value for money when buying a guaranteed pension income. The risk moves from SE, and the trustees, to you.

Only a financial adviser can tell you what would be best for you. Make sure your financial adviser has the extra qualifications needed to advise you about pensions before you decide what you'd like to do. Like other specialist advisers, a financial adviser will charge a fee which you should agree with them beforehand.

You can find a list of financial advisers at www.fca.org.uk and www.moneyhelper.org.uk/en/pensions-and-retirement/pension-wise.

A reputable financial adviser will never approach you first. Make sure you're scam savvy.

If you want more information read our 'Transfer Value Guide' on the scheme's website at www.sepensions.co.uk.

Decide

5. I'm interested in taking partial retirement

Thinking of winding down ahead of retirement? You might want to gradually wind down by reducing your hours before you retire. Once you've reached your minimum retirement age you can ask to 'partially retire' and use part of your benefits to top up your pay while you're still working. At the same time, you can continue building up more benefits.

Partial retirement benefits SE too. By helping you ease into retirement we also retain your skills and experience.

Key features of partial retirement:

- You have to be at least 55.
- You have to reduce your weekly hours by at least 20%.
- You can still be in the pension scheme.
- SE must agree to you reducing your weekly hours and taking partial retirement.
- Your pension plus your reduced salary must not be more than your salary prior to your partial retirement.

If you want more information read our 'Guide to Partial Retirement' on the scheme's website at www.sepensions.co.uk.





Learn



Learn

If you're looking for the detail or access to independent information and support - then this is the place for you. You'll find case studies on Pension Salary Exchange (PSE), along with useful websites giving information about independent tools and resources and finally the scheme's contact details in one place.

How can I find a financial adviser?

If you don't already have your own trusted adviser, the Money Advice Service is a good place to start. Their website has lots of tips and advice on finding an adviser, making sure they're qualified, what fees to expect and the advice process.

All financial advisers must be registered with the Financial Conduct Authority (FCA).

You can see if your financial adviser is listed on the FCA's 'Financial services register' by checking the FCA's website www.fca.org.uk – you will find it under the 'Consumers' tab. Or you can ring the FCA free on 0800 111 6768.

In recent years there has been a significant increase in scamming activity where rogue financial advisers trick people out of their pensions. Please don't be caught out by them. Read more about avoiding scamming on the FCA's website: www.fca.org.uk/scamsmart

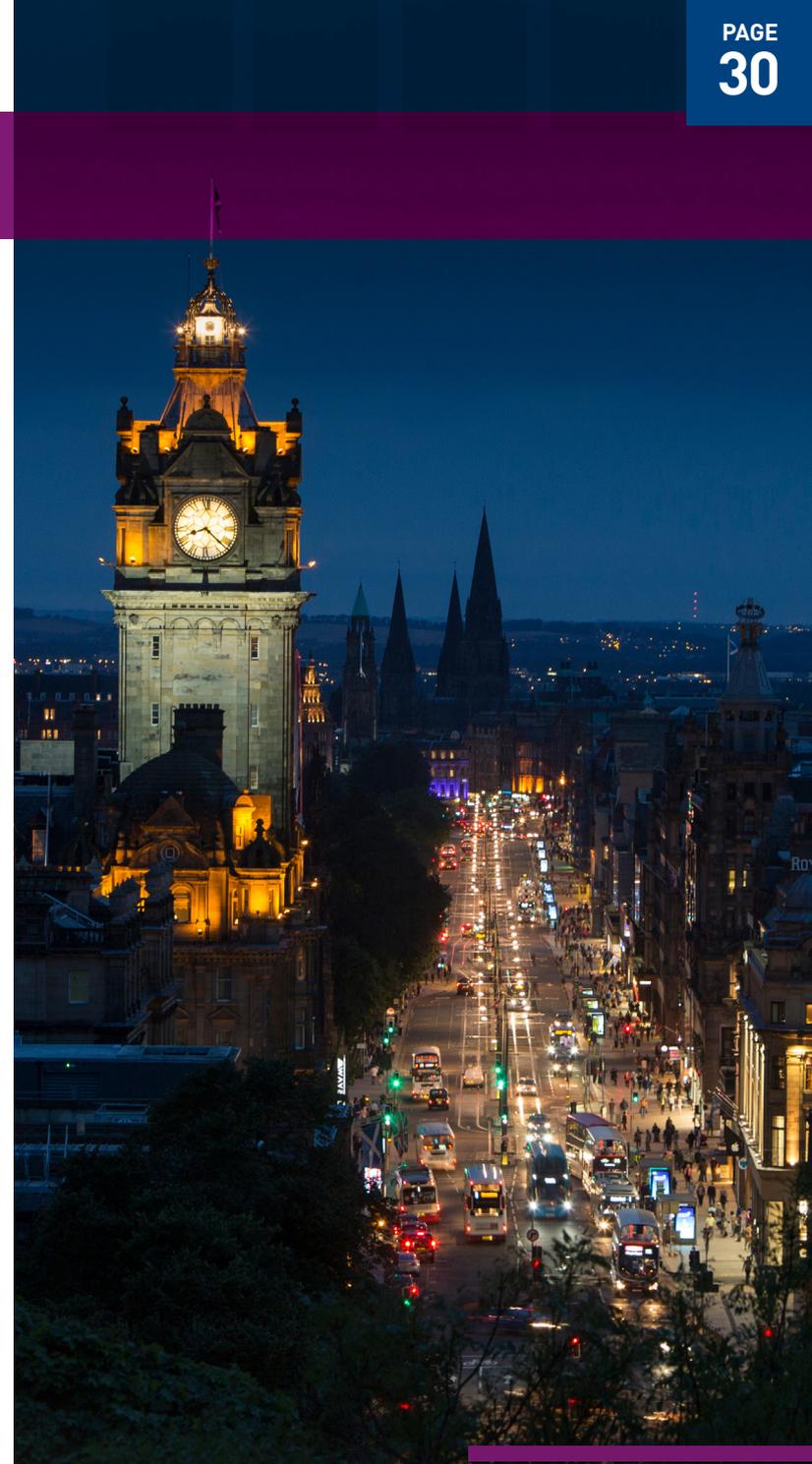
A reputable financial adviser will never cold call you or try to contact you using unsolicited emails or social media posts – they don't have to. Anyone who tries to do so is unlikely to have your best interests at heart and are best ignored. **Page 17** of this guide gives you tips on how to be scam savvy.

You can ring the FCA on:

☎ 0800 111 6768 (a freephone number)

☎ (+44) 20 7066 1000 (from overseas).

Users of next generation text relay service or typetalk: (18001) 0207 066 1000.



Learn

Independent tools and resources

As you can imagine, there's a huge amount of information on the internet about saving for retirement – but some websites are less reliable than others. Here is a list of organisations you can trust. Some have reported that their websites are subject to cloning by scammers, so make sure you either use the links in this guide, or carefully type the address into your internet browser as shown here. If you're in any doubt ring them up using the numbers we've given you. While we have chosen these websites carefully, we can't be responsible for content in external websites.

 www.gov.uk

“The best place to find government services and information.”

This is the UK government's own website – the pension section is under the 'Working, jobs and pensions' link. Here you can find trusted information on State and workplace pensions.

MoneyHelper is provided by the Money and Pensions Service and joins up money and pensions guidance to make it quicker and easier to find the right help.

MoneyHelper brings together the support and services of three government-backed financial guidance providers: the Money Advice Service, the Pensions Advisory Service and Pension Wise.

Money Advice

Free and impartial money advice set up by government. The MoneyHelper website has some useful tools and calculators to help with general money and debt management, and pension information.

 www.moneyhelper.org.uk

You can also search the financial services directory at www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser

You can get in touch with MoneyHelper for money advice using these telephone numbers:

 0800 138 7777 (a freephone number)

Users of next generation text relay service or [typetalk](http://typetalk.com): (18001) 0800 915 4622.

There are other contact points including web chat under the Contact us tab on the website.

Pensions Advice

Offers free and impartial guidance on workplace and private pension schemes. You can get in touch using their web chat service or ring them free from within the UK on 0800 011 3797.

 www.moneyhelper.org.uk/en/pensions-and-retirement

Pension Wise

Pension Wise is a government service from MoneyHelper that offers free impartial advice about your defined contribution pension options.

It was set up by UK government and can help you if you're over age 50 and have a defined contribution pension scheme from a previous job. Pension Wise offer specialised guidance either face to face or over the phone. Their advice won't cover the scheme as it's a defined benefit scheme.

 www.moneyhelper.org.uk/en/pensions-and-retirement/pension-wise



Learn

Glossary – special pension terms explained

Every industry and workplace uses jargon – language that’s clear to those in the know but baffling to outsiders. The pension industry is no different although we do try to avoid using it where possible.

There are some tricky terms we do still have to use. Unfortunately, until the industry and UK government departments agree on alternatives, we’ll only cause confusion if we stop using them altogether. Some of the terms we’ve listed here might not appear in this guide but they’re handy to know because you’re likely to come across them in other pension publications. Sorry if we’ve not included a term you’re struggling to understand – please let us know using the contact details on **page 36** and we’ll add it to the list.

Annual allowance

HM Revenue & Customs has an allowance on the level of increase in retirement benefits you may earn in one year without incurring a tax charge. This is known as the annual allowance. The standard annual allowance for most members is £60,000 a year. If you have income of more than £260,000 a year then your annual allowance may lie somewhere between £10,000 and £60,000. Annual allowance applies to all contributions including PSE and employer contributions. The scheme checks your benefits against the annual allowance over each tax year. You can find out more on the UK government website www.gov.uk/tax-on-your-private-pension/annual-allowance. You can carry forward any unused annual allowance from the previous three years. We will write to you if we think you are at risk of exceeding the annual allowance and explain next steps. The scheme may be able to pay any tax charge due by deducting it from your benefits. This is known as “scheme pays”. If you want more information, read our “Pensions Taxation Factsheet” on the scheme’s website at www.sepensions.co.uk.

Automatic enrolment

The law says that employers must help their employees save for retirement by providing a workplace pension scheme. New recruits automatically join although there are some exceptions – for example, you must be between age 22 and your State Pension age and you must be earning more than £10,000 a year. You can ask to leave the scheme at any time, but you’ll automatically go back in the scheme after three years if you’re still working for the same employer.

Beneficiary

This can include most members of your family, including:

- any spouse, civil partner, child, sibling, parent, stepbrother or stepsister, uncle or aunt;
- anyone dependent, or partly dependent, on you for maintenance or support including a co-habiting partner;
- anyone you leave money or possessions to in your will or anyone you’ve listed in your Expression of Wish form.



Learn

Civil partner

A civil partnership is a registered legal relationship between two people.

Cohabiting partner

If you and your long-term partner are not married to each other (or you haven't registered a civil partnership) you can apply to the scheme trustees to treat your partner as your spouse when it comes to paying your scheme benefits. There are some conditions.

1. You must not have another spouse.
2. You're living together as if you were married.
3. Neither of you are living with someone else as if you were married to them.
4. Your partner must either be financially dependent on you, or you're financially dependent on each other.

If you have a legal spouse or civil partner, then your new partner will not be eligible for a cohabitee pension. If you wish to nominate a cohabiting partner, or update your nomination details, please print off a form, fill in your details, sign it and send it to the SE Administration Team at Hymans Robertson.

Contracting out

Contracting out is linked with the State Pension.

Until its reform in 2016, there were two State Pensions – the basic State Pension and the Additional State Pension. The UK government allowed some pension schemes, including our scheme, to contract out of the Additional State Pension. This is broadly how it worked.

- Contracted out scheme members did not build up any Additional State Pension.
- Their pension scheme promised to pay them a pension broadly equivalent to the Additional State Pension given up (this pension is known as your Guaranteed Minimum Pension).
- Scheme members and their employers paid lower National Insurance contributions than people still earning Additional State Pension.

Contracting out ended in 2016.

More information is on the UK government's website: www.gov.uk.

Defined contribution pension scheme

A defined contribution (DC) pension scheme is like a savings account. Unlike final salary pension schemes where there is one central pot of money to pay everyone's benefits, DC members are allocated their own pension pot. Every month the member and their employer pay into the pot – typically a percentage of the member's pay. All the decisions and risk sit with the member. At retirement DC members use their pension pot to provide benefits and usually have a fair bit of flexibility to choose a package to suit their personal situation.

Dependant

This is your spouse, civil partner or co-habiting partner, or any eligible children.



Learn

Eligible children

The scheme pays eligible children a pension on your death. An eligible child is under 17 (or under 23 and in full-time education or vocational training) and:

- is your child or adopted child; or
- is wholly, or mainly, dependent on you.

There are some exceptions so please speak to the SE Administration Team if you think your child may be eligible but does not meet the above criteria. Your child may still qualify particularly if you joined the scheme before 2006. You can email the SE Administration Team at scenadmin@hymans.co.uk. Full contact details are on [page 36](#).

Final pensionable salary

Your average salary in your final 12 months of pensionable service. If your salary had previously been higher, we'll use the best of:

- your highest pensionable salary in any one of your final five years; and
- the highest three consecutive years' average pensionable salaries ending in the last ten.

If you work part-time, we will use an equivalent full-time salary.

Final salary (or defined benefit) pension scheme

A final salary pension scheme is a workplace pension scheme that pays a benefit based on the member's earnings and membership history. Each scheme has a set of rules which set out how to work out these benefits and how they must be paid.

It's up to the employer and the scheme's trustees to make sure the scheme has enough money to meet its commitments.

You'll sometimes see them referred to a defined benefit pension scheme – it's the same thing. Most final salary pension schemes ask their members to pay a contribution towards the cost – normally a percentage of the member's pay – but the sponsoring employer meets most of the scheme's costs and agrees the amount needed as part of a regular review which takes place every three years.

The Scottish Enterprise Pension & Life Assurance scheme is a final salary pension scheme.

Lump sum allowance and lump sum and death benefit allowance

HM Revenue & Customs has set a limit on the total amount of lump sums and lump sum death benefits that you can receive free of income tax. The lump sum allowance ('LSA') is the maximum tax-free lump sum retirement benefits an individual can receive in their lifetime. It was introduced from 6 April 2024 and is currently set at £268,275. You can usually take up to 25% of the value of your pensions as a tax-free lump sum unless it's more than the LSA. The lump sum and death benefit allowance is the maximum tax-free lump sum retirement benefits that an individual and their beneficiaries (the person or people who get benefits after they die) can be paid in respect of an individual. It was introduced from 6 April 2024 and is currently set at £1,073,100. These figures are for 2024/25 so if you need more up to date information please contact the SE Administration Team or go to www.moneyhelper.org.uk.



Learn

Minimum retirement age

This is usually age 55 but may be age 50 if you joined the scheme before 1 December 2006.

For more information, speak to the SE Administration Team:

☎ 0141 566 7655

@ scenadmin@hymans.co.uk

National living wage

This is an hourly rate set by the UK government and is the minimum wage employers can pay.

Normal retirement age

This is when you can take your benefits in full. Your normal retirement age is:

60 if you joined the scheme **before** 1 December 2006.

65 if you joined the scheme **between** 1 December 2006 and 31 January 2022.

State Pension Age (SPA) at retirement if you joined the scheme **on or after** 1 February 2022.

We work out your benefits assuming you will retire at your normal retirement age. You can take your benefits before or after your normal retirement age, but we'll recalculate them to reflect this.

Pensionable Salary

This is your salary excluding any bonuses, commission, or overtime. It will be the salary you receive before applying PSE.

For some high-paid members, your pensionable salary might be subject to a cap – we will let you know if this affects you.

Pensionable service

The time you have worked for SE since joining the scheme. If you work part-time, please contact to the SE Administration Team at scenadmin@hymans.co.uk for information about how we work out your pensionable service.

Spouse

This is the person you are married to or your registered civil partner. It won't include someone you are legally separated from, or someone who lives with another spouse as if they were spouses or civil partners.

State Pension Age (SPA)

The State Pension age varies depending on your gender and date of birth. It is when you can start claiming your State Pension. Go to the UK government's website www.gov.uk/state-pension-age.

If you joined the scheme on or after 1 February 2022, your normal retirement age will be your SPA at date of retirement.

Trustees

The people who look after the scheme are called trustees. The trustees have a duty to work in your best interests, ensure that the scheme is run properly and that you receive your benefits on time when you retire.

Learn

Looking after my data

The trustees hold information about you and your pension. This is so they can look after the scheme, make sure it runs properly, and that you receive your benefits on time when you retire. To do this the trustees may need to pass on some of your information to the scheme's administrator, auditor or another third party. The trustees keep your information secure and only disclose it in line with data protection legislation. They also take all reasonable steps to make sure that if they share your data it remains in safe hands.

Because the trustees are responsible for holding your personal data they are called "Data Controllers" under data protection law. If you would like to read more about how the trustees use your data, you can view the scheme's privacy notice which sets out:

- why we hold data about you and how we use it;
- who processes your data; and
- the rights you have about your data.

You can view the scheme's privacy notice online at <https://www.sepensions.co.uk/media/3600/21-07-23-seplas-privacy-notice-final-for-publication-pdf-version.pdf>.

Contact the SE Administration Team for more information.

SE Administration Team

The trustees have appointed Hymans Robertson LLP to handle the day to day running of the scheme. The SE Administration Team should be your first port of call for general questions about your scheme benefits. Here's how to contact them:

☎ 0141 566 7655

✉ scenadmin@hymans.co.uk

✉ Scottish Enterprise Pension & Life Assurance scheme
Hymans Robertson LLP
20 Waterloo Street
Glasgow, G2 6DB

You can also ask them for a copy of the trustees' annual report and accounts.



Pension Salary Exchange

How does Pension Salary Exchange (PSE) work?

PSE is a salary sacrifice arrangement. This means that you give up part of your salary and ask SE to pay the same amount into the pension scheme on your behalf. You make savings on your National Insurance contributions because we work these out using your reduced salary.

If PSE is not right for you, you can still join the scheme and pay pension contributions directly from your four-weekly pay. You'll still save on income tax because this is applied to your salary after the pension contribution has been taken.

This is an example to show how it works for two employees who are earning £30,000 a year. Hiram uses PSE and Lizzie pays by payroll deduction.

Tax rates do change – we've assumed that both Hiram and Lizzie are paying basic rate tax and we've used the rates that apply in Scotland during the 2019/20 tax year.

Yearly figures	Lizzie	Hiram
Starting pay	£30,000	£30,000
Salary exchanged	£0	£1,800
Gross pay after PSE	£30,000	£28,200
Pension contribution	£1,800 a year	£0
Pension contribution – paid by SE on your behalf	£0	£1,800* a year
Income tax	£3,152	£3,152
National Insurance contributions	£2,564	£2,348
Take home pay	£22,484	£22,700

** This only applies to Hiram and is the salary he's exchanged, and which SE agrees to pay into the scheme in addition to its own contribution.*

As you can see, unlike Lizzie, Hiram isn't paying a pension contribution and instead he has given up, or exchanged, some of his pay and asked SE to pay the same amount into the scheme.

Hiram's take-home pay is £216 higher than Lizzie's. Hiram has paid lower National Insurance contributions because these are based on his post PSE pay.



Pension Salary Exchange

Is PSE right for everyone?

PSE is suitable for most people. To qualify, you must be earning enough to pay National Insurance contributions and PSE can't reduce your salary below the National Living Wage.

PSE reduces your salary, and while banks and building societies will normally use your full salary when working out how much they will lend you, earnings related State benefits such as maternity pay may use your lower post PSE salary.

Salary sacrifice can be used for some other SE benefits. You should think about all your salary sacrifice benefits together when you check what this means for your salary and any State benefits.

You may not be able to use PSE if you're on long-term sick or other leave and your earnings have dropped below the minimum levels.

You only pay National Insurance contributions until you reach your State Pension age and so beyond that point, there is no benefit to being in PSE.

But don't worry because our AskHR team will get in touch if they think PSE is not right for you.

If you leave the scheme within two years of joining, we can only refund your contributions (less deductions) if you have not used PSE.

Can I change my mind about using PSE?

Once you have chosen to use PSE you can only change your mind if you have a change in your personal circumstances, having a child for example.

WHERE CAN I FIND OUT MORE?

If you have any questions or concerns, please contact the SE Administration Team at scenadmin@hymans.co.uk

Check our PSE information on the **pensions page of the intranet.**

Or you can check out the MoneyHelper website at:

<https://www.moneyhelper.org.uk/en/pensions-and-retirement/building-your-retirement-pot/salary-sacrifice-and-your-pension>