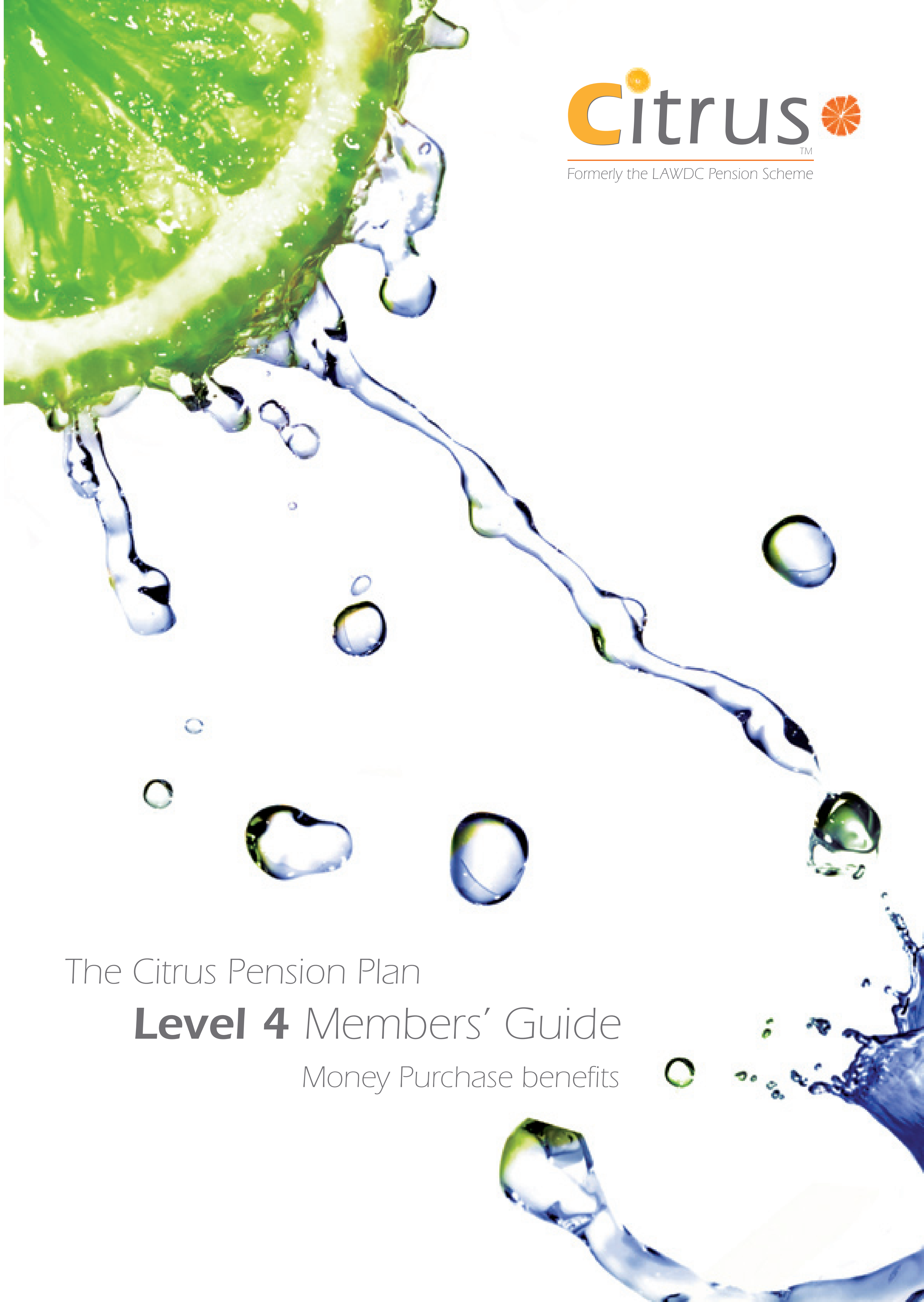
Citrus™

Formerly the LAWDC Pension Scheme



The Citrus Pension Plan

Level 4 Members' Guide

Money Purchase benefits

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Introduction

Welcome to the Members' Guide (the **Guide**) for Level 4 Members of the Citrus Pension Plan (the **Plan**).

The Plan is an occupational pension scheme for non-associated employers. It is divided into sections and each employer (or group of employers) has its own section (the **Section**).

There are a number of different benefit structures provided under the Plan. They are referred to as Levels 1 to 11. Level 4 provides money purchase benefits.

Your pension is a valuable benefit offered by your employer. This Guide gives a brief introduction to the benefits payable in respect of Level 4 Members.

The Plan is governed by a Trust Deed and Rules which may be amended from time to time. In the event of any inconsistency between this Guide and the Trust Deed and Rules, the Trust Deed and Rules will override the Guide.

Some technical terms are used throughout this Members' Guide. These are printed in **bold** and explained in the Glossary on page 15.

To join the Plan you should complete a *New Starter Form*, which is for employees who wish to join the section as Level 4 members. This *New Starter Form* includes general personal information as well as an opportunity for you to select how you would like the contributions paid on your behalf to be invested. If you do not select a fund then contributions paid on your behalf will be invested in the **Default Fund**. In addition you should complete an *Expression of Wish Form* to indicate people to whom you would like the Trustee to consider paying death benefits to.

The *New Starter Form* can be obtained from the Plan Administrator, Capita Hartshead, whose address is on page 13, or your Human Resources Department.

1. Summary of Level 4

Level 4 provides benefits which are "money purchase" or "defined contribution" benefits. If you become a Level 4 Member, you and your employer will pay regular contributions to your employer's Section. An amount equal to these contributions is then credited to your **Member Account**, which is notionally invested according to your wishes. If you wish to change how your **Member Account** is invested, you can do so by completing an *Investment Choices Form* and returning it to the Plan Administrator at the address on page 13.

The value of your **Member Account** will reflect the contributions you and your employer pay and the returns achieved by the investment funds you have chosen. It is important to note, therefore, that your **Member Account** can decrease as well as increase in value.

The value of your **Member Account** will be used to provide your pension benefits. You will have some choice as to what form of benefits you take, such as providing for a **dependant's** pension payable after your death or a pension that increases whilst in payment to protect against inflation.

Contributing to the Section is a long-term investment. The fund you build up must be used to buy pension benefits (annuities and lump sums) and cannot be used for any other purpose.

Your benefits normally come into payment on your Normal Retirement Date (NRD). If your employer agrees, benefits may become payable earlier (but not earlier than the Minimum Pensionable Age) or they may come into payment later.

An annual statement showing the value of your **Member Account**, including details of how much you and your employer have contributed to the Section, will be issued to you each year. This is an important document that you should read carefully. Your annual statement will give you an estimate of what your benefits will be at retirement, based on assumptions including your future contribution rate, investment returns and retirement age.

Level 4 is contracted in to the State Second Pension (**S2P**), meaning that whilst you are a Level 4 Member, you continue to earn **S2P** benefits unless your employer has elected to contract-out of **S2P** in which case you will not accrue S2P Benefits. If this is the case please refer to the addendum which would have been provided for you in addition to this members guide.

Can I transfer benefits from other pension schemes into the Section?

Yes – if the Trustee and your employer consent, you can transfer benefits you have built up in another registered pension scheme into the Section. You will usually need to make a request for such a transfer within 12 months of joining the Section, although your employer can permit you to transfer benefits into the Section after this date. The Trustee considers each case on its merits and there may be circumstances where a transfer in from another scheme will not be allowed.

If you wish to transfer benefits from another registered pension scheme, please request a *Transfer In Form*.

Remember that transferring your benefits into the Section may not necessarily be in your best interests. You should take independent financial advice before deciding whether to do this. If you need to find an adviser in your area, you can visit **www.unbiased.co.uk**

2. Membership

Can I join the Section as a Level 4 Member?

You are eligible to join your employer's Section as a Level 4 Member if:

- You have been invited to join by your employer;
- You are age 16 or over; and
- You are under age 65.

If you satisfy these conditions and you wish to become a Level 4 Member, please complete the *New Starter Form* at the back of this guide and return it, together with a completed *Expression of Wish Form*, to the Plan Administrator, Capita Hartshead, as per the details provided on page 13.

If you have lost any of these documents then you can ask for a replacement from the Plan Administrator.

How much do I contribute?

As a Level 4 Member you will contribute to the Section the amount that is notified to you by your employer.

How much does my employer contribute to the Section?

Your employer will inform you of the amount of its contributions. As well as these basic contributions, your employer also pays towards the administration costs of the Plan.

Your employer will also pay towards the cost of providing your life assurance benefit, where relevant (see section 5).

What tax relief do I get on contributions?

You will automatically receive tax relief on your contributions.

Currently, tax relief is given on your contributions at the highest rate of income tax you pay (see below). At the current basic rate of income tax (20%) this means that each £1 you pay in pension contributions only actually costs you £0.80. And if you are a higher rate taxpayer, each £1 you pay costs you just £0.60.

There is a limit on the value of tax-privileged contributions that you can make each tax year. This is the lesser of:

- 100% of your total salary (or £3,600 if greater); and
- £255,000 for the 2010/11 tax year (the **Annual Allowance**) (this limit will remain at this level until 2015/16 when it is due to be reviewed by the Government).

If your total contributions in a tax year exceeds the **Annual Allowance**, you will be subject to further tax through your annual tax return on the excess.

If you earn over £130,000 per year there may be some additional limits on the tax relief available for contributions into the Section. If you do earn more than this amount you should contact the Plan Administrator, Capita Hartshead, who details are available on page 13.

Alternatively, contact an independent financial adviser, for more information. You can find an independent financial adviser in your area by visiting **www.unbiased.co.uk**

What limits are there on benefits?

There is a limit on the amount of tax-privileged benefits you can receive, which is the **Lifetime Allowance**.

The **Lifetime Allowance** applies to the total value of all your tax-privileged pension benefits at the date you take them. For the 2010/11 tax year the limit is £1.8m (this limit will remain at this level until 2015/16 when it is due to be reviewed by the Government).

If the total value of your benefits payable under all the tax registered pension schemes that you are a member of is greater than the **Lifetime Allowance**, your benefits over the **Lifetime Allowance** will be subject to heavy tax penalties.

Both the **Annual Allowance** and **Lifetime Allowance** apply to the total pensions benefits from all the tax registered pension schemes that you are a member of, not just the Citrus Pension Plan.

Can I pay extra contributions?

Yes – provided that you meet your obligation to pay normal contributions, you can pay **Additional Voluntary Contributions** (**AVCs**) as well as your standard contributions to the Section if you wish. These will be credited to a separate notional account that will be used to fund benefits for you.

For further information on paying AVCs and an application form, please contact the Plan Administrator, Capita Hartshead, as per details on page 13.

3. Investments

Your **Member Account** (and AVC account if relevant) will be notionally invested on your behalf, currently with Legal & General Investment Management.

There are several investment options available, from which you can decide which is most suitable for you.

If you do not make a choice your contributions will automatically be invested in the Lifestyle option which is the **Default Fund**.

What are my investment options?

The Trustee has appointed Legal & General Investment Management (**LGIM**) to provide a range of funds and a lifestyle option for you to choose from. The Trustee will monitor LGIM's performance closely and review its appointment on a regular basis. The funds that are available to you may vary over time.

You have the freedom to select how you wish your **Member Account** to be notionally invested in one or more of funds with LGIM. Your **Member Account** can be notionally invested in one fund or a number of funds. Alternatively, you can choose the Lifestyle option which is the **Default Fund**.

The funds available offer different risk profiles. These currently are:

- LGIM Global Equity (60:40) Index Fund – invested in UK and overseas shares
- LGIM Bond Fund – invested in long-dated government and corporate fixed-interest bonds
- LGIM Cash Fund – invested in assets on deposit and in similar cash instruments.

Further information on the investment options is available from the Plan's Administrator, Capita Hartshead, on page 13.

You should consider taking independent financial advice before making any investment decisions. However, whether you choose one of these funds or the Lifestyle option, you should note that the Trustee cannot be held responsible for the outcome of your decision.

How do I change my investment options?

You can change your investment choices once a year without charge. Any further requests to change may be subject to an administration charge. Also if an investment option is no longer available you will be able to opt for a different fund without charge.

You can request a change of investment options by completing an *Investment Choices Form*, which can be obtained from the Plan Administrator, Capita Hartshead at the address on page 13.

The Lifestyle option

Under the Lifestyle option, the investment will be in equities initially (aiming to maximise growth), switching to bonds and cash (less risky assets, but with lower expected returns) as you approach retirement. This reduces the risk that a downturn in stock markets will adversely affect the level of pension that can be purchased when you are close to retirement.

If you have 10 or more years remaining until retirement, your **Member Account** will be notionally invested in the Global Equity Fund. If you have less than 10 years until retirement, your **Member Account** will be reallocated in accordance with the table on page 7.

You should tell the Trustee if you plan to draw your benefits earlier or later than age 65 as the switching process will begin ten years before your requested benefit age (i.e. at age 55, by default). It is, therefore, very important that you let us know as early as possible if you do intend to draw your benefits early (or late).

In the Lifestyle option, your **Member Account** will be invested as follows in the years before retirement:

	Asset Allocation %		
Years to retirement	Global Equity Fund	Bond Fund	Cash Fund
10+	100	0	0
9	90	10	0
8	80	20	0
7	70	30	0
6	60	40	0
5	50	50	0
4	40	60	0
3	30	65	5
2	20	70	10
1	10	75	15
At retirement	0	75	25

What if I don't want to make an investment decision?

The Trustee recognises that you may not want to make investment decisions and has, therefore, allocated the Lifestyle option as the **Default Fund**. Unless you make a decision to the contrary, all of your **Member Account** will be invested in the Lifestyle option.

What are the investment risks?

There are some risks involved with any investment. You should bear in mind the following points when considering the investment of your **Member Account**:

- Although equities have historically tended to give better investment returns than other types of asset over the longer term, past performance is not a guarantee of future performance, and typically the performance of equities is more volatile than that of other assets.
- The value of investments can go down as well as up and your **Member Account** could be less than the amount of the contributions paid.
- Investing in a cash fund over a long period may produce lower investment returns than investing in other funds.
- The Lifestyle option is based on a retirement age of 65. If you intend to draw your benefits at any other age, ensure that you tell the Plan Administrator as soon as possible.
- The Lifestyle option is designed to produce a reasonable investment strategy for the average Member. However, individual circumstances are different and lifestyling will not be right for everyone. If you have doubts about using this approach or about your investment decisions in general, then you should seek independent financial advice. You can find an independent financial adviser in your area by visiting **www.unbiased.co.uk**

4. Benefits on retirement

What benefits will I get on my Normal Retirement Date?

Shortly before your **Normal Retirement Date** (**NRD**), the Plan Administrator will send you details of your **Member Account** and the choices you have.

The amount of pension you receive will depend on a number of factors, such as how well the investments have performed and the **annuity** rates available at your **NRD**.

Your pension income is usually provided via an **annuity**, which is a contract to pay you a specified amount each year for the rest of your life. This will be provided by a third party (typically an insurance company), who will estimate how much it will cost. It will therefore take into account various factors, such as how long you are expected to live and long term interest rates.

Can I take a lump sum?

Yes. You can exchange up to 25% of the amount of your **Member Account** for a tax-free cash lump sum on becoming entitled to receive your benefits. The remainder will then be used to purchase your **annuity**.

If you wish to receive a lump sum you must provide written notice to the Trustee before you decide on the **annuity** that you would like and before the payment of your pension commences. If you would like more information on lump sums, please contact the Plan Administrator, Capita Hartshead, on page 13.

Are there different types of annuity?

Yes. When you become entitled to your benefits you can choose an **annuity** that provides a pension which is tailorec to fit your personal circumstances. Examples of options that may be available to you include:

- An **annuity** that increases in payment to provide some degree of protection against inflation, or one that stays level until it ceases.
- An **annuity** that continues following your death, for example to pay an annuity to your surviving **spouse** or **dependants**.
- An **annuity** with a guarantee period of, for example, five years.

How will my pension be paid?

Your **annuity** provider will be responsible for paying your pension, and determining how it will be paid. Details of the procedure for setting up your **annuity** will be provided closer to the time of your retirement.

What if my pension is very small?

If the total value of your benefits (from all tax registered pension schemes you are in, not just the Section) amounts to 1% or less of the **Lifetime Allowance** when you become entitled to them and you are aged between 60 and 75 at that date your benefits may be payable in full – this is called trivial commutation.

Alternatively, if your **Member Account** is less that £2,000 it may be possible to take the full amount of your **Member Account** as a lump sum, regardless of the benefits that you receive from other registered pension schemes, following a change to the law introduced by HMRC. Contact the Scheme Administrator, Capita Hartshead, if you want to investigate this option.

The first 25% of a trivial commutation lump sum will be tax-free under current legislation, but the other 75% will be taxed as income at your usual rate.

Can I take early retirement?

You can retire on immediate pension from age 55, but your employer must give consent to this.

However, your **Member Account** will not have had the additional years of contributions and investment return (if any) and the **annuity** you purchase will be lower because it will take into account the fact that it is likely to be paid longer, since it starts earlier.

If you leave the Section with preserved benefits and, at a subsequent date, choose to take early retirement, the Trustee must first provide consent. Where this early retirement is taken within two years from the date that you left the Section, your employer must also provide consent.

What if I have to retire early because of ill health?

You may take early retirement at any time before your **NRD** where you satisfy the grounds for **Incapacity**.

Your employer will instruct a registered medical practitioner to assess you and provide an opinion on your state of health, and may require that you provide any other evidence that it feels is necessary to draw a proper conclusion. This evidence must also be provided to the Trustee.

You can also use your **Member Account** to purchase pension benefits before **NRD** if you leave the Section with preserved benefits and, at a subsequent date, retire early due to **Incapacity**.

Can I retire later than NRD?

Yes – you can decide that your benefits will come into payment later than age 65. Your **Member Account** will remain invested until that date and you can continue contributing to it whilst remaining in service. However, your pension must come into payment by age 75.

When you choose to retire, your **Member Account** will be applied to provide benefits as described in section 4, above.

How do I find out the value of my Member Account?

Every year the Trustee will provide you with a benefit statement showing the value of your **Member Account** and a projection of your estimated pension at retirement (at age 65 unless you notify that a different age should be used) based on various assumptions concerning your level of contributions and the performance of the Plan's investments.

5. Death benefits

What if I die whilst an active Level 4 Member?

If you die whilst you are a Level 4 Member who is contributing to the Section, a lump sum will be payable.

This will be equal to twice your **Pensionable Pay** at the time of your death (unless your employer provides a similar lump sum benefit under a separate arrangement, in which case this sum may be reduced accordingly) PLUS the value of your **Member Account**, up to a maximum of 4 times your **Pensionable Pay**.

The remainder of your **Member Account** (if any) will be used to purchase an **annuity** for your **spouse** or **dependant**.

Who will receive the lump sum death benefit payable upon my death?

If you die before you retire, lump sum death benefits will be held on a **discretionary trust** by the Trustee. The benefit shall be paid at the discretion of the Trustee, this means that under current law it can generally be paid free from inheritance tax.

If you complete an *Expression of Wish Form* the Trustee can take your wishes into account when exercising its discretion. You should keep your *Expression of Wish Form* up-to-date as your circumstances change. The person that you nominate on your *Expression of Wish Form* is not, however, conclusive.

Death as a pensioner

The terms of your **annuity** with your annuity provider will determine who should receive any death benefit that becomes payable under the terms of the **annuity**. No benefits will be payable under the Section.

What if I die after leaving Service but before retirement?

If you die after you cease to contribute to the Section, but before your pension benefit has been arranged with an annuity provider, the balance of your **Member Account** shall become payable as a lump sum.

6. Leaving the Section

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If you have less than 2 years' Active Membership

If you leave with less than 2 years' **Active Membership** (and there has not been a transfer payment from a personal pension scheme) you will be entitled to a refund of the current value of the **Member Account** attributable to the contributions you have made plus interest. Your refund will, however, be subject to tax (currently 20% on the first £20,000 and 50% above this).

Alternatively, if you have 3 months' **Active Membership** you can choose to transfer the value of your **Member Account** (including relating to both your contributions and your employers' contributions) into an alternative registered pension arrangement.

After you receive a refund, or transfer value, you will no longer be entitled to any other benefit arising as a Level 4 Member.

If you have 2 or more years' of Active Membership

If you leave with 2 or more years' of **Active Membership**, or a transfer payment has been received from a personal pension scheme, you will be entitled to a choice of the following:

- Leaving your **Member Account** in the Section until you become entitled to your benefits when the fund value at that time will be used to provide benefits. Until that time, you will be a 'deferred' Member of the Section. (This is what will happen unless you choose to take a transfer value); or
- A transfer value to an alternative registered pension arrangement – usually either your new employer's occupational pension scheme or a personal pension scheme or stakeholder pension.

If you have two years' or more **Active Membership**, the law does not allow you to have a refund.

Can I transfer my Member Account out of the Plan?

Yes. The Plan Administrator, Capita Hartshead, can provide you with a statement of the value of your benefits, giving instructions on how to go about exercising your right to transfer your benefits from the Plan.

The transfer value will be the current value of your **Member Account**. If you want to go ahead with the transfer then it will be adjusted for any changes to the value of your investments up to the actual date of payment.

You can request a transfer from the Plan Administrator at the address on page 13. The Trustee reserves the right to charge for the provision of this information, and will usually do so if you request more than one transfer value in any 12-month period.

We cannot provide advice on whether or not you should transfer, or on the most suitable place to put your transfer value if you choose to do so. These are complicated matters on which you need independent financial advice. You should use an adviser who is regulated by the Financial Services Authority (FSA). Your Yellow Pages should have a list of independent financial advisers or you could visit IFA Promotions website **www.unbiased.co.uk**

6. Leaving the Section continued

Can I leave the Section without leaving employment?

You can leave **Active Membership** of the Section at any time by giving your employer at least 30 days' notice (unless the Trustee agrees to waive such notice). To 'opt out' you will need to complete an *Opting Out Form*, available from the Plan Administrator.

After you have opted out, your **Member Account** will be treated in the same way as if you had left your employer and you will become a deferred Member. If you later wish to be readmitted to **Active Membership** you may only do so with your employer's consent and on such terms as your employer may agree.

Temporary absence other than family leave

If you are temporarily absent from work because of illness or injury or for any other reason except family leave (see across) you should contact your human resources department to confirm both your membership status and the level of contributions to be paid by you and your employer during your temporary absence.

Family leave

Periods of paid maternity, paternity, parental or adoption leave are counted as **Active Membership**. Your contributions during such absence will be based on the actual pay you receive during these periods of absence. For instance, where you receive only statutory maternity pay, your contributions will be based on that figure. Your employer is required to pay contributions based on the **Pensionable Pay** that you would have received if you were working normally.

During any periods of unpaid family leave, you will not be required to contribute to the Section and nor will your employer pay any contributions. When you return to work, you will have the option of making up the period of absence by paying the contributions that you would have paid during the absence based on your **Pensionable Pay** that you would have received had you not been absent.

You will continue to be eligible for lump sum death benefits for so long as you remain in **Service**.

Part-time working

As your contributions will be a fixed percentage of your **Pensionable Pay**, if you work less than full-time then your contributions will be reduced accordingly.

7. Further information

The Government currently provides two tiers of State pension: the Basic State Pension and the State Second Pension (**S2P**) (which replaced the State Earnings Related Pension Scheme or SERPS in April 2002).

The Basic State Pension is paid at a flat rate to everyone who has made sufficient National Insurance contributions throughout their working life.

The S2P is an additional pension paid on the basis of earnings, as calculated from your National Insurance records.

Contracting-out of S2P

Contracting-out involves agreeing not to build up any State Second Pension (S2P) benefits in exchange for paying reduced National Insurance contributions, with the saving invested in your own pension arrangement. You will, therefore, build up S2P benefits as a Member of this Section, in exchange for paying the full rate of National Insurance contributions unless your employer opted to contract out of S2P. If this is not the case you can still contract-out through a personal pension or a stakeholder pension. You should seek independent financial advice before deciding whether to contract out. You can find an independent financial adviser in your area by visiting **www.unbiased.co.uk**

Tax approval

The Plan is registered for tax purposes with HM Revenue & Customs, enabling contributions to benefit from favourable tax treatment. However, this is subject to any future changes in legislation.

Pensions on divorce

For divorce proceedings commencing after 1 December 2000, or the dissolution of any civil partnership, a court may order that pensions be split between a Member and his ex-**spouse**. If you require further information regarding pension sharing please contact the Plan Administrator, Capita Hartshead. You should note that the divorcing couple must meet the costs of the extra administration in relation to a pension sharing order, however, these charges are designed to be reasonable and easily understood.

Data protection

The Trustee has registered under data protection legislation.

The Trustee and your employer, as data controllers, both have a legal obligation and a legitimate interest in processing the data held about you for the purpose of operating the Plan. This may include passing on data about you to third parties involved with the Plan, such as the Plan Administrator and other advisers, which will be done in accordance with the Data Protection Act 1998. In addition, from time to time the Trustee may request your specific consent to the processing of certain data.

You have a right to request a copy of the personal details that are held about you and to check that these details are accurate.

Civil partnerships

Throughout this guide, references to a '**spouse**' include registered civil partnerships following the Civil Partnership Act 2004.

Help and advice

If you have any queries about the information contained within this guide or about the Plan in general, or if you would like a copy of the Plan Annual Report, then please contact the Plan Administrator at the address below:

Citrus Pension Plan
Capita Hartshead
Hartshead House
2 Cutlers Gate
Sheffield
S4 7TL

Telephone: 0114 273 7331
Email: citrus@capita.co.uk

Alternatively, you may contact the Secretary to the Trustee, at the same address.

7. Further information continued

Complaints

Any concerns regarding the Plan and its administration should initially be raised with the Plan Administrator. If this does not produce a satisfactory response, and you wish to make a formal complaint, then you should contact the Secretary to the Trustee at the address above. There is also a formal internal dispute resolution procedure you can follow; details of this are available from the Secretary to the Trustee. If your complaint cannot be settled internally, and you are not satisfied with the decision under the internal dispute resolution procedure, then you can contact the organisations below.

Further help

The Pensions Advisory Service

The Pensions Advisory Service (TPAS) is an independent organisation available at any time to assist scheme members and beneficiaries with queries or difficulties they have failed to resolve with their administrator or Trustee. TPAS can be contacted at the following address:

The Pensions Advisory Service
11 Belgrave Road
London
SW1V 1RB

Telephone: 0845 601 2923
Website: www.pensionsadvisoryservice.org.uk

If TPAS is unable to reach a satisfactory decision or feels your case is too complex, you can ask for your query to be passed to the Pensions Ombudsman.

The Pensions Ombudsman

The Pensions Ombudsman can investigate and determine any complaint or dispute involving maladministration or matters of fact or law, where the complaint has first been subject to the pension scheme's formal disputes resolution procedure and passed to TPAS. The Pensions Ombudsman can be contacted at the following address:

The Pensions Ombudsman
11 Belgrave Road
London
SW1V 1RB

Telephone: 020 7834 9144
Website: www.pensions-ombudsman.org.uk

The Pensions Regulator

The Pensions Regulator (TPR) is able to intervene in the running of a pension scheme where trustees, employers, or professional advisers have failed in their duties. TPR can be contacted at the following address:

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW

Telephone: 0870 606 3636
Website: www.thepensionsregulator.gov.uk

The Pensions Tracing Service

You can also contact the Pensions Tracing Service, who may be able to help you if you have lost touch with a previous pension scheme. You can contact them at the following address:

Pensions Tracing Service
The Pension Service
Tyneview Park
Whitley Road
Newcastle upon Tyne
NE98 1BA

Telephone: 0845 6002 537
Website: www.thepensionservice.gov.uk

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8. Glossary

Active Membership
When you have joined the Section and are paying contributions to it.

Additional Voluntary Contributions (AVCs)
In addition to your normal contributions, you can pay AVCs to the Section if you wish. These will be credited to a separate notional account and will be used to provide further benefits for you in your retirement.

Annual Allowance
The maximum annual amount of tax-privileged contributions you can make to all pension schemes. It is set by HMRC and is £255,000 for the 2010/11 tax year. It will remain at this level until 2015/16 when it is due to be reviewed by the Government. Any contributions above the **Annual Allowance** will usually incur a heavy tax charge.

Annuity
A policy purchased at retirement that provides a series of regular payments made until the death of the person receiving the benefit. The payments may be subject to increases each year and/or provide **dependants**' benefits in the event of death.

Default Fund
Means the Lifestyle option (see page 7 of the Guide).

Dependants
Anyone who in the opinion of the Trustee is financially dependant or partially dependant on you at the date of your death, including your children and/or spouse. You may choose to provide for these people in the event of your death when you choose an **annuity**.

Discretionary trust
In a **discretionary trust**, the Trustee is the legal owner of the assets and is responsible for running the trust for the benefit of the beneficiaries: in this case, the Level 4 Members. The Trustee has discretion about how to distribute the trust's capital, and may decide: how much is paid out; to which beneficiary payments are made; how often the payments are made; and what, if any, conditions to impose on the recipients.

Incapacity
Physical or mental ill-health or infirmity which, in the employer's opinion and in respect of which the Trustee has received evidence from a registered medical practitioner:

(a) is permanent (i.e. is expected to continue until, at the earliest, the date the Member attains age 65); and

(b) prevents the individual from following his normal employment.

Lifetime Allowance
This is the limit on the value of retirement benefits that you can draw from registered pension schemes before tax penalties apply. It is set by HMRC and is £1.8m for the 2010/11 tax year. It will remain at this level until 2015/16 when it is due to be reviewed by the Government.

Member Account
Your notional individual pension account within Level 4, which comprises your contributions, employer contributions and investment growth on the funds contributed.

Minimum Pensionable Age
The earliest age at which you may take early retirement. This will usually be when you attain age 55.

Normal Retirement Date (NRD)
The day before your 65th birthday.

Pensionable Pay
This is your basic pay for your contractual hours, plus any allowances your employer tells you are pensionable. If you work part time, this rate will be set annually by your employer, based on the hours you are expected to work.

Service
Means employment as a permanent or fixed-term employee or director with an employer participating in the Plan.

Spouse
Your spouse or civil partner under the Civil Partnership Act 2004. You may choose to provide for your spouse in the event of your death when you choose an **annuity**.

State Second Pension (S2P)
This is an additional pension benefit provided by the Government which is separate from the Basic State Pension. It replaced the State Earnings Related Pension Scheme in April 2002. It is related to your earnings. If you are contracted out of S2P you do not build up entitlement to S2P benefits in exchange for paying reduced National Insurance (NI) contributions. Your NI savings are invested in your pension arrangement.