BOC Pension Scheme. Taking your benefits.

THE LINDE GROUP

I'm retiring – what happens now?

This pack explains the choices you have when taking your benefits – you should read this booklet together with the enclosed personal benefit illustration.

How it works...

1. You choose how to take your benefits – all pension or part cash and part pension
2. You receive your benefits. Any lump sum is paid tax-free
3. Your pension is paid each month (tax is deducted at source)
4. Your pension increases to help it keep pace with inflation
5. When you die, your dependants may receive benefits

BOC Pension Services cannot give you advice about your benefits. If you need advice, you can find a financial adviser in your area by visiting **unbiased.co.uk**

Your options – main Scheme benefits

On your personal benefit illustration, you'll find three options:

Option 1 – Pension only

This shows the pension available if you take NO tax-free cash. You might want to take this option if you want to maximise your pension.

Option 2 – Maximum tax-free cash + reduced pension

This shows the maximum tax-free cash sum and the reduced pension. You might want to take this option if you want to take as much tax-free cash as possible.

Option 3 – Alternative tax-free cash + reduced pension

You can choose any amount of tax-free cash up to the maximum. You might want to take this option if you plan to use your tax-free cash for a specific purpose, e.g. paying off your mortgage, but you want to maximise your remaining pension.

You can take up to 25% of the total value of your pension as a tax-free cash lump sum.

You could transfer your Scheme benefits to a defined contribution scheme. This would enable you to access pension flexibilities. You would need to seek financial advice, and would generally need to prove you have done so before your transfer request is considered.

Your options – main Scheme benefits continued

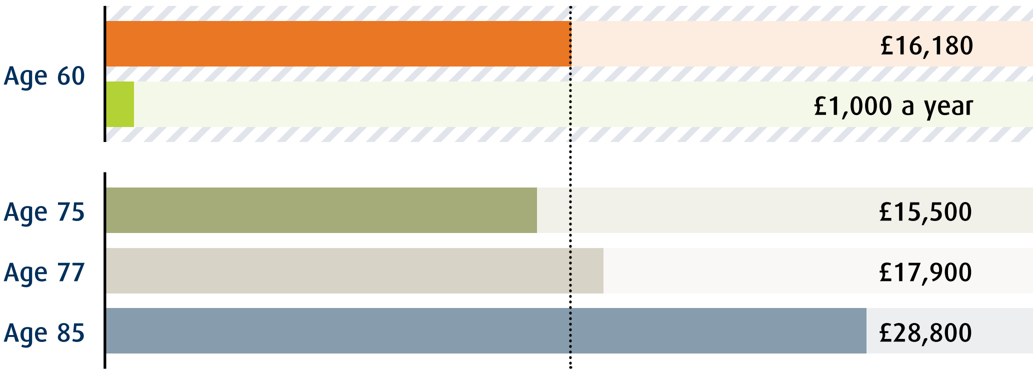
Deciding how much tax-free cash to take

There are several factors you should consider:

- Depending on how long you live, the value of your pension given up in exchange for cash may be greater than the cash sum.
- By giving up some of your pension for tax-free cash, you lose the benefit of pension increases on that portion of your pension.
- Your pension is subject to income tax, while the cash sum is tax free.

Example

At age 60 you give up £1,000 a year in pension for a £16,180 lump sum. This example shows the value of the pension given up, compared to the value of the lump sum.



So, if you died at age 75 the pension given up is worth £15,500, compared to the tax-free cash being worth £16,180. If you died at age 77, the value of the pension given up goes up to £17,900, and it will continue to go up the longer you live. If you invest your tax-free cash rather than spending it, its value could also increase over time.

Early retirement

You can take your benefits from age 55, but your benefits may be reduced as it is expected that they will be paid for longer. The amount of the reduction depends on your age, Qualifying Service and reason for leaving. Your personal benefit illustration will take these factors into account.

Redundancy

If you qualified at the time of redundancy for an unreduced pension from age 55 (or date of leaving if later), your pension will not be reduced for early payment. If you prefer, you can delay payment of your redundancy pension up to age 65 (or age 70 if you left after 31 March 2011). When your benefits are paid, they will receive a special increase to reflect this late payment (but any dependant's pension would not receive this increase).

Amount of lump sum. At age 60

Amount of annual pension given up. At age 60

Total value of pension given up after 16 years, taking into account annual increases and tax.* At age 75

Total value of pension given up after 18 years, taking into account annual increases and tax.* At age 77

Total value of pension given up after 26 years, taking into account annual increases and tax.* At age 85

*assuming increases of 2.5% a year.

Your options – if you have AVC benefits

You can take your benefits as:

Tax-free cash

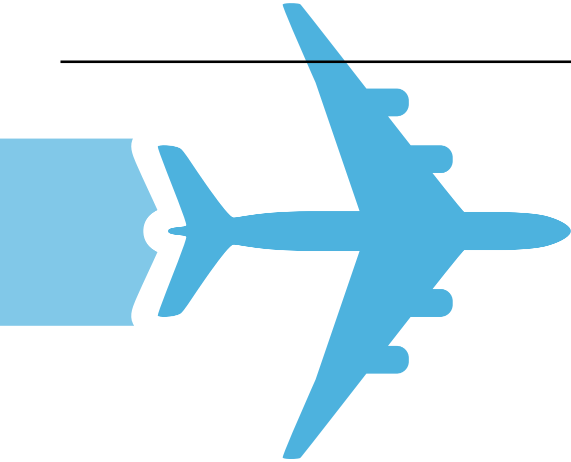
- Flexible lump sums – You have the option to take a variable amount of your AVC fund, of which 25% will be tax free and the rest would be taxed. You are able to take your benefits in up to two lump sums; or
- With Scheme benefits – You have the option to take up to 25% of the combined value of your Scheme benefits and AVCs (subject to the Lifetime Allowance) as tax-free cash. Unless you request otherwise, the cash will automatically be taken from your AVC fund first (normally of benefit to you because of the calculation involved).

Extra pension

You can use your AVC fund to provide extra pension from the BOC Pension Scheme. You can choose:

AVC Option 1	To provide a pension for the rest of your life
AVC Option 2	To provide a pension for the rest of your life and then a pension to your spouse or partner after your death

The figures shown in your illustration are based on AVC Option 1. If you choose AVC Option 2, your AVC pension will be lower (as part of your fund is used to buy a pension for your spouse or partner). If you would like an estimate based on AVC Option 2, please contact BOC Pension Services.



The open market option

As an alternative to having your AVC pension paid by the BOC Pension Scheme, you can use all of your AVC fund to purchase benefits from another provider (e.g. an insurance company). You would still be able to take tax-free cash if you take this option. BOC Pension Services cannot advise on which provider to use but can explain the procedure involved.

Income Drawdown

As part of the pension flexibilities from April 2015, you could take your AVC fund as Income Drawdown, which means you can take a variable income to meet your needs. To take Income Drawdown, you would need to move your AVC fund to another provider who offers this service.

How your pension is paid

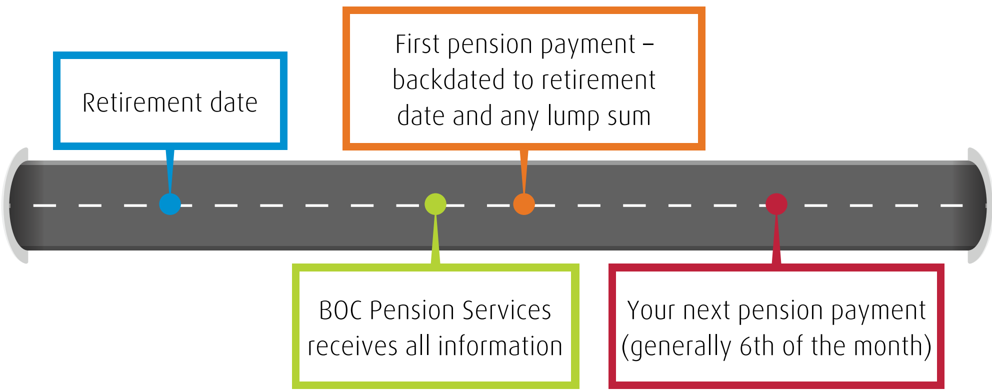
Your pension is paid monthly in advance. Payments are made directly into your bank or building society account on the 6th of each month, or the next working day if this falls on a weekend or bank holiday.

You need to provide your bank or building society account details on the enclosed *Retirement benefit claim* form, so that we can pay your pension and any lump sum. You will receive a pension payslip each April and if your pension changes by £1 or more. You'll also receive a P60 every March, giving details of the pension paid.

If any correspondence is returned to BOC Pension Services (e.g. because you have moved house and not told us), your pension will be suspended until you contact us.

Your first pension payment

Your first pension payment will be made as soon as we have all the forms from you and information from any other providers – this may be four to six weeks after your retirement date. The amount will be backdated to your retirement date, and will include your tax-free cash lump sum if you have chosen this option.



Taxation and tax allowances

Your pension will be subject to income tax in the same way as your salary while you were working.

Tax will be deducted before your pension is paid to you, based on the tax code issued to us by HM Revenue & Customs. The Inspector of Taxes will send you a notice of your tax code. You can contact them using the details below:

www.gov.uk/government/organisations/hm-revenue-customs

0300 200 3300

Please quote employer reference 673/B203

Lifetime allowance

The lifetime allowance (LTA) is the total value of tax-advantaged pension benefits (excluding State Pension) you can build up throughout your lifetime. The LTA is £1 million for the 2016/17 tax year – this is equivalent to a pension of £50,000 a year. If you receive any benefits above the LTA, you may incur a tax charge.

Although most members will not be affected by the LTA, you must inform BOC Pension Services how much of the LTA (if any) you have already used. You can do this on the *Declaration of retirement benefits* form. If you do not provide this information, we are legally obliged to assume that you have used up all of your LTA and will have to apply a tax charge (up to 55%) to your entire pension. You only begin to use up your LTA when a pension comes into payment.

There is also a Money Purchase Annual Allowance which affects members who take some or all of their benefits while continuing to contribute to a DC Scheme, such as the AVC section. This is £10,000 for the 2016/17 tax year. If you think you might be affected, contact BOC Pension Services.

Pension increases

After you retire, the pension you receive is increased to help it keep pace with inflation.

If your pension has been in payment for less than a year, it will receive a proportion of the full year increase. Details of the actual increase applied to your pension will be notified to you each year.

A Guaranteed Minimum Pension (GMP) is included within your pension for any pensionable service between 6 April 1978 and 5 April 1997. The GMP is broadly equivalent to the pension you would have earned from the State Earnings Related Pension Scheme (SERPS) for this period, had you not been contracted out of SERPS through membership of the Scheme. Your pension from the Scheme must be at least equal to the GMP.

If you left the Scheme before 1 April 1997

Your pension above the GMP will be increased each April in line with the Retail Prices Index (RPI) up to a maximum of 6% a year compound.

Your GMP increases differently:

Age/gender	Date GMP built up	Any increases paid by	Increases in line with
Before age 60 for a woman/ 65 for a man	Before 6 April 1988	The Scheme	Statutory requirements
	From 6 April 1988	The Scheme	RPI up to 6% a year compound
From age 60 for a woman/ 65 for a man	Before 6 April 1988	N/A	Does not increase
	From 6 April 1988	The Scheme	RPI up to 6% a year compound

If you left the Scheme between 1 April 1997 and 31 March 2011

Your total Scheme pension will be increased in line with RPI, up to 6% a year compound. Any GMP may receive a further statutory increase.

If you left the Scheme after 31 March 2011

Your pension increases as follows:

Pension built up	Increases in line with
To 31 March 2011	RPI up to 6% a year compound. Any GMP may receive a further statutory increase.
From 1 April 2011	RPI up to 2.5% a year. This cap is averaged over rolling five-year periods.

The Company has discretion to apply a further increase.

Protection for your family

Pensions guarantee

If you and your dependant (if any) die before a total of five times your initial annual pension has been paid, your beneficiaries will receive a lump sum equal to this amount (less any payments already made to you and your dependant, but excluding any Child's Allowance). The Trustee decides who will receive this amount, and will take into account your *Expression of wish* form if you have completed one.

Pension for your dependant

When you die, a pension will be paid to your Recognised Dependant.

In most cases, the pension will be broadly one half of your pension, based on the amount you would have received had you not taken a tax-free cash sum at retirement and ignoring any reduction for early retirement.

Your Recognised Dependant's pension will be based on your Final Earnings (your Pensionable Earnings in the 12 months before leaving or taking your benefits from the Scheme).

If your Recognised Dependant is more than 10 years younger than you, the Trustee may reduce the amount of pension payable to your dependant.

If you have AVC benefits and choose to provide an additional Recognised Dependant's pension with your AVC fund, this will be one half of your own AVC pension at the date of your death.

Your Recognised Dependant is your spouse or registered civil partner, as long as he or she is normally living with you when you die. It could also be another adult who is financially interdependent with you for basic living needs, and who has normally been living with you for at least two years leading up to your death. For example, this could be an unmarried partner who you live with, and with whom you have a joint mortgage or bank account.

ACTION POINT

Complete and return an *Expression of wish* form to let the Trustee know who you would like to receive any death benefits. Remember to keep this updated as your circumstances change.

Child's Allowance

If you have Qualifying Children when you die, they will receive a Child's Allowance of one quarter of the Recognised Dependant's pension for each Qualifying Child (up to a maximum of four). The total Child's Allowance will be split between your Qualifying Children as the Trustee considers appropriate, i.e. they might not all receive an equal amount.

If you are not survived by a Recognised Dependant but are survived by at least one Qualifying Child, who the Trustee believes has been left without the support of another adult, the first Child's Allowance may be increased to the full amount of the Recognised Dependant's pension.

A Qualifying Child is a child under age 16 (or under age 23 and in full-time education). Special conditions may apply if the Trustee believes that the child is permanently dependent through disability.

Pension increases

Recognised Dependants' pensions and Children's Allowances are protected against inflation in a similar way to your pension.

Case study: dependants' benefits

William retires at age 65, with:

Final Earnings of £23,500

Pensionable Service of 25 years

He takes a tax-free cash lump sum of £65,000 and his remaining pension is £7,500 a year.

£65,000 Lump sum

£7,500 a year Pension

William dies at age 70. He is not married but lived with Hazel (aged 61), and they have one child, Kathy (aged 21), who is still at university.

As Hazel and William have lived together for many years, and Hazel relied on William's income to pay their joint bills, she is a 'Recognised Dependant'.

Hazel will receive:

£23,500 x 25 years x $\frac{1}{60}$ = £9,791
(William's pension based on his Final Earnings, ignoring his tax-free cash lump sum)

½ of £9,792 = **£4,896 a year**

Kathy will receive:

As Kathy is in full-time education and under age 23, she will receive a Qualifying Child's pension of:

¼ of £4,896 = **£1,224 a year** Until age 23

Please note that the above example is intended to illustrate broadly how the calculations operate – it does not account for any pre-1 April 2011 and post-1 April 2011 split that would be applied in practice.

State benefits

State pension benefits depend on your National Insurance record and are paid at State Pension Age (SPA).

SPA is currently between ages 65 and 68 if you are a man, and between ages 60 and 68 if you are a woman, depending on your date of birth.

You can request an estimate of your State benefits by visiting **www.gov.uk/check-state-pension** or by calling the Future Pension Centre helpline on 0345 3000 168.

If you are retiring before State Pension Age

You should contact your local Department for Work and Pensions office, as you may have to continue paying National Insurance contributions in order to qualify for any State Pension, when due.

Next steps

- Read this pack carefully and decide how you would like to take your pension.
- Return the completed, signed and dated *Retirement benefit claim* form and *Declaration of retirement benefits* form to BOC Pension Services as soon as possible.

In the future, you should:

- Let us know if you move house using a *Notification of change of circumstances* form, otherwise your pension payments could be suspended.
- Let us know if your bank details change using a *Notification of bank details* form, otherwise you may not receive your pension. You need to contact us in writing if you change your bank details, as this cannot be processed over the phone.
- Complete an *Expression of wish* form and keep this up to date as your circumstances change, so that the Trustee knows who you would like to receive any death benefits.

Legal note

Please note that this booklet is intended to summarise your options on retirement and nothing in it grants any legal right to benefits. Your entitlement to benefits is defined in the Trust Deed and Rules (as amended from time to time) at the date you leave service. You can download a copy of the current Trust Deed and Rules from www.bocpensions.co.uk or request one from BOC Pension Services. If you are a pensioner or a deferred member you should ask for a copy of the edition which applied when you retired or left service.

Contact details

BOC Pension Services, Forge, 43 Church Street West,
Woking, Surrey, GU21 6HT

- **Helpline:** 0800 096 3214
- **Email:** pensions.uk@boc.com

www.bocpensions.co.uk

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