



BOC Retirement Savings Plan (RS Plan)

Countdown to retirement



Your countdown to retirement

8

YEARS UNTIL
RETIREMENT

SECTION

RS Plan

CARRIER NAME

AVC
section
Lifestyle

Your transition phase
is starting...

You're now eight years or less from your Normal Retirement Date, or your Target Retirement Date if you have chosen one.

You have investments in the AVC section of RS Plan.

Did you know that all or part of your AVC fund is invested in BOC Lifestyle? This is an automatic investment approach which aims to help your fund grow while you are younger, and protect its value as you approach your retirement.

As such, your investments are now entering the 'transition phase' – this means that they are moving from growth funds into protection funds. Growth funds aim to maximise the return you receive on your investments. Protection funds aim to reduce the risk of short-term falls in value just before you retire.

This booklet takes you through your pension benefit options and the different transition phases available to you now your countdown to retirement has begun.

To help you make decisions about your pension benefits, you may want to consider taking financial advice. See **page 10** for the contact details.

Once you've explored your pension benefit options and made a decision about your retirement countdown, please complete and return the enclosed form.

How do you want to take your AVC fund?

There are three options in retirement which you may wish to target:

1 Annuity

Buy an annuity
(the default option)

2 Income drawdown

Transfer to another regulated arrangement and take income drawdown

3 Cash

Take all or part of your AVC fund towards your Scheme cash lump sum*

You can only select one Lifestyle transition phase from the options above for your AVC fund.

You can also select from BOC FreeChoice – for information on the funds available please refer to *Your Guide to AVC Investments*.

When you have decided the most suitable transition phase for you, complete your form and send it back to BOC Pension Services. Remember, you can select a different phase before you retire if you change your mind.

ACTION POINT



Use the enclosed form to make a valuable decision today!

It's easy to change your retirement age, or your investment choices.

*If you are over 55 years old and all your pensions together are worth less than £30,000, you have the option to take your entire fund as a 'trivial commutation' lump sum. For more information, visit [gov.uk/tax-on-pension/tax-free](https://www.gov.uk/tax-on-pension/tax-free)

Are you ready to start your countdown?



CHECKLIST

- Do you know when you want to retire?
- Do you think you'll have enough money to retire?
- Do you know how you want to take your pension benefits when you retire?
- Do you think your AVC fund is invested correctly?

Meet Ben



When Ben joined BOC, he started paying into his AVC fund (in addition to his BOC Pension Scheme pension) so that he can take a cash lump sum from his AVC fund rather than using his Scheme pension. He plans to use this to pay off the rest of his mortgage as soon as he's no longer working.

He then received a State Pension statement, showing that he can expect to receive £8,767.20 a year from the State. To estimate his total income in retirement, he also used the pension and contribution modeller at www.bocpensions.co.uk, which projected a Scheme pension of approximately £5,000 a year.

Although Ben will no longer have monthly mortgage payments to make, he is worried about the drop in his regular income to just under £14,000 a year (from his current earnings of £22,000 a year). Ben loves to travel. With more free time in retirement, he'd love to do more of this. This means that he needs to account for higher leisure costs from his income in retirement.

Ben decides to invest into the BOC Cash Lifestyle pathway as he's going to use his AVC fund for his cash lump sum, so his Scheme pension will be higher. Ben also decides to increase his AVC contributions, so he's got some money for his first holiday when he retires.

Your benefit choices

If you haven't thought about how you want to take your AVC fund at retirement, now's the time to start! If you would like to take your AVC fund as cash or income drawdown, you need to select the appropriate transition phase (if you haven't already).

There are three BOC Lifestyle funds in the transition phase:

1 Annuity

BOC Annuity Lifestyle

Buy an annuity
(the default option)

2 Income drawdown

BOC Income Drawdown Lifestyle

Transfer to another regulated arrangement and take income drawdown

3 Cash

BOC Cash Lifestyle

Take all or part of your AVC fund towards your Scheme cash lump sum

You can only select one Lifestyle transition phase for your AVC fund.

Remember, you can select a different phase as many times as you like before you retire if you change your mind. You can also move your investments to BOC FreeChoice funds if you wish.

For more information on the full list of funds available, please see the enclosed *Your Guide to AVC Investments*.

ACTION POINT



1 About annuities

An annuity is a regular income paid for a set period of time (often your lifetime) provided through the Scheme or a contract with an insurance company.

Your AVC fund may be used to provide additional pension from the Scheme. This extra pension will be increased each year to account for inflation.

However, you also have the option to move your AVC fund to an insurance company. You'll then be able to choose an annuity to suit your needs, for example a lifetime annuity or an investment-linked annuity. You can choose whether this pension should be paid for your lifetime only; or for your lifetime, then continuing at 50% of your pension to your Recognised Dependant after your death; as well as whether you want it to increase each year in line with inflation.

Whichever annuity you choose, you will have the option to take up to 25% of your AVCs as a tax-free cash lump sum. You will pay income tax on the rest of your pension.



How the BOC Annuity Lifestyle works

In the BOC Annuity Lifestyle transition phase, your savings begin to move from the BOC Growth Fund to the BOC Pre-Retirement Fund from eight years before retirement. From three years before retirement, your savings also begin to move into the Aegon BlackRock Cash Fund.

By the time you reach retirement, your AVC fund will be invested with 75% in the BOC Pre-Retirement Fund and 25% in the Aegon BlackRock Cash Fund.

2 About income drawdown

Income drawdown enables you to have a flexible income. You can transfer your AVC fund to a suitable drawdown arrangement and you can then choose whether to take either a regular income or cash as and when you need it – it's up to you.

With this arrangement you keep your money invested in specifically designed funds for drawdown. The income you get will vary depending on investment performance and isn't guaranteed. When you take money from your drawdown account, 25% will be tax free and you'll pay income tax on the other 75%.



How the BOC Income Drawdown Lifestyle works

In the BOC Income Drawdown Lifestyle transition phase, your savings begin to move from the BOC Diversified Growth Fund to the BOC Pre-Retirement Fund from eight years before retirement. From five years before retirement, your savings also begin to move into the Aegon BlackRock Cash Fund.

By the time you reach retirement, your AVC fund will be invested with 50% in the BOC Diversified Growth Fund, 30% in the Aegon BlackRock Cash Fund and 20% in the BOC Pre-Retirement Fund.

3 About cash

You have the option to take some or all of your AVC fund value as cash. You can take 25% of the combined value of your Scheme benefits and AVC fund as a cash lump sum which is tax free. If you take tax-free cash, the cash will automatically be taken from your AVC fund first.

Any remaining balance in your AVC fund would be used to provide an additional pension in the Scheme. Alternatively, you can put all or part of your AVC fund towards buying an annuity with an insurance company (see 'About annuities').



Use 25% of the combined value of your Scheme benefits and AVC fund

Taken from your AVC fund first

How the BOC Cash Lifestyle works

In the BOC Cash Lifestyle transition phase, your savings begin to move from the BOC Growth Fund to the BOC Pre-Retirement Fund from eight years before retirement. From four years before retirement, your savings also begin to move into the Aegon BlackRock Cash Fund.

By the time you reach retirement, your AVC fund will be fully invested in the Aegon BlackRock Cash Fund.

Make sure your retirement is on track

Why not follow our quick guide to get your retirement planning off on the right foot...

Are your retirement savings on track?

- ▶ Review your Scheme and AVC benefit statements to see an estimate of your benefits built up so far and how much you could receive at retirement.
- ▶ You can also get an estimate of your State Pension at www.gov.uk/check-state-pension
- ▶ Do you have a pension from a previous employer? If you want to trace a previous pension, you can contact the Pension Tracing Service (see **page 10**).
- ▶ You should also consider any other income you may have, for example personal savings.

How much money will you need when you retire?

- ▶ It may not be the same as you need now.
- ▶ Remember that your costs and bills will change when you retire.

Have you got a retirement savings gap? How can you bridge this?

- ▶ Check whether you are maximising the contributions you could get from the Company.
- ▶ You can change or increase your AVCs that you pay into your AVC fund. Remember, each time you make AVCs the Company uplifts them by 5% if you're in Salary Exchange. If you are not in Salary Exchange, your total contributions are capped at 15% of your salary.
- ▶ Consider retiring later – this means you would have longer to invest your savings and pay more into your AVC fund.

Useful links



Age UK

Provides advice about planning for retirement and much more.

www.ageuk.org.uk

Citizens Advice

Provides advice on a range of topics.

www.citizensadvice.org.uk

Pension Wise

Offers guidance on your retirement choices.

www.pensionwise.gov.uk

The Pensions Advisory Service

Offers free and impartial advice on workplace pensions.

www.pensionsadvisoryservice.org.uk

Pension Tracing Service

Helps you to find a lost pension.

www.gov.uk/find-pension-contact-details

Unbiased

Helps you find a financial adviser in your area.

www.unbiased.co.uk

Here to help

Working Money will guide you through everything you need to consider when planning your retirement finances.



Go to www.workingmoney.co.uk

Contact us

BOC Pension Services

The Priestley Centre, 10 Priestley Road, The Surrey Research Park,
Guildford, Surrey GU2 7XY, United Kingdom
Helpline 0800 096 3214, pensions.uk@boc.com



www.bocpensions.co.uk

May 2020
BOC AVC Lifestyle 8 years until retirement

Legal note

Please note that this communication is intended to provide information and nothing in it grants any legal right to benefits. Your entitlement to benefits is defined in the BOC Retirement Savings Plan Trust Deed and Rules (as amended from time to time). You can download a copy of the current Trust Deed and Rules from the website at www.bocpensions.co.uk or request one from BOC Pension Services. Nothing in this guide constitutes financial advice. It is your responsibility to obtain financial advice if you decide that you need it. To find details of financial advisers in your area visit www.unbiased.co.uk