

# Contributions Explained

RSA Pension Scheme



# When it comes to your retirement planning...

## you're in good company



Being part of your company pension scheme is an important first step for your retirement planning. To ensure that you get the most out of your scheme you should consider how much to contribute. Your scheme has independent trustees to govern the scheme and look after your interests.

**The good news is you don't have to go it alone.**

### Your company

RSA contributes to your pension scheme as additional money on top of your salary. So you have all the right reasons to get started.

### You

Things to consider:

- What company contribution am I entitled to?
- How much should I contribute?

### The government

The government encourages saving for retirement so allows contributions to be made through salary sacrifice. The good news is this means you pay less tax and receive a small reduction in your National Insurance (see the 'Contributions explained' section for more information).

### Fidelity



Fidelity is an investment specialist and experienced pension administrator. Fidelity can also offer you the expertise of experienced fund managers. In addition to administering your pension scheme Fidelity offers you help and guidance in making the right investment choices.

## Contributions explained

In this document you will find an overview of the contribution levels for this scheme. Contributing to a pension is a great way of helping you save for your retirement. As a member of the scheme you will benefit from:

**a company contribution from your employer**

**reduced tax and National Insurance contributions**

You benefit from reduced tax and National Insurance contributions because this pension scheme is a salary sacrifice arrangement. This means you give up the right to receive part of your salary due under your contract of employment, in return for your employer's agreement to provide you with some form of non-cash benefit. In this case, the company will pay an additional pension contribution into your Pension Account equal to the amount of salary that you have given up.



### Quick facts about the RSA Pension Scheme, provided by Fidelity:

- It's a defined contribution scheme, which means RSA pay in, you can pay in and the money is invested to create your own Pension Account, which can be used to buy a pension at retirement.
- RSA will pay in extra when you pay in too.
- The scheme has a Trustee Board to govern the scheme and look after your interests
- You might be able to transfer in other pension savings.
- You choose how the money is invested.

# Contributions

## Your Contributions

Every month, RSA will pay in the equivalent of 9% of your Pensionable Salary into the scheme. If you opt to pay into the scheme as well, you will benefit from the matching contribution of up to 2% of your Pensionable Salary that RSA will pay into your scheme as shown in the examples below.

You pay in		RSA pays in		Total contribution
0%		9%		9%
1%		10%		11%
2%		11%		13%
3%		11%		14%

## Help from the taxman

You will normally receive tax relief on your contributions.

RSA will deduct your pension contributions via its salary sacrifice scheme, known as SMART. The basic principle of this is that if you pay £10 into the scheme, then your salary that is subject to tax and National Insurance (NIC) is £10 less than it would otherwise be, therefore saving you the tax and NIC in the process. RSA then pay the whole pension contribution (£10 in this example) directly to Fidelity.

## How are contributions paid?

Your pay will be adjusted through the payroll system to take into account the amount of salary you have sacrificed. Your company will then pay the whole pension contribution directly to Fidelity.

## Changing the amount of contributions you pay

Increasing, reducing or stopping your contributions is a simple process, which can be done at any time by logging on to RSA's 'Your Benefits' system. You may also be able to make a one-off lump sum contribution to the scheme. Should you wish to consider this option, please contact the Fidelity's Pension Service Centre on 0333 300 3353.

Please note that the value of your investments can go down as well as up and you may not get back the amount invested. Also, as with all pension products, you cannot normally start taking benefits until age 55. Tax relief depends on individual circumstances and may change.

## Pensionable salary cap

We calculate your and RSA's contributions based on what is known as your 'pensionable salary'. Your pensionable salary is your basic salary, excluding any bonus or allowances paid. From 1 April 2016, a pensionable salary cap of £75,000 has been introduced. This means that anything you earn above £75,000 will not be included in your pension contribution calculation.

It's up to you to decide how much you want to pay into the Scheme. You should make sure that contributions do not exceed the standard Annual Allowance limit (see back page).



### Are you contributing enough?

Additional contributions to the scheme will increase your chance of a better retirement income. The earlier you start the better.

It is important that you think about how much you should contribute to ensure that the scheme provides you with the level of income you want in retirement. If you would like help, please see our online planning tool, myPlan. You can access myPlan through PlanViewer (Fidelity's online account service for scheme members) if you have already received your log in details via **www.fidelitypensions.co.uk** If you don't have login details yet, you can still access myPlan via **www.fidelity.co.uk/rsa**

## Important information

This scheme is a registered pension scheme under the **Finance Act 2004**. This means it has been registered with HMRC and enjoys a number of tax privileges. These include the ability to take part of the benefits as a tax-free lump sum and receive tax relief on contributions.

There are no limits to the amount of contributions that you can make to your Pension Account, but HMRC does restrict the level of contributions that can enjoy the full tax advantages. This restriction is known as the annual allowance. The standard annual allowance is £40,000. If you earn over £110,000 per annum, the annual allowance may be tapered down to £10,000 depending on your income. Within this allowance, tax relief on personal contributions is restricted to 100% of your earnings or £3,600 gross a year, whichever is higher.

Additionally, there is a reduced annual allowance for people who have accessed their retirement savings flexibly, by taking money out of their savings beyond their tax-free entitlement or for any income that is not guaranteed through an annuity product. The level for this allowance, known as the Money Purchase Annual Allowance (MPAA) is £4,000 each year and as the name suggests, this is in relation to your money purchase (or defined contribution) contributions.

If you have defined benefit pensions held elsewhere and you exceed the MPAA £4,000 limit, the annual allowance for your total defined benefit savings will reduce to £30,000, known as the 'alternative annual allowance'.

Pension savings are measured over a 12 month period, known as the Pension Input Period, for standard annual allowance purposes. The Pension Input Period for the RSA Pension Scheme runs from 6 April to 5 April.

In addition, if the contributions to all registered pension schemes of which you are a member, including all personal and company contributions, exceed the annual allowance, you may be liable to a tax charge on the excess based on the highest rate of income tax payable by you.



Further information can be found at  
[www.hmrc.gov.uk/pensionschemes](http://www.hmrc.gov.uk/pensionschemes)



## Lifetime Allowance

The Lifetime allowance is the maximum value of pension benefits (excluding state pension) which you can receive from all registered pension arrangements before you have to pay a tax charge. The lifetime allowance is set by HMRC and is currently £1 million (2016/17).

**If you feel you may be affected by this limit, you should consider seeking financial advice.**

PLEASE NOTE: If your existing retirement savings are subject to enhanced or fixed protection in relation to the lifetime allowance, then membership of this plan may invalidate that protection and lead to possible tax charges on your benefits.

Fidelity only gives information about products and services and does not provide investment advice based on individual circumstances. If you would like advice, please contact a Financial Adviser.

