Your **Guide** to the **AXA UK Group Pension Scheme**

Defined Contribution (DC) 2008 Section

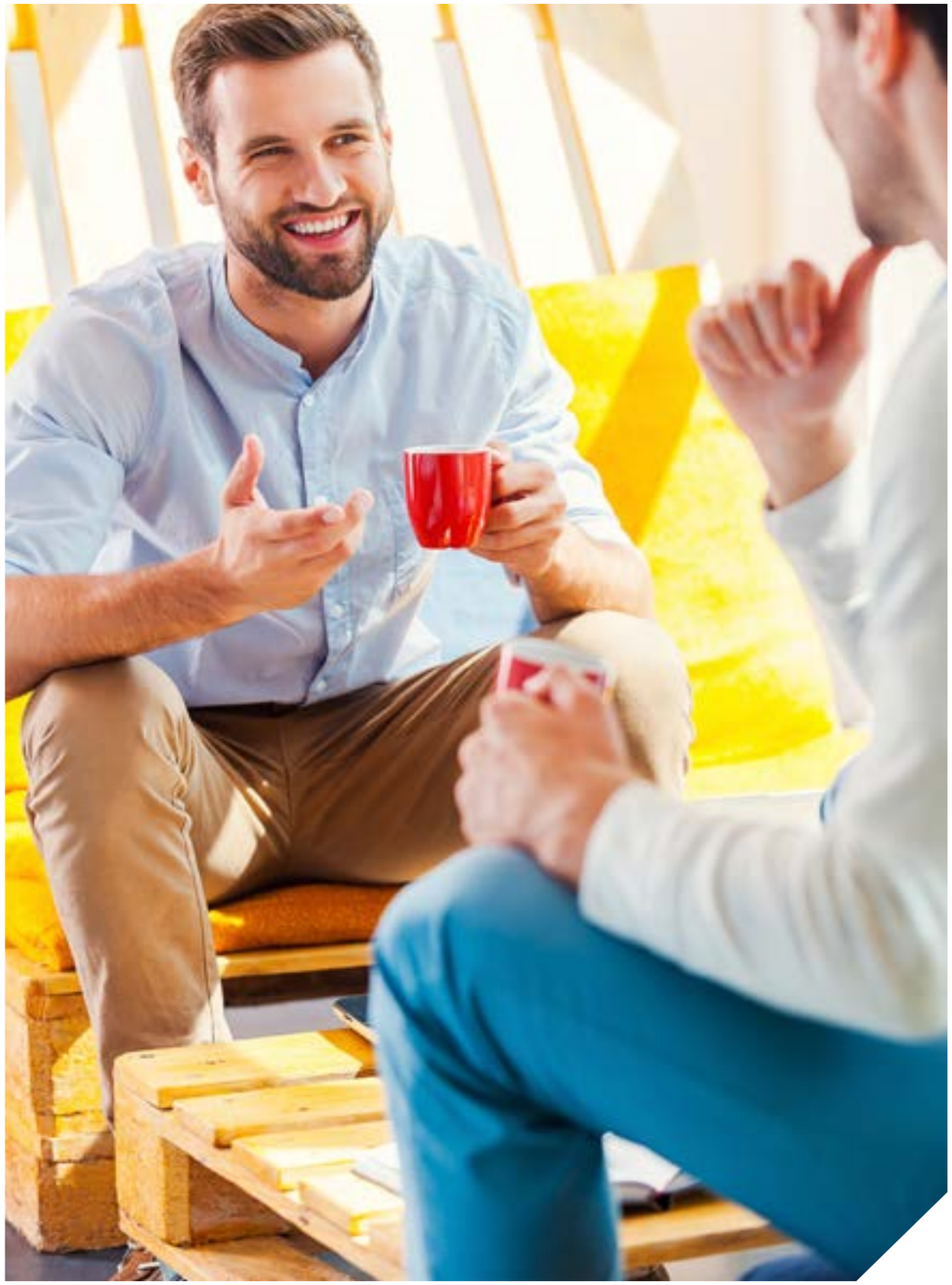
For employees of AXA PPP Taking Care Limited, Health On Line, Health Services and PHC

Members' Guide

redefining / standards

Last updated: July 2018

Introduction



We all look forward to retirement. But before you get there, you need to save up so you have money to enjoy it.

The AXA UK Group Pension Scheme (the Scheme) is a great way of saving and planning for your future. And what's more, if you join the Scheme, the Company also pays money towards your pension.

This is your step-by-step guide to understanding how the Scheme works and the key benefits available to you as a member.

Who does this booklet apply to?

This booklet applies to:

- employees of Health On Line, Health Services and PHC.
- employees of AXA PPP Taking Care Limited, who join the Scheme after 1 April 2018.

This guide explains:

- how the Scheme works;
- the key things to consider when planning for your retirement; and
- the benefits available to you from the Scheme.

What's inside?

Some technical terms are used in this guide – these are explained on pages 24-25.

Joining the Scheme

You automatically join the Scheme when you start working for AXA PPP Taking Care Limited, Health On Line, Health Services or PHC.

You can opt out of the Scheme (see page 18 for details). Think carefully before you do. You'll miss out on valuable benefits including cover for your loved ones (see page 19 for details).

How the Scheme works

When you work for AXA

- Every month you and the Company pay money (contributions) into your Personal Account*.
- The Government also helps you save by providing you with tax relief on your contributions.
- To help your savings grow, you choose where to invest your Personal Account from a range of investment options.

When you retire

Your retirement income depends on:

- how much you and the Company have paid into your Personal Account (contributions);
- where you choose to invest the money paid in;
- the performance of your investments and investment charges; and
- your age when you retire.

*If you make contributions via PaySmart, these are paid by the Company for you.

How the Scheme works continued

How much do you need?

To get the most out of the Scheme, you need to work out how much retirement income you want and need.

Think about it this way:

- If you're likely to have similar financial obligations as you do in your working life, you'll probably need a similar level of income in retirement.
- If you think you're likely to have fewer financial obligations (e.g. your mortgage will be paid off) you may not need as much. But don't forget, having more free time might mean you have more time for things like holidays and meeting up with friends. You may even be helping your family financially.

The Department for Work & Pensions (DWP) has set out how much you might need each year when you retire (for a modest lifestyle) based on how much you earn now:

How much you earn at work (before you retire)	How much of this income you may need when you retire
Less than £12,200	80%
£12,201 to £22,400	70%
£22,401 to £32,000	67%
£32,001 to £51,300	60%
Over £51,300	50%

So for example, if you earn £25,000, you may need £16,750 each year when you've retired. Some of this will come from the State Pension – but the rest will come from your savings. Read on to find out how the following three key things affect how much you get from the Scheme:

- the amount you pay into your Personal Account;
- where you invest your Personal Account; and
- the age you choose to retire.

Your contributions

From April 2018

You pay a contribution of 2.5% of your Pensionable Salary.

The Company pays a contribution of 3.5% of your Pensionable Salary.

From April 2019

You pay a contribution of 4.5% of your Pensionable Salary.

The Company pays a contribution of 4.5% of your Pensionable Salary.

Because of the tax relief you get, your contributions cost you less than you think. With PaySmart you also benefit from National Insurance savings – see 'How you pay your contributions – PaySmart' on page 8.

Jargon explained

The technical terms used in this section are explained on pages 24-25.

Your contributions continued

How you pay your contributions – PaySmart

Your contributions are automatically made by an arrangement called PaySmart.

The Government already offers tax savings on your pension contributions; through PaySmart you also benefit from National Insurance savings.

How does it work?

Basically:

- the Company reduces your salary by your contribution amount; and
- pays the money into your Personal Account for you along with the Company contribution.

What this means in practice can be seen on the following page.

Your contributions are automatically made by an arrangement called PaySmart

If you're earning less than £8,424 (for 2018/2019), you won't pay National Insurance contributions anyway – so participating in PaySmart isn't right for you. Opt out by completing the PaySmart opt-out form available at **https://pensions.axa-employeebenefits.co.uk**

You should also opt out if participating in PaySmart drops your salary below the National Minimum Wage (currently £7.83 an hour if you're over 25 years old).

If you don't want to participate in PaySmart for any other reason you can also complete the PaySmart opt-out form.

Your contributions continued

Paying more into your Personal Account

You can pay more into your Personal Account to help it grow.

Pension top up

Pension top up contributions are made via PaySmart (see page 8) so you benefit from tax and National Insurance savings. Please contact your local payroll to ask for your contributions to be updated.

Your investments

This is the second factor that determines how much you get when you retire.

To help your savings grow, you choose where to invest your Personal Account from a range of investment options.

Where you invest your Personal Account depends on a number of things including:

- what performance are you hoping to achieve;
- how much investment risk you are willing to take; and
- whether you want to invest in a mix of different funds.

You can find more about these in the investment guide at **https://pensions.axa-employeebenefits.co.uk**

You'll find an overview of the investment options available in the Scheme on this page.

Lifecycle or Freechoice – the choice is yours

There are two different types of investment options in the Scheme:

1. Lifecycle strategies: these are strategies for members who do not want to select their own investment funds. Lifecycle Strategies automatically invest in higher risk funds while you're younger to give your Personal Account the best chance to grow.

They gradually move you to lower risk funds the closer you get to retirement to protect the value of your Personal Account.

There are two Lifecycle strategies to choose from:

- **Drawdown Lifecycle Strategy** – for members who wish to take some form of income drawdown when they retire. This is the default investment option for anyone who doesn't tell us where to invest their Personal Account.
- **Annuity Lifecycle Strategy** – for members who wish to buy an annuity when they retire.

Note: You can change which Lifecycle strategy you invest in at any time. And you can still buy an annuity or take income drawdown regardless of which Lifecycle strategy you invest in.

For more information about income drawdown and annuities go to page 13.

2. Freechoice funds: a range of investment funds for members who prefer to choose where they invest their Personal Account.

For more information about the investment options – including quizzes to help you with your investment decisions – read the investment guide at **https://pensions.axa-employeebenefits.co.uk**

Jargon explained

The technical terms used in this section are explained on pages 24-25.

Your retirement age

The third and final key factor that determines how much retirement income you get is the age you retire. The longer you pay into your Personal Account, the more chance it has to grow.

The Scheme offers you flexibility and choice to retire when you want (from 55 years old). Unless you tell us otherwise, we assume that you'll retire on your 65th birthday – this is known as your Normal Pension Date.

The table below explains what you need to do to retire at a different age to your 65th birthday.

	What you need to do	Keep in mind
If you want to access your retirement income before your 65th birthday	Give three months' written notice to the Company.	If you retire early, your Personal Account may be smaller and need to last you longer.
If you want to continue working after your 65th birthday	You can continue contributing to the Scheme.	If you work past your 65th birthday, you may build up a larger Personal Account. And you'll probably have more income each year because it's larger and you have less time in retirement to spend it.
	Even if you're still working for the Company after your 65th birthday, you can use your Personal Account to buy a retirement income (options shown on page 13). If you then wanted to pay more money into the Scheme, you'd be given a new Personal Account. This is known as flexible retirement. In this case, you would have a new money purchase annual allowance of £4,000.	

If you're invested in one of the Lifecycle strategies and you want to retire at a different age, you'll need to update your Personal Account details at **http://lwp.aegon.co.uk/targetplan/** – so your Personal Account is invested in the right funds at the right time. Read the investment guide at **https://pensions.axa-employeebenefits.co.uk** for more information.

Your retirement options

When you're ready to retire, you use the money in your Personal Account for your retirement income (you can, under current rules, take 25% as a tax-free cash lump sum). This replaces the salary you've earned while working and needs to last for the rest of your life.

WHEN YOU RETIRE

YOU CAN TAKE UP TO 25% AS A TAX-FREE CASH LUMP SUM

THE REMAINDER IS USED TO PROVIDE YOU WITH AN INCOME

Your retirement options continued

The different retirement options are explained below.

You can choose from:

- **One cash lump sum:** with this option you take your total Personal Account as one cash lump sum payment. This is called 'Uncrystallised Funds Pension Lump Sum' (UFPLS). The first 25% is tax free and the rest of the cash is taxed at your marginal rate of income tax (like your salary). To find out what this option could mean for your own financial circumstances, use the tax calculator at **http://lwp.aegon.co.uk/targetplan/**
- **A series of cash lump sums:** with this option you can keep your Personal Account in the Scheme and make up to two cash withdrawals from it each tax year. With each lump sum payment, 25% is tax free and the rest of the cash is taxed at your marginal rate of income tax (like your salary). This option is called 'partial UFPLS' and is available up to age 75.
- **Income drawdown:** a retirement option that allows you to withdraw a retirement income from a pension arrangement and leave the rest invested. You have the flexibility with this option to take extra money at different times throughout your retirement.
- **Annuity:** this is an insurance policy you buy when you retire using the money in your Personal Account.

Which you choose will depend on what your retirement needs are. For more information read the retirement options guide available at **https://pensions.axa-employeebenefits.co.uk**

The Government will also make sure you have access to free impartial guidance to help you decide which retirement option is best for you – see page 23 for a list of organisations who can offer free guidance.

Retiring due to ill health

If you're suffering from ill health, the Company and the Trustees may allow you to take your benefits from the Scheme at that point (regardless of your age).

Incapacity

Incapacity is an illness which the Company and Trustees agree prevents you from carrying out your regular role at work.

If you qualify for incapacity, you can use your Personal Account immediately for your retirement income. You can take up to 25% as a tax-free lump sum and use the rest to secure a retirement income (explained on pages 12-13).

State Pension and tax

State Pension

As well as using your Personal Account to buy a retirement income, you may also be entitled to a State Pension. To find out what you're entitled to and from what age (the State Pension age is rising) visit **www.gov.uk/browse/working/state-pension**

Tax

All contributions you make into the Scheme benefit from tax relief. However, there are limits:

Annual allowance

All contributions paid into your Personal Account each year (6 April to 5 April) benefit from tax relief up to certain limits – this is known as the annual allowance. Anything above the annual allowance is taxed at your marginal rate of income tax.

Go to **www.gov.uk/tax-on-your-private-pension** for details.

If you make contributions to any other pension arrangement, these count towards the limit as well.

Lifetime allowance

There is a limit on the amount you can save towards your retirement and benefit from tax relief – this is known as the lifetime allowance. Anything above the lifetime allowance will be taxed at your marginal rate.

Go to **www.gov.uk/tax-on-your-private-pension** for details.

Inheritance tax

All lump sum death benefits are paid at the Trustees' discretion and are normally paid free of inheritance tax.

Income tax on pensions paid from the Scheme

Any pensions paid from the Scheme to you, your spouse, children or other dependants will be treated as earned income and subject to income tax.

Absences

Occasionally, you may need time off work – this section explains what happens to your pension.

Absence type	How is this treated?
Paid maternity, adoption or paternity leave	**If your contributions are made by PaySmart**
	Contributions will continue to be paid into your Personal Account based on your Pensionable Salary before you went on leave.
	If you opted out of PaySmart
	Your contributions will be based on your actual Pensionable Salary. The Company: • will pay contributions based on your Pensionable Service before you went on leave; and • will make up the difference between your actual contributions and what you would have paid based on your Pensionable Service before you went on leave.
	If you paid AVCs before you went on leave
	You decide whether or not to continue them.
Unpaid maternity or adoption leave	Your and the Company's contributions are suspended until you return to work. When you come back to work, the Company will make up all the contributions you and the Company missed while you were on leave and pay them into your Personal Account – based on your Pensionable Salary before you went on leave.
Unpaid parental leave	You don't have to pay any contributions into your Personal Account. If you choose to make up the payments you missed when you return, the Company will also make up the payments it missed.
Other temporary absences	You'll continue to be a member of the Scheme as long as the Company continues to pay your salary. If the Company stops paying your salary, but you're expected to return to work, the Company may allow you to continue being a member of the Scheme: • up to your Normal Pension Date if you're away due to ill health; or • for up to a year if you're away for any other reason. The Company will decide how long contributions are paid into your Personal Account in these circumstances.

Jargon explained
The technical terms used in this section are explained on pages 24-25.

Your dependants will still be entitled to death benefits if you're absent from work (see page 19 for details).

Leaving the Scheme

If you no longer work for the Company

When you leave the Company, you stop contributing to the Scheme. What happens to your Personal Account depends on how long you were a member of the Scheme.

If you were a member of the Scheme for fewer than 30 days	If you were a member of the Scheme for more than 30 days
Option 1: Transfer You can request to transfer your Personal Account to: • another employer's pension scheme; or • a personal pension arrangement. To avoid losing any benefits you've built up, make sure you transfer your benefits within 30 days of making your request.	The full value of your Personal Account will remain in the Scheme until you retire – unless you decide to transfer your Personal Account to: • another employer's pension scheme; or • a personal pension arrangement. If you leave your Personal Account in the Scheme, don't forget to review your investments from time to time to make sure they're still appropriate.
Option 2: Refund If you don't request a transfer, you'll receive a refund of any contributions you've paid into your Personal Account (you'll be taxed at a rate of 20% on the first £20,000 and 50% on the rest). **Any contributions you made via PaySmart won't be refunded. HM Revenue & Customs view these as a Company contribution.**	
Note If you've transferred benefits into this Scheme you'll have the same options as a member who has completed 30 or more days' Pensionable Service (see opposite).	

Leaving the Scheme continued

If you still work for the Company

You may choose to leave the Scheme while working for the Company. Think carefully before you do. You'll miss out on valuable Company contributions and you'll have less money towards your retirement.

If you leave the Scheme, you have the same options as a member who leaves the Company (see previous page).

Can I join the Scheme again?

Yes, you'll be able to join the Scheme again if:

- you meet the automatic enrolment criteria; or
- the Trustees and the Company agree that you may re-join.

If you meet the automatic enrolment criteria set out on page 20, you'll be re-enrolled into the Scheme automatically every three years – in line with Government requirements. You can opt out again if you wish – but will again be re-enrolled after three years if you still meet the requirements.

Top tip

Seek financial advice if you're thinking about leaving the Scheme – it's a big decision. For a list of financial advisers visit **www.unbiased.co.uk**

Benefits for your beneficiaries

If anything were to happen to you, the Scheme provides some benefits for your beneficiaries – these are explained in the table below.

If you die and you're still paying into your Personal Account	If you die and you're not paying into your Personal Account – but haven't retired yet	If you die and you've retired
• A cash lump sum of four times your Pensionable Salary* PLUS • The value of your Personal Account will be paid to your dependants or beneficiaries. This also applies if you've taken flexible retirement in the Scheme.	The value of your Personal Account will normally be paid as a lump sum to your dependants or beneficiaries. If you're still employed by the Company and aren't paying into your Personal Account because you have opted out of the Scheme, a cash lump sum of four times your Pensionable Salary will be paid.	The benefits (if any) paid to your spouse or dependants will depend on the type of retirement income you chose when you retired: • If you bought an annuity: It depends on the type of annuity you choose. If you buy a spouse's pension or have some sort of guarantee, then your spouse will continue to receive a pension or some type of lump sum benefit. If you don't, your dependants won't be entitled to any annuity benefits. • If you took income drawdown: If you die it may be possible for your remaining fund to be left as part of a lump sum inheritance (which could be taxed).

* Unless you have chosen a lower level of cover in return for more salary or other benefits.

Make sure you complete an expression of wish form

The lump sum will be paid at the Trustees' discretion but they'll take your wishes into consideration. By paying lump sums in this way they are not normally subject to inheritance tax.

Indicate who you'd like your lump sum to be paid to by completing an expression of wish form at **https://pensions.axa-employeebenefits.co.uk**

Jargon explained

The technical terms used in this section are explained on pages 24-25.

Other important information

Automatic enrolment

In line with Government requirements, the Company must automatically enrol an employee into a qualifying pension scheme if they meet the following criteria:

- they earn more than £10,000 a year (for the 2018/2019 tax year);
- they are aged 22 or older but under State Pension Age; and
- they work in the UK.

The AXA UK Group Pension Scheme is a qualifying pension scheme and is used by the Company for automatic enrolment purposes.

It's the Company's responsibility to make sure you remain in a qualifying scheme (unless you opt out or leave the Company – see page 18 for details).

Changes to the Scheme

The Company intends to maintain the Scheme for the foreseeable future, however it reserves the right to amend or close it at any time.

Data security

The Trustees hold personal data about you so that they can administer the 2008 Section, calculate and pay benefits. This may include information about your health or family circumstances. This data is always kept secure and only provided to third parties (such as the Company, the Scheme Administrator, auditors and legal advisers) as required.

All of this data is subject to the Data Protection Act 1998, which classifies the Trustees as a 'data controller'.

You can request to see your personal data held on file. If you wish to do so, please contact the Trustees at:

UK Pensions Manager, AXA UK plc, 5 Old Broad Street, London EC2N 1AD

A small fee is charged to cover administration costs.

Other important information continued

Divorce

If you get divorced or your civil partnership is dissolved, your benefits in the Scheme may become the subject of a court order. The Trustees may have to allocate part of your Personal Account to your former spouse – this is known as 'pension sharing'.

In this event you'll probably have to provide your lawyer with an estimate of the value of your Personal Account. You can provide them with your most recent benefit statement and you can use Target Planner to provide an estimate of the total value of your Personal Account.

If you need to request an estimate of the value of your Personal Account from the Trustees, please confirm that it's needed for your divorce – they may need more details from you*.

Once the pension sharing details have been agreed in court, the Trustees will set up the appropriate records, including a new Personal Account for your former spouse and a reduced value Personal Account for you. You can continue paying contributions into your Personal Account but your former spouse won't be able to pay any contributions into theirs.

*The Trustees may charge a small fee to provide this information – which will be deducted from both your and your former spouse's Personal Accounts in the proportions set out by the court order.

Internal Disputes Resolution Procedure (IDRP)

From time to time, you may have queries or concerns about the Scheme. Generally these can be dealt with by the Scheme Administrator, Aegon. If you're dissatisfied with the response to your queries or concerns, you may wish to make a formal complaint through the IDRP.

This is the procedure to follow:

1. Write to the UK Pensions Manager, explaining your complaint at:

   UK Pensions Manager, AXA UK plc, 5 Old Broad Street, London EC2N 1AD

   You'll normally receive a reply within four months.

2. If you're not satisfied with the response, you can ask the Trustees to consider your complaint. You must do this within six months of the UK Pensions Manager's original response. Normally, the Trustees will respond to your complaint within four months.

3. If after hearing from the Trustees you want to take this further, you can write to the Pensions Advisory Service (TPAS) and the Pensions Ombudsman – details on the next page.

Full details of the disputes procedure are available from the UK Pensions Manager at the address above.

Other important information continued

The Pensions Advisory Service (TPAS)

TPAS is an independent and voluntary organisation that gives free advice to members of the public who have a problem concerning either a company or personal pension scheme.

You can contact TPAS if you have a dispute you have been unable to resolve with the Trustees.

The Pensions Advisory Service, 11 Belgrave Road, London SW1V 1RB

0300 123 1047

www.pensionsadvisoryservice.org.uk

Pensions Ombudsman

If you're still dissatisfied with matters after TPAS has attempted to resolve them, you may wish to contact the Pensions Ombudsman who can further investigate any disputes. You'll be expected to contact TPAS before the Ombudsman.

The Pensions Ombudsman, 11 Belgrave Road, London SW1V 1RB

www.pensions-ombudsman.org.uk

The Pensions Regulator

The Pensions Regulator is an organisation which protects members' benefits. It works to ensure that all those involved in running pension funds fulfil their responsibilities and manage their funds effectively.

The Pensions Regulator, Napier House, Trafalgar Place, Brighton BN1 4DW

www.thepensionsregulator.gov.uk

The Scheme's HM Revenue & Customs registration

The AXA UK Group Pension Scheme is a registered pension scheme for HM Revenue & Customs purposes.

Other pension arrangements

You can make payments into other pension arrangements (e.g. a personal pension) at the same time as paying into the 2008 Section. However, the Company will only contribute to the 2008 Section on your behalf.

Bear in mind that the annual allowance and the lifetime allowance will apply to all of the pension arrangements you are a member of – whether you are still paying into them or merely holding deferred benefits under them.

Scheme Administrator and other resources

Aegon Workplace Investing, PO Box 17486, Edinburgh EH12 1NU

0345 603 4048

axapensionsadmin@aegon.co.uk

http://lwp.aegon.co.uk/targetplan/

You'll find lots of useful information on the Aegon website including:

- **TargetBuilder** – a tool you can use to work out how much you might need when you retire; and
- **myPath** – a tool that shows you how paying more money into your Personal Account, retiring later and changing your investment options could impact how much you get when you retire.

https://pensions.axa-employeebenefits.co.uk

For information about the Scheme and tools such as the investment and retirement options guide.

www.unbiased.co.uk

You can find a list of financial advisers in your area on this website.

GOV.UK

Here you can find more information about the State Pension, finding lost pensions, and much more.

www.pensionwise.gov.uk

Pension Wise is a new free and impartial service provided by the Government to help you understand what your retirement choices are at the point of retirement. You can also call the helpline: 0800 138 3944.

www.moneyadviceservice.org.uk

This money advice website provided by the Government offers impartial information on pensions.

www.pensionsadvisoryservice.org.uk

The Pensions Advisory Service offers free independent guidance on your retirement options. You'll find a range of resources on their website. You can also call them on 0300 123 1047.

www.citizensadvice.org.uk

Citizens Advice Bureau will also offer free independent guidance on your retirement options. You can find out more about them on their website.

Your guide to pension jargon

Annual allowance The amount that can be paid into your Personal Account and all other arrangements each year and benefit from tax relief. Go to **www.gov.uk/tax-on-your-private-pension** for more details.

Beneficiary Someone who is entitled to your benefits.

Children A child, stepchild, or adopted child who is dependent on you for maintenance and support and is:

- under 18; or
- under 23 and in full-time education or training.

Company Any company in the AXA Group of Companies in the UK that allows you to be a member of the Scheme.

Dependant Someone who is financially dependent on you.

Final Pensionable Salary Your basic salary over the last 12 months that is used to calculate your Scheme benefits before you retire.

Lifetime allowance The amount you can save towards your retirement over your whole life and benefit from tax relief. Go to **www.gov.uk/tax-on-your-private-pension** for more details.

Normal Pension Date The date you would normally take your benefits from the Scheme – your 65th birthday.

Your guide to pension jargon continued

Pensionable Salary Your basic annual salary plus, if applicable, your annual averaged pensionable sales bonuses.

Pensionable Service The length of time in years and months that you're a member of the Scheme.

Pension input period This is the period over which your and the Company's contributions will be measured against the annual allowance. From 2016 this is 6 April to 5 April (previously it was the Scheme year of 1 April to 31 March).

Personal Account An account the Trustees set up just for you in the Scheme – both you and the Company can pay contributions into it.

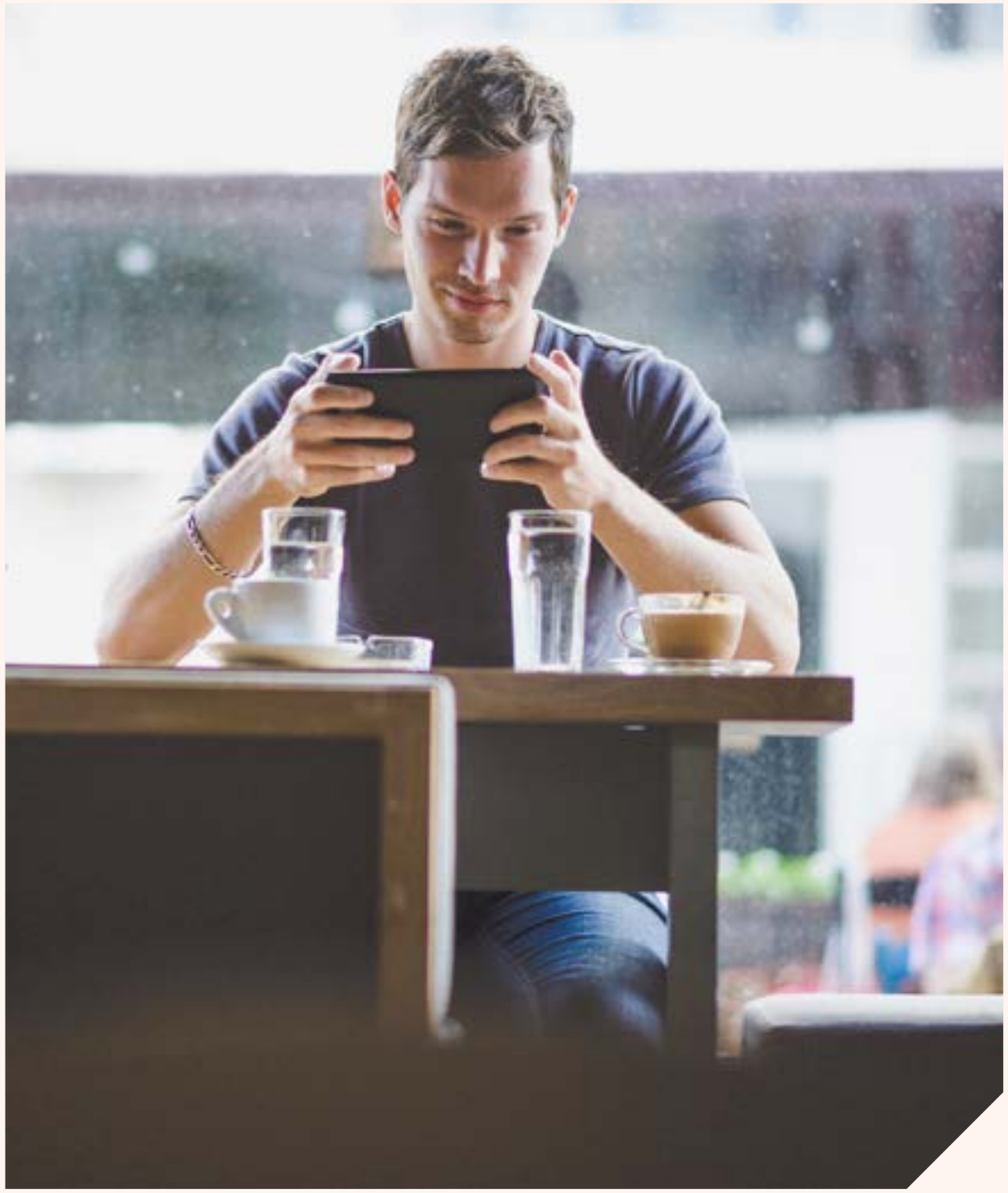
Scheme The AXA UK Group Pension Scheme.

Scheme Administrator Aegon – they are responsible for the day-to-day administration of the Scheme.

Spouse The Person you're legally married to or in a civil partnership with.

State Pension age The age you're usually entitled to State benefits.

Trustees The people who are responsible for managing the Scheme in the best interest of members. Find out more about the Trustees at **https://pensions.axa-employeebenefits.co.uk**



Legal side of things

The information in this document is a guide. It is not exhaustive, and while we have tried to be as accurate as possible if there are any discrepancies between this guide and the Scheme's legal documents (including the Trust Deed and Rules), the legal documents will take precedence. If you want to see a copy of the rules, or if there is anything in this guide you are not clear about, please contact: UK Pensions Manager, AXA UK plc, 5 Old Broad Street, London EC2N 1AD.

This communication is for information only. It does not take into account your personal circumstances and does not constitute financial advice.

Neither the Trustee, the Company, nor the Scheme Administrator can provide you with financial advice. If you're unsure what action to take, we strongly recommend that you seek financial advice.

Please note the value of investments, and income from them, may fall as well as rise. This includes equities, government or corporate bonds, and property. Exchange rates may also affect the value of an overseas investment. As a result, an investor may not get back the amount originally invested. Past performance is not necessarily a guide to future performance.