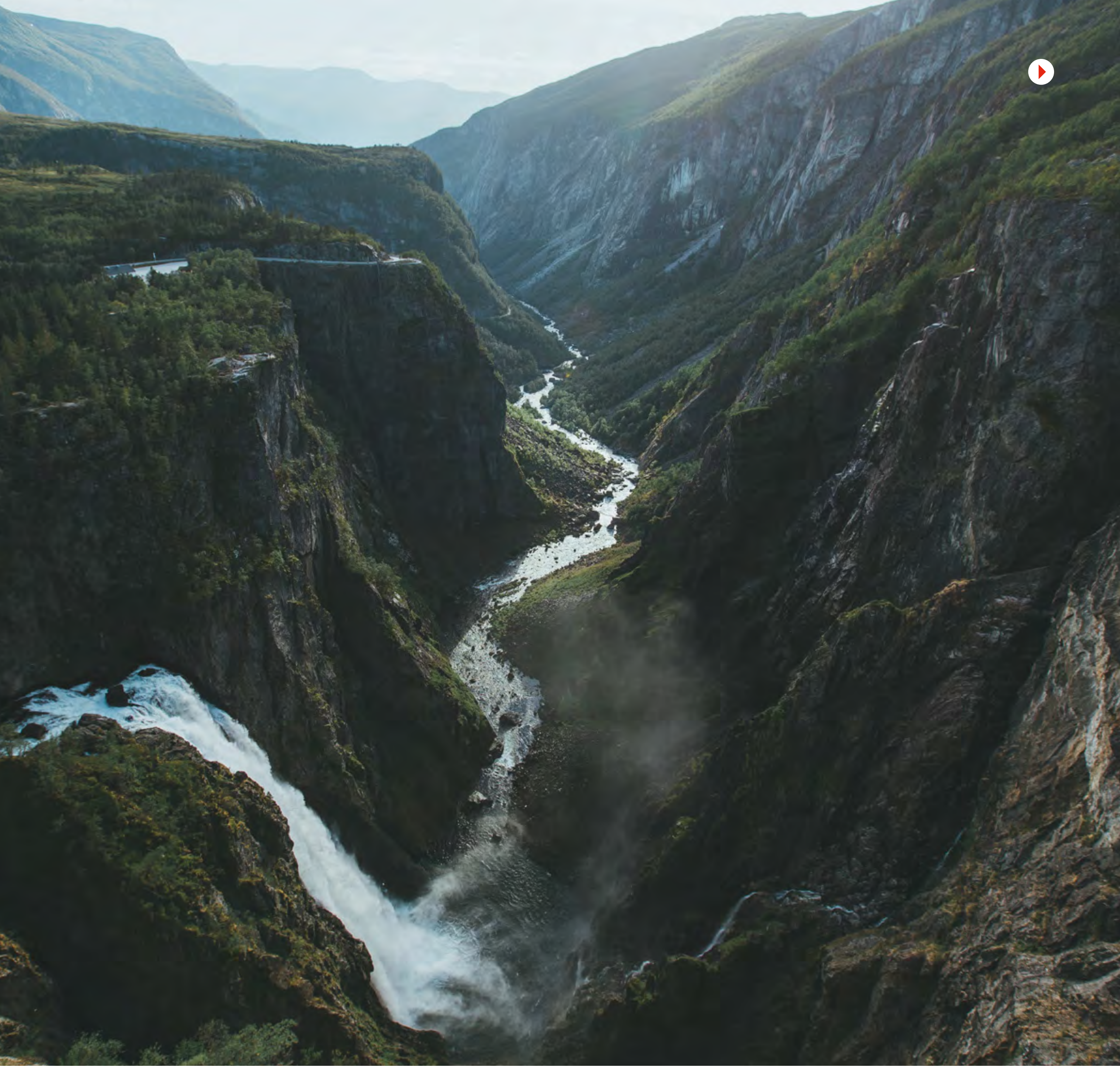


Knowing your
Defined Contribution (DC) pension pot

HSBC | futurefocus

For members with a DC pension pot in the HSBC Bank (UK) Pension Scheme

Your Defined Contribution (DC) pension pot is part of the HSBC Bank (UK) Pension Scheme (the **Scheme**) set up by the HSBC Group for its UK employees. It's a way to build up savings while you're working, to provide a pension for you in the future.

This guide gives you an overview of how your DC pension pot works and the options you have when you take your DC pension pot.

Please note: the information in this guide may not apply to Guernsey, Jersey or Isle of Man members. If you are one of these members, please read the relevant guide on the Channel Islands and Isle of Man tab on the information centre on futurefocus. Alternatively you can get in touch with the HSBC Administration Team (see contact details on page 22) for details of the benefits open to you.

If you're a hybrid member, you should read this guide as well as the guide, 'Your DB and DC benefits working together'.

Some of the words and phrases have special meanings. We've put them in **bold type** and explained them in a list at the back of this guide.

If you're not sure, you can get help

Free and impartial guidance

When the time comes, you choose how to use your DC pension pot. Pension Wise is a service backed by the Government, offering tailored guidance to help you think about how to make the best use of your DC pension pot. Go to: **https://www.moneyhelper.org.uk/en/pensions-and-retirement/pension-wise**

Get financial advice

This guide gives you an overview of your DC pension pot and options; it can't advise you on what to do. If you're not sure you could speak to an Independent Financial Adviser; you can get help finding one at: **https://www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser**

There's also Money Helper who you can contact directly at **https://www.moneyhelper.org.uk/en/pensions-and-retirement**

Know your HSBC pension

If you want to know more about you and your **Scheme** benefits, you might like to take a look at:

HSBC | futurefocus

Tells you about your **Scheme** benefits and gives you easy access to **My Pension**, your personal DC pension pot. There are also links to useful information about pensions in general.

https://futurefocus.staff.hsbc.co.uk/

HSBC

If you'd like help to find out more about pensions and other money issues, try the easy to use Wellbeing Hub.

Contents

Your DC benefits at a glance

Any time from age 55, whether you've stopped working or not, you can choose how to use your DC pension pot, including:

- drawdown lump sums as income (but only if you transfer your DC pension pot out of the **Scheme**);
- a cash lump sum(s); or
- 25% as a tax-free cash sum* and a regular income (in the form of an annuity).

More information on your options at retirement can be found on futurefocus:

https://futurefocus.staff.hsbc.co.uk/active-dc/important-decisions-about-your-retirement-savings.

The Government has increased the minimum age at which a member of a pension scheme can take their benefits, from 55 to 57 and this will take effect from 6 April 2028, except where a member has what is known as a "protected pension age" of 55 or over. This means it may be possible in certain situations to still take your benefits from age 55 from 6 April 2028. For further information on how this change may impact you, please see the FAQs on futurefocus.

* the maximum level of tax-free cash (also called the pension commencement lump sum or PCLS) is £268,275 (i.e., 25% of the standard LTA for the 2023/24 tax year) other than for members with an existing protection.

Help for your family

If you die while you're working for the **UK HSBC Group**, your family and **dependants** will receive a lump sum, normally payable through the **Life Assurance Scheme**. This is usually four times your **benefit salary**, although you can choose a different amount.

Your spouse or civil partner would receive a pension and any **dependent children** would receive an allowance. If you don't have a spouse or civil partner, the **Trustee** has discretion, with the **Principal Employer's** approval, to provide an allowance for another **dependant**.

How money goes into your DC pension pot

If you work for the **UK HSBC Group**, your employer is already putting 10% of the first £27,300[1] of your **pensionable salary** (pro-rated if you're a part-time employee) and 9% of your **pensionable salary** that's over £27,300[1] (up to the **Scheme Earnings Cap**) into your DC pension pot.

How to get even more

If you decide to put some of your salary into your DC pension pot, your employer will match the amount you put in up to 7% of your monthly **pensionable salary**.

HSBC pays the administration and investment management fees for all the investment options available. There are other investment costs borne by members, from time to time, when funds are bought and sold called transaction costs. Because of that, you can get the most out of your DC pension pot.

Depending on the fund you choose, there may be other investment charges which are included in the price of the fund.

Choose how your DC pension pot is invested

You can choose how your DC pension pot is invested from a range of options. If you don't tell us your choice, your DC pension pot will be invested automatically in the Flexible Income Strategy option and we'll assume you're going to take it at age 65. You can check on how your investments are performing and update your personal details online at **My Pension**.

HSBC pays all the administration and investment management fees for the investment options currently available.

There are other investment costs borne by members, from time to time, when funds are bought and sold called transaction costs.

Changing your investment choices and how much you save

You can change your investment choices once a month, for free, through **My Pension**. If you're on the HSBC network, you have single sign on access to **My Pension**. If you're not on the network, or you're using a computer outside the office, you can log in through **futurefocus**. If you are outside the HSBC network you will need a username and password.

You can also change the amount you're putting in through **My Choice** in **My Benefits** and select an 'Anytime Event'.

When you can take your DC pension pot

You can use the money you've built up at any age from 55 to 75. You don't have to stop working to take your DC pension pot. Remember, the longer you make contributions to the **Scheme** the more money you should have available to use for your retirement.

[1]The £27,300 threshold will increase each July by the annual rise in the Consumer Prices Index (CPI) unless the **Trustee** and the **Principal Employer** decide to increase it in another way. This is the yearly figure for 1 July 2024 to 30 June 2025 and is subject to change.

Joining the Scheme

Most people become a member of the **Scheme** automatically on day one of joining the **UK HSBC Group**.

Transferring savings from another pension scheme

If you've built up pension savings with a previous employer or in a personal pension, you may be able to transfer them into the **Scheme**.

The amount of savings you end up with from any transfer-in payment depends partly on how well your investments perform and when you take your DC pension pot.

The **Scheme** may provide DC benefits in a different way from your previous scheme; for example, your previous scheme may link benefits directly to your salary. So it's worth thinking carefully about whether transferring your pension savings into your DC pension pot in the **Scheme** will make the most of your money.

Any savings you transfer to your DC pension pot in the **Scheme** will be invested in full - there are no administration or investment fees. There are other investment costs borne by members, from time to time, when funds are bought and sold called transaction costs.

If you're not sure if it's right for you to transfer your pension to your DC pension pot into the **Scheme**, it's strongly recommended that you speak to an Independent Financial Adviser (IFA), as the **Trustee** and your employer can't give you financial advice. Go to **https://www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser** to find out more information.

How it works

If you want to transfer other pension savings into the **Scheme** download the 'transfer-in' form from **futurefocus**, fill it in and send it to the HSBC Administration Team. They will then ask your previous provider to tell them how much the savings you've built up in that scheme are worth – this amount is called the transfer value. This process may take up to two months to complete. If the transfer value can be added to your DC pension pot in the **Scheme**, the HSBC Administration Team will tell you how much would go into your DC pension pot.

The HSBC Administration Team will also let you know if the **Scheme** cannot accept the transfer.

If you want to go ahead, you can add the transfer value to the investment option you're already invested in or choose a different option.

There's more information on investing your DC pension pot on pages 12 and 13.

If you've lost contact with your former pension scheme

If you're having trouble finding the contact details for a previous pension scheme, the Government's Pension Tracing Service may be able to help you, go to: **www.gov.uk/find lost-pension**

Saving into your DC pension pot

Working for the **UK HSBC Group** means your employer gets you started by putting an amount equal to 10% of the first £27,300[1] of your **pensionable salary** (pro-rated if you're a part-time employee) and 9% of your **pensionable salary** that's over £27,300[1] (up to the **Scheme Earnings Cap**) into your DC pension pot in the **Scheme**.

If you work **additional hours**, the salary you get for those **additional hours** will be included in your **pensionable salary**.

How to get more from your DC pension pot

If you decide to put some of your salary into your DC pension pot, your employer will match the amount up to 7% of your monthly **pensionable salary**.

Your employer reduces your salary by the amount you've agreed to put in and then pays the equivalent amount into your DC pension pot. This means you'll pay less income tax and National Insurance because the salary you're assessed on is lower. This is known as a **salary sacrifice**[2] arrangement.

The example below illustrates how much a member could be saving in the **Scheme** if they decided to put in 7% of their **pensionable salary** and got the maximum match of 7% from HSBC. (Figures are rounded to the nearest £.)

John's pensionable salary is £30,000 a year – that's £2,500 a month (before tax).

His employer puts **10%** of **£27,300**[1] and **9%** of **£2,700** into his DC pension pot – that's **£247** a month.

He decides to put in **7%** of his **pensionable salary** – that's **£175**.

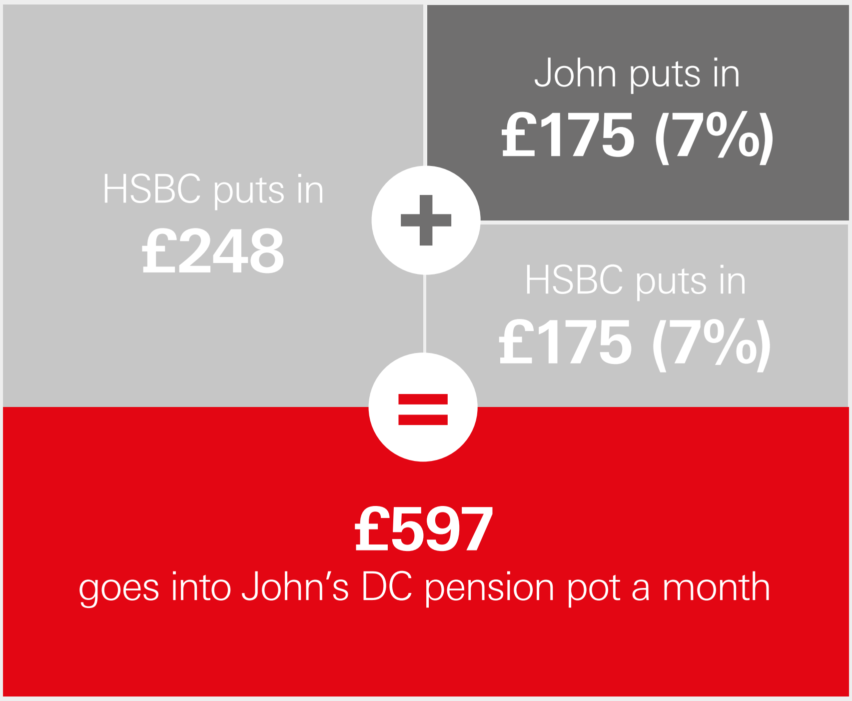
His employer then matches his **7%** – that's an extra **£175** going into his DC pension pot.

It gets better

Because he's using **salary sacrifice**, if he's a basic rate taxpayer[3] this reduces his take home pay by only

£126 – not £175

This means there is **£597** going into his **DC pension pot** in the **Scheme** each month.



[1] The £27,300 threshold (as of 1 July 2024) will increase each July by the annual rise in the Consumer Prices Index (CPI), unless the **Trustee** and **Principal Employer** decide to increase it in another way.

[2] Not all members will participate in **salary sacrifice**.

[3] Based on basic UK tax rate of 20% and NI savings of 8% from April 2024.

How much should go into your DC pension pot

The calculator wizard on the **futurefocus** website may help assist you with deciding how much to put into your DC pension pot. Why not take a look!

If you're temporarily absent

If you're on long-term sick leave or go on maternity, paternity, shared parental or adoption leave, your employer will continue putting money into the **Scheme** based on your **pensionable salary**. You can keep putting money in as well and the amount you pay will be based on the salary you actually receive during the period of absence, rather than your **pensionable salary**. If your salary is reduced (or if you're not being paid), any benefits that continue to be provided would be based on the notional **pensionable salary** you'd receive if you were at work.

The Bank's 'Group Income Protection' (GIP) employee guide gives you more information and you can find this in **My Benefits**.

Limits on tax relief

Annual Allowance (AA)

You can put as much money as you want each year into your DC pension pot, but there's a limit to the amount of savings the Government will let you have tax relief on. The overall limit each year is called the 'Annual Allowance' (AA). The standard AA is currently £60,000, as at 6 April 2024, For high earners, the AA may be lower. If you have a taxable income over £200,000, you will still be subject to the "taper" measure and hence potentially a much lower personal AA. The lowest level of the tapered Annual Allowance (TAA) is £10,000 from 6 April 2024 and this will apply for those with taxable incomes (inclusive of employer sponsored pension savings) over £260,000.

This means that you may have the scope to make larger tax efficient pension savings than before. If you had ceased making pension savings, or restricted them, because of the TAA or because your pension savings were at or around the LTA, you may be considering whether to make new pension savings. We recommend that you speak to a regulated financial adviser before making any decisions.

Anything that you or your employer put into your DC pension pot above the AA is taxed at your marginal tax rate, unless you are able to 'carry forward' unused AA from a previous tax year.

In the **Scheme**, benefits are tested each year against

the AA over the Pension Input Period (PIP), which is 6 April to 5 April for the 2024-2025 tax year and any subsequent tax years; these benefits will be the employer contributions and any contributions you make to the **Scheme** – this is called the Pension Input Amount (PIA).

If you make contributions to any other **registered pension scheme** these will also count towards the AA limit.

If you're an **active hybrid member** your DB benefits and your ongoing contributions will be taken into account and tested against the AA limit – the guide '**Your DB and DC pension benefits working together**' tells you more.

Your PIA to the **Scheme** for the previous tax year will be made available to view online on My Pension, normally from the end of June of the following tax year. In addition, if you exceeded the standard AA or triggered the MPAA (see page 11) in that tax year, your pension savings statement will be available to view online at the same time.

Example of AA calculation for the Scheme PIP 6 April 2023 – 5 April 2024

The following example shows how contributions paid into the **Scheme** are tested against the AA for the PIP 6 April 2023 - 5 April 2024

Example – DC calculation

Pensionable salary	£55,000
Employer core contributions*	£5,207
Member pays 7%	£3,850
Employer matches 7%	£3,850
PIA for tax year 2023/24 is:	**£12,907**

*The salary threshold that we use to calculate the core employer contribution is updated annually in July. This means that we use two different thresholds to calculate the employer contribution over the tax year. For the 6 April 2023 to 5 April 2024 tax year, we use the July 2022 threshold of £23,900 for the first three months of the tax year. We use the July 2023 threshold of £26,400 for the remaining nine months.

The standard AA for the tax year 2023/24 was £60,000 which means in this example, the PIA is within the AA limit.

If you're an **active hybrid member** don't forget DB benefits and your ongoing contributions will count towards the AA. There's an example of how your AA is calculated on page 9 of the guide '**Your DB and DC pension benefits working together**'.

Your new lump sum allowances

The Lifetime Allowance (LTA) was the maximum amount that someone could save in their pension without incurring additional tax. The LTA has now been abolished and has been replaced by two new lump sum allowances. From 6 April 2024, the total amount of your pension savings (across all your pension schemes) that can be paid as tax-free lump sums will be limited by the Lump Sum Allowance and the Lump Sum and Death Benefit Allowance.

The Lump Sum Allowance is a limit on the total amount of tax-free cash you can take at retirement. It is currently set at £268,275 for most people, although you may have a higher allowance (for example, if you hold an LTA protection).

This limit applies if you take a one-off tax-free cash lump sum when you start taking your pension pot. It will also apply to the total amount that you receive tax-free if you decide to take multiple lump sums over a period of time (part of which are tax-free). If the total amount of tax-free cash lump sum(s) across all your pension schemes (including from defined benefit schemes) exceeds your available Lump Sum Allowance, you will pay income tax on the excess amount at your marginal rate.

The Lump Sum and Death Benefit Allowance is a limit on the total amount of tax-free lump sums payable at retirement, on your death or in cases of serious ill health. It is currently set at £1,073,100, for most people, although you may have a higher allowance (for example, if you hold an LTA protection).

If the total tax-free lump sums or death benefits paid out exceeds your available Lump Sum and Death Benefit Allowance, the recipient will pay income tax on the excess amount at their marginal rate.

The amount of these allowances that you have available when your benefits are paid from the Scheme may be reduced if you have already received a tax-free cash lump sum from one of your pension schemes or if you started to receive benefits from one of your pension schemes before 6 April 2024.

If you have received any benefits before 6 April 2024 we are required to calculate your available allowances on the assumption you took the maximum amount of tax-free cash that you could when you took your benefits. If you took less tax-free cash than this, you may benefit from applying for a Transitional Tax-Free Amount certificate. In order to do so, you will need to provide us with evidence of the benefits you have previously received, including the amount that was paid to you tax-free.

If you get a certificate this will mean that the adjustment to your Lump Sum Allowance and Lump Sum and Death Benefit Allowance will reflect the actual amount of tax-free cash you have received. This may lead to a better or worse outcome, so you should consider carefully whether or not to apply for a certificate.

If you are unsure about whether or not you would benefit from applying for a Transitional Tax-Free Amount Certificate we recommend you speak to an independent financial adviser.

Please note that if you want to apply for a certificate you need to do this before you take a tax-free lump sum for the first time after 5 April 2024. If you do not get a certificate before this you will lose your right to apply for one. This could mean you may end up paying more tax than you need to when you receive your benefits from the Scheme and from other pension schemes of which you are a member.

Please also note that the information in this section (**Your new lump sum allowances**) may not apply to Guernsey, Jersey or Isle of Man members.

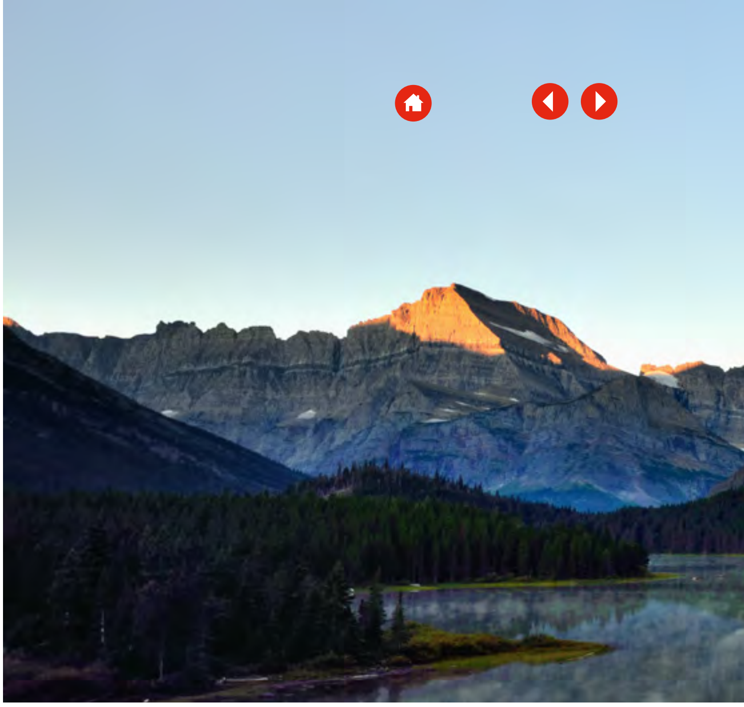
For more information, please contact the HSBC Administration Team.

Money Purchase Annual Allowance (MPAA)

Taking all your DC pension pot (or any other money purchase savings you have) as cash, opting for 'flexible drawdown' or taking reducing annuities when you're over age 55 (see pages 14-15, Using your DC pension pot) may trigger a reduced Annual Allowance, the MPAA, for any future DC contributions.

The MPAA limit for the 2024/25 tax year is £10,000 and, if triggered, any contributions to the **Scheme** (or contributions to other DC schemes) you or your employer make that are over the £10,000 limit are subject to a tax charge.

Find out more about limits on tax relief at the Money Advice Service **https://www.moneyhelper.org.uk/en/pensions-and-retirement/tax-and-pensions/tax-relief-and-your-pension**



Helping your money grow

You can choose how your money is invested

You have four investment options.

1 OPTION ONE:

The Flexible Income Strategy invests in a pre-selected range of funds. The mix of the funds used for your DC pension pot changes automatically in the approach to your **Target Retirement Age** and beyond.

During the growth phase, when you're younger, your DC pension pot is invested in funds with the aim of achieving long-term growth, but this means it will still change in value with the highs and lows of the stock markets. The design of this strategy takes into account that you've still got time for the value of your DC pension pot to potentially recover if stock market prices fall.

Then, as you get closer to retirement age, your DC pension pot is automatically switched into a diverse mix of investments including lower-risk investments such as bonds and cash. This is called the 'consolidation phase'. It aims to provide more limited but continued growth whilst smoothing out some of the stock market's highs and lows.

This is to reduce the risk that the value of your DC pension pot will fall sharply before you access it at (or beyond) **Target Retirement Age**.

If you think you'll use some or all of your DC pension pot to buy an income then this option might suit you.

If you don't tell us the option you'd like, we'll automatically invest your DC pension pot in the Flexible Income Strategy*.

To take drawdown income you'll need to transfer out of the **Scheme** to a provider who offers this facility.

2 OPTION TWO:

Lump Sum Strategy works in the same way as the Flexible Income Strategy as it automatically moves your money into lower-risk investments like bonds and cash, as you approach your **Target Retirement Age** and beyond.

The strategy aims to reduce the risk of the value of your DC pension pot falling sharply before you take it.

If you think you'll take all of your DC pension pot as cash then this option might suit you.

3 OPTION THREE:

Annuity Purchase Strategy works in the same way as the Flexible Income Strategy as it manages some of the investment risks for you. It automatically changes the mix of your investment funds in the approach to retirement. When you reach your **Target Retirement Age**, 25% will be invested in the Cash Fund - active, and 75% will be invested in the Fixed Annuity Tracker Fund - passive.

If you think you'll take 25% of your DC pension pot as tax-free cash and use the balance to buy a regular income for life (an annuity) then this option might be for you.

4 OPTION FOUR:

Freechoice gives you flexibility to manage your money and allows you to choose from 18 funds to invest in and to move your money between them as your plans and circumstances change.

*This is not the automatic option if you were an **active hybrid member** on 1 July 2015 – the automatic option for you is the Lump Sum Strategy unless you have DC AVCs (see the guide - '**Your DB and DC pension benefits working together**').

How to find out more about investing

It's important that you make decisions that help your money work in the best way for you.

The guide '**Your DC pension pot – your investment choice'** gives you an overview of the four options for investing your DC pension pot and provides further information about investments.

*If you were an active DB member on 30 June 2015, had AVCs and have been building up a DC pension pot from 1 July 2015, your **Target Retirement Age** will be the same as the retirement age for your AVCs.

Find out how your investments are performing

My Pension at work, at home and on the go is where you can find out how your investments are performing – log on to **My Pension** via your computer or using the mobile app (page 25 tells you how to get online).

Investment factsheets you'll also find DC fund factsheets that show how the funds have performed on the information centre located on **futurefocus**.

Review and change your investments and retirement age

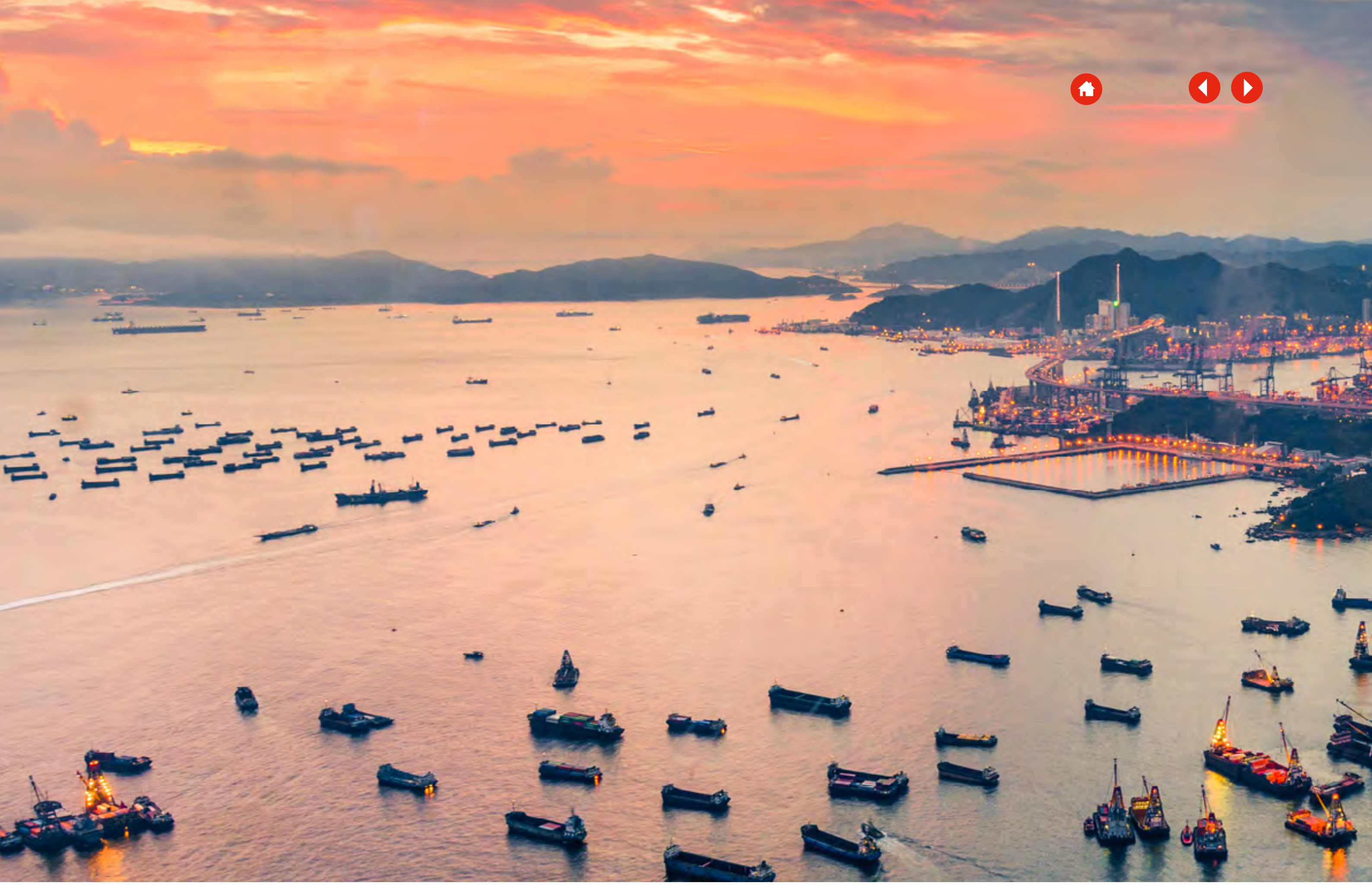
You can change how your money is invested and change the age you want to target to take your DC pension pot (set at 65 unless you tell us a different age*) by logging on to **My Pension**. You're able to make up to 12 free switches a year – if you make any more there may be a charge.

Whatever decision you make isn't a one-off. It's something you should review regularly especially as you get closer to the age when you want to take your DC pension pot, or as your personal circumstances change.

HSBC pays most of the fees

HSBC pays the administration and investment management fees for all the investment options available. Because of that, you can get the most out of your DC pension pot.

Depending on the fund you choose, there may be other investment charges which are included in the price of the fund.



Using your DC pension pot

Choosing the age to take your DC pension pot

You can choose to take your DC pension pot at any age from 55 to 75.

You can tell us the age you want to target in **My Pension**.

If you don't make a choice, we'll assume you'll want to take your DC pension pot at age 65*. This is known as your **Target Retirement Age (TRA)**. The HSBC Administration Team will write to you six months before you reach your **TRA** to tell you the current value of your DC pension pot. If you want to, you can ask for this information earlier or go online at **My Pension** to see the value of your DC pension pot which is updated daily.

When the HSBC Administration Team write to you, you'll get information about your choices and where to get more help and guidance.

*If you were an active DB member on 30 June 2015, had AVCs and have been building up a DC pension pot on and from on 1 July 2015, your **Target Retirement Age** will be the same as the retirement age for your AVCs.

New pension regulations

You can access a free, independent and government backed guidance service from MoneyHelper called Pension Wise.

New pensions regulations mean that if you are over age 50 and you want to take or transfer your DC pension pot from the Scheme, except in limited circumstances, you must attend a pensions guidance appointment with Pension Wise. The HSBC administration team will not be able to proceed with your application unless you have received appropriate pensions guidance, or you opt-out of receiving guidance.

If you are thinking of retiring soon and want to know more about the Pension Wise guidance service, you can find out more here: **https://www.moneyhelper.org.uk/en/pensions-and-retirement/pension-wise**

If you are or were an **active hybrid member** you have more choices about what to do with your **Scheme** benefits, please read the member guide, '**Your DB and DC pension benefits working together**', tells you more about this.

Help to make your choices

If you're age 55 or over and thinking about taking your DC pension pot, there's lots of information to help and guide you through your options.

MoneyHelper is a service backed by the Government. It offers free, impartial guidance to help you understand what your choices are and how they work. You can access their advice on the internet **https://www.moneyhelper.org.uk/** by phone or face-to-face. To book an telephone appointment, call 0800 138 3944 (+44 20 3733 3495 if outside the UK.) You can book an appointment by calling your local guidance provider. Visit **https://www.moneyhelper.org.uk/en/pensions-and-retirement/pension-wise/book-a-free-pension-wise-appointment** to find relevant contact details.

You should access the guidance available and consider taking independent financial advice to help you decide which option is most suitable for you.

How you could use your DC pension pot

You can use your DC pension pot anytime from age 55 up to 75 in any way you like (as long as it is permitted by the **Scheme** Rules and by overriding legislation).

What you do will depend on your personal circumstances. For example, if you want to pay off a mortgage you might want cash or, you might prefer a regular income.

Here's what you can do with your DC pension pot:

1 OPTION ONE
Tax-Free Cash Sum

2 OPTION TWO
Drawdown Income (not offered directly from the Scheme)

3 OPTION THREE
Cash Out

4 OPTION FOUR
Regular Income with an Annuity

Not all the options listed may be available if you've got legacy AVCs. The HSBC Administration Team will let you know when you come to take your benefits if this applies to you.

How you could use your DC pension pot

1

OPTION ONE:

Tax-free cash sum – you can currently take up to 25% of your DC pension pot (up to the new lump sum allowances - see page 13) tax-free. What's left over could be used to buy a regular income.

2

You'll need to transfer your DC pension pot out of the **Scheme** to a provider offering a drawdown facility.

OPTION TWO:

Drawdown income – also called 'flexi-access drawdown'.

Once you've transferred your DC pension pot, you'd be able to take up to 25% of your DC pension pot (see **Your new lump sum allowances** on page 13) as tax-free cash and invest the rest in one or more funds that will allow you to take income when you like, for example, monthly or on an irregular basis.

The income you take will be taxed at your marginal income tax rate.

Alternatively, you can transfer your DC pension pot and 'drawdown' a series of cash lump sum payments, taking 25% of each payment (see **Your new lump sum allowances** on page 13) tax-free with the rest of the payment being taxed at your marginal income tax rate.

If you choose the drawdown income option, you will need to transfer your DC pension pot out of the Scheme to a drawdown income provider. Before you make any decision, it's important to shop around and make sure you choose a provider that best matches your needs. There are many different providers available.

The Trustee, working with its DC advisers, have completed a detailed review of the drawdown income market. They have agreed competitive charges with LifeSight Spending, a drawdown income provider. The new charges with LifeSight Spending were made available to members in October 2022. You can find out more on the **LifeSight Spending microsite**. Please note by clicking this link you'll be leaving futurefocus and going to an external provider's site.

Please note: If you wish to access drawdown income, you have the option to transfer out of the Scheme to LifeSight Spending or a different drawdown provider, it's your choice. If you want to take your DC pension pot as drawdown income you will be transferring and exiting from the HSBC Bank (UK) Pension Scheme even if you choose to transfer to LifeSight Spending.

If you need more help to choose a drawdown income provider or to think about your retirement income options, why not visit our new retirement pages on **futurefocus**. You will find helpful videos as well as useful information on the different retirement products available and how to compare them.

You can carry on working

If you're 55 or over and want to take your DC pension pot but don't want to stop working you don't have to. You can either carry on as you are or take flexible retirement, working the same or fewer hours. What you do with your DC pension pot is up to you.

You could use your pot in one of the ways outlined below and then start to save again in the **Scheme** if you want to. Or you could leave your benefits invested until you are ready to retire.

Currently, you can ask to 'cash out' your DC pension pot once every 12 months.

If you decide you want to carry on working for the **UK HSBC Group**, but don't want to be an active member of the **Scheme**, you'll still be covered for the lump sum death benefit payable through the **Life Assurance Scheme**. However this will mean that your spouse/civil partner will not be eligible for a pension and no child allowance/**dependants'** pension would be paid if you die.

3 OPTION THREE:

Cash out – take all of your DC pension pot in one go. This option gives you the opportunity to take 25% of your DC pension pot (see **Your new lump sum allowances** on page 13) tax-free and the rest is then taxed at your marginal income tax rate* (taking benefits this way may affect any 'means-tested' benefits you might be entitled to).

If you're still working at HSBC when you decide to 'cash out' for the first time, you can start to save again in the **Scheme** (however, please note that you'll have triggered the MPAA). Currently, you can ask to 'cash out' twice. This can be split over two consecutive tax years and you must make this decision up front.

*HSBC's Administration Team won't have your tax code so you'll pay tax at emergency rate (i.e. without any personal allowances) on the cash amount over the tax-free limit. You'll need to reclaim any overpaid tax yourself – there's more information about this at **www.gov.uk/claim-tax-refund** or you can contact your HMRC office.

4 OPTION FOUR:

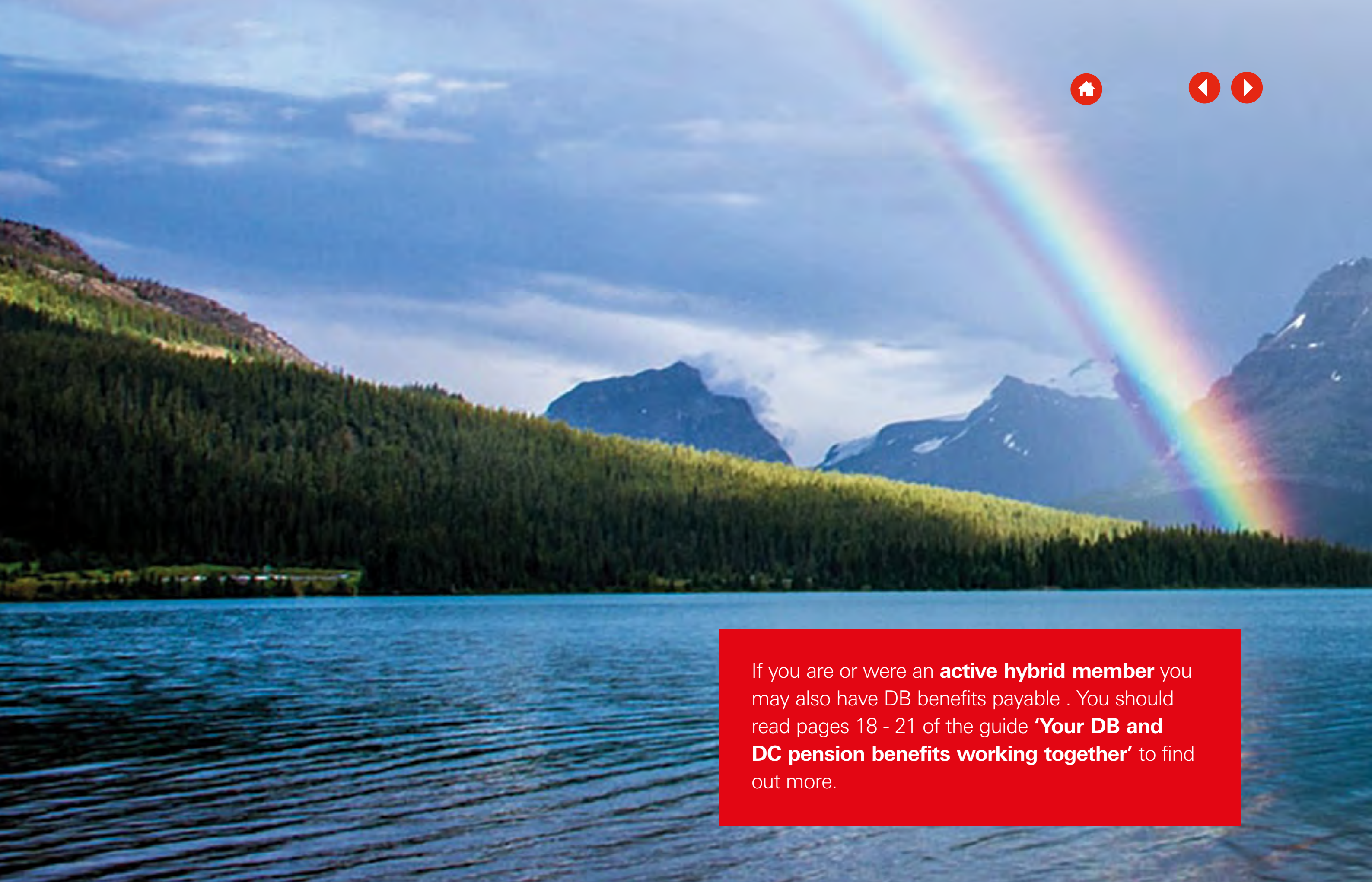
A regular income – you can use some or all of your DC pension pot to buy an income (called an annuity) with a provider of your choice. You'll know how much you're getting and when it's being paid to you. If you want to, you can take up to 25% of your DC pension pot (see **Your new lump sum allowances** on page 13) as tax-free cash then use the rest towards securing an income.

The income you'll get from your annuity depends on a number of things, including:

- the value of your DC pension pot,
- annuity rates at the time you're buying the income,
- the type of annuity you choose – for example, you might want to include a pension for a spouse or civil partner in case they outlive you and,
- your health – if you're in poor health you might be able to get a higher income.

As soon as you 'cash out' or 'drawdown income' the Money Purchase Annual Allowance kicks in if more contributions are made by you or your employer to a money purchase scheme.

'Cash out' and 'drawdown' **DO NOT** give you a guaranteed, regular income.



If you are or were an **active hybrid member** you may also have DB benefits payable . You should read pages 18 - 21 of the guide **'Your DB and DC pension benefits working together'** to find out more.

Let us know your wishes

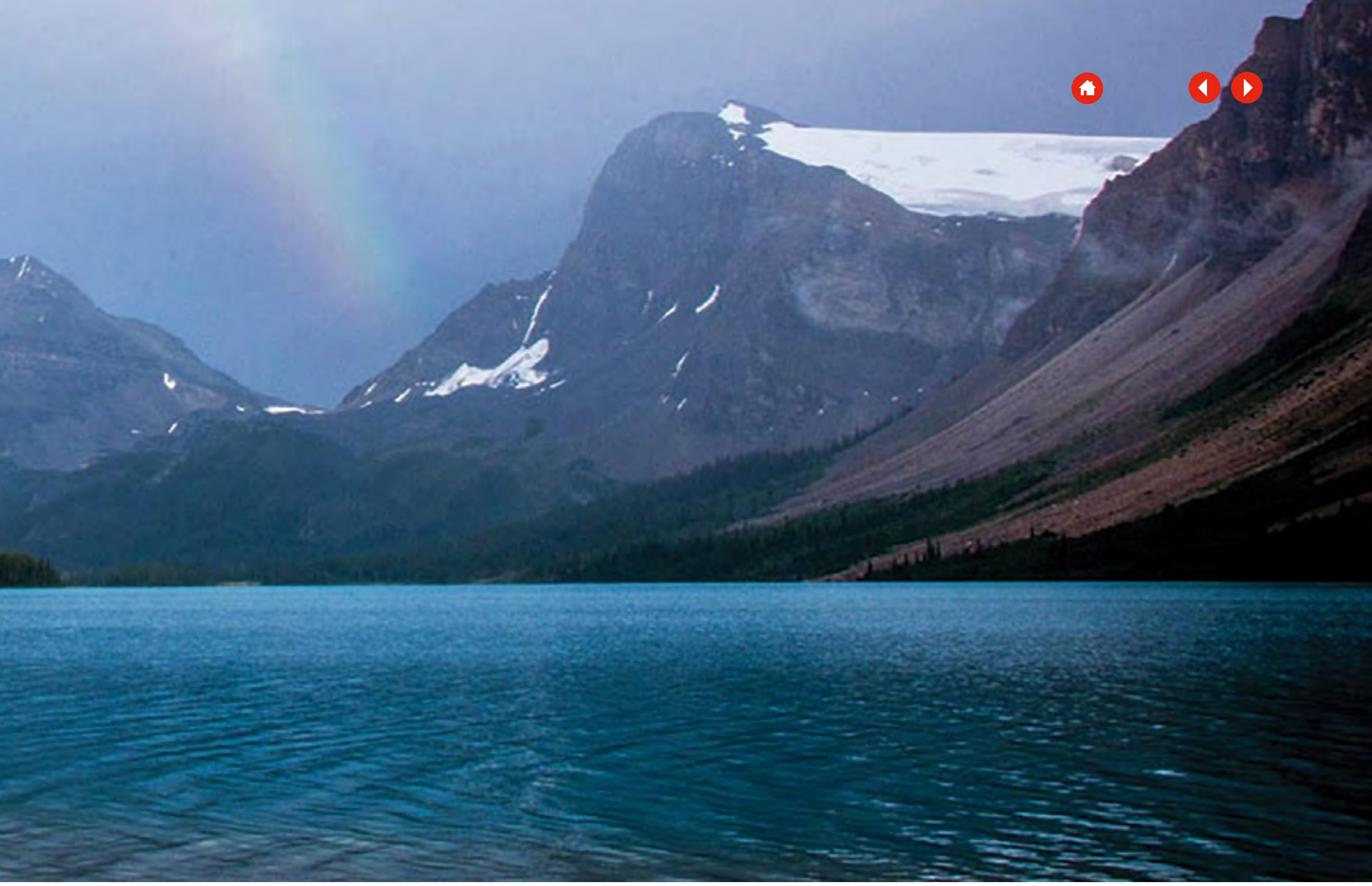
If you want us to know who you'd like to receive any benefits if you die, make sure your Expression of Wish is up to date.

It's a good idea to check and update your details whenever your personal circumstances change. You can do this online by logging on to **My Pension**. The **Trustee** and the **Life Assurance Trustee** will consider your wishes but, for tax reasons, aren't bound by them.

Help for your family when you die

If you die while you're working for the **UK HSBC Group**, your family and **dependants** could get financial help:

- A payment paid through the **Life Assurance Scheme**. This is normally four times your **benefit salary**, although you can choose a different amount (a multiple of **benefit salary** between two and ten) through **My Choice**.
- A return of any money you've paid (including transferred in funds, but excluding employer contributions) into your DC pension pot.
- A pension of 30% of your **DC pensionable salary** for your spouse/civil partner if you're an active member of the **Scheme**. This is payable for life and increases in line with the Retail Prices Index (RPI), up to 3% a year. If your spouse/civil partner is more than 15 years younger than you, their pension will be reduced by 2.5% for each year above the 15 year age difference.
- An allowance for one or more **dependants**, if you don't have a spouse/civil partner. If the **Trustee** and **Principal Employer** approve, that person, or those people, could receive an allowance up to the value of a spouse/civil partner's pension (calculated in aggregate).
- An allowance for any **dependent children**. This would be a percentage of the spouse/civil partner's pension (not adjusted for any age difference) and would depend on the number of **dependent children** you have when you die. If there's no spouse's/civil partner's pension or **dependant's** allowance payable, then the children's allowance would be doubled.



If you die while working **part-time**, the amount paid as a lump sum would be based on your actual part-time **benefit salary** on the date you die.

If you die as a deferred member (after leaving the **UK HSBC Group** but haven't retired), the total value of your DC pension pot in the **Scheme** (including the value of your employer's contributions) will be paid as a lump sum at the **Trustee's** discretion.

Changing the way your death benefits are paid

Tell the **Trustee** if you think you'd like it to consider paying your total death benefits in a different way if you die while working for **UK HSBC Group**. The restructuring of your death benefits is at the discretion of the **Trustee**. Tell us your wishes by completing the **Request to Restructure Death Benefits** form located on the information centre on **futurefocus**. Should you require further details please contact the HSBC Administration Team, WTW. Contact details on page 24.

How do the Life Assurance Scheme and the Scheme work together?

The **Life Assurance Trustee** decides who receives the lump sum that's a multiple of your **benefit salary**. The **Trustee** of the **Scheme** decides who receives any amount that relates to your membership of the **Scheme**.

Your State Pension

Before 6 April 2016, the State Pension was made up of two parts:

- the basic State Pension, which is a flat-rate pension paid to everyone who reaches State Pension age and has paid sufficient National Insurance contributions, and
- the State Second Pension (S2P) which is an extra amount of money you could get with your basic State Pension that's based on an individual's earnings.

A new flat-rate (single-tier) State Pension was introduced from 6 April 2016. This combines the previous two-tier arrangements into a single flat rate weekly payment that is set just above the threshold for means-tested support and requires a certain number of qualifying years of National Insurance contributions to be paid in full/part.

These changes will not affect your benefits in the **Scheme**.

The State Pension age is set to rise to 67 by 2028. Eventually State Pension age is due to reach 68 for those born on or after 6 April 1978.

If you have questions about the State Pension, contact the Pension Service at **www.gov.uk/contact-pension-service**

Opting out or leaving the Scheme

Moving your DC pension pot out of the Scheme

While you're working at HSBC, you can transfer some or all of your money to another pension scheme and stay a member of the **Scheme** for future service. However, the **Trustee** and **Principal Employer** must agree to this. Remember, while your DC pension pot is invested in the **Scheme** HSBC will pay the administration and investment management fees, but this will not be the case if you transfer your money out.

Opting out of the Scheme

You can stop paying into your DC pension pot if you need to. You can do this through **My Choice**.

While you're working for the **UK HSBC Group**, you can opt out of the **Scheme** by giving notice to your employer. However, please note that under auto-enrolment legislation you may be re-enrolled at a later date.

If you want to opt out, go to **My Choice** on the **My Benefits** website.

If you opt out, the money you and your employer are putting into your DC pension pot will stop and you'll be treated as a leaver (see 'Leaving the Scheme').

If you opt out of the Scheme you'll still be covered for the lump sum death benefit payable through the **Life Assurance Scheme** as long as you're working for UK HSBC Group, but your spouse/civil partner will not be eligible for a pension if you die in service.

Opting back in to the Scheme

You can opt back in to the **Scheme** through **My Choice** anytime.

Leaving the Scheme

When you've left active membership of the **Scheme** you'll be sent a statement showing you the value of your DC pension pot in the **Scheme** and a 'Leaving the Scheme' information pack which explains your options in the **Scheme**.

If you leave the Scheme with less than 30 days' qualifying service, you can either:

- get back the value of any money you've put into your DC pension pot†, or
- transfer the value of any money you've put into your DC pension pot (including through **salary sacrifice**) to another **registered pension scheme** or qualifying overseas scheme, such as your new employer's pension scheme or a personal pension plan.

If you don't tell the HSBC Administration Team what you would like to do within three months of leaving the Scheme, *the first option will apply.*

If you leave with 30 days or more of qualifying service, you can:

- transfer the total value of your DC pension pot in the **Scheme** (including the value of the employer's contributions) to another pension scheme, or
- take benefits from ('cash out') all your DC pension pot in one go if you're age 55 or over. You may split this out over two consecutive tax years. Please note this decision must be made up front, or
- leave your money invested in the **Scheme** until you decide to take it any time after age 55 (see 'Using your DC pension pot' on page 14 for details on what you can do with your money) – this means you will be a deferred member.

If you don't tell the HSBC Administration Team what you would like to do with your DC pension pot within three months of leaving the **Scheme** you will become a deferred member.

To see the current value of your DC pension pot in the **Scheme** log on to **My Pension**. You can ask the HSBC Administration Team for one transfer value quotation each year free of charge.

Please see the 'Leaving the Scheme - DC options' guide for more information

† If you're in **salary sacrifice**, you'll receive a payment from your employer equal to the part of your DC pension pot relating to your notional contributions subject to tax and other statutory deductions.

Where to go for more information

futurefocus – Tells you about your **Scheme** benefits and gives you easy access to **My Pension**, your personal DC pension pot. There are also links to useful information about pensions in general.

https://futurefocus.staff.hsbc.co.uk/

Getting in contact – If you have a general question which you can't find an answer to or you have a query about your personal DC pension pot, you can contact the HSBC Administration Team at:

The HSBC Administration Team
WTW
PO Box 652
Redhill
Surrey RH1 9AL

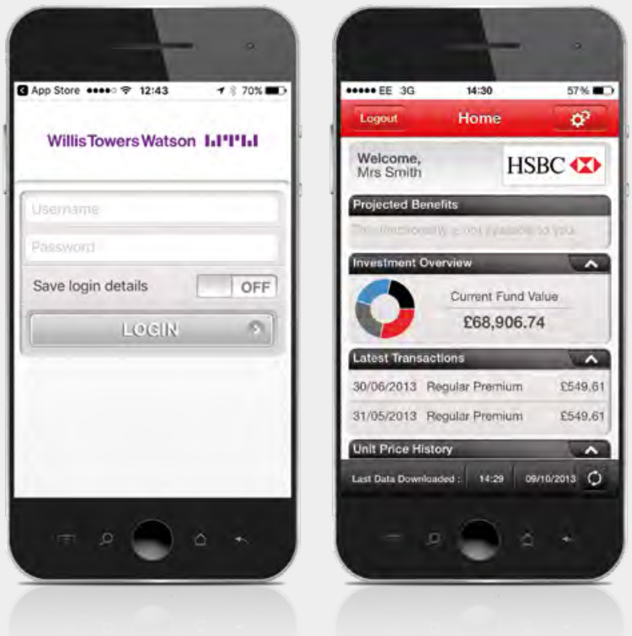
Phone: 01737 227575
Email: **HSBCpension@willistowerswatson.com**

Mobile app

Get hassle-free access to your DC pension pot any place and any time. Download **My Pension** from the Apple App Store or the Google Play Store. Or use the QR codes below for iOS or Android apps.

Apple App Store:

Google Play Store:



Making changes to your DC pension pot

If you want to change your investment choices, and make changes to your personal details, log on to **My Pension**.

Your DC pension pot online

On **My Pension** you can see if you're likely to save enough to provide the income you'd like when you stop working.

You can:

- check your personal details,
- keep an eye on how your investments are performing,
- change your investment choice,
- update your 'Expression of Wish' details.

Log on to **My Pension** anytime, from anywhere. Here's how:

On the HSBC network – go to the pension website **https://futurefocus.staff.hsbc.co.uk/** and click on Login to **My Pension**. If you're off-site (including at home), you'll need your user ID and password to log on to **My Pension**.

Information on the Scheme

Scheme registration

The **Scheme** is registered under Chapter 2 of Part IV of the Finance Act 2004. Payment of contributions and the provision of benefits under the **Scheme** are subject to HM Revenue & Customs rules and because of this have certain tax exemptions and reliefs. There are limits on the benefits and contributions which means that if these are exceeded you'll have to pay tax on any excess.

Scheme report and accounts

Each year the **Trustee** publishes the **Scheme's** annual report and accounts. You can find the latest and previous versions of these on **futurefocus**.

Is my data safe?

We are committed to protecting and processing fairly and lawfully the personal information we gather, hold and use about you and your family and your dependants.

We need that information to administer the Scheme, pay benefits, manage liabilities and for internal statistical, financial modelling and reference purposes.

We set out here a summary of how we do this. Full details are set out in our **Privacy Notice**. This is available on **futurefocus** or if you would like a hard copy please contact the Scheme administrator (see below). The **Privacy Notice** will be amended from time to time so that it is kept up to date.

We are, as the Trustee, a "data controller" for data protection purposes as we are responsible for deciding what personal information needs to be processed and the way in which that information is processed.

Details of the types of personal data the Trustee holds, how it uses that information are set out in detail in the **Privacy Notice**.

Your rights

The **Privacy Notice** sets out your rights in connection with the personal data we hold about you, and who to contact if you want to exercise those rights, make a complaint, or generally have any questions. You have the right to complain to the Information Commissioner's Office (ICO), the UK's data protection regulator, if you have concerns regarding your personal information.

How we gather personal information

In addition to the information you provide, we collect personal information from other sources such as your employer, public bodies such as HMRC, publicly available databases and schemes from which transfers have been received. The **Privacy Notice** sets out in more detail from whom and where we gather information about you.

Sharing your personal information

To enable us to administer the Scheme, we share personal data with various third parties such as the administrators who are responsible for the day to day administration of the Scheme and our professional advisers. We also share information with the Bank so it can, amongst other things, monitor and evaluate its liabilities and responsibilities to the Scheme and implement liability management exercises.

Keeping personal information

We must keep all personal data safe and keep it only for as long as necessary. We set out more detail about this in the **Privacy Notice**.

Keep us up to date so we can pay your benefits.

It is important to keep us up to date with any changes to your personal circumstances, so that we can pay your benefits accurately and promptly. Please update us by visiting **futurefocus** and clicking **My Pension** if you notice that any of your personal details are incorrect or if you change your name, address or marital status.

Your questions

For more information about the Scheme, you can visit **futurefocus**. If you have any questions or if you would like a copy of the **Privacy Notice** sent to you, please contact the Scheme administrator, WTW. You can send an email to HSBCpension@willistowerswatson.com at any time or telephone 01737 227575 from Monday to Friday between 9am and 5.30pm.

You've got the right to see personal information that is held about you, or to object to the processing of your personal data. However, this could impact on the payment of your benefits or your participation in the **Scheme**. Please contact the HSBC Administration Team if you want to see your data or if you think that any information isn't right.

If you have a complaint in relation to the processing of your personal data, that the Trustee is unable to rectify, you are entitled to take this to the ICO.

Information about the Trustee

The **Trustee** is a limited company called HSBC Bank Pension Trust (UK) Limited. The **Trustee** is responsible for looking after the **Scheme** in line with the Trust Deed and Rules on behalf of all members and their beneficiaries.

The **Trustee** has a board of directors who meet at least four times a year. There are 11 directors, five of whom are nominated by members of the **Scheme**. The **Principal Employer** nominates the other six including the Chair of the Trustee. If you need to contact the **Trustee** you can write to:

HSBC Bank Pension Trust (UK) Limited
8 Canada Square
London E14 5HQ

The role of The Pensions Regulator

The Pensions Regulator promotes the good governance and administration of pension schemes. If it thinks that trustees, employers or professionals have failed in their duties, The Pensions Regulator can intervene in the running of a scheme.

You can contact The Pensions Regulator at:

The Pensions Regulator
Napier House
Trafalgar Place
Brighton BN1 4DW

Web:
www.thepensionsregulator.gov.uk

Pensions in general

The Money and Pensions Service (MaPS)

The Money and Pensions Service (MaPS) replaces the 3 existing providers of government-sponsored financial guidance – the Money Advice Service, the Pensions Advisory Service and Pension Wise. It provides free and impartial debt advice, money guidance and pension guidance to members of the public. It is available at any time to help members and their beneficiaries with pension questions and issues that can't be resolved with the HSBC Administration Team or the **Trustee**. You can contact a MaPS adviser through your local Citizens Advice or at:

Money and Pensions Service
120 Holborn
London
EC1N 2TD

Phone: 0800 011 3797
Web: **https://moneyandpensionsservice.org.uk/contact-us/**

If MaPS isn't able to resolve your issue then you can contact the Pensions Ombudsman.

The Pensions Ombudsman

The Ombudsman can help investigate complaints or disputes of fact or law connected with pension schemes.

The Ombudsman can be contacted at:

10 South Colonnade
Canary Wharf
E14 4PU

Phone: 0800 917 4487
E-mail: **enquiries@pensions-ombudsman.org.uk**

Web:
www.pensions-ombudsman.org.uk

Complaints or concerns

If you've got a comment, concern or complaint, you need to contact the HSBC Administration Team (see contact details on page 22).

The **Scheme** also has a formal internal dispute resolution procedure for resolving disputes between members (and their beneficiaries) and the **Trustee**. This is a two stage process. At the first stage, you can write to the **Trustee's** Chief Operating Officer (by completing a form which you can get from the HSBC Administration Team – the contact details are on page 22), who'll normally respond within two months of receiving full details of the complaint.

If the matter's not resolved to your satisfaction, you can ask the **Trustee** to consider your complaint under the second stage and it will normally respond within two months. Write to the **Trustee** at the address shown on this page.

If you're not happy with the reply, then you can contact The Pensions Ombudsman,
www.pensions-ombudsman.org.uk

Changing the Scheme

In the future, the terms and conditions of the **Scheme** may change. The **Trustee** may, with the **Principal Employer's** consent, change the **Scheme**. If this happens, you'll be told if this affects you.

This guide takes account of the **Trustee's** understanding of the UK tax and social security legislation in force as at July 2024. If there are differences between this guide and the Trust Deed and Rules, the latter will always override.

List of defined terms

Active hybrid member - is a person who was an active member of the **Scheme** building up DB benefits on 30 June 2015, and started making DC contributions on 1 July 2015 and has not left service or been treated as having left service.

Additional hours - are regular hours that part-time employees work beyond their contracted hours. Additional hours are included within **pensionable salary**, as opposed to overtime, which isn't.

Annuity Purchase Strategy - an investment option designed for you to take 25% of your DC pension pot as a tax-free cash sum and use the balance to buy an annuity (a regular income for life) at your TRA.

Benefit salary - is your basic salary plus any market allowance for life assurance benefits.

Cash out - is when you take all your DC pension pot in one go or over two consecutive tax years.

DB - means defined benefit

DC - means defined contribution

Dependant - is someone who, in the **Trustee's** opinion, is financially dependent or interdependent on a member of the **Scheme**, or is dependent on the member because of a physical or mental impairment.

Dependent children - is a child under the age of 18, or 23, if the **Trustee** considers the child is in full-time education or vocational training. A child may also qualify as a dependent child because of physical or mental impairment or subject to **Trustee** approval and applicable legislation.

Drawdown income - is a flexible way to take an income. You keep your pension savings invested when you reach retirement and take money out of your pension pot.

Flexible Income Strategy - an investment option designed for you to take 25% of your DC pension pot as a tax free cash sum at your TRA (or beyond) and use the balance to provide a flexible income (e.g. income drawdown), spreading the amount and timing of income withdrawals. You can achieve this by transferring your DC pension pot out of the Scheme to your choice of external providers which offers this option.

Freechoice - an investment option that gives you flexibility to manage your money from all the funds on offer through the Scheme.

futurefocus - the HSBC Bank (UK) Pension Scheme general website.

Investment Factsheets - give an overview of how the DC funds have performed. These can be viewed on **futurefocus**.

wellbeing - HSBC's online interactive portal to help you improve your financial confidence.

Life Assurance Scheme - the HSBC UK Life Assurance Scheme which is operated by the **UK HSBC Group** through a separate trust.

Life Assurance Trustee - is the trustee of the **Life Assurance Scheme**, currently HSBC Retirement Benefits Trustee (UK) Limited.

Lump Sum Strategy - an investment option designed for you to take all of your DC pension pot as a cash lump sum.

My Benefits - your HSBC benefits online portal.

My Choice - HSBC's flexible benefits package where employees choose from a range of benefits to suit their needs.

My Pension - your personal DC pension pot online. You can see your personal information, including the contributions being paid in by you and your employer, where you've chosen to invest your pension pot and how the funds are performing. You can use **My Pension** to change investment choices, model different contribution rates and the age you're thinking about stopping work so you can see what your income might be, and update personal information.

Part-time - if you work less that 35 hours per week.

Pensionable salary - is your annual basic salary capped at the **Scheme Earnings Cap**, excluding allowances, bonus payments and overtime, but including salary relating to **additional hours**. If you're participating in **salary sacrifice** this is the pensionable salary you'd have had if you weren't participating in **salary sacrifice**.

Principal Employer - HSBC UK Bank plc.

Qualifying service - is time spent as a member of the **Scheme** (while making DC contributions) together with any service relating to benefits transferred into the **Scheme** from another pension scheme. It also includes service relating to DB benefits built up in the **Scheme** (or any other **UK HSBC Group** scheme that has merged with the **Scheme**), and any service before July 2009, during which a member only paid additional voluntary contributions and/or paid a bonus sacrifice into the **Scheme**.

Regular income - is a type of income called an annuity. You'll know how much you're getting and when it's being paid to you.

Registered pension scheme - is a scheme registered with HMRC under Chapter 2 of Part 4 of the Finance Act 2004.

Salary sacrifice - you give up a proportion of your basic salary and an equivalent amount is paid by your employer, into the **Scheme**. The reduction in your basic salary means that you pay lower National Insurance contributions. See page 8 for details.

Scheme - this is the HSBC Bank (UK) Pension Scheme.

Scheme Earnings Cap - increases each year on 1 July. It is the annual rise in the Consumer Price Index (CPI) over the previous 12 month period to March (rounded up to the next multiple of £1,000). As at 1 July 2024 it was £186,000.

Scheme Rules – are the Trust Deed and Rules governing the Scheme at the time.

Target Retirement Age (TRA) - this is set at 65 unless you choose a different age between 55 and 75. If you paid AVCs before 1 July 2015, your DC pension pot will target the same TRA as your AVCs.

Tax-free cash sum - you can currently take up to 25% of your DC pension pot as tax-free cash. What is left over could be used to buy a **regular income**.

Trustee - is HSBC Bank Pension Trust (UK) Limited, the **Trustee** of the **Scheme**.

UK HSBC Group - HSBC Holdings plc and all subsidiary companies in the United Kingdom, Channel Islands and the Isle of Man that participate in the **Scheme**.

This guide takes account of the Trustee's understanding of the UK tax and social security legislation in force as at July 2024. If there are differences between this guide and the Trust Deed and Rules, the latter will always override.

Issued by HSBC Bank Pension Trust (UK) Limited
July 2024

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