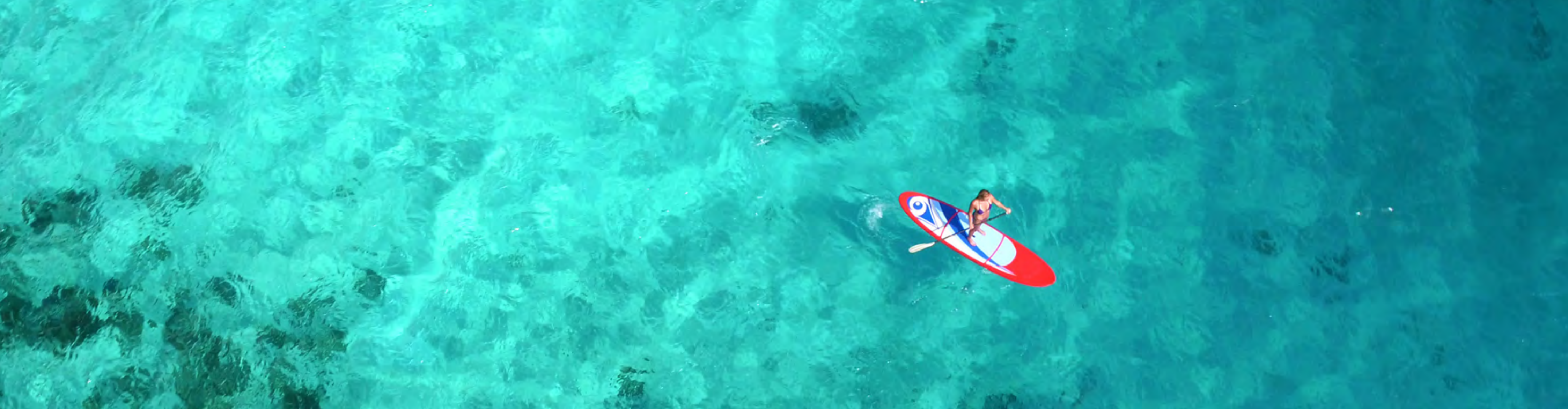
Your mid career

Pensions MOT

HSBC | futurefocus

For Defined Contribution members of the HSBC Bank (UK) Pension Scheme (the Scheme)



What is a mid career pensions MOT?

A mid career pensions MOT is a check that your pension savings are on course to meet your financial goals for your retirement. If this check up finds any problems, we can help you find the information and support you need to get your retirement plans back on track.

Why is it important to complete a mid career pensions MOT?

As members come to the middle of their careers, they often worry more about their plans for life after work. Some tell us that they are not completely confident that they have a good plan in place for later life.

A mid career pensions check up can help you to take stock of your current financial planning. Some small tweaks to your financial choices now could make a big difference to your future options about when you can afford to start taking a retirement income or the level of income you could take.

By working through this five step MOT and completing the later life planner at the end, we hope to help our members put a plan in place to achieve the life after work that they want.

Step 1: A review of what you have already saved

The best place to start a mid-career pensions MOT, is to check how much you have already saved, across all the pension schemes where you have built up benefits over your career.

You may have built up both Defined Benefit (DB) and Defined Contribution (DC) benefits. It's important to understand the difference.

DB What are DB benefits?

If you have built up DB benefits these could include Final Salary and/or Career Average pensions. A DB benefit is worked out using a formula which includes your pensionable pay and the amount of time you have been a member of the pension scheme. It provides guaranteed income for life and some inflation protection.

DC What are DC benefits

In a DC pension scheme (sometimes called a Money Purchase scheme) normally both you and your employer can make contributions into your DC pension pot and these are invested with the aim that they grow in value. When you are ready to take your DC pension pot, you'll have a range of income options. You have a DC pension pot in the HSBC Scheme. If you want to understand more about the different options you have for taking your Scheme DC pension pot go to: https://futurefocus.staff.hsbc.co.uk/active-dc/important-decisions-about-your-retirement-savings

Regular statements

The Scheme will send you a benefit statement once a year usually in September. It tells you the current value of your DC pension pot in the Scheme as well as the projected value at your Target Retirement Age. You can go to https://futurefocus.staff.hsbc.co.uk/ and log in to My Pension to see these values at any time.

If you have built up benefits in other workplace pension schemes, you can request a benefit statement from the pension scheme administrator or pension provider or you may already have an online account set up where you can access up to date values at any time. If you don't have a log-in or want to request a benefit statement, you will need to contact the Scheme administrator or pension provider.

Some people keep a simple pension table that they update once a year. It lists all the pensions schemes where they have built up benefits over their career (including the State Pension). It shows whether it is a DC pension or a DB pension, the current value, the estimated value when they retire and the age they are due to start taking it.

If you have lost touch with a pension scheme, you can go to **https://www.gov.uk/find-pension-contact-details**. You can find out more about the State Pension, including how it builds up and when it's paid by going to **https://www.gov.uk/new-state-pension/what-youll-get**.

Step 2: Think carefully about whether to bring your savings together in one place

Some members may find it easier to keep track of what they have saved by bringing all their pension benefits together in one place, perhaps by transferring all their benefits to their current employer's pension scheme. As well as the benefit of having fewer pension scheme's to keep track of, it could provide potentially better investment options and perhaps some savings on fees (see next page).

You may be able to transfer benefits from a previous employer into your Scheme DC pension pot. You should think carefully before you decide to do this.

Here's a checklist of what to think about:

Do you want your benefits to change? If you transfer a DB benefit into your Scheme DC pension pot, you're giving up a guaranteed income for life that usually increases to help protect against the effects of inflation. Future income from your Scheme DC pension pot is dependent on the performance of your chosen investments over the time until your retirement. Transferring from a DB scheme to a DC pension pot is an irreversible decision, you can't change your mind later if you wish you hadn't made the transfer. We strongly recommend getting advice for these types of transfer and in most cases the law requires you to do so.

Could you loose any valuable guarantees? Find out if your previous DC pension scheme offers any guarantees or benefits that come as part of your existing package. Consider carefully whether you want to give these up. Some older pension schemes still have guaranteed annuity rates or you may have a right to enhanced tax-free cash, or a "protected pension age" which lets you take the pension earlier than 55.

Will the investments meet your needs? Check your investment options before you decide to transfer and compare them with your options in your previous DC pension scheme. It could be that your previous DC pension scheme offers choices that better reflect your needs and plans for the future. If you're not sure, its important to speak to a regulated financial adviser.

Step 2: Think carefully about whether to bring your savings together in one place

Will you pay more in fees?

It's worth understanding the fees in both the scheme you want to transfer from and how they compare to the fees in the scheme that you want to transfer to. Not all pension schemes charge the same. Some fees you will need to check for include:

- Any one-off exit charges, when you transfer out of an old scheme
- Any one-off set-up fees in your new scheme
- Ongoing investments management fees and other transaction costs
- Ongoing administration fees

There are no set up fees in the HSBC Scheme. HSBC also pays the ongoing administration and investment management fees for all the investment options available. Depending on the Scheme fund you choose, there may be other investment charges which are included in the price of the fund.

Do you want to cash out a small pot and continue to save?

If you're considering taking a lump sum at some point whilst continuing to save, you may not want to consolidate all your small pots (worth less than £10,000). You can find out more here: https://www.moneyhelper.org.uk/en/pensions-and-retirement/building-your-retirement-pot/transferring-your-defined-contribution-pension

Transferring benefits into the HSBC Scheme

If you want to transfer other pension savings into the Scheme, complete the 'transfer-in' form which you can find on futurefocus. The HSBC Administration Team 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. 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.

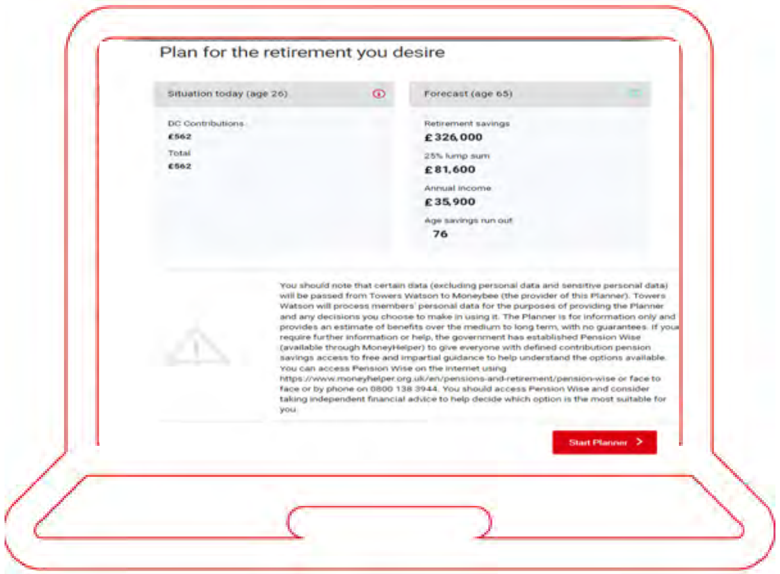
Step 3: Set or update your savings target

Where to start

Once you know how much you have, the next step is to work out how much you think you might need in retirement. If you already have a target you should check its still right for you, especially if your circumstances have changed. A good place to start is the Retirement Living standards website at: https://www.retirementlivingstandards.org.uk. This has some important research that helps people picture what kind of lifestyle they could have in retirement. The website shows what life in retirement looks like at three different retirement income levels and what a range of common goods and services would cost for each level. This will give you an idea of what a minimum, moderate and comfortable retirement income might look like.

Setting your own target

You may want to work out your own target retirement income. The Pension Freedom Planner on My Pension can help you do this. It uses the Retirement Living Standards as a guide. It can help you work out an income that's right for you and show you how much you will need to save to reach that income. It already contains your up to date personal Scheme information. Just go to https://futurefocus.staff.hsbc.co.uk/ and log-in to My Pension to access the Pension Freedom Planner.



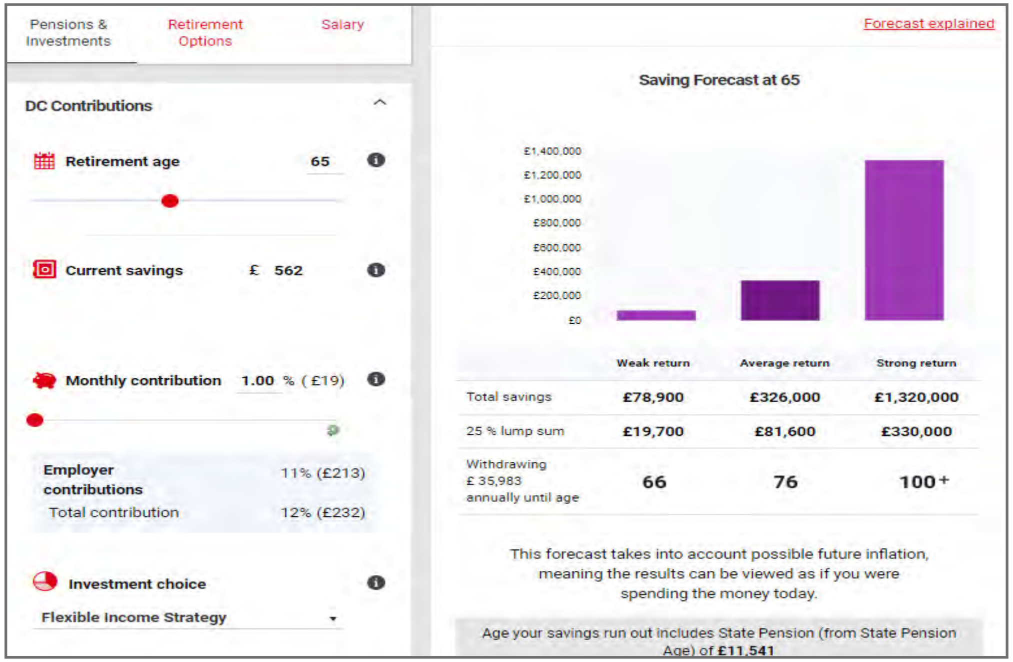
Step 4: Work out if your savings are on track to meet your target

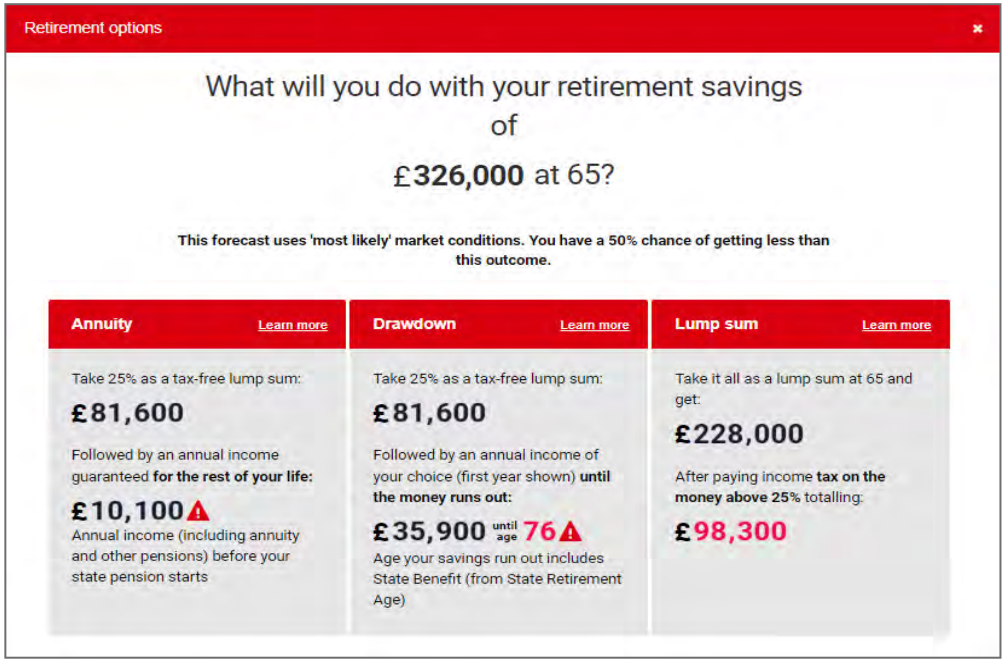
How much will your savings be worth when you retire?

Once you know how much you have already saved and have set a savings target, the Pension Freedom Planner on My Pension will show you whether you're on track to reach it. It will tell you how your DC pension pot could grow between now and when you retire. It will also tell you how much income you could take at retirement using different income options.

You can add information from other pensions you have saved, including any DB pensions.

Once you have added all your information, the Pension Freedom Planner can help you work out if you have a savings gap and how much more you will need to save to meet your target.





Step 5: How to fill a savings gap

If you find you have a savings gap, there are a few things you can do.

Increase contributions to cover a period of parental leave or a career break:

If you have returned to work from an extended period of leave where you were not paying pension contributions, one way to bridge a savings gap, is to make up for any contributions that you didn't pay. The Bank will also increase its contribution to match yours (up to the maximum 7% of your Pensionable Salary). You can change your contributions at any time in My Choice.

Increase your contributions in the future:

If you are not currently paying 7% of your Pensionable Salary into your DC pension pot and you don't think you can afford to save anymore right now, why not set a goal to save an extra 1% or 2% of your Pensionable Salary if you get a pay rise? For every extra 1% that you save, the Bank will make a matching contribution (up to the maximum 7% of your Pensionable Salary).

Start taking income later:

If you're not on track to meet your savings target and you can't afford to save any more right now, you could think about changing the age that you plan to retire (called your Target Retirement Age). 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 in the Information Centre on futurefocs at https://futurefocus.staff.hsbc.co.uk/active-dc/information-centre/other-information.The longer you save into your DC pension pot, the more chance it has to grow so delaying retirement by even a couple of years could increase your retirement income.

If you haven't set your Target Retirement Age in the Scheme, we assume that you will take your DC pension pot at age 65. Your State Pension Age may be greater than age 65. You can find out your State Pension Age here: https://www.gov.uk/state-pension-age. You could think about taking a flexible retirement, where you reduce your working hours over time and take a much smaller income from your DC pension pot at the beginning. You could do this, for example, to bridge the gap between age 65 and your State Pension Age.

Harsha was away from work for 24 months after the birth of her first child. Before she went on leave, she was making a 2% contribution into her DC pension pot. She decides that she will increase her contribution to 4% for at least 24 months to cover the period whilst she was away from work and will then check again to see how her savings are doing using the Pension Freedom Planner.

Step 5: How to fill a savings gap

If you find you have a savings gap, there are a few things you can do.

Change your savings target:

If you can't afford to save more to reach your savings target and you don't want to retire later, you may need to accept a lower income in retirement. The Pension Freedom Planner allows you to change your savings target so that you can set a goal that is achievable for you.

Take less tax-free cash at retirement:

When you retire, you don't have to take the maximum 25% of your Scheme DC pension pot as a tax-free cash lump sum. You can choose to take a smaller tax-free cash amount so that you have more left over to provide an income.

It's up to you how much tax-free cash you take (up to the maximum). And you choose what you do with your cash lump sum. You may want to think carefully about your plans. Don't forget, inflation reduces the spending power of cash so you should think carefully before just leaving it in your current account for a long time.

The Money Purchase Annual Allowance

If you decide to take your DC pension pot flexibly, using income drawdown or you take all your DC pension pot as cash, you may trigger the Money Purchase Annual Allowance (or MPAA). The MPAA limit for the 2024/25 tax year is £10,000 and, if triggered, any contributions that you or your employer make to your DC pension pot (or any other DC Scheme) that total more than £10,000 will be subject to a tax charge.

Before you go...

If you have worked your way through this guide and you think you need a bit more help to get your retirement plans on track, don't worry, there is more help available.

You can find out more about the Scheme and your benefits

by visiting https://futurefocus.staff.hsbc.co.uk- log in to My Pension to find out your individual benefit information.

Attend a seminar or watch a webcast

If you want to understand more about your DC pension pot, how much you might need in retirement and how you can boost your savings, why not attend one of our seminars or view our webcasts for members under age 50. You can view our webcasts at any time here: https://futurefocus.staff.hsbc.co.uk/active-dc/information-centre/retirement-webcasts

Speak to a financial adviser

You also have the option to use the Scheme's advice allowance to speak to a financial adviser. The advice allowance allows members with DC pension pots to withdraw £500 a year tax-free from their pot, up to three times in their life, to pay for financial advice. If you need help to find a financial adviser in your area go to https://www.moneyhelper.org.uk/en/getting-help-and-advice/financial-advisers/choosing-a-financial-adviser

You Gov

If you would like to think about a mid career MOT more broadly, covering your work, your health and your broader finances, visit: https://www.yourpension.gov.uk/mid-life-mot/ for more information.

Planning for later life

Can you complete the information below?

My current income	Monthly: £	Annual: £
My current outgoings	Monthly: £	Annual: £
My target income in retirement	Monthly: £	Annual: £
My expected outgoings in retirement	Monthly: £	Annual: £
My expected retirement age	Age:	

My current pension savings	DB pensions: £	Income from my DC pension pots at retirement: £	Target Retirement age:
My estimated State Pension	State Pension: £		State Pension Age:
My retirement savings target	DB pensions: £	Income from my DC pension pots at retirement: £	
Current shortfall	£		

If you find you have a shortfall, its worth making a plan for how you could reduce this over the time until you retire. You can then use this planner once a year to monitor whether your savings are getting back on track.

If you're on target to meet your retirement income goals, make sure you monitor your savings and update your planner if your circumstances change, for example if you change jobs, including getting a promotion or increasing / decreasing your hours, if you move house, get married or anything else that could have a significant impact on your finances.

Getting more help and support

Contact the HSBC Administration Team

You can contact the team at:

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

Phone: 01737 227575

Email: HSBCpension@willistowerswatson.com

This document has been designed as a high-level guide only. Before making any decisions about benefits, you should consider seeking appropriate independent advice. In the event of a discrepancy between this document and the Scheme's Trust Deed and Rules, the provisions of the Trust Deed and Rules will prevail.