Your DB and DC pension benefits working together

A guide for Hybrid members working for the HSBC Group in Guernsey

HSBC | futurefocus

For members with hybrid benefits in the HSBC Bank (UK) Pension Scheme

Contents

Make the most of your DB and DC benefits

Since 1 July 2015, you've been an **active hybrid member** because you have both Defined Benefit (DB) and Defined Contribution (DC) benefits in the HSBC Bank (UK) Pension Scheme (**the Scheme**).

This guide gives you information to help you understand how your DB and DC benefits work together. It assumes you'll take all your benefits at the same time. You'll be told about any other options when you come to take your benefits.

DB and DC work in totally different ways – you've got DB benefits built up to 30 June 2015 and DC contributions being paid into the **Scheme** since 1 July 2015, which will continue to be paid until you either choose not to be a member (opt out), leave the **UK HSBC Group**, retire or die.

For an explanation as to how your **DB pension benefits** were calculated up to 30 June 2015 you need to refer to your relevant DB member guide (and, if applicable, the 2009 Change leaflet) on **futurefocus.**

There are words and phrases used in this guide that have special meanings. They're in **bold type** and explained in a list on page 29.

If you're not sure, you can get financial advice

This guide gives you an overview of your Scheme benefits and options; it can't advise you on what to do. If you're not sure you could talk to a financial adviser; you can get help finding one by visiting the Guernsey Financial Services Commission at **www.gfsc.gg.**

*This guide assumes that you are subject to the Guernsey tax regime whilst building up benefits in the **Scheme** and when you take your benefits. It also assumes you have only ever worked in Guernsey whilst you have been a **Scheme** member. If for example, you have also worked in the UK or another Crown Dependency or you move to the UK or another Crown Dependency before taking benefits, this guide may not apply to you. Please contact Equiniti for further guidance (see page 26).*

Your DB and DC benefits at a glance

Your DB pensionable service

The last day of **pensionable service** for your DB benefit was 30 June 2015.

Keep your DB salary link

As long as you stay working for the **UK HSBC Group** and don't opt out of being an **active hybrid member** of the **Scheme**, your DB benefits will continue to be linked to your **DB pensionable salary.** This means your DB benefits will be based on your **DB pensionable service** built up to 30 June 2015 and your **DB pensionable salary** (subject to an 'underpin' – see section opposite) when you either:

- opt out of **DB pensionable salary** linkage
- opt out of the **Scheme**
- cease working for the UK HSBC Group, or
- die while working for the **UK HSBC Group**

Calculating your DB benefits

Whichever calculation below produces the higher pension will be the amount you'll receive (see pages 12-15 for more details).

Either:

your **DB pensionable service** built up to 30 June 2015 and your **DB pensionable salary** at the date of opting out, leaving, retiring or on death (if you're working for the **UK HSBC Group**),

or:

your **DB pensionable service** and **DB pensionable salary** at 30 June 2015, revalued in line with the **Scheme Rules** as if you had left service (this is to help protect your pension against the impact of inflation) from 1 July 2015 up to the date you opt out, leave or retire (or die, if earlier).

Your DC pension pot

Currently your employer puts:

- 10% of the first £27,300* of your **DC pensionable salary** (pro-rated if you're a part-time employee) and
- 9% of your **DC pensionable salary** that's over £27,300* (up to the **Scheme Earnings Cap**) into your DC pension pot.

This is the employer core contribution.

* The July 2024 threshold is £27,300. This threshold increases each July by the annual rise in the UK Consumer Prices Index (UK CPI) unless the **Trustee** and the **Principal Employer** decide to increase it in another way.

Save more into 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 **DC pensionable salary.** You can choose to do this through **My Choice**.

Choose how to invest your DC pension pot

You can choose how you want your DC pension pot invested from the current options (see page 10 for details). If you haven't told us the option you'd like through **My Pension**, the **Trustee** will automatically invest your pension savings in the Lump Sum Strategy[1] .

If you are currently invested in Cash Lifecycle, Capital Lifecycle, Lifecycle 2 or Freecycle, you can continue to invest your DC pension pot in these closed options. Alternatively, you can choose to switch to one of the current options covered on page 10 at any time. However, once you have moved from one of the closed investment options, it will no longer be available to you. If you want to change your investment option you can do this in **My Pension**.

Keep a check on your investment choices and how your funds are performing online at **My Pension**.

Change your DC investment option

Information on the current investment options you can choose is provided on page 10. The guide 'Investment guide for your Defined Contribution (DC) pension pot' includes further information about these options. Go to **https://futurefocus.staff.hsbc.co.uk/active-hybrid/information-centre/members-guides**

You can change your investment option up to 12 times a year for free through **My Pension**.

Fees and charges

HSBC pays the administration and investment management fees for all the options. Because of this, 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.

Taking your DB and DC benefits

Your DC pension pot will have a **Target Retirement Age (TRA)** of 65 unless you choose a different age in **My Pension.**

However, if you paid AVCs or were still paying AVCs into the DC investment funds as at 30 June 2015 you'll already have a **TRA** and your DC pension pot from 1 July 2015 will target the same **TRA** (unless you decide to change it in **My Pension**).

Your DB pension will normally be paid at your **DB normal retirement age** unless you decide to take it earlier or later. (In some cases the **Trustee** and/or your employer need to agree to you taking your benefits at a different time.)

You don't have to take your DB and DC benefits at the same time but you will need to if you want to take your tax-free cash lump sum from your DC pension pot.

Important! You may want to think about what age you want to take your DB and DC benefits so that you can target your DC investment choices to that age.

[1]Your default investment option may be different depending on the option you were invested in on 7 February 2018 and how far away you were from your **TRA** on 10 April 2018.

Help for your family if you die

While you're working for the **UK HSBC Group**, if you die your family and **dependants** will receive a lump sum normally payable through the **Life Assurance Scheme**.

Your **spouse** will receive a pension and any **dependent children** could receive an allowance from the **Scheme**. If you don't have a **spouse**, the **Trustee** has discretion, generally with the **Principal Employer's** approval, to provide an allowance for another **dependant**.

Getting more help

futurefocus – tells you about your Scheme benefits and gives you easy access to **My Pension**. There are also links to useful information about pensions in general.

Go to: **https://futurefocus.staff.hsbc.co.uk**

Wellbeing – if you would like help to find out more about pensions and other money issues, try the easy to use, interactive hub, wellbeing.

Go to HRDirect

Member Self Service (MSS) – this is where you can access your personal information and find more information regarding your defined benefits pension. Click the **login to MSS** on the top right hand corner of futurefocus.

DC saving in the Scheme

Members who were building up DB benefits on 30 June 2015 automatically started building up DC benefits from 1 July 2015 as **active hybrid members**.

Your employer puts a core contribution of 10% for the first £27,300[1] of your **DC pensionable salary** (pro-rated if you're a part-time employee) and 9% of your **DC pensionable salary** that's over £27,300 (up to the **Scheme Earnings Cap**) into your DC pension pot.

If you became an active hybrid member on 1 July 2015 and have not changed your investment option since, your contributions will automatically be invested in the Lump Sum Strategy.[2] However, you can decide to invest your DC pension pot and/or future contributions in a different investment option to suit your personal circumstances if you want to – you can make the changes in **My Pension**.

Except

If you are currently invested in Cash Lifecycle, Capital Lifecycle, Lifecycle 2 or Freecycle you can continue to invest your DC pension pot in these closed options. Alternatively, you can choose to switch to one of the current options covered on page 10 at any time. However, once you have moved from one of the closed investment options, it will no longer be available to you. If you want to change your investment option you can do this in **My Pension**.

Go to My Pension at anytime to change your investment choice.

If you're a part-time employee, the amount your employer puts in will be based on your part-time **DC pensionable salary**. If you work **additional hours**, the salary you get will also be part of your **DC pensionable salary**.

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

[2] Your default investment option may be different depending on the option you were invested in on 7 February 2018 and how far away you were from your **TRA** on 10 April 2018.

How to get more from your DC pension pot

As well as making the core contributions, your employer will also match any amount you decide to put in up to a maximum of 7% of your monthly **DC pensionable salary**.

Your contributions benefit from income tax relief so it won't cost as much as you might think. Here's an example:

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

Your employer puts **10%** of **£27,300** and **9%** of **£3,600** into your DC pension pot – that's approximately **£247** a month.

You decide to put in **7%** of your **DC pensionable salary** – that's **£175**.

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

HSBC puts in **£247**

You put in **£175 (7%)**

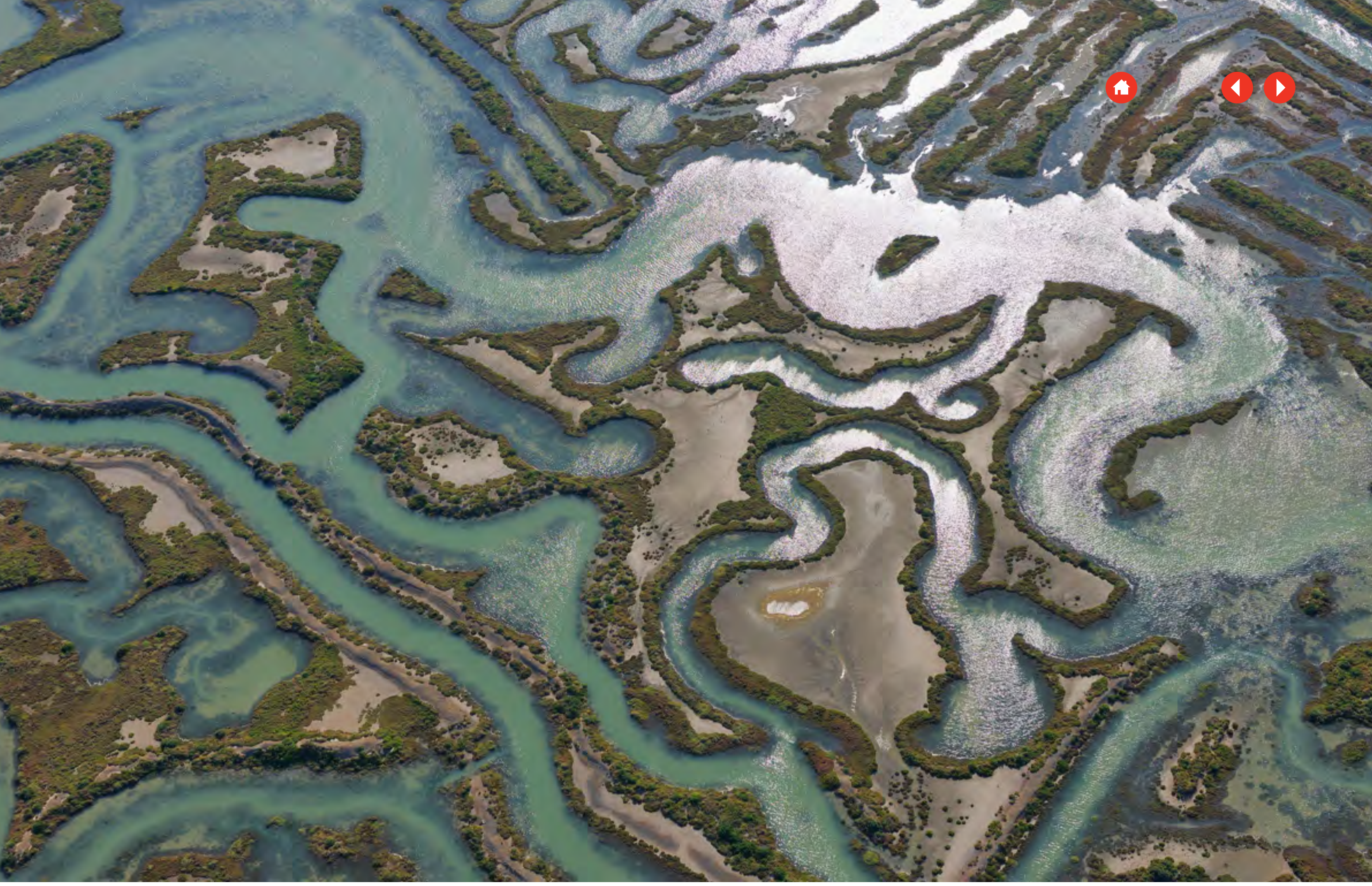
HSBC puts in **£175 (7%)**

£597 goes into your DC pension pot a month

Transferring savings from another pension arrangement

If you've built up pension savings during previous employment or have a personal pension, you may be able to transfer them into the **Scheme**. There's more information about this in the guide 'Knowing your DC pension pot for Guernsey members'.

[1]Based on income tax rate of 20% in Guernsey



Limits on tax relief

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 Guernsey government, the States of Guernsey, will let you have tax relief on. This is currently the lower of £35,000 and 100% of taxable income across all schemes that you participate in. However, if your income is above a certain limit (£80,000 in 2024) you may also be affected by the tapered withdrawal of tax allowances. Your DC savings are measured each year against these limits over the period from 1 January to 31 December.

Anything that you put into your DC pension pot above this limit is taxed at your marginal rate of tax, unless you can 'carry forward' unused tax relief from the previous six years.

If you make contributions to any other approved pension scheme for the purposes of Guernsey income tax law, these will also count towards the limit.

You can find details of your contributions for the year on My Pension.

Example tax relief calculation for the period 1 January to 31 December 2024

The following example shows how DC contributions are tested against the limit for a full year of assessment from 1 January to 31 December 2024.

Example – DC calculation

DC pensionable salary	£55,000
Member pays 7%	£3,850
DC amount for testing for 2024 is	**£3,850**

Pension contribution to Guernsey approved schemes are deductible up to £35,000 for contributions above £2,500.

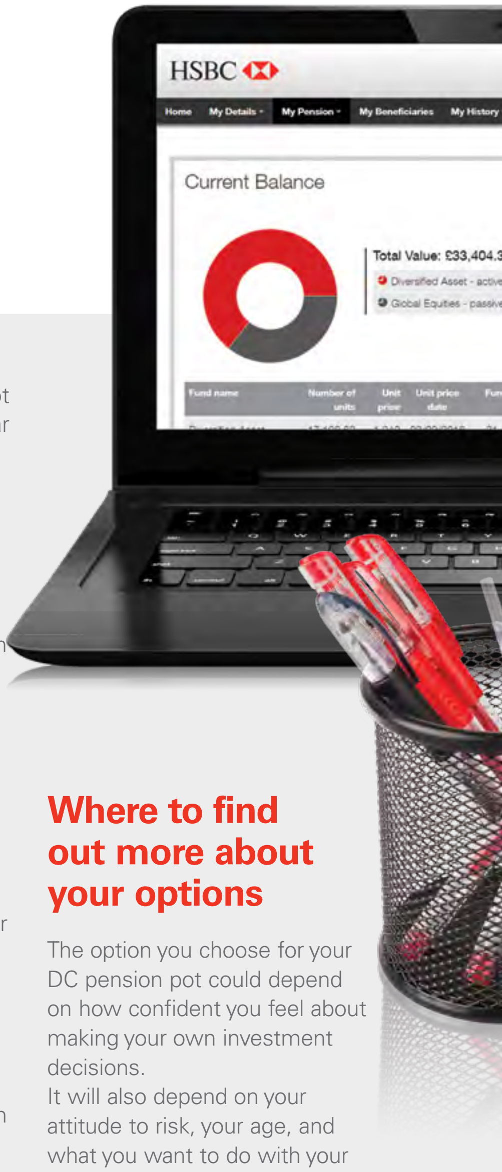
If you're temporarily absent

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 your DC pension pot based on your **DC 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 **DC pensionable salary**. If your salary's reduced (or if you're not being paid), any benefits that continue to be provided would be based on the notional **DC pensionable salary** you'd receive if you were at work.

If you are on long-term sick, the HSBC Group Income Protection (GIP) employee guide will give you more information about the financial support available to you. You can find this guide in **My Benefits.**

Your DC pension pot – investment options

You have four options to choose from for your DC pension pot:



1

The Flexible Income Strategy is designed for you to take a flexible income (e.g. drawdown), spreading the amount and timing of income withdrawals. To be able to take a flexible income you will need to transfer your DC pension pot out of the **Scheme** to a provider that offers this facility. This 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) your **Target Retirement Age**.

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

2

The Lump Sum Strategy is designed for you to take all of your DC pension pot as a cash lump sum. It works in a similar way to 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.

If you think you'll take all of your DC pension pot as a tax-free cash lump sum or if your DC pension pot is small, then this option might suit you.

3

The Annuity Purchase Strategy is designed for you to take 25% of your DC pension pot as a cash lump sum and use the balance to buy an annuity (a regular income for life). It 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.

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

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.

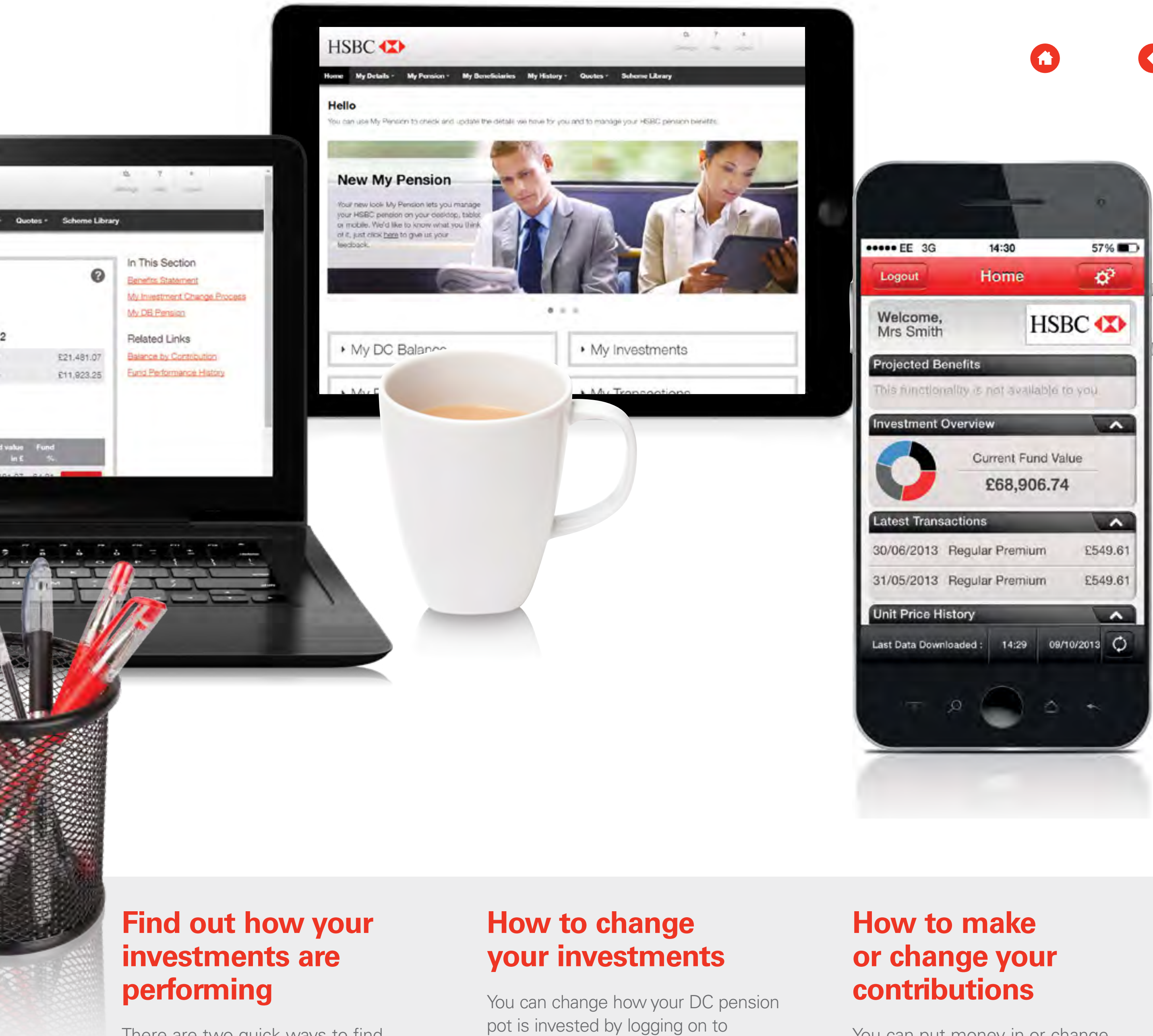
If you don't tell us the option you'd like, the Trustee will automatically invest your DC pension pot in the Lump Sum Strategy.[1]

Where to find out more about your options

The option you choose for your DC pension pot could depend on how confident you feel about making your own investment decisions.
It will also depend on your attitude to risk, your age, and what you want to do with your DC pension pot when you retire.

You can find out more about how to manage your DC pension pot and the current investment options in the guide 'Investment guide for your Defined Contribution (DC) pension pot' go to https://futurefocus.staff.hsbc.co.uk/active-hybrid/information-centre/members-guides

[1] Your default investment option may be different depending on the option you were invested in on 7 February 2018 and how far away you were from your TRA on 10 April 2018.



Find out how your investments are performing

There are two quick ways to find out how your investments are performing:

1. Get hassle-free access to your DC pension pot any place and any time. All you need to do is download the **My Pension mobile app** (page 25 tells you how to get the app and get online).
2. Log on to **My Pension** (page 25 gives you details of how to get online).

If you want to see how the investment funds have performed over the last quarter, year and three years, **futurefocus** has all the DC fund factsheets.

How to change your investments

You can change how your DC pension pot is invested by logging on to **My Pension** . You're able to make make a free investment switch up to 12 times each year – if you make any more there may be a charge.

It's a good idea to review your investment choices regularly – at least once a year. This is particularly important if you've chosen to invest in one of the three investment strategies and decide to change your **Target Retirement Age**, or if your personal circumstances change, for example if you start a family.

How to make or change your contributions

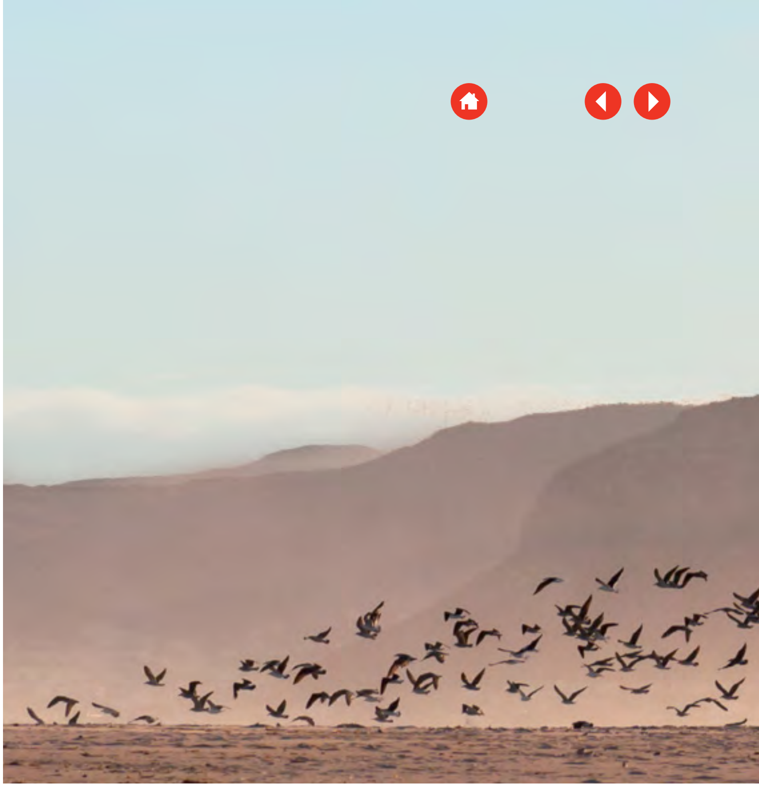
You can put money in or change the amount you contribute at any time through **My Choice**.

The employer's contributions go into your DC pension pot at the same time as yours.

Fees and charges

HSBC pays the administration and investment management fees on the investment options available. Because of this, 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.



What you'll get when you retire

Your DB and DC benefits working together

You have both DB and DC benefits.

The two work in different ways and you have choices about what you want to do with the benefits you've built up in them.

When you can take your benefits

The **Normal Retirement Age (NRA)** under the **Scheme** is 65, although you can choose to take your benefits at any age from 55 to 75. You may be able to take your benefits from age 50 if you transfer to another arrangement which offers this. In some cases the **Trustee** and/or your employer need to agree to you taking your benefits early (see your DB member guide and, if applicable, the 2009 Change leaflet).

If you had an **NRA** under 65 before the 2009 changes and you paid the additional 3% contribution from 1 April 2010 up to 30 June 2015, you'll be able to receive an unreduced pension from an earlier age, generally age 60 (or an earlier age which applied to you before 1 April 2010).

You don't have to take your DB and DC benefits at the same time but you'll need to if you want to take your tax-free cash lump sum from your DC pension pot (see page 16 for details).

If you don't take your DB and DC benefits at the same time, or you have some of your DC pension pot left after taking your tax-free cash, you can use these in other ways. You'll be told about your options when you decide to take your benefits. You may be able to transfer your DC benefits to an arrangement outside of the **Scheme** which offers different options regarding how you can use your DC benefits[1].

Your DB pension

The points made below about DB benefits are general and different provisions may apply depending on which DB category of member you are and the relevant rules for that category.

As an **active hybrid member**, when you decide you want to take your benefits, your DB pension will be calculated using two methods and you'll receive whichever one produces the highest pension:

1. A pension based on your **DB pensionable service** up to 30 June 2015 and your **DB pensionable salary** at date of retirement (which will include any salary increases from 1 July 2015),

or

2. A pension based on your **DB pensionable service** and **DB pensionable salary** as at 30 June 2015, revalued in line with the **Scheme Rules** as if you left service (to help protect your pension against the impact of inflation) from 1 July 2015 up to your retirement date.

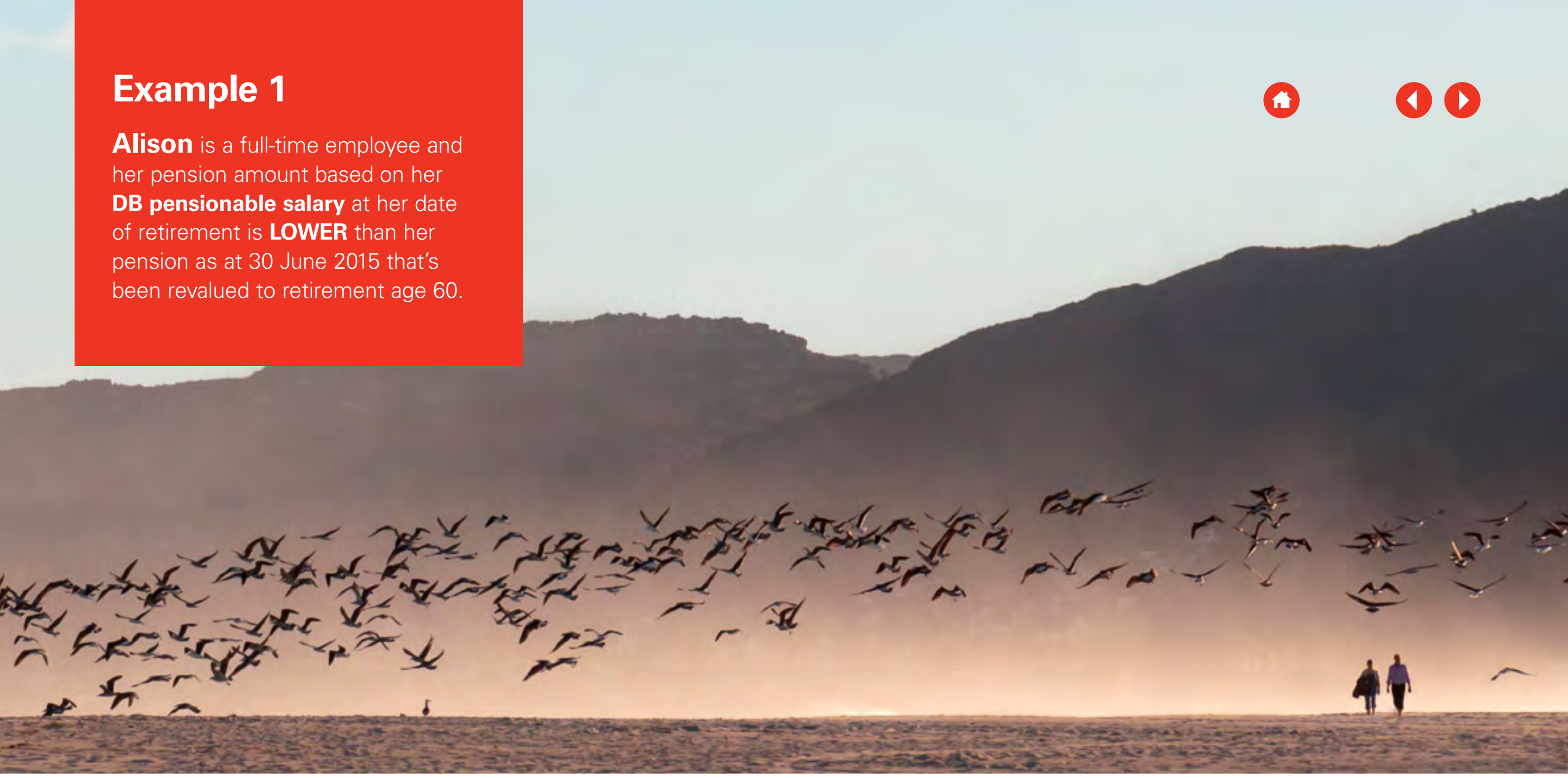
Your relevant DB member guide and, if applicable, the 2009 Change leaflet, tells you how your DB benefits are calculated (but references to 'pensionable service' or 'being a member' in those guides should be read as being pensionable service to 30 June 2015).

State Deduction

If you are a Midland Post-74 member your pension will be reduced by the State Deduction. Your State Deduction is illustrated in your annual benefit statement. Your DB pension will be reduced by the State Deduction from the later of your Guernsey Old Age Pension Age or the UK State Pension Age.

The following three examples illustrate how the DB pension will be calculated assuming the member can take their pension unreduced at the age of 60.

[1] In broad terms this includes:
- Taking your benefits from age 50;
- Taking up to 30% tax-free cash from another approved Guernsey pension scheme;
- Accessing drawdown from certain pension arrangements; or
- Taking your pot as a cash sum (generally up to £15,000 or up to £50,000 across all Guernsey approved arrangements).



Example 1

Alison is a full-time employee and her pension amount based on her **DB pensionable salary** at her date of retirement is **LOWER** than her pension as at 30 June 2015 that's been revalued to retirement age 60.

Alison is a full-time employee age 50 at 30 June 2015. She's been in the **Scheme** for 30 years as at 30 June 2015 and her **DB pensionable salary** at 30 June 2015 was £40,000 a year.

She's been paying contributions of 8% of salary to retain her accrual rate of 1/60th and to receive an unreduced pension at age 60.

DB pension based on **DB pensionable salary**

This gives her a pension built up to 30 June 2015 of £20,000 a year:

30/60 x £40,000 = £20,000

Her **DB pensionable salary** at age 60 is £46,000 a year.

This gives her a pension based on her **DB pensionable salary** on retirement at age 60 of £23,000 a year:

30/60 x £46,000
= **£23,000 a year**

or

DB revalued pension

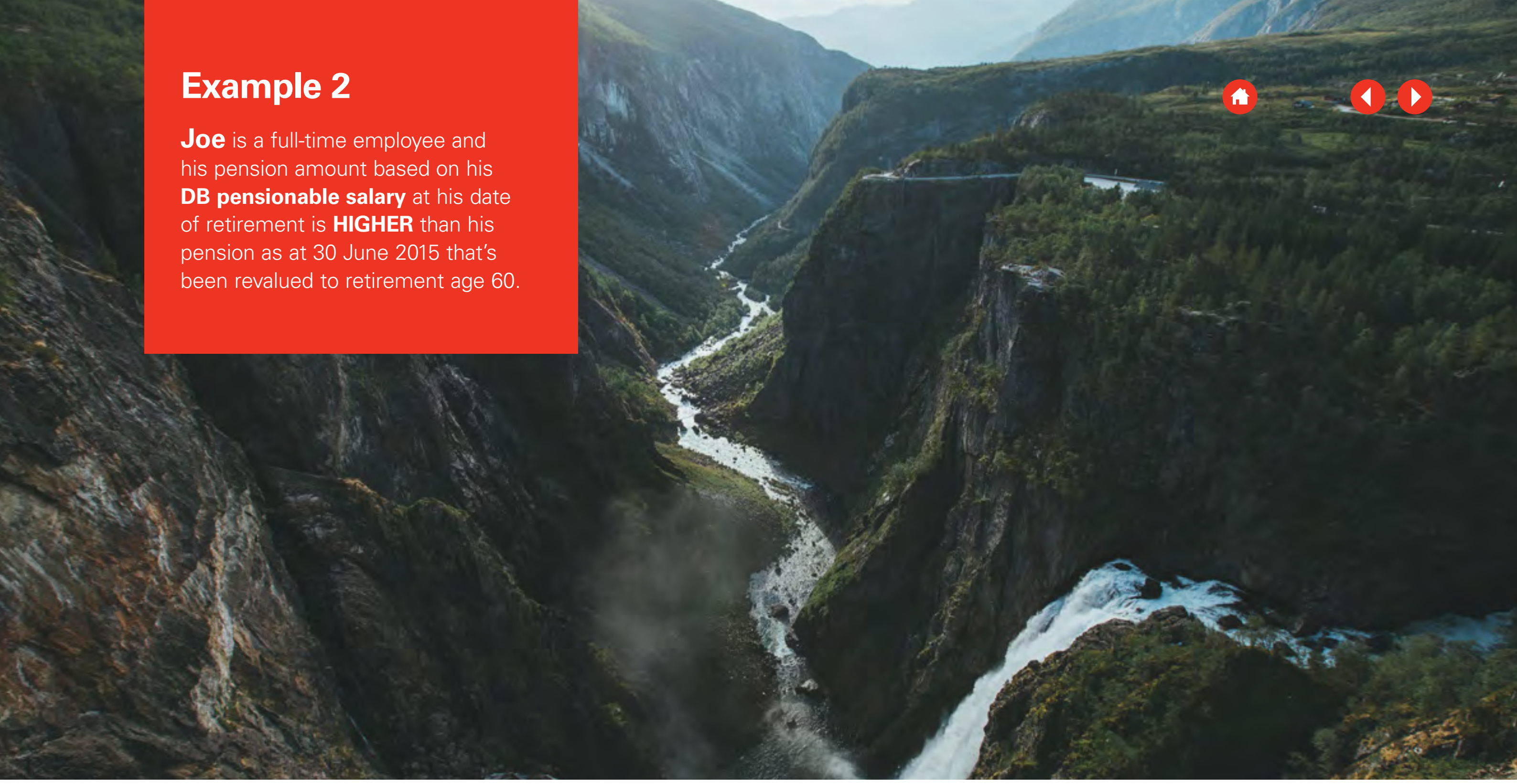
As a minimum, **Alison** is entitled to her pension at 30 June 2015 increased in the same way as if she'd left **pensionable service** at that date and was treated as a deferred member of the **Scheme.**

This would increase as set out under the **Scheme Rules** (broadly in line with inflation).

Assuming price inflation averages 2% a year, **Alison** is entitled to a pension on retirement at age 60 of £24,380 a year:

£20,000 × 1.02^{10}
= **£24,380 a year**

Because the revalued pension is **HIGHER** than her pension based on her **DB pensionable salary** at retirement age 60, **Alison** would receive a pension of **£24,380 a year.**



Example 2

Joe is a full-time employee and his pension amount based on his **DB pensionable salary** at his date of retirement is **HIGHER** than his pension as at 30 June 2015 that's been revalued to retirement age 60.

Joe is a full-time employee age 50 at 30 June 2015. He has been in the **Scheme** for 30 years as at 30 June 2015 and his **DB pensionable salary** at 30 June 2015 was £40,000 a year.

He's been paying contributions of 8% of salary to retain his accrual rate of 1/60th and to receive an unreduced pension at age 60.

DB pension based on **DB pensionable salary**

This gives him a pension built up to 30 June 2015 of £20,000 a year:

30/60 x £40,000 = £20,000

His **DB pensionable salary** at age 60 is £60,000 a year.

This gives him a pension based on his **DB pensionable salary** on retirement at age 60 of £30,000 a year.

30/60 x £60,000
= **£30,000 a year**

or

DB revalued pension

As a minimum, **Joe** is entitled to his pension at 30 June 2015 increased in the same way as if he'd left **pensionable service** at that date and was treated as a deferred member of the **Scheme.**

This would increase as set out under the **Scheme Rules** (broadly in line with inflation).

Assuming price inflation averages 2% a year, **Joe** is entitled to a pension on retirement at age 60 of £24,380 a year:

$£20,000 \times 1.02^{10}$
= **£24,380 a year**

Because the revalued pension is **LOWER** than his pension based on **DB pensionable salary** at retirement age 60, **Joe** would receive a pension of **£30,000 a year.**

George is a part-time employee age 50 at 30 June 2015. He's been in the **Scheme** for 30 years as at 30 June 2015 and his **DB pensionable salary** at 30 June 2015 was £40,000 a year, this is his full-time equivalent salary.

He's been paying contributions of 8% of salary to retain his accrual rate of 1/60th and to receive an unreduced pension at age 60.

DB pension based on DB pensionable salary

George has been working 28 part time hours out of 35 full time hours for the first 20 years of his service and 17.5 part time hours out of 35 full time hours for the last 10 years of service:

28/35 × 20+17.5/35 × 10 = 21 years (pro rata pensionable service)

This gives him a pension built up to 30 June 2015 of £14,000 a year:

21/60 x £40,000 = £14,000

His full-time equivalent **DB pensionable salary** at age 60 is £50,000 a year. He has subsequently changed his hours to 21 out of 35, but this does not affect his DB pension.

21/60 x £50,000
= **£17,500 a year**

or

DB revalued pension

As a minimum, **George** is entitled to his pension at 30 June 2015 increased in the same way as if he'd left **pensionable service** at that date and was treated as a deferred member of the **Scheme.**

This would increase as set out under the **Scheme Rules** (broadly in line with inflation).

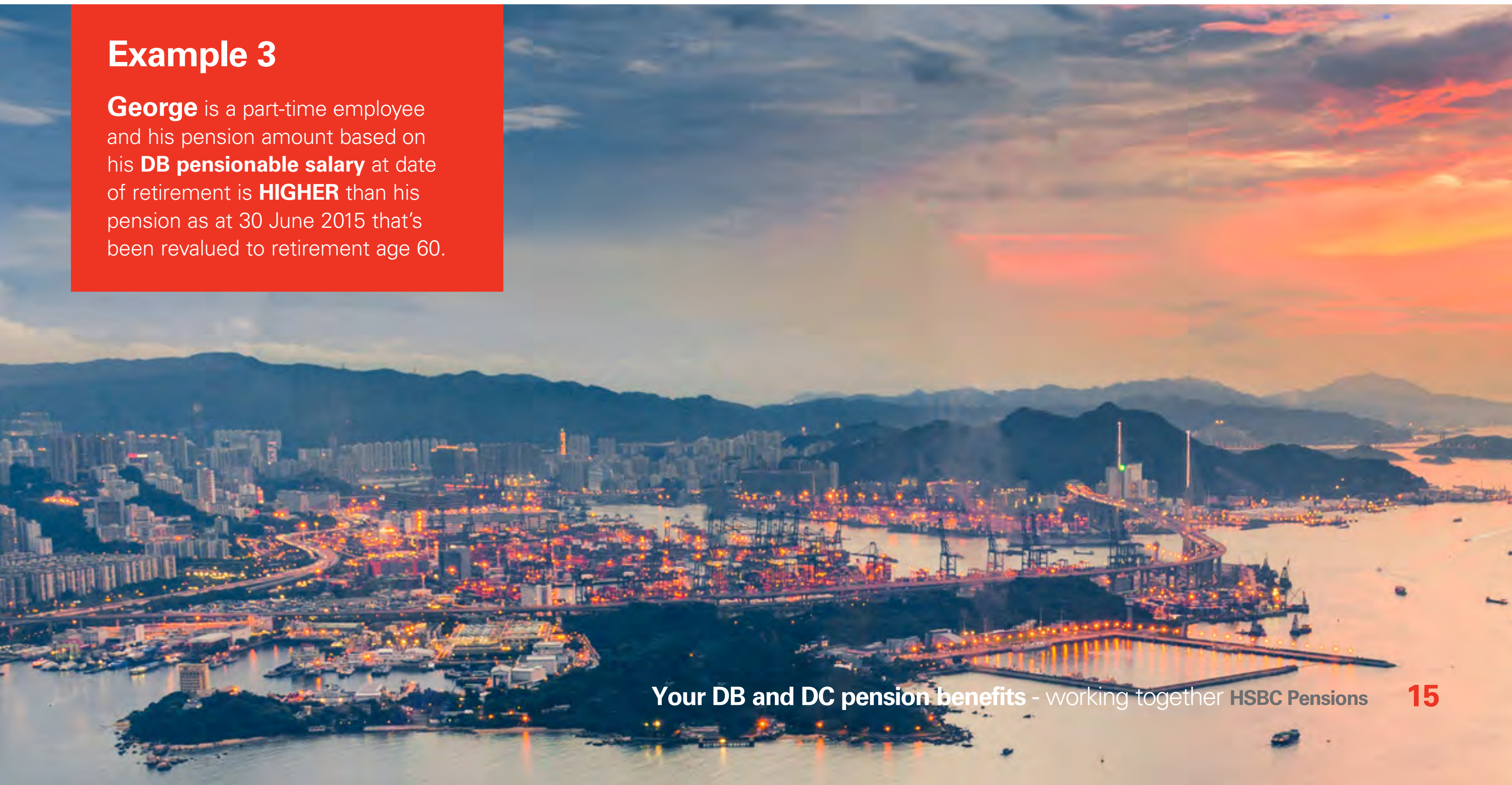
Assuming price inflation averages 2% a year, **George** is entitled to a pension on retirement at age 60 of £17,066 a year:

$£14,000 \times 1.02^{10}$
= **£17,066 a year**

Because the revalued pension is **LOWER** than his pension based on **DB pensionable salary** at retirement age 60, **George** would receive a pension of **£17,500** a year.

Example 3

George is a part-time employee and his pension amount based on his **DB pensionable salary** at date of retirement is **HIGHER** than his pension as at 30 June 2015 that's been revalued to retirement age 60.



Taking your DB benefits early

You can take your DB benefits directly from the **Scheme** at any time at or after age 55 (generally if you're under age 60 the **Trustee** and/or your employer need to agree this) but remember, your pension will normally be reduced because it's being taken early.

If you chose to make an additional 3% contribution from 1 April 2010, you can take your DB pension unreduced at an earlier age, generally age 60.

If you leave the employment of HSBC due to redundancy and have a 'protected pension age' (younger than age 55) you must take all your benefits (including any AVCs) at the same time to take advantage of it. You must also leave service. Your DB member guide and, if applicable, the 2009 Change leaflet gives more information on which members can take benefits before age 55.

Taking your DB benefits late

You can choose to take your DB benefits after **NRA** (up to age 75).

You can find more details about taking your benefits before or after **NRA** in your relevant DB member guide and, if applicable, the 2009 Change leaflet.

Using your DB and DC benefits together – tax-free lump sum

Generally, you can take up to 25% of the total value of your benefits from the **Scheme** as a tax-free cash sum (subject to the Guernsey maximum tax-free cash sum limit across all your pension schemes. This is £203,000 for 2023). To work out what that is, the value of your DB pension and the money in your DC pension pot are added together. You may be able to take up to 30% of the total value of your benefits as a tax-free cash sum if you transfer your benefits to an approved Guernsey pension scheme which offers this.

If the value of your DC pension pot is 25% or more of the total value of your **Scheme** benefits, you can take your maximum tax-free cash sum from here (provided you take your DB and DC benefits at the same time) – this means you don't need to give up any of your DB pension in exchange for cash if you don't want to. Any DC pension pot left over must be used to buy a regular income (called an annuity) which can be arranged by a local Guernsey broker.

If the money in your DC pension pot doesn't cover the maximum tax-free cash sum you can take the remainder by exchanging part of your DB pension if you want to. If you do this, it will reduce the DB pension amount you receive.

You don't have to stop working

You don't have to stop working for the **UK HSBC Group**.

You can:

- carry on as you are – not take any DB or DC benefits and keep building on what you have already. This means your DB benefits will carry on being linked to your **DB pensionable salary** and contributions to your DC pension pot will continue.
- take flexible retirement[1], working the same or fewer hours and take your DB benefits and DC pension pot. Your **DB pensionable salary** will be calculated at the date you take your benefits.
- opt out of the **Scheme** and leave your DC pension pot invested until you're ready to retire. This means that your **DB pensionable salary** will be calculated at the date you opt out and DC contributions will stop – see page 22 for details.
- opt out of **active hybrid member** status – see page 22 for details.

While you carry on working for the **UK HSBC Group** you'll still be covered for the lump sum death benefit payable through the **Life Assurance Scheme**.

[1] Subject to **Principal Employer** and **Trustee** approval.

Help for your family when you die

Making your wishes known

So that the **Trustee** can take your wishes into consideration, your nomination and dependents details need to be kept 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 **MSS**. The **Trustee** and the **Life Assurance Trustee** will consider your wishes but, for tax reasons, aren't bound by them.

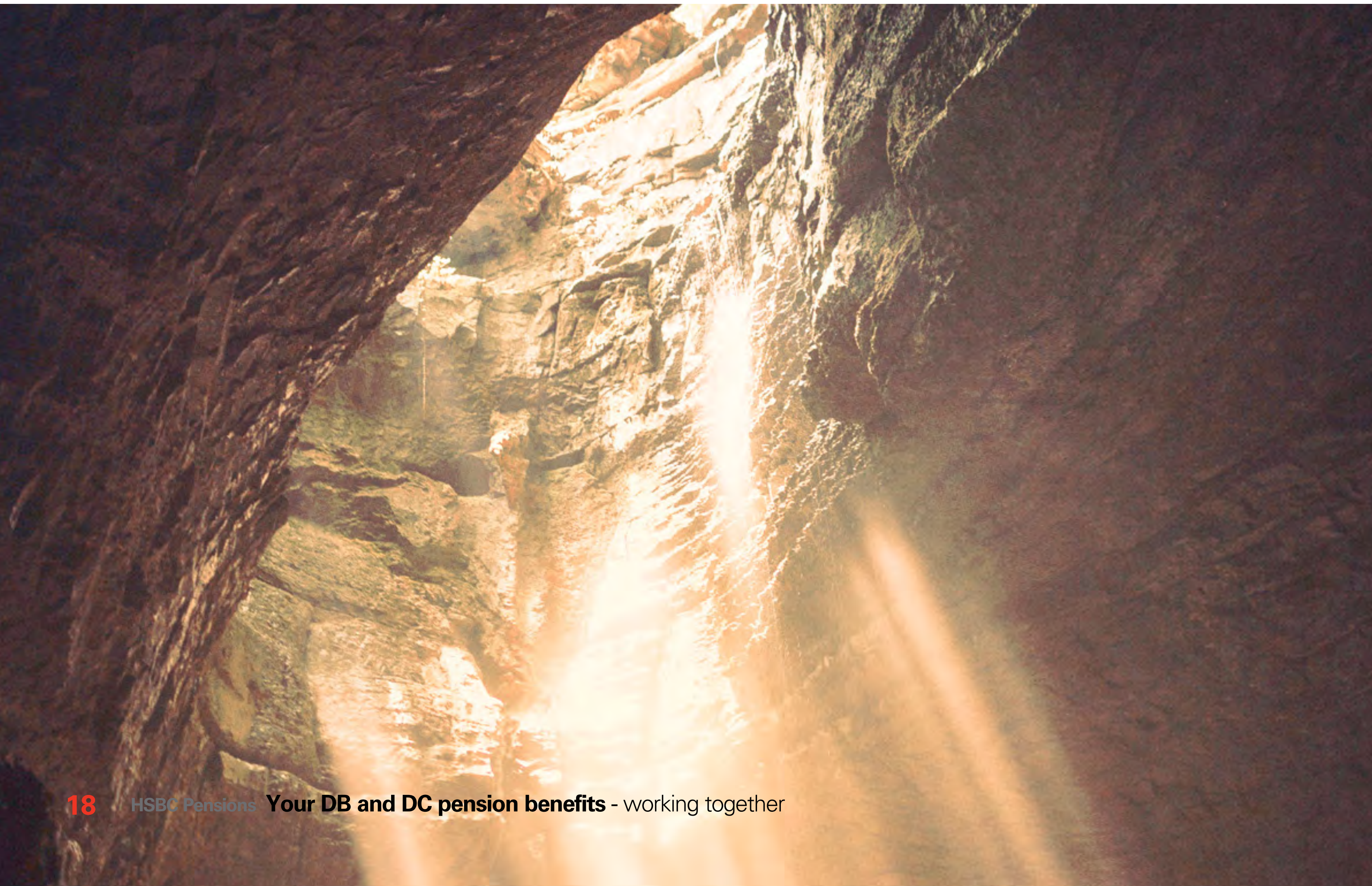
Help for your family if you die while working for the UK HSBC Group

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

- Lump sum life assurance – a payment paid through the **Life Assurance Scheme**.

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

  If you die within two years of receiving benefits through the **Principal Employer's** Group Income Protection Plan, a payment based on the **benefit salary** you were paid before you started receiving ill-health benefits would usually be paid through the **Life Assurance Scheme**.
- A refund of contributions – that you've paid while a member of the **Scheme.**
- Benefits for your **dependants** from the **Scheme**.



Your relevant DB member guide and, if applicable, the 2009 Change leaflet tells you how your DB benefits are calculated while in pensionable service (but references to 'pensionable service' or 'being a member' in those guides should be read as being pensionable service to 30 June 2015).

	DB death benefits payable upon death in service	DC death benefits payable upon death in service
Spouse's pension	For a Midland post-1974 member, the greater of: **1.** 50% of pension based on **DB pensionable service** to 30 June 2015 and **DB pensionable salary** at date of death (which includes any salary increases from 1 July 2015); or **2.** 50% of your pension based on **DB pensionable service** and **DB pensionable salary** as at 30 June 2015, increased in line with the **Scheme Rules** (to help protect your pension against the impact of inflation) to date of death. For all other categories of membership, you should refer to your relevant DB member guide (and, if applicable, the 2009 Change leaflet) for details of any **spouse's** pension payable. For the majority of membership categories, if your **spouse** is more than 15 years younger than you, their pension will be reduced by a maximum of 2.5% for each year above the 15 year age difference subject to a maximum reduction of 50%. Refer to your relevant DB member guide (and, if applicable, the 2009 Change leaflet) for details.	A pension of 30% of your **DC pensionable salary** as at your date of death. If your **spouse** 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 a **dependant**	If you don't have a **spouse**, the **Trustee** has discretion, generally with the **Principal Employer's** approval, to provide a **dependant** with an allowance.	If you don't have a **spouse**, if the **Trustee** and the **Principal Employer** approve, a **dependant** could receive an allowance up to the value of a **spouse's** pension.
An allowance for any **dependent children**	You should refer to your relevant DB member guide (and, if applicable, the 2009 Change leaflet) for details of any children's allowances payable.	This would be a percentage of the **spouse** 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** pension or **dependant's** allowance payable, then the **children's** allowance would be doubled.

The following example illustrates how the **spouse's** pension would be calculated if an individual were to die while an **active hybrid member.**

Ben was age 50 at 30 June 2015.

He'd been in the **Scheme** for 25 years as at 30 June 2015 and his **DB pensionable salary** at 30 June 2015 was £20,000 a year. He'd been paying contributions of 8% of salary to retain his accrual rate of 1/60th and to receive an unreduced pension at age 60.

Ben dies at age 55, while still contributing to his DC pension pot. His **DB** and **DC pensionable salary** at date of death is £25,000 a year.

In addition to a lump sum benefit, **Ben's spouse Anna**, receives a pension in respect of both his DB and DC benefits.

DB spouse's pension (based on DB pensionable salary)

Anna's pension in respect of Ben's DB benefits is based on Ben's **DB pensionable service** to 30 June 2015 and **DB pensionable salary** at date of death is £5,208 a year.

25/60 x £25,000 x 50% = **£5,208 a year**

or

DB spouse's pension (based on revalued pension)

As a minimum, **Anna** is entitled to a pension based on 50% of **Ben's** deferred pension at 30 June 2015 increased up to the date of death in the same way as if he'd left pensionable service at 30 June 2015 and was treated as a deferred member of the **Scheme.**

This would increase as set out under the **Scheme Rules** (broadly in line with inflation).

Assuming price inflation averages 2% a year, **Anna** is entitled to a pension on **Ben's** death of £4,600 a year:

25/60 x £20,000 x 1.02^5 x 50% = **£4,600 a year**

Because the revalued pension is **LESS** than the **spouse's** pension based on **Ben's DB pensionable salary** at his date of death, **Anna** would receive a pension in respect of Ben's DB benefits of **£5,208 a year**.

+

DC spouse's pension

Anna's pension in respect of Ben's DC pension is 30% of **Ben's DC pensionable salary**:

30% of £25,000 = **£7,500 a year**

This means that in total, **Anna** receives a **spouse's** pension of **£12,708 a year** (£5,208 + £7,500).

If you die after taking your benefits

Benefits from your DB pension

Your **spouse** will receive a pension if you die after you've retired.

Your DB member guide (and, if applicable, the 2009 Change leaflet) gives you more information about what will be payable if you die after taking your benefits.

Benefits from your DC pension pot

Any benefits due will depend entirely on the choices you make at retirement. If you use some of your DC pension pot to provide an income, your family or beneficiaries should contact your chosen provider in the event of your death.

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 the benefits that relates to your membership of the **Scheme**.

If you die after leaving the Scheme

If you're still a deferred member of the **Scheme** i.e. you haven't retired or transferred your benefits out of the **Scheme**, your family and **dependants** could get financial help.

In respect of DB membership

Refer to your relevant DB member guide (and, if applicable, the 2009 Change leaflet) for details.

In respect of DC membership

The total value of your DC pension pot (including the value of your employer's contributions) will usually be paid as a lump sum at the **Trustee's** discretion.

Opting out or leaving the Scheme

Opting out of the Scheme

While you're working for the **UK HSBC Group**, you can opt out of the **Scheme** by giving notice to your employer. If you want to opt out, go to **My Choice** on the **My Benefits** website.

If you opt out of the **Scheme** it means you'll be treated as a leaver (see 'Leaving the Scheme' opposite) and

- your DB benefits will be based on your **DB pensionable salary** as at the date you opt out (you'll lose the link to any future increases to your salary), and
- the money you and your employer are putting into your DC pension pot will stop.

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 you will not benefit from any **spouse's** or **dependant's** pension in respect of DC membership. You'll be treated as a deferred member for any **spouse's/dependant's** benefits payable in respect of DB membership. Refer to your relevant DB member guide (and, if applicable, the 2009 Change leaflet) for details.

From 1 July 2024 HSBC must enrol all qualifying Guernsey employees into a pension scheme.

If you opt out of the Scheme and do not subsequently join the alternative "Your Island Pension" arrangement (an independently governed pension scheme set up by the States of Guernsey) HSBC Group has an obligation to automatically re-enroll you back into the Scheme every three years following this choice provided you meet the relevant requirements. If this happens and you wish to leave the Scheme you will have to actively opt out again.

For more information about your options should you opt out then please contact your HSBC Group employer

You can stop paying into your DC pension pot if you need to, without opting out (your employer will continue to make its contributions). You can do this using the 'Anytime Event' option in My Choice.

Opting back into the Scheme

You can opt back in to the DC membership of the **Scheme** any time through **My Choice** but you won't be able to take up your **active hybrid member** status (your DB benefits will still be based on your **DB pensionable salary** at the date you opted out originally).

If you opt back in, you might want to read 'Knowing your DC pension pot' on **futurefocus**.

Opting out of your 'active hybrid member' status

While you're working for the **UK HSBC Group**, you can opt out of being an **active hybrid member** by giving one month's notice to your employer. If you want to opt out, go to **My Choice** on the **My Benefits** website.

If you opt out of being an **active hybrid member**:

- your DB benefits will be based on your **DB pensionable salary** as at the date you opt out (i.e. you will lose the link to any future increases to your **DB pensionable salary**), and
- you will continue as an active DC member of the **Scheme**, with your employer's and your contributions (if any) continuing to your DC pension pot.

You'll still be covered for death benefits as an active DC member (see the summary table on page 19). You'll be treated as a deferred member for any **spouse's/dependant's** benefits payable in respect of your DB membership – please refer to your relevant DB member guide (and, if applicable, the 2009 Change leaflet) for details.

Leaving the Scheme

When you leave the **Scheme** your DB benefits will be based on your **DB pensionable salary** at that date (you'll lose the link to any future increases to your salary) and the money you and your employer are putting into your DC pension pot will stop.

Your options on leaving the Scheme

When you've left the **Scheme** you'll be sent a 'Statement of deferred benefits' showing your DB and DC benefits built up in the **Scheme** to your date of leaving. You'll also have a 'Leaving the Scheme' guide giving you more information about your choices and what you need to do.

When you leave you can:

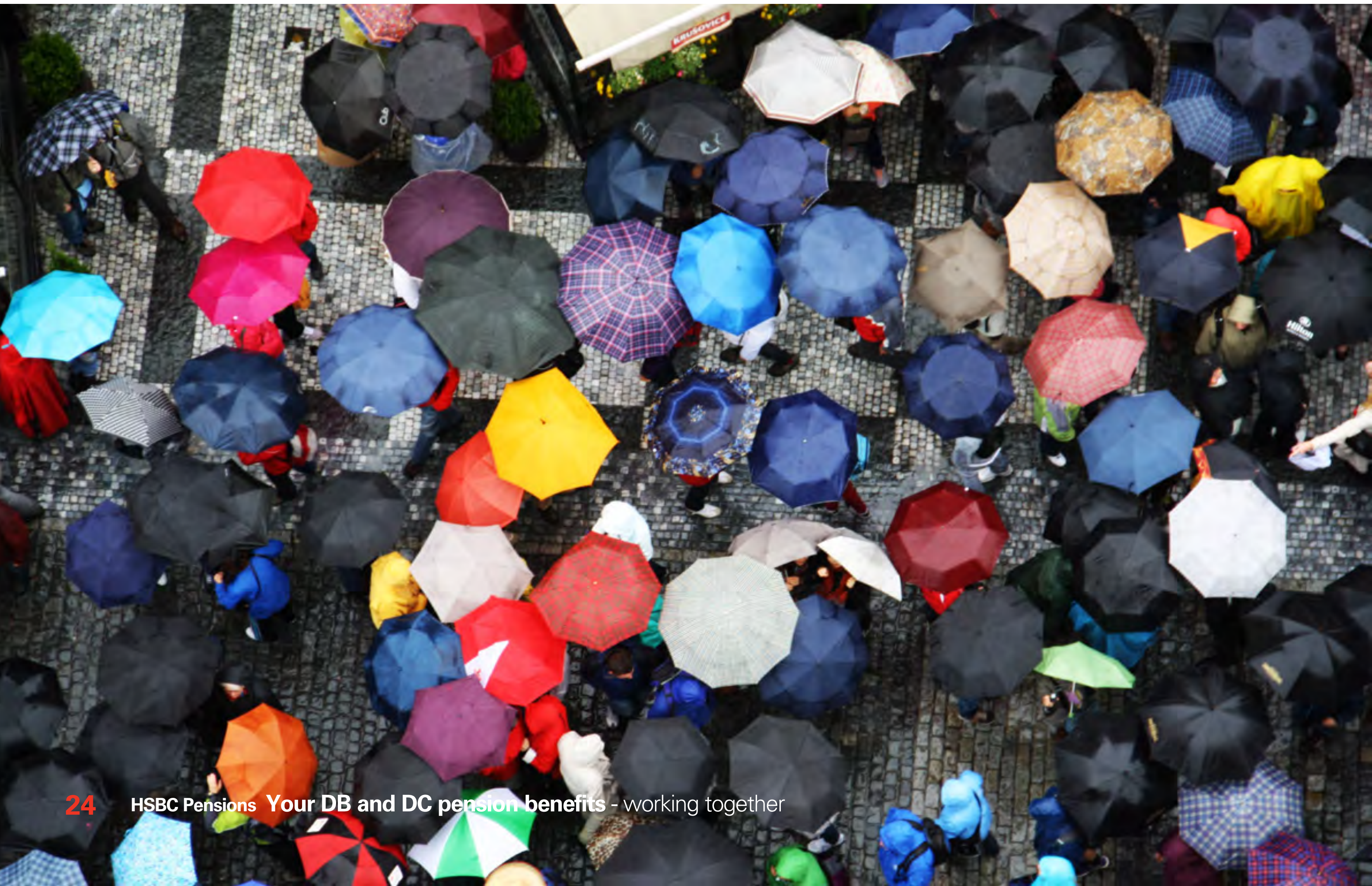
- leave all your benefits in the **Scheme** – this means you will be a deferred hybrid member,
- transfer all your benefits in the **Scheme** to another approved Guernsey pension scheme, a Retirement Annuity Scheme or a Retirement Annuity Trust. Transfers can also be made to pension schemes approved in the UK, Jersey, the Isle of Man, Ireland and certain statutory schemes outside Guernsey; other pension schemes outside Guernsey which provide similar benefits; or non-approved Guernsey schemes. Transfers to certain schemes outside of Guernsey and non-approved Guernsey schemes may be subject to tax at 10%.
- take your benefits directly from the **Scheme** at any time from age 55 (generally subject to **Trustee** and/or your employer's consent if under **NRA**), or
- get back the value of any contributions you've paid into the **Scheme** (less tax at 10% or 20% depending upon your age).

If you want to transfer out your DB benefits to a defined contribution arrangement, you must take appropriate independent financial advice from an FCA-authorised financial adviser before the transfer can take place and prove that you have done so, if the value of your DB benefit is over £30,000.

Your State Pension

You may be entitled to an Old Age Pension in addition to your **Scheme** benefits.

To find out more about any Old Age Pension entitlement that you may have, please visit **www.gov.gg/statespension.**



Where to go for more information...

Online

futurefocus

– tells you about your **Scheme** benefits and gives you easy access to **My Pension**, your personal pension savings account. There are also links to useful information about pensions in general.
https://futurefocus.staff.hsbc.co.uk.

Wellbeing

- if you would like help to find out more about pensions and other money issues, try the easy to use, interactive hub, wellbeing.

Go to HRDirect.

Member Self Service (MSS)

This is where you can access your personal information and find more information regarding your defined benefits pension. Click the **login to MSS** on the top right hand corner of futurefocus.

My Pension 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:

To get your password, go to **My Pension** and click on Mobile Application Password on the left-hand side of the welcome page.

Your DB and DC benefits online

My Pension lets you see if you're on course to meet your target income and plan for your future. You can:

- keep an eye on how your DC investments are performing
- change your DC investment choice

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 offsite (including at home), go to the same place as above but remember you'll need your user ID and password to log on to **My Pension**.

MSS lets you see your DB pension information and plan for your future. You can:

- see your DB pension at 30 June 2015 and based on your latest **DB pensionable salary**
- update your nominations and dependants details
- update your personal details

Log on to **MSS** 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 MSS.** If you're offsite (including at home), go to the same place as above but remember you'll need your user ID and password to log on to **MSS.**

Offline

Getting in contact

If you've got a general question which you can't find an answer to, or a query about your DB or DC pension benefits, you can contact the HSBC Administration Team, Equiniti, at:

HSBC Bank (UK) Pension Scheme
PO Box 5227
Lancing
BN99 9FN

Phone: 0371 384 2631

Email: HSBCHybridPensions@equiniti.com

Information on the Scheme

Scheme registration

The **Scheme** is registered in the UK with HM Revenue & Customs and is also approved by the States of Guernsey Revenue Service. Payment of contributions and the provision of benefits under the **Scheme** to Guernsey members are subject to States of Guernsey Revenue Service rules and because of this have certain tax exemptions and reliefs. There are allowances and 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**.

Your data: What information we hold and what we do with it

We are committed to protecting and processing fairly and lawfully the personal information we gather, hold and use about you, 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 HSBC Administration Team (see above). 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 and 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 Data Protection Commissioner in Guernsey at: **www.odpa.gg**.

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 HM Revenue & Customs, 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 **Login to MSS** 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 please contact the HSBC Administration Team (see page 26).

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.

Information will generally be provided to you free of charge, although we can charge a reasonable fee in certain circumstances. 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 Data Protection Commissioner in Guernsey at: **www.odpa.gg**.

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 **Scheme Rules** on behalf of all members and their beneficiaries. The **Trustee** has a board of directors who meet at least four times a year.

If you need to contact the **Trustee** you can write to:

HSBC Bank Pension Trust (UK) Limited
Level 35
8 Canada Square
London E14 5HQ

or contact the Trustee via email at:
pensionschemeexecutive@hsbc.com

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 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**

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 26).

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 Information Centre on **futurefocus** or from the Pension Scheme Executive at: HSBC Bank Pension Trust (UK) Limited, 8 Canada Square, London E14 5HQ) who'll normally respond within two months of receiving full details of the complaint.

If the matter is 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 under 'Information about the Trustee' or download the relevant form from the Information Centre on **futurefocus**.

If you're not happy with the reply, then you can contact The Pensions Ombudsman – details are shown opposite.

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 and Guernsey tax and social security legislation in force as at July 2024. This guide is for members resident in Guernsey for the purposes of the Guernsey tax legislation whilst accruing benefits in the Scheme and who remain tax resident in Guernsey when taking their benefits from the Scheme. If there are differences between this guide and the Scheme's Trust Deed and Rules the latter will always override.

The Pensions Ombudsman

You have the right to refer your complaint to The Pensions Ombudsman free of charge.

The Pensions Ombudsman deals with complaints and disputes which concern the administration and/or management of occupational and personal pension schemes.

Contact with The Pensions Ombudsman about a complaint needs to be made within three years of when the event(s) you are complaining about happened – or, if later, within three years of when you first knew about it (or ought to have known about it). There is discretion for those time limits to be extended.

The Pensions Ombudsman can be contacted at:
10 South Colonnade, Canary Wharf
London, E14 4PU
Tel: 0800 917 4487
Email: enquiries@pensions-ombudsman.org.uk

Website: **www.pensions-ombudsman.org.uk**

You can also submit a complaint online:
www.pensions-ombudsman.org.uk/making-complaint

The Channel Islands Financial Ombudsman

The Channel Islands Financial Ombudsman can investigate pensions matters in Guernsey.

The Ombudsman can be contacted at:

PO Box 114
Jersey
Channel Islands
JE4 9QG

Phone: 01481 722218
Email: enquiries@ci-fo.org
Web: **www.ci-fo.org**

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 **DC pensionable salary**, as opposed to overtime, which isn't.

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

DB normal retirement age (NRA) – is age 65 or the earliest date at which you can receive your DB pension without employer consent (generally age 60).

DB pensionable salary – is your salary which is used to calculate your DB pension – refer to your relevant DB member guide (and, if applicable, the 2009 Change leaflet) on **futurefocus**.

Any car, market or fd plus allowance which is consolidated into salary from 1 July 2015 is not included. In addition, from 1 January 2023 your Territorial Allowance is not included.

DB pensionable service – is your pensionable service used to calculate your DB pension up to 30 June 2015 – refer to your relevant DB member guide (and, if applicable, the 2009 Change leaflet) on **futurefocus**.

DC pensionable salary – is your annual salary capped at the **Scheme Earnings Cap**, excluding allowances, bonus payments and overtime, but including salary relating to **additional hours.**

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

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

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.

Member Self Service (MSS) – your personal DB pension account online. This shows your pension details, allows you to update your personal details and expression of wish.

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. This shows your account details, including the money being paid in by you and your employer, which funds your account is invested in, and how those funds are performing. You can use **My Pension** to change investment choices, plan your future retirement income by modelling different contribution rates and retirement ages, and update your personal information.

Principal Employer – HSBC UK Bank plc.

Privacy Notice – is a statement explaining how the **Trustee** processes individuals' personal data in connection with the running of the **Scheme**.

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

Scheme Earnings Cap - increases each year on 1 July by the annual rise in the UK 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 this was £186,000.

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

Spouse – for the purpose of death benefits payable under the Scheme, this means your spouse of the same or opposite sex or civil partner at your date of death:

- whether or not you're living with them at the time,
- whether or not you were living with them at the date of retirement, and
- regardless of how long you've been married.

Target Retirement Age (TRA) – this is set at 65 for your DC pension pot unless (i) you choose a different age between 55 and 75, or (ii) you paid AVCs before 1 July 2015, in which case your DC pension pot will target the same **TRA** as your AVCs**.**

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, Jersey, Guernsey and the Isle of Man that participate in the **Scheme**.

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

HSBC Bank Pension Trust (UK) Limited, 8 Canada Square, London, E14 5HQ Registration number: 489775

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