



Your guide to defined terms



Although we try to keep our communications clear, using everyday language, there are some defined terms that we do occasionally need to use. We have used short definitions on the webpages themselves, but here are the full definitions for you to refer to if you wish.

Term	Members to whom the term applies	Definition
Active funds	DC & Hybrid	With these funds, the investment manager actually chooses investments he or she believes will perform better than the corresponding index.
Active hybrid member	DC & Hybrid	A person who was an active member of the Scheme building up defined benefit on 30 June 2015, became a member with a DC pension pot on 1 July 2015, and has not left service or been treated as having left service.
Active member	DC & Hybrid	Someone who has contributions paid into their DC pension pot by the employer (and employee if they choose to), either directly or through salary sacrifice.
Additional hours	DC & Hybrid	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.
Annual Allowance	DC, DB & Hybrid	<p>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 on pensions savings through any registered pension scheme each tax year is called the 'Annual Allowance' (AA). The standard AA is currently £60,000, but this is reduced for those with total taxable income and pension savings of £260,000 and over (subject to an income floor of £200,000).</p> <p>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 the last three tax years.</p>



Term	Members to whom the term applies	Definition
Annuity	DC & Hybrid	An income which can last for a lifetime (lifetime annuity) or a specified period of time, normally purchased from an insurance company.
Annuity Purchase Strategy	DC & Hybrid	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	DC & Hybrid	Your basic salary plus any market allowance for life assurance benefits.
Capital Lifecycle	DC & Hybrid	An investment option that assumes you will want to take 25% of your pension pot as tax-free cash at your TRA and the balance to provide a flexible income over a period of time e.g. drawdown policy with another provider.
Cash Lifecycle	DC & Hybrid	An investment option that assumes you'll want to take all of your DC pension pot as cash when you retire. It assumes that you're planning to take your pension pot as cash, for example to pay off your mortgage.
DB	DB & Hybrid	Means Defined Benefit.
DB normal retirement age (NRA)	DB & Hybrid	Age 65 or the earliest date at which you can receive your DB pension without employer consent (generally age 60).
DB pensionable salary	DB & Hybrid	The salary 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.



Term	Members to whom the term applies	Definition
DB pensionable service	DB & Hybrid	The 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	DC & Hybrid	Means Defined Contribution.
DC pension pot	DC & Hybrid	Your DC pension savings in the Scheme.
DC pensionable salary	DC & Hybrid	Your annual 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 DC pensionable salary you'd have had if you weren't participating in salary sacrifice.
Deferred member	DC, DB & Hybrid	Someone who has left the Scheme, but has not yet taken their benefits from the Scheme.
Dependant	DC & Hybrid	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	DC & Hybrid	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 subject to the Trustee's approval.



Term	Members to whom the term applies	Definition
Flexicycle	DC & Hybrid	A DIY Lifecycle which lets you decide where to invest your money using a simple framework. Under Flexicycle, you choose which funds to invest in to grow your pension pot and which lower risk funds to move your money into as you get closer to retirement.
Flexible Income Strategy	DC & Hybrid	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	DC & Hybrid	An investment option that gives you flexibility to manage your money from all the self-select funds on offer through the Scheme. This allows you to create an investment strategy for your DC pension pot that reflects your financial aims and personal circumstances.
futurefocus	DC, DB & Hybrid	The HSBC Bank (UK) Pension Scheme's general website.
Life Assurance Trustee	DC & Hybrid	The trustee of the Life Assurance Scheme, currently HSBC Retirement Benefits Trustee (UK) Limited.
Life Assurance Scheme	DC & Hybrid	The HSBC UK Life Assurance Scheme which is operated by the UK HSBC Group through a separate trust.
Lifecycle 2	DC & Hybrid	Lifecycle 2 was an investment strategy open to members of the Scheme before September 2011. It closed to new members at September 2011, but members who already invested in Lifecycle 2 can continue to invest in it. Lifecycle 2 is designed for members who plan to use some or all of their DC pension pot to buy an income when they retire.

Term	Members to whom the term applies	Definition
Lump Sum Allowances	DC, DB & Hybrid	<p>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.</p> <p>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).</p> <p>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.</p> <p>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).</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>Please also note that the information in this section (Lump sum allowances) may not apply to Guernsey, Jersey or Isle of Man members.</p> <p>For more information, please contact the HSBC Administration Team.</p>



Term	Members to whom the term applies	Definition
Lump Sum Strategy	DC & Hybrid	An investment option designed for you to take all of your DC pension pot as a cash lump sum.
Member Self Service	DB & Hybrid	Your personal pension account by Equiniti. You can see your personal information, your DB pension value and update your personal preferences such as Expression of Wish.
Money Purchase Annual Allowance (MPAA)	DC, DB & Hybrid	Individuals who flexibly access pension benefits from a money purchase arrangement are subject to a money purchase annual allowance (MPAA) that limits the future contributions they can make to money purchase pension arrangements. The MPAA for the 2024/25 tax year is £10,000.
My Benefits	DC & Hybrid	Your HSBC benefits online portal.
My Choice	DC & Hybrid	HSBC's flexible benefits package where employees choose from a range of benefits to suit their needs.
My Pension	DC & Hybrid	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.
Passive funds	DC & Hybrid	A passive fund aims to track the performance of an index or benchmark. The investment manager doesn't actively make decisions about how the money should be invested.



Term	Members to whom the term applies	Definition
Pensionable salary	DC & Hybrid	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.
Pensioner member	DB & Hybrid	A member who had built up defined benefits and is now taking a pension from the Scheme.
Principal Employer	DC, DB & Hybrid	HSBC UK Bank plc
Qualifying service	DC, DB & Hybrid	Time spent as a member of the Scheme (while DC contributions are paid) 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.
Registered pension scheme	DC, DB & Hybrid	A scheme registered with the HMRC or under Chapter 2 of Part 4 of the Finance Act 2004.
Salary sacrifice	DC & Hybrid	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.
Scheme	DC, DB & Hybrid	The HSBC Bank (UK) Pension Scheme.
Scheme Earnings Cap	DC & Hybrid	£186,000 up to 30 June 2025. This is increased on 1 July each year by 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).



Term	Members to whom the term applies	Definition
Scheme Rules	DC, DB & Hybrid	The Trust Deed and Rules governing the Scheme at the time.
Spouse	DC, DB & Hybrid	When referred to in the context of benefits payable upon death, this refers to your spouse of the same or opposite sex or civil partner at your date of death: <ul style="list-style-type: none"> • 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)	DC & Hybrid	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.
Trustee	DC, DB & Hybrid	HSBC Bank Pension Trust (UK) Limited.
UK HSBC Group	DC, DB & Hybrid	HSBC Holdings plc and all subsidiary companies in the United Kingdom, Channel Islands and the Isle of Man that participate in the Scheme.

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