



# Understanding your DC retirement pack



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



# You've received your DC Retirement Pack

This guide helps you through the following steps



Step  
1



## Comparing your options

Comparing how much you can take under the different options

### Actions for you

- Read the letter and statement in your pack
- Review your income options. You can visit the retirement pages on futurefocus to find out more
- Use a simple online calculator to compare how much income you might take under each option
- Ask for an annuity quote from HUB Financial Solutions or any other pension provider



Step  
2



## Deciding to take your pot

Deciding if you want to take your DC pension pot now or later

### Actions for you

- Find out your State Pension amount and State Pension age
- If you have other pension scheme benefits, check when they come into payment and how much they are worth
- Make an appointment with Pension Wise and think about getting help from a financial adviser



Step  
3



## Confirming your decision

Confirming the option that's right for you

### Actions for you

- Take your time and make sure all your questions have been answered
- Review the risks of each option
- Fill in the forms for your chosen option

# Comparing Your Options

What next?

Learn about the types of retirement income you can take. You have three main options:

1

## OPTION ONE (available in the Scheme)

### Annuity

#### What is it?

An annuity pays a regular guaranteed pension income for the rest of your life. You buy it from an insurance company.

#### What do I need to know?

There are a range of annuity options available. Once you have chosen your preferred annuity, you can't change your mind after it comes into payment. The amount of income you might receive will depend on a number of factors, including the type of annuity you choose. There's more information about annuities at:

<https://www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/guaranteed-retirement-income-annuities-explained>

#### Can I take some tax-free cash?

Under this option, you can normally take up to 25% of your DC pension pot tax free directly from the Scheme. The balance of your DC pension pot would be used to buy an annuity with your chosen provider.

#### Where can I get some help?

You can use the HUB Financial Solutions (HUB) guided annuity service if you want some help to look at the market and provide some annuity quotes. Contact **HSBCpension@willistowerswatson.com** if you haven't received your pack from HUB. If you don't want to use HUB, you can choose your own pension provider. The Trustee recommends that you take regulated financial advice before making any decisions in relation to your DC pension pot. You can find a adviser in your area at: <https://www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser>





## 2

**OPTION TWO (available in the Scheme)****One or two cash lump sums**

You can withdraw all of your DC pension pot as one or two lump sums (split between two tax years) directly from the Scheme. Normally, 25% will be paid tax free and the balance will be subject to income tax on each payment.

If you decide to take it as two separate cash payments, the first cash payment will be paid at your selected retirement date and the balance will be paid shortly after the start of the tax year following your selected retirement date, usually at the end of April. This means some of your DC pension pot will stay invested for a short period between payments,

in line with your existing investment fund choices. It is important to remember that as your DC pension pot remains invested, the value of your DC pension pot can go up or down.

The disinvestment of your DC pension pot to pay the first cash payment will be carried out proportionately across all your investment funds in the Scheme.

If you would like to take more than two lump sums, you will need to transfer your benefits out of the Scheme.

## 3

**OPTION THREE (not available in the Scheme)****Flexi-access drawdown products (also called Drawdown Income)****What is it?**

Flexi-access drawdown products allow you to choose the amount and timing of income withdrawals. You will need to transfer your benefits out of the Scheme to access this option.

**What do I need to know?**

Your DC pension pot would be transferred to your chosen external pension provider. It would be invested and you choose investment funds that match your income objectives and attitude to risk. You would need to understand the different products available in the market. You can find out more about Flexi-access drawdown at: <https://www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/what-is-flexible-retirement-income-pension-drawdown>

**Can I take some tax-free cash?**

Under this option, you can normally take up to 25% of your DC pension pot tax-free once it has been transferred. You may have more flexibility as to how you take your tax free cash, you may not have to take it all at once.

**Where can I get some help?**

If you're thinking about taking a flexible income, we recommend that you speak to a regulated financial adviser. You can find a financial adviser in your area at: <https://www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser>

**Taking a combination of options**

You can choose a combination of a cash lump sum, drawdown income and annuity purchase. You will need to transfer your DC pension pot out of the Scheme to do this.

# Comparing your options

What might your DC pension pot provide?

## Your pot

Find the value of your DC pension pot- take a look at your statement called **"Your Retirement Options"**

### About you

Name	XXXXX XXXXXXXXXXX XXXXXXX
Employee ID number	
Date of birth	
The Scheme's Normal Retirement Date	
Date you joined the Scheme	
Your retirement date	XXX

If you think any of your details are not correct please call 01737 227575 as soon as possible.

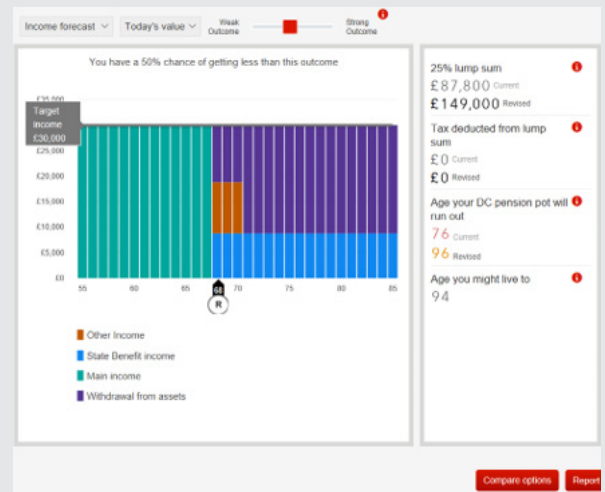
### Your pension pot at xxx

Your total pension pot value	XXX
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## Pension calculator

Use our online calculator called the "Pension Freedoms Planner" to get a feel for the amount of income your DC pension pot might provide from different options.

Go to **My Pension** to launch the Pension Freedoms Planner.



# Deciding if you're ready to take your DC pension pot

Don't forget your other benefits

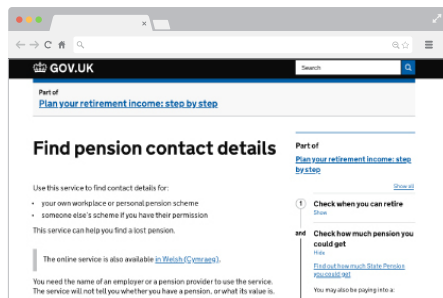
Think about all the retirement benefits you have built up over your working life, including your State Pension and when they come into payment.

## Pensions tracing service

Over your working life, you may build up retirement benefits with more than one employer. As pension providers and employers change, it can be hard to keep track of all your benefits.

If you've lost track of some of your pensions, it's worth contacting the pensions tracing service. They can help you to find all your pensions.

Go to: [www.gov.uk/find-lost-pension](http://www.gov.uk/find-lost-pension) or give them a call on **0345 6002537**

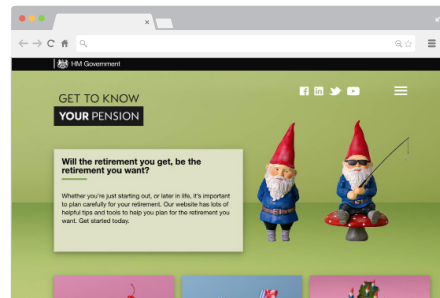


## Don't forget about your State Pension

This is a valuable benefit and its worth checking how much you'll get and when it will come into payment.

Go to: [www.yourpension.gov.uk](http://www.yourpension.gov.uk)

The value along with the age you could start receiving it, might influence your retirement decision.

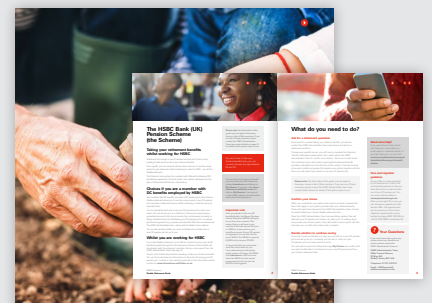


## Do you want to keep working?

If you are a Bank employee and an active DC member, do you want to keep working, perhaps on reduced hours, or stop and retire now?

You don't have to stop working to take some (or all) of your Scheme benefits. From age 55, you can currently choose when and how to use the money saved for your retirement whilst continuing to work for HSBC - we call this flexible retirement. The Scheme's main options for members with Defined Contribution (DC) benefits are explained in the Flexible Retirement Guide.

Go to: [https://futurefocus.staff.hsbc.co.uk/-/media/project/futurefocus/information-centre/active-dc/guides/flexible-retirement-guide-dcmembers\\_final-web.pdf](https://futurefocus.staff.hsbc.co.uk/-/media/project/futurefocus/information-centre/active-dc/guides/flexible-retirement-guide-dcmembers_final-web.pdf)



Flexible Retirement Guide

HSBC | futurefocus

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

## Deciding if you're ready to take your DC pension pot

Getting help and advice

Now that you are thinking about taking your DC pension pot, it's a good time to ask for help and advice.

### Get up to speed with your retirement options

If you haven't been to a retirement seminar, you can watch our retirement webcasts online.

They can help you think through some important questions, for example:

- What retirement income will you need and where could it come from?
- What options are available for you to access your DC pension pot?
- How can you make the most of the tax benefits now and on retirement?

The Scheme Trustee has worked with financial education specialists 'WEALTH at work' to develop these webcasts. You can watch it at any time, on futurefocus. **Just go to the retirement webcasts tab on the information centre on futurefocus at <https://futurefocus.staff.hsbc.co.uk/active-dc/information-centre>.**

### If you need more guidance

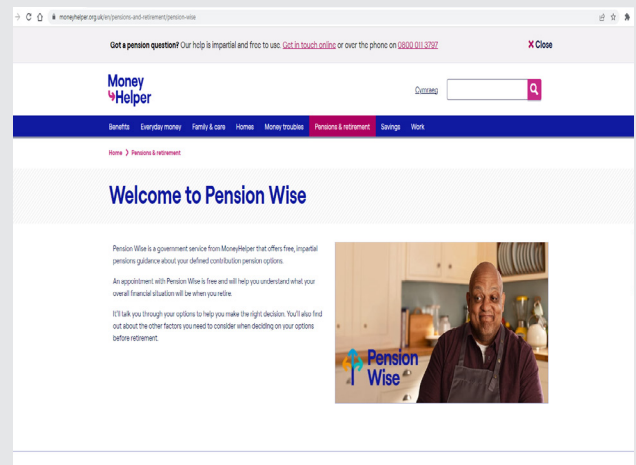
You can contact Pension Wise

Pension Wise is a service backed by the Government. It offers free, impartial guidance to help you understand what your choices are and how they work.

You can access their advice on the internet (<https://www.moneyhelper.org.uk/en/pensions-and-retirement/pension-wise>) or by phone.

To book a telephone appointment, call 0800 138 3944 (+44 20 3733 3495 if outside the UK).

You can book an appointment by calling your local guidance provider. Visit <https://www.moneyhelper.org.uk/en/pensions-and-retirement/pension-wise/book-a-free-pension-wise-appointment/how-to-book-a-phone-appointment> to find relevant contact details.



### Financial advice

If you need financial advice to help you decide the right option for you, you can find a local adviser by visiting <https://www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser>

You can take up to three pension advice allowance payments (of up to £500 each) from your DC pension pot. Pension advice allowance payments can cover the provision of regulated retirement financial advice, or the implementation of such advice. If you would like further information about pension advice allowance payments, please contact the Administration Team by phone on **01737 227575** or email: [HSBCpension@willistowerswatson.com](mailto:HSBCpension@willistowerswatson.com)

# Confirming your decision

You only need to complete the forms for your chosen option

Your chosen option:

<b>OPTION A:</b> Cash and annuity	<b>OPTION B:</b> Annuity only	<b>OPTION C:</b> All cash	<b>OPTION D:</b> Transfer out* <small>*e.g. to take a flexible income)</small>
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**Complete Form 1: Parts 1 to 3 (whichever option you choose)**

You only need to complete these forms for your chosen option:

+	+	+	+
<b>Complete Form 2*</b> Parts 1 and 2	<b>Complete Form 2*</b> Part 2	<b>Complete Form 2*</b> Part 2	<b>Complete Form 3</b> Parts 1 to 4
+	+		
<b>Complete HUB/ provider forms</b>	<b>Complete HUB/ provider forms</b>	<b>*Go to page 7 for more help on how to complete Form 2</b>	

What happens to your DC pension pot when everything is complete:

The Scheme administrator pays your tax-free cash lump sum directly to your bank account and pays the balance of your DC pension pot to your chosen annuity provider.	The Scheme administrator pays your DC pension pot directly to your chosen annuity provider.	The Scheme administrator pays your cash lump sum (made up of the tax free and taxable elements) directly to your bank account less tax due.	The Scheme administrator pays your DC pension pot directly to your chosen arrangement and any tax free cash you wish to take will be paid to you from that arrangement.
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# Pensions and tax

## Tax advantages with limits

The Scheme is tax-registered which means that contributions paid into your DC pension pot, the investment growth and the benefits you choose to take currently receive valuable tax advantages. However, HM Revenue & Customs sets rules and allowances that apply to your DC pension pot. If you don't comply with these requirements, you could end up paying extra tax. That's why understanding and completing Form 2 correctly is important.

### Tax-free cash recycling

The first section of Form 2 is designed to check whether you will use the tax-free cash lump sum from your DC pension pot to significantly increase the contributions paid to any tax-registered pension scheme. This is called "tax-free cash recycling" by HM Revenue & Customs and some strict rules apply to its use. It is usually done to gain more tax relief.

If you choose not to comply with the rules on tax-free cash recycling, a tax charge is likely to be applied in relation to the tax-free cash lump sum from your DC pension pot. This is because it would be treated as an unauthorised payment.

Please read the **Tax-free cash recycling section** carefully and complete the sections which apply to you:

- If in the last 12 months the total of all the tax-free cash lump sums that you have taken from all your tax-registered pension schemes (including the amount you plan to take from your DC pension pot) is no more than £7,500, then tick the **Yes** box on the form and move onto the **Lifetime allowance section**.
- If your answer to the question above was **No** but you will not use your tax-free cash lump sum to significantly increase your contributions to any tax-registered pension scheme, you should tick the second and/or third boxes on the form that correctly describe the contributions already paid and that you plan to make. You are now ready to move onto the **Lifetime allowance section**.

### Lifetime allowance

The Lifetime allowance is a limit on the benefits you can take out from any tax-registered pension scheme, including your DC pension pot, without paying a tax charge.

Read the information sheet "HM Revenue & Customs rules to consider when deciding" for a more detailed explanation about the Lifetime allowance.

You need to complete the **Lifetime allowance section** of Form 2 even if you don't think that the Lifetime allowance applies to you. This section also provides you with an illustration of how much of your Lifetime allowance that your DC pension pot may use up.

**HSBC Bank (UK) Pension Scheme**

## Form 2

### Your pension tax

**Part one – your tax recovery**

Name	Xxxx
Employee ID number	04954580

We need to check the value of your pension benefits and any other pension savings you have already taken against the HM Revenue & Customs (HMRC) rules, to check there is no tax recovery charge on your benefits from the the HSBC Bank (UK) Pension Scheme. **You only need to complete the Tax-free cash recycling part of this form if you are taking tax-free cash under Option A.**

**Tax-free cash recycling**

If you have chosen Option A, there is a rule to stop you taking tax-free cash to re-invest in another pension plan. If you can tick yes to one or more of the following statements, you will not be caught by this rule.

The total tax-free cash from all pension savings I have taken in the last 12 months, including this Plan, is no more than £7,500.	Yes <input type="checkbox"/>	No <input type="checkbox"/>
I confirm that I will not pay (or have paid on my behalf) additional contributions above my usual amounts of more than 30% of the tax-free cash from this Plan. This takes into account any additional contributions in the current tax year, the previous two tax years and the next two years.	<input type="checkbox"/>	
I confirm that over the same five year period, as a result of being able to receive the tax free lump sum from this Plan, I am not intending to pay (or have paid on my behalf) cumulative additional contributions exceeding 30% of my usual amount of contributions.	<input type="checkbox"/>	

**Lifetime allowance**

You should use an estimated value of **£7,648.00** for testing against your Lifetime allowance. This is 0.72% of the standard Lifetime allowance for the 2019/2020 tax year. The value includes an allowance for possible future growth of your pension pot between now and when you retire. This estimated value is for testing against your Lifetime allowance only. If the value of your benefits is very close to the Lifetime allowance limit please contact us, as the value for testing purposes will vary depending on the option you are intending to take.

*The standard Lifetime allowance is currently £1,055,000.00. Please read the Lifetime allowance help sheet before completing this section.*

**If you have no Lifetime allowance used up**

I can take my pension benefits as shown as I have no other pension savings (excluding State benefits).	<input type="checkbox"/>
OR I can take my pension benefits as shown as, although I have other pension savings, I have not yet taken any pension benefits from any other scheme.	<input type="checkbox"/>

**If you have used up some Lifetime allowance**

I have used	<table style="width: 100%; height: 15px;"> <tr> <td style="width: 25%;"></td> <td style="width: 25%;"></td> <td style="width: 25%;"></td> <td style="width: 25%;"></td> </tr> </table>					.			%	

% of my Lifetime allowance



## Keep in touch

It's essential that the Trustee has up-to-date information about you and your dependants. If any of the personal details in your retirement pack are wrong, or if your personal circumstances change; for example, if you get married or register a civil partnership, have children, get divorced or move house, you need to let us know.

You should also check that your death benefit nominations are up-to-date so that we know who you would like us to pay any benefits to if you die.

You can make your changes by logging on to **My Pension** – see section 'Getting online to My Pension'.

The Trustee wants to keep you up-to-date with Scheme news. Tell us your email address and we'll be able to do this quickly and easily – go on to **My Pension** to let us know what it is.

## Help and information

### Getting online to My Pension

Log on to **My Pension** anytime, from anywhere. Go to the HSBC pension website: [www.futurefocus.staff.hsbc.co.uk](http://www.futurefocus.staff.hsbc.co.uk) and click **My Pension**. You'll need your user ID and password. Your user ID is HSBC followed by your employee ID number (this must be 8 digits) and your date of birth.

Example: If your employee ID is 00001234 and year of birth 1986, your user ID = HSBC000012341986. If you've forgotten your password follow the instructions for 'forgotten password' on screen.

### Using your Scheme mobile app

The **My Pension** mobile app gives you hassle free, real time access to your DC pension pot when you're on the move.

You can download 'Track My Pension' from the Apple App Store or the Google Play Store, or use the QR codes opposite for iOS or Android apps.

### HSBC Administration Team

If you've got any general questions about the Scheme, please contact the HSBC Administration Team at:

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

Phone: 01737 227575

Email:

[HSBCpension@willistowerswatson.com](mailto:HSBCpension@willistowerswatson.com)

Apple App Store:



Google Play Store:

