Your DB and DC pension benefits working together

HSBC futurefocus

For hybrid members of the HSBC Bank (UK) Pension Scheme

Contents

Make the most of your DB and DC benefits

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

This guide gives you information to help you understand how your DB pension and your DC pension pot work together. It assumes you'll take all your benefits at the same time. However, as a result of Government changes from 6 April 2015, there are, potentially, other options you could choose. You'll be told about the other options when you come to take your benefits.

DB and DC work in totally different ways – you've got a DB pension built up to 30 June 2015 and DC pension pot 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 HSBC, retire or die.

For an explanation as to how your **DB pension** were calculated up to 30 June 2015 you need to refer to your relevant DB member guide (and, if applicable, the 2009 Change leaflet) located on the other information tab information centre 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 31.

If you're not sure, you can get independent 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 an independent financial adviser; you'll find one at:

https://www.moneyhelper.org.uk/en/getting-help-and-advice/financial-advisers/choosing-a-financial-adviser

You can also contact MoneyHelper through your local Citizens Advice or directly at **https://www.moneyhelper.org.uk/en**

Please note: the information in this guide may not apply to Guernsey, Jersey or Isle of Man members. If you are one of these members, please go to the information centre for the guide relevant to your jurisdiction. Alternatively you can get in touch with the HSBC Administration Team (see contact details on page 26) for details of the benefits open to you.

Your DB and DC pension 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 the **DB pensionable service** you 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**
- 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 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 £27,300 threshold, as of 1 July 2024, increases each July by the annual rise in the Consumer Prices Index (CPI) unless the **Trustee** and the **Principal Employer** decide to increase it in another way.

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** by selecting an 'Anytime Event'.

Choose how to invest your DC pension pot

You can choose how you want your DC pension pot invested from four different options. If you don't tell us the option you'd like the **Trustee** will automatically invest your pension savings in the Lump Sum Strategy. If you wish to change your investments please login to My Pension, select the My Investments tab and the Change My Investments drop down.

Some of the investment options previously available are now closed. If you are currently using one of these closed investment options you can continue to invest your AVCs in that option. 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**. Once logged in to **My Pension** select the My Investments tab and the drop-down Change My Investments.

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

If you were paying Additional Voluntary Contributions (AVCs) into the DC fund range on 30 June 2015, all DC contributions since 1 July 2015 are paid into your existing investment option, unless you made an alternative choice.

Change your DC investment option

The guide 'Investment guide for your Defined Contribution (DC) pension pot' tells you about the four investment options you can choose. Go to the member guides tab located on the information centre on the futurefocus website: **https://futurefocus.staff.hsbc.co.uk/active-dc/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 that, you can get the most out of your DC pension pot.

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

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**. This is usually four times your **benefit salary**, although you can choose a different amount via **My Choice**.

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/**

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.

Go to **https://myhsbcpension.eqtpa.co.uk/**

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

Go to HRDirect

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 option**. 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 were paying Additional Voluntary Contributions (AVCs) into the DC fund range on 30 June 2015, all DC contributions since 1 July 2015 will go into your existing investment option, unless you made an alternative choice. 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 initial £27,300 threshold, as of 1 July 2024, will increase each July by the annual rise in the Consumer Prices Index (CPI), unless the **Principal Employer** and the **Trustee** decide to increase it in another way.

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

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 **£2,700** 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.

It gets better
Because you're using **salary sacrifice**, if you're a basic rate taxpayer[3] this reduces your take home pay by only **£126** – not **£175**.

This means there is **£597** going into your **DC pension pot** each month.

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' located on the information centre on **futurefocus**.

[2] Not all members will participate in **salary sacrifice**.
[3] Based on basic tax rate of 20% and NI savings of 8% from April 2024.

Limits on tax relief

Annual Allowance (AA)

You can put as much money as you want each year into your DC pension pot, but there's a limit to the amount of savings the government will let you have tax relief on. The overall limit each year is called the 'Annual Allowance' (AA). The standard AA is currently £60,000 but this is reduced for those with total taxable income and pension savings of £260,000 and above (subject to an income floor of £200,000).

Anything that you or your employer puts into your DC pension pot above the AA is taxed at your marginal rate of tax, unless you can 'carry forward' unused AA from the previous three tax years.

In the **Scheme**, the benefits tested each year for the Pension Input Period (PIP) 6 April to 5 April, will be the employer contributions and any contributions you make to your DC pension pot plus any increase in your DB benefits as a result of your **DB pensionable salary** increasing – this is known as the Pension Input Amount (PIA).

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

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

The following example shows how DB benefits and DC contributions are tested against the AA for the PIP 6 April 2023 – 5 April 2024.

Example – DB calculation

Amount of pension as at 6 April 2023 (1/60th x 30 x £60,000 = (£30,000*)) *Pension amount is then increased by the Consumer Prices Index (CPI) (assumed for the purpose of this example to be 1.7%)	£30,510 pa
Amount of pension as at 5 April 2024 (1/60th x 30 x £67,000 assumed to have a salary increase during the PIP)	£33,500 pa
Difference in amount of pension at start and end of PIP	£2,990 pa
DB PIA for tax year 2023/24 is £2,990 x 16 (factor set by the government) is:	**£47,840**

Example – DC calculation

DC pensionable salary	£67,000
Employer core contributions*	£6,287
Member pays 7%	£4,690
Employer matches 7%	£4,690
DC PIA for tax year 2023/24 is:	**£15,667**

Total Pension Input Amount (PIA) (DB £33,200 + DC £15,667)	£63,507
Less Annual Allowance (AA) (assumed to be £60,000 - the standard AA for the tax year 2023/24)	£60,000
Difference:	**£3,507**

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

In this case the member may need to pay a tax charge on £3,507 at their marginal rate of tax. This assumes there is no 'carry forward' allowance from the previous three tax years.

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

Your new lump sum allowances

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

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

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

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

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

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

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

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

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

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

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

For more information, please contact the HSBC Administration Team.

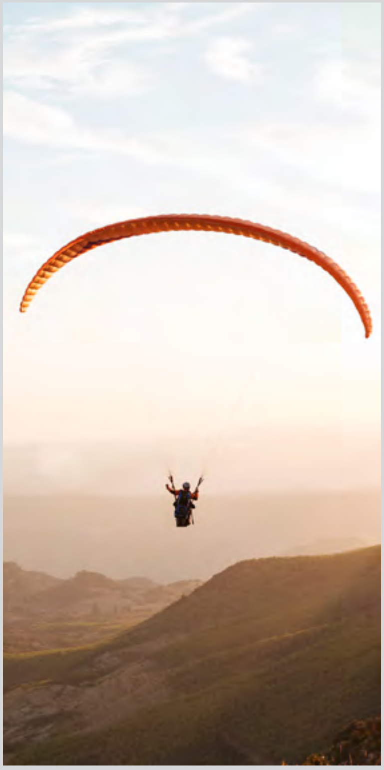
Money Purchase Annual Allowance (MPAA)

Taking all your DC pension pot (or any other money purchase savings you have) as cash, opting for 'flexible drawdown' or taking reducing annuities when you're over age 55 (see the guide 'Knowing your DC Pension Pot') may trigger a reduced Annual Allowance, the MPAA, for any future DC contributions. The MPAA limit for the 2024/25 tax year is £10,000 and, if triggered, any contributions to the **Scheme** (or contributions to other DC schemes) you or your employer make that are over the £10,000 limit are subject to a tax charge.

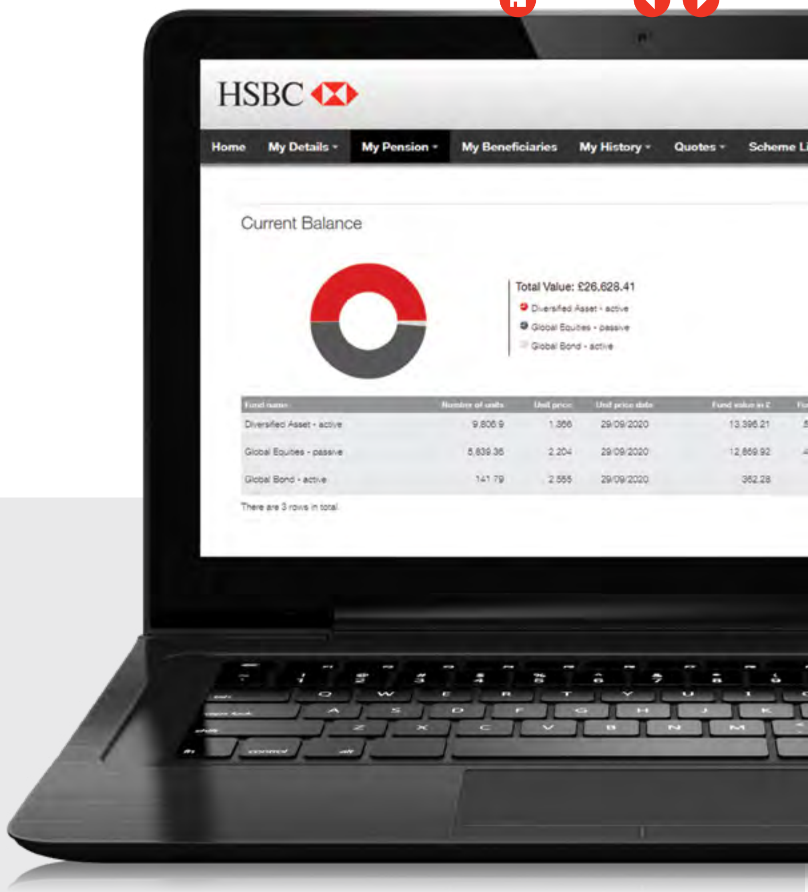
If you're temporarily absent

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.

The Bank's 'Group Income Protection (GIP)' employee guide gives you more information and you can find this 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 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 buy an income then this option might suit you.

If you don't tell us the option you'd like, for most of you your DC pension pot will be invested in the Lump Sum Strategy option. (See page 5 if you were paying AVCs on 30 June 2015.)

2

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

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

3

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

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

4

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.

Where to find out more about your options

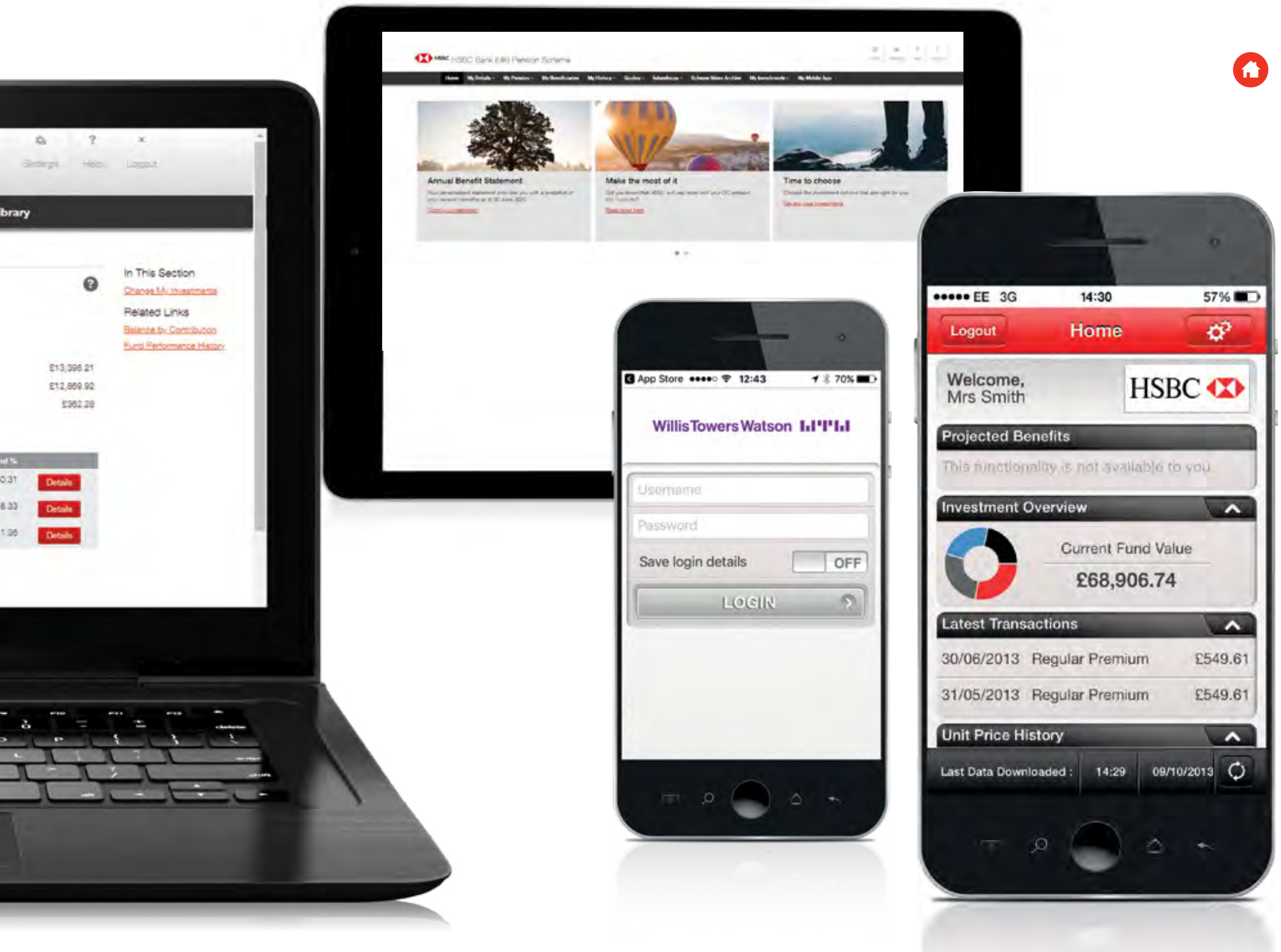
The option you choose for your DC pension pot could depend on how confident you feel about making your own investment decisions.
It will also depend on your attitude to risk, your age, and what you want to do with your DC pension pot when you retire.

You can find out more about how to manage your DC pension pot and the four investment options in the guide 'Investment guide for your Defined Contribution (DC) pension pot' located on the member guides tab in the information centre on futurefocus.

Go online for extra help working out your attitude to risk

There's additional help on the **wellbeing hub** website which offers a quick and easy risk assessment tool to work out your attitude to risk.

You can use it if you work for HSBC. **Visit HRDirect to find out more.**



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 27 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 and year, the DC fund factsheets are located onthe information centre on **futurefocus**.

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 up to 12 free switches a 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 strategies and decide to change your **TRA**, or if your personal circumstances change, for example if you start a family.

How to make or change your contributions

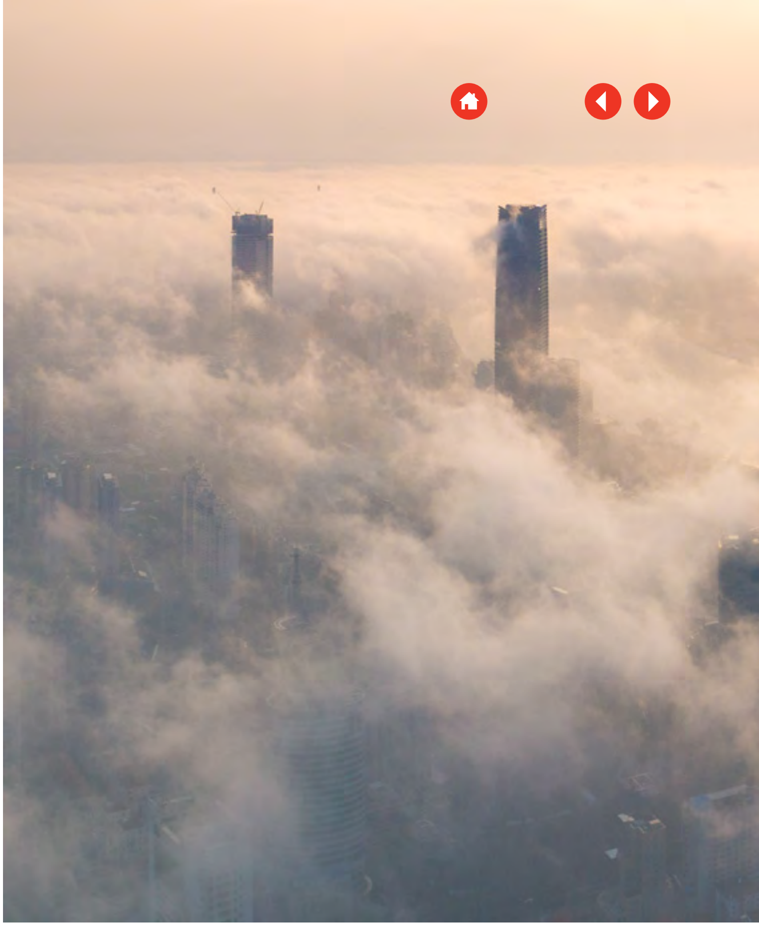
You can put money in or change the amount you contribute at any time through **My Choice** by selecting an 'Anytime Event'.

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 that, you can get the most out of your DC pension pot.

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

You have both a DB pension and a DC pension pot.

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. 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.

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 its relevant rules.

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).

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.

Example 1

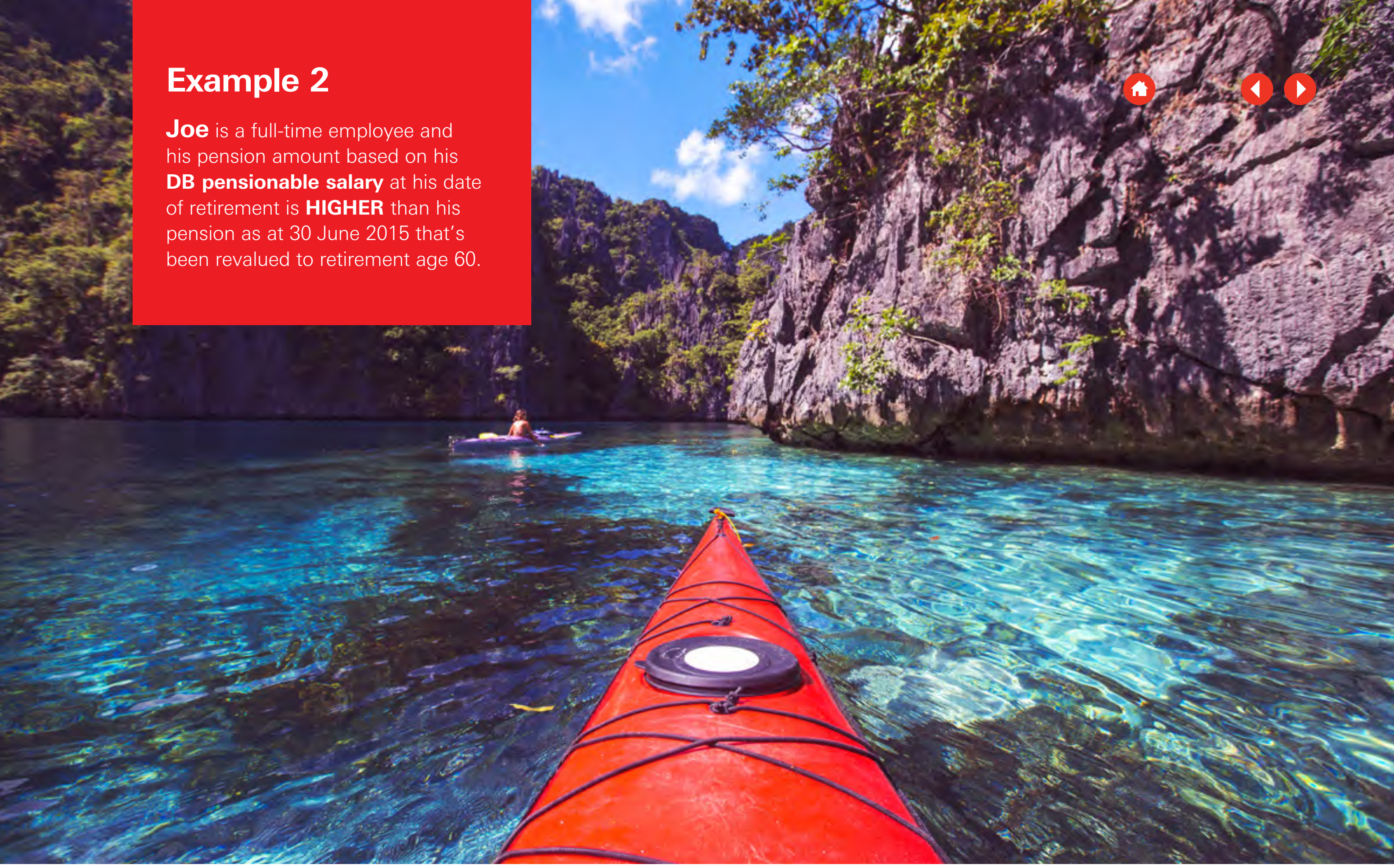
Alison is a full-time employee and her pension amount based on her **DB pensionable salary** at her date of retirement is **LOWER** than her pension as at 30 June 2015 that's been revalued to retirement age 60.

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**		**DB revalued pension**
This gives her a pension built up to 30 June 2015 of £20,000 a year: 30/60 x £40,000 = £20,000		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.**
Her **DB pensionable salary** at age 60 is £46,000 a year.	**or**	This would increase as set out under the **Scheme Rules** (broadly in line with inflation).
This gives her a pension based on her **DB pensionable salary** at retirement age 60 of £23,000 a year:		Assuming price inflation averages 2% a year, **Alison** is entitled to a pension on retirement at age 60 of £24,380 a year:
30/60 x £46,000 = **£23,000**		$£20,000 \times 1.02^{10}$ = **£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'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.

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** at retirement age 60 of £30,000 a year.

30/60 x £60,000
= **£30,000**

or

DB revalued pension

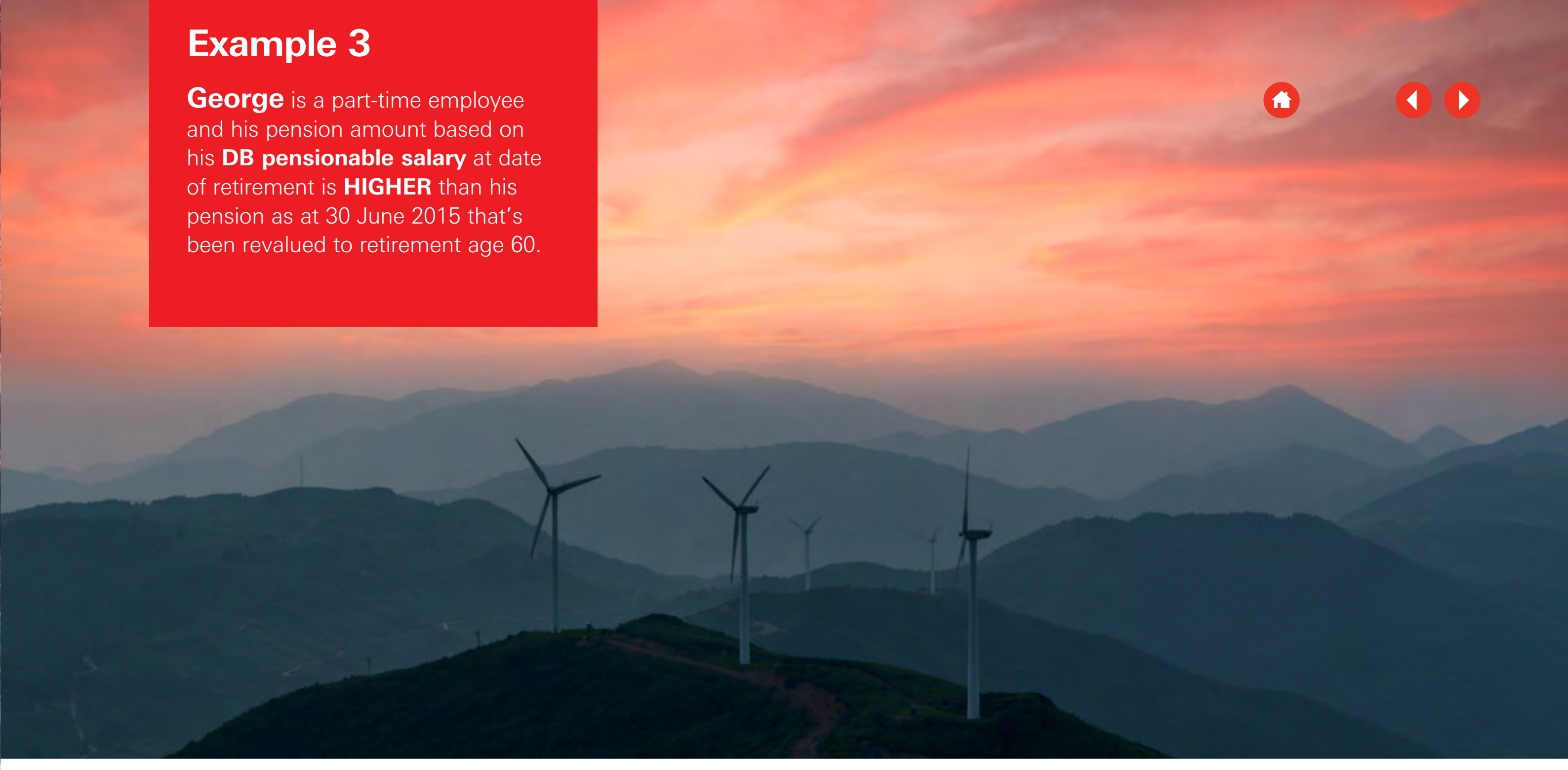
As a minimum, **Joe** is entitled to his pension at 30 June 2015 increased in the same way as if he'd left pensionable service at that date and was treated as a deferred member of the **Scheme.**

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.**



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.

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.

DB pension based on **DB pensionable salary**		**DB revalued pension**
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) 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. 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.	**or**	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:
21/60 x £50,000 = **£17,500**		£14,000 × 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.

Taking your DB benefits early

You can take your DB benefits any time on 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. You can find these leaflets on the other information tab in the information centre on the Scheme website futurefocus.

Taking your DB pension late

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

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

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

Generally, you can take up to 25% of the total value of your benefits (see lump sum allowances) from the **Scheme** as a tax-free cash sum. To work out what that is, the value of your DB pension and the money in your DC pension pot are added together.

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 can be used in other ways and you'll be told about your options when you come to take your benefits.

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 the DC 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.

If you opt out or take flexible retirement, you can choose to start a new DC pension pot if you want to. 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**.

Depending on how you take your DC pension pot, you may have a reduced Money Purchase Annual Allowance (MPAA) for any future DC contributions whether made to the **Scheme** or to another registered pension arrangement.

[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 nominations 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 **Member Self Service (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**. This is normally four times your **benefit salary,** although you can choose a different amount (a multiple of **benefit salary** between two and ten) through **My Choice**.

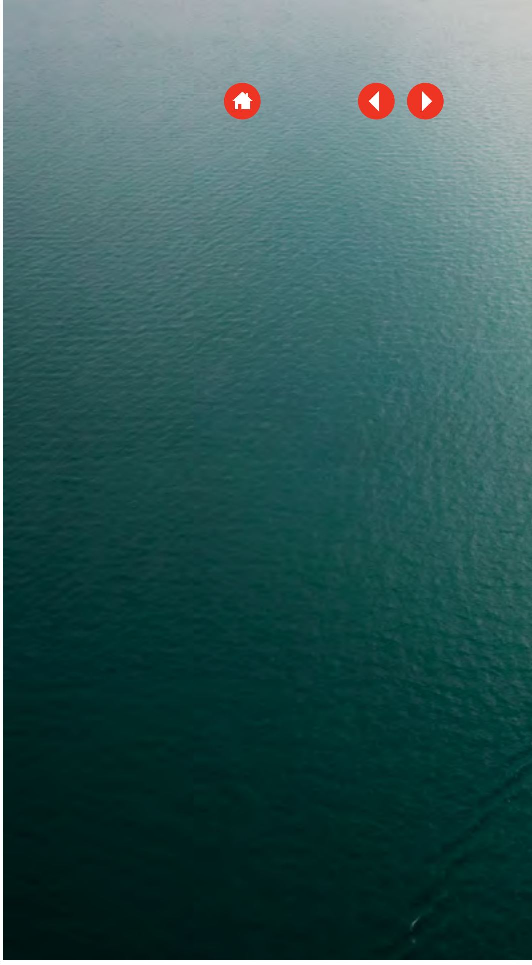
  If you die while working part-time, the amount paid as a lump sum would be based on your part-time **benefit salary** on the date you die.

  If you die within two years of receiving benefits through the **Principal Employer's** Group Income Protection Plan, a payment of four times 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.

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 £4,786 a year:

25/60 x £20,000 x 1.02^5 x 50% = **£4,786 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.

Changing the way your death benefits are paid

Tell the **Trustee** if you think you'd like it to consider paying your total death benefits in a different way if you die while working for the **UK HSBC Group**. The restructuring of your death benefits is at the discretion of the **Trustee**. Should you require further details please contact the HSBC Administration Team, Equiniti. Contact details on page 26.

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.

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 the 'Knowing your DC pension pot' located on the Member's guides tab on the information centre on **futurefocus**.

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 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 ordinary 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 can also find the 'Leaving the Scheme' guide located in the information centre on futurefocus which provides you with 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 pension scheme (for example, your new employer's pension scheme or a personal pension plan),
- transfer part of your benefits (your DB benefits and/or your DC benefits) to another pension scheme, or
- take your benefits any time after age 55 (generally subject to **Trustee** and/or your employer's consent if under **NRA**).

If you want to transfer out your DB benefits to a defined contribution arrangement, you must take financial advice and prove that you have done so, if the value of your DB benefit is over £30,000.

Your State Pension

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

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

Most DB benefits under the **Scheme** were 'contracted out' of S2P, which meant that you paid lower National Insurance contributions and the **Scheme** provided a certain level of benefits (see your DB member guide and, if applicable, the 2009 Change leaflet) for more information. Since 1 July 2015 you have been building up DC benefits and have been 'contracted in' to S2P. **This meant your National Insurance contributions increased.**

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

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

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

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

Where to go for more information...

Online

futurefocus

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

wellbeing

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

Your DB and DC benefits online

My Pension lets you see your DC pension pot information.

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 Scheme website futurefocus **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**.

Apple App Store:

Google Play Store:

Member Self Service (MSS)

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

- see your DB pension at 30 June 2015 based on your latest DB pensionable salary,
- update your nomination and dependents details,
- update your personal details.

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

On the HSBC network – go to the Scheme website futurefocus **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 username 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 under Chapter 2 of Part IV of the Finance Act 2004. Payment of contributions and the provision of benefits under the **Scheme** are subject to HM Revenue & Customs rules and because of this have certain tax exemptions and reliefs. There are limits on the benefits and contributions which, if exceeded, will mean that 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 the information centre 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 and your family and your dependants.

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

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

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

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

Your rights

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

How we gather personal information

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

Information about the Trustee

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

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

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

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**

Sharing your personal information

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

Keeping personal information

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

Keep us up to date so we can pay your benefits

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

Your questions

For more information about the Scheme, you can visit **futurefocus**. If you have any questions or if you would like a copy of the Privacy Notice sent to you, please contact the Scheme administrator, Equiniti.

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 28).

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

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 tax and social security legislation in force as at July 2024. If there are differences between this guide and the Trust Deed and Rules, the latter will always override.

MoneyHelper

MoneyHelper, a service provided by the Money and Pensions Service, is available at any time to help members and their beneficiaries with pension questions and issues that can't be resolved with the HSBC Administration Team or the **Trustee**. You can contact a MoneyHelper adviser through your local Citizens Advice or at:

Phone:
0800 138 3944

Web: https://www.moneyhelper.org.uk

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

The Pensions Ombudsman

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

10 South Colonnade
Canary Wharf
E14 4PU

Phone:
0800 917 4487

Email:
enquiries@pensions-ombudsman.org.uk

Web:
www.pensions-ombudsman.org.uk

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.

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

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

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 pension benefits – benefits built up from the Defined Benefit (DB) scheme up to 30 June 2015.

DB pensionable salary – is your salary which is used to calculate your DB pension, (in some cases this may be your salary in the last 12 months prior to you ceasing active hybrid membership - please 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 and from 1 January 2023 Territorial Allowance is also 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**. 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**.

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

Dependent children – is a child under the age of 18, or 23, if the **Trustee** considers the child is 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.

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

Freechoice – an investment option that gives you flexibility to manage your money from all the funds on offer through the Scheme. This allows you to create an investment strategy for your DC pot that reflects your financial aims and personal circumstances.

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

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

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

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

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

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 Benefits – your HSBC benefits online portal.

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

My Pension – your personal DC pension pot online. This shows your account details, including the contributions 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.

Principal Employer – HSBC UK Bank plc.

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

Salary sacrifice – you give up a proportion of your basic salary and an equivalent amount is paid by your employer, into the **Scheme**. The reduction in your basic salary means that you pay lower National Insurance contributions. See page 7 for details.

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

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