The Royal National Lifeboat Institution

Group Personal Pension Plan Employee Handbook

Created: April 2024

Valid until 5 April 2025

TAKE A LOOK INSIDE

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Introduction

It is important to plan ahead if you want to make sure you have an income when you stop working. The more you plan for your retirement now, the less you will have to worry about it later. Pension planning is important for all of us - even if you are just starting your career with us and retirement seems a long way off.

Membership of The Royal National Lifeboat Institution ("the RNLI") Group Personal Pension Plan ('the Plan') is one of the most valuable benefits we provide for our employees. It gives you a way to save and invest money for your retirement in a tax-efficient and cost-effective way.

The Plan is a 'defined contribution' pension scheme, which means that you know in advance how much will be paid into it. As a member, you will have a personal pension policy and receive a yearly benefit statement from Aviva, the Plan provider (you can also track the progress of your own policy within the Plan online). You receive contributions into the policy from the RNLI ('your employer') on top of the contribution you make, and you can decide how you want to invest them. Aviva ('the pension provider') offers a wide range of investment options. The choices you make about investing are important as they will affect the value of your pension fund when you retire.

This booklet tells you about how the Plan works and the benefits available to you. We know pensions can seem complex, so we have included further information in the section 'What else do I need to know?' towards the end of this booklet, as well as details of useful contacts and a 'Jargon buster'.

You should read the full contents of this booklet alongside the information the pension provider sends you. You can find more information and tools to help you in your pension planning at: www.aviva.co.uk/retirement

If you are unsure whether any of the benefits in this booklet are suitable for you, please consider seeing a financial adviser. The Government backed MoneyHelper website has information about choosing a financial adviser at: www.moneyhelper.org.uk/en/getting-help-and-advice/financial-advisers/choosing-a-financial-adviser

We have appointed Aon UK Limited ('Aon') to advise us about arranging the Group Personal Pension Plan and Life Assurance Plan. As we pay Aon a fee for their advice to us, you will not pay any extra charges if you join the Plan other than those in this booklet and those mentioned on the pension provider website www.aviva.co.uk/investments/investment-funds and in the fund information.

Please contact People_Admin@rnli.org.uk or telephone **01202 663 301** or write to People Administration team, RNLI, People Department, West Quay Road, Poole, Dorset, BH15 1HZ if:

- you have any questions or need further details; or
- you do not have use of a computer and need printed copies of any documents.

Yours faithfully,

Pensions Administration Manager
Email to: Pensions@rnli.org.uk

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Joining – Start making plans (1/2)

Automatic Enrolment

By law employers must place most of their employees into a qualifying workplace pension scheme and make a minimum level of contribution. This is known as 'Automatic Enrolment'. Your employer will enrol you into the Plan automatically if you meet certain conditions. The Government sets these conditions for eligible employees and your employer will confirm whether you meet them once they have checked your personal situation.

You have the option to 'opt in' to the Plan if you are not automatically enrolled (see 'Opting in').

When you join the Plan (either by being automatically enrolled or opting in voluntarily), you will receive policy documents to confirm your membership. To begin with, your policy will be set up with a 'selected retirement age' (SRA) – that is, the age you plan to take benefits – of 65.

If you already have a personal pension, you can still be a member of the Plan. You can contribute to more than one pension at the same time although there is a limit to the total amount that can be paid in the tax year (see the section 'Is there a limit on how much I can pay in each year?').

Age 22

If you are under 22 years of age when you join the RNLI and if you have not opted in to or joined the pension scheme before your 22nd birthday, if your earnings are above the relevant threshold, you will be automatically enrolled into the Plan on the 1st of the month that you reach your 22nd birthday.

Opting out

If your employer enrols you into the Plan automatically but you do not want to be a member of the Plan, you can 'opt out' by following the instructions which will be sent to you. You will have one month from the date in the instructions to opt out. If you opt out, you will be treated as if you had never joined the Plan. You and your employer stop contributing to the Plan, and you will receive a refund of any contributions you paid from your salary to the Plan in the next available payroll run. If you opt out, you will lose your employer's contributions and will not be building up a retirement fund in the Plan.

If you decide that you want to leave the Plan any time after the one-month opt out period, please tell payroll@rnli.org.uk. Your benefits will be treated as if you had left employment – please see the section 'What happens if?' later in this booklet.

If you opt out or stop contributions to the Plan and do not re-join the Plan while in this employment, your employer must automatically enrol you again every three years if you are an eligible employee. Your employer will tell you if this happens. If you are automatically enrolled again, you can opt out if you still do not want to be a member of the Plan.

If you opt out you can re-join at a later date by filling in an application form, available from the People Administration Team.

Opting in

If your employer does not automatically enrol you (or if you want to join the pension before that happens) you can 'opt in'.

To opt into the Plan, you need to fill in an application form which is available from the People Administration Team.

If you elect to opt into the Plan, you still have the right to change your mind and leave the Plan at any point. The pension provider will provide you with details of your right to change your mind when you opt in to the Plan. You will receive either cancellation rights or opt out rights from the pension provider, as detailed below.

Cancelling membership

You will be provided with a cancellation form with your membership confirmation letter. You then have 30 days from the date you receive the letter to cancel. You should only return the form if you want to cancel your membership of the Plan. **Please note that if you do cancel during the 30-day period, you may get back less than you paid in.** You will then receive this amount as salary (and pay Income Tax and National Insurance on it in the normal way).

Opting out

You can 'opt out' by following the instructions the pension provider will send you. You will have one month from the date in the instructions to opt out and you will receive a refund of any contributions you paid from your salary to the Plan. The refund will be paid as salary (and subject to Income Tax and National Insurance in the normal way).

Please contact the pension provider if you require more information regarding which option is applicable.

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Joining – Start making plans (2/2)

Pension protection

If you are applying for, or already have in place, any of HM Revenue & Customs' (HMRC) 'protection' arrangements against the Lifetime Allowance, please read the important information contained in the 'What else do I need to know?' section before making any decisions about whether to join your employer's pension and/or life assurance arrangements.

The protection arrangements that are currently available are detailed below. Whether these are suitable for you will depend upon your personal circumstances. Full details of these protections can be found using this web address - www.gov.uk/guidance/pension-schemes-protect-your-lifetime-allowance:

- Fixed Protection 2016
- Individual Protection 2016

Also, you may already have one or more of these protections in place:

- Primary Protection
- Enhanced Protection
- Fixed Protection 2012
- Individual Protection 2014
- Fixed Protection 2014

Contributing – What it costs to join (1/5)

As a member of the Plan, you benefit from employer contributions in addition to any contributions you make.

Please note that your employer will not contribute to any other pension arrangement.

Contribution levels are in the table below:

Employee contribution*	Employer contribution	Total contribution
2%	6%	8%
3%	11%	14%
4%	12%	16%
5%	13%	18%
6%	14%	20%
7%	15%	22%
8% or more	16%	24% or more

These percentages are based on pensionable salary which is basic monthly salary plus any pensionable allowances. Please note that your employer has the right to make changes to your benefits package, including reducing employer contributions (where applicable), within current law. If this were to happen, you would receive full details of the changes.

*** Please note:** if you are a member of the **Pre-May 22 Crew Pension Group**, an alternative pension contribution range is available to you. Members of this Group have an employment start date before 1 May 2022 and have remained in an employed lifeboat crew or Station Manager role (Chiswick, Gravesend, Tower). Please contact the People Administration Team by email People_Admin@rnli.org.uk or by calling **01202 663301**. This team can send you the right pension forms to complete if you are a member of this group.

When you are **automatically enrolled** into the Plan your employer will deduct an amount equivalent to 2% of your pensionable pay and pay this to the Plan along with a 6% contribution from the RNLI, resulting in an 8% contribution being paid. Your contribution of 2% will be deducted from your net pay and receive tax relief (see tax relief section here).

In the second month of Plan membership, you will have the option to increase your contributions which could result in a higher contribution from the RNLI.

If you want to change the level of contribution, please contact the People Administration team.

Please refer to the People Administration team for information on how maternity, adoption or paternity leave, or sickness absence may affect your contributions to the Plan.

When you pay contributions into a pension plan, you need to bear in mind some tax rules and limits, please see here for further details.

There are two methods available for making contributions to the Plan, which are:

1. **Contributory basis; and**
2. **Pension Salary Exchange.**

Contributing – What it costs to join (2/5)

Contributing from pay

This is the traditional way of making personal pension contributions. You receive salary in full each month and you pay your pension contribution from it.

Under this method, your contribution is taken directly from your pay and paid into the Plan each month along with your employer's contribution. Additionally, the pension provider will add basic rate Income Tax relief to your contribution, see below for more details.

The contribution your employer will make is dependent upon the level of contribution you choose to make and is summarised here.

Tax relief

To encourage savings the Government allows tax relief on pension contributions. Under current tax rules if you pay basic rate Income Tax every £1 you contribute costs you 80p. Contributions are taken from your take-home (net) pay but increased (grossed up) by the basic rate Income Tax relief before they go into your policy in the Plan, as shown in the example below.

Monthly contribution – Breakdown to show benefit of tax relief	
Your contribution	£100
Income Tax relief at 20%*	£20
Cost to you deducted from take-home pay	£80
Employer contribution**	£100
Total amount paid into your policy	£200

*Based on tax rates for the UK (excluding Scotland) for year starting 6 April 2024.
**Assuming you and your employer contribute the same percentage of your salary.

If you are a higher rate (or additional rate) tax payer, you are able to claim further tax relief at a rate equivalent to the highest level of tax you pay via the Income Tax self-assessment process. **If you don't complete a self-assessment tax return you should contact HMRC to claim the additional relief via your tax coding.**

What tax relief will I receive on my contributions?

If you don't pay Income Tax: You will still automatically get tax relief of 20% on contributions up to £3,600 or 100% of your relevant UK earnings, if greater. This is because your pension provider claims tax relief for you at the basic rate of 20% and adds this to your policy.

If you pay Income Tax at 19% or at 20%: You will automatically receive tax relief on your personal pension contributions up to 100% of your relevant UK earnings. The tax relief will be at a rate of 20% because your pension provider claims tax relief for you at the basic rate of 20% and adds this to your policy.

If you pay Income Tax at more than 20%: You will receive basic rate tax relief of 20% automatically with the ability to claim an extra amount equal to the difference between the rate of tax you pay and the basic rate of 20%. For example, if you pay tax at 45%, you would be able to claim an additional 25% tax relief (i.e.45% minus 20%). This additional tax relief would be claimed via your Self-Assessment tax return.

Is there a limit on how much I can pay in each year?

No, but you will only receive tax relief on contributions up to 100% of your relevant UK earnings. You may also be subject to a tax charge if contributions (including your employer's contributions and any tax relief) exceed the Annual Allowance (see the 'What if I pay too much in?' section later in this booklet for details).

Please remember that tax treatment depends on your personal circumstances. Your circumstances and the tax rules may change in the future.

Contributing – What it costs to join (3/5)

Salary Exchange

If you elect to pay an increased contribution your contribution method will automatically be altered to a Salary Exchange (SE) basis, unless you are an employee paid via the completion of a timesheet, are over State Pension Age or are on maternity, adoption or extended paternity leave, or unless you opt out of Salary Exchange.

Under SE you choose the level of salary you want to "sacrifice" or "exchange" for a pension contribution and your salary reduces by this amount. Your employer then pays this amount into the Plan on your behalf, on top of their employer contribution. As a result, the amount you give up never becomes part of your salary.

The total amount paid into your pension policy is the same as it would be if you did not take part in SE. However, as you do not pay National Insurance on the salary you give up through SE, your take-home pay will be slightly higher than if you made contributions from net pay. Please see here for an example comparing SE with contributing from pay. The example shows how National Insurance is worked out depending on whether you are taking part in SE or not.

If you participate in SE, your taxable pay is reduced, meaning that you automatically save tax on the amount exchanged in full, regardless of whether you are a basic rate, higher rate or additional rate taxpayer. Therefore, you do not need to reclaim any tax relief via HMRC.

Pre-exchange salary known as your 'Reference Salary'

Your higher salary figure, before the reduction in "exchange" for a pension contribution, is called your 'reference salary'. This is kept on record and used for pay reviews, working out pension contributions, mortgage references and benefits such as Life Assurance.

The contribution your employer will make is dependent upon the level of salary you elect to give up and is summarised here.

Changing how much you exchange

You can change the level of salary you exchange on 1st June each year, or if you have a 'life event'. If you experience any of the life events stated below, or want to opt in to Salary Exchange, please complete a 'life event change form' which is available on the RNLI's pension's website (accessed via Compass).

Examples of life events include:

- Contributory member wishing to become a Salary Exchange member
- Returning from maternity, adoption, or extended paternity leave
- Divorce or permanent separation
- Death of a partner or dependent
- Change in working hours
- Change in job grade
- Change in place of work (from UK to Ireland/Channel Islands/Isle of Man or vice versa, as Salary Exchange is not available in those locations)
- Change from staff to full time crew role OR full-time crew to staff role
- Long-term sickness absence of employee or their partner
- Redundancy of partner
- Marriage/civil partnership

If you do not have a life event, the level of salary you give up must stay the same until the next review date.

Opting out of Salary Exchange

You can choose to opt out of the Salary Exchange arrangement and contribute from your pay instead. Contact the People Administration Team if you want to do this.

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Contributing – What it costs to join (4/5)

Important note

Salary Exchange reduces your earnings which, in turn, can reduce the maximum level of contributions you can make to any other pension arrangements. It may also affect your entitlement to some State benefits, which are based on your income or the National Insurance you pay.

If you are unsure how Salary Exchange might affect your State benefits, you should contact HMRC.

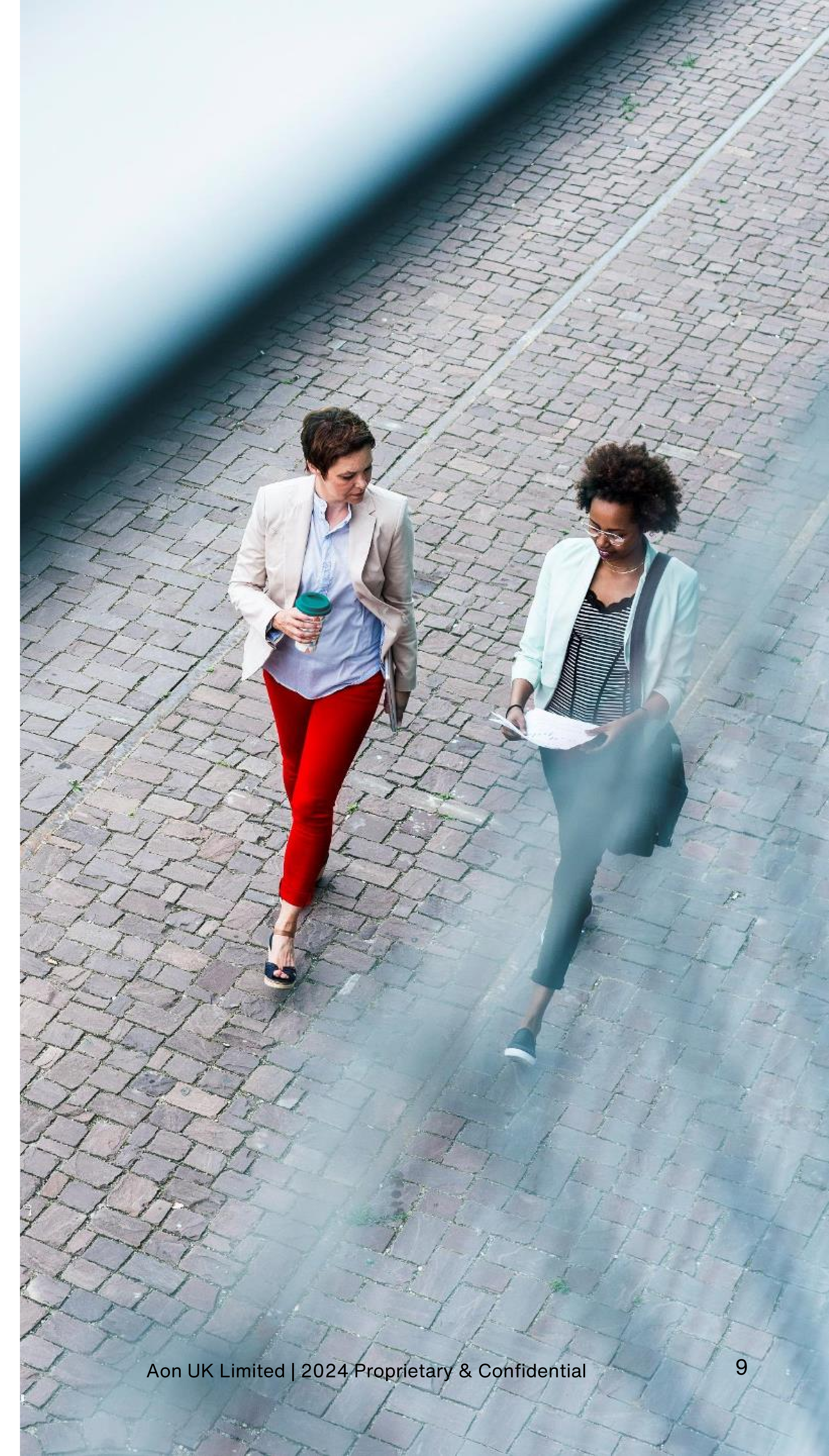
You can find out more about Salary Exchange using the following link: www.moneyhelper.org.uk/en/pensions-and-retirement/building-your-retirement-pot/salary-sacrifice-and-your-pension.

Is there a limit on how much I can exchange each year?

Your employer is required to ensure that they pay you an amount equal to or greater than the National Living Wage (for employees aged 21 and over) or the National Minimum Wage (for employees under age 21) and therefore you can only sacrifice salary above these levels. Further details regarding these limits can be found using this web address - www.gov.uk/national-minimum-wage-rates

Please note that if (**after** deducting any salary exchange amount) you earn less than the current personal allowance of £12,570 then the use of salary exchange to make your pension contributions might not be suitable for you. This is because you would not pay tax and therefore will not receive tax relief on such contributions, whereas basic rate relief is granted automatically (even to non-taxpayers) when paying via the contributory method. However, depending upon your personal circumstances, salary sacrifice could result in National Insurance savings and therefore you should carefully consider whether the salary exchange option is appropriate for you (taking into account your personal situation and the structure of pension plan contributions). If you are in any doubt as to which method would be best for you, you should consider taking advice on this point.

Please remember that tax treatment depends on your personal circumstances. Your circumstances and the tax rules may change in the future.



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Contributing – What it costs to join (5/5)

Comparing Salary Exchange and contributing from pay

These examples show how Income Tax and National Insurance is worked out, depending on whether you are taking part in Salary Exchange or contributing from pay. The examples use an annual salary figure of £30,000 and assume contributions of 8% from you and 16% from your employer.

	Salary Exchange Member (not based in Scotland)	Contributory Method Member
Salary	£30,000	£30,000
Salary amount given up	£2,400	None
Tax and National Insurance (NI) based on salary amount of	£27,600	£30,000
You pay tax and National Insurance of	£4,208	£4,880
Contribution from your pay	None	£1,920 (£2,400 (8%) less £480 tax relief)
Take-home pay	£23,392	£23,200
Your employer contributes	£7,200 (includes the salary you have given up)	£4,800
Total payment into pension	£7,200	£7,200

	Salary Exchange Member (based in Scotland)	Contributory Method Member
Salary	£30,000	£30,000
Salary amount given up	£2,400	None
Tax and National Insurance (NI) based on salary amount of	£27,600	£30,000
You pay tax and National Insurance of	£4,196	£4,892
Contribution from your pay	None	£1,920 (£2,400 (8%) less £480 tax relief)
Take-home pay	£23,404	£23,188
Additional tax relief claimed via self-assessment	N/A	£24*
Your employer contributes	£7,200 (includes the salary you have given up)	£4,800
Total payment into pension	£7,200	£7,200

Please note: The figures in the examples above are based on a yearly personal allowance of £12,570 (2024/25 tax year) **and are estimates only**.

* Scottish Rate taxpayers will also be able to reclaim an additional 1% tax relief via self-assessment (see previous page "What tax relief will I receive on my contributions?")

Temporary withdrawal from Salary Exchange

Salary Exchange membership

The RNLI operates a system of temporary Salary Exchange withdrawal if at any time you take maternity, adoption, paternity (in excess of 2 weeks), or shared parental leave, or where your absence triggers payments of Statutory Sick Pay. Where the leave is planned, your withdrawal from Salary Exchange will take place on the 1st of the month that the leave occurs. During this period, you will become a contributory member and make pension contributions from net salary. The contributions you make will be based upon your selected Salary Exchange levels and calculated using your actual remuneration received. When you return to work, the RNLI will move you to the Salary Exchange section of the Plan, on the next available 1st of the month.

Maternity/adoption absence

Providing that you have been in employment long enough to meet the criteria for Statutory Maternity Pay (SMP) or Statutory Adoption Pay (SAP), you will remain a member of the Plan whilst you are a RNLI employee.

The RNLI contributions to the Plan will continue to be calculated based upon your pre-maternity/adoption pay or Pensionable Salary, at the level applicable based upon the contributions you have elected to make. The contributions you make will be based upon your selected contribution level and calculated upon your actual remuneration received.

The RNLI contributions described above will be paid for a maximum of 39 weeks (26 weeks during ordinary maternity/adoption leave and for 13 weeks during additional maternity/adoption leave). For the remainder of your additional maternity/adoption leave, no further contributions will be made, but you will still be eligible for group life assurance benefits. The benefits will be based upon your pre-maternity/adoption leave Pensionable Salary.

Shared Parental Leave

If you take Shared Parental Leave (SPL), your withdrawal from Salary Exchange will occur on the 1st of the month that the SPL occurs (if you have not had maternity/adoption or extended paternity leave immediately prior to SPL). Contributions will be on the same basis as maternity/adoption absence, and you will continue to be a member of the Plan and have group life assurance benefits while you remain a RNLI employee.

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Investing – Helping your savings grow (1/4)

There is a range of funds available, in which you can invest your contributions. **Aviva** fund range information is available at: www.aviva.co.uk/investments/investment-funds, including lists of the funds available with further details such as the charges they carry.

You must think carefully about how to invest your fund and whether your choices are suitable for your personal situation – including how you feel about investment risk. If you are unsure, you should seek financial advice.

The 'Default Investment Option' (DIO)

This is where your contributions will be invested at the outset or if you do not make a choice yourself.

Initially, contributions will be automatically invested in the DIO which is the **RNLI Flexible Retirement Default Investment Strategy**. Once your contract is instigated and the first contribution is paid you will be able to change your fund choices should you wish to do so.

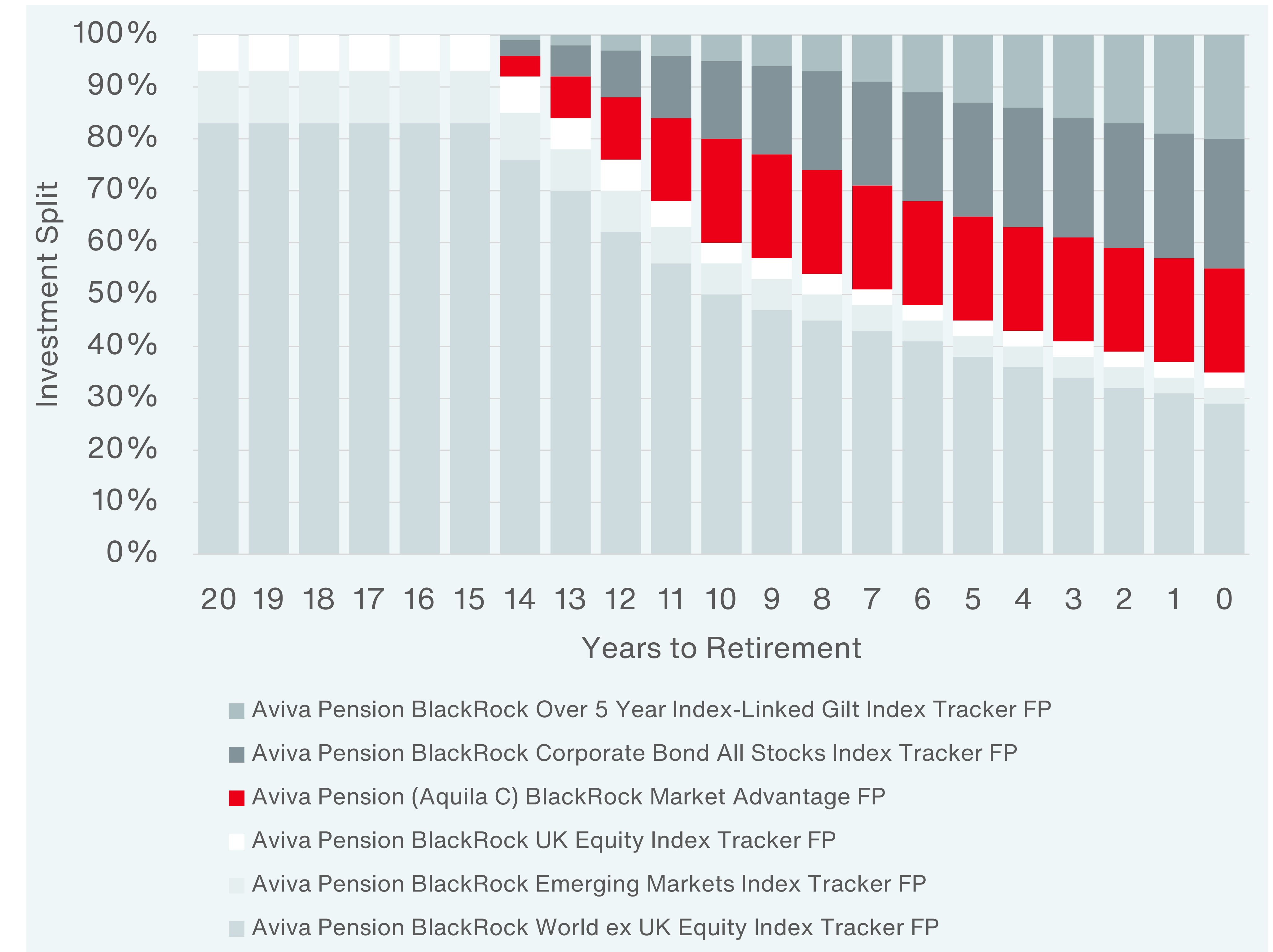
You should note the DIO may not be suitable for everyone. For more details of the DIO and other funds, you should refer to the Aviva fund information.

The DIO is a 'lifestyle' approach and automatically moves your investments gradually from higher risk funds into lower risk funds over the 15 years before your 'selected retirement age' (SRA) as shown in the chart.

Full details of each fund making up the DIO are in the Aviva fund information, along with further details on choosing your own funds and/or options without a lifestyle approach.

Please note that a lifestyle approach may not be suitable if the final target of the strategy does not correspond with how you intend to take benefits at retirement. For example, if you intend to purchase an annuity (a guaranteed income for life) and the lifestyle strategy is geared towards an individual looking to draw income directly from the pension fund itself (see the section 'Taking your benefits' for more information on these options).

RNLI Flexible Retirement Default Investment Strategy



Source: Aon

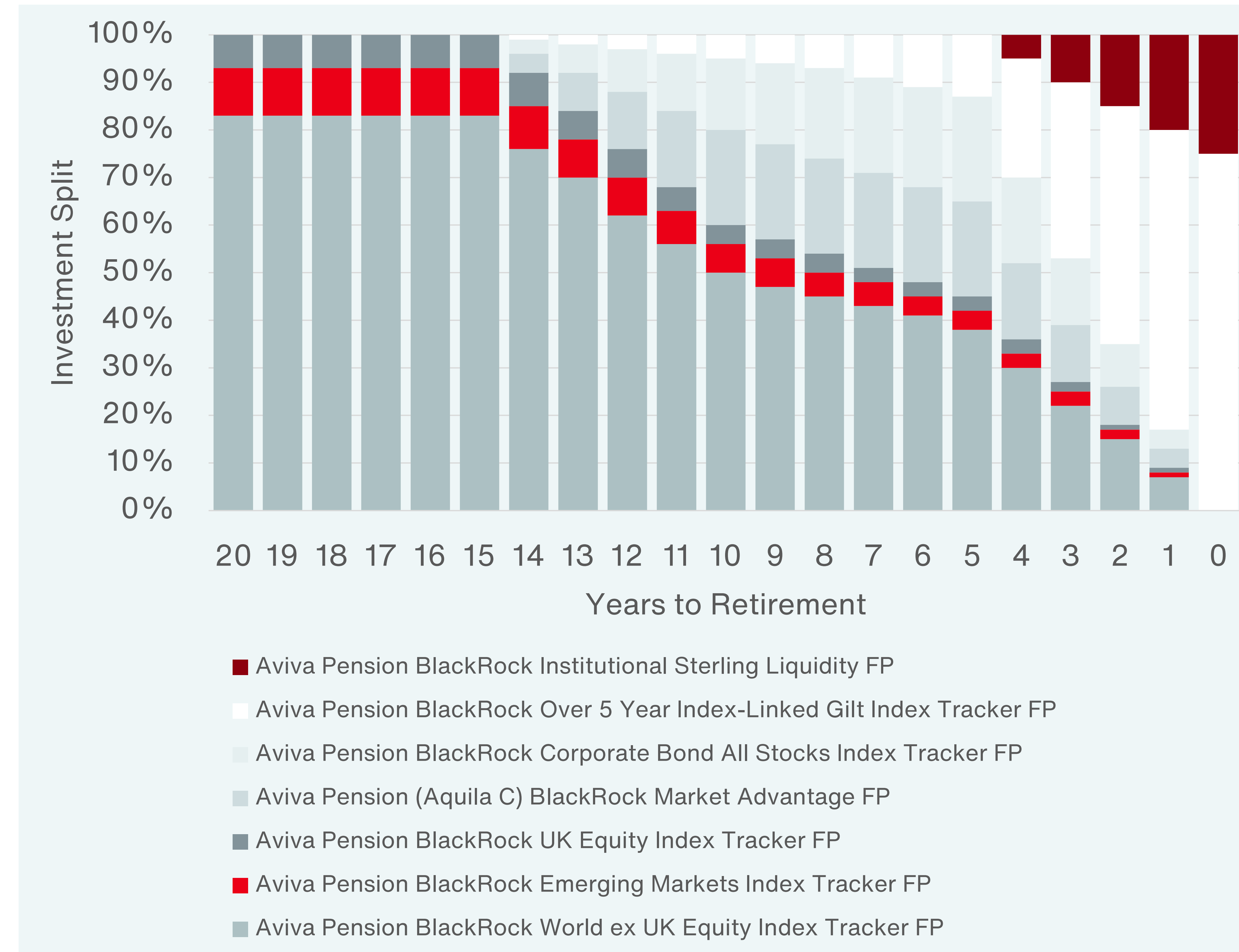
Investing – Helping your savings grow (2/4)

Alternative Investment Strategies

In addition to the default option there are two alternative investment strategies available. These investment strategies have been put in place for members who wish to target specific outcomes at retirement, namely the purchasing of an Annuity, or by taking the whole fund as a cash lump sum (full encashment).

Annuity Purchase

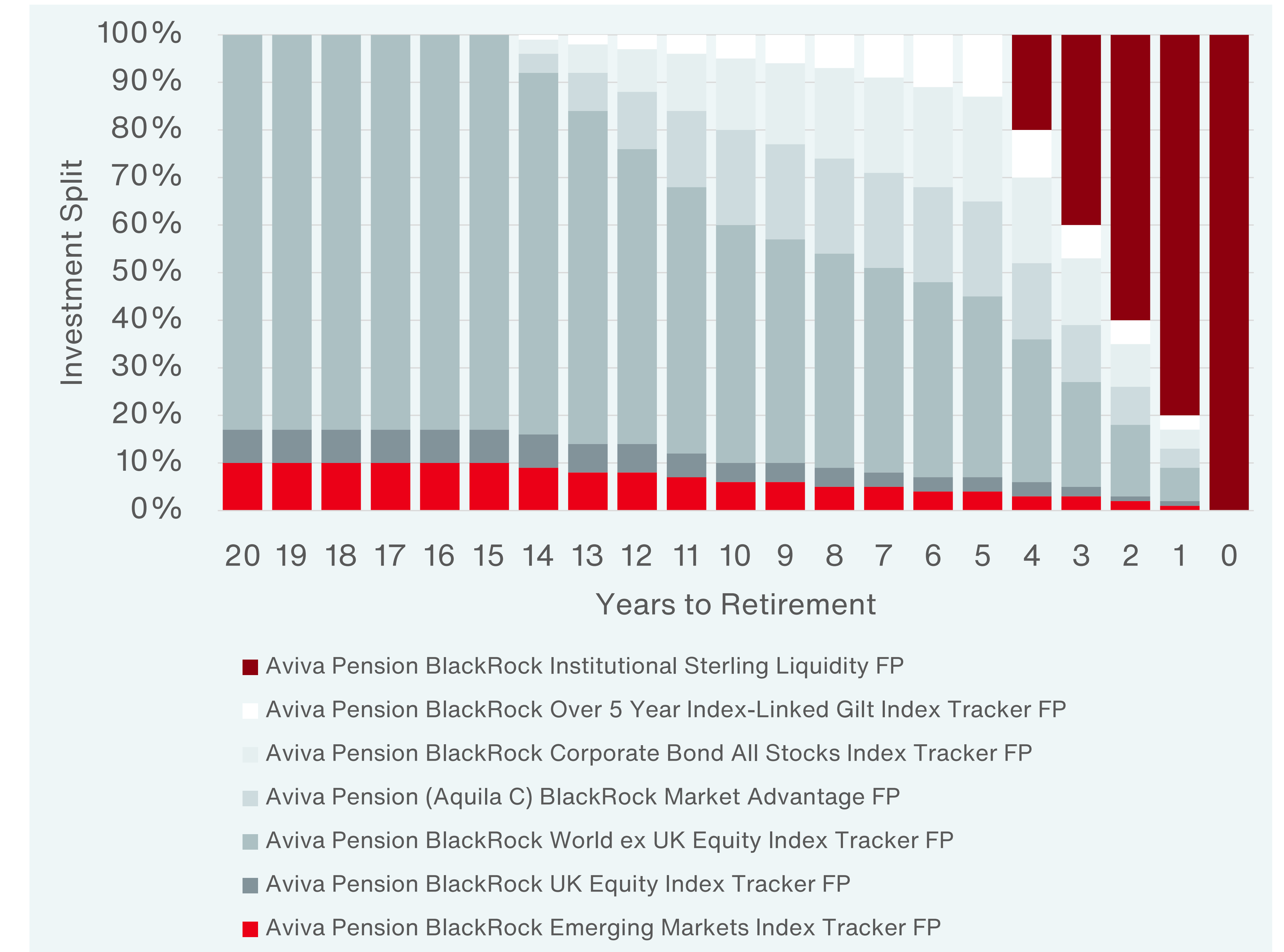
This investment strategy is designed for members that intend to use their retirement benefits to purchase an annuity at their selected retirement date.



Source: Aon

Full Encashment

This investment strategy is designed for members that intend to take their retirement benefits wholly as cash at their selected retirement date.



Source: Aon

Investing – Helping your savings grow (3/4)

It is important that you review your SRA from time to time and tell the pension provider as soon as possible if you want to change it. This is because the SRA impacts when the pension provider will start communicating with you regarding your retirement options. Additionally, if you are investing in a lifestyle approach, the SRA has a bearing on where your funds are invested as you approach retirement. If your SRA is not in line with your retirement plans, the fund switching may start at the wrong time - too late, and you could end up being exposed to unnecessary risk or too early, and your investments may miss out on potential higher returns.

Please note that investment decisions you make at the start are not final – you can switch existing funds, redirect future contributions to other funds – or both – at any time. You should contact the pension provider if you want to make any fund switches.

Types of funds

Unit-linked funds

The funds on the range are 'unit-linked' funds, which means that they are divided into units of equal value. The contributions from your account buy a number of these units, depending on how much the units are worth at the time.

Units in unit-linked funds can go up and down in value, which in turn will make the value of your plan rise and fall accordingly. If unit prices fall, your plan may be worth less than the amount invested.

With Profits Fund (if available under the Plan - please check with the pension provider)

With Profits Funds work differently to unit-linked funds, so it is important that you thoroughly read the fund information (and details of the fund charges) from the pension provider.

If you decide to invest in with-profits and then withdraw your money before the Plan matures, the pension provider may reserve the right to:

- reduce the selling price of your units; or
- withdraw part of the bonus (if the provider adds returns to the fund in this way).

This is often called a 'market value reduction' (MVR). The pension provider can decide how much to take away from the unit price or bonus, but it will normally reflect market conditions at the time.

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Investing – Helping your savings grow (4/4)

Important information

Some funds invest in a particular market, with the investment manager for that fund choosing the assets. You may only want to choose 'specialist' funds like this if you are familiar with investing (and the risks it involves), or if you are familiar with that market or how the funds might behave.

If you invest in overseas funds, changes in currency exchange rates are more likely to affect the value of your investments. Some funds in regions where markets are still developing (often called 'emerging markets') may be especially volatile – that is, they may rise and fall dramatically in value.

Property funds can carry extra risk because of the time it takes to buy and sell property – this may make the funds more volatile and you may find that there are delays with moving money you have 'tied up' in property to another type of investment.

Some cash or deposit funds are actually 'money market' funds that invest in different types of assets. As a result, these funds can be more volatile than ordinary cash investments and may rise and fall in value. This means the value of your capital – the original amount you invested – is not guaranteed.

Charges

Aon has negotiated the Plan charges with the pension provider on your employer's behalf. There is a scheme 'Annual Management Charge' (AMC) of 0.26% - that is 26 pence for each £100 in your pension plan.

In addition to the AMC each individual investment fund is subject to a Fund Management Charge (FMC). The total annual charge applicable to the Plan is the AMC plus the FMC (this is called the Total Expense Ratio or 'TER').

Under the default investment option, the underlying fund allocation and weightings change throughout the 15-year glidepath to retirement. As the individual investment funds carry different fund management charges, the total charge applicable also changes, as shown in the table below:

Years to Retirement	AMC	FMC's	TER
15 or more	0.26%	0.024%	0.284%
10	0.26%	0.058%	0.318%
5	0.26%	0.054%	0.314%
0 (at retirement)	0.26%	0.051%	0.311%

Some other funds may have a higher AMC - see the pension provider information.

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Taking your benefits (1/2)

When you choose to take your pension benefits, you can use the value of your policy to provide an income, cash sums, or both. Under current law you can take your benefits anytime from age 55 and you do not need to stop working to draw your benefits. The Government has announced that it proposes to increase the minimum age you can start taking your benefits to age 57 from 2028.

Having spent years building up your pension fund, you must make sure you understand the options available when starting to take your benefits. The current rules allow you to take full responsibility for the money you have saved and use your pension fund however you like.

Your options are:

1. Once you have reached the minimum age, you can draw money from your fund when you need it, taking 25% of each payment as a tax-free cash sum. The rest of the payment will be taxed as income (known as 'Uncrystallised Funds Pension Lump Sum').
2. If you wish, you can take up to 25% of your pension pot (subject to a maximum amount – see the 'What else do I need to know?' section) as a tax-free cash sum and use the rest to:
    - Take a further lump sum (which will be taxed as income);
    - Buy an annuity which pays you a guaranteed taxable income either for life or a fixed term (you have lots of options for how the annuity works and you can shop around to get the best deal for your circumstances), or;
    - Leave it invested in a pension in your own name and take regular and/or occasional amounts that will be taxed as income (this is known as 'Flexi Access Drawdown'). Whilst your pension scheme provider may offer this option, either within the scheme or as a stand-alone pension, you do not have to keep your fund with them to access your pension benefits. Each drawdown provider will apply different charges, offer different investment options and have different criteria; therefore it is important that you shop around to determine the best drawdown provider to meet your needs and objectives.

You can use some or all of your fund for one or a mix of the above options.

Although it is great to have these choices, you must make sure you understand all your options and, in particular, the tax you might have to pay. It is important to think about taking financial advice at the right time.

Please note that you can take some or all of your benefits and continue to contribute to the Plan. However, in certain circumstances taking retirement benefits can trigger the 'Money Purchase Annual Allowance' (see here for more details).

The pension provider will contact you as you approach your SRA with details of your fund value and more information on the above options.

Taking your benefits (2/2)

MoneyHelper

MoneyHelper is a free resource provided by the Money and Pensions Service and brings together the support and services of three government-backed financial guidance providers including the retirement information service, Pension Wise together with the Money Advice Service and the Pensions Advisory Service.

Pension Wise is a free and impartial guidance service to help people with defined contribution funds understand what their choices are and how they work. This guidance is available online at Pension Wise (moneyhelper.org.uk) or over the phone and can help you to find out about:

- the options for taking your pension money
- how each option is taxed
- questions to ask your provider

Please note that Pension Wise will not give you personal advice about which option is the most suitable for you. You have to be age 50 or over and have a defined contribution pension to use this service.

You should seek financial advice before you make decisions on how you will take your benefits.

AON

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What happens if?

What happens when I leave this employment?

If you leave employment you keep the fund you have built up under your policy within the Plan.

You may:

- Leave your benefits in your policy, where they will stay invested
- Pay contributions directly to the pension provider (although your employer's contributions will stop)
- Transfer your fund to another pension arrangement
- Start taking benefits from your fund if you are over age 55

The most suitable option will depend on your situation at the time you leave. You may want to seek financial advice before deciding what route to take.

What happens if I die?

If you die **before** taking your benefits the fund you have built up to the date of your death will usually be paid as a cash lump sum and is usually free of any tax liability. Alternatively, it is possible that, rather than receive a lump sum payment, your beneficiaries can request that the value of the pension built up is retained as a pension to provide ongoing benefits. As with the lump sum, this is usually free of any tax liability. These benefits will be paid to your nominated beneficiaries or next of kin if you have not made a nomination. To make a nomination you need to complete an 'Expression of Wish' or 'Nomination' form (see below).

If you die **after** accessing benefits the treatment of the fund you have built up depends on how you chose to receive those benefits and how old you are when you die.

If you have accessed your benefits by using **Flexi-Access Drawdown** and die before age 75 the benefits will go to your nominated beneficiaries either as a cash lump sum or ongoing income, usually free of any Income Tax liability. If you die at age 75 or older the benefit can still be paid as a lump sum or ongoing income, but your beneficiaries will pay tax on it at their marginal rate of Income Tax.

If you have purchased an **annuity** with the pension benefits you had, the benefits payable will depend upon how the annuity was set up when it was bought. For example, it may have a spouse's or dependants pension included which will come into payment upon your death. Or, if no survivor options were selected, payments will cease upon your death.

Your wishes

RNLI employees should complete a Nomination form outlining who you would like to receive any accumulated benefits following your death. Equally, if your personal situation changes, for example, you marry, divorce or become a parent, you may wish to fill in another Nomination form. You can obtain a Nomination form here - https://library.aviva.com/tridion/documents/view/mpen19j.pdf and it should be returned directly to Aviva after you have filled it in.

As mentioned above, if you die after taking benefits from the Plan, the amounts payable to your beneficiaries will depend on how you chose to receive your benefits. **This is an important situation to plan for and should be part of the financial advice you seek when you start to draw your benefits.**

Working beyond retirement age

If you decide to defer your retirement age, you should contact Aviva to change this to an age at which you are aiming to retire. Aviva will update their records with your new retirement age, and if you are in the default investment option, how your pension is invested will be recalculated to align with your new retirement age.

If you do not advise Aviva of a new retirement age, they will update your retirement age to 74 by default. Any further contributions received will be invested as at the last point when you reached your recorded retirement age. You can of course, at any point after this, advise Aviva of a new selected retirement age, or ask for a switch and/or redirection of the funds held.

What else do I need to know? (1/4)

Changing your details

Once you have joined the Plan, if you wish to change your investment choice or 'selected retirement age' (SRA), contact the pension provider on **0800 068 1431**.

When you join the Plan, your SRA is set at age 65. However, it can be any age from 55 onwards and you can change it at a later date to the age you plan to draw benefits. The SRA is important because it can affect how your pension contributions are invested – please see the sections 'Investing – Helping your savings grow' and 'Taking your benefits' for more details.

State benefits

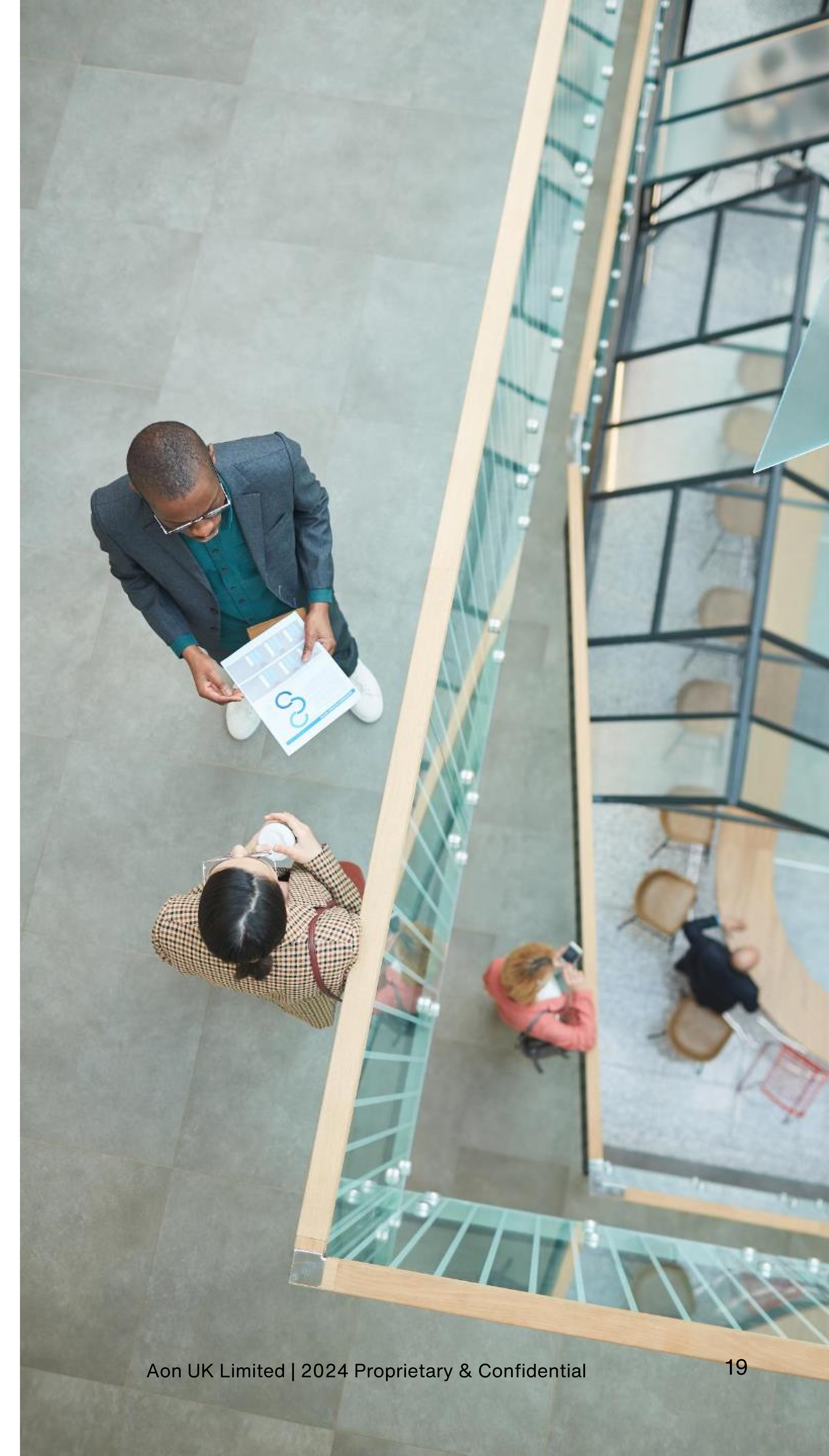
Men born on or after 6 April 1951 and women born on or after 6 April 1953 will be entitled to the single-tier State Pension. For 2024/25, the full single-tier State Pension will be £221.20 per week but the exact amount you receive will depend on the National Insurance contributions you have paid over your working life, which is used to work out your entitlement.

For men and women born before 6 April 1951 and 6 April 1953 respectively, the old two-part State Pension may be payable – i.e. Basic State Pension possibly topped up with some State Second Pension (known as S2P and formerly known as SERPS). Again, the exact amount you receive will depend on the National Insurance contributions you paid over your working life, as well as any time you may have spent contracted out of the S2P and / or SERPS.

State Pension Ages have been under ongoing review by the Government, and your own State Pension Age depends on both your sex and date of birth. You can use the State Pension Age calculator on the Government's website: www.gov.uk/state-pension-age, based on the current rules.

To find out more about State pensions in general, you can visit the Government's website: www.gov.uk/new-state-pension or call: **0800 731 0469**.

Although joining the Plan is usually beneficial due to tax relief on contributions and your employer contributing too, there may be circumstances where joining would not be the best choice, for example if making contributions impacts on potential state benefits you may receive (either currently or in the future) or if you are currently repaying a large level of debt. **If you have any concerns about this, you should seek financial advice to ascertain the best course of action for you.**



What else do I need to know? (2/4)

What if I pay too much in?

The Annual Allowance

The Annual Allowance applies to all contributions, from you or any employer, paid into all of your pension arrangements during a tax year (6 April to 5 April).

If the contributions going into your policy during the tax year go over £60,000 (the Annual Allowance for the 2024/25 tax year) then the amount you have contributed above the Annual Allowance will be added to your taxable income, unless you have any unused Annual Allowance from the previous three tax years to cover the excess. If you still have an excess, you may pay tax on this at a rate equivalent to your highest rate of Income Tax.

If you are unsure you should seek financial advice.

Tapered Annual Allowance

The Annual Allowance of £60,000 will reduce for anyone with ‘adjusted income’ above £260,000 a year. This is called the Tapered Annual Allowance.

Broadly speaking, adjusted income is taxable income from all sources plus the value of any pension contributions (including those made by your employer) during the tax year.

The Annual Allowance will reduce by £1 for every £2 of 'adjusted income' over £260,000, with a maximum reduction to the Annual Allowance of £50,000. This means those with adjusted income of £360,000 a year or more will have an Annual Allowance of £10,000.

Please note that if ‘threshold income’ is less than £200,000 a year, your Annual Allowance will not reduce, regardless of the level of ‘adjusted income’. Please refer to the Jargon Buster section of this handbook for an explanation as to how threshold income is calculated.

If the total payments into the Plan made by you and your employer, plus contributions made to any other pension arrangements, are likely to be close to £60,000 in any tax year please seek financial advice before making any decisions.

If you draw your benefits due to ill health, as long as you satisfy HMRC’s requirements, the Annual Allowance will not apply to your benefits in that year. The same is true if you die while still building up your pension fund.

What else do I need to know? (3/4)

Money Purchase Annual Allowance (MPAA)

You may also have a lower annual allowance – called the Money Purchase Annual Allowance (MPAA) - if certain 'trigger events' occur. Information about trigger events can be found using this web link: www.gov.uk/hmrc-internal-manuals/pensions-tax-manual/ptm056520. Trigger events include:

- income paid from a Flexi Access Drawdown fund (but not if you just take the 25% Pension Commencement Lump Sum);
- payment of an Uncrystallised Funds Pension Lump Sum;
- income of more than the permitted maximum level under an income drawdown arrangement that commenced prior to April 2015.

The MPAA for 2024/25 is £10,000 meaning that, if applicable to you, this is the maximum amount you can pay into pensions without incurring a tax charge.

Please seek financial advice before you proceed with a trigger event if your total pension contributions are close to the MPAA (or may become close to it in the future).

Lifetime Allowance

Until 5 April 2023, the Lifetime Allowance limited the value of all the pension benefits you could build up from almost all sources (apart from the State) over your working life before an additional tax charge was levied. With effect from 6 April 2024, the Lifetime Allowance has been abolished meaning that, an individual can, potentially, build up an unlimited amount within their pension fund. However, due to the introduction of two new allowances (see next page), whilst the amount of pension that can be built up is unlimited, the amount that can be taken free of tax has been limited both when accessing retirement benefits and upon death.

If you have HMRC Lifetime Allowance 'protection' in place, you may have an entitlement to a greater level of Lump Sum from your pension but this is a complex matter and, if you think you may be affected by this issue, you should seek financial advice.

Neither your employer nor the pension provider is responsible for any tax charge or loss of tax relief you incur through joining or being automatically enrolled into any pension or life assurance arrangements.

Life Cover

The RNLI has a life assurance scheme for employees up to age 75. Active members of an RNLI pension scheme have a higher level of life cover than those employees that are not actively contributing to the RNLI pension scheme.

For more details on the RNLI's life assurance arrangement, please check Compass for 'life cover'.

Important note – do you already have (or plan to apply for) any 'protection' against the Lifetime Allowance?

If you join an employer's pension plan and/or registered life assurance scheme, either by completing an application form or as a result of automatic enrolment, you could lose your Enhanced or Fixed Protection. However, if you join an employer's pension plan through automatic enrolment but opt out within the one-month period, you will be treated as if you have never been a member and you will not lose your protection.

If you have Primary Protection, Individual Protection 2014 or if you have applied for / are going to apply for Individual Protection 2016, pension contributions can still be paid into your pension policy.

More information on protection and automatic enrolment is available on the Government website (Gov.uk).

Whilst this will not now result in a tax charge, it may impact the proportion of the pension that can be taken as tax-free cash. However, this needs to be balanced against the prospects of achieving a higher overall pension in total. This is a complex calculation and, if you think you may be affected by this issue, you should seek financial advice.

Neither your employer nor the pension provider is responsible for any tax charge or loss of tax relief you incur through joining or being automatically enrolled into any pension or life assurance arrangements.

What else do I need to know? (4/4)

Lump Sum Allowance (LSA)

The Lump Sum Allowance (LSA) governs the amount of lump sums anyone can take across all their pensions without income tax being applicable to the lump sums taken. The LSA has been set at an amount of £268,275.

You are able to take a lump sum from your pension of up to 25% of the fund you build up however only the amount up to the LSA is tax free. Any excess over this amount will be taxed as income with the rate applicable dependent upon other income you have in that tax year.

HMRC Protection

If you have valid HMRC Lifetime Allowance protection in place, you may be entitled to a higher amount of tax free lump sum. The amount you have will depend upon the type of protection held. Further information in relation to HMRC protections can be found using this link: www.gov.uk/guidance/taking-higher-tax-free-lump-sums-with-lifetime-allowance-protection#individual-protections (www.gov.uk)

Transitional Arrangements

If you have accessed pension benefits prior to April 2024, then the amount of LSA available to you is reduced by an amount equivalent to the benefits already taken. The amount already taken is calculated by reference to the amount of Lifetime Allowance (LTA) previously utilised.

Due to the way the calculation is done in relation to benefits previously taken, this would mean any individual who has accessed pension benefits previously and used 100% of the LTA would have no further entitlement to a tax free lump sum.

Lump Sum & Death Benefit Allowance (LSDBA)

The Lump Sum & Death Benefit Allowance (LSDBA) limits how much can be paid to you from all your pensions as a tax free lump sum, both during lifetime and on death. This allowance for the 2024/25 tax year is £1,073,100. The following lump sums will be tested against the allowance:

- Defined Benefits (DB) lump sum death benefits
- pension and annuity protection lump sum death benefits
- uncrystallised funds lump sum death benefits
- drawdown pension fund lump sum death benefits (from capped drawdown)
- flexi-access drawdown lump sum death benefits
- trivial commutation lump sum death benefits
- serious ill-health lump sums
- pension commencement lump sums
- the tax free elements of Uncrystallised funds pension lump sums (UFPLS), Trivial commutation lump sums and Winding-up lump sums

This is a combined allowance for both lifetime tax free lump sums and tax free death benefits. This means, in the event of the death of an individual, the amount their beneficiaries will be able to receive free of taxation will be £1,073,100 less any lump sums taken during their lifetime. Any excess over this amount will be subject to income tax for the recipient.

Important information & contacts (1/3)

About this guide

This Guide aims to give you an accurate summary of how the benefits work. However, it cannot cover everything. If you need more information, please contact the People Administration team in the first instance.

People Administration Team
RNLI
West Quay Road
Poole
BH15 1HZ

Tel: **01202 663 301**
E-mail: **People_Admin@rnli.org.uk**

Additionally, the RNLI has a pension's website: https://rnlipensions.org.uk/

The Aviva information and policy documents will always over-rule this Guide if any differences between them come to light.

The RNLI has the right to make changes to your benefits package, including reducing or withdrawing employer contributions (where applicable), within current law. If this were to happen, you would receive full details of the changes.

About Aon

Aon's advice is to your employer - so you will not receive any advice or a recommendation from Aon. If you feel you need advice regarding the Plan, you should speak to your financial adviser. If you do not have one, you can get assistance with finding an adviser from the MoneyHelper website – see the 'Introduction' page at the start of this booklet for the relevant website link.

Please note that where this booklet includes a link to a third-party website, Aon has no control over and is not responsible for the third-party website content. Including these links does not imply endorsement in any way of the site it links to.

About Aviva

Aviva is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

You can contact Aviva on **0800 068 1431**, or you can access their website here: www.aviva.co.uk

Important information & contacts (2/3)

MyWorkplace app

You can manage your pension online by either downloading the MyWorkplace app on your phone or tablet, or by accessing the site directly. Visiting - www.aviva.co.uk/myworkplace

Register for MyWorkplace to:

- Change your details such as address, retirement age or your beneficiaries
- Check your pension value
- Access your pension documents
- Switch funds
- Check your transaction history
- Add a single payment into your policy

Or call Aviva for help setting up your account on 0800 404 6539, Monday to Friday, 8.00am to 5.30pm.

Taking advice

If you are unsure whether any of the other benefits covered in this booklet are suitable for you, please consider seeing a financial adviser. Please note that if you take financial advice, it will be at your own cost.

The MoneyHelper website provides information in relation to choosing a financial adviser at: www.moneyhelper.org.uk/en/getting-help-and-advice/financial-advisers/choosing-a-financial-adviser

Problems and complaints

If you have a complaint about Aon, please write to:

Aon UK Limited
The Compliance Department
3 The Embankment
Sovereign Street
Leeds
West Yorkshire
LS1 4BJ

Tel: **0113 245 3366**
E-mail: complaints@aon.co.uk

If you cannot settle your complaint with Aon, you may be entitled to refer it to the Financial Ombudsman Service (FOS) depending on who you are, what capacity you are acting in and the circumstances of your complaint.

The FOS website is available at www.financial-ombudsman.org.uk or call **0800 023 4567** for further information.

Important information & contacts (3/3)

The Financial Services Compensation Scheme (FSCS)

The FSCS is the compensation scheme for customers of UK authorised financial services firms and can compensate customers if a firm has stopped trading or does not have enough assets to pay claims made against it.

Aon UK Limited and Aviva are covered by the FSCS. You may be entitled to compensation from the FSCS if either cannot meet their obligations. This depends on the type of business and the circumstances of the claim. If you require more information about your pension policy within the Group Personal Pension Plan and your circumstances, please speak to the pension provider. Details of the compensation limits for each type of business can be found using the following web address - www.fscs.org.uk/what-we-cover/

For further information about compensation scheme arrangements please contact:

Financial Services Compensation Scheme
PO Box 300
Mitcheldean
GL17 1DY

Tel: 0800 678 1100
www.fscs.org.uk

GOV.UK

The Government website contains a State Pensions Guide, details about the Pension Tracing Service (if you have lost track of a pension) and a Pension Scheme Administration Guide.

www.gov.uk/find-pension-contact-details

MoneyHelper

MoneyHelper is a free resource provided by the Money and Pensions Service and brings together the support and services of three government-backed financial guidance providers: the Money Advice Service, the Pensions Advisory Service and Pension Wise.

MoneyHelper joins up impartial money and pensions guidance to make it quicker and easier to find the right help to make your money and pension choices clearer.

Tel: 0800 011 3797
www.moneyhelper.org.uk

You can also find more information about the Automatic Enrolment rules on the MoneyHelper website at: www.moneyhelper.org.uk/en/pensions-and-retirement/auto-enrolment/automatic-enrolment-an-introduction

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Jargon buster (1/2)

Annual Management Charge (AMC)

The charge to cover set up and management costs, administration and day-to-day fund management.

Annuity

An annuity is a financial product that, in exchange for a single lump sum payment, will provide you with an income for the rest of your life. You can use all or part of your pension fund to buy an annuity from an insurance company.

Beneficiary(ies)

A person (or persons) to whom a pension member would like their benefits to be paid in the event of the member's death.

Defined Contribution Pension

A pension arrangement into which the member and/or their employer pay agreed amounts of money, which is invested to provide a value at retirement from which an income can be taken. The future value of the fund (and hence income) is not known in advance.

Department of Work and Pensions (DWP)

The Government department that has responsibility for overseeing pension policy in the UK.

Financial Conduct Authority (FCA)

The UK regulator for financial services markets and providers.

Flexi-Access Drawdown

Flexi-Access Drawdown is an option when taking your pension benefits. In short, the pension fund is left invested and regular and / or occasional amounts can be taken directly from the fund. These will be taxed as income if appropriate.

GPP (Group Personal Pension)/GSHP (Group Stakeholder Pension)

An arrangement made by an employer for employees of that company to participate in a personal pension scheme on a group basis.

His Majesty's Revenue and Customs (HMRC)

A department of the UK Government responsible for the collection of taxes.

Lifestyling

An investment strategy used in Defined Contribution (DC) schemes. Under lifestyling, your investments move automatically based on the length of time until you are due to retire. As you approach retirement, your savings are moved into funds with less risk that are less likely to change dramatically in value.

Pension Commencement Lump Sum

A lump sum available to members when they take their pension benefits, normally up to 25% of the value of their pension pot. Taking a lump sum means that the amount left to buy an annuity or use for drawdown will reduce. The lump sum is paid free of tax.

Personal Pension

A long-term savings plan that is designed to provide benefits for an individual in their retirement. It is owned and controlled by the individual and enjoys favourable tax treatment in return for complying with certain rules.

Qualifying Workplace Pension (QWP)

A pension arrangement, set up by an employer for its staff, which meets certain standards laid down by Government legislation.

Salary Sacrifice (also known as Salary Exchange)

An arrangement where you sacrifice/exchange an amount of salary in return for a pension contribution from your employer.

State Pension Age (SPA)

The age at which an individual becomes entitled to receive their State Pension. This can vary depending on the individual's age and/or gender.

Jargon buster (2/2)

Tax relief

A tax concession given in respect of employee payments into a pension scheme. The effect of this relief is that the actual amount paid to the pension provider will be increased when applied to the individual's pension contract.

Threshold income

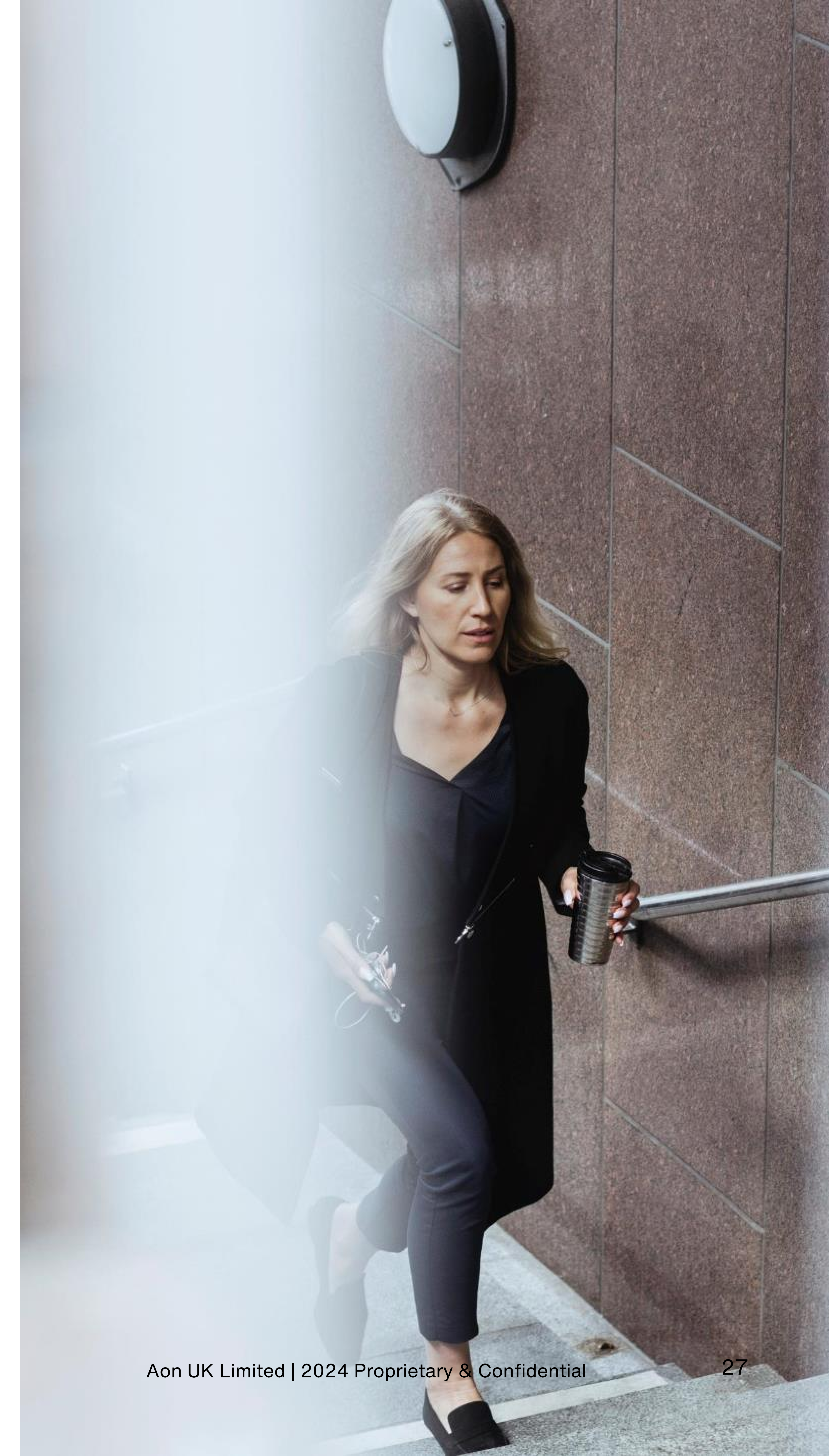
Threshold income is broadly defined as taxable income for the tax year, less pension contributions and certain other reliefs. Taxable income includes earned income (e.g. salary, bonuses, etc.) and unearned income (e.g. dividends, interest on savings etc.) but does not include employer pension contributions, nor employee pension contributions made by salary sacrifice to a pension plan set up before 9 July 2015. If threshold income does not exceed £200,000, the tapered Annual Allowance rules do not apply.

Unit

A unit is a share of an investment fund. Each investment fund is split into units. The number of units you hold is your share of the investment fund.

Uncrystallised Funds Pension Lump Sums (UFPLS)

A method of drawing money from your pension plan. UFPLS allows pension holders to withdraw some or all of their fund as a lump sum. Within the limitations of the Lifetime Allowance, 25% of the UFPLS will be paid tax free, with the balance being taxed as income at the point of withdrawal.



Aon UK Limited

1 Redcliff Street
Bristol
BS1 6NP

Tel: +44 (0)117 945 3559

www.aon.com/unitedkingdom/employee-benefits

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Registered office: The Aon Centre,
The Leadenhall Building,
122 Leadenhall Street,
London, EC3V 4AN.

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