

January 2016

Ladbrokes
Pension Plan

Pensions Post

Trustees' update



What's inside?

- Trustee Board
- Budget Flexibilities
- Lifetime Allowance
- Annual Allowance
- Pension Input Period

Welcome to your latest edition of Pensions Post

Welcome to the latest update from the Trustees of the Ladbrokes Pension Plan (the "Plan").

The purpose of this update is to provide you with some further information about the pensions flexibilities introduced by the Budget 2014 and also to provide you with some further information about the operation of the Plan.

Trustee Board

You will be aware from the last issue of Pensions Post ("the Post") issued in July 2015 that there had been some changes to the Trustee board. Since the Post was issued there have been some further changes to the board with the resignations of Chris Hector and Dave Bowen. The Trustees and the Company would like to extend their thanks and gratitude to Chris and Dave for the work and valuable insight that they provided whilst they served as Trustees of the Plan.

Since the Plan has stopped members building additional benefits in the future (future accrual), the Company and the Trustees have agreed that it is appropriate to streamline the Trustee board. With that in mind, the total number of trustees will now be 6; 2 of which are Member Nominated in accordance with pension regulations.

To achieve a board of 6, the Company has decided to appoint Liz Cockburn as a Trustee. We are delighted to welcome Liz to the board and look forward to working with her in the future.

“ The Lifetime Allowance is currently £1.25m and this will be reduced to £1m from 6 April 2016 ”

Budget Flexibilities

The July 2015 Pensions Post also outlined some of the changes that the 2014 Budget introduced which may have an impact on how you take your benefits from the Plan.

The Trustees have previously outlined the new benefit options available following the budget and the conditions attached to these options. Here is a brief summary:

- Members over age 55 with small funds (under £10k) may take this as cash. Members over age 55 with funds under £30k may also be able to commute this for cash depending upon the benefits they hold in other arrangements. These lump sums are subject to tax on 75% of the value;
- Members with defined contribution (DC) pension benefits (i.e. AVCs) may take their funds as cash (either independently or combined with their main Plan benefits), transfer the value of their funds to alternative arrangements or purchase an annuity;
- Members may transfer their defined benefit (DB) pension benefits under the Plan to an alternative arrangement which offers greater flexibility than that available under the Plan. Transfers may be in full or partial but if the value is over £30k then advice from an Independent Financial Adviser (IFA) would be required; and
- The taxation of death benefits has changed depending upon whether you die before or after age 75.

Various conditions apply to these benefit options. If you are considering these, please contact Hymans Robertson for further information.

There were also considerable changes to the Lifetime Allowance and Annual Allowance which come into effect from 6 April 2016, which will potentially have an impact on members who have built up large pension benefits as well as those who are high earners and who save large amounts into pension arrangements.

Pensions Tax Update

The following update is based on our understanding as at January 2016 of the law and material issued by HMRC at that time. These could change in the future.

Lifetime Allowance

The Lifetime Allowance is the figure against which the value of an individual's pension benefits and savings is tested. Just before pension scheme benefits are paid they are assessed against the Lifetime Allowance (together with any other pension scheme benefits that have already been paid or are currently in payment). The Lifetime Allowance is currently £1.25m and this will be reduced to £1m from 6 April 2016. You may have to pay tax on any value over that amount, broadly at a rate of 55% instead of your usual rate of income tax. Members with larger pension benefits may be able to retain a Lifetime Allowance larger than £1m if they already have 'protection' from HMRC or they are eligible for new forms of protection which HMRC will make available in due course.

From 2018 the Lifetime Allowance is expected to be increased in line with prices.

If you think that you may be affected you should collect information from all of your pension schemes and either speak to the Ladbrokes pension team or consider taking appropriate independent financial advice.

Annual Allowance

The Annual Allowance is the figure against which your pension benefits and savings in a year are tested before extra tax is payable. The Annual Allowance is currently £40,000 and it is remaining at this level for most people (i.e. those earning less than £110,000). However, the Annual Allowance is being reduced from £40,000 to £10,000 for high earners from 6 April 2016. The reduction will be on a sliding scale and for every £2 of 'adjusted income' an individual earns over £150,000, a member's annual allowance will be reduced by £1 until it has tapered down to £10,000 for those earning £210,000 or more. For the purpose of the Annual Allowance, adjusted income will include net income, pension contributions (by you or your employer) and any relief in respect of such contributions and any lump sum death benefit received in respect of the death of an individual aged over 75.



Pension savings in excess of the Annual Allowance will normally result in an upfront tax charge (unless the member has 'carry forward' of any unused Annual Allowance from the previous 3 years) on the savings in excess of the Annual Allowance.

The Plan operates "Scheme Pays" for paying any tax due in certain circumstances. Please see the Scheme Pays Leaflet at www.ladbrokespensionspost.co.uk for more information.

Pension savings include the value placed on pensions earned in a defined benefit scheme as well as any money purchase contributions made by you and your employer (i.e. to the Ladbrokes Pension Scheme). Extra tax is payable at the member's marginal rate of income tax.

It is also worth noting, especially in light of the flexibilities now available to members, that if a member accesses flexible benefits (broadly money purchase or cash balance benefits) then an annual allowance for money purchase saving of £10,000 or £40,000 for defined benefit accrual combined with money purchase saving will apply.

Pension Input Period

Pension savings are measured against the Annual Allowance over a Pension Input Period, the period of which until recently could be set at any year period. Going forward, from 6 April 2016 the Pension Input Period for all schemes will be aligned with the UK Tax Year (6 April to 5 April). There will be transitional arrangements for the 2015/16 tax year which may allow members to save more into a pension arrangement prior to the change and the Trustees would recommend that members discuss this with their independent financial advisers.

Further information

To help with your financial planning, here is a reminder of the information that's available to you under the Plan.

You are entitled to ask for a transfer value quotation free of charge once every 12 months. If you require an additional transfer value within the 12 month period, please contact the Plan's administrators, Hymans Robertson, for further information as a charge will be payable.

At normal retirement, the Plan's administrators will automatically try and contact you, usually six months before your normal retirement date, asking you to complete identity checks before providing you with an estimate of your benefits and options available at your normal retirement date. Please make sure you keep Hymans Robertson up to date with any changes in your address so that they can contact you with information regarding your benefits in the Plan.

For members considering early retirement or late retirement (this is subject to Trustee consent), as with a request for a transfer value, you can ask for one quotation every 12 months free of charge. A charge will be applied for any additional retirement requests received within the 12 month period, so please contact Hymans Robertson for further information before requesting further quotations:

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