



How will you spend your retirement savings?

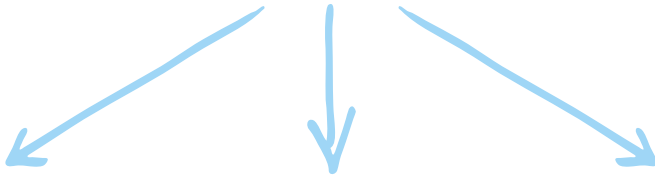
From April 2015 the pension rules are changing.
And so are your investment options.

The rules on how you can spend your retirement savings changed in April 2015.

You don't need to do anything now, but it's useful to know that you have more options.



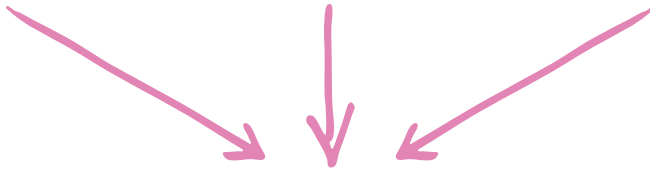
Before these changes, most people had to use their retirement savings to buy an annuity.



An annuity is an insurance product that allows you to convert your retirement savings into a regular income for the rest of your life.

An annuity gives you certainty – but certainty can be a bit boring sometimes.

Many people think pensions are boring too – but with these rule changes, perhaps that will change.



Pension changes – in a nutshell

- You will be able to withdraw all the money in your pension account.
- You will still (under current tax rules) be able to take 25 % of your pension account as tax-free cash (up to a limit, currently £312,500), and you will pay tax on the rest, as if it was income.
- The minimum retirement age (which is the earliest you can normally take your pension without tax penalties) is going up – from 55 to 57 in 2028.
As you're under 40, this will probably affect you. The minimum retirement age will track the State Pension Age by 10 years.
- By the time you retire, there will probably be new retirement products in the market – so watch this space!



The pensions minister suggested you could use all of your retirement savings to buy a Lamborghini, if you want to! That of course is a very personal decision, but we do want you to understand that being in a workplace pension like ours makes even more sense now.

Tax relief on your pension contributions means every £10 you save only costs you £8 (and even less if you are a higher rate taxpayer).



If you pay through SMART (our salary sacrifice scheme), the cost to you effectively reduces even more.



Xerox pays money into your pension too; this money is yours to keep even if you leave the company.



You can now spend your retirement savings in the way you think is best.



You can change your contribution rate at any time throughout the year. You can do it online or contact BlackRock if you prefer (Tel: 0845 606 6706 (Mon-Fri, 9am-5pm) Email: xerox@blackrockpensions.co.uk).

New default investment fund

The default investment fund is where most of our members' pension accounts are invested. It works by assuming that you will take 25% of your pension account as tax-free cash and use the rest of it to buy an annuity. Because of the pension rule changes, we expect that some of our members won't want to buy an annuity when they retire – so this investment approach may no longer be suitable for everyone.

As a result we are introducing a new default investment fund called the BlackRock LifePath Flexi Fund. Like the current default fund, the new one will automatically change the investment mix as you get closer to your Target Retirement Age. By the time you reach that age you will have a mix of 40% equities and 60% bonds. The new default fund may be appropriate if you plan to keep your savings invested after you retire and drawdown an income. However, if you plan to take all of your retirement savings as a one-off cash sum or plan to buy an annuity, the new investment funds below may be more appropriate.

If you are invested in the current investment default fund you will be automatically switched to the new investment default fund. If you don't want to switch then you can opt to choose how your account is invested.

New investment funds

From July we are introducing two new investment funds – the BlackRock LifePath Capital Fund and the BlackRock LifePath Retirement Fund. These funds may be appropriate if you plan to take all of your retirement savings as a one-off cash sum or plan to buy an annuity.

BlackRock will contact you shortly with more information on the change to the default investment fund and the new investment funds.

More information

The information in this leaflet is in summary form and based on our understanding and interpretation of published legislation as at March 2015. For more detailed information please refer to the following websites:

www.xeroxretirementchoices.co.uk

Visit our dedicated microsite to find out more about the pension changes described in this leaflet.



www.blackrock.com/pension-planning

BlackRock has set up a dedicated website to help you with pension planning. It includes a video that explains the new options, as well as some useful tools to help you plan for retirement in the new world. If you are thinking of taking the whole of your pot as a lump sum, there is a tool to help you calculate how much tax you will pay on it. If you are planning on drawdown, the 'decumulation' modeller can help you understand the income you might be able to drawdown.

www.blackrock.co.uk/targetplan

This is where you can view your pension account, make changes to your investments and see how much has been paid in.

www.pensionwise.gov.uk

This is an excellent website that provides helpful general information on your new options – not just for people wanting to take up the offer of free financial guidance.

www.unbiased.co.uk

This site can help you find a local independent financial adviser.



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