

# **Your options** **on leaving**



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Dear Member

As you have left the Harmsworth Pension Scheme with more than two years pensionable service, you are entitled to a deferred pension, the details of which are shown on your Deferred Pension Certificate found in your pension information folder.

Under current legislation you can apply to the trustees of the scheme for payment of your pension at any time between age 50 and 75. However, if you joined the scheme after 5 April 2006 you will only be able to take your pension from age 55 after 5 April 2010.

It is very important that the enclosed Certificate is kept in a safe place. Please quote your pension number in any future correspondence as you will be asked to return the Certificate to us in order to receive your benefits. Please apply to the trustees, c/o DMGT Pensions, at least three months before you plan to retire.

As an alternative to a deferred pension you may wish to consider transferring your benefits to another approved pension arrangement up to one year before vesting age. Further information can be found under the heading "Transferring to another arrangement". Details of the amount currently available for transfer will only be made available upon written request.

Remember, the choice you make for your scheme benefits must be mirrored by your AVCs. Please keep us informed of any changes in your address using the Change of Address form found inside your pension information folder. We will then be able to forward periodical deferred benefit statements to you. You may wish to keep the latest copies of these in your folder.

DMGT Pensions

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# Jargonbuster

You will probably be unfamiliar with some of the terms used in this booklet. These explanations should help:

**Annual allowance** - This controls how much contributions can be paid in AVC's and how much your scheme benefits can increase each year.

**AVCs** - Additional voluntary contributions.

**Contracted-out** - Refers to a pension scheme which provides a pension equivalent to S2P (see below) and therefore qualifies you to pay a reduced rate of National Insurance contribution.

**Deferred pension** - the benefit to which you are entitled on leaving the scheme before normal retirement age (see below).

**The group** - the group of companies that are owned by Daily Mail and General Trust plc.

**Guaranteed minimum pension (GMP)** - the minimum pension that the scheme must legally provide by being contracted out of S2P - see below. Changes in pensions law mean that GMPs are not earned after April 1997. Instead, the scheme needs to satisfy new minimum benefit and funding requirements.

**Scheme** - Harmsworth Pension Scheme.

**Normal retirement age** - 62 (Pension+), 65 (Standard section).

**Pensionable earnings reduction** - this is £5,000, increased since 1 April 2003 in line with annual inflation.

**Pensionable salary** - the average of your scheme salary (see below) over the last 12 months before leaving service.

**Pensionable service** - the length (in years and days) of your membership of the scheme, excluding any periods when you were not contributing (apart from Statutory Maternity Leave commencing after 16 October 1994). For benefit purposes, this is subject to a maximum of 40 years.

For part-time employees pensionable service will be pro rata.

**Scheme salary** - the amount of your total salary (see below) less the pensionable earnings reduction (see above). For part-time employees, only the appropriate proportion of the pensionable earnings reduction is taken into account.

If your scheme salary was less than the scheme salary for the previous year, the higher figure will apply unless you elected otherwise.

**State Pension Age (SPA)** - the age at which the State Pension is payable. This is currently 65 for men, and for women born before 6th April 1950 it is, and will remain, 60. However, there will be a transitional period of 10 years from 6th April 2010, during which time the SPA for women will be progressively raised from 60 to 65. The SPA for men and women will increase from 65 to 68 between 2024 and 2046.

**S2P** - (previously SERPS) provides an earnings-related State Pension to top up the basic State Pension.

**Total salary** - your annual rate of basic salary or wages on 1st April plus any additional earnings you may have received in the previous 12 months which your employer has decided is pensionable.

**Unreduced pension** - a pension that has not been reduced to take into account early payment.

**Vesting age** - This is the earliest age at which you can take an unreduced pension as follows:

Pension+ - 60

Standard - 65

DMGT AVC Plan - 62

# Your pension options

This booklet will help you decide what to do with your company pension now that you have left the employment of the group.

## You have two options...

Leave your benefits in the scheme

or

Transfer the value of your benefits to another scheme

If you have paid AVCs your options will be the same as your scheme benefits.

## Option 1

### Leaving your pension in the scheme

This is known as deferring your pension. If you select this option you will be entitled to receive an unreduced pension from your vesting age from the scheme. You must also take your AVC pension at the same time as your scheme pension.

Early retirement is available from age 50, but your pension will be reduced according to your age. If you joined the scheme after 5 April 2006 you will only be able to retire early from age 55 from 6 April 2010.

Your scheme deferred pension is calculated as follows:

Pension+ - 1.8% for each year of pensionable service, multiplied by your pensionable salary at the date of leaving the scheme.

Standard section - 1.4% for each year of pensionable service, multiplied by your pensionable salary at the date of leaving the scheme.

## Pension increases in deferment

We will revalue your deferred pension to help maintain its real value during the period before it comes into payment. So, your deferred pension will be increased each year in line with inflation, capped at 5%, until it comes into payment.

## If you die before your pension starts

The following benefits will be payable:

Scheme	Pension	Cash Sum
<b>Harmsworth Pension Scheme</b>	Your spouse, adult dependant or civil partner will receive a pension of 50% of your deferred pension (including increases up to the date of your death).  <b>And</b>  Children's pensions of 25% of the above pension are also payable for up to four children, at any time, until they reach the age of 18, or 21 if they continue in full-time education.	Tax-free cash equal to five times your annual deferred pension (including increases up to date of death).
<b>DMGT AVC Plan With profits fund</b>		Tax-free cash equal to the current value of your deferred pension (including annual and special bonuses declared up to date of death).
<b>Harmsworth Pension Scheme AVCs (Friends Provident etc)</b>		Tax-free cash equal to the current value of your AVC fund(s).

You should tell us who you wish to nominate to receive any lump sum payable on your death, by completing an Expression of Wish form. This can be found in your pension information folder. You should make sure that this is kept up to date if your personal circumstances change.

# Option 2

## Transferring to another arrangement

A transfer payment could be made to any of the following types of scheme:

- ➔ your new employer's scheme
- ➔ a buy-out policy
- ➔ a personal pension policy or stakeholder arrangement

This is known as taking a transfer value. If you transfer the value of your benefits to another pension arrangement you will have given up the right to receive any benefits from the scheme.

The amount which could be transferred to another pension scheme would be the greater of:

Harmsworth Pension Scheme	DMGT AVC Plan With profits fund	Harmsworth Pension Scheme AVCs (Friends Provident etc)
The cash value of your pension benefits.  <b>Or</b>  Twice the contributions you have paid.	The cash value of your pension benefits.	The current value of your AVC fund.

### Transfer to a new employer's pension scheme

You can only transfer to your new employer's scheme if it is fully approved by the tax authorities to receive a transfer value.

The full payment can only be made if your new employer's scheme is contracted-out of the State Second Pension Scheme (S2P - previously SERPS). If the new pension scheme cannot accept responsibility for your guaranteed minimum pension (GMP), a transfer payment, less the value of your GMP, may be paid to the new employer's pension scheme.

Your GMP would be kept in the scheme as a deferred pension unless you subsequently decide to transfer it to a personal pension or stakeholder.

If you have found out that your new employer's scheme is willing and able to accept a transfer payment, you should provide us with a letter authorising us to disclose your personal details to your new employer. You should include the name and address of your new employer and, if possible, the name of the person dealing with pension matters.

We will then give your new employer a quotation showing them the amount of your transfer value, which will be valid for three months. Please note that we will only provide one quotation, free of charge, in any 12-month period.

Your new employer will be asked to pass this information to you and, at the same time, advise you of the additional benefits which the transfer value will buy in your new pension scheme.

### **Before deciding to take a transfer payment to a new employer's pension scheme, you should:**

- ➔ Find out whether your new scheme is defined benefit or defined contribution. If it is the latter, you will be transferring to an entirely different style of scheme where you will not know how much your pension will be until you retire. Although if you paid AVCs to the unit-linked funds, this feature is the same.
- ➔ Satisfy yourself regarding the financial strength of the pension scheme - for example, if it is defined benefit, would it be able to pay all the benefits promised if, for any reason, the plan was wound-up?
- ➔ See whether your new pension scheme, if it is defined benefit, is offering you a fixed additional pension or extra pensionable service in exchange for the transfer value. In the latter case, your eventual benefits will increase each time your pay increases in the future, so that the benefits offered may be more valuable than appears at first sight.

### **Transfer to a personal/pension/stakeholder arrangement**

Your transfer value can be invested in a personal pension/stakeholder with an insurance company, bank, building society or similar financial institution which is approved for this purpose. The benefits which you secure will depend very much on the arrangement and company you choose.

### **In considering this option you should:**

- ➔ Bear in mind that any payment to a personal pension/stakeholder is likely to be subject to deductions (e.g. for expenses and commission) which either do not generally arise in company operated schemes, or are at much reduced levels.
- ➔ Be aware that these organisations provide quotations of apparently large future benefits based on pre-determined future investment returns. There is no guarantee that these will be achieved.
- ➔ Note that a personal pension/stakeholder cannot guarantee that your eventual pension will be at least equal to your guaranteed minimum pension. However, insurance companies do have policies (referred to as "Section 32" or buy-out policies) which can provide this guarantee.

**If you are thinking of transferring to a personal pension or buy-out policy you are strongly advised to seek independent financial advice. Never commit yourself to a transfer payment until you are fully satisfied that it is the right option to take.**

# Contracting-out status

The scheme is contracted-out of the earnings-related State Pension (S2P) on the basis used for “defined benefit” pension schemes. This means that the Actuary has certified to the trustees that the scheme provides benefits which exceed the statutory minimum level. Because of this you paid a reduced rate of National Insurance contributions and will only receive the basic pension from the State when you retire.

Before April 1997 the law required that the scheme must provide you with a guaranteed minimum pension (GMP). This is broadly equal to the earnings-related State Pension you would have earned had you paid full rate National Insurance contributions. In reality, the scheme pension is likely to be much higher. However, if the scheme pension you build up turns out to be lower than the GMP, the scheme will bring your pension payment up to this minimum level from the due date. Similar provisions apply to spouses' pensions.

Changes in pensions law mean that GMPs are not earned after April 1997. Instead the scheme needs to satisfy new minimum benefit and funding requirements.

# Pension sharing on divorce

Pension sharing is available to couples who commence proceedings for divorce or annulment after 1 December 2000, or dissolution (in the case of civil partnerships) after 5 December 2005. It allows pension rights to be treated like other assets so that the whole or a proportion of their value may be transferred from one spouse to the other as part of a financial settlement.

In order for pension sharing to take place it is necessary to obtain a pension sharing order or provision. Your solicitor will be able to advise you in relation to the steps which you need to take in order to obtain such an order or provision.

# Tax position

The scheme was approved by HM Revenue & Customs under Chapter 1 Part XIV of the Income and Corporation Taxes Act 1988. HMRC has automatically treated the scheme as a registered pension scheme under the Finance Act 2004 from 6 April 2006.

You received full tax relief on your contributions and you can also give up part of your pension for tax-free cash on retirement.

# Scheme report and accounts

The assets of the scheme are held in trust, completely separate from the assets of the group. Each year, a report and accounts of the scheme is available on request from us at the address shown at the back of this booklet.

# Yearly benefit statement

If you decide to leave your pension in the scheme, we will send you a benefit statement each year informing you of the pension benefits you can expect to receive when you retire.

You will only receive this if you keep us informed of your correspondence address.

# Data Protection Act 1998

The details you give on your application form, together with any additional information provided by your employer, are held on computer and used by the trustees and those involved with the administration of the scheme.

The trustees have registered the information and its uses with the Data Protection Registrar under the Data Protection Act 1998. The Act gives you certain rights to ensure that the information is correct and that proper security is maintained.

## Disputes resolution procedure

Any complaint using the procedure should be made in writing to the Complaints Officer c/o DMGT Pensions at the address shown on the back of this booklet. You will receive a written decision within two months of making your complaint. If it is not possible to arrive at a decision within two months, you will be notified of this and told when you may expect to receive the decision.

If you are not willing to accept the decision or you are unhappy with the way it was handled, you may refer the matter to the trustees. You must do this within six months and, to supplement the information you gave with your original complaint, you must explain why you are still unhappy. The trustees will normally give their decision within two months from the date of your second letter.

If you are still dissatisfied, you may apply to the Pensions Advisory Service for independent arbitration - there is no charge for this. In some cases, your case may be referred to the Pensions Ombudsman for a decision.

## Termination of the scheme

It is intended that the scheme will continue to be operated by the group. However, for its own protection, the group retains the right to discontinue contributions at any time.

## Legal documentation

This booklet aims to give an accurate guide to the benefits presently available to you, but it is not a legal document. The scheme is governed by a trust deed and rules, which contains additional conditions which can be amended from time to time. Should there be any discrepancy with this booklet, the trust deed and rules will prevail.

The current edition of the trust deed and rules is available for inspection at DMGT Pensions at the address shown at the back of this booklet.

