

# Santander (UK) Group Pension Scheme (the Scheme) – SMA Section

EXPLANATORY BOOKLET

## Contents

Introduction	1
Membership of the Scheme	2
Contributions	3
Retirement	4
Your Pension – Normal Retirement	5
Your Pension – Early Retirement	6
Dependants' Benefits – Death In Service	7
Dependants' Benefits – Death During Retirement	8
Pension Benefits – Other Options	9
Leaving Service	10
Administration	11
Scheme Information	12 - 13
Other Information	14
Definitions	15 – 16

## INTRODUCTION

This is intended to provide a clear and simple overview of the main benefits to which Members of the SUKGPS SMA Section are entitled. The rights and obligations of Members are subject to the terms of the legal documentation governing the Scheme. In the event of any conflict between the terms detailed here and the legal documentation, the legal documentation will prevail.

The Scheme was closed to new Members as at 4 August 1996 and employees appointed to established positions after that date should refer to the SUKGPS Group 1996 Section Booklet.

### Definitions

A number of terms have a particular meaning in accordance with the Scheme. These terms appear in bold and are defined later in the document. ([List of Definitions](#))

### September 1992 Members

The Scheme was improved with effect from 1 September 1992. To provide consistency with the pre-improvement benefits, special consideration applies to those who were Members of the Scheme at that date ("September 1992 Members")

### September 1996

At 1 September 1996, existing active Members of the Scheme were given an opportunity to opt to accrue pension benefits at an accrual rate of 50ths subject to a 1% employee contribution being payable. Illustrations throughout the 'site' therefore refer to accruals of Pensionable Service on two basis:

- all service at the 60ths accrual rate ("*60ths accrual basis*")
- 60ths accrual to 31 August 1996 and 50ths accrual thereafter ("*60ths/50ths accrual basis*").

## MEMBERSHIP OF THE SCHEME

Members consist of established full-time and part-time employees of Abbey National Financial & Investment Services plc with a commencement date of 4 August 1996 or earlier.

### Is membership compulsory?

No.

You may, by giving one months notice to the Trustees in writing, leave the Scheme and effect your own personal pension arrangement. The Company would not make any contribution to that personal pension. Cover under the Scheme for the lump sum payment on death in service ([illustrated](#)) will remain.

## What about benefits from my previous employment?

You may, at the discretion of the Trustees, be able to transfer the value of preserved benefits from previous employment to purchase service in the Scheme. This would result in an additional period of service at a 60ths accrual rate, known as Transfer Credit, being included in your Pensionable Service.

The pension scheme administrator, Gallagher, will be able to provide further information on this subject.

You can also view your pension details online by registering for the member portal. Find out more on the [Scheme website](#).

## CONTRIBUTIONS

### Do I contribute to the Scheme?

Yes, if you opted for the 50ths accrual rate from 1 September 1996. The employee contribution rate is currently 1% of Pensionable Salary.

No, if you remained with the 60ths accrual rate for future service.

The balance of the cost of the Scheme is met by the Company.

### Can I pay additional contributions to increase my benefits?

If you are an active member of the Scheme, employed by the Santander Group, you may pay voluntary contributions in order to increase your benefits. These are paid to LifeSight, a defined contribution scheme. You can find out more about LifeSight on One HR under the **Rewarding you** section, which contains Scheme guides, information on making additional voluntary contributions and other useful factsheets and information.

## RETIREMENT

### When may I retire?

The Scheme has a Normal Retirement Age of 65.

You may seek the Company's permission to retire before age 65. If you retire before age 60, you will normally have to have attained age 55, although special arrangements are applicable to those retiring on grounds of ill health. Requests for early retirement must be forwarded to the Scheme Administrator at least 3 months prior to the Member's chosen retirement date. The Scheme Administrator will liaise with the Company and the Trustees with regard to consent and will respond to the Member's request within 1 month.

### State Pensions and the Scheme

The state provides pensions in two forms:

- (i) the basic state pension; this is unaffected by your membership of the Scheme and you will, from State pension age, be eligible to receive this pension subject to meeting DSS requirements. It will be paid in addition to your Scheme pension.

- (ii) an earnings related pension; because you will receive a pension from the Scheme you and the Company pay reduced National Insurance contributions and therefore you will not receive the State earnings related pension. This is described as being “contracted out” of the State earnings related pension scheme (SERPS) and therefore part of your Scheme pension is deemed to be in lieu of these State benefits. This part is called the Guaranteed Minimum Pension (GMP). Because of its link to the State pension, the GMP is treated differently from the remainder of your benefits on attaining State pension age.

Before 6 April 2016, all company pension schemes had the option to ‘contract out’ of the State Second Pension and the Scheme took up this option. As a contracted-out employee, you paid lower National Insurance contributions and participated in the earnings-related part of the State Scheme (SERPS) only to a limited extent. This means that the earnings-related state pension was reduced accordingly. However from 6 April 2016, the Government ended contracting-out arrangements and replaced the basic State Pension and the State Second Pension with a flat-rate single tier State Pension.

If you built up pension in the Scheme between 6 April 1978 and 5 April 1997 you will have been contracted out of State Second Pension and the pension you built up in the Scheme would have been subject to Guaranteed Minimum Pension (GMP) increases. These increases were historically different for men and women. Any GMP has now been converted to non-GMP with any differences based on sex now removed.

## YOUR PENSION – NORMAL RETIREMENT

### What pension will I receive if I retire at age 65?

If you retire at the Normal Retirement Age, your pension will be:  
 $\frac{1}{60^{\text{th}}}$  of Pensionable Salary for each year of Pensionable Service

or

$\frac{1}{60^{\text{th}}}$  of Pensionable Salary for each year of Pensionable Service up to  
31 August 1996  
*plus*  
 $\frac{1}{50^{\text{th}}}$  of Pensionable Salary for each year of Pensionable Service from  
1 September 1996.

### May I take cash instead of pension?

You may, with the Trustees’ consent, give up part of your pension for a cash sum.  
This cash sum is tax free under present legislation. The maximum cash sum is normally:

$\frac{3}{80^{\text{th}}}$  of Pensionable Salary for each year or part thereof of Pensionable Service.

The pension given up at Normal Retirement Age by taking this cash sum is obtained by dividing the cash sum by 12.5.

Example: Scheme pension at Normal Retirement Age, cash sum and residual pension

Table 1	60ths accrual basis	60ths/50ths accrual basis
Pensionable Salary	£16000	£16000

Pensionable Service	30 years	30 years
Scheme Pension p.a.	$30/60 \times £16000 = £8000$	$20/60 \times £16000 = £5333$ $10/50 \times £16000 = £3200$ Total = £8533
Maximum cash sum	$30 \times 3/80\text{ths} \times £16000 = £18000$	$30 \times 3/80\text{ths} \times £16000 = £18000$
Scheme pension p.a. given up (both Male and Female)	$£18000 \div 12.5 = £1440$	$£18000 \div 12.5 = £1440$
Residual pension p.a.	$£8000 - £1440 = £6560$	$£8533 - £1440 = £7093$

#### Notes:

Complete months of Pensionable Service count towards your pension as well as complete years.

If you became a Member of the Scheme on or after 1 June 1989 the Pensionable Earnings Cap may apply to the benefits which can be provided.

If the number of hours you work each week has changed since you joined the Scheme it will make a difference to your benefits.

With effect from September 1996, Scheme membership continues during maternity leave even though employee contributions, where appropriate, are suspended.

Illustrations of benefits for Members on the 50ths accrual rate are based on 20 years of service at the standard 60ths accrual rate with the balance being at the 50ths.

The pension administrators (Gallagher) will be happy to clarify the impact of points 2 to 4 above on your benefits.

## YOUR PENSION – EARLY RETIREMENT

### What will my pension be if I retire before 65?

Subject to the consent of the Company, if you retire on or after your 55th birthday your pension will be calculated as described in [Table 1](#) but based on Pensionable Salary and Pensionable Service at the date of early retirement.

Subject to the consent of the Company, if you retire before your 55th birthday the pension is calculated as described above but is reduced by a 1/3<sup>rd</sup> % for each complete month between your date of early retirement and your 55th birthday.

You may also give up pension for cash. The maximum cash is calculated as described in Table 1. The pension given up is calculated by dividing the cash sum by a factor which depends on your retirement age.

Example: Scheme pension on early retirement, cash sum and residual pension

Table 2	60ths accrual basis	60ths/50ths accrual basis
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Early Retirement Age	54 exact	54 exact
Pensionable Salary	£16000	£16000
Pensionable Service	24 years	24 years
Actuarial Reduction applicable at age 54	$12 \times 1/3 \% = 4\%$	$12 \times 1/3 \% = 4\%$
Scheme pension p.a.	$24/60 \times £16000 = £6400$ $\times 96\% = £6144$	$20/60 \times £16000 = £5333$ $\times 96\% = £5120$ $4/50 \times £16000 = £1280$ $\times 96\% = £1229$ Total = £6349
Maximum Cash Sum	$24 \times 3/80 \times £16000$ = £14400	$24 \times 3/80 \times £16000$ = £14400
Scheme pension p.a. given up (both Male and Female)	$£14400 \div 13.94 = £1033$	$£14400 \div 13.94 = £1033$
Residual pension p.a.	$£6144 - £1033 = £5111$	$£6349 - £1033 = £5316$

Notes:

Complete months of Pensionable Service count towards your pension as well as complete years.

If you became a Member of the Scheme on or after 1 June 1989 the Pensionable Earnings Cap may apply to the benefits which can be provided.

If the number of hours you work each week has changed since you joined the Scheme it will make a difference to your benefits.

With effect from September 1996, Scheme membership continues during maternity leave even though employee contributions, where appropriate, are suspended.

Illustrations of benefits for Members on the 50ths accrual rate are based on 20 years of service at the standard 60ths accrual rate with the balance being at the 50ths.

The pension administrators (Gallagher) will be happy to clarify the impact of points 2 to 4 above on your benefits.

## DEPENDANT'S BENEFITS – DEATH IN SERVICE

### If I die while still an employee, what will my dependants receive.

Depending on your circumstances, the following will be paid.

#### Lump Sum

A lump sum equal to four times Pensionable Salary. This is payable, at the Trustees' discretion, to your dependants or to your estate. You can make a nomination or update an existing nomination through the member portal. Visit [My Santander Pension website](#), select the 'Login' button and go to **See > Expression of Wish**. You can also request a form from the Scheme Administrators.

#### Dependant's Pension

This is two-thirds of the pension you would have received based on your Pensionable Salary at date of death and Pensionable Service at age 60.

#### Children's Pension

If you leave children, a pension of 1/12 th of your Pensionable Salary at date of death will be paid in respect of each child up to a maximum of 4 children. Payment will continue for each child until age 16 or until full time education ceases, whichever is the later.

Example: Dependant's & Children's Death-in-Service Benefits:

Table 3	60ths accrual basis	60ths/50ths accrual basis
Pensionable Salary	£18000	£18000
Pensionable Service to age 60	30 years	30 years
Lump Sum	4 x £18000 = £72000	4 x £18000 = £72000
Dependant's pension p.a.	2/3 of 30/60 x £18000 = £6000	2/3 of 20/60 x £18000 = £4000 2/3 of 10/50 x £18000 = £2400 Total = £6400
Children's pension p.a. (per child to a maximum of 4)	1/12x £18000 = £1500	1/12x £18000 = £1500



## DEPENDANT'S BENEFITS – DEATH DURING RETIREMENT

### If I die while receiving a pension, what will my dependants receive?

Depending on your circumstances, the following will be paid.

#### Lump Sum

If you die within five years of your retirement there will be payable to your dependants or estate, a lump sum equal to your then current monthly pension multiplied by the number of complete months between the date of your death and the fifth anniversary of retirement.

#### Dependant's Pension

This is two-thirds of the pension being paid to you at your date of death. However, if at retirement you opted to give up part of your pension to provide a cash sum, the dependant's pension will be based on the gross pension you would have received had you not exercised that option.

If you opt for early retirement, prior to age 55, the dependant's pension will be based on your pension prior to the application of the reduction of 1/3% per month shown in [Table 2](#).

Example: Dependant's pension on death during retirement

Table 4	60ths accrual basis	60ths/50ths accrual basis
Dependant's pension per annum	2/3 of £8000 = £5333	2/3 of £8533 = £5689
This does not make allowance for any discretionary increases to the pension between retirement and date of death		

#### Children's Pension

If you leave children of an eligible age, the children's pension described [earlier](#) will also be payable. It will be based on your Pensionable Salary at the date of your retirement increased by any discretionary increase granted to pensions between the date of your retirement and the date of your death.

## PENSION BENEFITS – OTHER POINTS

### How frequently are pensions payable?

All pensions are payable monthly.

### Will pensions be increased?

The Scheme has a history of increasing pensions in payment. This has been done on a discretionary basis and while the Company currently intends to continue this practice, it has no obligation to do so. However, pension accruing from 1 January 1997 will as a minimum, be increased in line with the Retail Prices Index or 5%, whichever is the lower.

Scheme increases do not apply to the Guaranteed Minimum Pension element of a pension for which separate increase arrangements apply. If your pension included GMP benefits, these have been converted to non-GMP benefits.

The dependant's pension on death during retirement illustrated in [Table 4](#) will be based on the Member's pension including discretionary increases.

## LEAVING SERVICE

### **What benefits will I receive if I leave the Company's service?**

Full details will be made available to you at the time. However, as a general guide the following will apply.

Leaving the Company's employment having completed at least two years' Pensionable Service, you will be entitled to preserved benefits. These preserved benefits consist of a pension payable to you from age 60 and, if appropriate, a dependant's pension payable on your death. On your death after age 60, if you have eligible children, the children's pension described previously will also be payable. Broadly speaking, the benefits are as described earlier but based on Pensionable Salary and Pensionable Service at your date of leaving. The benefits will be increased between your date of leaving and date of retirement in accordance with legislative requirements.

### **Can I pay a transfer value to my new employer's pension scheme?**

Generally, yes.

The Remuneration & Benefits team will provide details of the transfer value which may be taken in lieu of your preserved benefits. This transfer value will take account of the history of discretionary increases in pension. Once you have arranged the formalities with your new employer we shall arrange for the transfer value to be paid direct to their pension scheme.

You may also transfer the value of the preserved benefits to an appropriate insured pension policy or to a personal pension arrangement.

Transfer values are guaranteed for three months from the date at which they are calculated.

## ADMINISTRATION

### **How is the Scheme administered?**

The Scheme is operated in accordance with a Trust Deed and set of Rules and any Member may request a copy of these.

Your interests are looked after by six Trustees who ensure that the Scheme complies with these Rules. The Trustees are also responsible for exercising a number of discretionary powers granted to them by the Rules. A list of the current Trustees is available from the Scheme administrators.

The Scheme also has an Investment Manager responsible for investing the Scheme's assets and an Actuary who regularly determines the rate of Company contribution required to provide the benefits of the Scheme. In addition, a Treasurer is appointed with responsibility for monitoring and controlling the flow of monies to and from the Scheme.

The Trustees are provided with information on the Scheme and they meet regularly with the Administrator, the Investment Manager, the Actuary and the Treasurer.

The day-to-day business of the Scheme is dealt with by Gallagher. They report to the Scheme Administrator who is appointed by the Trustees.

## SCHEME INFORMATION

### **Where can I get information on the Scheme in general or my benefits in particular?**

Your first line for any enquiry should be Gallagher. You can contact them at:

Address: The Santander (UK) Group Pension Scheme, Gallagher (Bristol), PO Box 319, Mitcheldean, GL14 9BF

Telephone: 0330 678 4782

Email: [SUKGPS@buck.com](mailto:SUKGPS@buck.com)

Information on your benefits is provided during the 3<sup>rd</sup> quarter of each year. This consists of a statement showing what your benefits will be based on your current Pensionable Salary and on your Pensionable Service should you continue to work until age 60. If you wish information on your benefits at any other time, please contact Gallagher as above.

An audited annual report on the Scheme is issued to Members prior to each year's Annual General Meeting.

### **Resolving Disputes**

Complaints or disputes can usually be resolved informally by Gallagher. However, the Scheme also has a formal procedure for disputes and this involves, as a first stage, the consideration of complaints by the **Director, Corporate Resources**. If necessary as a second stage, the Trustees can be asked to review the first stage decision. If you want to use the formal dispute resolution procedure please contact Gallagher who will advise.

You are also at liberty to contact the Trustees with any questions you may have.

## **Additional Contact Points**

In the unlikely event that you have a question on either your current or a previous pension scheme which cannot be resolved by the above routes, the following services can assist you:

### **MoneyHelper**

You can contact MoneyHelper at [moneyhelper.org.uk](https://moneyhelper.org.uk) or by calling 0800 011 3797. MoneyHelper is a free service provided by the Government-backed Money and Pensions Service.

In the event that neither the Company involved nor MoneyHelper can resolve your problem you may wish to refer the matter to the Pensions Ombudsman. A Government appointed official, he is able to investigate complaints and disputes of fact or law relating to any pension scheme. His decisions are legally binding.

### **The Pensions Regulator (TPR)**

In addition to the services provided by MoneyHelper and the Pensions Ombudsman, there is a further regulatory body, TPR. TPR can intervene in the running of the schemes where trustees, employers or professional advisers have failed in their duties.

TPR cannot help with queries about an individual's pension benefits. You can find more details about TPR on their website [www.thepensionsregulator.gov.uk](https://www.thepensionsregulator.gov.uk)

## **OTHER INFORMATION**

### **Is there anything else I need to know?**

Yes

The Scheme is approved for tax purposes by HMRC. One consequence of this is that the benefits provided under the Scheme are subject to maximum limits, but if they have to be restricted you will be informed.

The Company contributes to a fund which is accumulated to meet the cost of the benefits. Information about the fund is provided annually in the audited accounts accompanying the Annual Report. Although the Company intends continuing the Scheme, it has the power to cease paying contributions and terminate the Scheme. However, in the event of the Scheme being wound-up and its resources not being adequate to meet the liabilities under the Scheme at that time, the shortfall will be a debt on the Company.

## DEFINITIONS

### **Bonus Credit**

This is granted entirely at the discretion of the Company in recognition of service with a previous employer. Bonus credit accrues solely at the 60ths rate of accrual.

The relevant figure to be included in the calculation of Pensionable Service is

$A / B \times C$  years where:

A = years and complete months from date Bonus Credit granted to date of retirement or date of leaving service

B = years and complete months from date Bonus Credit granted to age 60

C = years and months of Bonus Credit granted assuming retirement at Normal Retirement Age.

### **Dependant**

Your widow or widower or any other person who in the opinion of the Trustees was financially dependent on you immediately prior to your death.

### **Guaranteed Minimum Pension**

Guaranteed Minimum Pension is the minimum amount of pension that schemes have to pay members in respect of contracted-out Pensionable Service between 6 April 1978 and 5 April 1997. If your pension included GMP benefits, these have been converted to non-GMP benefits.

### **Member**

An established employee of Abbey National Financial & Investment Services plc who is eligible to be a member of the Scheme and who has not opted out of the Scheme.

### **Normal Retirement Age**

Age 65

### **Pensionable Earnings Cap**

Under the Finance Act 1989 the Pensionable Earnings Cap was introduced. This limits the earnings which count in determining maximum benefits and maximum contributions in an approved scheme. The cap is normally indexed on an annual basis in line with changes in the Retail Prices Index. Employees who became Members of the Scheme on or after 1 June 1989 are affected by the Pensionable Earnings Cap.

### **Pensionable Salary**

At any time, the greater of:

- (a) basic salary paid in the last 12 months plus the annual average of

pensionable earnings received in the previous 3 years in respect of the same appointment to which the basic salary relates,  
or

- (b) the average of basic salary plus pensionable earnings in any 3 consecutive calendar years during the last 10 years.

Pensionable earnings consist of a number of fluctuating emoluments deemed by the Company to be pensionable. They currently include business production bonuses to Sales Consultants/Managers and exclude overtime payments.

### **Pensionable Service**

At any dates where benefits are being calculated, Pensionable Service is: complete years and months from the date of joining the Scheme to the relevant date

*plus* Transfer Credit *plus* Bonus Credit *plus* September 1992 Credit. Transfer, Bonus and September 1992 Credit are granted solely at the 60ths rate of accrual.

### **September 1992 Credit**

This applies only to September 1992 Members and accrues solely at the 60ths rate of accrual. The relevant figure to be included in the calculation of Pensionable Service is  $D / E \times 2$  years where

D = years and complete months from 1 September 1992 to the relevant date

E = years and complete months from 1 September 1992 to age 60.

### **September 1992 Member**

A Member who was a Member of the Scheme on 1 September 1992.

### **Transfer Credit**

Additional years of Pensionable Service granted at a 60ths accrual rate in respect of a transfer value received from another employer's scheme (as noted before).