MMC UK Pension Fund

COMPARE LEARN SAVE INVEST REVIEW

DC SECTION

IT'S YOUR MONEY: IT'S YOUR CHOICE

APRIL 2025

A guide to help you understand your options

READ THIS FIRST

What is this guide for?
This guide has been producted to give you a quick overview of the way you can access your Defined Contribution (DC) savings in the MMC UK Pension Fund – DC Section (the Fund) on retirement. It also tells you where you can find out more information.

Is this guide relevant to me?
Yes. It doesn't matter if you are planning to retire in a year or if you have only just started your career; this guide contains information you need to know.

I'm not considering retiring any time soon, why does this matter to me?
It may seem a long way off, but the earlier you think about saving for the future, the better off you will be. Your DC savings in the Fund, and any previous or future pensions that you have, will likely form a substantial part of the money you have in retirement so it's important you understand how you can use them.

How do my options when I retire affect what I do now?
How you intend to use your DC savings in the Fund when you get to retirement will have an impact on how you might want them to be invested during your career. This guide will help you understand your options at retirement better so you can make a more informed decision about how to invest your savings.

Does this affect any Defined Benefit (DB) savings I have in the Fund?
If you have DB benefits in the Fund, unless you choose otherwise, you will receive an annual pension once retired. If you wish to utilise the options covered in this guide, you will need to transfer your DB benefits out of the Fund into another qualifying DC pension arrangement. Please note:

- You must transfer all of your DB benefits out of the Fund in one go.
- You are not currently able to transfer your DB benefits into the DC section of the Fund.
- You will need to prove you have taken financial advice before you can transfer DB benefits valued at more than £30,000 into an alternative DC pension arrangement.
- You will be able to transfer your DB benefits up to 12 months before you reach your normal retirement age but this will not apply if you are already receiving a pension from the Fund.
- You can however apply to have a transfer of your DB benefits if you are within 12 months of normal retirement subject to the discretion of the Company and Trustee.

NEXT STEPS

What do I need to do now?
1. Take a few minutes to **read about the options** you have for accessing your DC savings in retirement, which are included inside
2. If you want to find out more, consult the back page of this guide for details of where you can find more information
3. Go to **www.pensions.uk.mmc.com** if you want to review or change the way your savings in the Fund are invested

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ACCESSING YOUR DC SAVINGS IN THE FUND

Once you are 55 (age 57 from April 2028), you will have a number of options for how you access your DC savings in the Fund when you retire. Broadly speaking, you will have four main options.

OPTION ONE: TAKE ALL YOUR MONEY IN ONE GO

HOW DOES IT WORK?

You can take all of your DC savings in the Fund as a single cash payment. The first 25% is currently tax free and the remainder will be taxed as income.

ADVANTAGES

- You are free to spend or invest as much of your pension savings as you like.

DISADVANTAGES

- If you spend your savings too quickly, or you live longer than expected, you could run out of money before you die.
- Withdrawing a large amount of cash in a single tax year may push you into a higher tax bracket than you are normally paying.
- "Emergency" rate Income Tax may be deducted from your cash payment, and you may not be able to reclaim it until several months into the next tax year.
- If you withdraw your savings as a single cash payment and they are worth more than £10,000, only the first £10,000 of any future contributions made each year to any other similar pension savings arrangements will benefit from tax relief.

OPTION TWO: TAKE YOUR MONEY IN UP TO 3 STAGES

HOW DOES IT WORK?

You can leave your savings invested in the Fund and withdraw your money in up to three cash lump sum payments. 25% of each withdrawal you make is currently tax-free with the remainder taxed as income. Your third withdrawal will need to cover all of your remaining savings in the Fund and close your account. Payment of the first two cash lump sums are free but for the third lump sum a charge of £125 + VAT is required.

ADVANTAGES

- You can choose to withdraw as much or as little as you like from your savings at any time.
- Your remaining funds may grow if your investments perform well.
- You may want to leave your savings in the Fund as a tax efficient way to pass on money to your dependants when you die.
- You can defer buying an annuity if you think annuity rates might improve in the future, or your life expectancy may worsen, providing you with a higher income.

DISADVANTAGES

- If you live longer than expected your money may run out.
- If your pension investment performs poorly then you may have to reduce the amount you take from the Fund.
- You will need to continue to monitor your investments during your retirement and keep an eye on how much tax and administrative charges you may need to pay when you make withdrawals.
- After you make your first withdrawal, only the first £10,000 of any future contributions made each year to any other similar pension savings arrangements will benefit from tax relief.

OPTION **THREE:**
BUY AN INCOME FOR LIFE WITH A CASH OPTION

HOW DOES IT WORK?

You can use your savings to buy a guaranteed income for life from an insurance company in the form of a product known as an annuity. You can currently also take up to 25% of the value of your savings as tax-free cash, with the remainder being used to buy your guaranteed income.

ADVANTAGES

- The annuity product will provide you with a guaranteed income in retirement until you die, even if you live longer than you expect.
- For most type of annuities if the economic climate worsens after you have purchased an annuity this will not have any impact on the income you will receive.

DISADVANTAGES

- If you die earlier than expected you may not get the full value of your pension savings back.
- Your money will be paid to you as a regular income, so you will not be able to withdraw any large amounts in the future, for example to meet unexpected expenses.
- The amount of income you receive will be calculated based on market conditions (for example interest rates) and the insurance company's estimate of your life expectancy at the time you purchase your annuity. If market conditions improve or your life expectancy worsens in the future the amount of income you receive will not improve.

OPTION **FOUR:**
TRANSFER YOUR MONEY TO A DRAWDOWN PROVIDER

HOW DOES IT WORK?

You can leave your savings invested and withdraw money in more than three instalments. This is known as "income drawdown". Income drawdown is not offered directly by the Fund so if you want to take this option you will need to transfer your savings to a drawdown provider.

ADVANTAGES

- You can choose to keep most or all of your savings invested whilst drawing a variable income from your fund.
- You can take some or all of your tax free cash and leave the rest of your savings invested or decide to take your tax free cash with a regular income or take your tax free cash with ad hoc income payments.
- Your remaining funds may grow if your investments perform well.
- You can transfer your funds to more than one income drawdown policy.

DISADVANTAGES

- If you spend your savings too quickly or you live longer than expected, you could run out of money.
- Any income will be taxed as earned income.
- You will need to continue to monitor your investments during retirement and keep a careful eye on the charges levied by your flexible drawdown provider(s) for example different options have different features: the rates of benefit payment may be different, subject to different charges and taxed in a different way especially if you have more than one drawdown provider.
- After you make your first withdrawal, only the first £10,000 of any future contributions made each year to any other similar pension savings arrangements will benefit from tax relief.

DC SECTION

FURTHER INFORMATION

You can find details of your Fund benefits by logging into Aptia OneView, which is a secure, internet-based service available 24 hours a day, 7 days a week. You can log in to the Aptia OneView website via a link from **www.pensions.uk.mmc.com**. The website also has details of the investment options available to members.

If you have any questions about Aptia OneView, you should call the Aptia OneView Contact Centre on **0345 600 0229** or, if you need to request a new log in passcode, please complete the online request form here: **https://pensionuk.aptia-group.com/oneview/**. Contact Centre Representatives are available from 9.00am to 5.00pm. Monday to Friday, except public holidays.

If you are thinking of retiring then you may require advice that is specifically tailored for your own individual circumstances. To help you, the Trustee has arranged for advice to be made available through the Mercer Harmonise Retirement Income Service. Details of the services they can offer together with the costs will be sent to you along with your retirement quote. Any queries should be directed in the first instance to the Administrator at the contact details below.

To help people understand their retirement choices, the Government has introduced a free and impartial pensions guidance service called Pension Wise, which can be accessed at **www.moneyhelper.org.uk**. This service provides guidance and not financial advice.

HELPING YOU DECIDE

Managing your retirement savings properly is important and there is a lot of information for you to consider. Before you make any decisions about accessing your DC savings in the Fund, it is strongly recommended that you seek professional financial advice from a FCA-regulated financial adviser.

You can find a regulated financial adviser in your area by visiting www.fca.org.uk/consumers/finding-adviser. You should always check the charges and specialist areas of an adviser before appointing them.

If you have any questions about your DC savings in the MMC UK Pension Fund, or need any information about your own benefits, please contact:

MMC UK Pensions Arrangements
Aptia UK Limited
Maclaren House
Talbot Road
Stretford
Manchester
M32 0FP

Tel: **0330 100 3597**
Online: **pensionuk.aptia-group.com**
Website: **www.pensions.uk.mmc.com**

As a Fund member, you will have access to the Pension Decision Service as you approach retirement. The service provides you with a dedicated Retirement Relationship Manager on hand to help with any questions you may have.

Further details about the service are available at: **www.pensiondecisionservice.mercer.com/**

Appendix I

Fund member journey – Annuity

The below chart outlines the journey of a Fund member who wishes to take an annuity at retirement:

1. You reach retirement age or request an early retirement quotation from the Fund administrator.
2. You receive a retirement pack containing information about retirement options and how to speak to a PDS relationship manager for guidance.

   You always have the option to seek advice via a professional financial advisor. Please see the Further information section.
3. You complete a member declaration form and inform the administrator on how you wish to take your funds.
4. The administrator refers you to the annuities team.
5. The annuities team arranges a time to discuss your requirements, and then sends you an illustration pack detailing your options.
6. You complete the decision form, and return it to the annuities team confirming which type of annuity you want to set up.
7. The annuities team find the best annuity on the market which meets your requirements, and sends you the forms required to set this up.
8. You complete the forms and return them to the annuities team.
9. Administration team disinvests your funds, pays any tax free cash and passes the remainder to the chosen annuity provider to set up the annuity. This can take up to four weeks from receiving your forms in step 8.
10. The timing of your first annuity payment will depend on the terms of the annuity you chose.

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Appendix II

Fund member journey – Cash Lump Sum

The below chart outlines the journey of a Fund member who wishes to take a cash lump sum at retirement:

1. You reach retirement age or request an early retirement quotation from the Fund administrator.

2. You receive a retirement pack containing information about retirement options and how to speak to a PDS relationship manager for guidance.

You always have the option to seek advice via a professional financial advisor. Please see the Further information section.

3. You complete a member declaration form and inform the administrator on how you wish to take your funds.

4. The administrator issues paperwork for you to complete and requests your identity verification.

5. Once the administrator has received your completed paperwork and identity verification, an acknowledgement with payment date is issued.

Completed paperwork is correct and received between the 1st and 10th of the month.

Disinvestment instruction issued. This takes approximately 7 working days.

Payment is made by the Funds Pension Payroll facility on the first working day of the following month and is paid directly to your bank account.

Completed paperwork is correct and received after the 10th of the month.

Disinvestment instruction issued. This takes approximately 7 working days.

Payment is made by the Funds Pension Payroll facility and made on the first working day of the next available payroll cycle, and is paid directly to your bank account. This could be six to eight weeks from point 5.

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