

Your pension

A guide to **Pace Complete**, the defined benefit section of Pace



April 2018



Welcome to the pension guide for members of Pace Complete.



Pace is the pension arrangement for Co-op colleagues. Pace Complete, the defined benefit (DB) section of Pace, closed to Co-op employees on 28 October 2015 and all members contributing to Pace Complete automatically became members of Pace DC from 29 October 2015 (unless they opted out). This means that there are no longer any contributing (active) members of Pace Complete.

This guide tells you what benefits you will receive as a former/deferred member of Pace Complete, and also how Pace is run.

The highlights

This guide describes Pace Complete, the closed DB section of Pace. There are further details on the Co-op's pensions website: coop.co.uk/pensions

If there are any pension words you don't understand, you will find them explained on page 18.

Pace Complete opened in 2006 and this guide relates to Pace Complete only. Before this, benefits were built up in one of the Former Schemes. For further details, please see page 6.

What happens to the pension I've built up in Pace Complete?

From 29 October 2015 there are no contributing members of Pace Complete and no further benefits will be built up. The pension you built up in Pace Complete up to the end of 28 October 2015 will remain in Pace until you take your benefits.

What other benefits does Pace Complete give me?

As well as a pension when you retire, Pace Complete gives your family benefits on death and provides you with some financial protection if you become too ill to work.

Who manages Pace Complete?

The Pace Trustees are responsible for managing Pace. The Co-op Pensions Department manages Pace Complete on behalf of the Trustees. Their contact details are on **page 20**.

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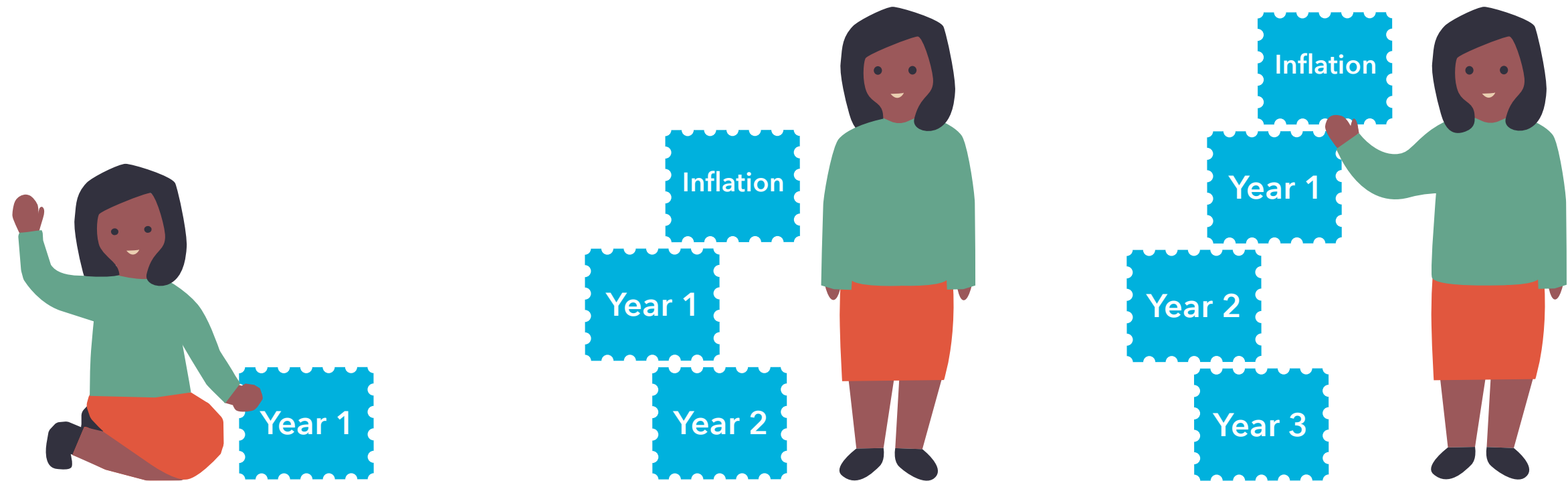
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Your benefits in Pace Complete

This section explains in more detail how your pension in Pace Complete is calculated. Pace Complete closed to colleagues of the Co-op on 28 October 2015 and no new benefits can be built up in Pace Complete after that date.

How is my pension calculated?

For each Scheme year (or part year) that you paid into Pace Complete, you earned a block of pension equal to 1.67% (or 1/60th) of your Pay received in that year, payable at age 65. To protect the buying power of your pension, it is given an inflationary increase each year (up to a maximum of 5%). Your pension at age 65 is the total of all the blocks of pension you built up, plus these increases.



Will my pension increase if I leave it in Pace Complete until it is paid?

Yes, your pension will be increased each April until the date it's paid, to help protect it against inflation (up to a maximum of 5% a year).

To see how your Pace Complete pension will increase once it is in payment, go to **page 9**.



If you were a member of a Former Scheme (see '**Some detailed terms**'), these Schemes will provide benefits in line with their Scheme rules and will be paid in addition to Pace benefits. The increases to your Former Scheme pension will be calculated as set out in the Former Scheme rules.

Additional Voluntary Contributions (AVCs)

While you were a contributing member of Pace Complete you may also have chosen to pay Additional Voluntary Contributions (AVCs). Your AVCs will remain invested until you decide to take your retirement benefits.

It's important that once you leave employment with the Co-op your personal details are kept up to date. You can change your address or, for retired members, bank account details by calling the Co-op Pensions Department on 0330 606 1000 or emailing staffpensions@coop.co.uk

Can I transfer my benefits out of Pace?

Yes. You can transfer your benefits to another pension arrangement at any time before your pension starts. If you're interested in this option, you should ask the Co-op Pensions Department for a transfer value. If you wish to transfer your benefits in Pace Complete into a defined contribution (DC) scheme, and your Pace Complete transfer value is more than £30,000, you'll need to take independent financial advice and provide written confirmation from your adviser before the transfer can go ahead. You can find a financial adviser in your area by going to www.unbiased.co.uk

Please note that you can't transfer benefits from Pace Complete to Pace DC.

How is my Pace Complete transfer value calculated?

The transfer value is worked out by the scheme actuary (a qualified, independent professional) using a method and assumptions set by the Trustees. The transfer value is guaranteed for three months from the date it is calculated. After that, it will be recalculated and could increase or decrease, depending on market conditions.

You are entitled to one transfer value in a 12 month period free of charge, any further requests will incur a charge.

If you're over age 55, the Pace Trustees are offering you free, independent financial advice from WPS Advisory.



Retirement benefits

Section 1 of this guide explains how your benefits in Pace Complete are calculated. This section explains your options when you reach retirement.

When can I take my benefits?

The normal pension age for Pace is 65, but you can retire from age 55 with the Co-op's consent. If you have benefits in Pace DC, these can be paid in addition to your benefits from Pace Complete, and don't have to be taken at the same time as your Pace Complete benefits. If you want to you can take your benefits from Pace Complete and continue to make contributions to Pace DC, if you remain employed by the Co-op.

What are my options at retirement?

At retirement you have three options in Pace Complete:

- Receive an annual pension from Pace Complete for life, usually paid to you on a four-weekly basis.
- Receive up to 25% of your benefits in Pace Complete as a tax-free lump sum and take a reduced annual pension, paid on a four-weekly basis.
- Transfer your benefits out of Pace Complete to another arrangement.

If, having taken financial advice, you decide to transfer your benefits out of Pace Complete you should be aware that your benefits are likely to be in a different form and of a different amount to the benefits which would have been provided from Pace Complete. The Pace Trustees are not responsible for the amount or type of benefits provided to you by the receiving scheme.

What about my Additional Voluntary Contributions (AVCs)?

You can take your AVCs flexibly and do not have to take them at the same time as your Pace Complete benefits. If you want more information, please contact the Co-op Pensions Department.

Can I take my benefits early?

Yes. With the Trustees' consent, you may take your benefits early, at any time from age 55. (Some colleagues who were formerly in the CIS Employees' Pension Scheme may be able to take their benefits earlier than this. Please ask the Co-op Pensions Department for details.) If you take your benefits early, your pension may be reduced to take account of the fact that it will be paid for longer.

Can I take my benefits later than age 65?

Yes (with the consent of the Trustees), but you must take your benefits by age 75. Your benefits will be increased if you decide to take them later than age 65.

What happens to my pension if I continue working after 65?

If you continue working for the Co-op after age 65, you can either delay taking your Pace Complete benefits until you have stopped work (in which case they'll continue to receive inflationary increases), or you can begin taking your benefits while you're still working (as explained opposite).

Can I take my pension and continue working?

Yes, from age 55 you may be able to take your Pace Complete pension and continue working for the Co-op. If you do this, please note that:

- You are not required to take benefits from Pace Complete and Pace DC at the same time.
- If you are entitled to an additional life assurance lump sum of 3 x Salary as a former member of Pace Complete, this cover will continue for as long as you are contributing to Pace DC (see **page 11** - Death benefits).
- Your pension will be taxed under Pay As You Earn (PAYE).

Will my pension increase in retirement?

After retirement, your pension will continue to increase each year in line with inflation, up to a maximum of 2.5%. If you were a member of a Former Scheme, the increase will be calculated in accordance with the rules of the Former Scheme.

Ill-health benefits

Pace Complete provides an ill-health pension if you become too ill to work.

What happens if I have a long-term illness and can't return to work?

In this case, you may be able to apply to retire early (this can be before age 55) and receive an ill-health pension.

To qualify for an ill-health pension, you'll need the consent of the Trustees, who will consider medical evidence and decide whether you qualify for an ill-health pension.

- If your medical condition is permanent and you're unable to work now or in the future, you may be able to take your pension early.
- Your ill-health pension will be equal to the pension you've built up in Pace Complete, but may be reduced to take into account the fact that it's being paid early.
- You may be able to take some or all of your pension as a tax-free lump sum.

You can get more information on the ill-health early retirement conditions and how to apply by contacting the Co-op Pensions Department.

What happens if I'm terminally ill?

If you're terminally ill, and with consent of the Trustees who will consider medical evidence, you may be able to exchange all of your ill-health pension for a one-off lump sum payment. This is usually paid tax-free. Subject to the tax laws, on your death, your family will still get any pension they are entitled to in full (see **Section 4**).

At a glance

If you can't work due to illness, you may be able to take your pension early.



Death benefits

This section tells you about the benefits that Pace Complete gives your family if you should die before or after retirement.

Who decides who will get my lump sum death benefits?

Pace is run by a Board of Trustees (see **page 16**). When a member dies, the Trustees decide who should get lump sum death benefits from Pace. This is to ensure that the payment does not attract Inheritance Tax. Because the Trustees need to decide who the lump sum death benefits should be paid to, it is very important that you tell the Trustees how you'd like them to be paid.

You can do this by completing and returning a nomination form, which you can find on the Co-op's pensions website at **coop.co.uk/pensions**

It is also important to keep your Nomination form up to date as your circumstances change. The Trustees will usually follow your wishes, but they're not bound by them.

If you don't have a Qualifying Partner, the Trustees may pay a pension to any Dependant(s), which may include your children. See **page 18 and 19** 'Some detailed terms' for an explanation of the terms 'Qualifying Partner' and 'Dependant'.



What happens if I die after I've left Pace Complete but before I've taken my pension?

In this case, your Qualifying Partner will be entitled to 50% of your deferred pension (the pension that you left in Pace). This will include any inflationary increases that have been added to it, but it may be reduced if your Qualifying Partner is 10 or more years younger than you. If you don't have a Qualifying Partner, the Trustees may pay a pension to any Dependant(s). If you have no Dependant(s), the Trustees will pay a refund of contributions plus interest to a Beneficiary.

If you switched from Pace Complete to Pace DC with effect from 29 October 2015, an additional lump sum of 3 x Salary life cover will be paid, in addition to the life assurance lump sum provided to you as a member of Pace DC.

You'll continue to qualify for this additional lump sum for so long as you remain in employment with the Co-op **and** as a member of Pace DC. (See **page 19** 'Some detailed terms' for an explanation of the term 'Qualifying Children'.)

If you also have benefits in Pace DC, then your family may also receive benefits from this section; see the **Pace DC pension guide** for further information which is available on the Co-op's pensions website: coop.co.uk/pensions

At a glance

Pensions are payable to your family.

Remember to update your Nomination form so the Trustees know what your wishes are. This is available on the Co-op's pensions website: coop.co.uk/pensions



What if I die after I've taken my pension?

If you die after you've taken your pension, Pace will pay the following benefits to your family:

- A pension for your Qualifying Partner, payable for life, equal to 50% of your pension (before you took any of it as a lump sum).
- A lump sum (which is only paid if you die before your pension has been paid for less than five years), equal to the balance of your pension payments in this five-year 'guarantee period'.
- If you do not have a Qualifying Partner, the Trustees may pay a pension to any Dependant(s), which may include your children.

Please note: your Qualifying Partner's pension may be reduced if he or she is 10 or more years younger than you.



Other information



What happens if I get divorced?

If you get divorced from a marriage or registered civil partnership, your Pace benefits will be included as part of your assets.

What actually happens to your benefits depends on how the total assets of the marriage are split as part of the divorce settlement. If the court orders the pension benefits to be shared between the couple, there are three ways in which this can happen:

- Your pension rights can be offset against other assets.
- Part of your pension rights can be 'earmarked' and paid to your ex-spouse (which includes a civil partner) when you retire.
- The value of your pension rights can be divided at the time of divorce (pension splitting). In this case, your ex-spouse's or civil partner's share will generally be transferred to another pension arrangement.

If you want more information, please contact the Co-op Pensions Department.

State benefits

What are the State Pension arrangements?

A new State Pension has been introduced for anyone who reached State Pension Age from April 2016. It replaces the Basic State Pension and the Second State Pension (S2P). There will be transitional arrangements in place for people who have built up S2P, but the aim is that eventually everyone who has paid enough national insurance contributions will get the same amount. Please note, under the new system, you'll need 35 qualifying years to receive the full amount of State Pension and you must have a minimum of 10 qualifying years to receive anything. You can find out more at www.gov.uk

State Pension arrangements before April 2016

The State provided two different kinds of pension:

1. Basic State Pension

This was a flat-rate pension paid to everybody who'd paid enough national insurance contributions during their working life.

2. State Second Pension (S2P)

This was a top-up to the Basic State Pension, which was based on your actual or deemed earnings on which standard rate Class 1 national insurance contributions were paid or treated as having been paid. If you were ever 'contracted out' of S2P (for example, if you were a member of Pace Complete), your new State Pension may be reduced, to reflect the fact that you were paying lower NI contributions during that time. Further details of State benefits, including how to obtain a forecast of your State Pension, can be found on www.gov.uk

Will I receive a State Pension?

You will receive a State Pension if you've paid sufficient national insurance contributions over your working lifetime. You currently need 35 qualifying years on your national insurance contribution record to qualify for a full State Pension. If your number of qualifying years is less than 35, you'll receive a proportionately lower State Pension. Remember that you require a minimum of 10 years qualifying service to receive any State Pension.

When are State Pensions payable?

State Pensions are payable from State Pension Age. Your State Pension Age will depend on when you were born. Generally, your State Pension Age will be between 65 and 68 but there are some exceptions to this. There is a calculator on the [gov.uk](http://www.gov.uk) website that will tell you what your State Pension Age is likely to be (www.gov.uk/calculate-state-pension). State Pensions and State Pension Ages are set by the Government and can change.

At a glance

Use the [gov.uk](http://www.gov.uk) website to check your State Pension Age and to obtain a forecast of your State Pension. State Pensions and State Pension Ages are set by the Government and can change.

How is Pace set up and run?

Pace is a registered pension scheme, whose details have been given to the Pensions Regulator, which maintains a register of Occupational and Personal Pension Schemes.

The Pace Trustee Board is called Pace Trustees Limited and is a separate company from the Co-op. There are 9 Trustee Directors on the Board:

- 3 Professional Independent Trustees who are pensions experts
- 3 Trustees chosen by the Co-op
- 3 Trustees chosen by members of Pace

The Pace Trustees meet frequently and undertake regular training in relation to issues that they'll need to understand in detail in order to carry out their role, for example investment strategy or valuing DB scheme benefits, as well as current pensions issues.

For more information on the Trustees of Pace visit coop.co.uk/pensions

Money paid into Pace Complete is held in a trust, which means that the assets are entirely separate from the assets of the Co-op.

Responsible Investment Policy

The Trustees have agreed a Responsible Investment Policy for Pace. The policy is available on the Co-op's pensions website. The Trustees implement responsible investment within Pace Complete in a number of ways:

- Considering the risk associated with environmental, social and corporate governance issues when choosing investment managers.
- Instructing investment managers to take account of any environmental, social, or corporate governance factors that they consider appropriate in carrying out their mandates, and discussing these matters with the companies they invest in. Investment managers are required to provide regular reports of such actions to the Trustees.
- Identifying a list of companies which are involved in activities that the Trustees believe may conflict with the values of Pace members or the Co-op. Where possible, the Trustees avoid investing in these companies.

The Responsible Investment Policy also commits the Trustees to disclosing the following information in the guides and factsheets section of the Co-op's pensions website:

- Statement of Investment Principles, including the Responsible Investment policy.
- The Scheme's annual Report and Accounts.
- An annual 'Report on Responsible Investment' which details the Trustees' engagement activity over the last year.
- A statement of compliance with the Financial Reporting Council's UK Stewardship Code.

What if I have a complaint about Pace?

Any problems with Pace Complete can usually be sorted out by asking the Co-op Pensions Department for more information. If you're not satisfied with the response you receive, there is a formal dispute resolution procedure that can be used by any member or beneficiary of Pace. For details and relevant forms, you can contact the Secretary to the Trustees, through the Co-op Pensions Department, or visit the 'What if I have a complaint?' section of the Co-op's pensions website coop.co.uk/pensions

What information does Pace hold about me?

Pace Trustees Limited, as Trustee of the Scheme, uses your personal information to (amongst other reasons) communicate with you and administer the Scheme. We share personal information with third parties such as the Co-operative Group and Legal & General (who provide administration services to us) and to other suppliers of services. In some circumstances, we transfer personal information outside the EEA, for example to Western Union to continue pension payments abroad, e.g. in Australia. When we make these disclosures or transfers we take steps to protect your personal information. For more detailed information on how we use and disclose your personal information, the protections we apply, the legal basis for our use of your information and your data protection rights under data protection laws, please visit coop.co.uk/pensions

If you would like further information or for a copy of our privacy notice to be sent to you, please call 0330 606 1000.

You can get further information by writing to:

Data Protection Team
5th Floor
1 Angel Square
M60 0AG

What if I want financial advice?

By law, no one connected with Pace can give you financial advice. If you would like financial advice before making any decisions about your membership of Pace, you should speak to an independent financial adviser (IFA).

If you're over age 55, the Pace Trustees are offering you free, independent financial advice from WPS Advisory.

Or, to find an adviser in your area, visit www.unbiased.co.uk. You should bear in mind that an IFA will charge for any advice given. Alternatively the Money Advice Service is a free independent service set up by the Government, which provides unbiased money advice and can be found at www.moneyadvice.service.org.uk or by calling 0300 500 5000.

Find out more

The Co-op's pensions website at coop.co.uk/pensions has more information about Pace Complete, including a copy of the Rules, factsheets and annual reports.

Some detailed terms

Accrual Rate

This is the rate at which pension builds up in a defined benefit pension scheme. It is a fraction, for example 1/60.

Beneficiary

A person who receives a lump sum from Pace when you die.

Contracted in

Pace DC was contracted in to the State Second Pension (S2P). This meant that Pace DC members built up pension in S2P while they were contributing to Pace DC. Full details regarding changes to S2P following the introduction of the new State Pension in April 2016 can be found on **page 15**.

The Co-op

Co-operative Group Limited and all Participating Employers of Pace. If you want to know whether your employer participates in Pace, please contact the Co-op Pensions Department.

Contracted out

Pace Complete was contracted out of the State Second Pension (S2P). This means you did not build up pension in S2P while you were a contributing member.

Defined benefit (DB) (Pace Complete)

This is a type of pension arrangement where your benefit is linked to your pay and the length of your membership in the scheme. Final Salary and Average Earnings schemes are types of DB arrangements.

Defined contribution (DC) (Pace DC)

This is a type of pension arrangement where the pension you receive at retirement is based on the contributions paid into your account and investment returns. At retirement, you use your account to provide an income or a lump sum.

Dependant

Someone who (in the Trustees' opinion) is, or was at the time of your death, wholly or partly financially dependent on you.

Employer

This means an employer participating in the Scheme.

Former Scheme

Either the Co-operative Group (CWS) Limited Pension Fund (known as the Co-operative Group Pension Fund), the CIS Employees' Pension Scheme, or the Co-operative Bank Pension Scheme.

Former Scheme member

A member who was in the employment of an employer and building up benefits as a member of a Former Scheme as at 5 April 2006. Separate information has been provided to Former Scheme members with details of how their Former Scheme benefits are treated.

Normal Pension Age

65.

Pay

Also called 'pensionable earnings'. This is your basic pay, plus overtime and any other payments that are pensionable, excluding any bonus payments.

Qualifying Children

The member's children (including any conceived but unborn when the member dies); the member's stepchildren, but only if they are financially dependent on the member when the member dies; any children legally adopted by the member. These children remain Qualifying Children for so long as they are under age 18. However, the Trustees may treat a child who has reached age 18 as a Qualifying Child if the child is under age 23 and in full-time education or training approved by the Trustees.

Qualifying Partner

Your husband, wife, registered civil partner, same sex spouse or any dependant with whom you are in a relationship that the Trustees consider to be similar to marriage for a period of at least six months.

Registered pension scheme

This is any scheme registered with HMRC. This includes occupational schemes and personal pension schemes but excludes the State Pension.

Salary

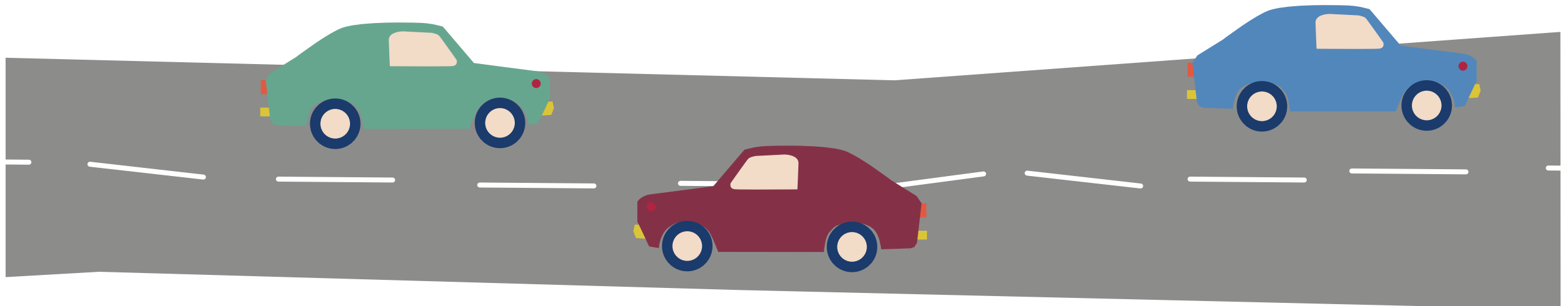
For the purpose of working out your death in service benefit, 'Salary' means either your pay in the 12 months prior to the date of death, or your basic annual salary at the date of death, if higher.

Service

The length of time you have worked for the Co-op or any other employer participating in Pace.

Trustees

PACE Trustees Limited. The Trustees are the legal owner of the assets of Pace. Information on your Trustees can be found in **Section 5** under 'How is Pace set up and run?'



Useful contacts

The Co-op Pensions Department

If you cannot find the information you need on the pensions website, please write to:

Co-op Pensions Department
Department 10406
1 Angel Square
Manchester M60 0AG

Email: staffpensions@coop.co.uk

Helpline: 0330 606 1000 (local rate)

Pensioner welfare: 0330 606 9470 (local rate)

You can find out more about Pace and the options available to you on the Co-op's pensions website: coop.co.uk/pensions

PACE Trustees Limited

This is the trustee body which is responsible for managing Pace.

PACE Trustees Limited
1 Angel Square
Manchester
M60 0AG

The Pensions Advisory Service (TPAS)

This is an independent organisation that provides free information, advice and guidance on all pension-related matters.

The Pensions Advisory Service
11 Belgrave Road
London
SW1V 1RB

Tel: 0345 601 2923

Email:

enquiries@pensionsadvisoryservice.org.uk

Website:

www.pensionsadvisoryservice.org.uk

The Pensions Ombudsman

If you have a problem with Pace that can't be resolved through the normal dispute resolution procedure, you can ask for the matter to be referred to the:

Pensions Ombudsman
11 Belgrave Road
London
SW1V 1RB

Tel: 0207 630 2200

Email:

enquiries@pensions-ombudsman.org.uk

Website: www.pensions-ombudsman.org.uk

The Pensions Regulator

The Pensions Regulator regulates work-based pension schemes in the UK. It works with trustees, employers, pension specialists and business advisers to protect members' benefits and encourage high standards in running pension schemes.

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW

Tel: 0345 600 0707

Email: customersupport@tpr.gov.uk

Website: www.thepensionsregulator.gov.uk

Department for Work and Pensions (DWP)

You can find details of your local Jobcentre Plus office either on the internet or in your local phone directory.

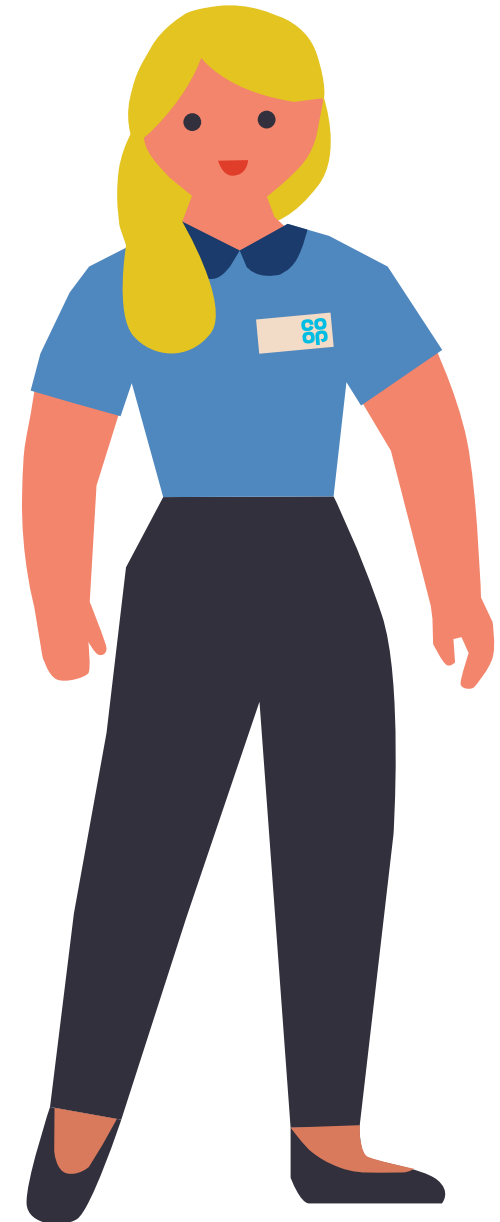
Tel: 0800 055 6688

Website: www.gov.uk/dwp

GOV.UK

You can find more information on pensions and retirement planning, including State Pensions and State Pension Age.

Website: www.gov.uk



Large format available

This summary is available in large print and as an audio file. Please contact the Co-op Pensions Department to request a copy.

Important note

This guide is not intended to be a legal promise to members, as it's only a summary of the terms and conditions of Pace and reflects the pensions and tax legislation at the time the guide was written. If there is any conflict between this guide and the Rules, the Rules (as amended from time to time) will be overriding. You can download a copy of the Rules from the **useful information** section of coop.co.uk/pensions. If you have any questions concerning the contents of this guide, please contact the Co-op Pensions Department.

Please note that the Co-op reserves the right to amend the future benefits provided under Pace Complete from time to time and will notify members of any proposed changes.

If you were a member of either the Co-operative Group Pension Fund, the CIS Employees' Pension Scheme or The Co-operative Bank Pension Scheme on 5 April 2006 (a Former Scheme), any pension built up before that date in a Former Scheme will be payable in addition to the pension you build up in Pace.

Separate information has been provided to Former Scheme members, with details of how these benefits will be treated. If you need any further information, please contact the Co-op Pensions Department.