



**Coats
Pensions**

Coats Pension Office DC Scheme Members – Frequently Asked Questions

We recommend that you read the DC Scheme [Booklet](#) if you have not already done so, as this further information is intended to complement that document.

Please use the links below to reach the various sections of this FAQ.

[Joining and Leaving](#)

[Contributions](#)

[Investments and Charges](#)

[Benefits](#)

[Scheme Information & Pension Scams](#)

[Annual Allowance & Lifetime Allowance](#)

How do I join?

If you are new to the Company, you may be automatically enrolled into the DC Scheme. If you are not being automatically enrolled, or you do not want to wait until you have been automatically enrolled, you can become a member by completing a **Joiner Form**.

You can normally join at any time, however the Company reserves the right to refuse to process joiner forms if a person repeatedly joins and leaves the Scheme.

You should be mindful of the Annual and Lifetime Allowance limits on pension saving when you become a new member of a pension scheme (please see the questions on these limits later on in the FAQ).

How do I leave?

If automatic enrolment rules apply, Standard Life will have confirmed to you the date by which you can 'opt out' of the DC Scheme. 'Opting out' means you are treated as never having joined, and any contributions deducted from your pay will be paid back to you through your pay from employment with the Company, subject to any necessary standard tax and National Insurance deductions.

If the 'opt out' date has passed, or there was no 'opt out' date because the automatic enrolment rules did not apply, you should complete a **Leaver Form**. Please read the form carefully before completing, then forward to **Coats Pensions Office**.

If you are 'leaving' rather than 'opting out', a refund of contributions will not normally apply. However a refund may be paid by Standard Life if you were in the DC Scheme for less than 30 days – tax charges will be deducted from this refund which cannot be reclaimed.

Due to automatic enrolment legislation, the Company may be required to put you back into pension saving in the future.

How do I change my contributions?

When you are automatically enrolled or choose to join, your membership will be set up at the basic contribution rates set out in the **Booklet**. You cannot pay less than the basic contribution rate, but if you wish to contribute more then you should complete a **Vary Contributions Form**. Please read the form carefully before completing, then forward to **Coats Pensions Office**. The form states that changes can only be made once a year, however the Company will consider a reasonable number of additional requests to change contributions at other times.

You should also use this form if you have increased your contribution rate and then wish to decrease it again, or if you wish to make a 'one-off' additional contribution to the DC Scheme through your pay (see next question).

You should be mindful of the Annual and Lifetime Allowance limits on pension saving when electing to pay contributions (please see the questions on these limits later on in the FAQ).

Can I pay a one-off larger contribution into the DC Scheme?

If you wish to make a one-off lump sum payment through your pay from employment with the Company, you should complete a **Vary Contributions Form**. Salary Exchange may apply in the usual manner to any such contributions. You cannot contribute more than you are paid.

If you wish to make a one-off contribution direct to Standard Life, you should **contact them** direct to discuss this. Standard Life will undertake certain security checks before accepting a one off contribution.

Please be aware that you cannot contribute more than your total taxable pay in any year (or £3,600, including tax relief, if your total taxable pay is less than this amount).

You should be mindful of the Annual and Lifetime Allowance limits on pension saving when electing to pay contributions (please see the questions on these limits later on in the FAQ).

Where are my contributions invested?

When you join, your savings will be invested into the default lifestyle profile - the Passive Plus III Universal SLP. You can find out more about this [here](#). Unless you decide to move your money into another investment, it will remain invested in the default lifestyle.

The default lifestyle typically focuses on growth through moderately risky investments earlier in life, moving to protecting the savings through safer investments nearer to retirement.

How do I change where my contributions are invested?

You can change your investments on [Employeezone](#) at any time. You can use Employeezone via your web browser, or download the Standard Life app to your mobile phone – there is an iOS (Apple) and an Android version. Switching is usually easy, however if you encounter any problems online, or you would prefer not to switch online, then you should contact [Standard Life](#). You can switch back to the default lifestyling investment later on if you wish.

There are 'lifestyling' options other than the default investment available. The lifestyling approach sees the provider doing all of the work, so that the saver has minimal involvement. It is therefore not possible to choose more than one lifestyling option at a time, or to have some of your pot in a lifestyling option and the remainder in other investments.

Investment choices other than lifestyling are available. You can choose a mix of up to 12 different investments at any one time, and invest in up to 20 in total over the lifetime of your DC Scheme membership.

Past performance is not a guarantee of future returns, and investments can go down as well as up. Neither the Company, Coats Pensions Office nor Standard Life can give investment advice. It is recommended that you take independent financial advice when making decisions about your pension savings.

How is the rebate applied to the charge deducted by Standard Life?

The current charge for the Default investment and the rebate are detailed in the [Booklet](#). The rebate is applied at the very point the charge is deducted, meaning you effectively pay the difference between the two.

If you move to a different investment with a different charge, the rebate continues to apply in the same manner.

When can I access my pension pot?

Under current Government rules, pensions can presently be accessed at your 55th birthday (or earlier in certain circumstances where a person is suffering from ill health).

If you want to take your pension benefits while you are still working for the Company and contributing into the DC Scheme, Standard Life can arrange to split your pension pot; moving most of it into a separate pot and leaving a small amount in your current pot where the ongoing contributions will continue to be paid. *Please see the section on Annual Allowance (specifically Money Purchase Annual Allowance) for more information.*

What benefits are available when I want to access my pension pot?

Defined Contribution schemes offer a great deal of flexibility and you will normally have the choice of a range of different pension benefits when you come to access your pension pot.

Choices may be available from other providers which are not available from Standard Life, and it is in your interests to 'shop-around' to find the right benefits at the best price for your own needs.

The **Booklet** details the different types of benefits which can potentially be paid out. You may find our '**Jargonbuster**' useful when considering your options.

What death benefits are payable?

Your pension pot is payable as a lump sum death benefit by Standard Life, more information is available on their **website** and you should ensure that you complete their nomination form so that they are aware of your wishes. This can be done by logging onto **Employeezone** and clicking on 'Update your profile' or you can **contact them** if you would prefer not to do this online.

If you are still in employment with the Company at the time of your death, or you have benefits with the Coats UK Pension Scheme (the Defined Benefit scheme), then further death benefits may be payable at the discretion of the Coats UK Pension Scheme Trustees Limited (CUKPSTL). In this case you should ensure that you complete an **Expression of Wish** form so that the Trustee is aware of your wishes.

Will I receive annual statements?

Standard Life will send you a joiner pack when you become a member of the DC Scheme, and will then provide you with an annual statement confirming the current value of your pension benefits.

You can also access details about your pension online at any time through **Employeezone**. Your current and historical statements can be found by clicking on your Mailbox.

What happens to my pension pot when I leave the Company?

Your pension pot stays with Standard Life. You can choose to transfer to another provider if you wish. The rebate in force at the date you leave continues to apply while you keep your pension pot with Standard Life.

Will transferring my pension mean I can access more options?

Options may be available from other providers which are not available from Standard Life, such as certain types of flexible annuity. In addition, when purchasing an annuity, it is in your interests to 'shop around' for the best rates.

I have been promised excellent returns elsewhere, is this realistic?

The most important thing you can do before you make any decision about moving your money is to make sure you are dealing with a reputable company. Whether you contacted them or they contacted you, whether it's about transferring your entire pension or investing your tax free cash lump sum or other savings, always do some background checking of your own.

Visit [fca.org.uk/scamsmart](https://www.fca.org.uk/scamsmart) for more information, including a 'Warning List' of possible scams and extremely risky investments. If you have received 'cold' contact about your pension, use the Pension Advisory Service's [scam identification tool](#). You should also consider taking formal independent financial advice, visit [unbiased.co.uk](https://www.unbiased.co.uk) to find an advisor.

How do I confirm changes to my name/address?

If you are still in employment with the Company, please contact both HR and Standard Life. The update to Standard Life can be made via **Employeezone**, or you can **contact them** if you would prefer not to do this online.

If you have left the Company, you should still contact Standard Life.

If you also have Coats UK Pension Scheme benefits, please notify the **Coats Pensions Office**.

How does the Annual Allowance work?

The Government has imposed a limit on the tax advantaged pension contributions a person may accrue in any tax year. This limit includes both employee and employer contributions in all of your pension arrangements.

Where this limit is exceeded, a tax charge applies. Effectively, despite the fact that the contributions themselves will remain with the scheme, those contributions in excess of the limit will be treated as taxable income in respect of that person's income tax bill for the tax year in question.

The tax charge on the pension savings can be paid either by the individual or, in certain circumstances and at the individual's request, by the DC Scheme (this is known as 'Scheme Pays'). Either way, the tax charge due must be reported on the person's self-assessment tax return (if one is not normally submitted, there will be a requirement to begin doing so).

The standard limit since 6 April 2014 is £40,000, however there are circumstances where a lower Annual Allowance may apply:

Money Purchase Annual Allowance – *this limit applies once a person has accessed any pension rights they hold in a 'flexible' manner, normally by receiving certain one-off lump sum payments or going into 'Drawdown'.*

*If this limit applies to you then the provider who arranged your 'flexible' benefits will confirm this to you, and you will be obliged to notify Standard Life. You should also inform the Company, and let them know whether you would like to make changes to the contributions being made to the DC Scheme. The **Coats Pensions Office** team are on hand to help you understand the potential implications of continuing to save, although they are unable to offer financial advice.*

Tapered Annual Allowance – *The standard annual allowance is currently set at £40,000. However for higher earners this **may** be reduced to as low as £10,000, depending on other "income". (Although such a person could also be subject to the lower Money Purchase Annual Allowance of £4,000.)*

*There are two "income" definitions which are relevant; **Threshold income**, set at £110,000 and **Adjusted Income, set at £150,000**. The detail of what is and is not included in each of these is complex and requires careful review.*

If both of these new income definitions are exceeded, the person's Annual Allowance will be reduced by £1 for every £2 of income above the Adjusted Income level of £150,000.00. This is known as the 'Tapered' Annual Allowance (TAA). The TAA will not be reduced below £10,000. Because the TAA is based on income received in the same year as the contributions against which that TAA applies were paid, forward tax planning may be difficult for those with fluctuating income or unexpected increases in income.

If both limits apply to an individual, the lower Money Purchase Annual Allowance will apply to any Defined Contribution pension saving.

Carry Forward

Where the ordinary or tapered Annual Allowance applies, then a person can normally carry forward unused Annual Allowance from the last 3 years. If the Money Purchase Annual Allowance applies, carry forward is not permitted in respect of Defined Contribution pension saving.

How does the Lifetime Allowance work?

The Government has imposed a limit on the tax advantaged pension savings a person (and/or their beneficiaries) may 'crystallise' (the Government term for specific actions taken in relation to pension rights, which cause those rights to be tested against the Lifetime Allowance). In addition to both employee and employer contributions, this limit includes any growth on those contributions.

'Crystallisation' occurs when certain actions are taken in relation to the pension savings, and at that time a test is done to check whether the person has used up all of their Lifetime Allowance. The most common type of 'crystallisation' happens when a person receives a lump sum and/or regular income, however there are various different actions which 'crystallise' and so need to be tested against the Lifetime Allowance.

Where benefits above the limit are 'crystallised', a tax charge applies on the 'crystallised' amount exceeding the Lifetime Allowance. This tax charge applies in addition to any income tax which may be due on the payments.

The standard limit since 6 April 2018 is £1,030,000, however a higher Lifetime Allowance may apply if a person was eligible for, and applied for, one or more of the various types of protection from the effects of this limit. Please notify HR if you have (or lose) any right to protection against the effects of the Lifetime Allowance. Confirmation of your protection must also be supplied to your pension providers before you 'crystallise' any benefits held with them.

Defined Contribution pension benefits are typically straightforward to test; if you have saved more than £1,030,000 overall, there is likely to be a tax charge when 'crystallisation' of the portion over this limit occurs.

Defined Benefit pension rights (which are based on service and salary rather than the amount of contributions paid) are less straightforward to test; it is best to contact your provider to determine how the options you would prefer to exercise will be tested against the limit.

*The **modeller** available on the secure area of the Coats Pensions Website can assist members who wish to check whether these limits are likely to apply to them.*

*Note: you will need a password to access this modeller. Please contact **Coats Pensions Office** to obtain this password.*

It is recommended that anyone who is uncertain whether - or to what extent - they are affected should seek independent financial advice.