



COATS PENSION PLAN SCOTTISH INDEPENDENCE REFERENDUM: THE IMPLICATIONS OF A NO VOTE

On 18 September 2014, those over 16 and living in Scotland will be asked the yes/no question “Should Scotland be an independent country?” This Q&A document sets out some key questions members may have about the implications of a “no” vote for the Coats Pension Plan (the “**Plan**”) and their benefit entitlements.

Q1. What will happen following a “no” vote?

A1. Scotland would remain part of the UK and the status quo would be maintained.

Each of the major political parties forming the “Better Together” campaign have indicated that they would give more powers to the Scottish parliament following a “no” vote and so it is likely that the Scottish parliament would be granted increased powers over time.

The Scotland Act 2012, which is already law, will give Scotland greater (but not full) powers over income tax from 2016. If used, this could affect the tax relief applied to pension savings made in the Plan and the tax deducted on payments made from the Plan if you are resident in Scotland and subject to Scottish tax laws. The Scotland Act 2012 also gives the Scottish parliament power over stamp duty, land tax, landfill tax, air-guns, drink driving and speed limits.

If Scotland remained part of the UK, it would be part of the proposed UK referendum on EU membership.

Q2. Is my pension affected?

A2. A “no” vote would not affect your pension entitlements under the Plan or the Plan’s funding. The existing structure of pension legislation and regulation would continue to apply throughout the UK, though the UK government may of course make amendments over time.

Q3. I live in Scotland. What does a “no” vote mean for me and my Plan pension?

A3. The Plan is an English law pension scheme and has members living in Scotland, England and elsewhere. A “no” vote would not affect your pension entitlements under the Plan and pensions would continue to be paid in Pounds Sterling. The existing structure of pension legislation and regulation would continue to apply to the Plan and your pension benefits, though the UK government may of course make amendments over time.

Q4. I live in England. What does a “no” vote mean for me and my Plan pension?

A4. As per A3 above, there would be no change to your pension.

Q5. I live elsewhere. What does a “no” vote mean for me and my Plan pension?

A5. As per A3 above, there would be no change to your pension and it would continue to be paid in Pounds Sterling and then converted into your local currency.

Q6. Are there any issues because the Pensions Office is based in Scotland?

A6. No. The Pensions Office is an administrative function and its location would not affect your benefit entitlement.

Q7. What currency will my pension be paid in?

A7. Payment would continue to be made in Pounds Sterling and, if you live abroad, would then be converted into your local currency.

Q8. Who will regulate the Plan/protect my benefits?

A8. The existing regulators and regulatory bodies including the Pensions Regulator, the Pensions Protection Fund and the Financial Conduct Authority would continue to regulate the Plan and your benefits.

Q9. What will happen with auto-enrolment?

A9. The auto-enrolment policy would continue and any changes to it would likely depend on the policy of the political party with a majority in the UK parliament from time to time.

Q10. What will happen with my state pension?

A10. Your state pension entitlement would be unaffected. This may however change in the future (e.g. to implement the proposed single tier state pension in 2016) and depending on the policy of the political party with a majority in the UK parliament from time to time.