

VAILLANT GROUP PENSION SCHEME

Scheme Information

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Before retirement

Before retirement, you hold a 'deferred pension' in the Scheme. This means that the Scheme is closed to new members, and existing members are not building up any further benefits.

When the Scheme closed, we worked out your deferred pension by looking at how long you were an active member of the Scheme and your earnings whilst you were a member.

Don't forget to let us know if your address details change so that you don't miss out on any important information.

Does my deferred pension increase?

Until you take your benefits, your deferred pension will be increased in line with legal requirements. Details of the specific increases which apply to you can be found in your Statement of Deferred Benefits from when you left the Scheme.

If you are unsure about your deferred pension increases or would like more details, please contact the Pensions Department or log an enquiry on the member website.

After your pension starts, it will be increased as a pension in payment.

Can I transfer benefits to this Scheme?

As the Scheme is closed to further benefits, no transfers in are allowed.

What happens if I change address?

The address we use to contact you will be the last one held on file. It is important that you keep us up to date with any changes, to make sure that you don't miss any information that's relevant to you.

You can update your address on the member website once you are registered and logged in. Alternatively, you need to inform us in writing of any change of address, and your notification will need to be signed.

The address to write to is:

Vaillant Group Pension Scheme
Nottingham Road
Belper
Derbyshire
DE56 1JT

Alternatively you can scan in your letter and email it to the Pensions Department at vaillant.pensions@vaillant-group.com.

Don't forget, if you're currently employed by Vaillant you'll also need to let HR know.

Transfers out

You may be able to transfer your pension benefits in this Scheme to another pension arrangement.

If you are interested in looking at this option further, you will need to request a Cash Equivalent Transfer Value (CETV) from the Pensions Department via the usual method or logging an enquiry on the member website.

If you need a transfer value because of divorce negotiations, please tell the Pensions Department as this will affect the timescales.

If you're thinking about transferring your pension, please think carefully before doing so and seek financial advice. This [FCA leaflet](#) explains how pension scams work, how to avoid them and what to do if you suspect a scam. You can also read [The Pensions Regulator's warning letter](#) for more information about transferring during this particularly uncertain time.

How can I transfer out?

Where can I transfer my benefits to?

You may be able to transfer your benefits to a pension scheme registered with HMRC. This could include a company pension scheme (either defined benefit or defined contribution), a personal pension plan, self-invested pension plan, a group personal pension plan or a stakeholder arrangement.

When can I transfer my benefits?

You may transfer your benefits at any time up to one year before your Normal Retirement Age (NRA).

You can request the details of your transfer value at any time. This value is guaranteed for three months. We will also send you details on how to proceed with the transfer.

We can provide a free transfer value quote every twelve months. If you need more quotes than this, there will be a charge.

If you would like to investigate transferring your benefits, please contact the pensions department or log an enquiry on the member website.

How long does it take to get a transfer value quote?

The Pensions Department will normally provide your quote within three months of receiving your request. This quote will then be guaranteed for three months.

If you decide to go ahead with the transfer out, there is a further three months within which the payment must be made, provided all the necessary paperwork has been received by the Pensions Department.

Please note, the Trustees have the power to extend these timescales in certain circumstances. If this applies when you request a quote, the Pensions Department will let you know.

If you need a transfer value quote for divorce purposes, please let us know as different timescales will apply.

How do you work out my transfer value?

A CETV is the cash equivalent of your expected pension at retirement. The calculation of the transfer value is based on a number of things including your age, how long you would be expected to live after retirement, and financial market conditions such as interest rates. This is why the transfer value can go up or down.

What happens if I need a transfer value because I am getting divorced?

If you need a transfer value as part of your divorce negotiations, please contact the pensions team or log an enquiry on the member website letting them know it is in connection with a divorce.

Where can I get financial advice about transferring my benefits?

Neither the Trustees nor the Pensions Department are able to advise whether you should transfer your benefits. If you are considering this option you should speak to an Independent Financial Advisor (IFA).

It is currently a legal requirement for you to obtain independent financial advice if your transfer value is greater than £30,000. You will have to provide evidence to the Pensions Department that you have obtained this advice if this applies to you.

The Trustees strongly recommend that you take the advice of an IFA regardless of your transfer value.

You can find an IFA in your local area by visiting [Unbiased](#)

You are also able to obtain further guidance from [Pension Wise](#), the Government's free service.

How do I spot a pension scam?

Unfortunately pension scams are still on the rise and scammers are finding new ways to trick people. Don't be caught out.

Key warning signs:

Being contacted out of the blue, via a cold call, text message or email, or even somebody calling at your door.

Offers of a free pension review, overseas opportunities or attempts to sell you a too-good-to-be-true, 'one-off' investment.

Offering an opportunity to access your pension before the age of 55.

Fancy brochures and documents are becoming easier to create. Don't trust somebody or a company just because their marketing looks credible.

Actions to take:

- Check whether a company is legitimate and whether a financial advisor is authorised by checking the [Financial Conduct Authority register](#).
- You can find an Independent Financial Advisor (IFA) in your local area at [Unbiased](#).
- Please don't be rushed into making a decision. Arm yourself with the facts, and stop a lifetime's savings being lost with the [Government's advice on pension scams](#).

Don't be left with very little, or no, pension savings and a large tax bill - the only people who benefit from scams are the scammers themselves.

Taking your pension

You have a number of options around taking your pension, specifically when you would like to take it and how much you would like to take as a lump sum.

The Pensions Department will automatically contact you with information about your retirement options in the 6-8 weeks before your Normal Retirement Age (NRA), which is 65 for most members.

When can I start to receive my deferred pension?

Early retirement (in good health)

Your pension will be calculated in the same way as for NRA, but with a reduction applied to take into account the fact that you will be receiving pension benefits sooner (and therefore it is expected that your pension will be paid out for longer).

The amount of the reduction is bigger the earlier you retire.

If you would like an early retirement quote, please let the Pensions Department know.

Minimum Early Retirement Age

The law currently allows early retirement pensions to be paid at any time from age 55 (for members in good health). However, the government intends to increase this minimum age to 57 in 2028 when the State Retirement Age increases to 67 (maintaining the 10 year gap between minimum pension age and State pension age).

With the Trustees' and Company's consent, a pension may be paid:

At any time if you are unwell and satisfy the Scheme's definition of incapacity;	From age 55 if you are unwell and satisfy the Scheme's definition of incapacity;
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Please note, if you take your benefits early they will usually be reduced.

Retiring at Normal Retirement Age

If you retire from the Scheme at your NRA you will receive a pension based on how long you were an active member of the Scheme and your earnings during that time.

Ill Health Pension

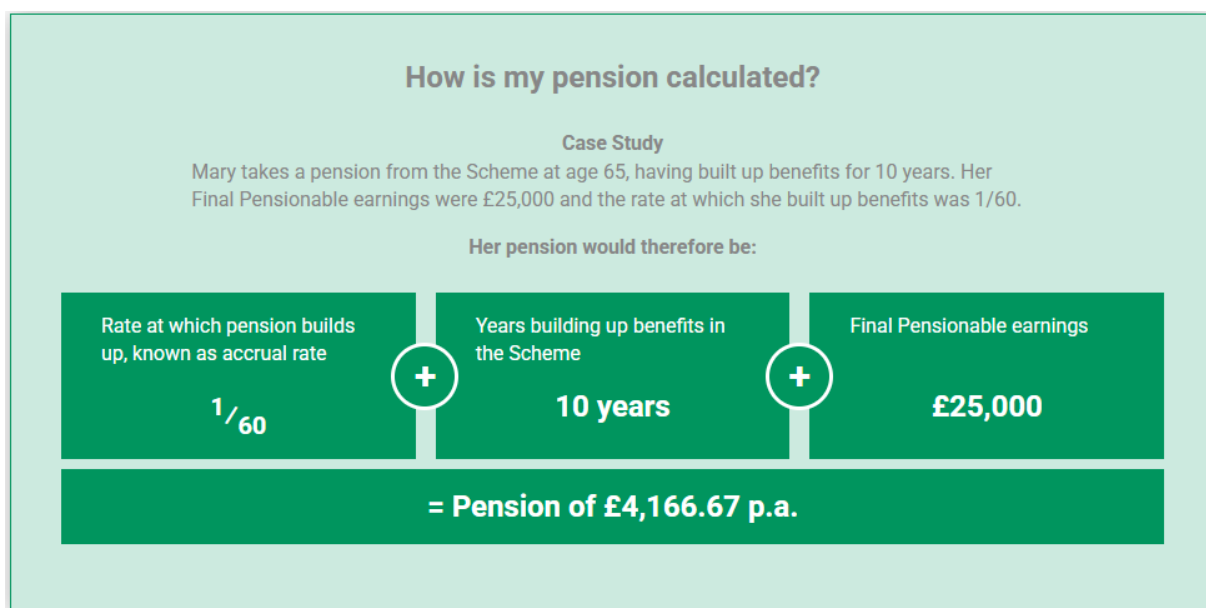
If you are unwell, and the Trustees agree that you meet the Scheme's definition of ill health, you may be able to take your pension from the Scheme before age 55 (57 from April 2028).

If you think this may apply to you, please contact the Pensions Department or log and enquiry on the member website.

Late Retirement

You can, with the agreement of the Trustees and the Company, postpone the payment of your pension up to the earlier of you ceasing to work or your 70th birthday. Your pension would then be increased to take into account the fact that it has been paid later than expected.

If you would like more information on this, please contact the Pensions Department or log and enquiry on the member website.



How your pension is paid

Your pension is payable from the first day of your retirement (as notified to us) and is paid monthly in advance into your bank account.

So, for example, your pension for the whole of September will be paid into your bank account on 1st September.

Can I take a cash lump sum on retirement?

When you retire, you can usually swap some of your annual pension for a cash sum of 25% of the value of benefits which, under current legislation, is tax free. If you decide to take this cash sum, then your annual pension will be reduced. We will include these options when we contact you as you approach NRA.

Using Mary as an example this would result in:

A lump sum of

£19,308.96

A reduced pension of

£2,896.34 p.a.

You do not have to take the maximum lump sum at retirement and you can choose to take a smaller amount than the 25%. This would result in extra regular pension income.

Death benefits

Did you know that the Scheme gives financial security to your family in the event of your death? These benefits can be a lump sum or pension, or a mixture of both.

You can find out who might be eligible to receive death benefits and how they would be paid. You can also let the Trustee know who you would like to receive your benefits by completing a Nomination Form. You can also carry out this action directly on the member website.

The pensions described under this section increase during payment in the same way as the member's pension would have increased.

Protecting your family

Does my Spouse receive a pension?

If you die before you retire from the Scheme, your Spouse will usually receive a pension equal to half of your deferred pension, increased by the appropriate inflation up to the date of your death.

If you die after you retire from the Scheme (either on good or ill health), your Spouse will usually receive a pension equal to half of the pension you were receiving at the date of death (ignoring any amount you may have swapped for cash).

Please see below for some additional rules that may apply to you, depending on your personal circumstances.

If you get married after you retire...

If you marry after you have started receiving your pension, upon your death, your Spouse will receive a pension based only on the pension you earned up to 5 April 2003. Any Guaranteed Minimum Pension (GMP) you earned after 5 April 2003 will be included in the calculation of your Spouse's pension.

If you are separated from your Spouse...

Subject to any minimum amounts that have to be paid by law, if at the time of your death you are separated, no Spouse's pension will be payable, unless the Trustees decide otherwise.

If your Spouse is younger than you...

If you die leaving a Spouse, Life Partner or Dependant (other than an Eligible Child) who is at least 15 years younger than you, the pension payable may be reduced. If you would like further information on the reduction, please contact the Pensions Department or log an enquiry via the member website.

What happens if I have a Life Partner?

If you have a Life Partner when you die, but you are not married, they will receive a pension equal to a Spouse's pension.

The Trustees decide whether someone meets the definition of Life Partner, and full details are available from the Pensions Department. In essence, the Trustees need to be satisfied that you had a relationship which closely resembled marriage.

Will my children and dependants get a pension?

If you die unmarried, and do not have a Life Partner but do leave one or more dependants, a pension equal to the Spouse's pension may be shared amongst your dependants, as decided by the Trustees.

If you die leaving Eligible Children, a pension will be payable to each child (up to a maximum of four children). This is payable in addition to any Spouse's or Life Partner's pension.

The Trustees decide the amount of the pension paid to each child, usually 25% of the Spouse's pension for each Eligible Child.

If a Spouse's or Life Partner's pension is not payable, the amount of pension payable to Eligible Children is usually increased.

If you have a Spouse or Life Partner and other Dependants...

If you have a Spouse and one or more Dependants when you die, the Trustees may reduce the pension payable to your Spouse in order to pay a pension to one or more of your Dependants. The total pension payable to your Spouse and Dependant(s) would be equal to the pension payable to your Spouse, if there were no Dependant(s).

For example:

William died leaving a Spouse and one Dependant. The total Spouse's pension was £15,000 and the Trustees, having looked at the detail of William's circumstances before he died, took the decision to pay a pension of £10,000 p.a. to his Spouse and £5,000 p.a. to his Dependant.

Please note, the Trustees decide how the pension is paid amongst the Spouse and Dependant(s). If you feel that you have personal circumstances where this may apply, please let the Pensions Department know, and what your wishes are in the event of your death. The Trustees can then take your wishes into account.

What if I have no Spouse/Life Partner or dependent children?

If you have no Spouse/Life Partner or dependent children when you die, the benefits payable would be a return of your contributions.

What happens if I die before payment of my pension has started?

Your contributions, including any Additional Voluntary Contributions and any benefits transferred from a previous scheme, will be paid as a lump sum. The Trustees have the discretion to decide how these benefits are paid out, and to whom.

A pension may also be payable, equal to half of your deferred pension, increased by inflation up to the date of your death.

What if I die as a pensioner?

What happens if I die within five years of taking my pension?

If you die within five years of starting your pension, there will be a lump sum payable (currently tax free). This will be the amount of pension which would have been paid over the rest of the five year period (based on the pension you were receiving at the date of death).

Five year guarantee example:

David had been retired for 3 years, when he sadly passed away. His pension was £10,000 p.a. when he died.

There are two years left of David's five year guarantee (as he had already been receiving his pension for three years). This means that two years of his pension is payable as a lump sum.

This is $2 \times £10,000 =$ lump sum of £20,000

What happens if I am receiving an ill health pension and die before age 65?

If you took your ill health pension from active status, and you were to die before 65, there would be a lump sum payable of 4 x Final Pensionable Earnings, less:

- Any cash lump sum taken at retirement;
- Any lump sum payable as part of the five year guarantee.

Who gets my benefits if I die?

The Trustees have the discretion to decide who receives any lump sum payable from the Scheme in the event of your death. They also have the discretion to decide whether any spouse's pension should be shared with other dependants you may have.

Case study:

Helen completed her nomination form in 2010 and nominated her husband to receive her death benefits. Helen got divorced in 2014, and unfortunately passed away suddenly a year later.

Helen's personal circumstances had clearly changed since she last completed her nomination form, which made it difficult for the Trustee to decide who should receive her benefits. This meant the payment of Helen's benefits were delayed, and may have been paid differently if she had kept her nomination form up to date.

Actions to take:

We understand that your nomination form may not be at the front of your mind after a significant life event, but please remember to complete a new form if your personal circumstances and/or wishes change. It is also important to remember that the choice of beneficiary for your death benefits is ultimately the Trustee's decision, having taken into account your wishes and personal circumstances.

In retirement

Retiring and receiving your pension should be the best part of your journey with the Scheme.

Therefore, it is important to know how your pension is taxed, so you can enjoy your income from the Scheme without any confusion about how much you receive.

How does my pension increase in payment?

When your pension is in payment, the pension increase rules will be applied with effect from each 1st January. Different increase rules are applied to different parts of your pension, depending on when you built up benefits in the Scheme.

The current rules for pension increases are:

- For pension earned up to and including 5th April 1997 the increase is 3% p.a.
- For pension earned between 6th April 1997 and 5th April 2003 the increase is inflation, with a minimum of 3% and a maximum of 5%.
- For pension earned after 6th April 2003 the increase is inflation, with a maximum of 5%.

The Scheme currently uses the Consumer Prices Index (CPI) as the measure of inflation.

If you retired part way through the year, the increase applied at 1st January will take into account that part year.

What happens if I take my pension and I am still working?

Her Majesty's Revenue and Customs (HMRC) will take into account all the income you are receiving when they calculate your tax codes. If your circumstances change part way through the tax year, it is a good idea to contact HMRC so they can adjust your tax codes as soon as possible. This will reduce the chance that you will over or underpay on your tax. You can find your local tax office contact details on the back of your pension payslip.

Do I pay National Insurance Contributions on my pension?

You don't pay National Insurance Contributions on any payments you receive from pension schemes. If you have not yet reached your State Pension Age, you may still need to pay National Insurance Contributions on any income you receive from employment or self-employment.

What if I have a query about the tax I am paying on my pension?

Your pension is taxed as income by Her Majesty's Revenue and Customs (HMRC). When we first set your pension up, we won't know the right tax code for you, so you will be taxed at the basic rate. As soon as we receive a tax code from HMRC we will apply this to your pension, which may mean that you have paid too much or too little tax, and an adjustment may need to be made to correct the total amount of tax collected.

Actions to take:

The Pensions Department apply the tax codes received from HMRC. We are not involved in how the tax on your pension is calculated. If you have a query about the amount of tax being deducted from your pension, please contact your local tax office. Their details can be found on the back of your payslip.

Useful information

The pensions world is always changing and it can be hard to keep up. Make sure you're in the know with the latest news surrounding pensions and your scheme.

You can also find out how to change your details and where to address specific queries so that you're prepared when you retire.

How do I change my details?

Whether you're changing your bank details or your address details, you can do this on the member website. Alternatively, you can inform us in writing, and your letter will need to be signed.

The address to write to is:

Vaillant Group Pension Scheme
Nottingham Road
Belper
Derbyshire
DE56 1JT

You can also scan your letter and email it to the Pensions Department at vaillant.pensions@vaillant-group.com.

Don't forget, if you're currently employed by Vaillant, you'll also need to let HR know.

Pension flexibilities

Do the rules about pension flexibility apply to this Scheme?

This scheme is called a final salary, or defined benefit scheme. It means that the benefits you build up are calculated using your salary while you were in the Scheme, and how long you were in the Scheme for.

You will have received a benefit statement confirming the annual amount of pension you built up within the Scheme.

The pension flexibilities, announced in April 2015, gave people with money purchase, or defined contribution benefits more choices. The benefits built up in these types of schemes are individual pots of money, where each member (and sometimes also their employer) pay in contributions.

Those contributions build up, and on retirement the member chooses how that pot of money will fund their retirement (within what is allowed by law).

If you wish to gain access to these flexibilities using the benefits you have earned in this Scheme, you would need to transfer your benefits out. Please see [Transfers out](#) for more information.

You can find out more about pension flexibilities at [Pension Wise](#), the Government's guidance website.

Neither the Trustees nor the Pensions Department are able to advise you on your personal tax position. For assistance, you should speak to an Independent Financial Advisor (IFA).

You can find an IFA in your local area by visiting [Unbiased](#).

Can I take all of my pension as cash now?

You may be able to take all of your pension as cash now, if:

- You are over age 55 and have a small pension;
- You are seriously ill, and are not expected to live longer than 12 months.

If you would like to ask about either of these options then please contact the Pensions Department or log an enquiry on the member website.

When you retire from the Scheme, you may be able to swap some of your pension for a tax free cash lump sum. You can request payment of your pension from age 55. Please visit [Taking your pension](#) for more details.

You can request payment of your pension before age 55 if you meet the Scheme's requirements for ill health.

Other pensions

How do I trace a lost pension?

You can trace a lost pension by using the [Government's free tracing service](#).

Where do I find out more about my state pension benefits?

You can find more information about your state pension benefits on the [Government website](#).

General information

What does it mean if I have been a member of a contracted-out pension scheme?

While the Scheme was open for members to build up pension benefits, it was a 'contracted out' scheme. This meant that whilst you were an active member you paid lower National Insurance contributions, but built up fewer State Pension benefits. You can find out more on the [Government website](#).

What are the tax restrictions on building up pension benefits?

At the current time, members of registered pension schemes receive tax advantages on the money they pay into those pension schemes, and the pension(s) they receive in retirement are taxed as income.

However, there are certain limits around the tax advantages of paying money into a pension scheme. These are called the Annual Allowance and Lifetime Allowance, and more information on these can be found below.

Annual Allowance (AA)

The AA is the limit on the amount of pension savings someone can make in a tax year before a tax charge (the AA charge) applies. This includes pension savings someone else makes on that person's behalf e.g. their employer.

The current AA is £40,000, unless you have income over a certain amount.

If a person's total income for a tax year is over £150,000 (referred to as 'adjusted income' and includes employee and employer pension contributions) their AA is reduced on a tapered basis. This change applies from tax year 2016 to 2017 onwards. Those with total taxable income (excluding pension contributions) below the threshold of £110,000 will not be affected by the taper.

The total taxable income includes:

- Earnings from employment
- Earnings from self-employment
- Most pensions income (State, occupational and personal pensions)
- Interest on most savings
- Income from shares (dividend income)
- Income from a trust
- Pension savings for the tax year concerned (for adjusted income, not threshold income)

For those affected by the tapered AA, their AA will be reduced by £1 for every £2 of total income they have over £150,000, subject to a maximum reduction of £30,000.

The AA charge recoups the tax relief given to your pension savings that are over the AA for a tax year.

Changes to Pension Tax Allowances from 6 April 2024

The Lifetime Allowance (LTA) was abolished on 6 April 2024. The LTA previously limited the total value of pension benefits that could be built up without incurring an additional tax charge. From this date, there is no longer a Lifetime Allowance or Lifetime Allowance tax charge.

Although the LTA has been removed, new allowances now apply to certain tax-free lump sums payable from registered pension schemes:

Lump Sum Allowance (LSA)

The Lump Sum Allowance (LSA) limits the total amount of tax-free lump sums that an individual can receive during their lifetime from all registered pension arrangements. For most individuals, the standard LSA is **£268,275**, although a higher amount may apply where certain protections are held.

Lump Sum and Death Benefit Allowance (LSDBA)

The Lump Sum and Death Benefit Allowance (LSDBA) limits the total amount of certain tax-free lump sums that can be paid during a member's lifetime and following their death. For most individuals, the standard LSDBA is **£1,073,100**, although a higher amount may apply where certain protections are held.

Any tax-free pension benefits taken before 6 April 2024 may reduce the amount of LSA and LSDBA available.

The application of these allowances can be complex, particularly where pension benefits have been taken previously or Lifetime Allowance protections apply. If you are unsure how these changes affect you, you may wish to seek guidance from Pension Wise or take independent financial advice.

Who is out there to help me?

If you need some help the following people may be able to help you:

[MoneyHelper](#)

[Pension Wise](#)

If you feel you need Independent Financial Advice, you can find an advisor in your area by using [Unbiased](#)

Scheme information

What are the Rules of the Scheme?

The Scheme is governed by a legal document known as the Trust Deed and Rules. The Trustees are responsible for ensuring that the Scheme is run in accordance with the Rules.

Whilst every care has been taken in preparing this information to cover the main benefits of the Scheme, it is a summary of the full Trust Deed and Rules. If there are any differences between this information and the Trust Deed and Rules, the terms within the Trust Deed and Rules will apply. You can request a copy of the Rules by emailing the Pensions Department or by making an enquiry on the member website.

Underpin

The way in which Final Pensionable Earnings are calculated changed from 6 April 2003. For people who were members of the Scheme before that date, a check is carried out on their benefits from the Scheme to make sure that the pension earned up to 6 April 2003 is still calculated on the old basis.

Can the Scheme be changed or ended in the future?

The Company for the Scheme intends on keeping the Scheme in place for the foreseeable future, but the documents setting up the Scheme (the Trust Deed & Rules) allow for the amendment or termination of the Scheme at any time.

If the Scheme is terminated, the Trustees will use the Scheme's assets to provide benefits in accordance with the Rules of the Scheme and the law at that time.

You may also want to read about the health checks which are carried out regularly on the Scheme, these can be found in the Scheme Newsletters.

How safe are my benefits in the Scheme?

The Scheme has regular health checks on whether it is holding enough money for the pension benefits members have earned. You can find out more in the latest Scheme Newsletters.

How can I make a complaint?

If you are unhappy about anything in connection with the Scheme, please can you contact the Pensions Department so we can look into your concerns.

If you are still not happy after this, you can start the Scheme's formal complaints procedure, which is called the Internal Disputes Resolution Procedure (IDRP). This is a two stage process, and further information on this can be obtained by contacting the Pensions Department using the contact details shown above or making an enquiry on the member website.

If, after you have been through the Scheme's IDRP, you wish to take the complaint further you can contact the [Pensions Ombudsman](#). Please note, the Pensions Ombudsman will not normally consider your complaint unless you have been through the Scheme's IDRP first.

