

Pension Newsletter

November 2017



What's inside?

- Find out more about Retiready
- Ten ways to prepare for retirement
- Investment performance summary

**VAILLANT GROUP
DEFINED CONTRIBUTION (DC) PENSION SCHEME**

To all members of the Scheme

Welcome to this year's Pension Newsletter for members of the Vaillant DC Pension Scheme (the Scheme).

I'm pleased to introduce myself as the new Pensions Manager for the Scheme, following the departure of Ellen Ratcliffe.

What's included in this year's edition?

Ten things to do right now to prepare for retirement

We know that planning for retirement can seem like hard work so we've provided a checklist on pages 6-12. Whether you've still got a long way to go until you retire, or it's just around the corner, you can see what you need to do and why it matters.

Are you on track for your desired retirement lifestyle?

Whether you're wanting to set some retirement goals or see if you're on track, Retiready can help you take control of your savings. Visit page 4 to find out more.

Update on your State Pension

On page 13, you can find out about changes to the State Pension age and the triple lock.

Could you contribute to your retirement?

Did you know that the core contributions the Company puts into your pension are much more generous than required by the Government?

Although the Company is contributing to your retirement, you may want to think about contributing a little yourself. Even putting in just 1% of your pay a month could significantly boost your retirement income over time, and the sooner you start, the more you'll build up. What's more, you don't pay tax on anything you pay into your pension (up to the Government limits). It's definitely worth considering!

I hope that you enjoy the newsletter and find it helpful. I'd love to hear your feedback, so if you have any thoughts on the newsletter, or any questions about your benefits, please get in touch with the Pensions Department at vaillantpensions.com/contact

Steve Tickner – Pensions Manager



Are you on track for retirement?



Make the most of Retiready

When you think about retirement, you've probably imagined how you'd like to spend your time, where you'd like to live, and the lifestyle you want. But have you checked if you're on track for the retirement you want? That's where Retiready can help.

Retiready is a service run by Aegon, the Scheme administrator, designed to help you take control of your retirement savings. Every member of the Scheme has their own personal Retiready account. By logging into your account at retiready.co.uk, you can see:

1. Your total savings in the Scheme

This is the total value of your account. It includes all the contributions that you and Vaillant have made into your account, any investment returns and any other funds you've transferred into the Scheme. This total won't include any other savings you might have, but you can enter these so that Retiready can give you an accurate retirement forecast, taking all your pension savings into account.

2. Your target retirement age

You can set and adjust your target retirement age. The earlier you retire, the longer your savings will need to last, so it's important to think carefully about when you can realistically expect to retire.

3. Your target yearly income in retirement

You can set and adjust your target yearly income in retirement. It may sound obvious, but the higher your target, the more total savings you will need. Again, it's important to be realistic and it's worth taking some time to think about what your outgoings could be in retirement (see page 8).

4. If you're on track for the retirement you want

Based on your total savings in the Scheme, your target retirement age and your target yearly income in retirement, Retiready will show you if you're on track for the retirement you want. If you aren't, then you can see how you could bridge the gap. For example, you could think about increasing your monthly contributions, or perhaps consider retiring a little later than planned. You can do this at any time by requesting a form from the Pensions Department at vaillantpensions.com/contact

Note: You will see a score out of 100 in Retiready. This shows you how much information you've included rather than indicating how close you are to reaching your retirement goal.

Make it happen

If you want to start taking control of your retirement planning, or get on track for your desired retirement lifestyle, you can:

Change your target retirement age.

Contribute more into your pension.

Contact the Pensions Department to request a form at vaillantpensions.com/contact

Bring your retirement savings together.

You could consider transferring your other pension pots into your Vaillant account to maximise control, reduce paperwork and get a clear view of your retirement savings. Aegon have a simple, hassle-free transfer process you can follow once you've made the decision to transfer.

Change your investments by logging into Aegon Retirement Choices (ARC).

You may want to consider seeking independent financial advice if you are planning to make any of the above changes to your account.

You can find an authorised Independent Financial Adviser in your area at unbiased.co.uk

Log into ARC at aegon.co.uk/Login

How do I activate my Retiready account?

A few months after you began your job at Vaillant, you should have received an email from Aegon that includes your login details for Retiready. This will have been sent to your personal email address which you provided to Vaillant before joining. The email includes a link for you to click to begin the login process.

If you have logged in before but forgotten your password, you can reset it by clicking the 'Forgotten password' link. This will email you a new temporary password which you will change when you first enter the site.

Need more help?

You can contact Retiready through the webchat service on their website, or by calling **03456 100 072**. You can also send an email at retiready.co.uk/public/contact-us.html

Ten ways to prepare for retirement

1. Start contributing to your pension early

Why? Because the earlier you start saving, the bigger difference you can make to your retirement income and your lifestyle when you stop work.

It's not just about the amount of money you put in, though of course that helps! When your contributions go into your account, they're invested in the Scheme, so the earlier you put it in, the more time you'll have to build up investment growth.

You might also want to consider increasing your contributions, to give you the best possible chance of the lifestyle you want in retirement. If you feel like you can't afford this right now, why not consider putting in an extra percent when you get a pay rise? This means that you'll get the benefits of extra savings into your pension without feeling the impact on your take-home pay.

Finally, it's important to remember that when you contribute to your pension, you make savings on your savings! First, there's tax relief. If you're a basic-rate taxpayer, every £1 you contribute will only cost you 80p, and if you're a higher-rate taxpayer, the savings are even greater! What's more, you don't have to pay National Insurance on your pension contributions. This means that your pension contributions will cost you less than you think.

If you start contributing to the Scheme as soon as you can, then you can benefit from Company contributions into your account, investment growth and compound interest. If you delay contributing, then you could miss out on getting much more for your money.

Example: John is 21 years old and has just started work. He's thinking about contributing £50 into his pension, but he's not sure he wants to give up that much. And how much of a difference can it really make leaving it five or even ten years?

More than you might think! Waiting five years could reduce the value of his pension fund by nearly £35,000 when he comes to retire. And waiting ten years could reduce it by over £60,000!

If you want to see how much you could be missing out on at retirement, you can put your own details into unbiased.co.uk/cost-of-delay. And if you want to increase your contributions, please contact the Pensions Department at vaillantpensions.com/contact

2. Check your investments suit your needs

Why? There's a range of different investment options available in the Scheme, and what suits you will depend on a number of factors, including your attitude to risk and how close you are to retirement.

The default fund for the Scheme is the Mercer Growth Fund (cash target). This is what's known as a lifestyle fund, which means that investments are managed for you and changed as you approach retirement. While you are more than eight years away from retirement, your investments are in the Growth stage, which means they are invested in things like equities (stocks and shares) or property. These investments are higher risk, but have the potential to grow your money further. As you get closer to retirement, your investments are gradually switched to less risky assets to protect your account.

If you don't feel very confident about investments or don't have the time to manage your account, this could be the best option for you. However, if this doesn't sound suitable for you then you can tailor your investment options to suit your needs. Just remember to keep checking that your choices are still suitable for you. If you want to choose your own investments, you can do a risk assessment on Retiready to find out what sort of investments you might be comfortable with.

You can see the options available to you and, if you wish, change where your savings are invested by logging into Aegon Retirement Choices (ARC) at aegon.co.uk/Login

3. Find out how much income you'll have in retirement

Why? We all want the financial freedom to have the lifestyle we want, cover any unexpected expenses and care for our loved ones. But will your expected retirement income, including your State Pension, give you this freedom?

If you want to get an idea of how much you'll have in retirement, you can start by taking a look at your Retiready account at retiready.co.uk. Retiready will take into account your current savings, ongoing contributions and your expected State Pension. It also enables you to add other sources of income into its projection modeller and estimates how much income you will have in retirement each year from all these sources.

To make your estimates as accurate as possible, you should input any income you may receive from other pension schemes (from other employers or personal plans), ISAs, rental income or any other assets.

Ten ways to prepare for retirement

4. Think about how much retirement will cost

Why? To get the retirement you want, you need to know how much it will cost and if your projected retirement income will cover it.

If you have an idea of how you would like to spend your time and what your living arrangements will be, you can work out how much your retirement might cost and start to think about your budget.

Knowing how much your retirement might cost is a vital step towards securing the lifestyle you want. You can create an expected budget in retirement online with Retiready at **retiready.co.uk**

The retirement planner can give you an idea of how much your retirement might cost and if you'll be able to afford it. The more detail you enter, the more accurate it will be.

Hopefully you'll get the results you want!

But if you don't...

You could think about increasing your contributions, changing your target retirement age or looking at your investment options. You may also want to consider taking independent financial advice. You can find an authorised Independent Financial Adviser in your area at **unbiased.co.uk**



5. Know the different ways you can take your pension benefits

Why? Nowadays, you have much more choice when it comes to taking your pension benefits. Make sure that you're aware of the different options available so that you can take your benefits in the best way for you.

There are three main ways you can take your benefits:

1. Take all, or part of them, as a cash lump sum. The first 25% of this will be tax free and the rest will be subject to income tax.
2. Take your benefits as flexible income, or drawdown. Your account will remain invested, but you can withdraw cash from it at your convenience. You can take 25% of your benefits as tax-free cash and use the rest of your account as flexible income.
3. Use your benefits to buy an annuity. This is a secure income for life that you will receive each year until your death. You can take 25% of your benefits as tax-free cash and use the rest of your benefits to buy an annuity.

You can also mix and match these options – perfect if you can't decide between them!

If you want to know more about the different ways you can take your benefits, use the Retiready income planner at **retiready.co.uk**

If you are close to retirement and know how you would like to take your benefits, or would like to discuss your options, you can contact Aegon via your Retiready account at **retiready.co.uk**



Ten ways to prepare for retirement

6. Consider consolidating your different pensions

Why? We know that managing your pension might not be at the top of your to-do list. So, if you have benefits in other pension schemes, you might find it easier to just have one pension to merge. If you think you may want to do this, please contact Aegon via your Retiready account at **retiready.co.uk**

Not all types of pension benefits are the same, so it might not be advantageous to collect them altogether. However, broadly speaking, if you have a few small Defined Contribution pots, then you may want to consider pooling them all in one Scheme.

When you're thinking about transferring, you should consider things like fund charges and retirement options, and make sure this is the right option for you before you take any action.

7. Complete, or update, your nomination form

Why? Because your loved ones could be entitled to benefits from the Scheme in the event of your death. The nomination form lets the Trustees know who you would like to receive your benefits in the event of your death. It's important to keep your nomination form up to date if your circumstances or wishes change so that any benefits can be paid quickly.

Print off a nomination form at **vaillantpensions.com/dc** and complete it whenever your wishes or your circumstances change.

Once your form is complete, post it to:

Vaillant Group Pension Scheme,
Nottingham Road,
Belper,
Derbyshire,
DE56 1JT

The team will update their records, and also ensure that this information is passed onto Aegon should you leave Vaillant's employment.

8. Keep your contact details up to date

Why? It's estimated that there are currently £400 million of unclaimed pension pots in the UK, so it's important to make sure we have your current address.

It's easy to forget to contact your pension schemes, old and new, when you move house, but if you don't they won't be able to keep in touch with you and you may struggle to find all the income you're entitled to when you retire.

Currently, if you want to change your address, you must write to:

Vaillant Group Pension Scheme
Nottingham Road,
Belper,
Derbyshire,
DE56 1JT

To change your address by letter, please include your:

- Full name
- Date of birth
- National Insurance number
- Member reference number (if known)
- New address
- Old address (the address we have on file for you).

9. Find any lost pensions

Why? If you think that you might have already lost contact with a previous pension scheme, you may be at risk of missing out on a pension you're entitled to.

As a starting point, you can use The Pensions Advisory Service's online tracing tool at **pensionsadvisoryservice.org.uk**. By answering a few simple questions, the tool will help you find out if you have a lost pension and how to find it. Or you can get in touch with them directly. You can find contact details on the website at **pensionsadvisoryservice.org.uk/contacting-us**

Ten ways to prepare for retirement

10. Get help and guidance

Why? If you feel like you don't know where to start with your pension benefits, you aren't alone. Whatever stage you're at on your financial journey, you could consider seeking independent financial advice to get on top of your financial situation. Find an authorised Independent Financial Adviser in your area at **unbiased.co.uk**

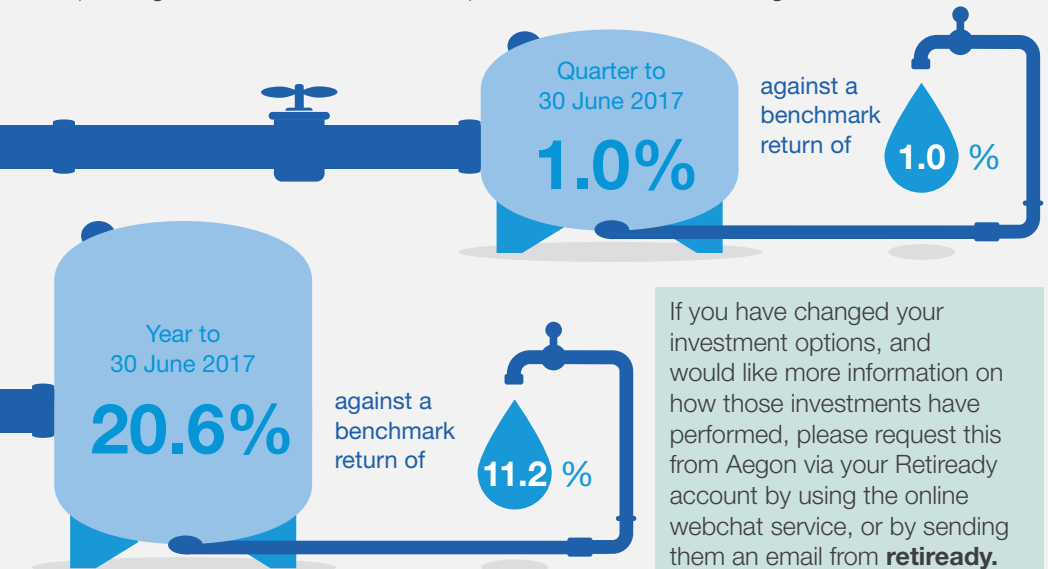
You can get help from Retiready either through the webchat service, via email at **retiready.co.uk**, or by calling **03456 100 072**.

If you're aged 50 or over, you can also use Pension Wise at **pensionwise.gov.uk** and get free and impartial Government guidance to help you understand your pension options. You can go online and book an appointment with a pension specialist either over the phone or online. Or you could use Aegon Assist at **aegon.co.uk/support/aegon-assist.html** – a free service provided by the Scheme administrator to help members understand their options when they take their benefits.

How have investments performed this year?

Mercer Growth Fund Performance

We are pleased to show that this fund has matched or exceeded the benchmark (the target set for investment returns) both in the shorter and longer term.

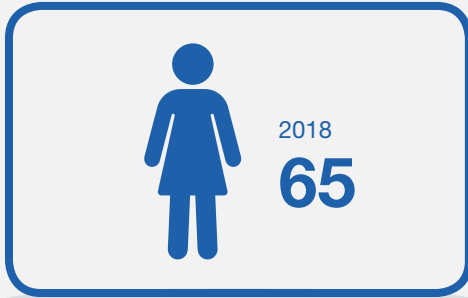


If you have changed your investment options, and would like more information on how those investments have performed, please request this from Aegon via your Retiready account by using the online webchat service, or by sending them an email from **retiready.co.uk/public/contact-us.html**

State Pension Update

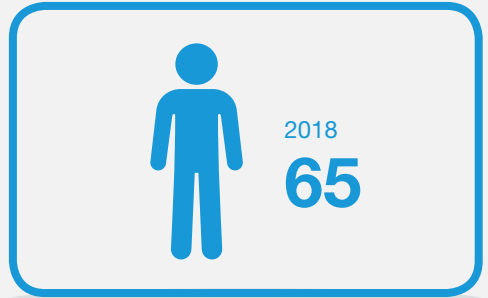
State Pension age

The State Pension age is the earliest age you can start to receive your State Pension.



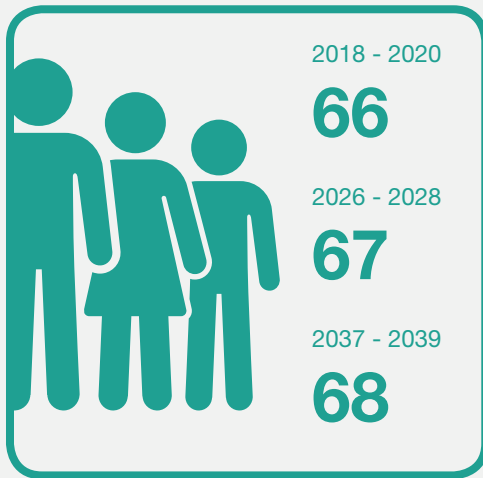
For women

The State Pension age for women is gradually increasing, and is expected to reach 65 by November 2018.



For men

The State Pension age for men is expected to remain at 65 until at least 2018.



For everyone

The State Pension Age for men and women is expected to increase to 66 between 2018 and 2020, to increase again to 67 between 2026 and 2028, and to rise to 68 between 2037 and 2039. Take a look at your State Pension age with the Government's online calculator at www.gov.uk/state-pension-age

What does the State Pension triple lock mean for me?

You may have heard about the State Pension triple lock in the news recently. This was introduced in 2010, and is a guarantee that the State Pension will increase each year by either 2.5%, inflation or average earnings – whichever is higher. Prior to the 2017 General Election, there were concerns that the triple lock would be downgraded to a double lock by removing the 2.5% option. However, the Government has confirmed it will remain unchanged.

Security updates

We understand our responsibility to protect your data and personal information. There have been several news stories about cyber-attacks and data leakages recently and we understand that online threats will continue to change and evolve. However, we will continue to monitor your personal information, and review our processes to ensure that your data is safe.



We're protecting your data

General Data Protection Regulation (GDPR) 2018

As you may know, from May 2018 there will be some changes made to data protection regulations. Aegon, your Scheme administrator, is hard at work getting ready for these changes. They are currently looking at the requirements of the new regulations, including how they are already meeting these requirements and what they need to do to bridge any gap before May 2018. A Group Data Protection Officer has already been appointed, and a local Data Protection Officer is also in place to look after the UK operations.

After May 2018, the GDPR will provide extra protection in the unlikely event that your data is breached, by increasing the penalties and ensuring that Aegon contact you within 72 hours to let you know.

Aegon also have a new secure email system designed to make it easier for you to access secure emails from them. The first time you receive a secure email from Aegon, you'll simply need to complete the account registration process to access it. Once you've done that, you'll be able access all your secure emails through that account rather than downloading your information.



Pension scams

We're familiar with the idea that people will try to obtain our personal information to access our bank accounts and credit cards, but don't forget that there are pension scammers out there too. Here are four tips to keep your benefits safe.

1. Don't share personal information if you're unsure

Scammers will try lots of different tactics to get you to share your personal information. They may pretend to represent companies you trust, like your bank. Please ignore texts, calls, emails, and knocks on your door if you're not 100% sure who's contacting you, or what their intentions are.

2. If it sounds too good to be true, then ignore it

Scammers will make it sound like they are doing you a big favour by offering exciting investment opportunities, free pension reviews, or the chance to get your benefits before you're 55. Scammers may sell you a dream, but these are just ploys to get your personal information and damage your financial situation.

3. Use a scam-identifying tool

If you are concerned that a scammer may have approached you, that you have transferred your benefits into a fraudulent investment or simply want more help in recognising scams, then you can use The Pensions Advisory Service's scam-identifying tool at pensionsadvisoryservice.org.uk/my-pension

4. Make sure your financial adviser is authorised and legitimate

Financial advice can be a vital part of planning for your financial future. So, if you do pursue financial advice, remember to check that your adviser is on the Financial Conduct Authority (FCA) approved register at fca.org.uk before sharing any of your personal information with them.



Get in touch

If you have any questions about your benefits, the Scheme or this newsletter, please let Steve Tickner (Pensions Manager) or Dan Whyld (HR Manager) know.

Pensions Department

Vaillant Group Pension Scheme
Nottingham Road,
Belper,
Derbyshire,
DE56 1JT

Telephone: 01773 596 048

Pension statement reminder

Your annual Aegon pension statement will shortly be available to view online. Just log into your Aegon account at **retiready.co.uk** to view your statement.

If you would prefer to receive a paper copy, you will need to let Aegon know by calling 03456 801 234 – you will need your policy number when you call them.