

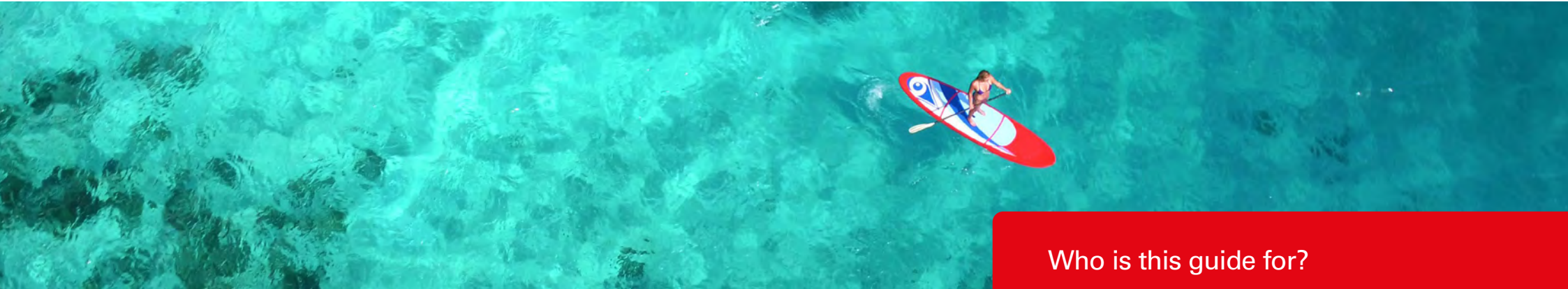


# Refresher Guide

## For Hybrid Members



For hybrid members of the HSBC Bank (UK) Pension Scheme (the Scheme)



# Welcome to your hybrid member refresher guide

This guide is designed to provide you with useful information about your Defined Benefit (DB) and Defined Contribution (DC) benefits in the HSBC Bank (UK) Pension Scheme (the Scheme) and how they work together.

Members who have hybrid benefits have told us they would like a short and simple refresher guide to help answer their questions about how they can take their benefits. We have been listening and in this guide we provide information about your hybrid benefits and your options for taking them.

## Who is this guide for?

Scheme members who have both DB and DC benefits in the Scheme whose pension hasn't started (called "hybrid" members).

To understand more about being a hybrid member, you can read the member guide "Your DB and DC pension benefits working together" on the Scheme website, futurefocus at:



<https://futurefocus.staff.hsbc.co.uk/active-hybrid/information-centre/members-guides>



## Let's start with the basics

Your DB pension provides a secure pension for life. The amount of pension is based on your period of pensionable service up to 30 June 2015. It's also based on your DB Pensionable Salary. When you decide you want to take your benefits, your DB pension will be calculated in two ways and you'll receive whichever one produces the higher amount:

**Method 1:** A pension based on your pensionable service up to 30 June 2015 and your DB Pensionable Salary at your date of retirement (which will include any salary increases on or after 1 July 2015), or

**Method 2:** A pension based on your pensionable service and DB Pensionable Salary as at 30 June 2015 revalued in line with the Scheme Rules (to help protect your pension against the impact of inflation) from 1 July 2015 up to your retirement date. This is referred to as the 'underpin pension'.

If you are a hybrid deferred member, your DB pension under Method 1 will be based on your DB Pensionable Salary at your date of leaving the Scheme.

### Do you know about when you can take your DB pension?

The Scheme's Normal Retirement Age (or NRA) is 65. You can currently choose to take your DB pension at any age from 55 to 75 but please note that the Government has increased the minimum age at which a member of a pension scheme can take their benefits, from 55 to 57. This will take effect from 6 April 2028, except where a member has what is known as a "protected pension age" of 55 or over. This means it may be possible in certain situations to still take your benefits from age 55 from 6 April 2028. For further information on how this change may impact you, please see the NMPA FAQs on futurefocus.

If you take your pension earlier than NRA, it may be reduced for early payment – see page 4 of this guide for further information.

### Your DC pension pot in the Scheme:

You have a DC pension pot in the Scheme. This is invested with the aim that it grows over the period until you want to take it. You have a range of options for how and when you decide to take your DC pension pot. If you take your DC pension pot at the same time as your DB pension, you can use it towards your overall tax-free cash lump sum. You can also choose to take your DC pension pot separately and we tell you more about this option on page 6 of this guide.

### Your DB Pensionable Salary is:

The salary used to calculate your DB pension. Please refer to your relevant DB member guide (and, if applicable, the 2009 Change leaflet) on futurefocus.

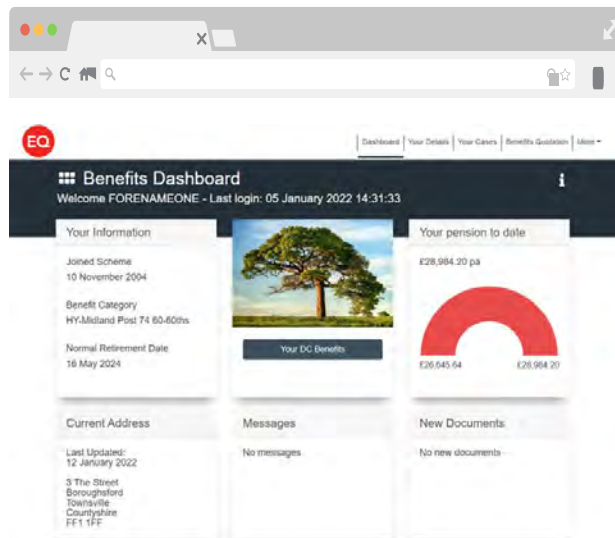
# Your DB pension in the Scheme

## Taking your DB pension at a time that is right for you

You have built-up a DB pension in the Scheme up to 30 June 2015. You can wait and take your DB pension from the Scheme at age 65, the Scheme's Normal Retirement Age. If you want your DB pension to begin before age 65, it is called early retirement.

### How much is your DB pension?

You can find the current breakdown of your DB pension by logging into your Member Self-Service (MSS) account.



If you have a NRA before age 65, this means you can take your pension unreduced from an earlier age. You can find out if you have a younger NRA by checking your most recent Benefit Statement. When you log-in to your My Pension account, click "Benefit Statement" in the "My pension" drop down menu.

If you take your pension before your NRA, your starting pension will be less because an early payment reduction will be applied, but you will benefit from starting your pension sooner.

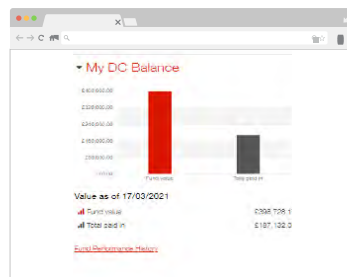
The amount of the early payment reduction will vary depending on your age on early retirement and the Scheme Rules that apply to your pension. The younger you are when you take your pension, the bigger the reduction applied to your starting pension. If you are thinking about taking early retirement and would like an early retirement quotation, you can request this on MSS or you can contact the Scheme administrator, (see page 7).

# Your DC pension pot in the Scheme

You have a DC pension pot in the Scheme. My Pension shows the most up to date value for you DC pension pot balance.

## DC pension pot balance

Go to the home page of My Pension to find your current DC pension pot balance.



## Your Target Retirement Age

Your Target Retirement Age (or TRA) is the age that you plan to take all your Scheme benefits. Your TRA is important, particularly if your DC pension pot is invested in one of the Scheme's targeted investment strategies or a lifecycle strategy. This is because changes to the investment mix used by these investment strategies are based on the period to your TRA.

We also use your TRA on your annual benefit statement and it is how we know when to send you your retirement guide. If you have not told us your TRA (using My Pension), the default TRA for your DC pension pot is age 65.

## DC pension pot contributions

If you choose "Transactions" from the "My History" menu in My Pension, you can find your DC pension pot contribution history.

Remember, if you are an active member who is still working for the Bank, you can change your contributions any time through My Choice by selecting an anytime event.

The screenshot shows the 'Transactions' page on the HSBC website. It features a table with columns for 'Effective date', 'Transaction type', and 'Amount'. Each row includes a 'Details' button. To the right of the table, there are links for 'In This Section', 'Help', 'My Cases', 'Pension Saver - Annual Allowance', 'Fund Performance History', 'Related Links', 'My Investments', and 'Change My Investments'.

Effective date	Transaction type	Amount	Details
31/01/2021	Regular Premium	£333.34	Details
31/10/2020	Regular Premium	£333.34	Details
30/11/2020	Regular Premium	£333.34	Details
31/10/2020	Regular Premium	£333.34	Details
30/09/2020	Regular Premium	£333.34	Details
31/08/2020	Regular Premium	£333.34	Details

## Taking your DC pension pot at the same time as your DB Pension

If you take your DB pension and DC pension pot at the same time, you can take broadly 25% of the total value of your DB pension and DC pension pot (up to the Lifetime Allowance) from the Scheme as a tax-free cash sum. You can use your DC pension pot for your tax-free cash lump sum. This is a valuable benefit because it means you may need to exchange less, if any of your starting DB pension.

If the value of your maximum tax-free cash lump sum is greater than your DC pension pot, you can

- choose to take a smaller tax-free cash lump sum, using all your DC pension pot; or
- you can exchange some of your DB pension. If you do this, it will reduce your starting DB pension.

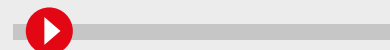
If you have some DC pension pot left over after taking your maximum tax-free cash lump sum, you have options for how to take it and you can find out more in the member guide “Your DB and DC pension benefits working together” on the Scheme website, futurefocus at:

<https://futurefocus.staff.hsbc.co.uk/active-hybrid/information-centre/members-guides>



## Hybrid member video

To find out more, watch our hybrid member video on the “Decisions about your retirement” page on futurefocus.



## Retirement Flexibility

You don't have to take your DB pension and your DC pension pot at the same time. If you take your DC pension pot separately from your DB pension, you can choose to:

- 1 Take your DC pension pot directly from the Scheme as one or two cash lump sums (split between two tax years). Normally, 25% will be paid tax free and the balance will be subject to income tax on each payment.
- 2 Use your DC pension pot to buy a pension from an insurer (up to 25% of your DC pension pot can normally be taken as a tax-free lump sum).
- 3 Transfer your DC Pension pot out of the Scheme into a flexi-access drawdown product that allows you to invest your DC pension pot in assets of your choice which you can draw down as income when you wish (up to 25% of your DC pension pot can normally be taken as a tax-free lump sum).
- 4 A combination of these choices

**Important!** Taking all your DC pension pot as cash (if it is worth more than £10,000) or opting for flexi-access drawdown may trigger a reduced Annual Allowance, called the Money Purchase Annual Allowance (MPAA), for any future DC contributions.

The MPAA limit for the 2024/25 tax year is currently £10,000 and, if triggered, any contributions to the Scheme (or contributions to other DC schemes) you or your employer make that are over the £10,000 limit are subject to a tax charge.

## Taking your DB pension and DC pension pot at the same time

You can roughly estimate the amount of tax-free cash you can take in three steps:

### Step 1

First, multiply your annual amount of DB pension by five. For example:

$$5 \times \text{£}30,000 \text{ p.a.} = \text{£}150,000$$

### Step 2

Next calculate the value of 25% of your DC pension pot, including any transfers-in and AVCs. For example:

$$0.25 \times \text{£}240,000 = \text{£}60,000$$



### Step 3

Add the two numbers together to get an estimate of the tax free cash amount that you can take. For example:

$$\text{£}150,000 + \text{£}60,000 = \text{£}210,000$$



## Getting more help and support

You can find more information about your hybrid benefits on the Scheme website, futurefocus at: <https://futurefocus.staff.hsbc.co.uk>

You can watch the hybrid member retirement webcasts which are designed to help you start your retirement planning. The Trustee has collaborated with financial education specialists WEALTH at work to develop these webcasts. They are easy to access and you can watch them at any time. You can find the hybrid member retirement webcasts here:

<https://futurefocus.staff.hsbc.co.uk/active-hybrid/information-centre/retirement-webcasts>



### MSS and My Pension

If you log-in to MSS you can find details of your DB pension and your DC pension pot. You can also find details about your DC pension pot on My Pension. You can log-in to MSS or My Pension anytime, from anywhere. On the HSBC network – go to the pension website [www.futurefocus.staff.hsbc.co.uk](http://www.futurefocus.staff.hsbc.co.uk) and click on Login to MSS or Login to My Pension on the top right hand corner. If you are not on the HSBC network (including at home), go to the same place as above but remember you'll need your user ID and password to log-in. If you encounter any difficulties, a help guide is available on both the MSS and My Pension websites.

### Contact the HSBC Administration Team

You can write to the team at:

HSBC Bank (UK) Pension Scheme  
PO Box 5227  
Lancing  
BN99 9FN

Email: [HSBCHybridPensions@equiniti.com](mailto:HSBCHybridPensions@equiniti.com)

Phone: +44(0) 371 384 2631

This refresher guide has been designed as a high-level guide only. Before making any decisions about benefits, a hybrid member should consider seeking appropriate independent advice. In the event of a discrepancy between this refresher guide and the Scheme's Trust Deed and Rules, the provisions of the Trust Deed and Rules will prevail.

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