futurefocus

Knowing your DC pension pot

For members with DC savings in the HSBC Bank (UK) Pension Scheme

HSBC

Your Defined Contribution (DC) pension pot is part of the HSBC Bank (UK) Pension Scheme (the **Scheme**) set up by the HSBC Group for its UK employees. It's a way to build up savings while you're working, to provide benefits in the future.

This guide gives you an overview of how your DC pension pot works and the options you have when you take your DC pension pot.

Please note: the information in this guide may not apply to Guernsey, Jersey or Isle of Man members. If you are one of these members, you should get in touch with the HSBC Administration Team (see contact details on page 22) for details of the benefits open to you.

If you're a hybrid member, you should read this guide as well as the guide, 'Your DB and DC benefits working together' dated May 2017.

Some of the words and phrases have special meanings. We've put them in **bold type** and explain them in a list at the back of this guide.

If you're not sure, you can get help

Free and impartial guidance

When the time comes, you choose how to use your DC pension pot. Pension Wise is a service backed by the Government, offering tailored guidance to help you think about how to make the best use of your DC pension pot. Go to: **www.pensionwise.gov.uk**

Get financial advice

This guide gives you an overview of your DC pension pot and options; it can't advise you on what to do. If you're not sure you could speak to an Independent Financial Adviser; you'll find one at: **www.moneyadviceservice.org.uk/en/articles/choosing-a-financial-adviser**

There's also The Pensions Advisory Service who you can contact through your local Citizens Advice Bureau or directly at: **www.pensionsadvisoryservice.org.uk**

Know your HSBC pension

If you want to know more about you and your **Scheme** benefits, you might like to take a look at:

futurefocus

Tells you about your **Scheme** benefits and gives you easy access to **My Pension**, your personal DC pension pot. There are also links to useful information about pensions in general.

www.futurefocus.staff.hsbc.co.uk

knowYou

If you'd like help to find out more about pensions and other money issues, try the easy to use, interactive website, **Know You**.

www.knowyou.staff.hsbc.co.uk

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Your DC benefits at a glance

Any time from age 55, whether you've stopped working or not, you can choose how to use your DC pension pot, including:

- a tax-free cash sum,
- a regular income,
- cash out, or
- draw down lump sums as income (but only if you transfer your DC pension pot out of the **Scheme**).

Help for your family

If you die while you're working for the **UK HSBC Group**, your family and **dependants** will receive a lump sum normally payable through the **Life Assurance Scheme**. This is usually four times your **benefit salary**, although you can choose a different amount.

Your spouse or civil partner would receive a pension and any **dependent children** would receive an allowance. If you don't have a spouse or civil partner, the **Trustee** has discretion, with the **Principal Employer's** approval, to provide an allowance for another **dependant**.

How money goes into your DC pension pot

If you work for the **UK HSBC Group**, your employer is already putting 10% of the first £20,100[1] of your **pensionable salary** (pro-rated if you're a part-time employee) and 9% of your **pensionable salary** that's over £20,100[1] (up to the **Scheme Earnings Cap**) into your DC pension pot.

How to get even more

If you decide to put some of your salary into your DC pension pot, your employer will match the amount you put in up to 7% of your monthly **pensionable salary**.

HSBC pays the administration and investment management fees for all the investment options available. Because of that, you can get the most out of your DC pension pot.

Depending on the fund you choose, there may be other investment charges which are included in the price of the fund.

Choose how your DC pension pot is invested

You can choose how your DC pension pot is invested from a range of options. If you don't tell us your choice, your DC pension pot will be invested automatically in the Income Lifecycle option and we'll assume you're going to take it at age 65. You can check on how your investments are performing and update your personal details online at **My Pension**.

You don't pay any administration and investment management fees so all the money going into your DC pension pot gets invested.

Changing your investment choices and how much you save

You can change your investment choices once a month, for free, through **My Pension**. If you're on the HSBC network, you have single sign on access to **My Pension**. If you're not on the network, or you're using a computer outside the office, you can log in through **futurefocus**.

You can also change the amount you're putting in through **My Choice** in **My Benefits**.

When you can take your DC pension pot

You can use the money you've built up at any age from 55 to 75. You don't have to stop working to take your DC pension pot. Remember, the longer you make contributions to the **Scheme** the more money you should have available to use for your retirement.

[1] The £20,100 threshold will increase each July by the annual rise in the Consumer Prices Index (CPI) unless the **Trustee** and the **Principal Employer** decide to increase it in another way. The 10% threshold will increase to £20,600 from 1 July 2017.

Joining the Scheme

Most people become a member of the **Scheme** automatically on day one of joining the **UK HSBC Group**.

Transferring savings from another pension scheme

If you've built up pension savings with a previous employer or in a personal pension, you may be able to transfer them into the **Scheme**.

The amount of savings you end up with from any transfer-in payment depends partly on how well your investments perform and when you take your DC pension pot.

The **Scheme** may provide DC benefits in a different way from your previous scheme; for example, your previous scheme may link benefits directly to your salary. So it's worth thinking carefully about whether transferring your pension savings into your DC pension pot in the **Scheme** will make the most of your money.

Any savings you transfer to your DC pension pot in the **Scheme** will be invested in full - there are no administration or investment fees.

If you're not sure if it's right for you to transfer your pension to your DC pension pot into the **Scheme**, it's strongly recommended that you speak to an Independent Financial Adviser (FA), as the **Trustee** and your employer can't give you financial advice. Go to **www.moneyadviceservice.org.uk/en/articles/choosing-a-financial-adviser** to find out more information.

How it works

If you want to transfer other pension savings into the **Scheme** download the 'transfer-in' form from **futurefocus**, fill it in and send it to the HSBC Administration Team. They will then ask your previous provider to tell them how much the savings you've built up in that scheme are worth – this amount is called the transfer value. This process may take up to two months to complete. If the transfer value can be added to your DC pension pot in the **Scheme**, the HSBC Administration Team will tell you how much would go into your DC pension pot. The HSBC Administration Team will also let you know if the **Scheme** cannot accept the transfer.

If you want to go ahead, you can add the transfer value to the investment option you're already invested in or choose a different option.

There's more information on investing your DC pension pot on pages 12 and 13.

If you've lost contact with your former pension scheme

If you're having trouble finding the contact details for a previous pension scheme, the Government's Pension Tracing Service may be able to help you, go to: **www.gov.uk/find lost-pension**

Saving into your DC pension pot

Working for the **UK HSBC Group** means your employer gets you started by putting an amount equal to 10% of the first £20,100[1] of your **pensionable salary** (pro-rated if you're a part-time employee) and 9% of your **pensionable salary** that's over £20,100[1] (up to the **Scheme Earnings Cap**) into your DC pension pot in the **Scheme**.

If you work **additional hours**, the salary you get for those **additional hours** will be included in your **pensionable salary**.

How to get more from your DC pension pot

If you decide to put some of your salary into your DC pension pot, your employer will match the amount up to 7% of your monthly **pensionable salary**.

Your employer reduces your salary by the amount you've agreed to put in and then pays the equivalent amount into your DC pension pot. This means you'll pay less income tax and National Insurance because the salary you're assessed on is lower. This is known as a **salary sacrifice**[2] arrangement.

The example below illustrates how much a member could be saving in the **Scheme** if they decided to put in 7% of their **pensionable salary** and got the maximum match of 7% from HSBC. (Figures are rounded to the nearest £.)

John's pensionable salary is £24,000 a year – that's £2,000 a month (before tax).

His employer puts **10%** of **£20,100**[1] and **9%** of **£3,900** into his DC pension pot – that's **£197** a month.

He decides to put in **7%** of his **pensionable salary** – that's **£140**.

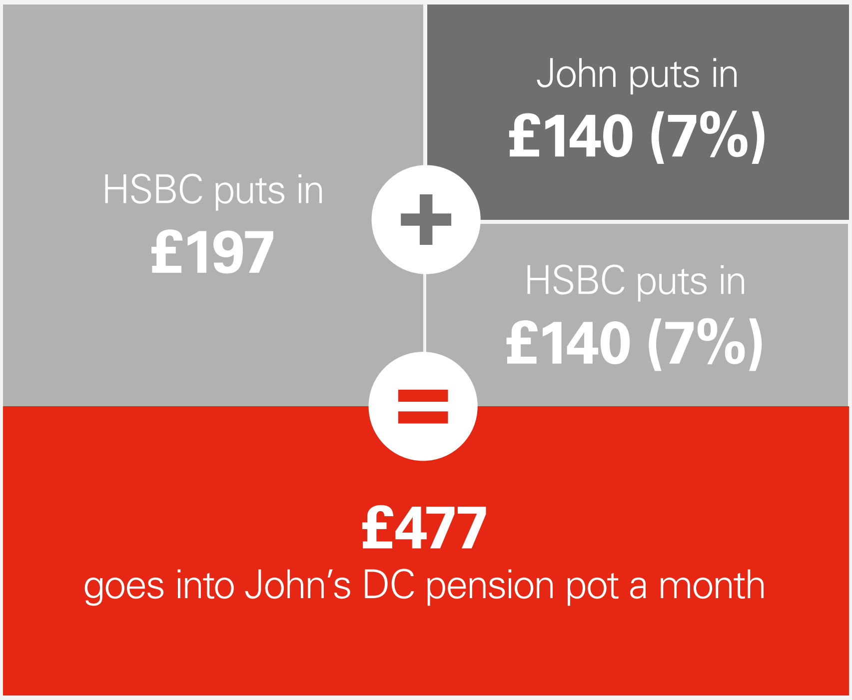
His employer then matches his **7%** – that's an extra **£140** going into his DC pension pot.

It gets better

Because he's using **salary sacrifice**, if he's a basic rate taxpayer[3] this reduces his take home pay by only

£95 – not £140

This means there is **£477** going into his **DC pension pot** in the **Scheme** each month.



[1] The £20,100 threshold will increase each July by the annual rise in the Consumer Prices Index (CPI), unless the **Trustee** and **Principal Employer** decide to increase it in another way. From 1 July 2017 the threshold will be £20,600.

[2] Not all members will participate in **salary sacrifice**.

[3] Based on basic tax rate of 20% and NI savings of 12%.

How much should go into your DC pension pot

To work out how much to put in, it helps to know how much you hope to get out. If you don't know how much money you might need, use the budget planner to help you work it out. Once you've got a target in mind, the online planner in **My Pension** will suggest how to get there.

If you're temporarily absent

If you're on long-term sick leave or go on maternity, paternity, shared parental or adoption leave, your employer will continue putting money into the **Scheme** based on your **pensionable salary**. You can keep putting money in as well and the amount you pay will be based on the salary you actually receive during the period of absence, rather than your **pensionable salary**. If your salary is reduced (or if you're not being paid), any benefits that continue to be provided would be based on the notional **pensionable salary** you'd receive if you were at work.

The Bank's 'Group Income Protection' (GIP) employee guide gives you more information and you can find this in **My Benefits**.

Limits on tax relief

Annual Allowance (AA)

You can put as much money as you want each year into your DC pension pot, but there's a limit to the amount of savings the Government will let you have tax relief on. The overall limit each year is called the 'Annual Allowance' (AA). The standard AA is currently £40,000, but this is reduced for those with total taxable income and pension savings of £150,000 (subject to an income floor of £110,000).

Anything that you or your employer put into your DC pension pot above the AA is taxed at your marginal tax rate, unless you are able to 'carry forward' unused AA from a previous tax year.

In the **Scheme**, benefits are tested each year against the AA over the Pension Input Period (PIP), which is 6 April to 5 April for the 2016-17 tax year and any subsequent tax years; these benefits will be the employer contributions and any contributions you make to the **Scheme** – this is called the Pension Input Amount (PIA).

If you make contributions to any other **registered pension scheme** these will also count towards the AA limit.

If you're an **active hybrid member** your DB benefits and your ongoing contributions will be taken into account and tested against the AA limit –pages 8 and 9 of the guide '**Your DB and DC pension benefits working together**' tells you more.

Your PIA to the **Scheme** for the previous tax year will be made available to view online, normally from the end of June of the following tax year. In addition, if you exceeded the AA or triggered the MPAA (see page 11) in that tax year, your pension savings statement will be available to view online at the same time.

Example of AA calculation for the Scheme PIP 6 April 2016 – 5 April 2017

The following example shows how contributions paid into the **Scheme** are tested against the AA for the PIP 6 April 2016 - 30 April 2017

Example – DC calculation

Pensionable salary	£55,000
Employer core contributions – 10% on £20,100 plus 9% on balance	£5,151
Member pays 7%	£3,850
Employer matches 7%	£3,850
PIA for tax year 2016/17 is:	**£12,851**

The standard AA for the tax year 2016/17 is £40,000 which means in this example, the PIA is within the AA limit.

If you're an **active hybrid member** don't forget DB benefits and your ongoing contributions will count towards the AA. There's an example of how your AA is calculated on pages 8 and 9 of the guide '**Your DB and DC pension benefits working together**'.

Lifetime Allowance (LTA)

If you build up a large amount of pension savings over your lifetime, you may reach what is known as the 'Lifetime Allowance' (LTA).

This amount includes the value of your pension entitlement built up across all **registered pension schemes** that you've been a member of, not just the **Scheme**.

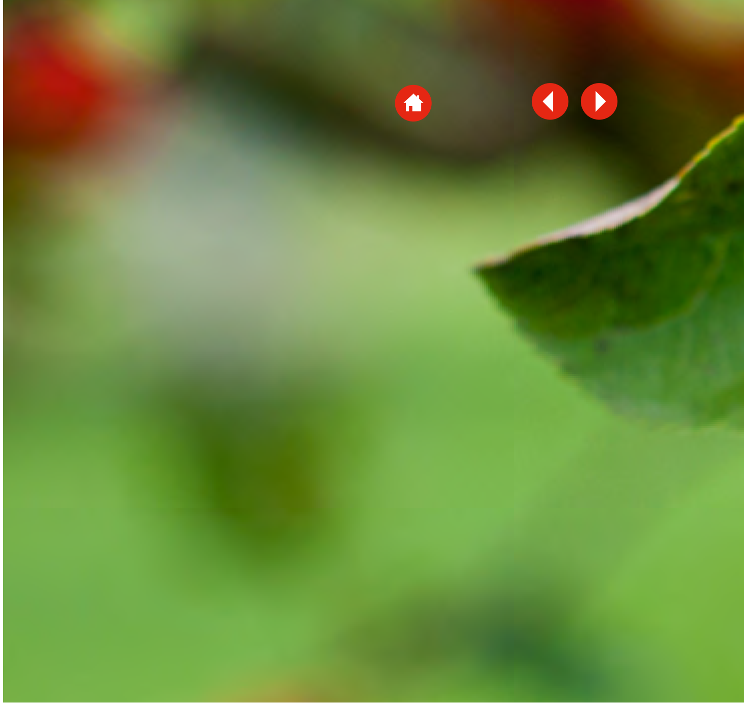
If your savings exceed the LTA you'll have to pay a tax charge on the excess, unless you have a tax protection. The LTA for the 2015/16 tax year was £1.25 million and reduced to £1 million for the 2016/17 tax year. At the time of writing, the LTA is still £1 million (ie for the 2017-2018 tax year)

Find out more about limits on tax relief at the Money Advice Service **https://www.moneyadviceservice.org.uk/en/articles/tax-relief-on-pension-contributions**

Money Purchase Annual Allowance (MPAA)

Taking all your DC pension pot (or any other money purchase savings you have) as cash, opting for 'flexible drawdown' or taking reducing annuities when you're over age 55 (see pages 14-15, Using your DC pension pot) may trigger a reduced Annual Allowance, the MPAA, for any future DC contributions.

The MPAA limit is currently £10,000 and any contributions to the **Scheme** (or contributions to other DC schemes) you or your employer made that are over the £10,000 limit are subject to a tax charge.



Helping your money grow

You can choose how your money is invested

You have five investment options.

1 OPTION ONE:

Income Lifecycle follows a pre-set strategy and is designed to manage some of the investment risks for you. It aims to give your DC pension pot the opportunity to grow as much as possible the younger you are and limit the risks as you get closer to retirement age.

When you're younger your money is invested in funds designed for long-term growth despite the higher risk. As you get closer to the age you want to take your DC pension pot, your money is moved into lower-risk investments. It focuses on making your money safer, so you're less likely to get a sudden drop in the value of your investments just before you retire.

If you think you'll use some or all of your DC pension pot to buy an income then this option might suit you.

If you don't tell us the option you'd like, we'll automatically invest your DC pension pot in the Income Lifecycle option*.

2 OPTION TWO:

Cash Lifecycle works in a similar way to Income Lifecycle, but your money is gradually moved into a cash fund as you get closer to the age you want to take your DC pension pot. By the time you take your DC pension pot it will all be invested in the Cash Fund – active.

The main advantage of this option is that if you plan to take as much of your DC pension pot in cash as possible, the Cash Lifecycle aims to reduce the risk of your DC pension pot dropping in value just before you retire.

3 OPTION THREE:

Capital Lifecycle also works in a similar way to Income Lifecycle, but your money is gradually moved so that by the time you retire 25% will be invested in the Cash Fund – active and the other 75% in the Diversified Assets Fund – active.

This option might suit you if you still want to take 25% of your DC pension pot as tax-free cash and use the rest to invest during retirement and draw lump sums from it as income, which you can do as one-off or regular payments.

> To take this drawdown option you'll need to transfer out of the **Scheme** to a provider who offers this facility.

4 OPTION FOUR:

Flexicycle is a DIY Lifecycle which lets you decide where to invest your money using a simple framework. Under Flexicycle, you choose, from a selection of funds, which funds to invest in to grow your DC pension pot and which lower risk funds to move your money into as you get closer to when you retire.

5 OPTION FIVE:

Freechoice gives you flexibility to manage your money and allows you to choose from 13 funds to invest in and to move your money between them as your plans and circumstances change.

*This is not the automatic option if you were an **active hybrid member** on 1 July 2015 – the automatic option for you is the Cash Lifecycle unless you have DC AVCs (see the guide - '**Your DB and DC pension benefits working together**').

How to find out more about investing

It's important that you make decisions that help your money work in the best way for you.

The guide '**Your DC pension pot – your investment choice'** gives you an overview of the five options for investing your DC pension pot and provides further information about investments.

Find out how your investments are performing

My Pension at work, at home and on the go is where you can find out how your investments are performing – log on to **My Pension** via your computer or using the mobile app (page 23 tells you how to get online).

Investment factsheets you'll also find factsheets that show how the funds have performed over the last quarter, the last year and last three years on **futurefocus**.

Review and change your investments and retirement age

You can change how your money is invested and change the age you want to target to take your DC pension pot (set at 65 unless you tell us a different age*) by logging on to **My Pension**. You're able to make up to 12 free switches a year – if you make any more there may be a charge.

Whatever decision you make isn't a one-off. It's something you should review regularly especially as you get closer to the age when you want to take your DC pension pot, or as your personal circumstances change.

HSBC pays most of the fees

HSBC pays the administration and investment management fees for all the investment options available. Because of that, you can get the most out of your DC pension pot.

Depending on the fund you choose, there may be other investment charges which are included in the price of the fund.

*If you were an active DB member on 30 June 2015, had AVCs and have been building up a DC pension pot from 1 July 2015, your **target retirement age** will be the same as the retirement age for your AVCs.

Using your DC pension pot

Choosing the age to take your DC pension pot

You can choose to take your DC pension pot at any age from 55 to 75.

You can tell us the age you want to target in **My Pension**.

If you don't make a choice, we'll assume you'll want to take your DC pension pot at age 65*. This is known as your **Target Retirement Age (TRA)**. The HSBC Administration Team will write to you six months before you reach your **TRA** to tell you the current value of your DC pension pot. If you want to, you can ask for this information earlier or go online at **My Pension** to see the value of your DC pension pot which is updated daily.

When the HSBC Administration Team write to you, you'll get information about your choices and where to get more help and guidance.

If you are or were an **active hybrid member** you have more choices about what to do with your **Scheme** benefits. Pages 12 - 17 of your member guide, '**Your DB and DC pension benefits working together'**, tells you more about this.

*If you were an active DB member on 30 June 2015, had AVCs and have been building up a DC pension pot on and from on 1 July 2015, your **target retirement age** will be the same as the retirement age for your AVCs.

Help to make your choices

If you're age 55 or over and thinking about taking your DC pension pot, there's lots of information to help and guide you through your options.

Pension Wise is a service backed by the Government. It offers free, impartial guidance to help you understand what your choices are and how they work. You can access their advice on the internet (**www.pensionwise.gov.uk**), by phone or face-to-face. To book a telephone appointment, call 0800 138 3944 (+44 20 3733 3495 if outside the UK.) You can book a face-to-face appointment by calling your local guidance provider. Visit **www.pensionwise.gov.uk/book-face-to-face** to find relevant contact details.

There's also the Money Advice Service offering free and impartial money advice. They've produced a guide **'Your pension - it's time to choose'**, in conjunction with Pension Wise, which tells you about your choices.

You should access the guidance and consider taking Independent Financial Advice to help you decide which option is most suitable for you.

How you could use your DC pension pot

You can use your DC pension pot anytime from age 55 up to 75 in any way you like (as long as it is permitted by the **Scheme** Rules and by overriding legislation).

What you do will depend on your personal circumstances. For example, if you want to pay off a mortgage you might want cash or, you might prefer a regular income.

Here's what you can do with your DC pension pot:

1 OPTION ONE
Tax-Free Cash Sum

2 OPTION TWO
Regular Income

3 OPTION THREE
Cash Out

4 OPTION FOUR
Draw Down Income (not offered directly from the Scheme)

Not all the options listed may be available if you've got legacy AVCs. The HSBC Administration Team will let you know when you come to take your benefits if this applies to you.

How you could use your DC pension pot

1 OPTION ONE:

Tax-free cash sum – you can currently take up to 25% (up to the LTA - see page 11) of your DC pension pot tax-free. What's left over could be used to buy a regular income.

2 OPTION TWO:

A regular income – you can use some or all of your DC pension pot to buy an income (called an annuity) with a provider of your choice. You'll know how much you're getting and when it's being paid to you. If you want to, you can take up to 25% (up to the LTA - see page 11) of your DC pension pot as tax-free cash then use the rest towards securing an income.

The income you'll get from your annuity depends on a number of things, including:

- the value of your DC pension pot,
- annuity rates at the time you're buying the income,
- the type of annuity you choose – for example, you might want to include a pension for a spouse or civil partner in case they outlive you and,
- your health – if you're in poor health you might be able to get a higher income.

You can carry on working

If you're 55 or over and want to take your DC pension pot but don't want to stop working you don't have to. You can either carry on as you are or take flexible retirement, working the same or fewer hours. What you do with your DC pension pot is up to you.

You could use your pot in one of the ways outlined below and then start to save again in the **Scheme** if you want to. Or you could leave your benefits invested until you are ready to retire.

Currently, you can ask to 'cash out' your DC pension pot once every 12 months.

If you decide you want to carry on working for the **UK HSBC Group**, but don't want to be an active member of the **Scheme**, you'll still be covered for the lump sum death benefit payable through the **Life Assurance Scheme**. However this will mean that your spouse/civil partner will not be eligible for a pension and no child allowance/**dependants** pension would be paid if you die.

3 OPTION THREE:

Cash out – take all your DC pension pot in one go. This option gives you the opportunity to take 25% (up to the LTA - see page 11) tax-free and the rest is then taxed at your marginal income tax rate* (taking benefits this way may affect any 'means-tested' benefits you might be entitled to).

If you're still working at HSBC when you decide to 'cash out' for the first time, you can start to save again in the **Scheme** (however, please note that you'll have triggered the MPAA). Currently, you can ask to 'cash out' once every twelve months.

*HSBC's Administration Team won't have your tax code so you'll pay tax at emergency rate (i.e. without any personal allowances) on the cash amount over the tax-free limit. You'll need to reclaim any overpaid tax yourself – there's more information about this at **www.gov.uk/claim-tax-refund** or you can contact your HMRC office.

4 OPTION FOUR:

Draw down income – also called 'flexi-access drawdown'.

You'll need to transfer your DC pension pot out of the **Scheme** to a provider offering a drawdown facility.

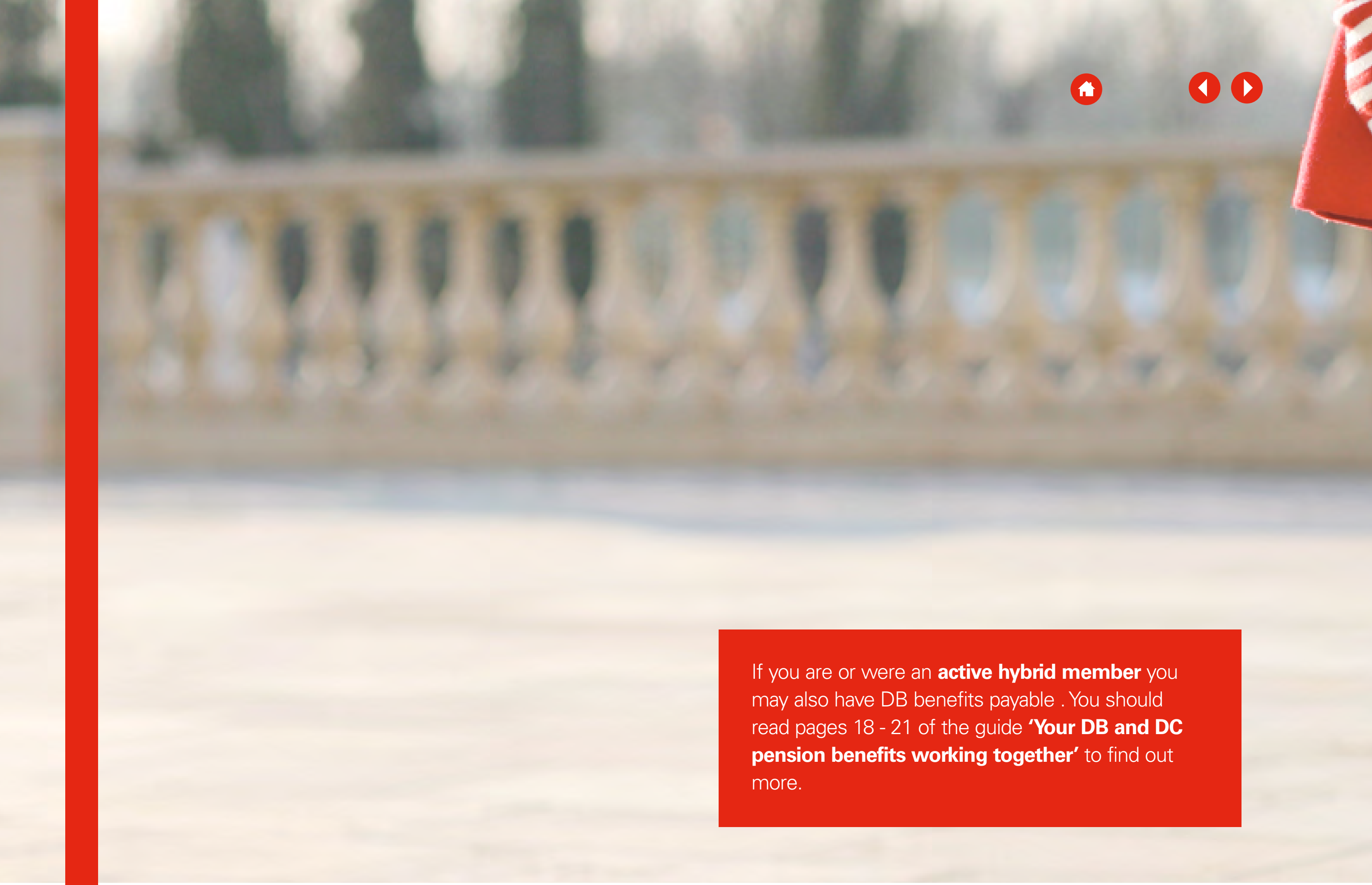
Once you've transferred your DC pension pot, you'd be able to take up to 25% (up to the LTA - see page 11) of your DC pension pot as tax-free cash and invest the rest in one or more funds that will allow you to take income when you like, for example, monthly or on an irregular basis.

The income you take will be taxed at your marginal income tax rate.

Alternatively, you can transfer your DC pension pot and 'drawdown' a series of cash lump sum payments, taking 25% (up to the LTA – see page 11) of each payment tax-free with the rest of the payment being taxed at your marginal income tax rate.

As soon as you 'cash out' or 'draw down income' the Money Purchase Annual Allowance kicks in if more contributions are made by you or your employer to a money purchase scheme – page 11 explains more.

'Cash out' and 'draw down' **DO NOT** give you a guaranteed, regular income.



If you are or were an **active hybrid member** you may also have DB benefits payable . You should read pages 18 - 21 of the guide **'Your DB and DC pension benefits working together'** to find out more.

Let us know your wishes

If you want us to know who you'd like to receive any benefits if you die, make sure your Expression of Wish is up to date.

It's a good idea to check and update your details whenever your personal circumstances change. You can do this online by logging on to **My Pension**. The **Trustee** and the **Life Assurance Trustee** will consider your wishes but, for tax reasons, aren't bound by them.

Help for your family when you die

If you die while you're working for the **UK HSBC Group**, your family and **dependants** could get financial help:

- A payment paid through the **Life Assurance Scheme**. This is normally four times your **benefit salary**, although you can choose a different amount (a multiple of **benefit salary** between two and ten) through **My Choice**.
- A return of any money you've paid (including transfered in funds, but excluding employer contributions) into your DC pension pot.
- A pension of 30% of your **DC pensionable salary** for your spouse/civil partner if you're an active member of the **Scheme**. This is payable for life and increases in line with the Retail Prices Index (RPI), up to 3% a year. If your spouse/civil partner is more than 15 years younger than you, their pension will be reduced by 2.5% for each year above the 15 years age difference.
- An allowance for one or more **dependants**, if you don't have a spouse/civil partner. If the **Trustee** and **Principal Employer** approve, that person, or those people, could receive an allowance up to the value of a spouse/civil partner's pension (calculated in aggregate).
- An allowance for any **dependent children**. This would be a percentage of the spouse/civil partner's pension (not adjusted for any age differences) and would depend on the number of **dependent children** you have when you die. If there's no spouse's/civil partner's pension or **dependant's** allowance payable, then the children's allowance would be doubled.

If you die while working **part-time**, the amount paid as a lump sum would be based on your actual part-time **benefit salary** on the date you die.

If you die as a deferred member (after leaving the **UK HSBC Group** but haven't retired), the total value of your DC pension pot in the **Scheme** (including the value of your employer's contributions) will be paid as a lump sum at the **Trustee's** discretion.

Changing the way your death benefits are paid

Tell the **Trustee** if you think you'd like it to consider paying your total death benefits in a different way if you die while working for **UK HSBC Group**. The restructuring of your death benefits is at the discretion of the **Trustee**. Tell us your wishes by completing the **Request to Restructure Death Benefits** form on **futurefocus**.

How do the Life Assurance Scheme and the Scheme work together?

The **Life Assurance Trustee** decides who receives the lump sum that's a multiple of your **benefit salary**. The **Trustee** of the **Scheme** decides who receives any amount that relates to your membership of the **Scheme**.

Your State Pension

Before 6 April 2016, the State Pension was made up of two parts:

- the basic State Pension, which is a flat-rate pension paid to everyone who reaches State Pension age and has paid sufficient National Insurance contributions, and
- the State Second Pension (S2P) which is an extra amount of money you could get with your basic State Pension that's based on an individual's National Insurance Contributions.

A new flat-rate (single-tier) State Pension was introduced from 6 April 2016. This combines the previous two-tier arrangements into a single flat rate weekly payment that is set just above the threshold for means tested support and requires a certain number of qualifying years of National Insurance contributions to be paid in full/part.

These changes will not affect your benefits in the **Scheme**.

The State Pension age is set to rise to 66 by 2020 for men and women, and to 67 by 2028. Eventually State Pension age is due to reach 68 for those born on or after 6 April 1978.

If you have questions about the State Pension, contact The Pension Service at **www.gov.uk/contact-pension-service**

Opting out or leaving the Scheme

(for members who started to build up a DC pension pot on or after 1 October 2015)*

Moving your DC pension pot out of the Scheme

While you're working at HSBC, you can transfer some or all of your money to another pension scheme and stay a member of the **Scheme** for future service. However, the **Trustee** and **Principal Employer** must agree to this. Remember, while your DC pension pot is invested in the **Scheme** HSBC will pay the administration and investment management fees, but this will not be the case if you transfer your money out.

Opting out of the Scheme

You can stop paying into your DC pension pot if you need to. You can do this through **My Choice**.

While you're working for the **UK HSBC Group**, you can opt out of the **Scheme** by giving notice to your employer. However, please note that under auto-enrolment legislation you may be re-enrolled at a later date.

If you want to opt out, go to **My Choice** on the **My Benefits** website.

If you opt out, the money you and your employer are putting into your DC pension pot will stop and you'll be treated as a leaver (see 'Leaving the Scheme opposite).

As an opt-out member, you'll still be covered for the lump sum death benefit payable through the **Life Assurance Scheme**, but your spouse/civil partner will not be eligible for a pension if you die in service.

Opting back in to the Scheme

You can opt back in to the **Scheme** through **My Choice** anytime.

Leaving the Scheme

When you've left active membership of the **Scheme** you'll be sent a statement showing you the value of your DC pension pot in the **Scheme** and a 'Leaving the Scheme' information pack which explains your options in the **Scheme**.

If you leave the Scheme with less than 30 days' qualifying service, you can either:

- get back the value of any money you've put into your DC pension pot†, or
- transfer the value of any money you've put into your DC pension pot (including through **salary sacrifice**) to another **registered pension scheme** or qualifying overseas scheme, such as your new employer's pension scheme or a personal pension plan.

*If you don't tell the HSBC Administration Team what you would like to do within three months of leaving the **Scheme**, the first option will apply.*

If you leave with 30 days or more of qualifying service, you can:

- transfer the total value of your DC pension pot in the **Scheme** (including the value of the employer's contributions) to another pension scheme, or
- take benefits from ('cash out') all your DC pension pot in one go if you're age 55 or over, or
- leave your money invested in the **Scheme** until you decide to take it any time after age 55 (see 'Using your DC pension pot' on page 14 for details on what you can do with your money) – this means you will be a deferred member.

If you don't tell the HSBC Administration Team what you would like to do with your DC pension pot within three months of leaving the **Scheme** you will become a deferred member.

To see the current value of your DC pension pot in the **Scheme** go onto **My Pension**. You can ask the HSBC Administration Team for one transfer value quotation each year free of charge.

Please see the 'Leaving the Scheme - DC options' guide for more information

† If you're in **salary sacrifice**, you'll receive a payment from your employer equal to the part of your DC pension pot relating to your notional contributions subject to tax and other statutory deductions.

*If you started to build up a DC pension pot before 1 October 2015, please contact the HSBC Administration Team and they will send you the guide appropriate to you.

Where to go for more information

futurefocus – Tells you about your **Scheme** benefits and gives you easy access to **My Pension**, your personal DC pension pot. There are also links to useful information about pensions in general.
www.futurefocus.staff.hsbc.co.uk

knowYou – If you'd like help to find out more about pensions and other money matters, try the easy to use, interactive website, **Know You.**
www.knowyou.staff.hsbc.co.uk.

Getting in contact – If you have a general question which you can't find an answer to or you have a query about your personal DC pension pot, you can contact the HSBC Administration Team at:

The HSBC Administration Team
Willis Towers Watson
PO Box 652
Redhill
Surrey RH1 9AL

Phone: 01737 227575
Email:
HSBCpension@willistowerswatson.com

Mobile app

Get hassle-free access to your DC pension pot any place and any time. Download **My Pension** from the Apple App Store or the Google Play Store. Or use the QR codes below for iOS or Android apps.

Apple App Store:

Google Play Store:

Making changes to your DC pension pot

If you want to change your investment choices, and make changes to your personal details, log on to **My Pension**.

Your DC pension pot online

On **My Pension** you can see if you're likely to save enough to provide the income you'd like when you stop working.

You can:

- check your personal details,
- keep an eye on how your investments are performing,
- change your investment choice,
- update your 'Expression of Wish' details.

Log on to **My Pension** anytime, from anywhere. Here's how:

On the HSBC network – go to the pension website **www.futurefocus.staff.hsbc.co.uk** and click on **My Pension**. If you're off-site (including at home), go to the same place as above but remember you'll need your user ID and password to log on to **My Pension**.

Your planner

You can access the planner in **My Pension**. It gives you the opportunity to plan ahead with how you might want to use your DC pension pot and when you might want to take them.

You can see how your DC pension pot could build up and what might happen if you:

- pay more into the **Scheme**,
- choose different ages,
- change your investment choices,
- include any other pension savings you have from previous schemes, and/or the State Pension.

Log on to **My Pension** and see the difference the above could make.

Information on the Scheme

Scheme registration

The **Scheme** is registered under Chapter 2 of Part IV of the Finance Act 2004. Payment of contributions and the provision of benefits under the **Scheme** are subject to HM Revenue & Customs rules and because of this have certain tax exemptions and reliefs. There are limits on the benefits and contributions which means that if these are exceeded you'll have to pay tax on any excess.

Scheme report and accounts

Each year the **Trustee** publishes the **Scheme's** annual report and accounts. You can find the latest and previous versions of these on **futurefocus**.

Is my data safe?

The **Trustee** keeps information about you on paper and on computer systems so that it can administer the **Scheme** and pay benefits.

The Data Protection Act 1998 (the Act) says the **Trustee**, as the data controller, must process this information fairly and lawfully. It must keep it safe and only hold it for as long as necessary. (Given the nature of pension schemes, the **Trustee** may be required to keep some of your personal information for the rest of your life.) It is not allowed to disclose information about you to outside bodies except:

- when required for contractual or legal reasons or other specifically identified purposes, or
- where you have given your consent.

Where permitted by the Act, the **Trustee** may pass your data to certain organisations, including:

- your current, past or future employer,
- the **Life Assurance Trustee**,
- the **Scheme's** professional advisers or to third parties who administer the **Scheme**,
- companies with whom the **UK HSBC Group** is negotiating a commercial agreement,
- regulatory organisations such as The Pensions Regulator.

Most of the data processed by the **Trustee** will be personal data (ie from which you can be identified). However, the Act classifies details such as health, racial or ethnic origin, religious or other similar beliefs, sexual orientation and political affiliations as 'sensitive personal data'. This information cannot be processed or passed to a third party without your explicit consent except where the Act allows it to be.

You've got the right to see personal information that is held about you, or to object to the processing of your personal data. However, this could impact on the payment of your benefits or your participation in the **Scheme**. Please contact the HSBC Administration Team if you want to see your data or if you think that any information isn't right.

You'll have to pay a small fee to see your personal data.

If you have a complaint in relation to the processing of your personal data, that the Trustee is unable to rectify, you are entitled to take this to the information Commissioner's office.

Information about the Trustee

The **Trustee** is a limited company called HSBC Bank Pension Trust (UK) Limited. The **Trustee** is responsible for looking after the **Scheme** in line with the Trust Deed and Rules on behalf of all members and their beneficiaries.

The **Trustee** has a board of directors who meet at least four times a year. There are 13 directors, six are nominated by members of the **Scheme** (including two from the pensioner population). The **Principal Employer** nominates the other seven including the chairman. If you need to contact the **Trustee** you can write to:

HSBC Bank Pension Trust (UK) Limited
8 Canada Square
London E14 5HQ

The role of the Pensions Regulator

The Pensions Regulator promotes the good governance and administration of pension schemes. If it thinks that trustees, employers or professionals have failed in their duties, the Regulator can intervene in the running of a scheme.

You can contact The Pensions Regulator at:

The Pensions Regulator
Napier House
Trafalgar Place
Brighton BN1 4DW

Phone: 0870 606 3636
Email: **customersupport@thepensionsregulator.gov.uk**
Web: **www.thepensionsregulator.gov.uk**

Pensions in general

The Pensions Advisory Service (TPAS)

TPAS is available at any time to help members and their beneficiaries with pension questions and issues that can't be resolved with the HSBC Administration Team or the **Trustee**. You can contact a local TPAS adviser through your Citizens Advice Bureau or at:

The Pensions Advisory Service
11 Belgrave Road
London SW1V 1RB

Phone: 0300 123 1047
Email: **enquiries@pensionsadvisoryservice.org.uk**
Web: **www.pensionsadvisoryservice.org.uk**

If TPAS isn't able to resolve your issue then you can contact the Pensions Ombudsman Service.

The Pensions Ombudsman

The Ombudsman can help investigate complaints or disputes of fact or law connected with pension schemes.

The Ombudsman can be contacted at the same address as TPAS, above but has a different phone number, email and website address:

Phone: 020 7630 2200
E-mail: **enquiries@pensions-ombudsman.org.uk**
Web: **www.pensions-ombudsman.org.uk**

Complaints or concerns

If you've got a comment, concern or complaint, you need to contact the HSBC Administration Team (see contact details on page 22).

The **Scheme** also has a formal internal dispute resolution procedure for resolving disputes between members (and their beneficiaries) and the **Trustee**. This is a two stage process. At the first stage, you can write to the **Trustee's** Chief Operating Officer (by completing a form which you can get from the HSBC Administration Team – the contact details are on page 22), who'll normally respond within two months of receiving full details of the complaint.

If the matter's not resolved to your satisfaction, you can ask the **Trustee** to consider your complaint under the second stage and it will normally respond within two months. Write to the **Trustee** at the address shown on this page.

If you're not happy with the reply, then you can contact The Pensions Ombudsman, **www.pensions-ombudsman.org.uk**

Changing the Scheme

In the future, the terms and conditions of the **Scheme** may change. The **Trustee** may, with the **Principal Employer's** consent, change the **Scheme**. If this happens, you'll be told if this affects you.

This guide takes account of the **Trustee's** understanding of the UK tax and social security legislation in force as at June 2017. If there are differences between this guide and the Trust Deed and Rules, the latter will always override. You can find the Trust Deed and Rules in the library section at **www.futurefocus.staff.hsbc.co.uk.**

List of defined terms

Active hybrid member – is a person who was an active member of the **Scheme** making DB contributions on 30 June 2015, and started making DC contributions on 1 July 2015 and has not left service or been treated as having left service.

Additional hours – are regular hours that part-time employees work beyond their contracted hours. Additional hours are included within **pensionable salary**, as opposed to overtime, which isn't.

Benefit salary – is your basic salary plus any market allowance for Life Assurance benefits.

DB – means defined benefit

DC – means defined contribution

Dependant – is someone who, in the **Trustee's** opinion, is financially dependent or interdependent on a member of the **Scheme**, or is dependent on the member because of a physical or mental impairment.

Dependent child – is a child under the age of 18, or 23, if the **Trustee** considers the child is in full-time education or vocational training. A child may also qualify as a dependent child because of physical or mental impairment or subject to **Trustee** approval.

futurefocus – the HSBC Bank (UK) Pension Scheme general website.

Know You – HSBC's online interactive portal to help you improve your financial confidence.

Life Assurance Scheme – the HSBC UK Life Assurance Scheme which is operated by the **UK HSBC Group** through a separate trust.

Life Assurance Trustee – is the trustee of the **Life Assurance Scheme**, currently HSBC Retirement Benefits Trustee (UK) Limited.

My Benefits – your HSBC benefits online portal.

My Choice – HSBC's flexible benefits package where employees choose from a range of benefits to suit their needs.

My Pension – your personal DC pension pot online. You can see your personal information, including the money being paid in by you and your employer, where you've chosen to invest your pension pot and how the funds are performing. You can use **My Pension** to change investment choices, model different contribution rates and the age you're thinking about stopping work so you can see what your income might be, and update personal information.

Pensionable salary – is your annual basic salary capped at the **Scheme Earnings Cap**, excluding allowances, bonus payments and overtime, but including salary relating to **additional hours**. If you're participating in **salary sacrifice** this is the pensionable salary you'd have had if you weren't participating in **salary sacrifice**.

Principal Employer – HSBC Bank plc.

Qualifying service – is time spent as a member of the **Scheme** (while making DC contributions) together with any service relating to benefits transferred into the **Scheme** from another pension scheme. It also includes service relating to DB benefits built up in the **Scheme** (or any other **UK HSBC Group** scheme that has merged with the **Scheme**), and any service before July 2009, during which a member only paid additional voluntary contributions and/or paid a bonus sacrifice into the **Scheme**.

Registered pension scheme – is a scheme registered with the HMRC or under Chapter 2 of Part 4 of the Finance Act 2004.

Salary sacrifice – you give up a proportion of your basic salary and an equivalent amount is paid by your employer, into the **Scheme**. The reduction in your basic salary means that you pay lower National Insurance contributions. See page 8 for details.

Scheme – this is the HSBC Bank (UK) Pension Scheme.

Scheme Earnings Cap – £135,000 up to 30 June 2015. Since then this has been increased on 1 July each year by the annual rise in the Consumer Price Index (CPI) over the previous 12 month period to April (rounded up to the next multiple of £1,000). As at 1 July 2016 this was £136,000. It changes to £140,000 from 1 July 2017.

Target Retirement Age (TRA) – this is set at 65 unless you choose a different age between 55 and 75.

Trustee – is HSBC Bank Pension Trust (UK) Limited, the **Trustee** of the **Scheme**.

UK HSBC Group – HSBC Holdings plc and all subsidiary companies in the United Kingdom, Channel Islands and the Isle of Man that participate in the **Scheme**.

Issued by the HSBC Bank (UK) Pension Scheme (the Scheme)

HSBC Bank Pension Trust (UK) Limited, 8 Canada Square, London, E14 5HQ Registration number: 489775