



Closed investment options guide for your Defined Contribution (DC) pension pot



For members of the HSBC Bank (UK)
Pension Scheme with a DC pension pot



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Introduction

This guide sets out the main details of the Scheme's closed investment options. It provides information and explanations about Cash Lifecycle, Lifecycle 2 and Flexicycle.

In this guide, we give you an overview of the closed investment options the Trustee of the HSBC Bank (UK) Pension Scheme ('the Scheme') currently provides together with help and information about investments.

The Trustee periodically reviews the investment options made available to members. The investment options described in this guide were closed because the Trustee introduced new options. If you had chosen one of the now closed investment options; Cash Lifecycle, Lifecycle 2 or Flexicycle you can continue to invest your DC pension pot in that option. The Trustee recommends you regularly review your investment choice to check it still matches your plans for the future.

You should read this guide in combination with the 'Investment guide for your Defined Contribution (DC) pension pot' (see page 10) which explains the current investment options that you can switch your DC pension pot to at any time. Should you choose to move out of a closed investment option, it will no longer be available for you to in the future.

Important words used in this guide

Your **DC pension pot** is made up of HSBC's contributions and any you make, plus any money transferred in from another pension plan, all of which are invested in your investment choice.

If you were a Hybrid or Defined Benefit (DB) member and paid contributions into the Scheme's DC investment options up to 30 June 2015, these are called Additional Voluntary Contributions (AVCs). They have the same investment options as a DC pension pot described in this guide, other than the differences set out in the Legacy arrangements section of the 'Investment guide for your Defined Contribution (DC) pension pot'.

Your **Target Retirement Age (TRA)** is the age you tell us that you plan to use your DC pension pot to take a retirement income (see page 4).

★ The Scheme's closed investment options are not available to any member as a new investment choice.



Is your investment choice still right for you?

It's important to regularly check that your chosen investment option matches your plans for the future.

You can choose to switch to one of the current options described in the 'Investment guide for your Defined Contribution (DC) pension pot' at any time. You can read a copy of this guide in the Information Centre on futurefocus <https://futurefocus.staff.hsbc.co.uk/>.

▶ Login to My Pension by going to: <https://futurefocus.staff.hsbc.co.uk/> and selecting 'Login to My Pension' on the top right hand corner. Once on the homepage, select the 'My Investments' tab to find out how your DC pension pot is currently invested. If you decide that you want to change your investment choice, select the 'My Investments' tab.

Want to know more about the investment and retirement income options for your DC pension pot?

To find out more detail about the objectives of the funds in the closed investment options, read the latest DC fund factsheets in the Information Centre on futurefocus <https://futurefocus.staff.hsbc.co.uk/>.

If you want to understand more about your retirement income options, go to futurefocus <https://futurefocus.staff.hsbc.co.uk/>. At the top of the landing page, select 'Planning for your retirement' from the drop-down menu. You will find explanations about the drawdown income, annuity (fixed or increasing) and all cash options as well as where to get more help.

For a step-by-step introduction to retirement, watch our Retirement webcasts available in the Information Centre on futurefocus <https://futurefocus.staff.hsbc.co.uk/> where you can also find the DC member guide if you want to read more about your benefits and options.

Why is your Target Retirement Age (TRA) important?

You can choose the age you want to retire, currently any time between 55 and 75. If you don't make a choice, we'll assume you want to retire at age 65 (for exceptions, see Legacy arrangements in the 'Investment guide for your Defined Contribution (DC) pension pot'). If you're not planning on retiring at 65, it's important you choose your own TRA.

Your TRA is important because automatic changes to the investment mix used by your chosen strategy are based on the time to your TRA. If you take your benefits before your TRA you will be using your DC pension pot before the automatic investment switching is complete. This will increase the uncertainty of the amount of retirement income you may receive. If you take your DC pension pot after your TRA, this increases the risk that you may miss out on some potential additional growth.

▶ If your DC pension pot is invested in Cash Lifecycle, Lifecycle 2 or Flexicycle, you can change your TRA on My Pension. Go to <https://futurefocus.staff.hsbc.co.uk/> and selecting "Login to My Pension". Once on the homepage, select the 'My Investments' tab.

HSBC pays most of the fees

HSBC pays all the administration and investment management fees for the investment options currently available.

There are other investment costs borne by members, from time to time, when funds are bought and sold called transaction costs. For example, when automatic investment switches are made within Cash Lifecycle, Lifecycle 2 and Flexicycle. Any transaction costs are deducted from the assets of the fund(s) and reflected in the daily price of the fund(s) used for members' DC pension pots. The actual amount will depend on the fund(s) bought and sold.

Taking financial advice

If you are thinking of making a change to your investments, we recommend that you consider speaking to a regulated financial adviser. To find one, you can visit MoneyHelper <https://www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser>. Please note that the Trustee and your employer, HSBC, can't give you advice.

★ The value of your DC pension pot is always linked to the price of the investment funds which make up your investment choice. This means the value of your DC pension pot is not guaranteed and can fall as well as rise. Past investment performance is not a reliable indicator of future investment performance.

Cash Lifecycle

For members who have their DC pension pot invested in the Cash Lifecycle.

Cash Lifecycle is designed for you to use all of your DC pension pot for a cash lump) at your TRA*. You can normally take up to 25% tax-free with the balance taxed at your marginal rate of income tax.

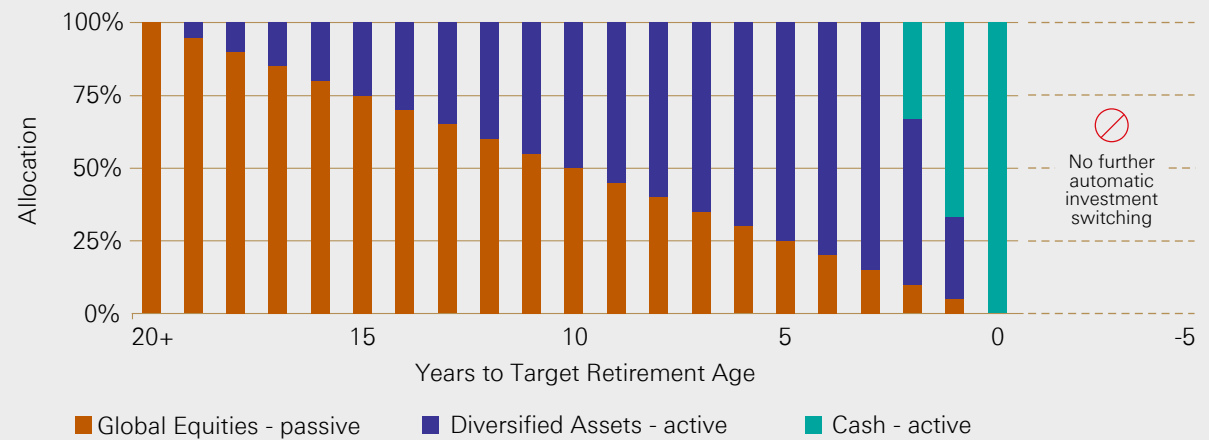
How does Cash Lifecycle work?

Cash Lifecycle invests in a pre-selected range of funds. It automatically changes the mix of funds used for your DC pension pot based on the time to your TRA. This investment switching process means that the overall investment aims (the balance between risk and potential growth) for your DC pension pot also change over time. Automatic investment switching stops at your TRA.

When you are more than 20 years from your TRA, the overall aim of Cash Lifecycle is to achieve long-term growth for your DC pension pot. In the 20 years before your TRA, the overall aim gradually change from continuing growth to more certainty for the benefits that your DC pension pot may provide. At your TRA, the overall aim is to provide increased certainty for the amount of your cash lump sum.

How does Cash Lifecycle invest your DC pension pot?

The chart below provides an illustration of the investment mix used for your DC pension pot in the years up to your TRA:



★ The changing aims of this investment strategy, over the years to TRA, are outlined above. These aims are not a guarantee of either the value of your DC pension pot or the amount of the benefits it might provide for you. Please also see the important note on page 4.

* If you are a Hybrid member or a DB member with AVCs you may be able to take part or your whole DC pension pot or AVCs as part of your Scheme tax-free cash sum on retirement subject to HM Revenue & Customs rules and allowances.

When	What happens
Until 20 years from your TRA	Your DC pension pot is invested in: 100% Global Equities – passive fund
From 20 years before your TRA	Your investments are gradually switched into: Diversified Assets – active fund
From 3 years before your TRA	Your investments are also gradually switched into: Cash – active fund
From your TRA	Your DC pension pot will be invested in: 100% Cash – active fund

Cash Lifecycle

Finding out more.

If you'd like to know more about investing your DC pension pot and your alternative investment options, you can find more information in the 'Investment guide for your Defined Contribution (DC) pension pot' (see page 10). You can choose to switch from Cash Lifecycle to one of the current investment options at any time - the Lump Sum Strategy replaced this closed option.

The Cash Lifecycle is designed for members to take a cash lump sum at TRA. If this does not match the type of retirement income you plan to take, this will increase the uncertainty of the amount of income you may receive. In the 3 years before TRA, capital risk is the main risk the Cash Lifecycle is designed to address. You can find out more about the different types of risk in the 'Investment guide for your Defined Contribution (DC) pension pot' (see page 10).

▶ If you want to know more detail about the objectives of the funds used in Cash Lifecycle, you can read and download the latest DC fund factsheets from the Information Centre on futurefocus <https://futurefocus.staff.hsbc.co.uk/>.



Lifecycle 2

For members who have their DC pension pot invested in Lifecycle 2.

Lifecycle 2 is designed for you to use 25% of your DC pension pot for a tax-free cash sum* and the balance to buy a fixed annuity (a regular income for life) at your TRA. Members can buy an annuity from an insurance company of their choice.

How does Lifecycle 2 work?

Lifecycle 2 invests in a pre-selected range of funds. It automatically changes the mix of funds used for your DC pension pot in the approach to your TRA. This investment switching process means that the overall investment aims (the balance between risk and potential growth) for your DC pension pot also change over time. Automatic investment switching stops at your TRA.

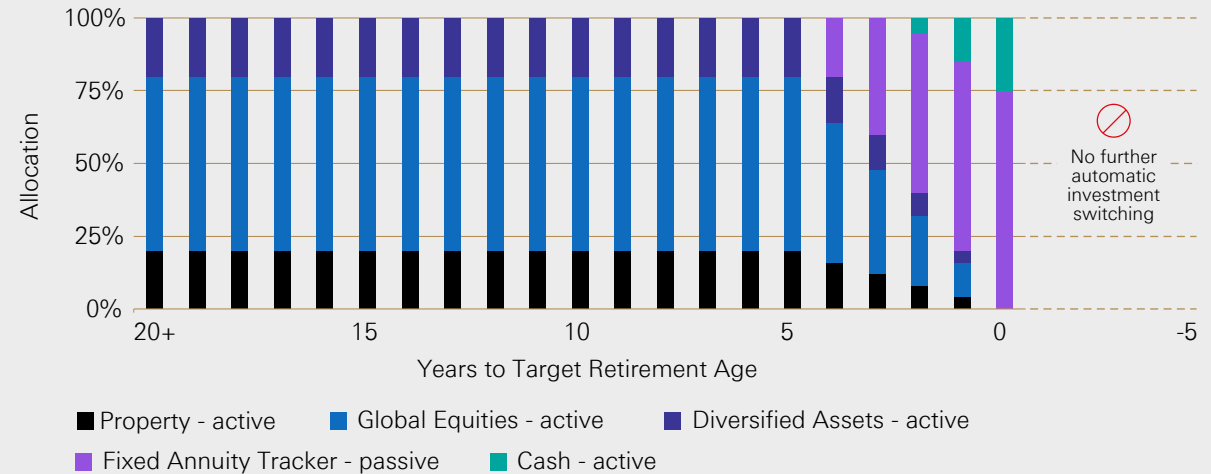
When you are more than 5 years from your TRA, the overall aim of Lifecycle 2 is to achieve long-term growth for your DC pension pot. In the five years before your TRA, the overall aim gradually changes from continuing growth to more certainty for the amount of fixed annuity your DC pension pot may provide. At your TRA, the overall aim is to provide increased certainty for your tax-free cash sum and to broadly match the cost of buying a fixed annuity (one without any, or with fixed, annual pension increases).

★ This investment strategy does not guarantee the amount of fixed annuity your DC pension pot might buy.

* If you are a Hybrid member or a DB member with AVCs you may be able to take part or your whole DC pension pot or AVCs as part of your Scheme tax-free cash sum on retirement subject to HM Revenue & Customs rules and allowances.

How does Lifecycle 2 invest your DC pension pot?

The chart below provides an illustration of the investment mix used for your DC pension pot in the years up to your TRA:



When	What happens
Until 5 years from your Target Retirement Age	Your DC pension pot is invested in: 60% in Global Equities – active fund 20% in Property – active fund 20% in Diversified Assets – active fund
From 5 years before your Target Retirement Age	Your investments are gradually switched so at TRA your DC pension pot will be invested in: 75% Fixed Annuity Tracker – passive fund 25% Cash – active fund

Lifecycle 2

Finding out more.

If you'd like to know more about investing your DC pension pot and your alternative investment options, you can find more information in the 'Investment guide for your Defined Contribution (DC) pension pot' (see page 10). You can choose to switch from Lifecycle 2 to one of the current investment options at any time - the Annuity Purchase Strategy replaced this closed option.

Lifecycle 2 is designed for members to use 25% of their DC pension pot for a tax-free cash sum and the balance to buy a fixed annuity. If this does not match the type of retirement income you plan to take, this will increase the uncertainty of the amount of income you may receive. In the 5 years before TRA, pension conversion risk is the main risk Lifecycle 2 is designed to address. You can find out more about the different types of risk in the 'Investment guide for your Defined Contribution (DC) pension pot' (see page 10).

▶ If you want to know more detail about the objectives of the funds used in Lifecycle 2, you can read and download the latest DC fund factsheets from the Information Centre on futurefocus <https://futurefocus.staff.hsbc.co.uk/>.



Flexicycle

For members who have their DC pension pot invested in Flexicycle.

Flexicycle provided you with a choice of:

- growth phase funds for when you have many years to TRA, and
- consolidation phase funds for when you are closer to TRA.

You could choose your own investment strategy by selecting your preferred growth and consolidation phase funds and the time at which your DC pension pot would switch between them. You could select to begin switching from 5, 10 or 15 years before TRA. You also had to decide whether you wanted 0% or 25% of your DC pension pot invested in cash at TRA.

There was also the option for you to have 100% of your DC pension pot invested in cash at TRA if you planned to take all your DC pension pot as a cash lump sum at TRA.

Growth phase funds	Consolidation phase fund
Global Equities - passive	Fixed Annuity Tracker - passive
Global Equities - active	Inflation Linked Annuity Tracker – passive
Diversified Assets – active	Diversified Assets – active
Sustainable & Responsible Equities – active	Cash – active
Emerging Markets Equities - active	

★ Your Flexicycle strategy was **fixed at 9 April 2018**. This means that, whilst the automatic investment switching will begin in line with your selection, you cannot make any further investment fund or strategy changes within Flexicycle other than to **update your TRA**.

Switching from Flexicycle

If you'd like to know more about your alternative investment options, you can find this information in the 'Investment guide for your Defined Contribution (DC) pension pot' (see page 10). You can switch from Flexicycle to one of the current investment options at any time.

There are currently three targeted investment strategies (Flexible Income Strategy, Annuity Purchase Strategy and Lump Sum Strategy) to choose from. If none of these match your investment aims, you could consider switching to Freechoice. This option allows you to take full control and set your own investment strategy. If you choose Freechoice, it will be your responsibility to create and update the investment strategy for your DC pension pot using the 18 Freechoice funds. Please note that Freechoice does not include any automatic investment switching.

Finding out more

It's particularly important for you to understand about risk if your DC pension pot is invested in Flexicycle because you made the investment decisions for your DC pension pot. You can find out more about the different types of risk in the 'Investment guide for your Defined Contribution (DC) pension pot' (see page 10).

▶ If you want to know more detail about the objectives of the funds available in Flexicycle, you can read and download the latest DC fund factsheets from the Information Centre on futurefocus <https://futurefocus.staff.hsbc.co.uk/>.

To view your choice of growth and consolidation phase funds, update your TRA or switch to another investment option, login to **My Pension** (see page 10). Once on the homepage, select the 'My Investments' tab, and then 'Change My Investments' from the drop-down menu.

Review your choices

It's important to regularly check that your choice of closed investment option still matches your plans for the future.

Remember that any investment choice you make for your DC pension pot isn't a one off decision. It's something you should review regularly especially as you get closer to the age when you want to retire, or as your personal circumstances change. If your retirement plans change, you should think about whether to update your TRA but remember, selecting a new TRA may change the mix of investments used for your DC pension pot (see pages 5-9).

▶ You can choose how to invest your DC pension pot and update your TRA online by going to <https://futurefocus.staff.hsbc.co.uk/> and clicking 'Login to My Pension' on the top right hand corner. Once on the homepage, select the 'My Investments' tab, and then 'Change My Investments' from the drop-down menu.

If you're still not sure, you may want to talk to an independent financial adviser. For more information or to find an independent financial adviser, go to MoneyHelper <https://www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser>. By law, neither the Trustee or your employer, HSBC, can give you financial advice.



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▶ You can choose to switch to one of the current options described in the 'Investment guide for your Defined Contribution (DC) pension pot' at any time. You can read and download a copy by selecting the 'Member's guides' tab in the Information Centre on futurefocus <https://futurefocus.staff.hsbc.co.uk/>.



Help if you need it

If you are a DC member and you've got a question about your DC pension pot please get in touch with the HSBC Scheme Administrator, WTW.

Phone: 01737 227575

Email: HSBCpension@willistowerswatson.com

Post: HSBC Administration Team, WTW, PO Box 652, Redhill, Surrey, RH1 9AL

If you are a hybrid member and you've got a question about your DC pension pot please get in touch with the HSBC Scheme Administrator, Equiniti.

Phone: 0371 384 2631

Email: HSBCHybridPensions@equiniti.com

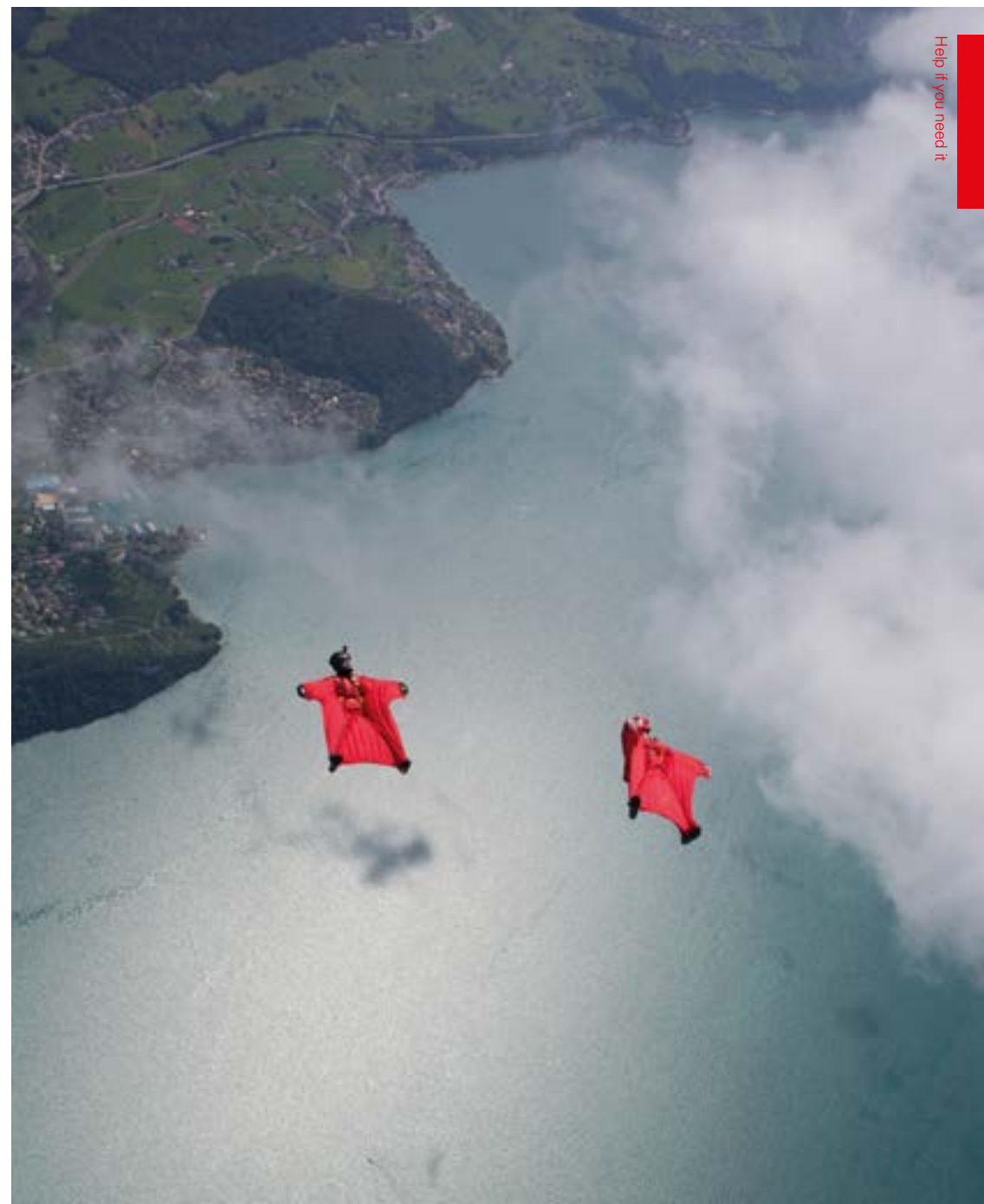
Post: HSBC Bank (UK) Pension Scheme, PO Box 5227, Lancing, BN99 9FN

If you are a Deferred Defined Benefit (DB) member and you've got a question about your AVCs in the Scheme please get in touch with the HSBC Scheme Administrator, Equiniti.

Phone: 0371 384 2620

Email: HSBCDBPensions@equiniti.com

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



Keep up to date online

My Pension at work, at home and on the go.

If you want to keep track of your DC pension pot, change your investment options, or get illustrations of what your DC pension pot could be worth, you can do it online.

At work

▶ Go to <https://futurefocus.staff.hsbc.co.uk/> and click on **Login to My Pension**, if you are on the HSBC network you can log in via single sign on.

At home

▶ Go to <https://futurefocus.staff.hsbc.co.uk/> click on **Login to My Pension** then enter your user ID and password.

Your **user ID**: HSBC + your 7 digit employee ID + the year you were born.

So, if your employee ID is 0001234 and you were born in 1986, your user ID is HSBC00012341986..



Mobile app

Download 'Track My Pension' from the Apple App Store (for iOS devices) or the Google Play Store (for Android devices). Or use the QR codes:

Apple App Store
(for iOS devices)



📱 SCAN ME

Google Play Store
(for Android devices)



📱 SCAN ME

Once downloaded, you'll need a password to use the app. To get yours, go to **Login to My Pension** and click on mobile application password.



Where to get more information

If you want to read more, you can find a wealth of information, including the following Scheme documents in the information centre on the Scheme's website, futurefocus.

Go to <https://futurefocus.staff.hsbc.co.uk>:

▶ DC member guide

Explains how the Scheme works including your DC benefits and options (please refer to the relevant guide for your benefits).

▶ Investment guide for your Defined Contribution (DC) pension pot

Provides explanations about the Targeted Investment Strategies (Flexible Income Strategy, Annuity Purchase Strategy and Lump Sum Strategy) and Freechoice together with help and information about investments and risks.

▶ How the Targeted Investment Strategies work

Watch the short video on the 'Manage your investments' page.

▶ Trustee's Annual Report and Financial Statements

Shows the value of the Scheme's investments and the money coming into and paid out of the Scheme during the year.

▶ DC fund factsheets

Provide more detailed information about the investment risks, objectives and holdings of the investment funds used in the closed investment strategies, Targeted Investment Strategies and the Freechoice range of funds. They are updated quarterly.

▶ Statements of Investment Principles (SIP) - Defined Contribution

Sets out how the Trustee invests the Scheme's DC assets. The accompanying Annual Implementation Statement explains how the SIP has been followed during the year.

▶ ESG bulletin

Explains the Trustees' work managing Environmental, Social and Governance (ESG) risks and opportunities across the Scheme's assets.



Important notes

The value of your DC pension pot is always linked to the price of the investment funds which make up your investment choice. This means that the value of your DC pension pot is not guaranteed and can fall as well as rise. Past investment performance is not a reliable indicator of future investment performance.

You can normally buy and sell units in the investment funds on a daily basis, however, this may be delayed due to exceptional market circumstances.

The Trustee keeps the range of investments described in this guide under review and may, from time to time, make changes to the funds including removing or replacing some or all of the options and changing the underlying components of the investment strategies on offer from time to time.

This guide takes account of the Trustee's understanding of the UK tax and social security legislation in force as at May 2024. If there are differences between this guide and the Trust Deed and Rules, the latter will always override.

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