Pension Fund

Members' Guide

The Abbott Laboratories Pension Fund (1966)

January 2022

Contents

Introduction

Abbott is committed to helping its employees towards a comfortable and financially secure future and to providing benefits that aim to give financial security to their families.

The Abbott Laboratories Pension Fund (1966) is an excellent final salary pension scheme. A final salary scheme is one type of Defined Benefits (DB) scheme. The Fund is closed to new entrants; this closure **does not** impact the benefits of the Fund's existing members. Once you cease to build up benefits in the Fund you will not be able to rejoin the Fund.

As a member of the Fund you can generally build up retirement benefits in a tax-efficient way. The Fund aims to provide a pension based on your earnings close to retirement or when you leave the Fund, if earlier. Your family is provided with a valuable package of financial protection in the event of your death, whether that is before or after you retire.

This guide sets out the benefits available to current employees who are members of the Fund. Different terms apply to certain members and, in this case, you will have been given separately details of the differences that apply to you. Copies of the supplements setting out different terms are available on the website, **www.abbottpensionfund.co.uk**.

The Fund is administered under a trust, which is governed by the Trust Deed and Rules, a formal document setting out who is entitled to benefits from the Fund and what those benefits will be. This guide is designed to be an easy-to-digest summary of the provisions of that formal document. Every effort has been made to reflect the Trust Deed and Rules accurately in this guide but if there are any differences the Trust Deed and Rules will override this guide. The Trustee will not be bound if an error or incompleteness is discovered in this guide. If you would like a copy of the Trust Deed and Rules, you can contact the Pensions Department at the address below.

Under the terms of the Trust Deed and Rules, the Company, with the consent of the Trustee, may vary the terms of the Fund subject to certain restrictions. The Company also has the right to terminate the Fund at any time.

This guide is based on our understanding of current legislation and tax rates. They may change from time to time.

Once you have read the guide, if you have any questions about the Fund please contact:

Abbott Pensions Department
Abbott House
Vanwall Business Park
Vanwall Road
Maidenhead SL6 4XE

T: **01628 774613**
E: **ukpensions@abbott.com**
W: **www.abbottpensionfund.co.uk**

Key features

The Fund is a 'defined benefit' (DB), 'final salary' arrangement. The level of your benefits depends on your earnings when you retire (or leave the Fund or die, if earlier) and how long you have been a member of the Fund.

Here is a summary of some of the Fund's key features:

- a pension for you when you retire;
- the option to convert part of your pension to a lump sum (currently tax free) when you retire;
- a pension for your Spouse or Civil Partner on your death, before or after you retire;
- the option to pay Additional Voluntary Contributions (AVCs) to provide additional Fund benefits;
- valuable tax breaks, which mean your pension savings build up in a generally tax-efficient way;
- the ability to take immediate early payment of your pension (subject to a reduction for early payment) if you retire at or after age 55, subject to the Company giving its permission if you are aged less than 60 when your pension starts;
- if you become too ill or disabled to work it may be possible, with the permission of the Company, to retire immediately and take your pension (subject to a reduction for early payment);
- the option to transfer the value of your benefits to another pension arrangement if you leave the Fund before you retire; and
- an annual statement showing how your benefits are building up in the Fund during your employment with Abbott.

Part-time employees should refer in particular to page 16 of this booklet which explains how the Fund deals with part-time employment.

Definitions

This guide uses certain words or phrases that have a specific meaning in this context.

Annual Allowance

An amount set by the government of how much pension savings you can build up in a tax year without exposure to a tax charge. Pension savings in excess of the allowance are subject to the Annual Allowance Charge. The Annual Allowance can be complex, so we have provided more information on the Abbott Pension Fund website, **www.abbottpensionfund.co.uk**.

Annual Allowance Charge

The tax charge levied on pension savings (from all registered pension schemes) made during Pension Input Periods that end in a given tax year and which exceed the Annual Allowance for that tax year. The Annual Allowance Charge does not apply to any savings made in a Pension Input Period that ends in the tax year in which a person dies or becomes entitled to benefits due to severe ill-health.

Child

A child of a member of the Fund up to the age of 18, or 23 if in full-time education.

Civil Partner

The person with whom you are in a registered civil partnership at the date of your death.

Company

Abbott Laboratories Ltd or any associated company which participates in the Fund.

Death Benefit Earnings

This is the same as the definition of pre April 2016 Earnings except that Death Benefit Earnings are based on the rate of your pay at the date of your death and will be limited to the Earnings Cap unless you have been informed otherwise.

Earnings

Post April 2016 Earnings

- Your annual rate of basic salary at 1 April each year; plus
- Your contracted shift premium (if any) at 1 April each year.

The total is rounded to the nearest £10.

Pre April 2016 Earnings

This is the same as the definition of Post April 2016 Earnings, except that in respect only of the period of Pensionable Service before 1 April 2016, Earnings will also include:

- The commission earned during the 12 months ending on the previous 30 September; plus
- Only if specifically agreed by your employer; any incentive bonus awarded.

The total is rounded to the nearest £10.

Notes

- If you pay for your pension or other employee benefits using Salary Exchange, your Earnings are the amount certified by the Company as the Earnings you would have received had you not been participating in either of those arrangements.

Earnings Cap

For the tax year 2021/22 is £172,800. The Company may (but need not) increase the Earnings Cap in subsequent tax years.

Final Pensionable Earnings

The annual average of your highest three consecutive Pensionable Earnings figures during the ten years before you retire (or leave the Fund or die, if earlier). "Earnings" will not include shift premium for the purpose of calculating your Final Pensionable Earnings. A separate element of pension is derived specifically based on any shift premium. Your Final Pensionable Earnings will be subject to the Earnings Cap, unless you have been informed otherwise.

You will have two Final Pensionable Earnings figures. One will apply to your Pensionable Service before 1 April 2016 and the other to Pensionable Service from 1 April 2016 onwards.

See page 8 for the example of how your pension benefit is calculated.

Fund

The Abbott Laboratories Pension Fund (1966).

Fund Year

Any period of one year beginning on 1 April.

Guaranteed Minimum Pension (GMP)

You can find an explanation of the GMP on page 10 of this guide.

Lifetime Allowance

An amount set by the government on the amount of pension savings you can build up in all your pension arrangements over your lifetime without a tax charge. Benefits in excess of the allowance are subject to the Lifetime Allowance Charge. The standard Lifetime Allowance is £1,073,100 for the 2021/22 tax year.

Lifetime Allowance Charge

The tax charge levied on the value of benefits that is in excess of the Lifetime Allowance when the benefits come into payment.

Normal Retirement Age

Your 65th birthday.

Pensionable Earnings

Your Earnings in each Fund Year less the State Pension Deduction determined as at 6 April in that Fund Year. You will have two Pensionable Earnings figures every year, one used for Pensionable Service before 1 April 2016 and one used for Pensionable Service from 1 April 2016 onwards. Your Pensionable Earnings will be subject to the Earnings Cap, unless you have been informed otherwise.

Pensionable Service

The period of years over which you build up benefits as a member of the Fund. If this period is not an exact number of years, the number of months in the part year is rounded to the nearest whole number and then counted as a proportion of a year. For example, Pensionable Service from 1 June 2006 to 11 September 2014 would count as 8 years and 3 months, or 8.25 years.

Pension Input Period

The period over which the increase in value of your pension benefits is measured for the purpose of assessing the increase against the Annual Allowance. From 2016/17 onwards, the Pension Input Period is the same as the tax year.

Spouse

The person to whom you are married at the date of your death.

State Pension Age

The age from which State Pensions are payable. To find out when you should expect to receive your State Pension, visit **https://www.gov.uk/state-pension-age.**

State Pension Deduction

In respect of Pensionable Service before 1 April 2016, this is an amount of 85% of the old Basic State Pension for a single person as at 6 April each year rounded down to the nearest £10. This is subject to a maximum of one and a half times the Lower Earnings Limit (an earnings threshold set by the Government) as at that date.

In respect of Pensionable Service from 1 April 2016 onwards, this is an amount of 85% of the single tier State Pension for a single person as at 6 April each year rounded down to the nearest £10.

For a part-time member, this deduction is reduced in proportion to the hours worked compared with full-time hours.

The deduction is intended to take into account that for most employees part of their Earnings will be pensioned by the State system.

Trustee

Abbott Laboratories Trustee Company Limited.

Contributions

Both you and the Company contribute to the cost of providing your benefits.

If you joined Pensionable Service on or after 1 March 2005, your contributions will be 7.50% of your Pensionable Earnings using Post April 2016 Earnings. If you joined Pensionable Service before 1 March 2005 your contributions will be 9.00% of your Pensionable Earnings unless you have applied to reduce the rates of pension accrual and contributions. Your contribution rate may change in the future but you will be consulted before any change.

The Company pays the difference between the contributions paid by members and the cost of providing the Fund's benefits. This will change from time to time. The appropriate contribution rate is determined by agreement between the Trustee and the Company following an actuarial valuation of the Fund, which will take place at least once every three years. The Company's contribution rate, and any changes to the rate, will be communicated to you. The administration costs of the Fund and the cost of providing life assurance benefits to members are met from the Fund and so are effectively paid for in full by the Company's contributions.

You will pay less income tax than you would have done had you not been a contributing member of the Fund. Your income tax will be assessed on your pay after your contributions are paid to the Fund, so effectively you receive tax relief at your highest marginal rate of tax.

This means that if you are a 20% taxpayer, then every £10 you pay in contributions to the Fund reduces your take home pay by just £8.

Paying your contributions

There are two ways of paying your pension contributions. You can use Salary Exchange or you can leave your salary unaltered and have your contributions deducted from your pay.

Salary Exchange

Contributions from members are usually made through Salary Exchange, because it generally means members see an increase in their net take-home pay due to National Insurance savings. If you elect this option, you agree to have your salary reduced by an amount equal to what your member's contributions would have been, and the Company pays the equivalent amount into the Fund. This will reduce the National Insurance contributions that both you and the Company pay because your salary will be lower.

In addition, the Company gives you an extra payment every month of about 40% of the NI savings it makes on your normal pension contribution. This extra payment will be added to your pay every month and is subject to tax and National Insurance.

Your benefits from the Fund will be the same as they would have been had you not elected to use Salary Exchange.

- Detailed information about Salary Exchange can be found in the leaflet 'Guide to Salary Exchange'.
- If you do not wish to use Salary Exchange, you should complete the 'Salary Exchange Opt-Out form'.

Both are available from the Pensions Department using the contact details on page 3. The guide to Salary Exchange can also be found online at **www.abbottpensionfund.co.uk**.

Pay deduction

If you opt-out of Salary Exchange, your salary will not be reduced, and your contributions will be deducted from your salary to be paid into the Fund as members' contributions. Pension contributions paid by deduction from your pay are taken from your pre-tax pay and so receive immediate tax relief at your highest rate of tax under current legislation. The National Insurance savings achieved by Salary Exchange will not be achieved by this method.

Retirement benefits

Pension

Your pension builds up as follows:

1.50% × Final Pensionable Earnings × Pensionable Service

+ If you have received shift premium, additional pension taking into account shift premium.

Example if retiring at Normal Retirement Age (age 65)

A member completes 30 years' Pensionable Service by Normal Retirement Age. Six of those years are before 1 April 2016 and 24 after 1 April 2016. Final Pensionable Earnings are £53,000 for the pre April 2016 Pensionable Service and £50,000 for the post April 2016 Pensionable Service.
This member has never received shift premium.

The pension is worked out as:

1.50% × £53,000 × 6 = £4,770 a year

\+ 1.50% × £50,000 × 24 = £18,000 a year

= £22,770 a year
Which is £1,897.50 a month

If you joined the Fund before 1 March 2005, your rate of accrual is 1.75% rather than 1.50% unless you have elected the lower rate of accrual and lower contributions.

The maximum pension benefit that you can build up from the Fund is subject to certain limits. One of the limits is that your pension, excluding transfers in and AVCs, cannot be more than two-thirds of your Final Remuneration. Final Remuneration is calculated as it was defined by HM Revenue & Customs and may not be the same figure as Final Pensionable Earnings. The definition is complex. More information is available from the Pensions Department using the contact details on page 3.

Tax-free cash sum

You have the option to convert part of your pension into a lump sum on retirement, which is tax free under current legislation. Taking a lump sum in this way reduces the amount of pension you receive. When you approach your retirement date, you will receive more information about this option from the Pensions Department, or if you have left the Fund, from the Administrator.

You can normally take up to 25% of the value of your pension savings (including the value of any Additional Voluntary Contributions you have paid to the Fund) as a tax-free cash lump sum limited to a maximum of 25% of the Lifetime Allowance. The value of your benefits for tax purposes is the amount of your cash sum plus 20 times the amount of your remaining pension. The factor of 20 is set by the Government for this purpose.

Lifetime Allowance Charge

The value of your benefits is tested against the Lifetime Allowance when the benefit comes into payment. The value of your pension is taken as 20 times the annual amount that will be paid to you. Any tax-free lump sum you take is counted at face value. You also need to include the value of any Additional Voluntary Contributions you have paid to the Fund (see "Boosting your benefits" on page 14) and any other pension and tax-free cash you may be taking from other arrangements on the same retirement date.

When you retire from the Fund, if you are already in receipt of pensions from other sources, the value of these must be included for the purposes of the Lifetime Allowance test. Pension that came into payment before 6 April 2006 is valued at 25 times the annual amount in payment. Pension that came into payment on or after 6 April 2006 is valued at 20 times the annual amount.

Early retirement

You may be able to retire and take an immediate pension at any time from age 55 with the Company's consent, or at any time from age 60 without needing the Company's consent.

If you retire early, your pension will be reduced to make allowance for the fact that it is likely to be paid for a longer period.

An immediate pension will not be available if your early pension is smaller than your Guaranteed Minimum Pension.

Ill-health early retirement

If you become too ill or disabled to continue working for the Company and your ill-health seriously impairs your earning ability, you may be able to retire and get a pension from the Fund whatever your age. You need the permission of the Company to retire through ill-health. If you retire early, your pension will be reduced to make allowance for the fact that it is likely to be paid for a longer period.

The Trustee will also require medical evidence from a registered medical practitioner appointed by the Trustee that you can no longer work.

Late retirement

If you continue to work for the Company after Normal Retirement Age, and you decide not to take payment of your pension at that time, then there are two main options available to you.

Option 1

You may continue to contribute to the Fund and continue to build up your Pensionable Service. Under this option, your pension will be calculated using your Final Pensionable Earnings at the later date on which you leave Pensionable Service. You will continue to be treated as an active member of the Fund and your core life cover of 3 x Death Benefit Earnings will remain in place.

Option 2

You may opt out of Pensionable Service after Normal Retirement Age. Under this option, you do not need to make any further payments to the Fund and your pension will be calculated using your Final Pensionable Earnings at the date you opt out. At the point in time that you opt-out of the Fund core, life cover reduces to 1 x Death Benefit Earnings.

In either case, you can elect, with the consent of the Company and the Trustee, to postpone payment of your pension until a later date (but not later than your 75th birthday). If you do not draw your pension immediately following the day on which your Pensionable Service ends, your pension will be increased between then and when it comes into payment. This is to take into account that it is being paid later.

Pension increases

Once your pension starts to be paid, it will be increased every year to help keep pace with the effects of inflation as shown in this table:

	Pension earned before 6 April 1997		Pension earned between 6 April 1997 and 5 April 2006	Pension earned after 6 April 2006
	Relating to GMP	In excess of GMP		
Increase	Increased in line with statutory requirements	70% of the rate of increase in the Retail Prices Index, up to a maximum of 5% in any year	The rate of increase in the Retail Prices Index, up to a maximum of 5% in any year	The rate of increase in the Retail Prices Index, up to a maximum of 2.5% in any year

If the pension has been in payment for less than a year the first increase will be proportionate to the number of months the pension has been in payment. Although some pension schemes use the Consumer Prices Index (CPI) for these calculations, the Rules of the Fund specify the Retail Prices Index (RPI). Generally, the increase in the RPI has been greater than the increase in the CPI.

If you have had a transfer into the Fund, the transfer may have been granted with or without pension increases.

Guaranteed Minimum Pension (GMP) is the amount of pension the Fund had to provide before 6 April 1997 to be contracted-out of the State Earnings Related Pension Scheme (see "The Fund and the State Pension Scheme" on page 19). GMP Age is determined by statute and is age 60 for women, age 65 for men. If your scheme pension comes into payment before GMP Age, for the purposes of pension increases your entire pension is treated as being in excess of GMP until the earlier of your death and GMP Age.

Pension schemes have to adjust the benefits they pay to take account of inequality between men and women in relation to GMPs earned between 17 May 1990 and 5 April 1997. Recent court cases involving the pension schemes of Lloyds Bank have clarified how this may be achieved and have set out various options for schemes.

The Principal Employer has chosen its preferred method for calculation of equalisation for GMPs and the Trustee is working with Mercer to achieve the necessary adjustments. The analysis and calcualtion work involved is extremely complex.

It may be some time before the Trustee is in a position to make any such adjustments. It is likely that for most members if there is any top-up it will be relatively modest. The Trustee will contact affected members in due course. No member's benefits can be reduced as a result of equalisation for GMPs.

Pension increases do not apply to any pension (or part of it) that:

- Is converted to a lump sum or surrendered to provide a dependant's pension;
- Is derived from AVCs (unless it is granted on that basis); and
- Is a discretionary benefit (unless it is granted on that basis).

Other retirement options

It may be possible, with the Trustee's consent, to provide additional pension for a Spouse, Civil Partner or other dependant by giving up part of your own pension at retirement. If you take any amount of tax-free cash when you retire, this will not reduce the starting level of your Spouse's, Civil Partner's or dependant's pension.

Financial advice support at retirement is available at discounted prices under an arrangement with Origen Financial Services Ltd. Abbott employees will have part of the fee subsidised by Abbott.

More information about these options is available from the Pensions Department using the contact details on page 3.

Death benefits

Expression of Wishes form

Some benefits payable on death are in the form of a cash lump sum. Any lump sum payable on your death can normally be paid outside of your estate and free from inheritance tax. You should complete the Expression of Wishes form, which will be given to you when you join the Fund, to let the Trustee know who you would wish the lump sum payment to be made to on your death. The lump sum is not necessarily paid to your next of kin or in line with your estate. The Trustee makes the final, discretionary decision on who should receive the benefit. The Trustee will take your wishes into account but cannot be bound by them.

You should keep your Expression of Wishes form up to date if your circumstances change (for example if you get married or divorced, if your civil partnership is dissolved or if you have Children). You can download a new Expression of Wishes form at any time from **www.abbottpensionfund.co.uk** or request one from the Pensions Department using the contact details on page 3.

Death before you retire

If you die while still employed by the Company and while contributing to the Fund, the following benefits are payable:

- A lump sum of three times your Death Benefit Earnings.

- A pension for your Spouse or Civil Partner of one half of the pension you would have earned had you continued to contribute to the Fund until age 65 but based on your Final Pensionable Earnings at the date of your death (or, if you die after Normal Retirement Age, one half the pension you would have received if you had retired the day before you died).

- If you have no Spouse or Civil Partner, or if a Spouse's or Civil Partner's pension ends, one or more Child's pensions may become payable. Each Child will receive an equal share of the Spouse's/Civil Partner's pension.

  Each Child's pension will normally be paid only until that Child reaches age 18 (or age 23 if in full-time education). When one Child's pension ceases, the pensions payable to any other Children who still qualify will be adjusted so they each continue to share the Spouse's pension equally between them. For example, if one of three Children reaches age 18 (or 23) the pension stops being paid to him or her and the remaining two Children's pensions each increase from one third to one half of the Spouse's pension.

- The accumulated fund arising from any Additional Voluntary Contributions you have paid will be payable as a lump sum.

Example

A member dies before Normal Retirement Age while still employed by the Company, with Final Pensionable Earnings of £40,000, Death Benefit Earnings of £50,000 and total prospective service from joining the Fund to Normal Retirement Age of 30 years.

Benefits payable would be worked out as follows:

- A lump sum of 3 x £50,000 = £150,000;

- A Spouse's or Civil Partner's pension of 50% x (1.5% x £40,000 x 30) = £9,000 a year payable for the rest of their life;

- If no Spouse's or Civil Partner's pension is payable or if the Spouse or Civil Partner dies, total Children's pensions of £9,000 a year, payable until the last Child reaches age 18 (or age 23 if in full-time education);

- If you have chosen optional flexible life cover, it will be provided under a separate trust, known as the "Abbott Laboratories Life Assurance Plan". The Life Assurance Plan is administered by the Trustee of the Plan, and the benefit is payable on the same terms as described above.

Death after you retire

On death after your retirement the following benefits will be payable:

- Your Spouse or Civil Partner will receive a pension of one half of your pension at the date of your death; or
- If your pension had been deferred prior to your retirement (see “Leaving the Fund” on page 17), the pension will be one half of your initial pension payment increased for your Spouse or Civil Partner up to the date you died.

For the purposes of working out the Spouse’s or Civil Partner’s pension, your pension is taken to be the full amount had you not converted any of it for a tax-free cash sum.

If you have no Spouse or Civil Partner, or if a Spouse’s or Civil Partner’s pension ends, one or more Child’s pensions may become payable. Each Child will receive an equal share of the Spouse’s/Civil Partner’s pension.

A Child’s pension will normally be paid only until that Child reaches age 18 (or age 23 if in full-time education). When one Child’s pension ceases, the pensions payable to any other Children who still qualify will be adjusted so they each continue to share the Spouse’s pension equally between them. For example, if one of three Children reaches age 18 (or 23) the pension stops being paid to him or her and the remaining two Children’s pensions increase from one third to one half of the Spouse’s pension.

Example

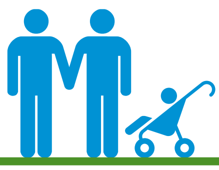
A member dies after Normal Retirement Age while receiving a pension of £10,000 a year and did not take a tax free cash sum at retirement. The member’s Spouse or Civil Partner will be entitled to a pension of:

£10,000 ÷ **2** = **£5,000** a year for life

Five Year Guarantee

If you die in the first five years of retirement and you were under age 70 when your pension started, a lump sum equal to the balance of five years’ pension payments (without increases) is payable in addition to the Spouse’s or Civil Partner’s or Children’s pension.

This lump sum will be paid to your dependants or estate, and the Trustee makes the final decision on who will receive this benefit. It can usually be paid to your dependants tax free provided you have not used up all your Lifetime Allowance at the date you die. If you do not have enough Lifetime Allowance left, part or all of the lump sum may be liable for tax. If you die on or after your 75th birthday and within the first five years of your retirement the balance of five years’ pension payments will be paid as pension and not as a lump sum.



Death after you leave the Fund but before you retire

If you leave the Fund (for example because you move to another employer) and keep your benefits in the Fund, the following benefits will be payable if you die before you retire:

- A pension for your Spouse or Civil Partner of one half of your deferred pension calculated as if your benefits came into payment immediately before your death (see "Leaving the Fund" on page 17);

- If you have no Spouse or Civil Partner, or if a Spouse's or Civil Partner's pension ends, one or more Child's pensions may become payable. Each Child will receive an equal share of the Spouse's/Civil Partner's pension.

  Each Child's pension will normally be paid only until that Child reaches age 18 (or age 23 if in full-time education). When one Child's pension ceases, the pensions payable to any other Children who still qualify will be adjusted so that they share the Spouse's pension equally. So for example, if one of three Children reaches age 18 (or 23) the pension stops being paid to him or her and the remaining two Children's pensions each increase from one third to one half of the Spouse's pension.

  If you joined the Fund before 1 July 2012, and your death occurs after you leave the Fund but before you reach your Normal Retirement Age, there will also be a lump sum death benefit. The calculation basis is complex: for more information contact the Pensions Department using the contact details on page 3.

Spouse's or Civil Partner's pension – notes

1. If your Spouse or Civil Partner is more than 10 years younger than you, the Spouse's or Civil Partner's pension may be reduced to take account of the fact that it is likely to be in payment for longer.

2. Any Spouse's or Civil Partner's pension paid will be subject to income tax but its value will not count towards your Spouse's or Civil Partner's own Lifetime Allowance.

3. If you die and do not leave a Spouse, Civil Partner or Child then no pension will be payable.

4. If you die before your own pension comes into payment, any Spouse's, Civil Partner's or Child's pension payable may be subject to special conditions or restrictions that the Trustee and the Company agree. You would be advised of any such conditions or restrictions.

5. The pension is not affected if the person receiving it marries or enters into a Civil Partnership.

Boosting your benefits

You can choose to pay extra contributions to increase the benefits you receive from the Fund at retirement. These are called Additional Voluntary Contributions (AVCs).

Your AVCs are invested and build up an additional fund of money which is currently managed by Aviva (although the Trustee has the right to change the provider) but is still within the Abbott Laboratories Pension Fund (1966). When you take your main benefits from the Fund, your AVCs produce extra benefits.

While your AVC fund is being invested, you have a choice of investment funds with different balances of volatility and likely rate of growth. More information can be found online at **www.abbottpensionfund.co.uk** or by contacting the Pensions Department using the contact details on page 3. You can view your AVC fund online using the Aviva member site at **www.aviva.co.uk/membersite**.

When you take your benefits, you can choose to use part or all your AVC fund as part or all of your cash lump sum. The rest of your AVC fund (if any) can be used to secure additional pension by buying an annuity. The Trustees work with an annuity broking service to find the best annuity deal for you, currently at no cost to you.

You can take your entire AVC fund as a lump sum, taxable at your marginal rate of income tax. You can transfer it free of charge to another pension arrangement and you may be able to arrange to drawdown monthly income while leaving the remainder of the money invested. The Trustee recommends that you take regulated independent financial advice before making your decision on the form of your benefits.

The benefits that arise from AVCs do not count towards the two-thirds limit stated on page 8 under "Retirement benefits".

Irrespective of how you pay an AVC you are generally entitled to tax relief on AVCs at your marginal rate of Income Tax.

The total amount of contributions that you can pay to all registered pension schemes in any tax year is not limited by HM Revenue & Customs but you only get tax relief on contributions up to 100% of your taxable pay. There is also a limit on the overall amount of tax efficient pension saving you can make in any year known as the Annual Allowance. See page 15 for more details.

If you pay AVCs by Salary Exchange you cannot reduce or cancel your AVCs more than once between Abbott Life renewal dates, unless you have a lifestyle event. Information about what constitutes a lifestyle event is available on Abbott Life.

If you choose to have your AVCs paid as a member's contribution deducted from your pay, provided that you apply in advance you will be able to alter the amount of your AVCs from the first of any month.

You can find information about your AVC options and track your AVC fund online using the Aviva member site at **www.aviva.co.uk/membersite**. You will use the user name and password you set up when you first registered.

For a step-by-step guide on how to register for the first time, visit **https://library.aviva.com/tridion/documents/view/fe2678.pdf**. You will need your reference number which is shown on your AVC membership certificate and on your annual benefit statement in the format, for example, F68811/987. You will choose your username and password.

There may be other ways of increasing your provision for your retirement than paying AVCs through the Fund. Before investing in any financial product we recommend that you take independent financial advice.

An annual limit on your tax efficient pension savings

The Government limits the amount of your pensions savings that can be built up tax free in any given tax year. The limit is called the Annual Allowance. All of your savings made in registered pension schemes during that tax year are added together and tested against the Annual Allowance. Details of the Annual Allowance can be found at **www.gov.uk/tax-on-your-private-pension/annual-allowance**.

Your annual benefit statement tells you the amount of the pension savings you have made in the Fund in the previous year. If the amount of pension savings exceeds the standard Annual Allowance, currently £40,000, you will also receive a more detailed statement.

Scheme Pays

If you have an Annual Allowance Charge of more than £2,000 solely as a result of benefits built up in the Fund, you may use the Scheme Pays facility to arrange for the Charge to be paid out by the Fund. If you ask the Fund to pay the Charge on your behalf, your benefits will be reduced by an amount equal in value to the Charge. More information is available from the Pensions Department using the contact details on page 3.

Part-time employment

If you work part time for some or all of your Pensionable Service, your pension benefits will be calculated by using an adjustment factor which takes account of the ratio of your normal working hours during your part-time employment compared to the number of normal working hours applicable to a full-time employee doing similar work as you.

Example

You retire at Normal Retirement Age and:

- Your part-time earnings at retirement are £23,000 a year.
- You have 20 years' Pensionable Service and you worked 19 hours per week during your entire Pensionable Service.
- The full-time equivalent is 38 hours per week.

Your **part-time adjustment** factor is calculated as:
19 ÷ 38 = 0.5

Your **Final Pensionable** Earnings are calculated as:
£23,000 ÷ 0.5 = £46,000 (i.e. adjusted up to the full-time equivalent), less the State Pension Deduction (for the sake of a simple example) of £6,000 = £40,000

Your **Pensionable Service** is calculated as:
20 x 0.5 = 10 years (i.e. adjusted down to the full-time equivalent)

Your **pension** is then calculated as:

1.50% × **£40,000** × **10** = **£6,000** a year

For the sake of a simple example to illustrate the effect of part-time working, the above figures ignore that in reality Final Pensionable Earnings are averaged over a period of three years, and that there are different Pensionable Earning figures for different periods of Pensionable Service.

Your **members' contributions** are calculated using the State Pension Deduction multiplied by 0.5.

- Pensionable Earnings used to calculate your contributions: (£46,000 - £6,000) x 0.5 = £20,000
- Your members' contributions: 7.50% x £20,000 = £1,500 a year which is £125 a month

If your part-time hours change with effect from the start of any calendar month, your pension contributions and benefits are adjusted immediately. If your part-time hours change part way through a month, the adjustments are made from the first day of the following month.

Death Benefit Earnings are based on your rate of pay at date of death, so your lump sum death benefit of 3 x Death Benefit Earnings will be based on your part-time earnings, not the full-time equivalent.

Leaving the Fund

If you leave the Fund you have the choice of:

- Leaving your benefits in the Fund until you retire. This is known as opting for a deferred pension;

or

- Transferring the value of your benefits to another registered pension arrangement.

You can leave your deferred pension in the Fund initially and transfer the value of your benefits out of the Fund up until one year before your Normal Retirement Age.

If you leave your benefits in the Fund, you can choose to take them at any time from age 55, but if they are paid before Normal Retirement Age, they will be reduced to make allowance for the fact that they are likely to be paid for longer.

Example

A member leaves the Fund before retirement with 12 years' Pensionable Service and Final Pensionable Earnings of £40,000. Their deferred pension would be:

1.50% × **12** × **£40,000** = **£7,200** a year

Depending on your period of Pensionable Service, your deferred pension will be increased between your date of leaving and your Normal Retirement Date to help to allow for the effect of inflation. The exact basis of the increase follows requirements set by the Government.

If you are interested in transferring the value of your benefits to another pension arrangement, the value is known as a Cash Equivalent Transfer Value (CETV). A CETV is calculated as the actuarial value of the preserved benefit on a basis decided by the Trustee having taken advice from an actuary. The basis will take account of market conditions and may change from time to time.

If you have a deferred pension in the Fund, you can request a quotation of the CETV free of charge, at any time but not more than once a year. If you require a subsequent quote within the year, this can be provided at a charge, currently £300. The CETV once quoted will be guaranteed for three months from date of issue to give you time to decide whether to proceed with the transfer.

If your transfer value is £30,000 or more, it is a legal requirement that you have received regulated financial advice before deciding to transfer. Details of the transfer process can be obtained from the Pensions Department using the contact details on page 3.

Avoid Pension Scams

Many people have been tricked out of the value of part or all of their pension rights by pension scammers, often in the area of pension transfers. Signs of a scam may include:

- Contact out of the blue
- Promises of high returns
- Free pension reviews
- Access to your pension before age 55
- Pressure to act quickly

Before you consider a proposed transfer out, please read the short leaflet from The Pensions Regulator which can be found here **https://www.thepensionsregulator.gov.uk/-/media/thepensionsregulator/files/import/pdf/16423_pensions_consumer_leaflet_screen.ashx**

Leaving the Fund while you are still employed by the Company

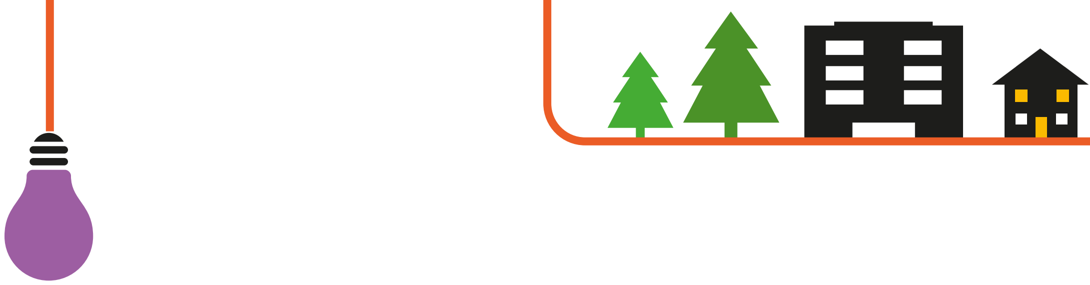
If you wish to leave the Fund while you are still employed by the Company you must give at least one month's written notice by completing a Notice of Withdrawal From Fund form and returning it to the Pensions Department. Once you have left the Fund your choices are the same as those described on page 17.

If you are an active member of the Fund and are considering whether or not to leave, any illustrative transfer values will not be guaranteed.

If you leave the Fund you should be aware that:

- You will not build up any further benefits in the Fund;
- You will no longer be covered for the same life assurance benefits as are provided to active members of the Fund; and
- You will not be able to re-join the Fund. Your employer will auto-enrol you at a later date into a different qualifying workplace scheme.

If you are thinking of leaving the Fund, it is strongly recommended that you take independent financial advice.



Further information

The Fund and the State Pension Scheme

Before 6 April 2016, there were two parts to the State Scheme:

1. The Basic State Pension, which is a flat-rate retirement pension paid to everyone who has paid sufficient National Insurance contributions; and

2. The State Second Pension (S2P), which is an additional pension related to your earnings.

Before the introduction of the S2P on 6 April 2002, the earnings-related part of the State Scheme was called the State Earnings Related Pension Scheme (SERPS).

From 6 April 2016, the State Pension is based on a single tier system.

The Fund was contracted-out of the S2P, until contracting out ended on 5 April 2016, and so you did not build up S2P benefits while you were a member of the Fund. In return, both you and the Company paid a lower rate of National Insurance contributions if you were below your State Pension Age.

Your eligibility for the Basic State Pension was unaffected by your membership of the Fund.

You may receive some benefits from the S2P even though the Fund was contracted-out.

When your State Pension is calculated, there may be a deduction to reflect any period of employment before 6 April 2016 when you were contracted out.

How the Fund is managed

The Fund is operated under a Trust which is administered by a Trustee company, Abbott Laboratories Trustee Company Limited. At least one third of the directors of the Trustee Company are nominated by the Fund's active members and pensioners. They are known as Member Nominated Directors. The others are selected by the Company.

The Trustee Directors undertake regular training and education and normally hold a minimum of four meetings each year.

The Trust is legally separate from the Company so its assets (the Fund's investments) are held separately from the Company's assets.

The Trustee appoints expert advisers, such as legal and actuarial advisers, to help them run the Fund, and is supported by the in-house pensions staff. It also delegates some of the day-to-day decision making; for example the appointed investment managers make day-to-day investment decisions. The advisers may change from time to time. You will find up to date details of the Trustee's advisers in the Fund's Annual Report and Accounts which is available on request from the Pensions Department using the contact details on page 3.

Absences

Temporary absence

Most absences from work are for a short period of time and will not affect your membership of the Fund. There will, however, be circumstances where your membership may be affected. If you become unable to work through illness or injury your membership will normally continue. The Company and the Trustee will decide to what extent your benefits will be affected.

If you are absent from work for more than three years, your membership of the Fund will normally cease (unless you are receiving benefits from the Group Income Protection Scheme).

Maternity leave

If you are away from work to have a baby, your membership under the Fund will continue during your maternity leave.

During the initial period of paid maternity leave, pension contributions to the Fund are maintained and Pensionable Service continues.

During any period of unpaid maternity leave, typically weeks 40 to 52, pension contributions are not paid and you will not build up any benefits. If you wish, you can pay backdated contributions when you return to work so that this period counts towards your Pensionable Service. The Pensions Department will contact you if this is the case to set out the options.

Your life assurance benefits will continue during any period of maternity leave unless you leave Abbott employment. They will be based on the Death Benefit Earnings you would have been receiving if you had been working normally.

If you do not return to work after maternity leave, you will leave the Fund. The date you leave the Fund will be your leaving service date.

Adoption leave

If you take adoption leave, your pension and death benefits will be continued in the same way as for maternity leave.

Paternity leave or shared parental leave

If you take paternity leave, your pension and death benefits will be continued in the same way as for maternity leave.

Information

Benefit Statements

As an active member of the Fund you will receive a benefit statement every year showing the pension you might expect at selected early retirement ages and at your Normal Retirement Age (based on your current Pensionable Earnings). The benefit statement will also show the amount of Spouse's or Civil Partner's pension payable in the event of your death in service and the amount of your life assurance cover. If you have paid any AVCs, the statement will incorporate these benefits into the projections of pension and tax-free cash sums.

Fund documentation

Any Fund member may request a copy of the Trust Deed and Rules, the latest actuarial valuation and the Annual Report & Accounts. Please contact the Pensions Department using the details on page 3.

Tax and other important information

HM Revenue & Customs

The Fund is a 'registered' pension scheme under the Finance Act 2004 for HM Revenue & Customs purposes. As a registered scheme the Fund enjoys various tax advantages:

- Tax relief is generally available on contributions paid into the Fund;
- The money in the Fund largely builds up free of tax; and
- Lump sum benefits are usually payable tax-free.

You are responsible for monitoring your own position regarding the Lifetime Allowance and submitting the relevant information to HM Revenue & Customs. The Trustee will supply information to assist with the completion of tax returns.

Shortly before your benefits become payable the Trustee will ask you for information about the amount of Lifetime Allowance you have used in respect of other pension arrangements. Once your benefits start to be paid the Trustee will provide a certificate detailing the amount of your Lifetime Allowance your benefits from the Fund have used up. You should keep all certificates issued to you about the Lifetime Allowance in a safe place.

Limits to your benefits

Prior to April 2006, HM Revenue & Customs imposed limits on the level of benefits that pension schemes could provide. To control the costs of the Fund and help protect its long-term funding and security, the Trustee and the Company have decided to keep some of these limits and you will be informed individually if your benefits are affected.

Taxation of benefits

Any pension paid from the Fund is taxed as earned income through the PAYE system.

If you exchange part of your pension for a cash sum, the cash sum will be paid tax-free under current legislation.

Any lump sum payable on your death in Company service will be paid free of income tax, provided that the total lump sum benefits payable as a result of your death (including those payable from other pension arrangements) are not more than the Lifetime Allowance. If benefits in total from all pension schemes exceed the Lifetime Allowance they will be subject to a Lifetime Allowance tax charge. The Lifetime Allowance is £1,073,100 for the tax year 2021/22, unless you have previously specifically arranged protection with HMRC.

Membership of other pension schemes

You can pay into as many pension schemes as you wish.

The Annual Allowance and Lifetime Allowance apply to the total of your contributions to, and your benefits from, all registered schemes.

Transfers in

Transfers from other pension schemes or arrangements are not currently accepted, except by special agreement of the Company and the Trustee for transfers in particular circumstances from the AbbVie Pension Fund.

Divorce or dissolution of a registered civil partnership

When a married couple divorce or a registered civil partnership is dissolved, the financial assets of both parties are taken into account by the court. Couples can choose to offset pension rights against other assets (e.g. the family home) or 'earmark' some or all of a member's benefits to the ex-partner when they come into payment. Pension rights can be 'shared' as part of a 'clean break' settlement. Pension sharing creates a 'pension credit' for the ex-partner and a corresponding 'pension debit' for the member.

You should consult your legal adviser before making any decisions about your divorce or dissolution of a civil partnership.

If your pension is offset, you will keep your Fund pension and your ex-Spouse or ex-Civil Partner will typically receive other assets of a similar value as compensation. If your pension is earmarked, your pension rights are shared with your ex-Spouse or ex-Civil Partner when you retire. Your Fund pension can be earmarked as a result of a Court Order under English Law or by a legal agreement between the parties under Scottish Law. If your pension rights are to be shared also as a result of a Court Order, your ex-Spouse or ex-Civil Partner is awarded a one-off 'pension credit' which gives him/her a benefit in his/her own right. We usually require your ex-Spouse or ex-Civil Partner to transfer their pension credits out of the Fund and into an alternative pension arrangement. Your entitlement receives a corresponding 'pension debit'.

If you require an estimate of the Cash Equivalent Transfer Value (CETV) in connection with divorce or dissolution of a Civil Partnership proceedings, one estimate will be provided on request free of charge (provided you have not already requested one within the preceding 12 months). The Trustee may charge you for some of the cost of work to do with a divorce or dissolution of a registered civil partnership, including quotation of the final CETV and implementation of pension sharing to comply with a Pension Sharing Order. The charges are set by the Trustee from time to time.

On divorce or dissolution you should tell the Trustee about the changes in your personal details. You should also consider changing any Expression of Wishes form you previously completed (see "Expression of Wishes form" on page 11).

Assigning your benefits

You are not allowed to assign your benefits under the Fund or to use them as security for a loan.

Data protection

The Fund will need to process your personal data for the purpose of administering the Fund.

The Trustee is a "data controller" for the purposes of data protection law and, as such, is subject to statutory requirements to protect your personal data.

The Trustee has both a legal obligation to you and a legitimate interest in processing your personal data for this purpose. You can get more information about how the Fund uses personal data in the Trustee's privacy notice which is available on the scheme website at **www.abbottpensionfund.co.uk** in the section called Your Personal Data.

Resolving disputes

Most complaints can be resolved informally by contacting Abbott's Pensions Officer using the contact details shown on page 3.

The Pension's Ombudsman also operates an Early Resolution Service (ERS) which is available to help members raise their concerns or discuss a potential complaint.

You can contact the ERS using the Pensions Ombudsman's details below. Please mark your correspondence for the attention of the Early Resolution Service.

Stage 1 – Pensions Department

Put your case in writing and address it to the Pensions Department at the address shown on page 3.

Please include the subject of your complaint, an outline of the facts and the following personal details:

- If you are a member – your full name, address, date of birth and National Insurance number; or
- If you are the Spouse or Civil Partner of a former member or another person who has (or claims to have) an interest in the Fund – your full name, address, date of birth and relationship to the member, and the member's full name, date of birth and National Insurance number.

Your complaint will be acknowledged as soon as reasonably practicable.

You should expect a written reply within two months. If this is not possible you will be notified as to why there is a delay and when a reply can be expected.

You may, if you wish, nominate someone to represent you in making your complaint (for example a solicitor or colleague). Your representative should include their full name and address as well as your personal details, the subject of your complaint and an outline of the facts.

If you die while your complaint is being investigated, your application may be made or continued by your personal representatives.

If you are a minor, or otherwise incapable of acting on your own behalf, your application may be made or continued by a member of your family or some other person suitable to represent you.

Stage 2 – The Trustee

If you disagree with the reply from the Pensions Department you may write direct to the Trustee within six months of receiving that reply, asking for the complaint to be reconsidered by the Trustee. You should address your letter to the Secretary to the Trustee, Abbott Laboratories Ltd, Abbott House, Vanwall Business Park, Maidenhead, SL6 4XE. Please give the reasons why you disagree with the response from Stage 1, and also include the same personal details as in Stage 1. You should expect a written reply within two months. If this is not possible you will be notified as to why there is a delay and when a reply can be expected.

Guidance and Information

You can ask MoneyHelper (see page 23) for general guidance and information at any time.

Exclusions

Please note that this procedure does not cover:

- Any dispute which has nothing to do with the Trustee (for example, a dispute which is solely with the Company); or
- A dispute which is already being investigated by the Pensions Ombudsman or where proceedings have started in a court or industrial tribunal.

You must make your application under this procedure within six months of the date on which you ceased to be, or claim you ceased to be, a person with an interest in the Fund.

Useful addresses

Administrator

The Trustee has appointed Mercer to act as Administrator and to carry out the day-to-day administration of the Fund. The Administrator can be contacted at the following address:

Abbott Laboratories Pension Fund (1966)
Mercer Limited
Westgate House
52 Westgate
Chichester
West Sussex
PO19 3HF

T: **01243 532000**
E: **abbott-uk@mercer.com**

Aviva

Aviva provides the facility for you to pay Additional Voluntary Contributions. Aviva can be contacted at:

Aviva plc.
St Helens
1 Undershaft
London
EC3P 3DQ

T: **0345 030 7041**
W: **www.aviva.co.uk**

The Pensions Regulator

The Pensions Regulator is a regulatory body which has a range of powers to help safeguard pension rights of members of pension schemes and is able to intervene where trustees, employers or professional advisers have failed in their duties. You can contact the Pensions Regulator at:

Napier House
Trafalgar Place
Brighton
BN1 4DW

W: **www.thepensionsregulator.gov.uk**

Financial Advice

The website **www.unbiased.co.uk** can help you find qualified and unbiased independent advisers in your local area. They check that all their financial advisers are registered with the Financial Conduct Authority (FCA) before listing them on their site. If you do not have a financial adviser, you may be able to find one suitable for you by using this service.

MoneyHelper

MoneyHelper is an independent voluntary service which includes what was known as the Money and Pensions Service. It provides free help and guidance to members and other beneficiaries of occupational and personal pension schemes. It is available at any time to assist members and other beneficiaries with any pension query they may have or any difficulty they have failed to resolve with the Trustee or Administrators of the Fund. Contact details for MoneyHelper are:

Holborn Centre
120 Holborn
London
EC1N 2TD

T: **0800 011 3797**
W: **www.moneyhelper.org.uk**

Pensions Ombudsman

In addition to providing an Early Resolution Service, as described on page 22, the Pensions Ombudsman may investigate and decide upon any complaint or dispute of fact or law in relation to an occupational pension scheme. Normally, it insists that the matter is dealt with through the Fund's own internal dispute resolution procedures before it is referred for investigation. You can contact the Pensions Ombudsman at:

The Pensions Ombudsman
10 South Colonnade
Canary Wharf
E14 4PU

T: **0800 917 4487**
E: **enquiries@pensions-ombudsman.org.uk**
W: **www.pensions-ombudsman.org.uk**

The Pension Tracing Service

The Trustee has given information about the Fund, including details of an address at which they can be contacted, to the Pension Tracing Service. This service, run by the Department for Work and Pensions, may be of help to you if you need to contact the trustees of a previous employer's pension scheme and cannot trace them yourself.

You can contact the service at:

The Pension Service 9
Mail Handling Site A
Wolverhampton
WV98 1LU

T: **0800 731 0193**
W: **www.gov.uk/find-pension-contact-details**

January 2022