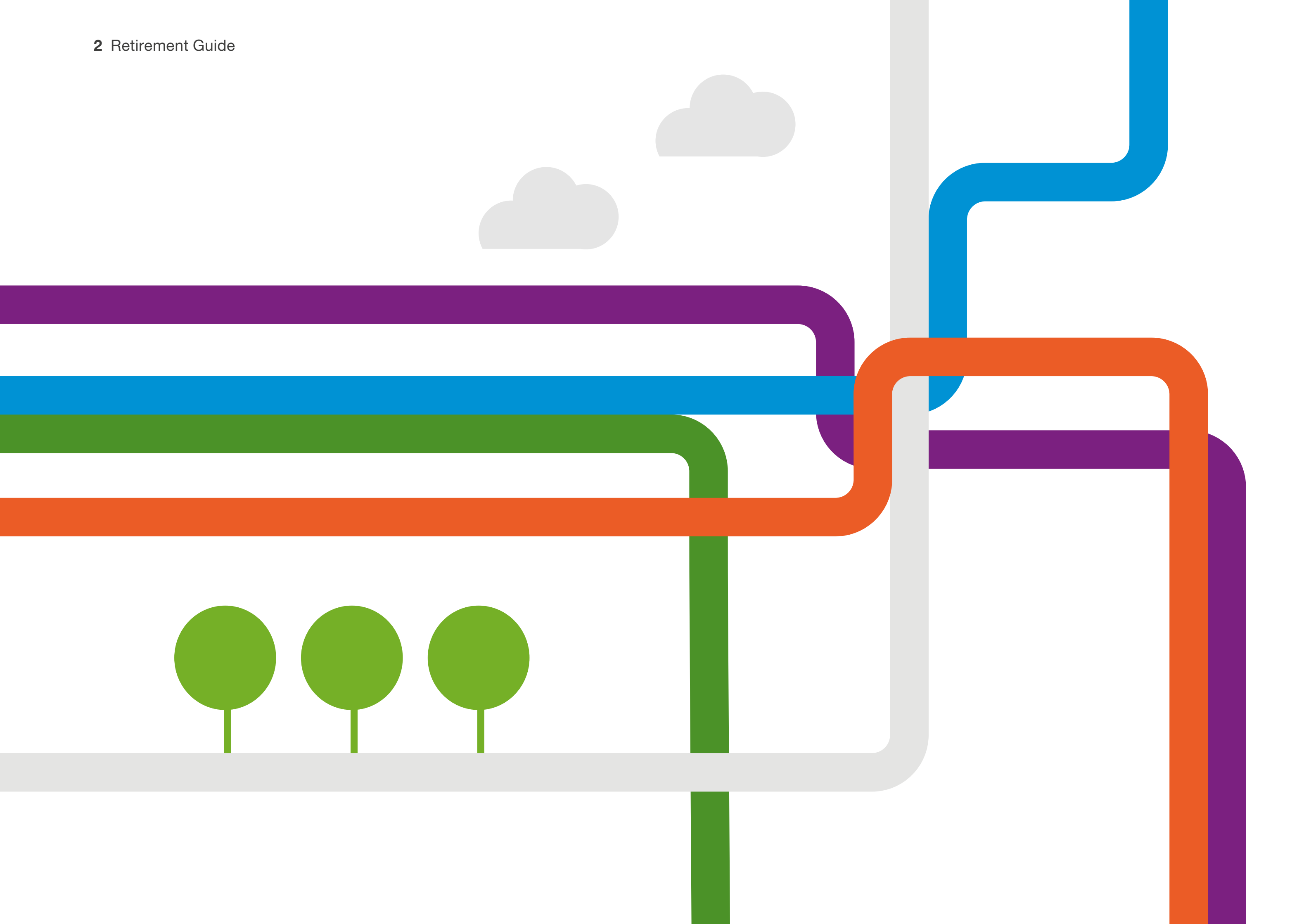
Pension Fund

Pension Retirement Guide for Active Members

Your pension at retirement

What you need to know

January 2022



Contents

Making the right decisions at retirement is important if we want to enjoy a comfortable lifestyle in later years.

In order to achieve that aim, planning ahead is key.

This guide takes you through the various steps on the retirement journey, as well as examining the options available from the Abbott Laboratories Pension Fund (1966).

The Pensions Officer can help you understand what your final pension is likely to be and the different choices you can make. However, it will be important to get independent financial advice before you make your final decision.

To make things more manageable, we have broken this guide down into four sections:

For more information, visit **www.abbottpensionfund.co.uk**

1. What to consider when planning for retirement

As one of the biggest financial decisions you'll make, combined with the range of options available, it can be hard to make a decision.

To make the choice most appropriate for you, think about:

How much money you will need in retirement

This will vary depending on your personal circumstances (e.g. whether you're renting, have a mortgage or have dependants). You should consider other sources of income such as savings, investments and other pensions as well as the Abbott Share Scheme. Visit **www.abbottshareplans.com** for more information. It's unlikely that you'll need as much money as you did when you were working, but you may spend more money on heating your home or leisure activities.

You may want to plan what your budget is likely to be after you stop work, allowing for;

- Your total income from the Abbott Fund, your State Pension and income from other sources
- Your total outgoings including housing costs, energy, food, clothes, leisure etc.

You can then identify whether you are likely to have surplus income which you can spend, or a shortfall which needs to be made up.

When you want to retire

The Normal Retirement Age for the Fund is 65, but there is no fixed date at which you have to retire. If you have other pension arrangements, you may not necessarily decide that you want to take all of your pensions at the same time.

The timing of your retirement may be influenced by a number of different factors, both practical and financial. The longer you remain in pensionable service, the bigger your pension will be. This is because your pension is based on a percentage of your Final Pensionable Earnings (refer to the Members' Guide, or to the notes on your annual benefit statement). Your Pensionable Earnings when you leave are likely to be used in the calculation of your pension when you stop work. Pensionable Earnings change each 1 April in line with the salary review date.

Pensionable Service

Pensionable Service is based on complete years and months (if you are still in service on the 15th of the month, that month to count in the total). We look at your age in years and months when working out the reduction that applies to your accrued pension if you are retiring early.

Speak to the Pensions Officer regarding any pension related matter you may wish to discuss.

For example, you may be thinking of retiring at a certain date, or you may want to have an alternative quotation to the estimates at ages 55, 60 and 65 which are shown on your benefit statement. All such enquiries will be treated in the strictest of confidence. Remember, the projections in your benefit statement are based on Final Pensionable Earnings which change each 1 April. The Company offers pre-retirement seminars for anyone who is looking to retire in the next few years.

Retiring early or late

If you decide that you want to retire early, with the consent of the Company you are able to retire and take payment of your pension from age 55, however, your State Pension won't be available until you reach State Pension Age. The Pension Service should contact anyone who is within four months of their State Pension Age to tell you whether you need to claim your State Pension.

Working beyond age 65 may also be possible with the consent of the Company. If you think you would want to continue to work after age 65 then you should speak to the Pensions Officer who will explain the different options that are available.

See page 10 of the Members' Guide for more information.

Getting a pensions forecast

You will need to know how much pension income will be available to you. Retirement estimates outside of those shown on your yearly benefit statement are available from the Pensions Officer.

You should consider obtaining similar estimates at the same time from any other pension arrangements that you may have.

Understanding from an early stage whether a particular retirement age is realistic will help you to be able to plan for whether you will have to work for longer. It may be that you are able to make additional savings now, to bring forward the date you may be able to retire.

You should also let HMRC know that you are retiring four months beforehand.

Visit **www.gov.uk/state-pension-statement** for more information on getting a State Pension forecast.

Whether you want to take a tax-free cash lump sum

Whether it's for a final mortgage payment or a holiday to kick off retirement, you may want to take a lump sum. The tax-free aspect of taking cash may make this a suitable option for many people, but you will also need to consider the impact on your Abbott pension if taking cash from the main Fund.

You should also read the 'Freedom and Choice with your AVC Fund' article on the website. This sets out important information on the options available to anyone who has an AVC fund.

Your family situation

Your family situation and your personal health may dictate whether you want to reduce your pension and take a higher spouse's/dependant's pension.

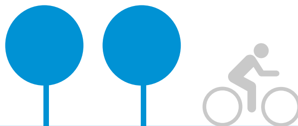
How to manage your Share Scheme

Consider the tax advantages of being in the Share Scheme. If you draw your pension on leaving the Company, you will be a "good leaver".

This means there is no tax or NI to pay at the point in time that you decide to sell your shares. This is irrespective of how long you have held those shares.

Whether you can claim any other State benefits

Some major changes have been made to the State benefits system and others are likely to be introduced. If you are eligible, register for the winter fuel allowance, a free bus pass, a senior railcard and a free TV licence.



What you can do to increase your pension income

Once you've worked out how much money you are due to receive, compared to how much you need, you may have a shortfall. Remember that if you retire early, your State Pension will be payable at a later date. You can top up the amount of pension and/or cash that you are due to receive from the Fund by making Additional Voluntary Contributions (AVCs). AVCs may not be suitable for everyone, but they may provide a way of bridging any gap if you have a shortfall in your projected amount of pension income and your forecasted outgoings in retirement. Clearly the earlier that you start to think about this, the better chance you will have of a comfortable retirement.

On your State Pension, if you do not have the full amount of single tier pension, you may be able to increase your State Pension by paying additional payments.

What your exit-management strategy will be

One of your biggest decisions, other than when you will retire, is how you intend to execute that plan.

You may need to start discussions early so that the business can execute a succession planning strategy.

This will enable you to retire timely whilst the Company maintains business continuity and stability.

2. How the process works – the 10 steps to retirement

Before retirement

Step 1

6-12 months before retirement

Contact the Pensions Officer for a **confidential retirement estimate** at your expected retirement date.

Step 2

3-6 months before retirement

Inform your line manager of your decision.

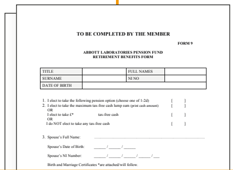
Consider taking independent financial advice.

Contact the Pensions Officer for information on the advice at retirement subsidy and the Company's preferred adviser.

Step 3

Before leave date

Complete **Retirement benefits form** to make your decision



TO BE COMPLETED BY THE MEMBER

FORM 9

ABBOTT LABORATORIES PENSION FUND
RETIREMENT BENEFITS FORM

TITLE		FULL NAMES	
SURNAME		NI NO	
DATE OF BIRTH			

1. I elect to take the following pension option (choose one of 1-2d) [ ]
2. I elect to take the maximum tax-free cash lump sum (print cash amount) [ ]
   OR
   I elect to take £* tax-free cash [ ]
   OR
   I do NOT elect to take any tax-free cash [ ]

3. Spouse's Full Name: ....

   Spouse's Date of Birth: ___ / ___ / ___

   Spouse's NI Number: ___ / ___ / ___ / ___ / __

   Birth and Marriage Certificates *are attached/will follow.

Step 4

When selecting your chosen option

Update your **Expression of Wishes form**

Step 5

On confirmation from the Company that final AVC payment has been paid

Mercer request disinvestment of any AVC funds

Step 6

Within 8 days of receipt of your Retirement benefits form and disinvestment of the AVC fund

Pension payment finalised

Step 7

At the point that the pension is finalised

Retirement settlement letter issued to home address and pension payment authority sent to Payroll

Step 8

Payment authority issued

First **payment** of pension paid with arrears*

In retirement

Step 9

Within 3 days of settlement letter being issued

Cash lump sum paid into selected bank account

Step 10

Annually (February)

Pension increase applied, backdated to 1 January

* Where payment authority issued to Payroll before payroll cut-off (typically around 10th) on the first of the month following.

3. Your Abbott retirement options

Your pension

Whether or not you wish to take a cash lump sum, there are two pension options to choose from:

1.

Take a standard pension

The pension will increase in payment in line with capped increases in the Retail Prices Index (RPI). A 50% spouse's pension is payable in the event of your death.

2.

Take a standard pension with 2/3rds spouse's pension

You can provide an additional pension for a spouse or civil partner by giving up part of your own pension at retirement.

Your AVCs

You have the following options for AVCs:

1.

Take a single cash lump sum

You can use your AVC fund to provide part or all of your tax-free cash lump sum at retirement.

Your lump sum can be up to 25% of the value of your pension savings (including your final salary pension and your AVC fund) and is normally tax free.

2.

Take out your money flexibly

You can take money out of your AVC fund flexibly over time if you transfer your AVC fund to a registered pension arrangement offering the flexible drawdown facility.

3.

Take an annuity

You can use part or all of your AVC fund to buy an annuity, which pays a regular taxable income.

4.

Use a combination of 1, 2 and 3

You can use your AVC fund in a combination of ways to best suit your circumstances, e.g. use your AVC fund to provide all of your cash lump sum and transfer out the balance to take advantage of a flexible drawdown facility.

Some combinations may only be available if you transfer all or part of your AVC fund to another registered pension arrangement.

Read the ‘**Freedom and Choice with your AVC fund**’ factsheet for more information on the options above.

4. Need help?

More information is available from the Pensions Officer by contacting:

01628 774613   **ukpensions@abbott.com**

Outside of Abbott, there are a range of services which look to support you in making the right decision:

www.gov.uk

For information about pensions and pensioner benefits, including planning for the future, whether you're about to retire or have already retired.

The site also covers State Pension information and advice.

www.moneyhelper.org.uk

MoneyHelper brings together the support and services of three government-backed financial guidance providers: the Money Advice Service, the Pensions Advisory Service and Pension Wise.

The website contains a wealth of information on retirement along with tools, calculators, and comparison provision.

How to find out more information about your Fund

Information can be found on the Fund website: **www.abbottpensionfund.co.uk**.

Here you can download a copy of the Members' Guide, see information about how the Fund is run, refer to articles about Fund investments, how AVCs work and much more.

If you joined the Fund before 1 March 2005 you should also refer to the Members' Guide supplement which is specific to you.