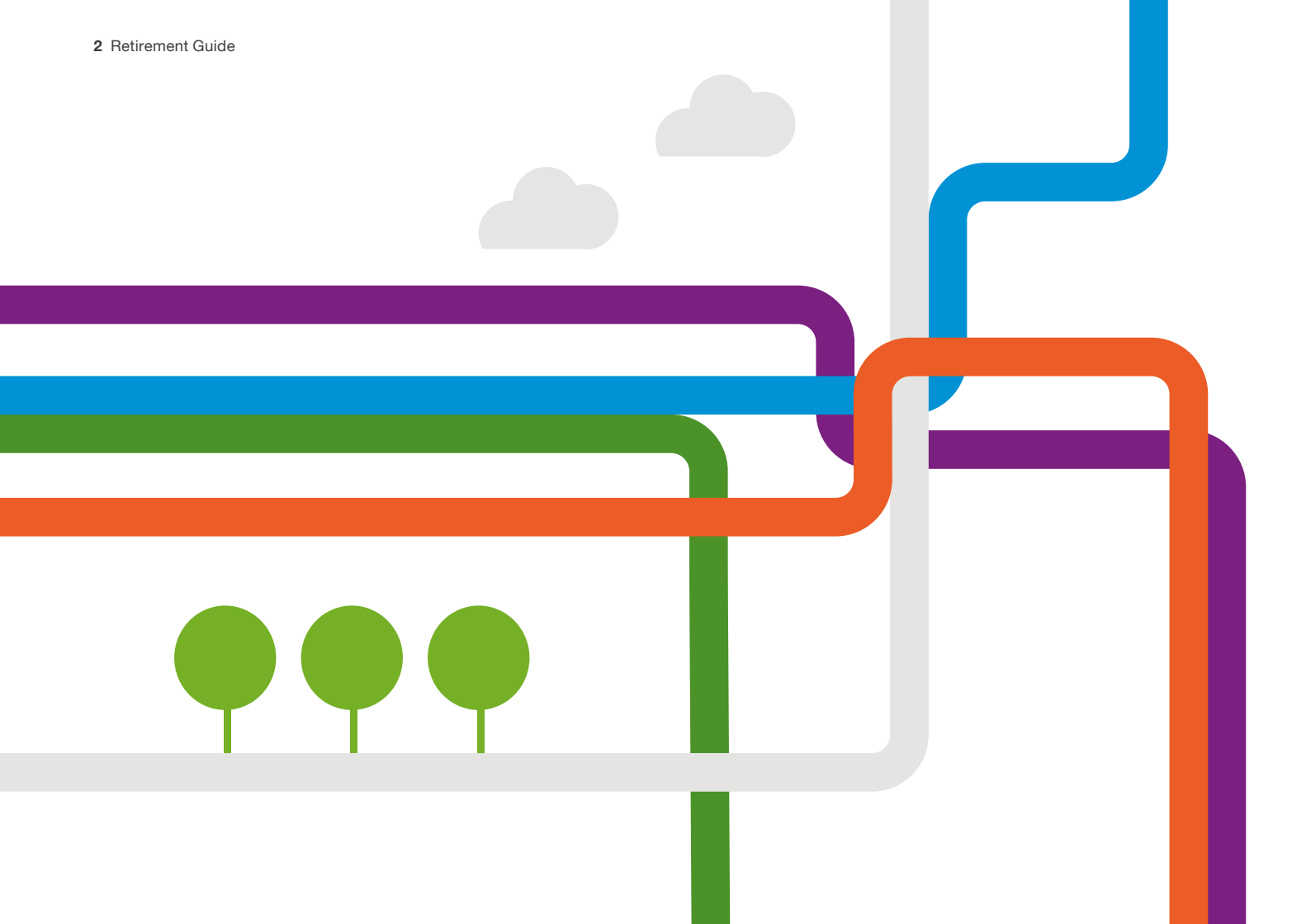


Pension  
Fund

## Pension Retirement Guide for Deferred Members

**Your pension at retirement**  
What you need to know



# 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:

### 1. What to consider when planning for retirement

We ask you to review all of your pensions and investments as well as examining your AVC options.

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### 2. How the process works

We help to walk you through the various steps.

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### 3. Your Abbott retirement options

Understanding all of the options will help you make the right decisions.

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### 4. Need help?

Contact numbers and website addresses to assist in your retirement planning.

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# 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:

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## **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. 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.

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### 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.

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### Retiring early

If you decide that you want to retire early, 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.



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### Getting a pensions forecast

You will need to know how much pension income will be available to you. Retirement estimates are available from the Fund's administrator, Mercer.

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](http://www.gov.uk/state-pension-statement) for more information on getting a State Pension forecast.

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### 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.

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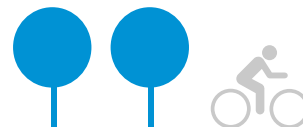
### Your family situation

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.

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### Whether you can claim any other State benefits

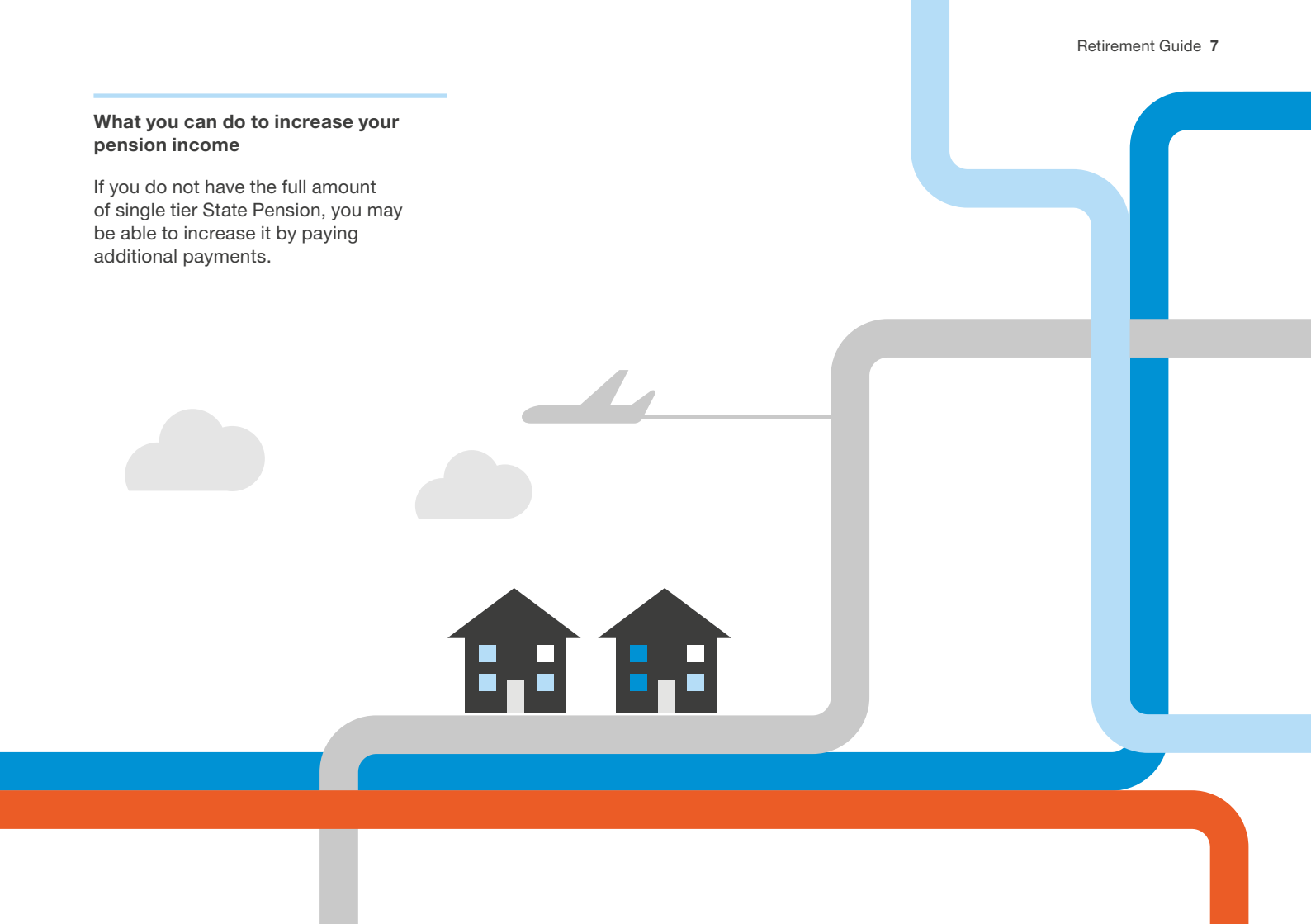
Some major changes have been made to the State benefits system and others are likely to be introduced. If you are eligible, register for the winter fuel allowance, a free bus pass, a senior railcard and a free TV licence.



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## What you can do to increase your pension income

If you do not have the full amount of single tier State Pension, you may be able to increase it by paying additional payments.



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

### Step 1

3-6 months  
before retirement

Contact the Fund's administrator, Mercer, for a **retirement estimate** at your expected retirement date

Before retirement

### Step 3

Before leave date

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

TO BE COMPLETED BY THE MEMBER

Current Plan	New Plan

1. I understand the consequences of my choice and agree to it.

2. I understand the consequences of my choice and agree with my attorney.

3. I understand the consequences of my choice and agree with my attorney.

4. I understand the consequences of my choice and agree with my attorney.

5. I understand the consequences of my choice and agree with my attorney.

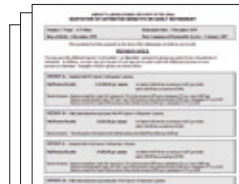


### Step 5

Mercer request disinvestment of any AVC funds

### Step 2

Member receives **Retirement pack** from Mercer – sent direct to home address



### Step 4

When selecting your chosen option

Update your **Expression of Wishes form**



## 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 6

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

Pension payment finalised

## Step 8

Payment authority issued

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

## Step 9

Within 3 days of settlement letter being issued

### Cash lump sum

paid into selected bank account



## In retirement

## Step 10

Annually (February)

Pension increase applied, backdated to 1 January

Different dates may apply if your pension was part of a bulk transfer in from another scheme.

\* 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 Fund's administrator, Mercer, by contacting:

**03442 096581**    **AbbottUK@mercer.com**

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

**[www.gov.uk](http://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](http://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.abbotpensionfund.co.uk](http://www.abbotpensionfund.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.