Roche Pension Fund

PensionsLine

Step into your future

Defined Contribution (DC) Section

February **2025**

HELLO

Welcome to our winter newsletter for members in the Defined Contribution (DC) Section of the Roche Pension Fund. It brings you the latest updates from the Fund and news about pensions.

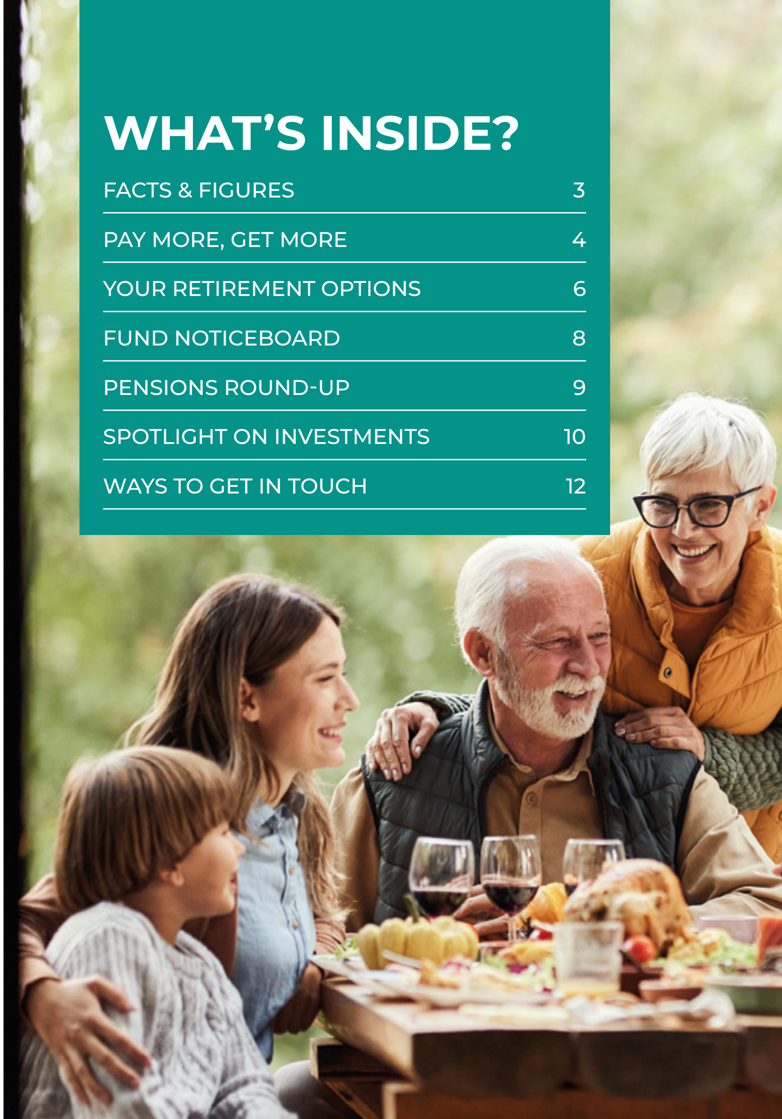
In January, Roche introduced a new matched contribution rate for employees in the Fund, which means a 6% contribution from you will result in 12% being paid in by the Company. We're delighted that 59% of eligible members opted for the new 6% pension option, receiving the new 12% employer contribution.

Remember, you can change your contribution rate at any time during the year – you don't have to wait for the benefits window in October. Find out how on page 4.

As a member with a DC account, at retirement you'll have flexibility to take the money you've built up in a way that suits you best. However, in some cases, you'll have to transfer this money out of the Fund. The article on page 6 explains your options.

We hope you find this newsletter useful. If you have any questions about the Fund or your benefits, please contact the DC administrator using the details on the back page.

WHAT'S INSIDE?



FACTS & FIGURES

£347.9 million
Total value of assets in the DC Section as at 31 March 2024 (an increase of almost £74 million over the year)

4,695
The total number of members in the DC Section as at 31 March 2024

375
The number of members who were auto-enrolled into the DC Section in 2023/24

66%
% of DC Section members who were paying maximum matched contributions in 2024*

NEARLY 1 IN 4 MEMBERS PAID 3% OR LESS – COULD YOU AFFORD TO PAY MORE?

DC Section

Active members

2024: 2,351

2023: 2,241

Deferred members

2024: 2,344

2023: 2,194

DC Section assets

2024	**£347.9m**
2023	£274.3m
2022	£275.5m

*On 1 January 2025, the maximum matched rate increased to 6% from the employee and 12% from the Company.

PAY MORE, GET MORE

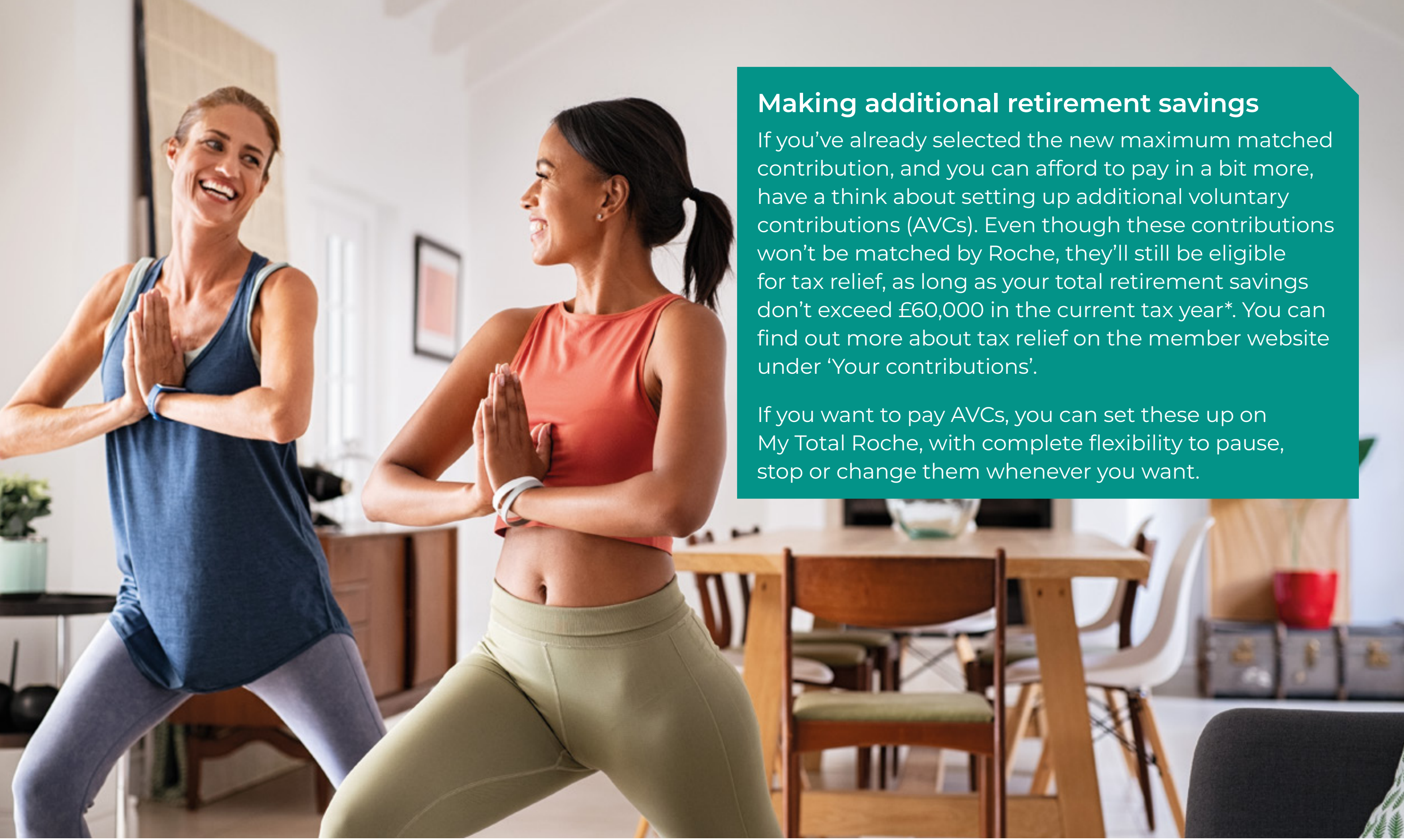
Roche introduces a new contribution level for employees

The more you pay into the Fund, the more Roche pays in too, so it's worth considering whether you can afford to pay the maximum matched contribution available to you. You get tax relief on all your pension contributions (up to £60,000 a year*), so it might not cost as much as you think.

As you'll have seen in a recent communication, from January 2025, anyone who's not an ex-member of the DB Section now has the opportunity to pay into their pension at an enhanced level of 6%, with a Company match of 12%, to help their retirement savings grow faster. This represents an additional 2% from Roche.

You pay	Roche pays	Total
	% basic contribution salary	
3% (default)	6% (default)	9% (default)
4%	8%	12%
5%	10%	15%
NEW! 6%	**12%**	**18%**

Even if you didn't choose the new 6% level during the annual enrolment window, it's not too late. You can change your contributions at any time by contacting the Darwin Online Benefits helpline on 0203 328 4198 (8.30am-6pm, Mon-Fri) or email **enquiries@darwin.com**



Making additional retirement savings

If you've already selected the new maximum matched contribution, and you can afford to pay in a bit more, have a think about setting up additional voluntary contributions (AVCs). Even though these contributions won't be matched by Roche, they'll still be eligible for tax relief, as long as your total retirement savings don't exceed £60,000 in the current tax year*. You can find out more about tax relief on the member website under 'Your contributions'.

If you want to pay AVCs, you can set these up on My Total Roche, with complete flexibility to pause, stop or change them whenever you want.

* This is the standard Annual Allowance that applies to most members. People earning more than £200,000 a year or those who have already accessed their pension pots flexibly could have an Annual Allowance as low as £10,000. If you haven't used up your Annual Allowance from previous years, you may be able to make pension contributions to fill up any unused allowance you might have from the previous three tax years.

YOUR RETIREMENT OPTIONS

Let's cut the jargon

The pensions industry has a bit of a reputation for using jargon – and sometimes different providers use different words for the same thing, which can make it even more confusing. Here are a few terms you might come across if you're looking into your retirement options in the Fund.

TAX-FREE CASH (also known as *pension commencement lump sum or PCLS*)

Under current rules, when you access your pension account, you can take the first 25% as tax-free cash, up to a maximum of £268,275 (the lump sum allowance).

Some pension arrangements allow their members to take out all their tax-free cash and keep the balance invested. This isn't an option in the Roche Pension Fund, but you may be able to make a partial withdrawal*, which would allow to you to access some tax-free cash early (see box on right).

You don't have to take tax-free cash if you don't want to. For instance, if you plan to buy an annuity at retirement, you might prefer to receive a higher income by using all of the money in your account for this purpose.

ONE-OFF CASH LUMP SUM (also known as *uncrystallised funds pensions lump sums or UFPLS*)

This is an option that allows you to take money out of your pension account as a cash lump sum. The first 25% of each payment is usually tax free (see box on left), and the balance is taxed as income at your marginal (highest) rate. A large payment could push you into a higher tax bracket.

You can take up to two lump sum payments from each account you have in the Roche Pension Fund – so, two from your main pension account and another two from your Bonus Choice account, for example. The Fund requires you to empty your account when you access your savings for a second time, so if you want to make more than two withdrawals (perhaps to manage how much tax you pay), you'll have to transfer your savings out of the Fund. You can ask Fidelity for more details about the transfer process.

DRAWDOWN (also known as *flexi-access drawdown*)

This is one of the flexible ways you can take the money you've built up in your pension account – but you'll need to transfer it to an external provider because drawdown isn't available through the Roche Pension Fund.

Once you've transferred the money into a drawdown account and taken any tax-free cash, the balance remains invested. You take an income from it when it suits you. Any withdrawals will be taxed as income at your marginal (highest) rate.

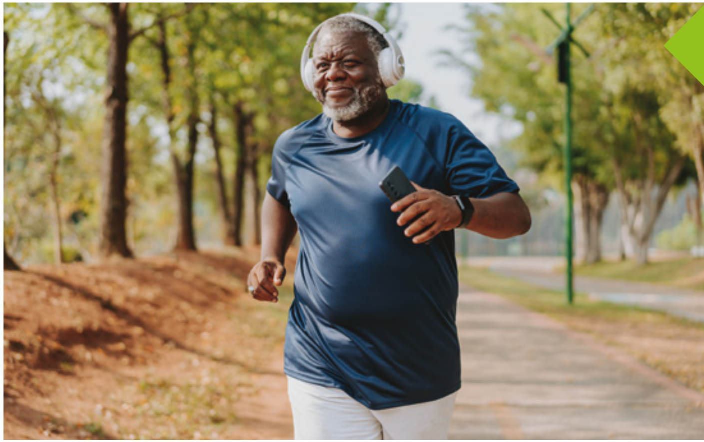
Tax-free lump sum allowances

Each time you take money from a pension, you'll be asked if you've ever accessed a pension before. This is so the administrator knows how much tax-free cash you've already taken. For example, let's say you have three untouched pension accounts worth £100,000, £20,000 and £15,000. If you take £25,000 tax-free cash from the first account, your lump sum allowance of £268,275 would be reduced to £243,275.

* The Roche Pension Fund allows you to access some of the money in your pension account before taking the rest, as long as you leave a minimum of £10,000 in the account. So, you could either take a one-off cash lump sum or transfer part of it to another provider. However, you can only do this once. The next time you withdraw or transfer money, you'll have to empty your account.

ANNUITY (also known as a *guaranteed retirement income or pension*)

An annuity is essentially a regular income you get in exchange for a lump sum payment to an insurance company. The amount of income you get will depend on a number of things, like the amount of money in your account, how much tax-free cash you take, your age and health, whether or not you want the income to increase once it's in payment, and whether you want a pension to be paid to your spouse when you die. You don't have to buy an annuity right away – you could use any funds in your UFPLS or drawdown account to buy one later in your retirement. Your annuity payments will be taxed as income.



FUND NOTICEBOARD

Member survey results

Thank you to everyone who took part in our survey of active members last year. We've gathered some very useful feedback and have started to look at how we can address the issues that were raised in the year ahead.

For the **31%** of members who said they know a little or nothing about their pension, and the **47%** who are worried or concerned when they think about life after work, we pledge to help you learn, understand and engage with your future self.

Update on Trustee selection

We wrote to eligible members last month about some vacancies on the Trustee board, asking members to apply to become Member Nominated Directors. We're currently reviewing all the nominations and will update you with our decision in due course.

Being a Trustee Director can be hugely rewarding, and many people also find it develops their leadership skills, so please do consider whether you'd like to apply next time you have this opportunity.

We're pleased to publish our latest Taskforce on Climate-related Financial Disclosures (TCFD) report (for the year to 31 March 2024), which is available on our website: **www.rochepensionfund.co.uk**. The report sets out how we assess, monitor and manage the Fund's exposure to climate-related risks and opportunities.

PENSIONS ROUND-UP

Changes ahead for inherited pensions

In the autumn 2024 budget, the chancellor announced that certain types of pension payments will form part of an individual's estate for inheritance tax purposes from April 2027.

This means that pension lump sums and death benefits from a pension can no longer be passed on tax free to your beneficiaries but will be added to the rest of your estate: property, money, possessions, etc. when working out if any inheritance tax is due.

The rules are complex, and a government consultation is under way to determine how this new approach will be put into practice.

In the meantime, you should continue to keep your Expression of wish form updated, specifying how much of your death benefits you would like each beneficiary to have. It's a good idea to review your Expression of wish regularly. You can update your nominations on PlanViewer if your circumstances have changed.

An update on Pensions Dashboards

Pension schemes are all working to connect to the new Pensions Dashboards framework. When launched, the Dashboards will enable non-retired members to see information online about all their retirement savings, across all schemes, as well as track down any lost pension pots.

It's really important that the DC administrator, Fidelity, holds correct information for you so that the dashboard can connect properly to all your benefits held with different providers. Please take a few minutes to check your information on PlanViewer.

SPOTLIGHT ON INVESTMENTS

Understanding risk

All investors want the best return while taking the minimum amount of risk. But because all investing involves some degree of risk, it's important you understand the different kinds of risk that exist. The list below is not exhaustive but covers the key risks before, and at the point of, retirement.

Investment risk

This is the risk that the value of your investments can go down as well as up. While equities have performed well in the past compared to other investments over the long term, and past performance is no guarantee of future performance, their returns have been more volatile over the short term than other types of funds. As such, you should be aware of funds with higher investment risk. In particular, as you approach retirement, the risk is that the value of your pension account may fall just before you want to take some of your retirement benefits.

Inflation risk

This is the risk that the value of your pension account will not grow quickly enough to keep up with inflation. Even if your pension account grows in value, if it doesn't grow faster than inflation, then the 'real' value (that is, how much it will buy you) of your pension account will go down. This can happen with lower-risk funds in particular, such as a cash fund.

Pension-conversion risk

You may want to buy a guaranteed income (an annuity) with part or all of your pension account. The cost of an annuity depends on the rates available from insurance companies. In turn, these rates depend on the price of bonds and other factors, such as interest rates, expected investment returns and life expectancy. If you invest in funds other than appropriate bonds as your retirement approaches, you may expose yourself to the risk of not being protected from fluctuations in these rates. While bond funds are subject to interest-rate risk, they can also provide a hedge against rising interest rates when managed appropriately. Therefore, a suitable bond fund aims to provide a reasonable degree of protection from pension-conversion risk.

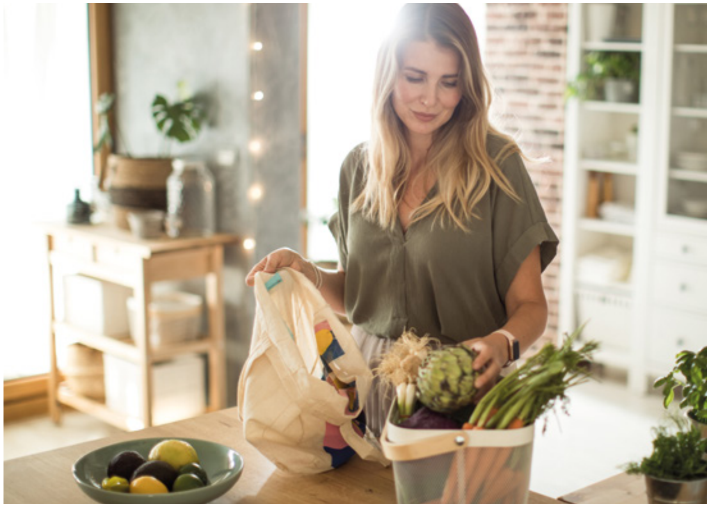
Missed-opportunity risk

Although there is no guarantee that higher-risk investments will always give higher returns, in the past the riskier funds, such as equities, have generally grown more quickly and offered greater rewards than the less risky funds, such as cash. If you choose to invest in lower-risk funds, such as cash, as long-term investments, you can generally expect a lower pension.

Risk and return

Each fund has different levels of risk. As a general rule, the higher the potential reward or return of an investment, the higher the investment risk. This means that if you choose a higher-risk fund, you may get higher returns over the long term (although this isn't guaranteed). If you're a more cautious person, you may choose a low-risk option – however, you should note that low-risk funds tend to give lower returns in the long term.

Whichever fund or funds you choose, it's important to note that past performance is no guarantee of future performance.



WAYS TO GET IN TOUCH

Member website
www.rochepensionfund.co.uk (no login required for this general member website)

DC Section administrator
Fidelity International

Visit: **www.planviewer.co.uk** to log in to your online pension account

Email: pensions.service@fil.com

Call: 0800 3 68 68 68 or +44 1737 838 585 (from outside the UK)

You can also explore a range of retirement planning and pensions tax calculators at: **www.fidelity.co.uk/retirement/calculators** (no login required)

Don't be a stranger

If you no longer work for Roche, remember to tell Fidelity if your contact details change. It's quick and easy to update your address on PlanViewer. Current employees can update their details through My Total Roche.

Stay alert to scams

Scammers continue to target pension savers, so please be very wary if anyone approaches you out of the blue to discuss your pension.

DON'T...

- be rushed or pressured – take the time to make all the checks you need. If a deal sounds too good to be true, it probably is.

DO...

- reject unexpected pension offers – a free offer out of the blue is probably a scam
- check who you're dealing with by using the Financial Conduct Authority's financial services register **https://register.fca.org.uk**
- get impartial advice – MoneyHelper provides free, independent information and guidance **www.moneyhelper.org.uk**

Find out more at **www.fca.org.uk/scamsmart**

Roche

Principal Employer of the Roche Pension Fund