Roche Pension Fund

DB Section For members who paid Additional Voluntary Contributions (AVCs)

INTRODUCTION

While you were an active member of the Defined Benefit (DB) Section of the Roche Pension Fund (the Fund), you built up a pension that was based on your pay and length of membership.

You also had the option to make top-up payments called Additional Voluntary Contributions (AVCs), to boost your income at retirement in a tax-efficient way. AVCs are a type of defined contribution (DC) arrangement, which means this money was paid into an account set up in your name with Fidelity International, the Fund's DC provider, and then invested. The final value of your AVC account will depend on how much was paid in and how well the investments performed.

Even though you're no longer building up a DB pension in the Fund, it's still important to review how your AVCs are invested, along with any Bonus Choice savings you may have paid (which are also invested in a DC account but separate from your AVCs).

This factsheet provides you with an overview of how AVCs work and how you can use them. It also provides a summary of your investment options, but there's a lot more detail in the **DC Section investment guide**.

This guide has been set up as an interactive PDF.

Use the back and forward arrows below to navigate through this booklet.

INVESTING YOUR AVCs

You're able to choose how your AVC account is invested; this is a very important decision as it will affect how much your AVC account is worth at retirement age.

You have the same investment options as someone who has a pension account in the Fund's DC Section, so please read the **DC Section investment guide** for details.

In summary, there are three Lifestyle strategies for people who don't want to make decisions about which funds to invest in, and a range of 14 individual funds for people who feel confident making their own investment choices (this is called 'Self select').

If you don't make an investment choice, Fidelity will place you in the 'default' strategy as chosen by the Trustee, which for AVC and Bonus Choice accounts is the Roche Lifestyle Strategy Targeting Cash.

Lifestyle options

Adopting a Lifestyle strategy means your investments will automatically change as you approach retirement age. This approach takes away the need for you to make day-to-day investment decisions, but you should still be satisfied that the strategy is right for you.

The Lifestyle strategy you choose will depend on how you'd like to take your benefits when you come to retirement. If you choose one of the Lifestyle strategies, you should keep this decision – and your retirement age – under regular review.

The Lifestyle strategies available to you for your AVC and Bonus Choice accounts are:

- The **Roche Lifestyle Strategy Targeting Cash** – this may be suitable if you're interested in using your AVCs to fund your tax-free cash from the Fund. This is the default option for your AVC and Bonus Choice account.
- The **Roche Flexible Retirement Lifestyle Strategy (drawdown)** – this may be suitable if you want to vary the amount you take from your AVCs each year when you retire. It may also be appropriate if you're not yet sure how you might want to use your AVCs. If you joined the DC Section when the DB Section closed to future accrual in 2023, and haven't chosen your own investments, this is the default investment for your main DC account.
- The **Roche Lifestyle Strategy Targeting Annuity** – this may be suitable if you like the idea of using your AVCs to provide a guaranteed income at retirement (also known as an 'annuity'), through an insurance company.

Self-select options

This is suitable if you want to actively manage your AVC investments. The Trustee has made 14 investment funds available, with different risk profiles so you can choose the combination that best suits you. A full list of the available funds can be found in the **DC Section investment guide**.

Making changes

You can change your Target Retirement Age or switch investments at any time through Fidelity's online portal, PlanViewer: **www.planviewer.co.uk**

You will need your Username and Password to access your PlanViewer account.

If you're an employed deferred DB member who joined the DC Section on 1 July 2023, any AVCs or Bonus Choice contributions you may have paid before that date will be held in separate accounts from any contributions you pay as an active DC Section member. When you sign in to PlanViewer, you'll be able to see all your different accounts and manage them individually.

Important

- If you delay or bring forward your retirement age, your chosen Lifestyle strategy may no longer align with your goals. For example, if your funds have already been switched into lower-risk assets but you decide to keep working for another 10 years, you might miss out on potential growth and limit the final value of your AVC account.
- A Lifestyle strategy will switch your investments based on your Target Retirement Age (which you can change – see next section), rather than the conditions within investment markets at the time. This means your account might sell assets just as they're increasing in value or, on the other hand, invest in assets just as they're dropping in value.

USING YOUR AVCs

How you use your AVCs will depend on your retirement plans and the amount of retirement savings you have elsewhere. You may have to transfer your AVCs out of the Fund to another arrangement if you want to use them more flexibly.

You have lots of flexibility in the way you use your AVC account. You can take it in combination with your DB pension by putting it towards your tax-free cash (see the **next page**), or you can take it separately in one of the following ways:

Buy an annuity

An annuity is a type of insurance policy that pays you a regular, guaranteed income for the rest of your life. There are different types of annuity, which you can choose to suit your own personal circumstances. The price of your annuity and the amount of monthly pension payments you receive will vary, depending on the options you choose, so it's well worth shopping around to find a good deal. Annuities are not offered as part of the Fund, and you'll need to research and find your own annuity provider. However, if you're eligible to retire, you can request a paid-for session of retirement advice with Origen Financial Services, who may be able to explore the options with you – please see the **DB Section member guide** for details.

Take cash

You might want to take your AVCs as a single lump sum. This is called an uncrystallised funds pension lump sum (UFPLS). You'll receive 25% of the lump sum (capped at £268,275) tax free and pay income tax at your marginal rate on the rest.

Please note that you may lose your protected pension age in the Fund, which is 50 (for members who joined the Fund before 6 April 2006), if you take your AVCs at a different time to your main DB benefits. Find out more in the **DB Section member guide**.

You'll need to consider the impact that taking a lump sum will have on the total amount of tax you pay. The tax on a lump sum like this is charged in the tax year you receive the payment, which means you may be pushed into a higher tax bracket once the amount of your lump sum is added to your other income for the year.

Taking your AVC fund as cash in one go is classed as accessing your pension savings flexibly. This means that if you continue to save/pay into another pension arrangement (such as the Roche Pension Fund DC Section), the money purchase annual allowance (MPAA) will apply to you, restricting the amount you can save tax free in a pension to £10,000 a year.

You can find out more about the different ways you could use your AVCs on the **MoneyHelper website**.

Use drawdown/flexi-access drawdown

If you'd like to have some flexibility in how you use your AVCs, you'll need to transfer them from the Fund to a pension scheme that offers flexible income drawdown. It lets you dip into your retirement savings and take out money when you need, keeping the rest invested. This will also trigger the money purchase annual allowance (see 'Take cash' on **page 5**).

AVCs as tax-free cash

As someone with a DB pension in the Fund, you're normally allowed to swap some of your DB pension for a tax-free cash lump sum. This is often known as a pension commencement lump sum (PCLS). If your PCLS is taken from your DB pension, this will reduce the yearly income you receive from the Fund. If you've paid AVCs, you can take these at the same time as your DB pension and put them towards any tax-free cash you want to take, leaving you with a higher yearly income.

If you have any AVCs left over after taking your tax-free cash, you can choose what to do with the remainder from the options listed above.

Target Retirement Age

The Normal Retirement Age is 65 for the Roche Pension Fund. If your AVCs are invested using a Lifestyle strategy and you're planning to take your AVCs earlier or later than age 65, please update your Target Retirement Age on PlanViewer. This will ensure that your AVC account is invested correctly if you've chosen one of the Lifestyle strategies.

Transferring your AVCs

Your AVCs can remain invested in the Fund until you retire. Alternatively, you may transfer your AVCs out of the Fund to another pension plan. This can be done either independently or along with a transfer of your pension entitlements out of the DB Section.

Protection for your dependants

If you die before retirement, the full value of your AVC account at the date of your death will be paid your dependant(s) at the discretion of the Trustee. This is in addition to your DB benefits detailed in the **DB Section member guide**, and any other benefits that may be due if you are a current Roche employee and/or a member of the DC Section.

CONTACT DETAILS

If you have any questions about using your AVCs at retirement, please contact WTW, the DB Section administrator:

Email: **rochepensions@wtwco.com**

Phone: 01707 607 608

Write to: Roche Pension Fund
WTW
Sunderland
SR43 4JU

If you have a question about your AVC investments or PlanViewer, contact Fidelity International:

Email: **pensions.service@fil.com**

Phone: 0800 3 68 68 68
(8am to 6pm from Monday to Friday)

Visit: **www.fidelitypensions.co.uk** or you can view your pension account at **www.planviewer.co.uk**

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