

## Understanding your annual benefit statement

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The Trustee's annual benefit statement (the 'Statement') provides you with an indication of what your M&S pension is worth at 31 March 2016.

It also shows what your pension might be worth if you were to continue to be an active member of the M&S Pension Scheme (the 'Scheme') until your Normal Retirement Date and nothing changes.

**You will be aware that the Company is consulting employees on proposed changes to the Scheme that would mean that from April 2017 you would no longer build up future benefits as an active member. If the proposed changes go ahead your Statement will not accurately reflect your future pension entitlement.**

The Statement gives you plenty of other information about your benefits in the Scheme. Just in case you've got a question, we've answered some of the most frequently asked questions below.

### **I haven't received my Statement, what should I do?**

If you're within 12 months of your Normal Retirement Date (age 65), you won't receive a Statement. This is because we can only provide estimated pensions up to age 64.

If this doesn't apply to you and you still haven't received your Statement by 8 August 2016, please contact the helpline (contact details at the bottom of the page).

### **My Statement went to my previous address. Do you have my correct address?**

Due to the number of statements we need to send out and the thorough checks we make before they're printed, we take your address from your record six weeks before the statements are delivered. If you've recently changed address, your new address might not have made it to your record in time. You can check if we have the right address by contacting the pensions helpline.

### **My Statement mentions that an Additional Voluntary Contributions (AVC) statement is enclosed but it's missing.**

If you're within 12 months of your chosen Target Retirement Date for your AVCs and this date is before your Normal Retirement Date, you'll still receive your main Statement but you won't receive an AVC statement. This is because we can only provide AVC statements up to 12 months before your Target Retirement Date.

If you're not sure what your Target Retirement Date is or you want to find out how much your AVCs are currently worth you can visit 'Manage Your Account' at [www.legalandgeneral.com/manageyouraccount](http://www.legalandgeneral.com/manageyouraccount). You may need to register your details if you haven't already done so.

### **Why is my Statement calculated as at 31 March 2016?**

The Statement is calculated as at 31 March 2016 so that we can provide you with the right figure for your Annual Allowance and to coincide with the end of a financial year, when many people need information about their personal tax position.

It takes the Trustee a number of months after this date to produce the calculations needed and put these into the statements you receive in the post.

### **My pensionable salary is different on the Company communications I've received (such as the Personal Guide, Reward Statement, My People Systems Hub).**

We've used your pensionable salary as at 31 March 2016, the Company communications may have used your pensionable salary at a different date. My People Systems Hub and your Reward Statement is updated on a monthly basis.

### **How do you work out the estimated pension at my Normal Retirement Date?**

Your pension is calculated using your pensionable service from the date of joining the Scheme up to your Normal Retirement Date (age 65), multiplied by a fraction of your pensionable salary as at 31 March 2016, less the State Pension Deduction. You can find a detailed explanation on the Scheme website at [How much pension will I get?](#)

**Any questions?** Contact the Pensions helpline: *Internal: 74747474 External Freephone: 0800 092 4445*  
Email: [pensions@marks-and-spencer.com](mailto:pensions@marks-and-spencer.com)

The Trustee's calculation will take into account the following (as they apply to you):

- AVCs: including both Added Years and Defined Contribution (sometimes known as money purchase) AVCs
- Transferred in benefits
- Pension Sharing Orders

It doesn't take into account any increases to your pensionable salary that you may receive after 31 March 2016 or the potential impact of inflation.

### **Why is my annual M&S pension at 31 March 2016 higher than my estimated annual M&S pension at my Normal Retirement Date?**

Your estimated annual M&S pension at your Normal Retirement Date takes into account the State Pension Deduction. However, if you joined the Scheme before 1 January 1996, your annual M&S pension at 31 March 2016 doesn't include the State Pension Deduction because it is applied between age 60 and 65 and we want to give members an indication of their pension amount before the deduction is applied. This means that if you're approaching your Normal Retirement Date, you might find your annual M&S pension at 31 March 2016 is higher than at your Normal Retirement Date.

### **The estimates provided in my Statement are very different to the consultation Personal Guide provided by the Company, why is this?**

There are a number of different ways of working out what your future benefits might be and even taking your pensionable salary at a different date can make a reasonable difference between two estimates. The Company has provided a useful video giving more information about how it has calculated your pension in the Personal Guide and how it might be different from the Trustee Statement. You can find it on the internal Pay & Pensions website, which can be accessed through M&S World.

### **When might I receive a bigger pension by opting out of the Scheme compared to staying as an active member?**

If you opt out of the Scheme the amount of pension you have earned to date becomes a deferred pension, that's the pension you 'leave behind' when you leave the Scheme and don't take your pension straight away. This deferred pension is then subject to increases between the date of leaving and the date you take the pension. The increase on the deferred pension is at the inflation rate capped at a maximum of 5% per annum for any deferred pension earned before April 2009, this changes to inflation capped to a maximum of 2.5% per annum for deferred pension earned after 6 April 2009.

Due to the cap on pensionable salary being restricted to a maximum of 1% per annum, depending upon the rate of inflation over the coming years, it could be that the increase on the deferred pension may result in a higher pension than staying in the Scheme and earning extra years of pensionable service. This is more typically the case for members with long periods of pensionable service.

You should be aware that there are a number of implications to opting out of the Scheme. You can read more about this topic on the [Opting out of the Scheme](#) page.

### **Can I transfer my pension and continue working for M&S?**

You can transfer your pension and continue working for M&S, however, to be able to do this you would need to opt out of the Scheme.

Before you consider this option you should seek independent financial advice. It is also recommended that you read the [Pension Scams](#) page, to make sure you know if you've approached the right provider who has your best interests in mind.

### **How have my death in service benefits been calculated?**

Your death in service lump sum takes your total basic salary as at 31 March 2016 and multiplies this by four. The spouse or civil partner's pension is two thirds of your estimated annual M&S pension at your Normal Retirement Date.

## **Is this what my dependents would be entitled to if I died in service?**

The benefits your dependents are entitled to would be based on your circumstances at the date of your death. We have provided these estimated figures to give you an indication of what they might receive towards your Normal Retirement Date.

## **The spouse and civil partner's pension is higher than my annual pension as at 31 March 2016, why is that?**

The spouse or civil partner's pension is based on your estimated pension at your Normal Retirement Date. If your Normal Retirement Date is a good few years away, you may find that the spouse or civil partner's pension is a bit higher than your own pension at 31 March 2016.

## **My benefits have not increased in value, does this mean I haven't earned any extra pension over the last 12 months?**

Your pension will always increase in line with the Scheme Rules and you should notice that your annual M&S pension at 31 March 2016 is higher than your annual M&S pension on your last statement at 31 March 2015.

The figure provided is not an annual figure but the amount your pension has increased in value over the last 12 months. The calculation is a bit like the one we do to work out a transfer value, so how much your pension is worth overall instead of on an annual basis, but it only covers the amount from the last 12 months rather than your whole pension. We also take into account an estimate of future inflation rates and the limits to your pensionable salary up to 1% so that we can provide a figure in 'today's terms'. This part of the calculation can sometimes result in a figure that means that your pension has not increased in value over the year.

## **You've provided the Lifetime Allowance amount as at 31 March 2016, as the Lifetime Allowance reduced from 6 April 2016 to £1 million what impact would this have on my current Lifetime Allowance percentage?**

As the Lifetime Allowance has reduced from £1.25 million to £1 million on 6 April 2016, your current Lifetime Allowance percentage would be higher than the amount provided on your Statement (which was calculated as at 31 March 2016). You can work out the current percentage by multiplying your annual M&S pension shown on your Statement as at 31 March 2016 by 20, dividing it by 1,000,000 and multiplying that figure by 100.

e.g. An annual pension of £15,000 would be:  $15,000 \times 20 = 300,000$ ;  $300,000 \div 1,000,000 = 0.3$ ;  $0.3 \times 100 = 30\%$

You should always take into account all of your pension savings when calculating your Lifetime Allowance. More information can be found on the [Limits on pensions saving](#) page.

*The purpose of this factsheet is to help you understand more about your annual benefit statement as at 31 March 2016. It is not intended to provide definitive guidance or individual financial advice. We have made every attempt to provide succinct information, but due to the complex nature of the subject matter, the information in the factsheet may still appear complicated. If you're unsure as to how this relates to your personal finance position the Trustee strongly recommends that you seek regulated financial advice before taking any action.*

*This factsheet does not confer any entitlements and/or rights to pension benefits. Rights to pension benefits are only conferred in accordance with the Trust Deed and Rules of the DB Scheme as from time to time in force. Whilst every effort has been made to ensure the accuracy of information contained in this document, it cannot be guaranteed. In the event of a conflict between this information and the Trust Deed and Rules, the Trust Deed and Rules will prevail.*

**August 2016**