**Scottish Housing Associations' Pension Scheme**

# Membership Benefits

**Defined Contribution**

# What is SHAPS DC?

SHAPS DC stands for Scottish Housing Associations' Pension Scheme Defined Contribution.

SHAPS DC is a defined contribution (DC) pension scheme. You and your employer contribute into your pension scheme to build up a fund with which you purchase a retirement income.

# How SHAPS DC works

### Save

Contributions from you and your employer are paid in line with the minimum requirements set by your employer or the regulations, but you can decide to save more than these minimum amounts.

Your contributions may also receive tax relief. So every £1 you contribute only costs 80p from your wage (for a basic rate taxpayer).

Contributions are deducted from your gross pay (before any tax is deducted) by your employer. This is known as a Net Pay arrangement. If you do not pay income tax, you will be unable to benefit from this tax relief.

### Invest

Your pension savings are invested in a fund of your choice until you retire. You can choose to invest in the default Target Date Funds (TDFs), or select your own funds.

TDFs are suitable for anyone who does not want to make their own investment decisions. You can find out more about all of the available investment funds on the SHAPS DC website in the 'Investment Performance' section.

### Retire

You can normally choose to retire at any time from age 55. You will have several retirement options available to you, from the Scheme and from third parties. You should visit **www.moneyadviceservice.org.uk/en/categories/pensions-and-retirement** or call **0800 138 7777** for further information.

Options available include:

- taking your fund as a single cash lump sum;
- using your fund to buy a pension (or annuity) to give you an income for the rest of your life; and
- accessing your fund as a flexible source of retirement income, for example by using a drawdown arrangement.

You will usually have the option to take up to 25% of the money you have saved as a tax free cash lump sum when you retire (if you elect to take your entire fund as a cash lump sum, 25% will be paid tax free and the remainder will be taxed).

# Your questions

### Are there any member charges?

Yes – the charges applied to your fund vary depending on the investment choices you make.

The default investment fund – Target Date Funds, have an annual management charge of 0.5% a year, deducted from your fund. Other fund expenses also apply up to a maximum of 0.04% a year. Most of the self-select funds available have annual management charges of 0.45% each year, however the Ethical Target Date Fund, the Property Fund and the Diversified Growth Fund have higher charges. In addition all funds may incur other transaction charges, most notably when funds are being traded.

If you choose to use JLT's advised retirement service, there will be a fee payable (from £500) that is dependent on the size of your fund and the type of retirement product you decide to buy (such as an annuity or a drawdown product).

### What happens if I leave?

You can leave your fund invested until you retire, or transfer the value of the whole fund to another registered pension arrangement.

### What happens if I die before retirement?

If you were to die before your pension has started to be paid the value of your fund would be returned to your dependants.

You may be entitled to additional life cover if your employer has chosen this provision within the Scheme.

# Contact us

The UK support team can be contacted by telephone on **0345 072 6780** or, you can email **TPTenquiries@jltgroup.com**

# Join now

If you have not been automatically enrolled, get in touch with your employer and request them to complete the enrolment process with you.

Go online today to experience the DC member journey. You will be able to access: budget calculators; pension modellers to show how much annual pension you might get; animations explaining how a DC pension scheme works; and much more...

Visit **www.shapsdc.org.uk** to find out more.

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Retirement Solutions