

# AutoEnrolment.co.uk Master Trust

Scheme Booklet



automatic  
enrolment

[www.AutoEnrolment.co.uk](http://www.AutoEnrolment.co.uk)

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# Welcome to Smart Pension

## 1. Helping you plan for a secure retirement

We would like to welcome you as a new member of the AutoEnrolment.co.uk Master Trust, which is sponsored by Smart Pension. The details in this booklet set out the terms and conditions of membership and answer important questions about your future benefits. Your employer has chosen the AutoEnrolment.co.uk Master Trust to provide you with retirement benefits. The Scheme is administered by a Trustee Board (EC2 Master Ltd) which consists of independent professional trustees. They are all independent. The Trustees ensure that payments from you and your employer are applied as payments into the Scheme, and use them to purchase investments in accordance with the Scheme Rules.

### Joining the Scheme

All workers who are aged 22 but under state pension age with earnings over the specified threshold are automatically enrolled. Any employee who hasn't been automatically enrolled who is over 16 and under 75 can ask to join. Depending on your earnings your employer may be required to pay as well if you chose to join.

### Leaving the Scheme

Any member who is automatically enrolled has the choice to opt out within the first month of receiving the joining e-mail. Any contributions deducted from pay would be refunded, usually by your employer the next time they pay you. Thereafter, a member may leave the Scheme at any time and any funds built up would remain invested until retirement benefits become available.

Alternatively you can move your fund into another HMRC-approved pension scheme. There are no penalties on leaving the Scheme. All members who opt out or cease active membership will be re-enrolled automatically again each 3rd Scheme anniversary in line with Government rules.

All members who opt out or cease active membership will be re-enrolled automatically. This will be approximately every three years.

## 2. Your pension

The Scheme is a 'money purchase' arrangement, also known as a Defined Contribution Scheme. This means that the value of your retirement benefits will depend on each of the following factors:



Total payments paid into your pension fund



The investment return on your pension fund



Charges (as set out in your online member portal)



The period over which your pension fund is invested



Tax rules



The rates for converting your pension fund into an income when you draw your benefits

### Types of contributions

The following types of payments can be made to the Scheme: Regular, Singles and Transfers.

#### Regular weekly or monthly payments through payroll

Regular weekly or monthly contributions would normally be made by you and your employer. The payments will usually be a percentage of your pensionable qualifying earnings (see "Definitions" - point 1) and set at a rate agreed between you and your employer. Payments are subject to the overall minimum levels in the auto enrolment regulations.

Under the auto enrolment regulations, the minimum contribution level is presently 5% of qualifying earnings, of which the employer must contribute a minimum of 2%. From 6 April 2019 will be 8% of qualifying earnings, of which the employer must contribute a minimum of 3%. You can increase the percentage you pay into the Scheme if you wish,

either by logging into your member portal or telling your employer's pension administrator.

Your contributions will be deducted from your salary by your employer who will then forward all payments directly to the AutoEnrolment.co.uk Master Trust. These contributions will then be applied to your individual account to purchase units in the fund. Further information on what payments will be made and how they are calculated can be obtained from your employer's administrator.

#### Single payments through payroll

Lump sum contributions may be made at any time subject to your annual allowance (see "Definitions" - point 2) and

will receive tax relief as long as they are within the annual allowance.

#### Transfer values coming in from other pension Schemes

If you have a fund built up in a previous individual plan or employer's scheme, it may be possible for the value of that fund to be transferred to this Scheme. We have a specialist team to help with obtaining current information and to assist with consolidating your pension funds. Sometimes we may suggest you seek independent advice, where the plan has special features, before you make your decision. Please refer to our website for further information on transfers and to download the required documents: <https://www.autoenrolment.co.uk/pension-transfers>

## Investment strategy

The investment strategy for the Scheme is decided by the Trustees, and is judged to be suitable for most members.

When you join the Scheme, your money will be invested in the default model strategy. This is designed for those members who would like to take their savings a bit at a time (also known as Income Drawdown) when they come to retire. As part of this strategy, your money will be initially invested in the Smart Growth Fund - moderate risk.

The default model strategy is considered suitable for most people, but it may not reflect your personal circumstances or goals. So it's a good idea to look at the other investment choices and decide whether you want to move your money to a different option.

To view all of the available investment options, please see the investment guide which is available to download from the Employee Portal.

## Keeping track of your savings

As an employee you will be able to read about and manage your savings from your Employee Portal, including:



Update contact details and increase contributions if you wish



View your contribution history



Manage scheme membership (e.g. opt out or opt in)



Review and make changes to your investment fund options;



Complete an 'Expression of Wish' form online.



We will also issue you a pension benefit statement each year so you can keep up to date with how your pension is performing. This will also give you a projection of what you are likely to receive in retirement.

# 3. Your membership details

There are two types of membership within the Scheme which are:

## Active members

Members are 'Active Members' if they continue to contribute to the Scheme. You will cease to be an Active Member as a result of any of the following events:

- You opt out
- You leave the Scheme
- You leave employment
- You pass away before drawing your benefits
- You draw your benefits before your normal retirement date
- You transfer your funds to another registered Scheme
- You reach your normal retirement date and use your fund to buy an annuity
- You draw your funds under the "Small Pot" rules (currently max £10,000)

## Deferred members

Members are 'Deferred Members' if they cease contributions but leave their funds invested in the Scheme. You become a deferred member from the day you cease contributions until:

- You re-join the Scheme
- You are re-enrolled into the Scheme
- You draw your benefits

Deferred members continue to have access to the member portal to view annual statements and other important information. A member can cease to be a deferred member by transferring their pension pot to another Scheme. Subject to the terms of your employment, auto enrolment provisions and pension legislation, it may be possible to draw your accrued benefits whilst remaining in employment and thus continue to be an active member. Employees who have been automatically enrolled and choose to opt out within the first month will have their contributions refunded net of tax and therefore do not become members of the Scheme.

# 4. Understanding tax relief

There are two HMRC approved methods for paying contributions into a Pension Scheme:

## 1. Net pay arrangement

Despite its somewhat confusing name following the definition set out by HM Revenue & Customs, this arrangement ensures that 100% tax relief is achieved via payroll. This is because all contributions are paid over to Smart Pension 'Gross', thus removing the need to claim the higher and additional relief via Self-Assessment.

**Note – a Net Pay Arrangement will not provide a 20% tax credit to employees earning below their relevant personal allowance for income tax.**

## 2. At source

An alternative method for paying contributions is under HMRC's 'Relief at Source' arrangement, where the payroll calculates 20% tax before employee contributions are paid to the scheme. As this employee contribution gets paid to the pension 'Net' of 20% tax, the provider must reclaim this 20% tax from HMRC.

**Note – employees who pay tax at the higher and additional rates will be required to complete a Self-Assessment to claim their full tax relief.**

**Please note: This method is currently not available in the Scheme.**

## 5. When can I take my savings?

The Scheme Retirement Age (SRA) is automatically set at 65, unless your employer has told you otherwise.

The earliest that you can take your savings is at age 55. To help you understand how and when you can take your savings the government has set up a free and impartial service to help you make a decision about your future.

 We recommend you visit [www.PensionWise.gov.uk](http://www.PensionWise.gov.uk) for more information.

## 6. Your options at retirement

### Leaving your savings for a little longer

When you reach the SRA you may not be ready to draw your benefits, in which case you can leave the funds to grow within your savings account. You will continue to receive annual statements and regular reminders about your retirement options.

You could also use the account to consolidate any other pension funds to make it easier to see the total value of your retirement funds until you are ready to draw them. Similarly, you could request a transfer out to consolidate your funds with another registered pension plan.

### Taking your savings as Cash

You can currently take the whole amount in one go. A quarter can be taken tax-free – the rest will be taxed as income. If you're considering this option, you may need to plan how you will provide an income for the rest of your lifetime.

## Small fund rules

You may be able to take the whole of your pension as a trivial commutation lump sum if: You're aged at least 55, or you're retiring at an earlier age because of ill-health; and the value of all your pension benefits (including defined contribution pensions and pensions already in payment, but ignoring any State Pension) when added together do not exceed £30,000 in total.

You may be able to take the whole of your pension as a small pot if:

- You're aged at least 55, or you are retiring at an earlier age because of ill-health; and the value of your pension arrangement does not exceed £10,000.
- Unlike trivial commutation, you do not have to take into account any other pension benefits you may have, when giving up a pension for a small pot. The Government will allow you to give up three pension arrangements under the small pots rule.

## Taking your savings a bit at a time (Income Drawdown)

You can leave your money invested and take lump sums from it as and when you wish until your money runs out.

**This option is currently not available in the Scheme. If you are interested in taking your savings in this way, you may be able to transfer to another provider who offers this option.**

## A guaranteed income (also known as an Annuity)

To provide you with a guarantee that the money will last as long as you live or for a fixed term.

**This option is currently not available in the Scheme. If you are interested in taking your savings in this way, you may be able to transfer to another provider who offers this option.**

# 7. Benefits on death

When you first become a member of the Scheme, you should complete an online Expression of Wish form. This form is available in your personal [member portal](#). You may change your nominated beneficiary/ies at any time by amending this form, thereby superseding any previous forms. Upon being notified of the death of a member of the Scheme, the Trustees will take into account the wishes expressed in the form, plus any within a Will, when the funds are released. If you fail to complete an Expression of Wish form, the Trustees will use their discretion to determine who the beneficiary of your fund will be. The amount of the death benefit is the full value of the pension account when we settle payment to the beneficiary/ies.



## Death before drawing your benefits

If you die before drawing the benefits from your pension account within the Scheme, the Trustees will release the full value of the funds. Lump sum payments to a spouse or partner would normally be tax free unless the fund balance is larger than the **Lifetime Allowance** (see “Definitions” - point 3). Payments to other beneficiaries may be subject to tax. For greater explanation, you should seek professional advice.

## Death after taking your benefits

If you have purchased an annuity and generated a pension income then the benefit payable, if any, would be in accordance with the terms of the annuity contract, i.e. you may have chosen a Spouse/Dependant pension, or a minimum pension payment period. If you transferred your fund into a drawdown plan, then the remaining balance in that plan would normally be available to your nominated beneficiary. Please note, if you transfer into another provider’s plan, you should provide them with a fresh beneficiary nomination; transferring out of the AutoEnrolment.co.uk Master Trust will cancel any nominations previously made. The tax treatment of benefits may also be different depending on the new contract you have chosen.

# 8. Leaving the Scheme

If you leave the Scheme, all contributions to the Scheme will normally stop. Your options will depend on the length of time that you have been a member of the Scheme and these are described below:

### Less than one month’s membership:

- Current auto enrolment regulations allow you to opt out of the Scheme within 1 month of your joining e-mail. In this instance, you would be entitled to a refund of your own contribution minus tax. This refund would usually be paid by your employer in your next payroll.

- **Please note: should you remain employed you will be automatically re-enrolled as long as you meet the specified threshold. This will be approximately every three years.**

### More than one month’s membership:

- You will be entitled to deferred benefits under the Scheme; or
- You may choose to transfer the value of your fund to another registered pension Scheme.

You may leave the Scheme under auto enrolment rules whilst remaining with your employer. You may re-join again at any time whilst still employed by the participating employer to the Scheme, subject to your employer’s agreement. If you previously opted out or left the Scheme you may be re-enrolled by your employer. Your employer is required to consider whether you need to be re-enrolled. This will take place roughly every three years from when their automatic enrolment duties started.

# 9. Important notes and governance

## Important notes

Reference to taxation is based on our current understanding of the rules. The levels of taxation and rules and their timing may change in the future. Please refer to our website at regular intervals to see the latest retirement options and updates. The information in this Scheme booklet is provided to members as a guide to their pension benefits within the Scheme. In the event of confusion or misinterpretation the rules of the AutoEnrolment.co.uk Master Trust will prevail.

The decisions you make with your retirement funds will affect your future income in retirement and some cannot be changed. We strongly suggest you seek professional advice from a regulated adviser. Beware of pension scams canvassed with 'special' features or unregulated products.

## Definitions

**1. Qualifying Earnings** – these must include all payments of:

- Salary or wages
- Bonuses
- Commissions
- Overtime
- Allowances such as large town allowance or car allowance.
- Some P11D benefits
- Statutory sick pay
- Statutory Maternity / Paternity pay
- Generally any taxable income

Your employer can choose what earnings to use when calculating your pension contributions subject to legal minima.

**2. Annual Allowance** – there is a maximum limit for contributions, currently £40,000 per year. This allowance is reduced to £10,000 if the Small Pot rules have been used to cash in a pension fund.

**3. Lifetime Allowance** – there is also a maximum limit of the overall funds held in all pension Schemes, currently £1.03m. Pensions with more than £1.03m in funds will also lose tax relief on contributions. These Allowances may change in the future and are often reviewed in the Chancellor's annual Budget. If the Allowances are exceeded, then tax penalties of up to 55% may become payable.

*The above tax rates and allowances apply for the 2018/2019 tax year.*

## Governance

The Trustee of the Scheme is EC2 Master Ltd. They oversee the appointment and performance of investment managers and ensure good administration systems are in place to meet the Regulator's requirements and to keep members informed of their savings account.

## 10. How to contact us

You can contact us by telephone, via e-mail or via our live online chat on the Smart Pension website.



Employees: 0333 666 2626  
Employers: 0333 666 2323  
Advisers: 0333 666 2020



[employee@smartpension.co.uk](mailto:employee@smartpension.co.uk)  
[employer@smartpension.co.uk](mailto:employer@smartpension.co.uk)



[www.AutoEnrolment.co.uk](http://www.AutoEnrolment.co.uk)



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# 11. What else do I need to know?

## What if I have questions?

If you have general questions regarding the Scheme these should in the first instance be raised with your company Scheme administrator.

## What if I want to make a complaint?

If you are unhappy with any aspect of the Scheme you may contact the AutoEnrolment.co.uk Master Trust via email at [complaints@smartpension.co.uk](mailto:complaints@smartpension.co.uk). You should receive an acknowledgment within 5 working days and a formal reply within 28 days.

If you are still unhappy, you may appeal to the Trustee who will give their decision within four months.

The Trustees' contact details are:

### **Capital Cranfield Trustees**

Unit 15, Poplars Court

Lenton Lane

Nottingham,

NG7 2RR

Tel: +44 (0)115 896 4440

Email: [nottingham@capitalcranfield.com](mailto:nottingham@capitalcranfield.com)

[www.capitalcranfield.co.uk](http://www.capitalcranfield.co.uk)

## Can I contact The Pensions Ombudsman about my complaint?

You have the right to refer your complaint to The Pensions Ombudsman free of charge. The Pensions Ombudsman deals with complaints and disputes which concern the administration and/or management of occupational and personal pension schemes.

**You can submit a complaint form online:**

[www.pensions-ombudsman.org.uk/our-service/make-a-complaint/](http://www.pensions-ombudsman.org.uk/our-service/make-a-complaint/)

Alternatively, you can contact them by:

Telephone: 0800 917 4487

Email: [enquiries@pensionsombudsman.org.uk](mailto:enquiries@pensionsombudsman.org.uk)

Post: 10 South Colonnade, Canary Wharf, E14 4PU

## I'm still not sure what to do?

If you have general requests for information or guidance concerning your pension arrangements contact The Pensions Advisory Service.

Telephone: 0300 123 1047

Website: [www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk)

Post: 11 Belgrave Road, London, SW1V 1RB

## 12. Useful contacts



### GOV.UK

GOV.UK is a Government source of information on State benefits.

On its website you can find information about the State Pension, pension credit, National Insurance in retirement and much more.

[www.gov.uk](http://www.gov.uk)



### The Pensions Regulator

The Pensions Regulator regulates workplace pension schemes and it can step in where they feel that a scheme is not being run properly or where it has evidence that members' benefits are endangered. The Plan's administrators and professional advisers have a duty to report to The Pensions Regulator if they believe there have been any irregularities in the running of the Plan.

The Pensions Regulator Napier House Trafalgar Place Brighton BN1 4DW  
Tel: 0345 600 0707

[www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)



### Pension Wise

With the recent pension freedoms you can now access a free and impartial Government service about your defined contribution retirement savings options when you're over 50 years old.

[www.pensionwise.gov.uk](http://www.pensionwise.gov.uk)



### The Pension Tracing Service

The Pension Tracing Service provides a tracing service for those who have lost contact with administrators of former pension schemes.

The Pension Service 9 Mail Handling Site A  
Wolverhampton WV98 1LU Tel: 0345 6002 537  
[www.gov.uk/find-lost-pension](http://www.gov.uk/find-lost-pension)



### Unbiased

Use this website to find financial advice in your area. You may wish to consider taking financial advice before deciding on your options.

[www.unbiased.co.uk](http://www.unbiased.co.uk)



### Money Advice Service

Free independent service, set up by the Government to help you make the most of your money.

Tel: 0800 138 7777

[www.moneyadviceservice.org.uk](http://www.moneyadviceservice.org.uk)