

For customers

Group Money Purchase Pension Key Features

This booklet gives you the main points about the Group Money Purchase Pension Scheme your employer has set up with Aegon.

If your personal circumstances mean you need any additional support, or if you'd like a large print, Braille or audio version of this document, please visit [aegon.co.uk/additionalsupport](https://www.aegon.co.uk/additionalsupport) or call 03456 10 00 10 (call charges will vary).

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Its aims

- To save for retirement in a tax-efficient way.
- To build up a pension pot to provide you with retirement benefits. Those benefits could be a lump sum or an income in retirement or a combination of both.
- To provide a lump sum or an income for your husband, wife, registered civil partner and dependants if you die before you take your retirement benefits.

Questions and answers

About Aegon

At Aegon, we've been helping our customers achieve financial security since we started out as Scottish Equitable back in 1831. Over the years, we've evolved our brand by combining our proud heritage with Aegon's global strength. As one of the world's largest financial service organisations, we work with advisers, employers and individuals to offer long-term savings, investments, pension solutions and protection products.

What's a Group Money Purchase Pension?

It's a pension that helps you save for retirement, in a tax-efficient way.

It's arranged for you by your employer. It's set up under a trust deed and rules, administered by trustees. Your membership is covered by these rules.

You'll have your own fund into which you and your employer can make contributions.

Who can join?

You may be automatically enrolled and your employer will let you know if this is the case. Automatic enrolment has been introduced by the government to encourage more employees to save for their future. If you're looking for more information about automatic enrolment, visit [gov.uk/workplace-pensions](https://www.gov.uk/workplace-pensions)

If you're not automatically enrolled, it's up to your employer whether you can join. There may be certain eligibility conditions and your employer will tell you if you meet these conditions, and, if you do, you can choose to join.

How much can be paid into my fund each tax year?

You and your employer can pay contributions to your fund. Your employer will confirm the rate of employer contributions and any minimum level for your contributions.

Your employer will deduct regular employee contributions from your earnings and pay these,



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with employer contributions to Aegon. If you want to make any single 'one-off' contributions, your employer may be able to deduct these from your earnings, or may ask you to make the payment yourself, for example because you intend to pay a contribution that's higher than your earnings in the pay period when you want to make the payment.

If you're automatically enrolled, unless you opt out or choose to reduce the level of your contributions, there's a minimum amount set by the government that must be paid into your fund. Your employer must contribute and may require you to contribute as well. Your employer will tell you separately how much this contribution is.

If you're not automatically enrolled, there's a minimum contribution of £20 each month.

If you're liable for income tax, you'll get tax relief on your personal contributions, normally at the highest rate of tax that you pay. You can receive tax relief on contributions up to 100% of your relevant UK earnings or, if higher, £3,600 in each tax year. This tax relief limit applies to all contributions made by you, or someone else other than your employer, to all pension plans that you have up until the age of 75. The amount of tax relief depends on your individual circumstances and may change in the future.

If the value of pension savings made by or for you (including by your employer) in the current tax year is more than the annual allowance, a tax charge will apply to any excess (unless you have unused allowance you can carry forward). For the current tax year, your annual allowance will be £60,000 unless you're a high earner (broadly, your income including the value of pension contributions is more than £260,000). If you're a high earner, your annual allowance will be an amount between £10,000 and £60,000, depending on your income amount. Visit moneyhelper.org.uk/en/pensions-and-retirement/tax-and-pensions/the-annual-allowance for more information.

Whatever your annual allowance level, the amount that can be paid by or for you into money purchase arrangements (like this one)

without a tax charge arising may be restricted to the money purchase annual allowance, which is £10,000. The restriction applies if you take, or have already taken, certain types of pension benefit – for example, an uncrystallised funds pension lump sum (UFPLS) or income from a flexi-access drawdown plan.

Special rules apply in the year that the money purchase annual allowance rules first apply to you. Please speak to a financial adviser for more information. If you don't have an adviser, you can visit moneyhelper.org.uk/choosing-a-financial-adviser to find the right one for you.

Where are my contributions invested?

The trustees invest all contributions in investment funds chosen from the range that we offer for Group Money Purchase plans.

The trustees may have chosen a fund for your contributions to be invested in. If you've been automatically enrolled, a default investment strategy is in place when you join. If you want more details on the investment funds, you should ask the trustees.

If the trustees have allowed you to make your own investment decisions, you can change the funds you're invested in. This is also known as switching.

The value of investments within your Group Money Purchase plan can fall as well as rise. The value of your pension pot when you come to take benefits could be less than you've paid in.

Are there any additional requirements if I'm automatically enrolled?

If you've been automatically enrolled, or opt in, there are minimum contribution amounts which have been set by the government. The web page gov.uk/workplace-pensions tells you more about this. If your employer pays less than the minimum total contribution, you must pay the balance to bring it up to this minimum.

If contributions to your plan are affected by the minimum contribution requirements set by the



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government now or in future, contribution rates to your plan will have to be increased unless you opt out of the increase.

Your employer will tell you when or if contributions need to be increased to meet the minimum requirements set by the government.

Can I change my contributions or take a break?

Subject to any minimum contribution rates that Aegon applies and agreement with your employer, you can change contributions. If you're automatically enrolled and you opt out, your employer may automatically enrol you back into the plan at some stage, as required by law.

Any contribution break is likely to reduce your future pension.

What happens if I leave the scheme?

If you leave the scheme before your normal retirement date, the trustees will tell you the options you have.

Your options may be restricted because of legislation but could include:

- leaving your pension pot in the scheme;
- a transfer of the total value of your pension pot to another pension plan, or
- taking your retirement benefits early because of ill-health. See 'When can I take my pension benefits?'

Can I transfer my other pension plan(s) into this Group Money Purchase Pension?

If you have pension plans with other companies, or with previous employers, it may be possible to transfer the value of these into your fund. It's up to the trustees whether they accept transfer payments.

We may set a minimum figure for transfer payments and review this from time to time. You can check the minimum

amount with the trustees.

What will happen to my transfer payment?

The trustees will invest your transfer payment in your pension fund.

What about tax?

Your employer will usually deduct any contributions that you pay from your earnings. As this will reduce the amount of your taxable pay, it means tax relief is given at your highest marginal rate.

You'll have to claim tax relief separately on any employee contributions that you make direct to the scheme.

If your employer offers a salary sacrifice or salary exchange arrangement, contributions invested through that arrangement are treated by HM Revenue & Customs (HMRC) as employer contributions (earnings after the salary sacrifice/exchange are used to calculate your income tax and National Insurance contributions).

If your employer operates salary sacrifice/exchange, your employer will give you details about this before you join the scheme.

Pensions paid from the scheme are taxable under the PAYE system (like earnings). In addition, if the value of your pension benefits when you start to take them is more than your available lump sum allowance or lump sum and death benefits allowance, you may have to pay tax on the excess, unless you have enhanced protection. Visit [moneyhelper.org.uk/en/pensions-and-retirement/tax-and-pensions/lump-sum-allowances-for-pensions](https://www.moneyhelper.org.uk/en/pensions-and-retirement/tax-and-pensions/lump-sum-allowances-for-pensions) for more information.

This information is based on our understanding of current legislation, taxation law and HMRC practice, which may change.



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When can I take my pension benefits?

You can take your pension benefits from your plan from the age of 55 (including while you're still working) increasing to age 57 on 6 April 2028.

You may be able to take your pension benefits earlier than age 55 if you're in ill health or have a protected pension age. If you think you have a protected pension age, speak to a financial adviser.

What choices will I have when I want to take my pension benefits?

We'll write to the trustees before you take your pension benefits. They'll give you details of all your options, including:

- a tax-free lump sum along with an annuity. The tax-free lump sum is normally up to 25% of the value of the benefits you're taking at the time, but may be more or less than this depending on your circumstances and is also subject to any lump sum allowance or lump sum and death benefits allowance restrictions;
- taking the full plan value as a cash lump sum. If you take this option, usually 25% of the amount you take is tax free and the balance is taxed as income, and
- a combination of the above.

Instead of taking your pension benefits from the scheme, you can normally also transfer the value of your fund to another pension scheme.

What might I get when I want to take my pension benefits?

The illustration included in this pack shows examples of what you may receive. However, your final fund value, which is used to provide a pension income, may depend on the following:

- how much is paid in;
- how long contributions were made;

- investment performance, which may go down as well as up, and market conditions when you take benefits, and
- scheme charges.

The value of an investment can fall as well as rise and isn't guaranteed. You could get back less than you invest.

What happens to my benefits if I die?

The value will be used to provide death benefits to your dependants or beneficiaries. This is normally paid as a cash lump sum.

The trustees decide who to pay the lump sum to, and they take into account your circumstances when you die and anyone you've stated you want the money to go to.

If you die before age 75, any lump sum death benefits will be tax free provided that they're paid within two years of the trustees becoming aware of your death. It will be tested against your available lump sum and death benefits allowance and the person(s) receiving benefits will be taxed at their marginal rate on any amount over your available allowance. If the lump sum is paid after the two-year period, or you die after age 75, the trustees pay the lump sum, less a tax charge. The tax charge depends on who the lump sum is being paid to, but will normally be at the marginal rate of the person receiving the benefit.

The lump sum death benefit normally doesn't currently count towards the value of your estate for Inheritance Tax purposes. This is due to change from 2027.

If the trustees agree, you can opt to have a pension paid to your dependants instead of a lump sum. This would not be tested against your available lump sum and death benefit allowance and if you die before the age of 75 the income payments to your dependants would be tax free. If you die at age 75 or over, or the dependant's pension is bought more than two years after the trustees became aware of your death, the pension income would be taxable when received by the dependant.



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How will I know how my scheme benefits are doing?

Every year we'll send the trustees a statement showing how the investments in the scheme for you are performing, how much these are worth, how much has been paid in, and your estimated pension at your retirement age.

You may also be able to access up-to-the-minute information about your scheme benefits online, through our secure online services. Your scheme trustees will tell you if you have access and give you details on how to register once your scheme membership has been set up.



Other information

How to complain

We hope you never have to complain about the scheme or the Group Money Purchase Pension plan. But, if you do, the first step is to contact the scheme trustees.

The trustees can give you more information about their complaints/dispute resolution process and the timescales that should be followed for these.

You must let the trustees know of any changes to your circumstances or any other details affecting your scheme membership.



How to contact us

If you have any questions about the Group Money Purchase Pension plan, you should contact your employer or the scheme trustees.

For more information about us, visit aegon.co.uk

aegon.co.uk  [@aegonuk](https://twitter.com/aegonuk)  [Aegon UK](https://www.linkedin.com/company/aegon-uk)

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