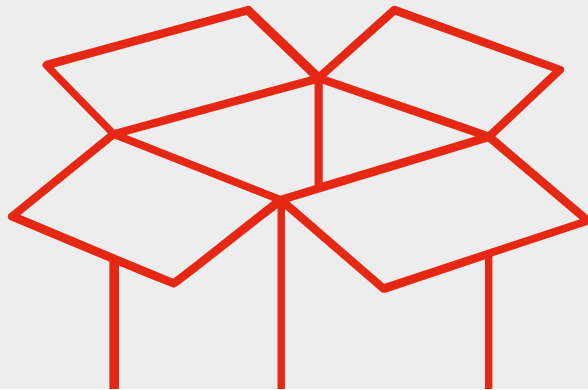


# Your Quick Start Guide

to the HSBC Bank (UK)  
Pension Scheme





## What's in the guide?

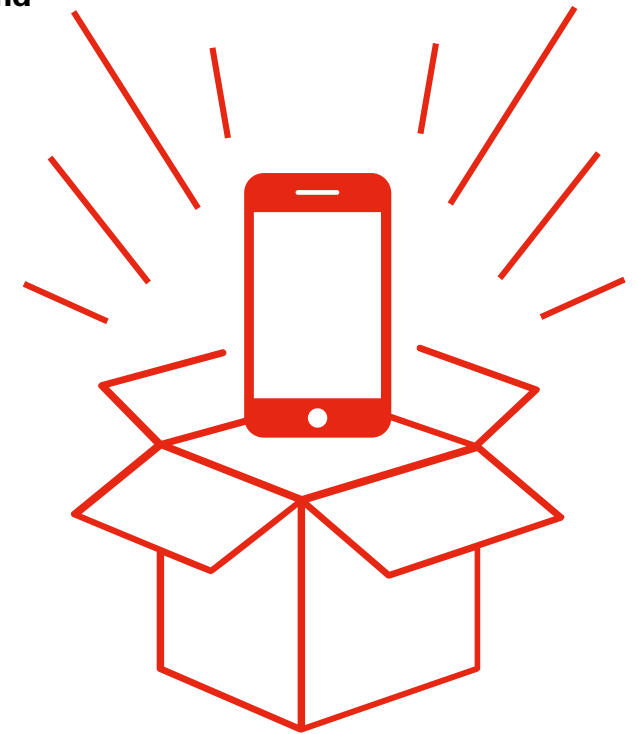
**This guide is from the Trustee that looks after your money in the HSBC Bank (UK) Pension Scheme (the Scheme). It will help you get up and running, so you can start making the most of your defined contribution (DC) pension pot. As well as giving you all the basics, it tells you where you can find out more information.**

Upon joining HSBC you automatically become a member of the Scheme so that while you're working you can build up money in a DC pension pot. You can use this money in various ways once you reach a certain age.

HSBC has started to put money into your DC pension pot. This money's been invested to give it a chance to grow. When the time comes, you can take your money out. We've assumed you'll do that when you're 65.

This guide will help you think about your options, including how your money's invested, when you take it out, and how you take it out. It also explains how to make changes if you want to.

**Have a look through this guide, and start making the most of your DC pension pot.**



## How the Scheme works

There are several kinds of pension schemes. Your Scheme is 'defined contribution' (DC). This means that while you're working for HSBC, the company makes 'contributions' into a 'DC pension pot'. You can contribute if you want to.

Once you reach a certain age, you can use the money in this DC pension pot in various ways. How much you'll have at that point depends on how much has gone into your DC pension pot and whether it's grown from being invested.

### Quick Links

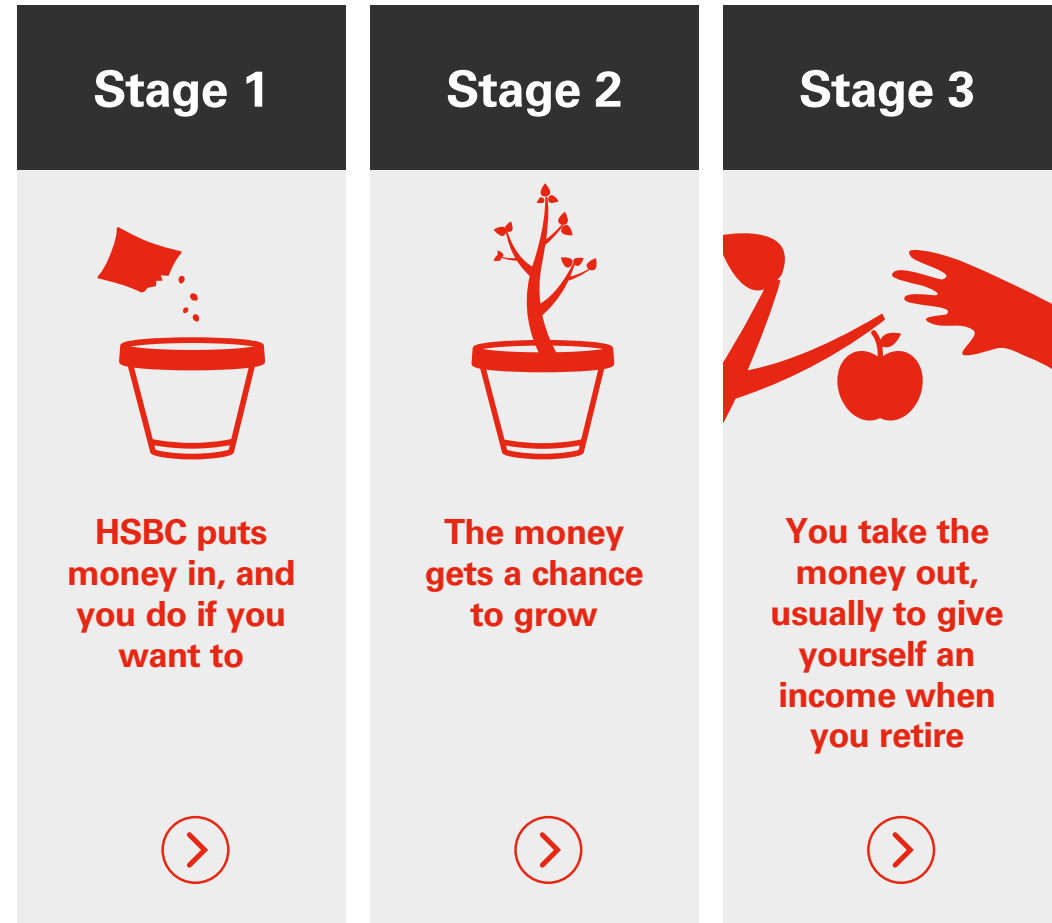
How your pension can help protect your family



Where to find more information



There are 3 stages in the life of your DC pension pot:



# Stage 1

**HSBC puts money in,**  
and you do if you want to



## Quick Links

- HSBC puts money into your DC pension pot, even if you do nothing
- If you put some money into your DC pension pot, HSBC will put in even more
- Putting money into your DC pension pot can save you tax and National Insurance
- What happens if you want to leave the Scheme
- Moving money from another pension scheme to your DC pension pot



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## HSBC puts money into your DC pension pot, even if you do nothing.

HSBC automatically puts money into your DC pension pot. The amount it puts in is a percentage of your pensionable salary – that's your salary before any overtime or allowances are added.

# 10%

It puts in an amount equal to 10% of your pensionable salary for the first £21,700\* you earn.

\*This is the yearly figure for 1 July 2019 to 30 June 2020 and is subject to change.

# 9%

It then puts in an amount equal to 9% of anything you earn over £21,700\*, up to a certain limit, known as the Scheme Earnings Cap (SEC). The SEC is £147,000\*.

\*This is the yearly figure for 1 July 2019 to 30 June 2020 and is subject to change.

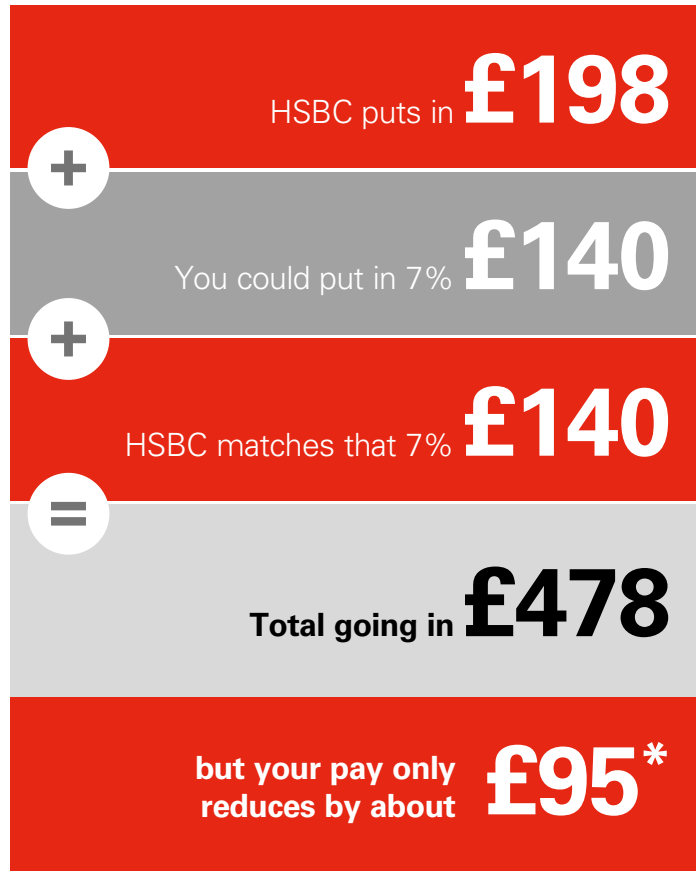
## If you put some money into your DC pension pot, HSBC will put in even more

If you put some of your own money into your DC pension pot, HSBC will put more money in too. It will match the amount you put in up to a maximum of 7% of your pensionable salary. This is on top of the money that it automatically puts in. You can start or stop putting money in, or change the amount, whenever you want to. To make changes, go to HR Direct, Benefits & Share Plans, then My Benefits - UK and click edit/manage which will open the My Choice system where you can choose an 'Anytime Event'.

## Putting money into your DC pension pot can save you tax and National Insurance

You don't pay tax or National Insurance on the money that you put into your DC pension pot. This means that, if you're an ordinary rate taxpayer, every pound that you put into your DC pension pot only reduces your take-home pay by about 68 pence.

If you're earning £24,000 a year, it works like this each month...

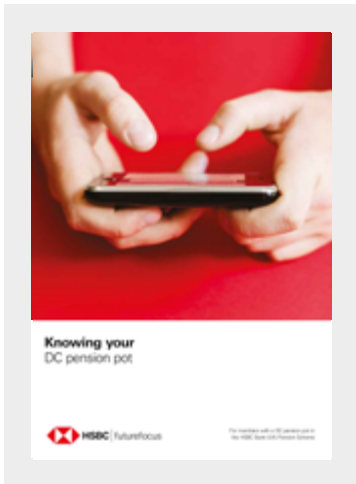


\*Based on basic UK tax rate of 20% and NI savings of 12%.

## What happens if you want to leave the pension scheme

If you want to stop being a member of the Scheme, just go to HR Direct, Benefits & Share Plan, My Benefits - UK, click on edit/manage which will open the My Choice system so that you can make your change. There's more information about leaving the scheme on page 21 of **Knowing your DC pension pot**.

Leaving the scheme affects the benefits your family or other dependants may receive if you died while working for HSBC in the UK. They'd still be able to get a lump sum, but not an income.



### Moving money from another pension scheme to your HSBC DC pension pot

If you have money in another pension scheme, perhaps from a previous employer, you might be able to move it to the Scheme. Whether you can or not will depend on the rules of the other scheme and if we're able to accept it.

If you're thinking of moving money from another scheme, bear in mind that it might work differently from your HSBC pension. For example, it might be designed to pay you an income based on the number of years you worked for the employer, rather than helping you build up money in a DC pension pot.

So, it's worth thinking carefully before you move your money. You may also need to take and pay for independent financial advice.

If you do want to move money from another scheme to your HSBC DC pension pot, you need to fill in a **'transfer-in' form** and send it to the HSBC Administration team. You can find this form on the forms tab located on the information centre at [www.futurefocus.staff.hsbc.co.uk](http://www.futurefocus.staff.hsbc.co.uk).



## HMRC limits how much can go into your pension schemes without you paying extra tax

The **Annual Allowance** limits the amount that can go into all your pension schemes in a tax year, without you paying tax. If more than your allowance goes in, you'll have to pay tax on that extra money. If your taxable income is less than £110,000, up to £40,000 a year can usually go in. But if it's over £110,000, less can go in. There's a sliding scale of what can go in, down to a minimum of £10,000. Broadly speaking, you'll be at this £10,000 minimum if your taxable income plus the total amount going into your pension schemes is £210,000 or more.

If you've taken any money purchase or defined contribution benefits flexibly (for example, as a taxed lump sum or through drawdown) your money purchase allowance becomes a Money Purchase Annual Allowance (MPAA) of £4,000 with effect from 6th April 2017.

The **Lifetime Allowance (LTA)** limits the total amount you can build up in all of your pension schemes, without paying extra tax – the current limit for the 2019/2020 tax year is £1.055m. You'll pay an LTA tax charge on anything over that when you come to take the money out.

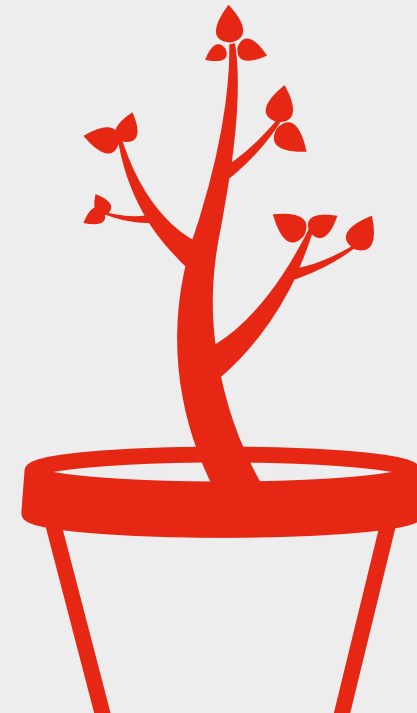
If you think you might be affected by these limits, you might want to read more about this on the [HMRC website](#).





# Stage 2

## The money gets a chance to grow



### Quick Links

The money in your pension gets invested



Your investment choices:

- 1. Flexible Income Strategy
- 2. Lump Sum Strategy
- 3. Annuity Purchase Strategy
- 4. Freechoice



To get back to this page, click the red stage number at the top of the page.

**The money in your DC pension pot gets invested, to give it a chance to grow.**

You can choose how it's invested if you want.



**If you don't tell us what to do, we'll invest it in the Flexible Income Strategy option.**

There's more information about the Flexible Income Strategy option and your other investment options on the next page.

**We assume that you plan to take the money out when you're 65 – your 'Target Retirement Age'.**

If you want to amend your Target Retirement Age, you can do this through **My Pension**. Once you have logged into My Pension, click on My Pension and select the dropdown My Investment Change Process.



Have a look at your investment choices on the next two pages, and think about which might be right for you.

## Your investment options

There are **FOUR OPTIONS** for members:

**1**

### Flexible Income Strategy

Designed for people who think that they will take a 25% tax-free cash sum and the balance to provide a flexible income (e.g. income drawdown), spreading the amount and timing of income withdrawals after transferring your DC pension pot out of the Scheme.

**2**

### Lump Sum Strategy

For people who think they'll take all of their DC pension pot as cash lump sum.

**3**

### Annuity Purchase Strategy

For people who think they'll take 25% of their DC pension pot as a tax-free cash sum and use the balance to buy an annuity (a regular income for life).

**4**

### Freechoice

For people who have experience of investing and want to design and monitor their own investment strategy, this gives you full control over your DC pension pot. It lets you choose between 18 different investment funds. How you invest your DC pension pot and how you change your investments over time, is up to you.



## More about these investment options

All three Strategies shown on the previous page invest your money for you. When you're younger, your DC pension pot is invested to grow your money. Then, 20 years before your Target Retirement Age investment switches start and your DC pension pot is moved into lower-risk investments. It does that to try and protect any growth you've had so far, even if that means giving it less chance of growth in future.

Up until 10 years before your Target Retirement Age, all three Strategies invest your pot in the same way. From this point, the investments are different and reflect how you expect to use your pot when you reach your Target Retirement Age.

Your fourth option, Freechoice gives you full control over how your DC pension pot is invested. You can choose from our wide range of funds to match the retirement income you plan to take.



### Finding out about your investment choices and making changes

For more information about your investment choices, read **Your DC pension pot – your investment choice** which you can find on the Member guides tab located on the information centre at [www.futurefocus.staff.hsbc.co.uk](http://www.futurefocus.staff.hsbc.co.uk). You'll also find fund factsheets which provide more information on the funds available to members on the information centre.

To change the way your DC pension pot is invested, log on to **My Pension** at [www.futurefocus.staff.hsbc.co.uk](http://www.futurefocus.staff.hsbc.co.uk). If you are not on the HSBC network you will need a username and password to log on. The login page provides information should you have difficulty logging on.



## Stage 3

**You take the money out,**  
usually to give yourself an  
income when you retire

### Quick Links

Three ways to take your money out

1. Investing it and perhaps taking an income from it
2. Taking it out as cash
3. Buying a guaranteed income for life – an annuity



To get back to this page, click the red stage number at the top of the page.

## Three ways to take your money out

### Invest



Invest it and perhaps take an income from it

### Take cash



Take it out as cash

### Buy annuity



Buy a guaranteed income for life – an annuity



### Taking money out of your DC pension pot while you're still working for HSBC

From age 55, if you take the money out of your DC pension pot but continue to work for HSBC, it will start again to put money into your DC pension pot. You can put money in too, if you want. However, HMRC has rules and limits about what can be put in. You can find out more on HMRC's website at [www.gov.uk/tax-on-your-private-pension/annual-allowance](http://www.gov.uk/tax-on-your-private-pension/annual-allowance)

You can take the money out of your DC pension pot anytime between age 55 and 75.

You can usually have up to 25% of your money as a tax-free lump sum. After you've done that, everything else you take out is taxed as if it were income. But you won't have to pay any National Insurance contributions on it.

The three ways to take your money out and the tax-free lump sum option could change in the future, if the Government decides to alter the way the pension system works in the UK.

## 1

## Investing it and perhaps taking an income from it



**If you want to give the money in your DC pension pot a chance to continue to grow, and perhaps take an income from it, this option might be right for you. You can take a regular income, take money out as and when you need it, or just leave it all invested.**

There are companies that will help you invest your money and take an income in this way. They sometimes call it 'income drawdown' or 'flexi drawdown'.

You might be able to transfer the whole of your DC pension pot to them, take up to 25% as a tax free lump sum, invest the rest and take an income when you like. If you do this, the income you take will be taxable. Or, you might be able to transfer your DC pension pot and take out cash amounts. If you do this, the first 25% will usually be tax free and the rest taxable.



## 2

## Taking your money as cash



**It can be very tempting just to take your money in your DC pension pot as cash. If you do, you'll need to think about how you're going to make it last.**

This can be tricky, as you don't know how long you're going to live! If you do decide to take it as cash, you'll usually be able to take the first 25% tax free. The rest will be taxed as if it's income. So, you'll need to think about the tax you'll be paying on the money you take out.





## 3

## Buying a guaranteed income for life – an annuity



**If you want the security of a guaranteed regular income, so there's no worry about making sure your DC pension pot lasts you right through retirement, buying an annuity from an insurance company might be the right option for you.**

In return for some or all of your DC pension pot, the insurance company you choose will pay you a regular income for the rest of your life – no matter how long you live.

If you're thinking of buying an annuity, it's worth shopping around. There are two reasons for this. Firstly, it means you can find an annuity that meets your needs – for example, you might want one that would pay an income to your spouse if you were to die first. Secondly, different insurance companies offer different annuity rates – in other words, in return for the same amount of money from you, they pay a different amount of income.

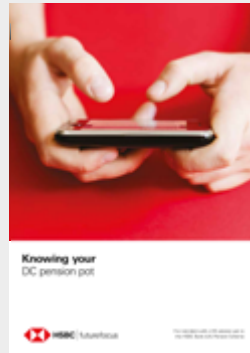
## How your pension can help protect your family

**If you're working for HSBC in the UK and die before you take the money from your DC pension pot, we can pay out the following benefits – usually to your family, dependants or someone else you tell us about:**

- a lump sum of four times your benefit salary – unless you choose a different amount through My Choice. They get this even if you opt out of the pension scheme,
- all the money you've put into your DC pension pot – but not the money HSBC has put in,
- a pension for your spouse or civil partner equal to 30% of your pensionable salary. However, if they're more than 15 years younger than you, it will be less than 30% - for each year beyond these 15 years, it goes down by 2.5%,

- an allowance for a dependant if you don't have a spouse or civil partner,
- an allowance for dependent children – this would be higher if your spouse, civil partner or dependant doesn't receive a pension.

If you've stopped working for HSBC but you haven't taken the money from your DC pension pot, your family or dependants could get all the money in your DC pension pot. This would include all the money that HSBC has put into it.



You can find out more about these benefits on page 18 of **Knowing Your DC pension pot**.



### Let us know your wishes

**You can choose who you want to receive any benefits if you die. This includes things like how you'd like benefits to be shared amongst your children if you have them.**

To let us know your wishes, you need to fill in a form. For tax reasons, the trustee doesn't have to follow your wishes in the form, but it will take them into account.

Go to [www.futurefocus.staff.hsbc.co.uk](http://www.futurefocus.staff.hsbc.co.uk), click on **My Pension**, then go to 'My Beneficiaries'.



## Where to find more information

### To find out more about the Scheme

Visit the Scheme website futurefocus:

[www.futurefocus.staff.hsbc.co.uk](http://www.futurefocus.staff.hsbc.co.uk)

### To change how much is going into your DC pension pot

Go into HR Direct, Benefits & Share Plan, My Benefits - UK, click on edit/manage which will open the My Choice system so that you can select an anytime event.

### To find out how your DC pension pot is doing and change how it's invested

Visit futurefocus – [www.futurefocus.staff.hsbc.co.uk](http://www.futurefocus.staff.hsbc.co.uk) and click on **My Pension**. If you're logging on from outside HSBC's network, you'll need your user ID and password to do this.

### To find information about how to use your DC pension pot

The Government has set up an information service about using the money in your DC pension pot. It's called Pension Wise and if you're 50 or over, you can also get free personal guidance, visit [www.pensionwise.gov.uk](http://www.pensionwise.gov.uk) to find out more.

If you're under 50 or just starting to build up a pension, you can get more information from the Pension Advisory Service - [www.pensionadvisoryservice.org.uk](http://www.pensionadvisoryservice.org.uk)

### To find general information about money matters

HSBC can help you think about lots of things to do with your money – like making it grow, reducing debt, and planning for your future. If this would be useful, visit KnowYou – [www.knowyou.staff.hsbc.co.uk](http://www.knowyou.staff.hsbc.co.uk)

### To find personal financial advice

This guide is not giving you any financial advice about what you should do, you should talk to an independent financial adviser. To find an adviser, go to [www.moneyadvice.service.org.uk](http://www.moneyadvice.service.org.uk) and search 'adviser'. You'll probably have to pay for their advice.



### About this guide

**This guide reflects UK tax and social security law as it stood in June 2019.**

If there are differences between this guide and the Trust Deed and Rules of the HSBC Bank (UK) Pension Scheme, the Trust Deed and Rules will override. You can find the Trust Deed and Rules on the other information tab located on the information centre at [www.futurefocus.staff.hsbc.co.uk](http://www.futurefocus.staff.hsbc.co.uk).

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