



## THE CHEVIOT PENSION

# WITH PROFITS SECTION

A With Profits investment option was available to members until the end of 2002 when it closed to future contributions. This leaflet is for members who have not yet retired and still have part of their account invested in the With Profits Section.

### ACCESSING YOUR WITH PROFITS BENEFITS

The With Profits Section is not able to offer flexible retirement benefits. You can transfer your benefits to the Money Purchase Section to access flexible benefits or to another provider either to access flexible benefits or to buy a secure income.

If you want to buy a secure income, you will need to arrange this direct with an annuity provider or use an independent financial adviser to help you find an annuity that is suitable for your personal circumstances.

### MONEY PURCHASE SECTION OPTIONS

If you transfer your With Profits benefits to the Money Purchase Section, you have three main options under the new flexibilities. You may also want to consider transferring other pension benefits into Cheviot to take advantage of the flexibilities we offer.

For details of these three options can be accessed [here](#).

### WHAT WILL MY BENEFITS BE AT RETIREMENT

The value of your With Profits Section account is not directly linked to the value of the assets as it is in the Money Purchase Section. Your With Profits account is guaranteed to increase each year up to your Normal Retirement Date. The rate of increase depends when the contributions were made but ranges from 3-5% each. After your Normal Retirement Date, the rate of interest is at the Trustee's discretion and usually limited to base rates. This rate is regularly reviewed and can change without notice.

### CAN I TRANSFER MY BENEFITS?

If you transfer your With Profits benefits before your Normal Retirement Date, you are exchanging guaranteed rates of return probably and for uncertain future returns. The value of your account is not likely to reduce in the With Profits Section but may in a personal pension or other money purchase arrangement, depending on your investment choice. We therefore would strongly advise you to take independent financial advice. You will not be able to transfer back to the With Profits Section in the future.

### HOW IS THE AMOUNT I CAN TRANSFER CALCULATED?

If you want to transfer your With Profits account either to one of the other Cheviot options or to a different pension arrangement or if you want to retire early, your transfer value will be calculated on a "cash equivalent" basis. The cash equivalent is the amount of money needed to provide your account at your Normal Retirement Date. The Actuary calculates this amount using assumptions about future investment returns. Depending on the financial conditions at the time, this means that your transfer value may be less than your current With Profits account. You can compare the figures by looking at your benefit statement or your online account.

If you are retiring, the amount payable will be calculated after we have received all application forms, fully and accurately completed. If you decide to transfer your With Profits benefits, we provide a transfer value guaranteed for three months.

### HOW SECURE ARE MY WITH PROFITS BENEFITS?

The With Profits Section is subject to scheme funding requirements set out in legislation (the Occupational Pension Schemes (Scheme Funding) Regulations 2005) under Part 3 of the Pensions Act 2004 and regulated by the Pensions Regulator. Employers are legally obliged to support the funding of the Section and the Section may be eligible for entry to the Pensions Protection Fund in the future if it was unable to pay all the promised benefits. For technical reasons, we think this protection is unlikely to apply in practice because of the number of employers supporting the Section.