



# Emerson UK Pension Plan Saving for Retirement

Andrew Heaton | Senior DC Consultant

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# Agenda

- **How much do you need to save for your retirement?**
- **Your potential sources of income in retirement**
- **State Pensions**
- **Emerson UK Pension Plan, options and support**
- **Contribution choices**
- **Investment considerations**
- **Retirement options**
- **Regular communications and other support**
- **Retirement planning checklist and further information**

# Today's presentation

This presentation has been prepared by Buck, a trading name in the UK for Buck Consultants (Administration & Investment) Limited who is authorised and regulated by the Financial Conduct Authority.

This presentation is intended to provide factual information about the Emerson UK Pension Plan and your options as a member to help you make informed decisions about saving for your future and your retirement planning – it does not constitute advice.

Each individual's circumstances will be different – if you are unsure what actions to take in relation to your pensions, savings and investments, you should seek advice from an appropriate financial and/or tax adviser.

Throughout this presentation you will see various references to taxation and HM Revenue and Customs (HMRC) legislation. All references to tax are based on our understanding of current taxation law and HMRC practice, which may change. The value of tax relief will depend on your individual circumstances.

How much do you need to  
save for your retirement?

# How much income will you need in retirement?



- People currently aged 65 could expect to live, on average, for an additional **20 to 22** years (source: Office for National Statistics – [Life expectancy calculator](#))

## Reduced spending on, for example:

- Mortgage
- Children, inc. school / uni. fees
- Pension contributions
- National Insurance Contributions (NICs)
- Commuting
- Etc.



## Increased spending on, for example:

- Leisure time
- Household bills
- Children / Grandchildren
- Care costs, potentially
- Etc.



# How much income will you need in retirement?



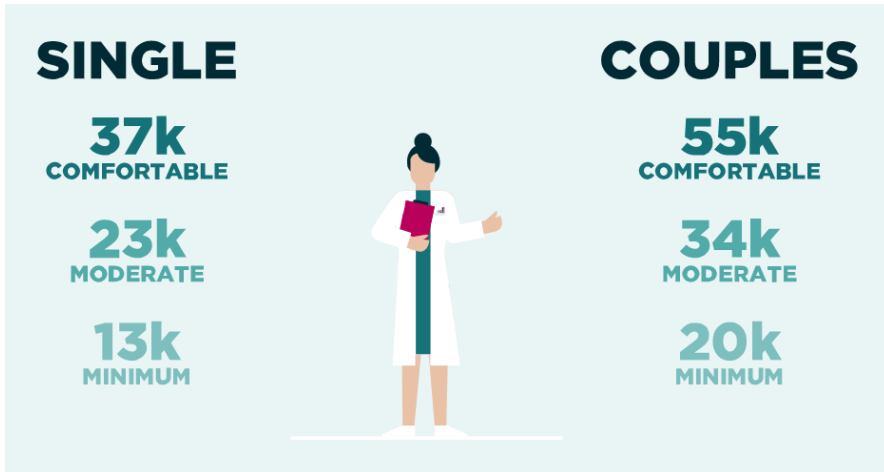
Salary range (per year)	% of salary needed in retirement
Up to £12,199	80%
£12,200 to £22,399	70%
£22,400 to £31,999	67%
£32,000 to £51,299	60%
£51,300 and above	50%

- Based on research into people's income needs in retirement by the Department for Work and Pensions
- Source: MoneyHelper

# Retirement Living Standards



<https://oneemerson.co.uk/retirement-planning/budget-planner>



	MINIMUM	MODERATE	COMFORTABLE
SINGLE	£12,800 a year	£23,300 a year	£37,300 a year
WHAT STANDARD OF LIVING COULD YOU HAVE?	Covers all your needs, with some left over for fun	More financial security and flexibility	More financial freedom and some luxuries
HOUSE	DIY maintenance and decorating one room a year.	Some help with maintenance and decorating each year.	Replace kitchen and bathroom every 10/15 years.
FOOD	£54 a week on food (including food away from the home).	£74 a week on food (including food away from the home).	£144 a week on food (including food away from the home).
TRANSPORT	No car.	3-year old car replaced every 10 years.	2-year old car replaced every five years.
HOLIDAYS & LEISURE	A week and a long weekend in the UK every year.	2 weeks in Europe and a long weekend in the UK every year.	3 weeks in Europe every year.
CLOTHING & PERSONAL	Up to £580 for clothing and footwear each year.	Up to £791 for clothing and footwear each year.	Up to £1,500 for clothing and footwear each year.
HELPING OTHERS	£20 for each birthday present.	£34 for each birthday present.	£56 for each birthday present.

\*These amounts would fund this lifestyle for people living outside London. See [The Detail](#) for more information.

# Retirement Planner



- You can access a retirement planner on the online member portal.



The screenshot displays the Emerson Retirement Planner interface. At the top, there is a navigation bar with the Emerson logo and links for 'See', 'Learn', 'Do', 'Messages (4)', and 'Sitemap'. Below this is a news article titled 'What does the Spring Budget mean to you?' with a sub-headline 'The chancellor announced the biggest shake-up in pensions taxation in over a decade.' and a link to 'See a summary here.'.

On the left, there is a card for 'Investment Strategy' with the text 'Your strategy is *Drawdown Lifestyle*' and a 'View' button. The main content area features a 'Solutions wizards' menu with options for 'Retirement age' (65), 'Contributions' (3%), 'Investment strategy', and 'Investment strategy at retirement'. Below this is a 'Target income' section set to £13,328, with a range of £17,000 and a 'View' button.

The right side of the interface shows an 'Income forecast' chart. The chart displays income components over time (ages 60 to 85). The components are State pension (dark blue), Main income (teal), and Withdrawal from assets (pink). A horizontal dashed line indicates the 'Desired income' of £17,000. The chart shows that the total income falls below the desired level starting around age 65. A legend at the bottom identifies the components: State pension, Main income, and Withdrawal from assets.

On the far right, there are summary statistics: '25% lump sum £69,900', 'Age your savings run out 100 > 96', and 'Age you might live to 91'. A note at the bottom of the chart area states: 'You have a 50% chance of getting less than this outcome'.

# Your potential sources of income in retirement

# Your income in retirement

**This could include, for example:**

- **State Pension**
- **Defined Benefit Pensions**
  - *inc. the Emerson UK Pension Plan*
- **Defined Contribution Pensions**
  - *inc. the Emerson UK Pension Plan*
- Other savings and investments
- Downsize your property
- Potential inheritances
- Ongoing employment
- Etc.

**Need help finding lost pensions?**

[www.gov.uk/find-pension-contact-details](http://www.gov.uk/find-pension-contact-details)

# The New State Pension

<https://www.gov.uk/new-state-pension>

## When will you get it?

- State Pension Age (SPA)
  - **66** currently
  - **67** by April 2028
  - **68** by 2046 (potentially 2039)
  - Thereafter, SPA linked to life expectancy and the potential for further increases

- ✓ Check your State Pension age
- ✓ <https://www.gov.uk/state-pension-age>

## How much will you get?

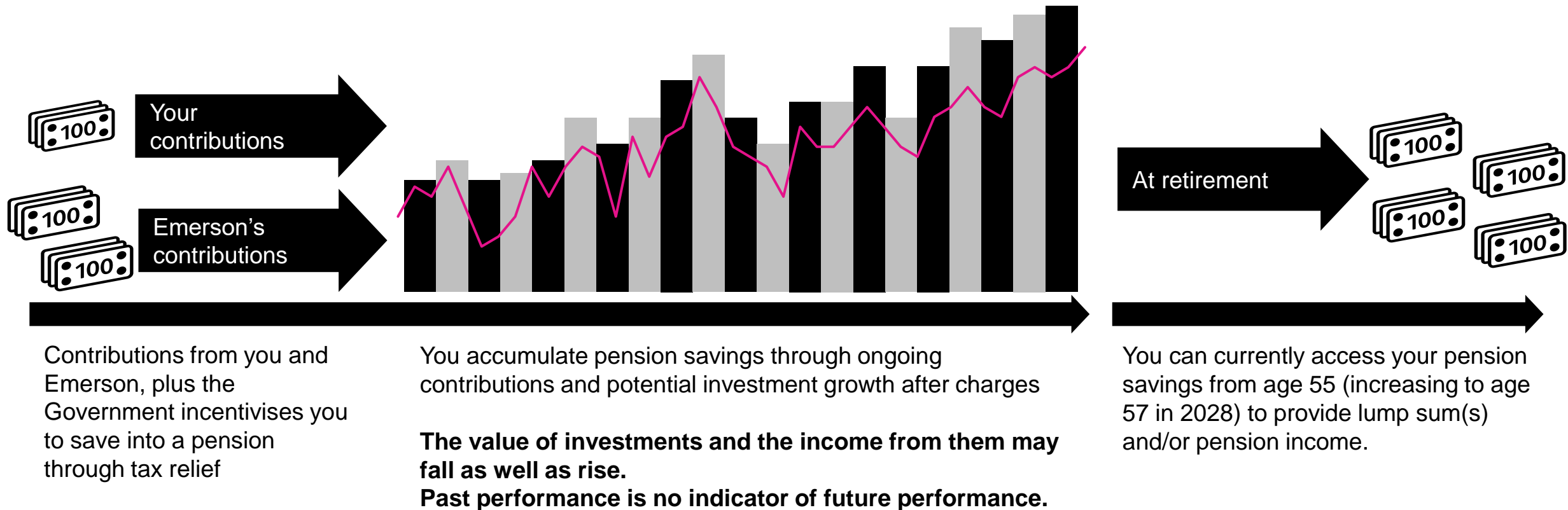
- Based on the number of qualifying years of NICs
  - Minimum 10 years
  - 35+ years for the full New State Pension of
  - **£203.85 p/week** (£10,600 p/year – 2023/24)
  - Could be +/- depending on your NICs record & any legacy contracting out

- ✓ Request a State Pension forecast
- ✓ <https://www.gov.uk/check-state-pension>

# Defined Contribution benefits

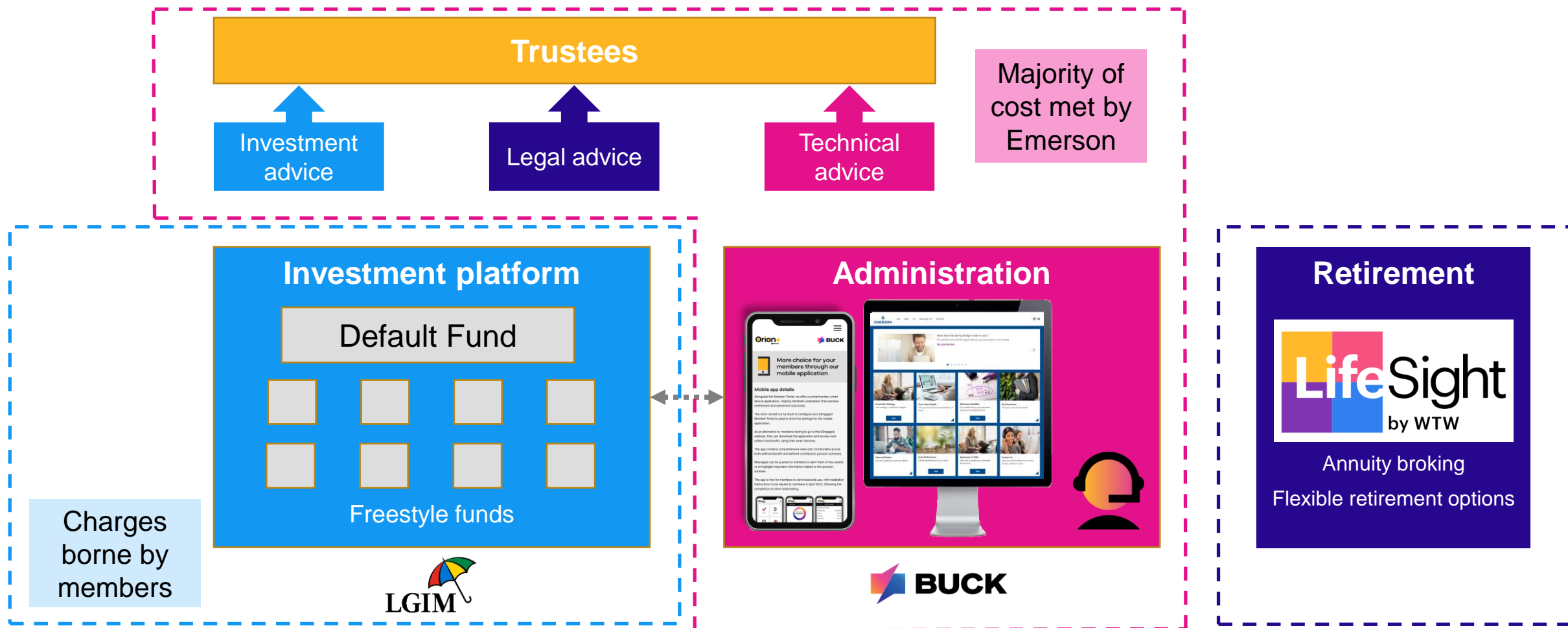
# How does your DC pension work?

- DC Section of the Plan – you have your own Pension Account
- You & Emerson contribute to your Pension Account, and you receive tax relief on your contributions
- You can transfer other pensions into your Pension Account



# Who's who

Emerson pays the majority of the running costs of the Plan, minimising member charges to enhance outcomes. Members only pay up to £25 a year and competitive investment charges, benefitting from the scale of the Plan.



# Your contributions options

**3% → 9%**

You are required to contribute a minimum of 3% within the One Emerson DC Section.

Contributions can be deducted via Salary Exchange

**6% → 9%**

Employer Contribution

**9% → 18%**

Total Contribution

- Calculated in accordance with your Pensionable Pay
- %, so £ p.m. automatically changes with your salary
- You can increase your contributions at any time during the year by contacting HR
- You can contribute more than 9% if you can afford to - known as Additional Voluntary Contributions (AVC's) subject to the Annual Allowance statutory limit.
- A slightly different contribution structure applies to former members of the Defined Benefit plan when it closed in April 2016.

**If you are not contributing 9% you could be missing out on valuable employer contributions**

# What is Emerson SMART?



	Basic Rate income tax	Higher Rate income tax
Salary exchange from your gross pay	£100	£100
Less savings in Income tax	£20	£40
Less savings in NICs	£12	£2
Reduction in your net (take-home) pay	£68	£58
<b>Total pension contribution (in addition to your employer's contribution)</b>		
	£100	£100
25% tax-free lump sum available at retirement	£25	£25
Balance net of income tax	£60	£45
<b>Total</b>	<b>£85</b>	<b>£70</b>

- Your potential savings:
  - Income tax @ 20%, 40% or 45%
  - NICs @ 12% or 2%
    - Figures ignore the impact of future inflation, investment growth and the effect of charges
    - Figures assume Standard Personal Allowance (£12,570 for 2023/24)
    - Figures assume member is below state pension age at the time of the contributions
    - Figures assume a basic rate tax payer is paying 12% NI and a higher rate tax payer is paying 2% NI.

***SMART is a salary exchange arrangement which is an agreement between an employer and an employee to change the terms of the employment contract to reduce the employee's entitlement to cash pay.***

***This exchange of cash entitlement is usually made in return for some form of non-cash benefit.***

**Tax treatment depends upon individual circumstances and may be subject to change**

**Salary exchange may not be suitable for everyone and could impact entitlement to certain State Benefits, mortgage lending and obtaining credit**

**Emerson payroll is set up to not include members where SMART would not be appropriate.**

# Annual Allowance

£60,000, with potential to carry forward unused AA from three previous tax years (assuming you were a member of a UK registered pension scheme during the tax year in question)

Tapering if 'adjusted income' is greater than £260,000...£10,000 AA if income is greater than £360,000

Employee contributions restricted to 100% of relevant UK earnings

# Lifetime Allowance

There is a Lifetime Allowance for tax-efficient pension saving of £1,073,100 which includes all types of pension savings.

The Government has however announced their intention to abolish the Lifetime Allowance, possibly from 2024/25.

# Money Purchase Annual Allowance

£10,000 for 2023/24

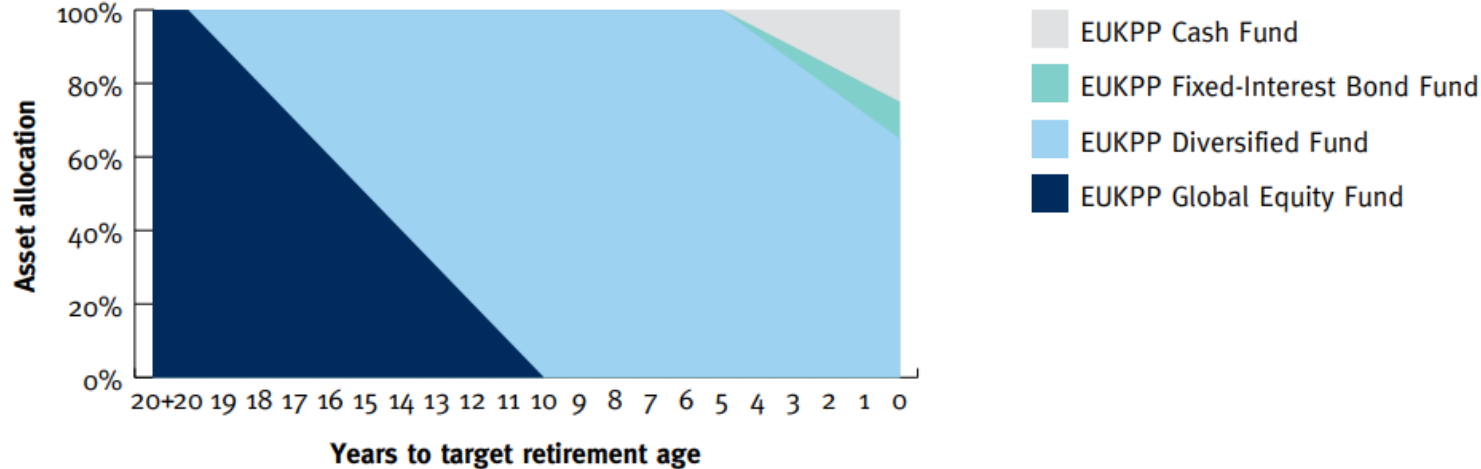
Automatically applies if you use the DC pension freedoms to withdraw taxable funds (see later)

No further opportunity to carry forward unused AA

# Your investment options

# Drawdown Lifestyle

## Default fund



### Growth Phase Asset Allocation

Prior to 20 years before retirement, your Pension Account is invested in Global Equities. This fund is considered 'riskier' than other fund types but aims to grow your Pension Account whilst you are further from retirement.

### Consolidation Phase Asset Allocation

Between 20 years and 5 years before retirement your Pension Account is automatically moved from Global Equities to a Diversified fund (a fund which invests in a mix of different asset classes).

### At Retirement Asset Allocation

Once you are less than 5 years to retirement, your Pension Account is automatically moved gradually into a range of investments aimed to reduce the exposure to 'riskier' funds as you approach retirement but with continued exposure to growth assets should you wish to keep your fund invested beyond retirement.

*N.B. What is your intended retirement age?*

- *Default Total Ongoing Charge of 0.15% – 0.20% p.a.*
- *Charges will vary and could be higher for other funds*
- *See Investment Guide for more details*
- *Fund factsheets on the pension plan website*

# Your Investment Options

## Default Fund

- Drawdown Lifestyle

## Alternative Lifestyles

- Exactly the same as the default in the **growth phase**
- Choice of **lifestyle targets** depending on how you intend to take your benefits – Annuity Lifestyle or Lump Sum Lifestyle
- Lifestyle investment options may not suit everyone and do not guarantee the capital value of a fund or the amount of income that may be purchased with that fund.

## Self-select

- Charges will vary and could be higher or lower (0.10% to 0.25%)
- 10 self-select funds

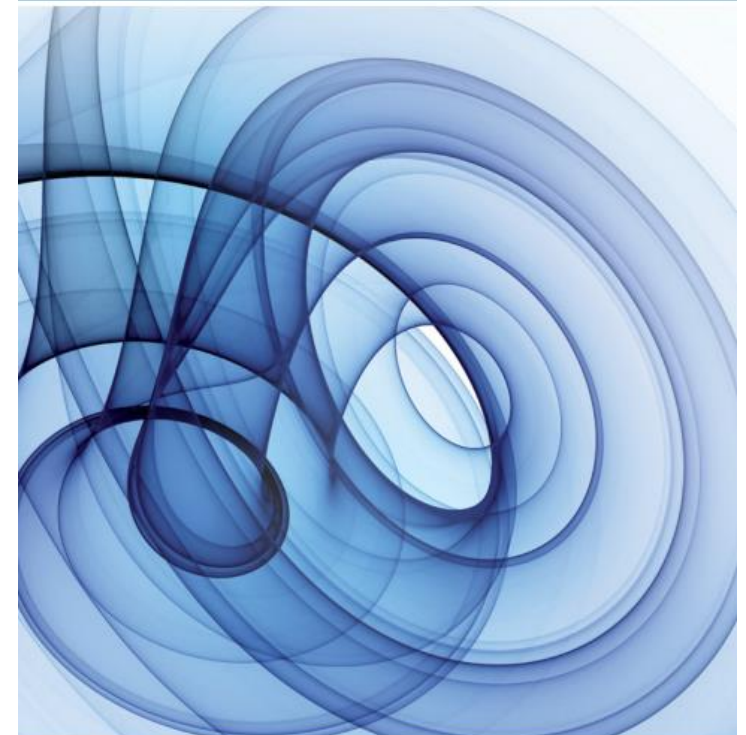
### Investment Guide

Further details on all of your investment options can be found in the [Investment Guide](#)



Emerson UK Defined Contribution (DC) Pension Scheme

## INVESTMENT GUIDE



# Investment Risk & Reward

Growth of £100 invested on 1 October 1998 to 30 September 2023 (25 years)



## Investment Growth

Time Period: 01/10/1998 to 30/09/2023



— FTSE AllShare TR GBP

— FTSE Act UK Cnvt Gilts All Stocks TR GBP

— ICE LIBOR 1 Month GBP

— UK CPI

Source: Morningstar Direct

# Fund performance



For the 1 and 3 year periods to 31 March 2023 the performance of the funds used in the Plan's lifestyle strategies is shown below.

Fund name	1 year	3 years (per year)
Global Equity Fund	-1.65%	+15.35% pa
Diversified Growth Fund	-6.0%	+6.42% pa
Fixed Interest Bond Fund	-19.85%	-8.61% pa
Cash Fund	+2.0%	+0.60% pa

Note: the above figures are net returns based on an account size of £35k.

- Over the 1-year period, the major components of the lifestyle strategies suffered negative performance, although you can see that overall performance has been strong over a 3-year period.
- How members are impacted will vary, depends on which lifestyle strategy you're in and how close you are to your retirement age.

# Fund performance

Short-term falls in the value of your DC savings can be concerning, particularly if you are getting close to your retirement age.

Pensions are a long-term investment, so it is important to acknowledge short term performance but not to make any knee-jerk reactions. Instead review your investments to ensure they are aligned with your appetite to risk and retirement objectives.

The Trustee monitors your investments options to ensure they remain appropriate, supported by research undertaken by the Trustee's investment adviser.

- The Trustee is comfortable that the default fund is well placed to deliver in line with expectations over the long term.
- The changes made by the Trustee to the Plan's lifestyle strategies in early 2022 will have had a positive impact by reducing the allocation to bonds.
- For those members looking to use their DC savings to purchase an annuity, the cost of buying an annuity has reduced significantly, so even though fund values may have fallen, it is likely that the amount of annuity that could be bought remains higher than would have been the case in early 2022.

# Your retirement options

# You Choose

New 'DC Pension Freedoms' available from April 2015

You can currently take retirement benefits from age 55 – expected to increase to 57 in 2028.

Thereafter, likely to be 10 years before State Pension age

# Annuity

**Regular taxable pension income**

Choose features when you purchase:

- Indexation
- death benefits
- guaranteed period

# Drawdown

**Flexible taxable pension income (through an external provider, possibly LifeSight)**

You are in charge of the income you take, making investment decisions and deciding on withdrawal rate.

Subject to investment risk and can run out or be passed on at death

Will be subject to the Money Purchase Annual Allowance (MPAA)

# 25% tax free lump sum



0800 138 3944

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

Free and impartial government guidance about your defined contribution pension options

# Lump Sums

25% tax free, remainder taxable

Take up to two lump sums from Emerson or transfer out at retirement to have access to multiple lumps sums

Subject to MPAA

# Transferring existing pension plans to the Plan



## Gather Information

- Gather information on your previous pension plans.

## DC Pensions

- Consider any transfer charges/penalties, loss of any guarantees, investment fund choice & performance, ongoing charges, access to DC pension freedoms, death benefits – potentially seek advice?

## DB Pensions

- May be possible but you must seek advice if the Cash Equivalent Transfer Value is greater than £30,000

# What if?



## ... you leave

You and your Employer will stop paying contributions into your Pension Account.

You then have the following options (if more than 30 days' membership):

- Leave your account in the Plan
- Transfer the value of your account into a new company plan or another pension arrangement.

You will automatically receive a benefit statement every year and retain access to the member portal.

Please keep the administrators updated if you change address or your circumstances change.

## ... you die before retirement

Where benefits are paid as a lump sum to your nominated beneficiaries, they are normally tax free.

Please keep your Expression of Wish form updated to specify who you want to receive the benefit and review this on a regular basis if there are changes in your circumstances.

The Trustee has discretion as to who receives the lump sums, but will take any nomination you make into account.

Please log in to your online account or contact the administrators if you need a new nomination form at any time.

# Regular communications

# Regular Plan communications



## Annual benefit statement

- Prepared each year as at 1 April
- Paper copy posted with electronic copy on member portal
- Real time fund values on the member portal

## Newsletter

- Annual newsletter on OneEmerson website
- Regular updates on member portal

## Digital

- Online member portal and OneEmerson website
- App for member portal
- Retirement planning tools and modellers within member portal

The screenshot displays the OneEmerson website interface. At the top, the navigation bar includes the OneEmerson logo and links for 'What Section am I in?', 'DB', 'DC', 'Resources', 'Retirement planning', 'Pension scams', 'News', 'Contact us', and 'Sign up'. A search icon and 'Log in' link are also present. The main content area features a banner for 'Your 2023 Pensions newsletter is now available' and a prominent blue box for the 'Trustee Report to Members' newsletter from the DC Section for 2023. Below this is a login form with the Emerson logo and the text 'Please enter your login credentials:'. The form includes input fields for 'Login ID' and 'Password', a 'Submit' button, and links for 'Forgotten your details?' and 'First time user?'. To the right, a mobile app advertisement for 'Orion+ by BUCK' is shown, highlighting 'More choice for your members through our mobile application' and providing details about the app's functionality and availability.

# Retirement checklist and further information

# Your Retirement Planning Checklist

- ✓ Consider when you plan to retire and/or access your pension savings
- ✓ Consider what income you might need in retirement
- ✓ Log in to/register for the member portal and mobile App
- ✓ Calculate the current value of your pension(s) and understand what income they might provide
- ✓ Do you have any other savings or investments which you might use in retirement?
- ✓ Are you on target to meet your retirement aspirations?
  - If so, great! But don't forget the tax efficiency of additional contributions
  - If not, potentially:
    - Increase contributions
    - Retire later
    - Reconsider retirement aspirations
- ✓ If close to retirement contact the administrators to discuss your options and arrange the payment of your retirement benefits



# Contacts

Your main point of contact for Plan queries will be the Plan administrators, Buck. There are also useful government resources to help you plan for retirement.

## Emerson UK Pension Plan

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

[emerson.pensions@buck.com](mailto:emerson.pensions@buck.com)

0330 123 9698



## MoneyHelper

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

## Pension Wise

[www.moneyhelper.org.uk/pension-wise](http://www.moneyhelper.org.uk/pension-wise)

## Retirement Living Standards

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

Questions?



# Important notes



- This presentation is for information purposes only, and should not be regarded as personal financial advice. It has been approved for use by Buck, a trading name in the UK for Buck Consultants (Administration & Investment) Limited who are authorised and regulated by the Financial Conduct Authority.
- If you feel you need advice about your options, contact your financial adviser or refer to <https://www.moneyhelper.org.uk/en/getting-help-and-advice/financial-advisers>.
- The information is based on Buck's 's understanding of the current HM Revenue & Customs regulations and practice, which are subject to change.
- A pension is generally intended as a long-term investment.
- Past performance is no indicator of future performance.
- The value of investments and the income from them may fall as well as rise – if you subsequently transfer your fund it may be worth less than the amount invested.
- Consideration should be given to the merits and risks associated with each of the investment options before you make your choice – in particular, you should bear in mind that the value of an investment is dependent upon fluctuations in the financial markets, which are outside the control of Buck.
- Lifestyle investment options do not guarantee the capital value of a fund or the amount of income that may be purchased with that fund.
- Salary sacrifice may not be suitable for everyone and can impact your entitlement to certain State Benefits, mortgage lending and obtaining credit.
- Unless stated otherwise, tax rates and allowances are based on the 2023/24 tax year.
- Tax rules may change – the value of tax relief depends on your individual financial circumstances.



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