

Retirement Guide

Welcome to the Retirement Guide.

Here you can find more detail on what happens when you retire from the Plan.

When can I retire?

Your normal pension date is your 65th birthday. However, you can retire early after reaching age 55. The amount of your Retirement Account will be reduced to allow for early payment.

What will I get?

When you retire you can use the value of your Retirement Account to provide you with benefits to suit your needs and lifestyle. The benefits can be provided as

- a cash lump sum;
- an annuity (a pension) from an insurance company;
- flexi-access drawdown; or
- a combination of the above.

A cash sum

When you retire you have the option to take all or part of your Retirement Account as a cash lump sum. You can take up to 25% of the value of your Retirement Account as a tax-free lump sum with any more cash being taxable at your marginal rate of income tax.

An annuity

When you retire your Retirement Account or the remainder of your Retirement Account if you have chosen to take a cash sum will be used to buy you a lifetime annuity (pension payable for life) from an insurance company.

An annuity is a pension income payable for your life and, if applicable, to your spouse/partner or financial dependants. It is arranged on a basis guaranteed at the outset by the annuity provider (an insurance company) on the terms selected by you. The income from the annuity is treated as earned income for tax purposes.

The amount of pension you can expect to receive will depend on a number of factors including:

- The terms of the annuity you wish to buy;
- Your health and whether you smoke or not;
- The value of your Retirement Account at the date of your retirement; and
- The cost of buying an annuity when you retire.

You will have to decide on the terms of your annuity, for example how it should increase each year (subject to a minimum increase of the lesser of RPI and 2.5% per year), whether it should provide a pension for a dependant after your death and

whether payment of the pension should be guaranteed for a number of years. The choices you make will affect the amount of pension that you receive.

Flexi-access drawdown

Flexi-access drawdown allows you to take a cash lump sum and/or an income without buying an annuity.

- You can drawdown your retirement income when you need it;
- Easy to pass your pension fund to your dependant;
- Take as much or as little cash at any time with up to 25% available tax free; and
- Keep your pension fund invested for potential growth.

The Trustee has appointed a retirement service provider (Hub Retirement Solutions) who will work on your behalf to get the best market rates for you when you retire. As you approach retirement, you will receive full details of the options available to you and these will be fully explained by the annuity service provider, allowing you to make an informed decision. Diageo will pay the cost of providing you with access to the provider.

Signpost to Guidance – Pension Wise

Pension Wise can help if you are over age 50, have a personal or workplace pension and want to make sense of your options.

To receive free, impartial guidance from the government, telephone 0800 138 3944 or online at www.pensionwise.gov.uk

- tailored guidance (online, over the telephone or face to face) to explain what options you have and help you think about how to make the best use of your pension savings;
- information about the tax implications of different options and other important things you should think about; and
- tips on getting the best deal, including how to shop around.

In addition to the guidance provided by Pension Wise you may want to consider taking independent financial advice.