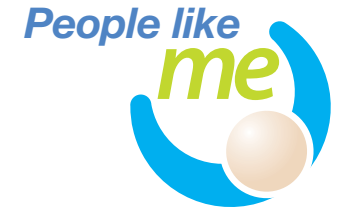


May 2022



AT&T Pension Scheme – C Plan and 2001 Plan

# Your guide to retiring

## Welcome!

You've built up valuable benefits in the AT&T Pension Scheme. We hope you're looking forward to a long, happy and healthy retirement. Pensions are complicated and there are important decisions to make. We aim to make it as easy as possible for you to understand all the options available and make the best decision for you.

### This guide is for you if you:

- are currently working for AT&T and
- have benefits in the C Plan and 2001 Plan.

If you have benefits in the C Plan but are no longer working for AT&T, or you have benefits in the I or N Plans, please contact the Scheme administrators, Capita, using the details in the purple box below.

If you have benefits in the ISTEEL Plan, there's a different process for those benefits. Please contact the ISTEEL team at Capita for more information.

Email: [attistelpension@capita.com](mailto:attistelpension@capita.com)

### Your retirement packs

You may have already received retirement packs from Capita – usually one for your C Plan benefits and one for your 2001 Plan benefits. These will include:

- quotations for taking your Scheme benefits as retirement income, and
- forms for choosing your retirement option or options.

If you have not yet received your retirement packs, you'll need to ask for them using the contact details below. Your retirement packs may look complicated, but please read them together with this booklet to understand what's available to you and what you need to do.

### To contact the Scheme administrators

At this time, Capita would prefer members to get in touch by email if possible. Their email address is [attpensionscheme@capita.com](mailto:attpensionscheme@capita.com)

Alternatively, phone them on: **0800 121 4704**

Or you can get in touch through the pension website: [www.myattpension.co.uk](http://www.myattpension.co.uk)



# Different kinds of benefits

You've received this guide because you have different kinds of benefits in different parts of the Scheme.

## Defined benefit (DB) benefits

**These are the main benefits you have in the C Plan.**

DB benefits in the C Plan build up based on

your salary near the date you stopped building up benefits

and

the number of years you were building up benefits

DB benefits give you a pension for life, plus the option to convert some of your pension into tax-free cash. To use them in other ways, you have to transfer them out of the Scheme. This is a serious step that completely changes your benefits, and you will need to take financial advice. See 'Transferring your benefits out of the Scheme' on page 8 for more information.

## Defined contribution (DC) benefits

**There are:**

- **the benefits you have in the 2001 Plan, and**
- **any additional voluntary contributions (AVCs) you paid to the C Plan before it closed to new benefits.**

DC benefits build up based on

contributions

and

investment returns

DC benefits build up into a pot of money you can use in different ways. For example, you can take them as cash, buy a pension or transfer them out of the Scheme to use as flexible income.

# Your retirement options

## C Plan

### C Plan Pension

This means you take your **DB benefits** as a yearly pension. Your pension will increase each year as set out in the Scheme rules.

You pay income tax on your pension, like any other income.

The Scheme may also pay a pension to your husband, wife, civil partner or other dependant if you die before them. There may also be allowances for eligible children.

### Tax-free cash

You can exchange some of your **DB benefits** for tax-free cash and take the rest as a smaller C Plan Pension.

Your retirement pack calls this a 'Pension Commencement Lump Sum'.

### Options for your AVCs

If you have paid AVCs to the C Plan, you have choices over what to do with these. Part B of your Retirement Option Form shows the options you have for your AVCs.

- 1.** You can use your AVCs to buy a Lifetime Annuity – a policy that pays extra pension from outside the Scheme. You can either use all your AVCs to buy your annuity, or take up to a quarter of your AVCs as tax-free cash and buy a smaller annuity. Your form shows various options for buying an annuity and taking cash. See 'Lifetime Annuity' on page 6 for more information about this.
- 2.** You can use some or all your AVCs as tax-free cash **before** exchanging any of your C Plan Pension for cash. Your form shows how much tax-free cash this would give you.
- 3.** You can postpone taking your AVCs – you don't have to take them at the same time as your C Plan Pension.
- 4.** Or, you can transfer your AVCs out of the Scheme. See 'Transferring your benefits out of the Scheme' on page 8 for more information about this.

## IMPORTANT – Retiring early with a C Plan pension

You can retire with a C Plan Pension at any time after age 55. Normally your pension is reduced if you retire before age 63 (the normal retirement age that applies to your C Plan benefits). However, while you are still working for AT&T favourable early-retirement terms are available. Under these terms:

- you can retire from age 60 onwards without needing AT&T's consent and,
- if you draw your benefits from age 61 onwards, your pension will not be reduced for early retirement.

**But** - you must do the following things to get these favourable early-retirement terms.

1. Tell Capita you want your C Plan Pension to start from a particular date.
2. Continue working for AT&T until the day before your C Plan Pension starts. You can change the date your pension starts in future, as long as you continue to work for AT&T until the day before.
3. If you want to take your pension before age 60, you need AT&T's consent (you don't need consent to take it from age 60 onwards). Please contact the UK HR Country Management Team at **UKHR@intl.att.com** to request formal written consent and send this to Capita when you tell them the date for paying your C Plan Pension.

As a general rule you can carry on working for AT&T after you have started to draw your C Plan Pension.

You should have received letters with more details of the special terms for retiring with C Plan benefits. If you can't find any of the letters please contact Capita using the contact details on the first page, and they will send you a copy.

Remember: you will lose your favourable early-retirement terms if:

- there is a gap between the date you stop working for AT&T and the date you have asked for your C Plan Pension to become payable, or
- you leave AT&T's employment before you have given Capita a date for your C Plan Pension to become payable.

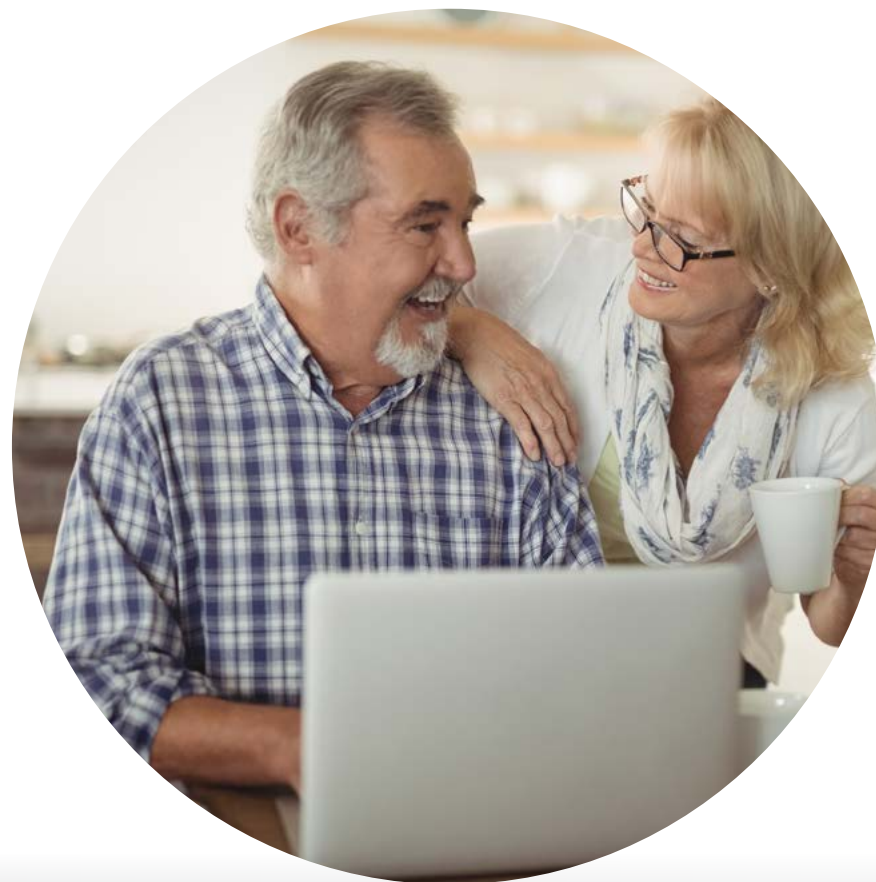
If this happens you will become a 'normal deferred' member and the standard early-retirement terms will apply - meaning a greater reduction to your pension.

## Your choices

You will need to decide the following things.

- When you want to retire.
- Whether you want to take tax-free cash and, if so, how much.
- How you want to use your AVCs.

You cannot change your C Plan Pension once it starts.



# 2001 Plan

## Flexible income option

This option is only available if you transfer your 2001 Plan benefits out of the Scheme. Please see 'Transferring your benefits out of the Scheme' on page 8 for more details.

### Flexi-access Drawdown

Also known as 'income drawdown', this means you invest your benefits and take a flexible income – as much or as little as you want at a time. You can take one-quarter of your benefits as tax-free cash first, if you want to. You pay income tax in the normal way on the income you take out.

Income drawdown gives you total control over your benefits, but also total responsibility for managing them. You need to choose investments, with the risk that they could fall in value, and you could also risk running out of money.

However, you are not tied in to income drawdown. You can, if you want to, use some of all the remaining money to buy a pension at a later date. Alternatively, you can leave any money still in your income drawdown arrangement to your dependants when you die.

Accessing drawdown may make you liable for the **money purchase annual allowance**. This is currently £4,000 a year. If you choose this option and want to go on building up retirement savings, this is the yearly amount of tax-free pension contributions you and your employer can make.

### Your choices

To take this option, you will need to transfer some or all of your benefits out of the Plan and into a drawdown arrangement. Remember: once you have transferred your benefits out, you cannot put them back into the Plan. There may also be tax implications to any decision you make. Neither the Trustees nor Capita can provide you with any financial advice. It is strongly recommended that you seek independent financial advice before making any decisions.

You have options when it comes to getting help finding a drawdown arrangement. Whether you want to take tax-free cash and, if so, how much.

- You can choose a financial adviser to help you put your benefits into a drawdown arrangement. Please see 'Taking advice' on page 12 for more information.
- If you are currently working for AT&T, the Company will provide up to £500 as a one-time only payment (to be claimed via expenses) as a contribution to the cost of independent financial advice to help employees (over age 55) who are intending to retire in the near future. Please email [UKHR@intl.att.com](mailto:UKHR@intl.att.com) for more information.
- You could transfer your benefits to a drawdown arrangement available from Aon: 'Bigblue Touch4Life'. You can find more information about this online at: <https://welcometobb.tbs.aon.com>. You will need the following details to log on.

Username: **ATandT**

Password: **ATandT**

- Or, you could research and choose your own drawdown arrangement from the many available pension and financial providers.

# Pension and cash options

These options are available **without** having to transfer your benefits out of the Scheme.

## Lifetime Annuity

This means you use your **DC benefits** to provide a pension by buying a policy known as an annuity from an insurance company. You would have access to a wide choice of providers and a range of different kinds of pension. These can include:

- a single life pension – just for you
- a level pension that starts with a higher amount than an increasing pension, but does not increase in the future
- a joint life pension that also pays a pension to a dependant if you die before them
- a pension with increases – these can be fixed at a certain level (such as 3% a year) or linked to inflation, with or without an upper limit (such as in line with the rise in the Retail Prices Index, up to a limit of 3% a year).

You can, if you want to, take up to one-quarter of your **DC benefits** as tax-free cash and use the rest to buy a smaller pension. Your retirement pack calls this a 'Pension Commencement Lump Sum'.

## Your choices

You may have options for help with choosing your annuity.

- You can choose a financial adviser to help you select the annuity that best suits your circumstances and needs. Please see 'Taking advice' on page 12 for more information.
- If you are currently working for AT&T, the Company will provide up to £500 as a one-time only payment (to be claimed via expenses) as a contribution to the cost of independent financial advice to help employees (over age 55) who are intending to retire in the near future. Please email **UKHR@intl.att.com** for more information.
- You can use the annuity broking service provided by LV= in partnership with Capita.
- Or, you can research and choose your own annuity on the open market.

You'll need to decide what kind of pension you want, and whether you want to take any tax-free cash.

You cannot change your Lifetime Annuity once it starts to be paid.

Neither the Trustees nor Capita can provide you with any financial advice. It is strongly recommended that you seek independent financial advice before making any decisions.

## Uncrystallised Funds Pension Lump Sum

This means you take some or all of your **DC benefits** as cash, either all at once or in stages. This is **not the same** as taking tax-free cash. Only **one-quarter** of each cash amount you take will be tax-free and the remaining three-quarters is taxed at your highest rate for the year. You need to be careful about tax if you are thinking of doing this.

Taking cash in this way also makes you liable for the **money purchase annual allowance**. This means that, if you want to go on building up retirement savings, the yearly amount of tax-free pension contributions you and your employer can make is only £4,000.

This is currently £4,000 a year. If you choose this option and want to go on building up retirement savings, this is the yearly amount of tax-free pension contributions you and your employer can make.

If you have not used the full amount of your **DC benefits** by the time you reach age 75, the Trustees will use the remainder to buy a Lifetime Annuity for you. Capita can give you more information about this.

## Your choices

This option is available up to your State Pension Age.

You will need to decide whether you want to take all your benefits as cash immediately, or to leave some of your benefits in the Plan to take at a later date. If you take less than the whole amount of your **DC benefits** as cash, you must leave at least £10,000 in the Plan. You can only take one such payment in any 12-month period.



# Transferring your benefits out of the Scheme

Transferring your benefits out of the Scheme can give you access to a range of more flexible retirement options. However, transferring out comes with risks – **especially** for **DB benefits**.

Transferring out your **DB benefits** in order to take advantage of more flexible retirement options turns them into **DC benefits**. This means you can take them as cash, use them to buy a lifetime annuity, take flex-access drawdown or combine two or more of these options. However, you would no longer be entitled to a C Plan Pension, and neither would your dependants. You would take on more of the risk for ensuring you have an adequate amount of retirement income.

If the Cash Equivalent Transfer Value of your **DB benefits** is £30,000 or more, you will also need to provide evidence that you have taken financial advice from a regulated financial adviser who is authorised to give advice on pension transfers. You would be responsible for checking the adviser you choose is properly qualified, and you would have to pay for the advice. See 'Taking advice' on page 8 for more information about this.

You can transfer your **DB benefits**, your **DC benefits**, or both your **DB benefits** and **DC benefits**. Even if you only want to transfer out your **DC benefits**, we recommend you consider taking financial advice.

## How to transfer out

Your transfer value is the value of the benefits you can take out of the Scheme. You will need to ask Capita for a transfer value statement.

- For **DB benefits**, your transfer value is worked out by converting the value of the pension you have built up over the years into a cash value (using assumptions set by the Trustees on the advice of the Scheme actuary). It is guaranteed for three months.
- For **DC benefits**, it is the total value of the benefits you have built up at the date you transfer out. It cannot be guaranteed because **DC benefits** are invested and investment values change all the time.

You will need to put your transferred benefits into a **registered pension scheme** that can accept transfers in.

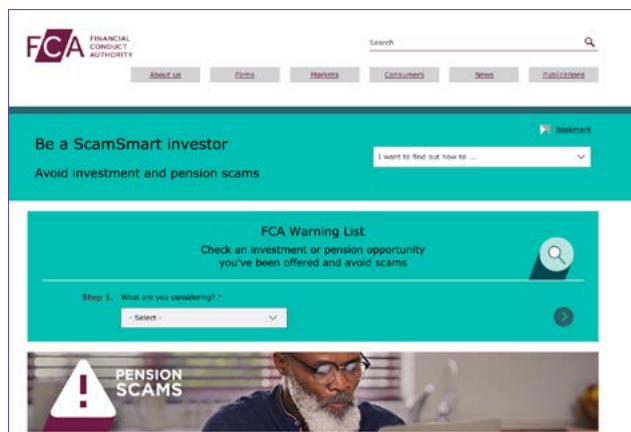
# Pension scams

If you are planning a transfer out you need to be aware of pension scams.

In general, be wary of offers of help with your pension that you didn't ask for, even if they are recommended by friends or family, and especially if they come with guarantees of high investment returns, or with pressure to act quickly. Your best bet for avoiding pension scams is to do your own research and if you want to take financial advice, make sure your adviser is properly qualified and authorised. See 'Taking advice' on page 12 for more about checking financial advisers' credentials.

The Financial Conduct Authority (FCA) has a 'Scamsmart' section on its website, [www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart), including a list of known scams. If you receive an offer you think may be a scam you can report it to the FCA using their online form, or by calling **0800 111 6768**.

The Trustees have worked with Capita to set up a dedicated website about pension scams – what they are, how they work, the warning signs to look out for, and what to do if you think you have fallen victim to a scam. The website contains plenty of helpful information, including a short video about how to keep your benefits safe. Go to <https://att.pensionscams.co.uk/>



# Your retirement timeline

## Make sure you have told Capita the date you plan to retire.

Ask Capita for your retirement packs.

You will need separate packs for your C Plan and 2001 Plan benefits.

Capita will aim to send your packs to you within five working days of the date they receive your request.

Look into your options.

It's worth taking time to get the retirement income that's right for you.

Are you ready?

Make your choices and fill in your forms. You'll need to have the following things to hand.

- Your employee number
- Your National Insurance number
- Your birth certificate
- Your marriage or civil partnership certificate (if this applies to you)
- If you have lifetime allowance protection, your HMRC Protection Certificate or Protection Reference Number(s)
- Your bank details
- Details of any financial advice you have received.

Once you have filled in your forms, return them to Capita together with any certificates you need to send. Capita will return your certificates to you once they have checked them.

Make sure you carry on working until the day before you have asked for your C Plan Pension to start.

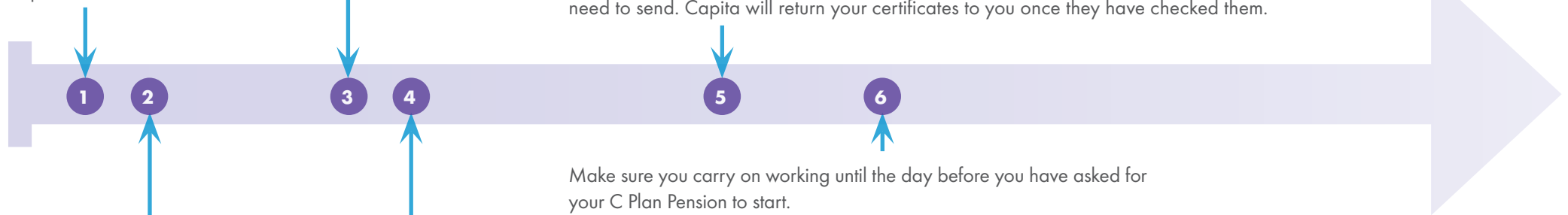
Your C Plan Pension will be set up to start from your selected retirement date, or as soon after as possible. Capita will send confirmation when your benefits are set up.

If you elect to receive a Pension Commencement Lump Sum, this cannot be paid before your selected retirement date. It will be paid once sufficient cash has been made available in the Scheme bank account.

Benefits from AVCs and the 2001 Plan will take a little longer, as your benefits need to be disinvested first.

Enjoy your benefits!

Transferring out? Your transfer value will normally be paid to your receiving scheme once Capita have received your completed forms and evidence that you have taken the appropriate financial advice and once sufficient cash has been made available in the Scheme bank account.



Any questions?

You're welcome to ask for more information or quotes for different options.

Capita will aim to answer your questions within five working days.

Find more information.

Take guidance from Pension Wise (see last page).

Talk to a financial adviser.

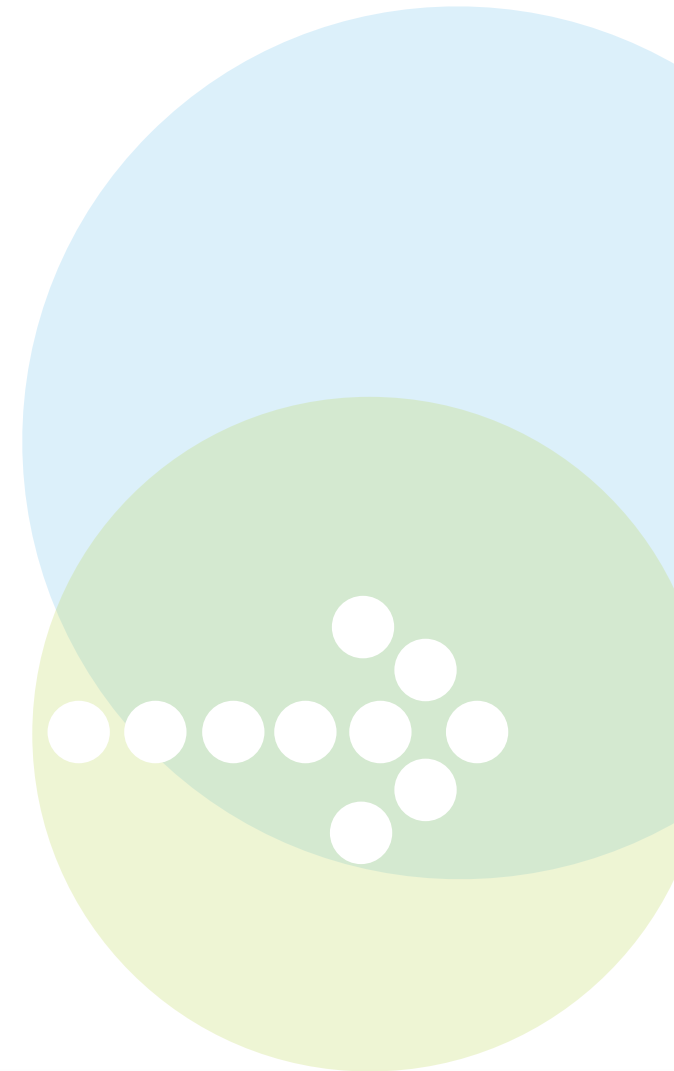
# How to choose your retirement options

Your Capita retirement packs will include all the forms you need to take your benefits in the way you decide. Look for the name of the benefit or benefits you want to take, then follow the steps in order.

Remember, you may have to fill in more than one form (the instructions will tell you if you need to do this). If you need help filling in your forms, you can contact Capita at any time using the contact details on the first page.

## Measuring your benefits against the lifetime allowance

There's a lot of information about this in your retirement pack. Put simply, Capita need to check whether your benefits will go over the lifetime allowance because if they do, you'll need to pay extra tax. As Capita only know about your AT&T benefits you'll need to fill in a form to tell them about any benefits you have in other schemes, including pensions you're already receiving. You'll also need to tell them if you've got any form of lifetime allowance protection. There is more about this in your retirement pack.



# Taking advice

Neither the Trustees nor Capita can provide you with any advice about your retirement options. We strongly recommend that you seek independent financial advice before making any decisions.

You generally have to pay for financial advice, but this could be money well spent if it means you get a better income in retirement.

If you are currently working for AT&T, the Company will provide up to £500 as a one-time only payment (to be claimed via expenses) as a contribution to the cost of independent financial advice to help employees (over age 55) who are intending to retire in the near future. Please email **UKHR@intl.att.com** for more information.

If you are thinking of transferring your DB benefits out of the Scheme, we would recommend you look for an adviser who has signed up to the Pension Transfer Gold Standard (see right).

## Finding an adviser

You should check whether any adviser you are thinking of using has the right qualifications.

The links below contain helpful information about finding a qualified adviser.

- For advice about transferring out DB benefits, you can look for a financial adviser who has signed up to the 'Pension Transfer Gold Standard', a voluntary code of good practice for pension transfer advice. There is more information about this on the Personal Finance Society's website: **[www.thepfs.org/ptgsconsumer](http://www.thepfs.org/ptgsconsumer)**
- There is information about finding an adviser on the MoneyHelper website. This includes a searchable directory of advisers that are authorised and regulated by the Financial Conduct Authority (including Pension Transfer Gold Standard advisers). The address is **[www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser](http://www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser)**.
- The Personal Finance Society website has a 'What we do for the public' section. This includes information about financial advice and a 'Find an adviser' search tool. The address is **[www.thepfs.org](http://www.thepfs.org)**.
- You can also check that that an adviser is qualified and authorised to advise you on the Financial Conduct Authority website at **<https://register.fca.org.uk/>**.

# Other useful organisations

**MoneyHelper** is a free, impartial guidance service that is backed by the Government. It was launched by the Money and Pensions Service in June 2021, and it brings together the support that was previously available through the Money Advice Service, the Pensions Advisory Service and Pension Wise.

MoneyHelper provides free information and guidance across a wide range of money issues, including pensions (State, occupational and personal).

It also provides the Government's **Pension Wise** service, which offers guidance about the flexible retirement options available for DC benefits. People aged 50 or over with DC pension savings may make an appointment to speak to a guidance adviser free of charge. The guidance is general, will not recommend specific options, and should not be regarded as a substitute for financial advice. You can book an appointment on the MoneyHelper website, or by phoning **0800 138 3944**.

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

This guide summarises the options available to you as you approach retirement. There will be more details in your retirement pack. Whilst every effort has been made to ensure that this guide is accurate at the time of writing, in the event of any inconsistency the provisions of the Trust Deed and Rules and overriding legislation shall prevail.

