

# Puzzled By Pensions?

## The Co-op Pace DC Pension Plan (Pace DC)

### What You Need To Know



#### What Is Pace DC?

The Co-op Group currently offers a pension plan known as Pace DC. Pace DC is administered by Legal & General. Your contribution is automatically deducted from your pay and this is sent with the Co-op's contribution to Legal & General every month, to be invested.

#### Can I Join?

The Co-op will automatically put you into Pace DC as long as you are between the age of 22 and your State Pension Age and you earn £10,000 or more. If you do not meet the eligibility criteria you can still apply to join at any time by completing the 'Join Pace DC' online form at: [coop.co.uk/pensions](https://coop.co.uk/pensions)

Not comfortable going online? If you are an Usdaw member and need help, get in touch with Usdaw's Pension Section (contact details overleaf).

#### What Will It Cost Me?

From 10 June 2019, the contribution structure and life cover for new employees and new joiners changed.

If you were an existing member of Pace DC on 9 June 2019 you won't have been affected by the 2019 changes (unless you opt-out in the future and then apply to re-join at a later date).

If you require more information about the pre-June 2019 contribution tiers and life cover, you can find out more information at [coop.co.uk/pensions](https://coop.co.uk/pensions)

If you'd prefer to talk to someone and you are an Usdaw member you can contact Usdaw's Pension Section (contact details overleaf).

#### In Summary

The younger you start to save, the better the outcome will be, even if you start at a minimum contribution and increase later. This is because your money has more time to grow.

Contributing later in life is still ok but you may need to pay more in to achieve the same outcome as someone younger.

#### Members who joined on or after 10 June 2019

You Pay*	Co-op Pays	Total	Life Cover**
4%	4%	8%	1 x salary
5%	5%	10%	2 x salary
6%	6%	12%	2 x salary
7%	7%	14%	2 x salary
8%	8%	16%	2 x salary
9%	9%	18%	2 x salary
10%	10%	20%	2 x salary

\*Contributions are applied to Pensionable Salary, which is your basic pay, plus overtime and any other payments that are pensionable, excluding any bonus payments.

\*\* Life cover salary is your actual pay in the 12 months prior to the date of death, or your basic annual salary at the date of death, if higher.

#### Should I Pay More?

If the Co-op automatically enrolled you into Pace DC you will have been put in to the default contribution tier, meaning that a total minimum contribution of 8% will be building up in your pension pot (your own individual account).

One of the key factors to building up your pension pot and achieving a more secure and comfortable retirement is the amount of contributions that you and your employer pay in.

Irrespective of when you joined Pace DC, you can choose to contribute more to your pension at any time and if you pay more, so will the Co-op (up to 10%). How much you pay will depend on how much you can afford, of course, and to help you understand this better the Co-op has introduced an online modeller at [coop.co.uk/dcm modeller](https://coop.co.uk/dcm modeller)

Contributions you make when you are younger work harder for you, but it is never too late to join, or increase your payments.

*Continued overleaf...*

Remember, if you are not in a pension scheme you are missing out on free money from your employer and Government!

This is probably best demonstrated by showing some example illustrations.

The figures below are based on someone earning £15,000 a year:

<b>Default Contribution Tier</b>	
Your contribution	4%
Co-op's contribution	4%
	Per Lunar month (based on 13 pay periods)
You pay	£37.00
Co-op pays	£46.00
Government top-up	£9.00
	£92.00

If you contribute £37.00, the total amount going into your pension pot would be around £92.00. Put another way you are getting a free amount each month of £55.00.

If we use the same example to show what might build up in your pot if you pay a higher contribution, you can see how much more your money will work for you.

<b>Higher Contribution Tier</b>	
Your contribution	7%
Co-op's contribution	7%
	Per Lunar month (based on 13 pay periods)
You pay	£65.00
Co-op pays	£81.00
Government top-up	£16.00
	£162.00

These figures are for illustration purposes only to help explain the advantages of being in a workplace pension.

In the above example you would receive an extra £97 each month and, if you are a post June 2019 joiner, your life cover would also increase if you pay a contribution of 5% or more.

#### Disclaimer

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## What Will I Get When I Retire?

As explained, a key factor affecting the size of your pot at retirement is the amount of contributions being paid in, but it is also influenced by:

- How much is deducted in scheme charges.
- How well your savings are invested.
- How long your savings are invested for.
- How you wish to access your savings when you retire.

You can keep track of how your pension pot is doing at any time by visiting [coop.co.uk/pensions](http://coop.co.uk/pensions) (just the same as if you were reviewing your bank statement). However, if you prefer not to go online, a benefit statement will be sent through the post to you once a year (usually in November).

## When Can I Access my Pot?

You can currently access your pension pot once you have reached the age of 55 (sooner if you qualify for ill health). The Government has announced, however, that from 2028 this will increase to age 57.

## What Can I do With my Pension Pot?

You have a number of choices. Currently you are allowed to take a quarter of your pension pot as a tax-free lump sum. The rest of your pension pot will be subject to taxation rules irrespective of whether it is taken as cash or regular income.

## Where Can I Find Out More?

Visit: [coop.pacepensions.co.uk/lm-in-pace-dc](http://coop.pacepensions.co.uk/lm-in-pace-dc)

If you are an Usdaw member you can also speak to Usdaw's Pension Section about Pace DC or about pensions in general on **0161 224 2804** or email us at: [pensions@usdaw.org.uk](mailto:pensions@usdaw.org.uk)