

British Fermentation Products Limited

Retirement Benefits Scheme

A Guide to Your Pension Benefits

April 2022

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Introduction from the Trustees

A final salary pension scheme was started by British Fermentation Products Limited in 1961, and closed to benefit accrual in 2008. Over the years the benefits available to members of the **Scheme** have been amended so that today the **Scheme** provides a good level of benefits for all its members.

The **Scheme** is approved by HMRC, which means that members enjoy several important tax advantages.

HOW THIS BOOKLET WORKS

This booklet is for members of the Scheme.

We have tried to avoid using technical words wherever possible. Those that are used are explained overleaf.

Please note that whilst every effort has been made to ensure that this booklet has included details of all the benefits of the **Scheme** in as simple a style as possible, it cannot override the Trust Deed and Rules, which are the legal documents governing the benefits provided and the way the **Scheme** is administered. If you wish to inspect the Trust Deed and Rules or other documents relating to the **Scheme** please contact the Secretary to the Trustees.

The **Scheme** is an investment for your future. We want you to be fully informed about it so that you can gain the maximum benefit from it.

The Trustees
April 2022

Key features of the Scheme

TECHNICAL WORDS EXPLAINED

Every care has been taken to ensure your benefits have been explained as simply as possible in this booklet. However, certain words and phrases are used with special meanings, and these are defined below.

SCHEME

"Scheme" means the British Fermentation Products Limited Retirement Benefits Scheme.

COMPANY

"Company" means Swift BFP Limited.

TRUSTEES

The **"Trustees"** are the individuals appointed to oversee the management of the **Scheme**. For more details, see the section of the guide entitled "General Information".

CONTRACTED OUT

The **Scheme** is **"Contracted out"** of the State Second Pension ("S2P") (formerly known as the State Earnings Related Pension Scheme ("SERPS")).

NORMAL RETIREMENT DATE

Your **"Normal Retirement Date"** is your 65th birthday (see note on page 6).

PENSIONABLE SALARY

Your **"Pensionable Salary"** is 12 times your gross monthly pay or 52 times your gross weekly pay (excluding any non-contractual overtime) on 1st June each year.

If you were remunerated by way of commission or you receive certain bonuses, your **Pensionable Salary** will also have included the average amount of commission or relevant bonuses paid to you over the three years ending on 1st April preceeding the date on which your **Pensionable Salary** is being determined.

Note that the Scheme closed in August 2008 and so you stopped accruing any further pension after that date.

FINAL PENSIONABLE SALARY

Your **"Final Pensionable Salary"** is your Pensionable Salary on 1st June before you leave **Pensionable Service**. Note that the Scheme closed in August 2008, so for many members **Pensionable Service** stopped at that time.

PENSIONABLE SERVICE

Your **"Pensionable Service"** is the number of years and months (rounded to the higher month) that you are a contributing member of the **Scheme**, subject to a maximum of 40 years. It also includes any service credits you have in the **Scheme** as a result of transfer payments from other pension arrangements. Note that the Scheme closed in August 2008, so for many members **Pensionable Service** stopped at that time.

SPOUSE

Your **Spouse** is the person you are legally married to on your death.

HMRC

"HMRC" is Her Majesty's Revenue and Customs.

KEY BENEFITS AT A GLANCE

The Scheme offers you:

SECURITY when you retire (see section headed “Benefits on retirement” for more details), with:

- Your own pension.
- A cash lump sum for your family if you die within 5 years of retiring.
- Spouse’s or children’s pensions when you die.

INDIVIDUAL CHOICE with:

- The options to exchange part of your pension at retirement for:
 - a cash lump sum, which under the current legislation is payable tax-free;
 - a higher dependant’s pension payable when you die.
- The chance to retire early.

PROTECTION throughout your career with:

- The possibility of a pension if you are forced to stop working because of ill health or disability.
- **Spouse’s** or children’s pension.

Benefits on Retirement

The **Scheme** provides you with the following benefits:

- A pension based on your **Final Pensionable Salary** and on your years of membership;
- The options at retirement to exchange some of your pension for a cash lump sum and a higher pension for your **Spouse** when you die;
- Flexibility as to when you retire;
- Annual increases to pensions to help keep pace with inflation.

WHAT ARE MY BENEFITS ON NORMAL RETIREMENT?

Your **Normal Retirement Date** is your 65th birthday.

Your pension when you left the Scheme was calculated as 1/60th of your **Final Pensionable Salary** for each year of **Pensionable Service**, up to a maximum of 2/3rds of your **Final Pensionable Salary**.

This pension will be held by the **Scheme** until you retire and increased annually to broadly keep pace with inflation.

Your pension is paid directly into your bank, building society or post office account. Income tax is deducted from your pension in the same way as your pay whilst you are at work.

CAN I TAKE MY PENSION EARLY?

With the consent of the **Trustees**, and having reached age 55 (or age 57 for retirements on or after 6 April 2028), you can take your pension early. However it will be reduced to allow for the fact that it is likely to be paid for longer.¹

¹ For members who joined the **Scheme** before 1st August 1990, pension benefits arising from **Pensionable Service** from 17th May 1990 for males, or for all **Pensionable Service** for females, can be taken from age 60 onwards without a reduction for earlier payment. Further details can be obtained from the Secretary to the Trustees.

Your ability to retire early may need to be restricted in order to comply with **contracting-out** legislation . You will be notified at the time if this affects you.

WHAT IF I BECOME SICK OR DISABLED?

If you are forced to stop working as a result of ill-health or long-term disability, you may, provided the **Trustees** agree to your early retirement on account of failure of health, receive an immediate pension from the **Scheme**.

This will be calculated as for early retirement, but there is no age limit on when you can apply for this.

The benefit is subject to the following conditions:

- The **Trustees** receive satisfactory medical evidence from a registered medical practitioner; and
- This benefit is reviewed from time to time and if your illness or disability is not likely to be permanent the **Trustees** may have to limit or stop paying it. You will be told if this is necessary in your case.

HOW ARE PENSIONS INCREASED?

The increases to pensions in payment differ depending on whether the pensions arise from **Pensionable Service** before or after 6th April 1997.

Pensions in payment arising from **Pensionable Service** before 6th April 1997 are generally not guaranteed to increase.

Pensions in payment arising from **Pensionable Service** from 6th April 1997 will be increased on 1st January each year in line with Limited Price Indexation ("LPI") – the increase in the Retail Prices Index ("RPI") subject to a maximum of 5% each year.

The first increase will be a proportionate increase depending on the date you retired in the previous year.

WHAT ARE MY OPTIONS AT RETIREMENT?

At retirement, you have the options to exchange part or your pension for:

- A cash lump sum;
- A higher dependant's pension payable when you die.

A CASH LUMP SUM

When you retire, you can choose to give up part of your pension in exchange for a cash sum, which is currently paid free of tax.

The maximum lump sum that you are allowed to take depends on the size of the pension you have built up, and on any **Contracted out** requirements.

The **Trustees**, on the advice of the Scheme Actuary, determine the rate at which you can exchange pension for cash. The rates will vary, for example, according to the age at which you retire. As you approach retirement, you will receive full details of your pension options, including an estimate of the amount you can take in cash and the corresponding reduction in your pension.

Exchanging part of your own pension for cash will not affect the level of the pension payable to your **Spouse** when you die.

MORE PENSION FOR YOUR FAMILY

You can also request to boost the benefits for your family when you die by exchanging some of your own pension to increase your **Spouse's** income or to provide an extra pension for a dependant. Please ask if you would like more information about this option.

Death Benefits

The **Scheme** provides your beneficiaries with the following benefits when you die:

- Potentially, a cash lump sum;
- A pension for your **Spouse**, normally equal to half your current pension;
- Annual increases to the pension that helps it keep pace with inflation.

WHAT BENEFITS ARE PAYABLE IF I DIE BEFORE MY PENSION COMES INTO PAYMENT?

If you should die before your pension comes into payment, the **Scheme** will pay a lump sum, equal to the amount of contributions you paid into the **Scheme**, together with a pension to your **Spouse**, equal to half of your deferred pension at the date of your death.

Please note, the **Trustees** have discretion over who receives the lump sum. They will always consider your wishes when paying this benefit provided you complete the Nomination Form naming those you wish to receive this benefit. It is important that you keep your Nomination Form up to date and let the **Trustees** know if there is any change in your personal circumstances.

WHAT BENEFITS ARE PAID ON MY DEATH AFTER RETIREMENT?

If you die whilst in receipt of a pension from the **Scheme**, the following benefits will be payable.

A CASH LUMP SUM

If you die within 5 years after retiring, a lump sum will be payable equal to the outstanding balance of your monthly pension payments still due to the end of the five years. This will be paid in the same way as the lump sum benefit payable on your death before your pension comes into payment.

A PENSION FOR YOUR SPOUSE

Following your death, your **Spouse** will normally receive a pension from the **Scheme** of half your own pension. If your pension was reduced at retirement because you chose to exchange part of it for a cash sum, the **Spouse's** pension will be based on your own pension excluding that reduction.

Alternatively, you may have chosen at retirement to exchange part of your own pension to augment the pension payable to your **Spouse** in excess of the half rate stated above.

Points to note:

- A **Spouse's** pension will be payable for his/her remaining lifetime and is unaffected by remarriage.
- These pensions will increase in payment in the same way as your own pension.

- If your **Spouse** is more than 10 years younger than you, then your **Spouse's** pension will be reduced by 2½% for each year by which the age difference exceeds 10 years. Such reduction will not exceed 25%.

PENSIONS FOR YOUR CHILDREN

If you die leaving children but no **Spouse**, or if your **Spouse** dies after you, a pension will be payable to your surviving children. At the **Trustees'** discretion, the **Spouse's** pension will be shared amongst any of your children under the age of 18 (or 22 if still in full-time education or vocational training).

Other options

TRANSFERRING YOUR BENEFITS TO ANOTHER APPROVED ARRANGEMENT

You may transfer the value of your benefits to a HMRC approved pension arrangement provided the receiving arrangement is capable of accepting the transfer payment.

The transfer value will be calculated in accordance with instructions provided by the Scheme Actuary and represents the current value of your deferred benefits. The guaranteed pension increases are included in the calculation of the transfer value, but no allowance is made for any discretionary benefits as there is no guarantee that these would be payable when you come to retire.

If you wish to investigate this option you will be provided with a statement of the guaranteed "cash equivalent" (the term for the transfer value you are entitled to under legislation) quoting the amount that would be payable, and giving instructions on how to proceed. Requests for guaranteed cash equivalents can only be made once every 12 months and if you wish to go ahead with the transfer you will be required to reply within 3 months of the date the quotation is given. Further details will be provided on request.

If you are interested in transferring, or obtaining an estimate of the cash equivalent that would be available, you should contact the administrator at the address on page 10.

You may find it useful to discuss your options with an independent financial adviser, and for transfers above £30,000 it is likely that you will be required to take independent financial advice before you can transfer. Following a transfer, you will not be eligible for any benefits from the **Scheme**.

General Information

The **Scheme** is run quite separately from the **Company** for the benefit of its members and beneficiaries, according to formal rules laid out in the Trust Deed and Rules. In order to benefit from tax advantages, it is also administered subject to the rules of HMRC.

THE TRUSTEES

The **Scheme** is set up under Trust and is, therefore, legally separate from the **Company**. The **Scheme** is run by trustees who are responsible for ensuring the payment of benefits and the smooth management of the **Scheme**.

The **Trustees** have to ensure that the **Scheme** is run in accordance with the formal rules, known as the Trust Deed and Rules, and in the best interests of members and other beneficiaries. The **Trustees** call upon the expertise of professional advisers in order to run the Scheme and these include investment managers, actuaries, auditors and solicitors. The **Trustees** have also appointed independent administrators to carry out the day-to-day administration of the **Scheme**.

The **Scheme's** money is held in a fund, entirely separate from that of the **Company**, and can only be used to provide the benefits described in the Rules, as summarised in this booklet. Independent investment managers handle the investment of this fund.

The **Company** appoints the **Trustees**, one of whom is nominated by the members of the **Scheme**. Details of the **Trustees** and the advisers, as well as the **Scheme's** audited accounts and an actuarial and investment statement, are published annually in the **Trustees' Report** (a copy of which is available on request).

TAX AND SOCIAL SECURITY

The **Scheme** is approved by HMRC under Chapter 1 Part XIV of the Income and Corporation Taxes Act 1988. This means that contributions to the **Scheme** and earnings from its investments are largely exempted from tax as long as they do not exceed limits set by HMRC. You will be informed if these limits are liable to affect you.

The **Scheme** also meets the contracting-out requirements set out in the Pension Schemes Act 1993 and the Pensions Act 1995.

YOUR BENEFITS ARE NOT ASSIGNABLE

You are not allowed to assign your benefits under the **Scheme**, or to use them to obtain cash payments or as security for a loan.

DISPUTES

Complaints or disputes concerning the **Scheme** are rare and are generally resolved informally by the **Trustees**.

If you are a **Scheme** member (or you are the **Spouse** or dependant of a former member), and you have a dispute which you are unable to resolve informally, you should follow the procedure below:

STAGE 1 – THE SECRETARY TO THE TRUSTEES

Put your case in writing to the Secretary to the Trustees who can be contacted at the address on page 10.

In all cases, you should include the subject of your complaint and the details of the case.

If you are a **Scheme** member you should include your full name, address, date of birth and your National Insurance number. If you are the **Spouse** or dependant of a former member you should include your full name, address, date of birth and relationship to the member; and that member's full name, address, date of birth and National Insurance number.

You will receive an acknowledgement immediately and a decision will be made within 4 months of receipt of the complaint and a formal response within 15 days of that decision at the latest. If this is not possible you will be notified as to why there is a delay and when a reply can be expected. You may, if you wish, nominate someone to represent you, for example a union official, solicitor

or colleague. Your representative should include their full name, address and profession as well as your personal details, the subject of your complaint and the details of the case.

STAGE 2 – THE TRUSTEES

If you are not satisfied with the answer from the Secretary to the Trustees you may write directly to the **Trustees** asking for the complaint to be reconsidered by the **Trustees**, provided you do so within six months of receiving the first reply. You should address your letter to the Chair of the Trustees, at the address on page 10.

Please include all the personal details you provided at Stage 1, a copy of the response you received and the reason why you are dissatisfied with the response. You should expect a written reply within 4 months. If this is not possible you will be notified as to why there is a delay and when a reply can be expected.

EXCLUSIONS

Please note that the internal dispute procedure does **not** cover any disputes which:

- have nothing to do with the **Trustees** (ie disputes which involve solely the Company);
- the Pensions Ombudsman is already investigating or where proceedings have started in Court or Industrial Tribunal; or
- arise from complaints from former members who have transferred out of the **Scheme** or taken a refund of contributions, unless the complaint is made within six months of the date of transfer or refund.

THE PENSIONS REGULATOR

The Pensions Regulator (TPR) was established with effect from 6th April 2005 to regulate occupational pension schemes.

TPR's role is to act to protect the interests of pension scheme members and to enforce the law as it applies to occupational pensions. The regulations set out clearly the areas that TPR covers and the powers that are vested in it. For example, TPR can prohibit or disqualify trustees for acting unlawfully, and can impose fines on wrongdoers.

FURTHER INFORMATION ABOUT THE SCHEME

If you would like further information about any aspect of the **Scheme**, please contact the Secretary to the Trustees, at the address on page 10. If the Secretary is unable to answer your query immediately detailed explanations or further information will be obtained from the administrator. Copies of the following four documents are available from the Secretary to the Trustees on request:

1. The Trust Deed and Rules
2. The Trustees Annual Report & Accounts
3. The most recent actuarial valuation
4. The Statement of Investment Principles, which outlines the **Trustees'** strategy on fund investment.

CONTACT DETAILS

Administrator:

Address: British Fermentation Products Limited Retirement Benefits Scheme
Aon Limited Scanning Division
PO Box 196
Huddersfield
HD8 1EG

Telephone: 0330 123 4936
Email: bfp.pensions@aon.co.uk

Secretary to the Trustees:

Address: British Fermentation Products Limited Retirement Benefits Scheme
c/o Kevin Crisell
Aon Solutions UK Limited
3 The Embankment
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