

SHELL CONTRIBUTORY PENSION FUND



AVC Newsletter 2013

For active members of the Shell Contributory Pension Fund (SCPF)

NEW FOR 2013 – TWO NEW AVC INVESTMENT OPTIONS

As announced last year, the Trustee is adding two new funds to the ten funds currently available to members paying Additional Voluntary Contributions (AVCs). The new funds, which will be available from 1 July 2013, are:

- an index-linked gilt fund for members who would like to invest in government securities but want to provide some protection of their investments against inflation; and
- a diversified growth fund, which aims to provide positive medium to long-term returns in all market conditions by investing in, and actively changing weightings to, a diverse range of assets.

If you are unsure whether you should be investing in these, or other, AVC funds, please read on...

YOUR PENSION: IS IT ENOUGH?

Your annual pension benefit statement, enclosed with this newsletter, shows how much pension you can expect in retirement based on a number of assumptions about when you leave the SCPF and when you take your benefits. Have you thought about whether your income in retirement will be enough for you to live on? Remember to take into account any other pensions you may have (such as a pension from a previous employer) and your State pension.

If you don't think your pension will provide the level of income you desire in retirement, you could consider paying AVCs. If you already pay AVCs, you should regularly review whether you are on track to meet your retirement savings goals.

WHAT ARE AVCS?

AVCs are extra contributions that you can make to boost your income in retirement. As an active member, you have access to the SCPF AVC Arrangement, which is provided by Legal & General (L&G).

AVCs work differently to your main SCPF benefits:

- you choose how much you want to pay and your contributions are held in an AVC fund separate to your SCPF benefits
- you can change your contribution rate at any time
- you choose how your AVC fund is invested, from a range of funds offered by the Trustee
- the final value of your AVC fund will depend on how well your investments perform as well as how much you contribute
- at retirement your AVC fund can be taken as a tax-free cash lump sum (subject to certain limits) and/or used to boost your annual pension.

What about the tax situation?

Your AVCs receive the same tax relief as your contributions to the SCPF, but only up to a limit set by Her Majesty's Revenue & Customs (HMRC), known as the Annual Allowance. HMRC also sets a limit to the total pension benefits you can take at retirement, known as the Lifetime Allowance. If you exceed either of these limits your benefits will be subject to a tax charge, so it is important that you take them into account when planning for your retirement. To find out more, read the '**Annual Allowance**' and '**Lifetime Allowance**' factsheets on the pensions website.

AVC investment options

You can choose your AVC investments (within the range offered) to suit your circumstances. For example, if you are close to retirement, you may wish to avoid investing in funds that could be prone to short-term fluctuations in value. You should review your investment options regularly to ensure that they remain appropriate for your circumstances.

Managing your AVCs

You receive an annual AVC benefit statement showing an estimate of the benefits your AVCs could provide in retirement. This will also show you the amount of AVCs you have contributed to date, your investment selections, and the current value of your AVC fund. This will help you to review your contribution and investment choices.

L&G also provides an online facility called '**Manage Your Account**' which provides up-to-date information about your AVC fund. It allows you to alter your investment choices, but NOT your contribution rate, which must be done via the Pensions Advisory Unit.

FINDING OUT MORE

To find out more about AVCs, visit the pensions website www.shell.co.uk/pensions, where you can download:

- the AVC booklet
- the Annual Allowance factsheet
- the Understanding Your AVC Investment Choices booklet
- details of how to register for Manage Your Account
- the AVC Death Benefits Nomination Form.

You can also contact the Pensions Advisory Unit (PAU) pensions-advisory-unit@shell.com who can supply you with:

- AVC quotations incorporating your SCPF benefits
- contribution instruction forms
- links to the L&G Investment Fund factsheets.

If you are in any doubt about the issues relating to your AVC funds, **you are recommended to seek independent financial advice**. If you do not already use a financial adviser, but would like to speak to one, you can find a financial adviser in your area by visiting www.unbiased.co.uk