



Linked Fund Membership

WHO IS THIS FACTSHEET FOR?

This factsheet is for members of the Shell Overseas Contributory Pension Fund (SOCPF) and Shell Contributory Pension Fund (SCPF) who have continuous pensionable service in the SOCPF and SCPF and vice versa.

If you have continuous pensionable service in the SOCPF and SCPF Inter Fund Linking Rules (IFLR) apply to you.

BACKGROUND

The SCPF is an HMRC Registered Pension Scheme for eligible employees working in the UK.

The SOCPF is an overseas scheme, registered in Bermuda, designed to enable UK base country employees (who joined shell before 1 March 2013) to continue to participate in a pension fund while on overseas assignments for Shell companies.

If you are a member of the SCPF you are automatically offered membership of the SOCPF when you transfer to an overseas assignment, when returning to work for a Shell company in the UK you automatically re-join the SCPF section that you were a member of before you left for the assignment.

When you eventually retire and receive your benefits, they will be paid as two separate pensions, one from the UK and one from Bermuda, but they must both be paid from the same date. These pensions will be treated differently for tax purposes, as the SCPF is a UK pension and the SOCPF is an 'overseas' pension.

Some Frequently Asked Questions on IFLR are available on page 2 and 3.

Further details on both schemes can also be found on the pensions website www.pensions.shell.co.uk.

JARGON

Normal Pension Age
is the age you can take your pension without Employing Company consent and without having your pension reduced. For the Post-2009 Section of the SCPF & SOCPF, this is age 65. For the Pre-2009 Section of the SCPF & SOCPF, this is normally age 60.

Pensionable Salary
is your basic salary plus any pensionable shift allowance (excluding overtime, bonuses and non-pensionable allowances) on which your contributions are based. Any salary sacrifice arrangement is not taken into account.

This factsheet provides a summary of the benefits available under the Inter Fund Linking Rules. Benefits can only be paid in accordance with the Trust Deed and Regulations and relevant law at that time.

FREQUENTLY ASKED QUESTIONS

1. Can I transfer my SCPF benefits into the SOCPF?

No. The Funds are complementary; benefits cannot be transferred from one Fund into the other.

2. Are the contributions rates the same in the SCPF and SOCPF?

Yes, currently, the rate of member contributions for the SCPF and the SOCPF is the same. The rate of both member and company contributions to the SCPF and the SOCPF is reviewed regularly, and you will be advised of any changes.

3. Can I pay Additional Voluntary Contributions (AVCs) as a member of the SOCPF?

No. AVCs are a tax efficient way of making contributions whilst in a UK HMRC registered pension scheme. If you have made AVCs in the SCPF and are now moving to the SOCPF, the benefits that you have accrued will remain invested with Legal and General. If you join the SCPF in the future, you can join (or re-join) the AVC Arrangement.

4. What happens if I decide not to join the SOCPF?

If you move from the SCPF in the UK on an overseas assignment, SOCPF contributions will be deducted from your pay automatically, you will need to complete an application form to finalise the process within 30 days of the membership commencement date. If you decide that you do not wish to join the SOCPF you will need to complete a waiver form within 30 days of the membership commencement date; any SOCPF contributions made will be refunded and you will then be treated as leaving pensionable employment at the date that you left the SCPF.

Important: If you decide that you do not want to be a member of the SOCPF you cannot re-join the SCPF when you return to the UK. We highly recommended that you take financial advice before opting out of either of the Funds.

5. I will be leaving the SCPF and joining the SOCPF, will I continue to get an annual benefit statement?

Yes, you will receive a separate benefit statement from each Fund. If you are an active member of the SCPF your statement is sent to your home address. If you are an active member of the SOCPF the Administration Team will send you a notification when the annual benefit statements are available, and you can then request to receive one by email.

6. Can I transfer an external pension into the SCPF or SOCPF?

From 1 July 2018, the SCPF and SOCPF will no longer accept a transfer of benefits from other pension schemes into the Funds.

7. Can I transfer benefits out of one Fund and leave the other?

Yes, you can transfer out of one Fund but not the other. For more information on transferring out please read the Transfers out factsheet.

8. Do benefits in the SOCPF count towards the Lifetime Allowance?

Benefits in the SOCPF do not count towards the Lifetime Allowance (LTA). The LTA forms part of the UK pensions tax regime, and is set by HMRC on an annual basis. SCPF pension benefits in excess of the LTA paid from the SCPF would be subject to a Lifetime Allowance charge.

Although SOCPF benefits do not count towards the LTA, you may be affected if you have SCPF benefits close to, or in excess of, the LTA. This is because any increases to your pensionable salary whilst you are in the SOCPF could result in accrued benefits in the SCPF exceeding the LTA.

If, when you come to take a pension it exceeds your available LTA, that excess is a 'chargeable amount'. The chargeable amount is subject to the Lifetime Allowance charge. The rate of tax charge you pay depends on how the excess is paid to you; the rate is:

- 55% if you take it as a lump sum, and/or
- 25% if you take it as pension income (in addition your regular monthly pension is then taxed at your marginal rate of income tax)

9. Is it possible to receive the SCPF pension and defer the SOCPF pension, or vice versa?

No. If you are entitled to benefits from both the SCPF and the SOCPF they must be paid from the same date.

10. If I die in service how is a spouse's pension calculated.

If for example you have been in the SOCPF for 3 years and also have 10 years previous service in the SCPF your spouse would receive a pension from the SCPF based on your accrued pensionable service (10 years) and your final pensionable salary at date of death. Additionally, your spouse would receive a pension from the SOCPF based on your actual and potential service in the SOCPF i.e. up to your Normal Pension Age.

CONTACT DETAILS

The full SCPF and SOCPF Inter-Fund linking Rules can be found in the SOCPF Trust Deed and Regulations which are available on request. If you have any queries about the information in this factsheet, please contact the Pensions Administration Team who can provide you with further information.

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