

A large container port at sunset. Several large container ships are docked at the pier, with their decks stacked high with colorful shipping containers. Numerous gantry cranes are visible, extending over the ships. The sky is a mix of orange, pink, and blue, indicating the time is either dawn or dusk. The water in the foreground is calm, reflecting the light from the sky. The overall scene is industrial and busy.

myMNOFPension

Retirement guide

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myMNOPFpension Retirement guide

Now that you are approaching retirement, it is time to start thinking about how you would like to take the retirement benefits you have earned in the MNOPF.

Reading this guide, together with the enclosed Retirement Statement, will help you understand the decisions you will need to make and what you need to do next so that your benefits can be paid in the manner best suited to your needs.

The guide highlights a number of options but is not recommending that you take any particular option — it is simply providing information for you to consider.

The decisions you make about drawing your Fund benefits can only be taken once and will significantly affect your income in retirement. This means it is important that you carefully consider what is best for you before you retire. Some of the options will require you to take financial advice and this guide explains what you would need to do, in this respect.

OPTIONS within the Fund

Fund pension

Your Fund pension payable from your Normal Pension Age (or early retirement date if you requested an early retirement quotation) is shown on your Retirement Statement.

As set out in the Retirement Notes, part of your pension might increase in retirement, and a pension would usually be payable to your spouse when you die if you are married or in a civil partnership.

Tax-free cash lump sum and reduced Fund pension

You have the option of exchanging part of your Fund pension for a cash lump sum, which would be payable tax free. The maximum amount of tax-free cash you can take from the Fund is shown on your Retirement Statement, together with the reduced Fund pension that would then be payable. Your spouse's pension would be unaffected by taking tax-free cash. You can take a lower amount of tax-free cash if you wish which would give you a higher Fund pension.

Early retirement

You can take your pension earlier than Normal Pension Age and if you do, your pension will be reduced, depending on your age, as it will be paid for longer.

Late retirement

You may want to take your pension later than your Normal Pension Age, for example if you are still working. If you take late retirement, your pension will be increased, depending on your age, as it is likely to be paid for shorter time.

The option to take a cash lump sum and reduced Fund pension is available if you retire early or late in the same way as at Normal Pension Age.

One off lump sum

You might be able to take your entire pension as a cash lump sum payable from the Fund if it is small enough and you are over age 55. If the annual rate of your pension is small (usually about a few hundred pounds per year) so its value in lump sum terms is less than £10,000, you can take it as a cash lump sum regardless of any benefits you have from other pension schemes. 25% of this lump sum would be tax free. If this applies to you, details of this option are included in your Retirement Statement.

If you have total pensions with a value of less than £30,000 from all your pension arrangements and, again, you are over age 55, you might also be able to take your entire pension as a cash lump sum, 25% of which would be tax free. If you might be eligible for this, further details will be provided in your Retirement Statement. Please contact myMNOFPension if you believe this could be the case for you.

If you choose to have all your benefits paid as a one off lump sum from the Fund, there would be no benefits paid to your spouse on your death.



Why you might consider these options, within the Fund

- You value the security of a regular income throughout your retirement (for example, if this is your only or main source of income in retirement).
- You want to provide a pension for your spouse in the event of your death.
- The cash lump sum provided by the Fund is sufficient to meet your immediate needs.





OPTIONS outside of the Fund

You have the choice of transferring all your benefits out of the Fund to give you more flexibility over how you take them. There are many options available, so this section only gives a summary of them. The value of your Fund benefits (your transfer value) is shown in your Transfer Value Statement, if you have received one. If not, this is available on request from myMNOFPension.

If you are interested in any of the options set out on the following pages and wish to transfer your benefits, you are required to take independent financial advice from an adviser authorised by the Financial Conduct Authority (FCA) if the transfer value of your defined benefits is £30,000 or more.

You will need to provide myMNOFPension with the relevant evidence that you have taken such advice. Whilst you may be able to transfer without having taken financial advice if your defined benefit transfer value is less than £30,000, the Trustee would still recommend that you do take advice, to ensure that it is the right option for you.

Once you transfer, you will no longer be entitled to any Fund benefits and no benefits would be paid to your dependants in the event of your death.

You should be aware that there are likely to be fees and charges to pay if you transfer, both for independent advice and under the new pension arrangement. You should consider these costs carefully before you make a decision to transfer.

1 Purchasing a different form of pension with an insurance company

If you transfer your benefits to an insurance company, you can still take a tax-free cash lump sum of up to a maximum of 25% of the amount transferred. This tax-free cash amount might be higher than that provided by the Fund.

The remainder of your transfer value would be used to buy a pension (sometimes known as an annuity). This pension can be tailored to suit your own personal circumstances. For example, you can purchase an increasing pension rather than one where only part of it increases in payment and you do not have to buy an attaching spouse's pension payable after your death. If you have health issues or are a smoker, you may be eligible for an enhanced pension.

? Why you might consider this option

- You would like the security of an income payable throughout your retirement.
- You would like to choose a different level of pension increases to keep pace with the cost of living during your retirement.
- You do not have a spouse or your spouse has his/her own retirement income.
- You may be eligible for an enhanced pension, depending on your health.



2 Take all your benefits as a lump sum

If you wish to withdraw all your benefits as an immediate cash lump sum on retirement and the value of your benefits is greater than the limit for a one-off lump sum payable from the Fund, you will need to transfer your benefits out of the Fund to a registered defined contribution pension arrangement that offers this facility, such as Ensign. 25% of your fund would be available tax free with the remainder being taxed at your marginal rate.

This type of retirement benefit is very different from the pension payable from the Fund and there may be tax implications; in particular, taking benefits as one lump sum could affect your marginal rate of tax. Also if you still want to make future pension savings, you need to be aware that once you have taken the lump sum, the maximum amount you can pay into a defined contribution pension arrangement in any year will reduce from £40,000 to £4,000.

? Why you might consider this option

- You have an immediate need for the cash but are not eligible to take a one-off lump sum from the Fund.
- Taking the cash would not affect your marginal rate of tax.
- You or your spouse have other sources of retirement income.

Ensign

Ensign is a registered defined contribution pension arrangement designed specifically for the maritime industry. Ensign offers its members the flexibility to withdraw their benefits as a cash lump sum or access flexible income drawdown. For more information go to www.ensignpensions.com or speak to myMNOPFpension regarding your transfer options.

3 Flexible income drawdown

If you wish to draw income from your pension fund on a flexible basis after retirement, you will need to transfer your benefits out of the Fund to a registered defined contribution pension arrangement that offers this facility, such as Ensign.

Flexible income drawdown allows you to access your pension savings flexibly throughout your retirement and arrange your income exactly to your needs, as well as receiving a tax-free cash lump sum immediately (up to 25% of the value of the fund transferred). Tax would be payable on any lump sums or income drawn at your marginal tax rate at the time. In the event of your death before the age of 75, any funds left in the arrangement may be paid to dependants tax-free.

This provides you with numerous options, including:

- Drawing your benefits over a relatively short time period.
- Adapting your income pattern to suit your outgoings in particular years; for example, taking a series of different lump sum amounts each year (perhaps with none in some years). You might then use the amount left at an older age to purchase a pension with an insurance company and secure a level income at that time.
- The ability to pass on some of your pensions savings to your children or other beneficiaries.

Under an income drawdown policy, your funds would be invested and you would need to decide how to do this. A financial adviser can help you choose which investments are most suited for your circumstances.

If you still want to make future pension savings, you need to be aware that some of the options under income drawdown funds could affect the maximum amount you can pay into a defined contribution pension arrangement in any year.

? Why you might consider this option

- You wish to spend your retirement benefits over a fairly short time period but you don't want a large tax bill.
- You value the flexibility of being able to adjust your income to suit your outgoings, are confident about managing your investments and are willing to take some investment risk as part of your retirement planning.
- You are interested in passing any unused pension savings on to your children or other beneficiaries with tax advantages.

MAKING the right decision

This guide simply provides you with information on a number of options. Neither the Trustee nor myMNOPFpension can give you advice on what you should do.

If you need help deciding which option to take, you should take independent financial advice. Please note that if you wish to select one of the options available outside the Fund, you must provide evidence that you have taken financial advice.

Taking cash withdrawals may have implications for people with debt or those who may be entitled to means-tested benefits. People who are concerned about this aspect can refer to the Pension Wise website www.pensionwise.gov.uk or contact the Money Advice Service.

You can get free and impartial advice about your options at retirement and obtaining financial advice at:

www.moneyadvice.service.org.uk
Free phone: **0800 138 7777**

You can also find details of financial advisers through www.unbiased.co.uk

www.VouchedFor.co.uk is a website which provides reviews of financial advisers from previous customers.

Warning! If I want to transfer, do I need to be careful where I transfer to?

You should be aware that sometimes individuals are approached by “unregulated” providers suggesting that they transfer their Fund benefits in exchange for seemingly tempting investment opportunities and/or cash. This type of offer could be a scam. You could lose most or all of your pension savings as a result of tax charges, scammers’ fees and losses on fake or unsuitable investments.

Find out more at www.pensionwise.gov.uk/scams. If you believe you have been approached with such an offer, contact Action Fraud on **0300 123 2040**.

Make sure that you use a registered financial adviser who is authorised to give transfer advice – you can check this on the Financial Conduct Authority register: www.fca.org.uk/register/



ANSWERING your queries

When I die after I retire, what benefits would be paid to a surviving spouse?

If you choose the full Fund pension option or the tax-free cash lump sum and reduced Fund pension option and you die after your pension has been put into payment, as set out in the Retirement Notes, a pension would usually be paid to any surviving widow, widower, or civil partner ('spouse'). In addition, if your death is within the first five years of retirement, a lump sum would also be paid, equal to the remaining balance of 5 years worth of pension. On retirement, it is strongly advised that you complete an Expression of Wish Form to let the Trustee know who you would like the lump sum death benefit paid to.

The pension payable to your spouse would be calculated based on your pension at retirement, increased between your date of retirement and date of death but ignoring any reduction that was made to your pension at retirement due to retiring early or taking a cash lump sum on retirement.

There might be further adjustments to the pension payable to your spouse – please refer to the Retirement Notes for more details.

If you choose to transfer out, the benefits paid to your spouse would depend on what you decide to do with the benefits you transferred out of the Fund, and there would be no benefits paid to your spouse directly from the Fund.

If you choose a one-off lump sum from the Fund, there would be no benefits paid to your spouse on your death.

I have paid Additional Voluntary Contributions (AVCs). What happens to these?

If you have paid Additional Voluntary Contributions (AVCs) into the Fund in the past, these were transferred to the Ensign Retirement Plan, now 'Ensign', in May 2018. However, your AVC's may be transferred back into the MNOPF at

retirement and used to make up all or part of your cash lump sum, if you wish.

A free pension guidance service is available for anyone over age 55 who has defined contribution savings, such as your AVCs. This guidance service is called "Pension Wise: Get to know your options" and offers free and impartial information and guidance to help you understand your choices at retirement. Find Pension Wise at www.pensionwise.gov.uk or call 0800 138 3944.



Who do I contact for more general information about pensions and retirement?

There is a wealth of information available on the Money Advice Service website www.moneyadvice.org.uk/en/categories/pensions-and-retirement.

The Pensions Advisory Service (TPAS) is an independent, non-profit organisation that provides free information and advice on pensions. It can be contacted by telephone on 0800 011 3797 or find out more on their website www.pensionadvisoryservice.org.uk.

The Age UK website has a pension calculator tool which can assist you in estimating the income you might need in retirement. Please visit the Age UK website at: www.ageuk.org.uk/money-matters/pensions/pension-calculator for further details.

Where can I find out more information about my Fund benefits?

This guide provides a summary of the benefits and options provided by the Fund and allowing for current pensions law.

Further details on the benefits are available on the Fund's website at www.mnopf.co.uk/myMNOPFpension.html.



STEP-BY-STEP guide to retirement

Step **ONE**

Read this guide and your Retirement Statement:

6 months to go or when you have requested an early retirement quote.



Step **TWO**

Review your options and decide which option might be suitable for you:

Consider taking independent financial advice.



Months to retirement

Step **THREE**

Decide which option is right for you:

- Full Fund pension.
- Tax-free cash lump sum and reduced Fund pension.
- One-off lump sum from the Fund (if eligible).
- Transfer to another arrangement.



Step **FOUR**

Take the necessary action:

Pension from the Fund:

Here you will need to choose between the Full Fund pension option and the tax-free cash lump sum and reduced Fund pension option as set out on your Retirement Statement.

Decide on the amount of tax-free cash you want to take and return the Pension Application Form enclosed in your retirement pack.

One off lump sum from the Fund:

If you are eligible for a one-off lump sum to be paid from the Fund instead of a pension, you can choose this option on your Retirement Statement.

Transfer:

Take financial advice about the transfer and decide what type of arrangement you would like to consider transferring to.

Complete the transfer payment forms and provide the required evidence that you have taken independent financial advice, if applicable.



Months to retirement

Step **FIVE** **RETIRE!**

If you choose a pension from the Fund:

myMNOPFpension will pay your tax-free cash and you will receive your first pension payment.

If you choose a one-off lump sum from the Fund:

myMNOPFpension will pay your lump sum.

If you choose to transfer:

Your retirement income (lump sums and/or pension) will be provided under your new arrangement.





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