

JOHN LEWIS
PARTNERSHIP
PENSIONS TRUST

WELCOME TO THE JOHN LEWIS PARTNERSHIP TRUST FOR PENSIONS

*Defined Contribution
(DC) Section*

Updated: October 2020

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THE JOHN LEWIS PARTNERSHIP TRUST FOR PENSIONS (THE “SCHEME”)

On first joining the John Lewis Partnership, the majority of Partners can join the Scheme.

The Scheme consists of two sections, the Defined Contribution (DC) section and the Defined Benefit (DB) section. The Defined Benefit section closed on 1 April 2020. From 1 April 2020 it's from the Defined Contribution section that the Partnership is providing pension benefits for future service.

The purpose of this guide is to help explain how the Defined Contribution section works. In a nutshell, you get your own pension account, called your pension pot where you and the Partnership pay in. Anything you pay in is yours for life, even if you leave it's still yours to take when you retire. And if you die, it can be paid to your nominated beneficiaries.

There is lots of information available to help you to understand your pension benefits. If you don't understand something there is further information on the Pensions pages of the Partner intranet. Also, go to page 18 of this guide to get contact numbers and intranet links.

HOW DOES THE DEFINED CONTRIBUTION SECTION OF THE SCHEME WORK?

HOW DO I JOIN?

You can join at any time. If you meet the government's criteria, we may need to automatically enrol you into the Scheme. If this is the case, this will happen after you have worked for the Partnership for three months.

After the first month's contribution has been paid, you will be sent a Member Certificate which will contain your account number and will explain how you can view and manage the money in your pension pot online using an area called 'Manage Your Account'.

HOW IT WORKS?

It's really simple. You get your own pension account called your **pension pot** and you pay in whatever you can afford. To help save for your retirement, the Partnership matches what you pay into your pension pot, up to 8% of your Ranking Pay. After you have been with the Partnership for three years, the Partnership pays in another 4% into your pension pot, without you having to do anything.

If you are automatically put into the Scheme, this means that you have met the government's criteria for automatic enrolment. In this case, you will be paying in 4.5% of Ranking Pay into your pension pot. Remember that the Partnership matches what you pay, so the Partnership also puts in another 4.5%. In total, this means that 9% of your Ranking Pay goes into your pension pot. However, please remember that the Partnership matches what you pay, up to 8% of your Ranking Pay. Therefore, please think about whether you can pay more to get more back from the Partnership. If you start paying more and later decide you can't pay as much, you can change your mind and pay less going forward.

These contributions are then invested in funds with the potential to grow over the long-term until you are ready to take your benefits.

When you come to take the money in your pension pot, you can normally take a proportion tax free. The rest will be taxed in the same way as your other earnings at the time you receive it.

The Partnership's Defined Contribution arrangements are administered by Legal and General on behalf of the Trustee of the John Lewis Partnership Trust for Pensions.



THE PARTNERSHIP
MATCH ANY
PENSION
CONTRIBUTIONS
YOU MAKE UP TO
8%
OF YOUR
RANKING PAY



HOW DO I CHANGE HOW MUCH I PAY?

You can change your contribution rate at any time. Please visit the Partner Intranet to find out more. Because your contributions are based on a percentage of your Ranking Pay, as opposed to a fixed amount, as your pay increases, so will the contribution, but it will always be at the percentage rate that you choose.

HOW MUCH WILL I GET IN RETIREMENT?

What you get at retirement depends on how much is paid into your pension pot, how this pension pot grows until your retirement and what you do with the money in your pension pot when you come to retire.

To help you understand more, the Partnership has set up a ready reckoner. The ready reckoner will help you understand what you might get in retirement and how to boost what you might get. Please go to the Partner Intranet to find out more.

HOW CAN I KEEP TRACK OF MY PENSION POT?

If you want to see how the money in your pension pot is doing, or change your investments, you can do this through the 'Manage Your Account' area, details of which are provided when you first join the Defined Contribution section of the Scheme on your Member Certificate.

FREQUENTLY ASKED QUESTIONS

CAN I MAKE "ONE-OFF" CONTRIBUTIONS?

Yes, you can contribute extra one off lump sums. Please note that one-off contributions won't be matched by the Partnership.

You may be better off increasing your monthly payments if you are paying below the maximum 8% contributions rather than paying a one off lump sum.

WILL I BE ABLE TO TRANSFER DEFINED CONTRIBUTION RETIREMENT SAVINGS FROM ANOTHER PENSION SCHEME INTO MY SCHEME PENSION POT?

Yes, contact Pension Operations to find out more. Please note that the Partnership won't match any pension savings that you transfer in.

CAN I PAY CONTRIBUTIONS TO ANOTHER PENSION AT THE SAME TIME?

Yes, but the Partnership will only match monthly contributions into your Scheme pension pot. If you wish to contribute to a personal pension you will have to arrange this yourself.

WHAT HAPPENS IF I TAKE MATERNITY / PATERNITY LEAVE?

If you take maternity/paternity leave, the Partnership will carry on paying contributions to your pension pot, even if you are paid less. The Partnership contributions will be based on your normal Ranking Pay, not the pay you get whilst you're on maternity/paternity leave. You don't have to make contributions whilst on maternity/paternity leave. If your maternity/paternity leave includes periods of unpaid leave, the contributions made by the Partnership will cease.

WHAT HAPPENS IF I GO PART-TIME?

You will still be a member of the Scheme if you go part-time. Your contributions and benefits will be based on your part-time Ranking Pay.

WHAT IF I OPT-OUT OR LEAVE THE PARTNERSHIP?

You can leave the Defined Contribution section whilst you are still working for the Partnership. This is called opting-out and it means that you stop contributing into your pension pot. The Partnership's matching contributions will also stop. Please see the Partner Intranet for more information on how to stop contributing. You will still receive the Partnership death in service life assurance benefit of four times your pay if you opt-out of the Scheme.

If you opt-out or leave the Partnership and you have been a member for less than 30 days, the value of the contributions that you have made will be refunded to you (less 20% tax).



TARGET RETIREMENT AGE

This is the age that you have told the Trustee that you plan to take the money in your pension pot. If you don't tell the Trustee your Target Retirement Age, we will assume that you intend to retire at the later of 65 or your State Pension Age.

If you opt-out or leave the Partnership and you have been a member for more than 30 days, the money in your pension pot will stay invested until you decide to take it. This will generally be from your targeted retirement date but you can choose to take it from age 55.

If you do leave the Scheme but remain employed by the Partnership, the Partnership is legally required to re-enroll you into the Defined Contribution section every three years. You will need to opt out again at this point if you still do not wish to make contributions to the Defined Contribution section.

If you leave the Partnership, neither you, nor the Partnership, will be able to add any more contributions to your pension pot. You will, however, still be able to monitor (and change) your investments in the 'Manage Your Account' area.

CAN I TRANSFER MY SCHEME PENSION POT TO A DIFFERENT PENSION ARRANGEMENT?

You can transfer the money in your pension pot to another registered pension arrangement. To do this contact Pension Operations. Please note that other pension arrangements will have different features and charges. Make sure you understand these before you transfer.



WHAT ARE MY INVESTMENT OPTIONS?

You decide whether you want to be hands-on and make your own investment choices or not.

You are not expected to be an investment expert. If you don't want to make any investment choices, your contributions will be automatically invested in the Scheme's default fund, the JLP Lifecycle.

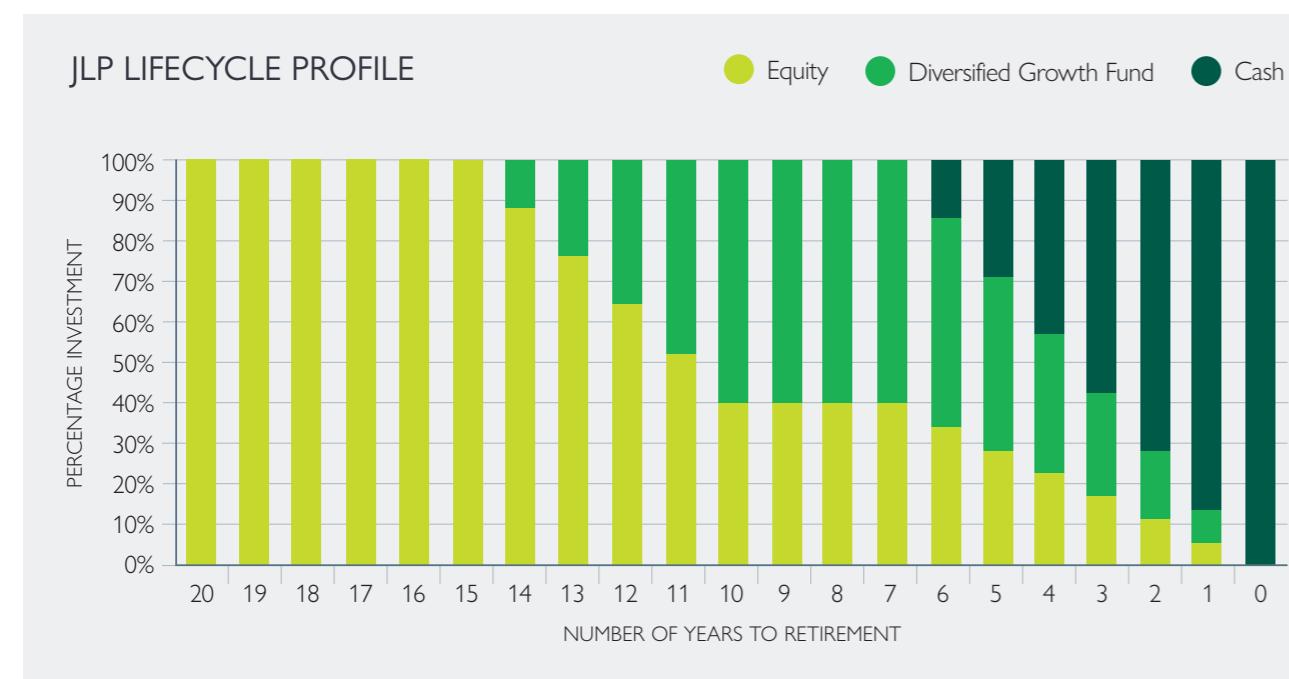
This fund aims to be the best option for the majority of Partners and is designed to maximise the value of the money in your pension pot while carefully managing investment risks.

If you do want to have more control over your investments, the Scheme's Trustee has selected a range of other investment funds to choose from. This is the Self Select option. This guide talks about the default fund. Details of the Self Select funds can be found in the separate Defined Contribution Investment Options Guide, which is available on the 'Manage Your Account' area and the Pensions pages on the Partner intranet.

WHAT IS THE JLP LIFECYCLE?

The JLP Lifecycle pre-selects investment funds for your pension pot. It automatically changes the investment mix used as you get closer to your Target Retirement Age (the age that you have told us that you will start taking the money in your pension pot).

The JLP Lifecycle has three different "phases" based on the time until your Target Retirement Age called the "Growth Phase", the "Consolidation Phase" and the "Pre-Retirement Phase". Choosing the JLP Lifecycle will mean that the investment aims (i.e. the balance between risk and potential return) for the money in your pension pot will change automatically over time. However, to get this balance right it's important that you check that your Target Retirement Age is when you plan to retire.



THE GROWTH PHASE

(MORE THAN 15 YEARS
UNTIL YOUR TARGET
RETIREMENT AGE)

The aim over these years is to achieve good long term growth for the money in your pension pot that keeps up with inflation. Increasing the value of the money in your pension pot will help to provide the retirement benefits that you want. Achieving long-term growth that keeps up with inflation will help maintain and potentially increase the future "buying power" of the money in your pension pot.

In the Growth Phase all of your contributions will be invested in the JLP Global Equity Fund.

THE CONSOLIDATION PHASE

(BETWEEN 15 AND 7 YEARS
UNTIL YOUR TARGET
RETIREMENT AGE)

When you reach 15 years from your Target Retirement Age, the aim is to provide continued growth, but at a lower risk, by gradually switching your investments from the JLP Global Equity fund to the JLP Diversified Growth fund each month. The proportion of the money in your pension pot invested in the JLP Diversified Growth fund gradually increases until you are ten years from retirement when 40% of the money in your pension pot will be in the JLP Global Equity fund and 60% in the JLP Diversified Growth fund. This proportion remains fixed, until you are seven years from your Target Retirement Age.

THE PRE-RETIREMENT PHASE

(WHEN YOU HAVE FEWER
THAN 7 YEARS TO YOUR
TARGET RETIREMENT AGE)

The aim over the 7 years before your Target Retirement Age is to provide some continued growth but increasing certainty for the value of the money in your pension pot, by gradually switching your investments into the JLP Cash Fund so that when you reach your Target Retirement Age, all of the money in your pension pot will be invested in the Cash fund.

Your fund is moved into the JLP Cash fund, as this is a more stable fund and so the value of your funds is less likely to be affected by market conditions and provides more certainty closer to retirement.

APPROXIMATE CHARGES AND MIX OF INVESTMENT FUNDS
IN THE JLP LIFECYCLE FROM 15 YEARS TO RETIREMENT

Years to retirement	Approximate monthly Fund Management Charge %	Approximate proportion of investments held in the Lifecycle		
		JLP Global Equity %	JLP Diversified Growth Fund %	JLP Cash Fund %
15	0.25	100	0	0
14	0.27	88	12	0
13	0.30	76	24	0
12	0.32	64	36	0
11	0.34	52	48	0
10	0.37	40	60	0
9	0.37	40	60	0
8	0.37	40	60	0
7	0.37	40	60	0
6	0.34	34	51	15
5	0.32	28	43	29
4	0.30	23	34	43
3	0.28	17	25	58
2	0.26	11	17	72
1	0.24	5	8	87
0	0.22	0	0	100

INVESTMENT OPTIONS QUESTIONS

WHY IS STABILITY CLOSE TO RETIREMENT IMPORTANT?

Greater stability is important so that you can better plan the amount of money in your pension pot that will be available to take as cash at, or soon after, your Target Retirement Age.



YOUR CHOICE OF TARGET RETIREMENT AGE

It is important that you regularly review the age that you have told us that you want to take your benefits, called your Target Retirement Age. This is because, if your pension pot is invested in the JLP Lifecycle, the investment mix changes based on your Target Retirement Age. If you have not chosen a Target Retirement Age, in most cases we will assume that you plan to take your benefits at the later of age 65 or State Pension Age. You can find, or change, your current Target Retirement Age from the 'Manage Your Account' area.

WHAT IF I WANT TO TAKE MY BENEFITS BEFORE MY TARGET RETIREMENT AGE?

You will be using your pension pot before the automatic investment switching in the JLP Lifecycle is complete. This means that more of your pension pot will be invested in the JLP Global Equity fund and the JLP Diversified Growth fund with the aim to achieve more growth than was planned. The risk is that the money in your pension pot could fall until the actual date that you decide to take your benefits.



WHAT IF I TAKE MY BENEFITS AFTER MY TARGET RETIREMENT AGE?

The money in your pension pot will have been completely switched to cash to provide increased certainty. The risk is that the money in your pension pot may miss out on some potential growth that could have been provided by the JLP Global Equity fund and the JLP Diversified Growth fund.

As you approach the seven-year point, you should review your Target Retirement Age and your investment choice to make sure that they continue to match your needs. You will be sent a reminder at that time.

WHAT HAPPENS WHEN I RETIRE?

Most people can retire any time after their 55th birthday.

You have a Target Retirement Age, which for most people is the later of 65 or their State Pension Age. Depending on when you were born, your State Pension Age is between 65 to 68. You don't have to take the money in your pension pot at this point - you can usually take your money any time after your 55th birthday. The earlier you retire, the less time you have to build up the money in your pension pot and your pension pot will need to last for longer.

When you decide that you want to take your benefits, you will receive details of:

- your benefit choices;
- the amount of money in your pension pot;
- the steps you need to follow; and
- how to get more guidance and advice.

DEFINED CONTRIBUTION SECTION

If all your benefits are with the Defined Contribution section of the Scheme at the time you want to take your benefits, there are four main options to choose from. Once you've chosen the right option for you, you can take 25% of your pension pot as a tax-free cash lump sum.

If you also have benefits in the Defined Benefit section of the Scheme, you also have the option to take up to 25% of the value of your total pension benefits as a tax-free cash lump sum. Once you have decided whether you want to take a tax-free cash lump sum, and how much, you will get paid an income for life from the Defined Benefit section. If you have any leftover money in your pension pot, you will need to decide what to do with it.



Option 1: GET A FLEXIBLE RETIREMENT INCOME

You can use your pension pot to get a flexible retirement income, which is also known as drawdown, giving you the flexibility to choose the amount and timing of your retirement income withdrawals.

Different external pension providers offer different types of flexible income withdrawal options. It's important to look at a variety of providers, options and services before making a decision and remember that these will have their own charges. You will need to understand and decide which of the different products available best suits your needs.

You can normally take 25% of your pension pot as a tax-free cash lump. Any flexible income withdrawal will be taxed as earned income. Depending on how much, and how often you choose to withdraw at any time, could mean that some or all of your flexible income withdrawal is subject to a higher rate of income tax than applies to your other earnings at that time.

Option 3: BUY AN ANNUITY

You can use your pension pot to buy a secure regular income. This is called an annuity and it pays a pension income for the rest of your life. You can normally choose to take up to 25% of your pension pot as a tax-free cash lump sum before using any remaining money to buy an annuity.

The amount of income you might get from an annuity depends on a number of things, including the amount of money in your pension pot, your age, health and the current price of annuities. You may be able to get a higher income if you have (or have had) certain medical problems or lifestyle factors which would affect your life expectancy. You should look at a variety of options from different providers before making a decision.

You can tailor the annuity that you buy to suit your needs when you retire. For example you might decide to go for a minimum guaranteed payment period or you could decide to provide a dependant's pension, which would be paid from the date of your death to your dependants. You may also choose for your pension to increase each year, either by a fixed percentage or in line with inflation.

Option 2: TAKE IT ALL IN ONE GO AS A CASH LUMP SUM

The first 25% will be tax-free but the rest will be taxed as income. If you have a lot of money in your pension pot taking it as a cash lump sum could mean you face a higher tax bill, as your total income for the year will have gone up.

You can mix and match these options and may need to transfer out of the Scheme to get all of the options and the best deal.

Option 4: TAKE A NUMBER OF SMALLER CASH LUMP SUMS

For each lump sum you take, the first 25% will be tax-free but the rest will be taxed as income.

Your pension pot will reduce each time you take a lump sum. So, if you start taking money out too soon you might not have enough to live on later in your retirement.

You should make sure that you take time to shop around first. Different pension companies have different charges and restrictions when it comes to letting you take more than one lump sum.

WHAT HAPPENS IF I DIE?

WHILST YOU ARE STILL WORKING FOR THE PARTNERSHIP

The Scheme provides the following benefits on the death of an employed member:

- a lump sum of four times your annual salary at the date of death
- the return of the money in your pension pot

These are paid to your nominated beneficiaries at the discretion of the Trustee.

IF YOU HAVE LEFT THE PARTNERSHIP

If you have left the Partnership, the money in your pension pot will normally be paid as a lump sum to your nominated beneficiaries.

AFTER YOU RETIRE

The benefits paid to your dependants after you retire will depend on how you use your pension pot. For example, some options may mean that there are no additional benefits that can be paid to your dependants. If you decide to purchase an annuity that includes a dependant's pension, your dependants will receive an income after your death.



Make sure we know who your beneficiaries are if you die, by keeping your beneficiary form up to date. You can find out how to do this on the Partner Intranet or by contacting Pension Operations - see page 18.

HOW ARE PENSIONS TAXED?

TAX WHEN YOU ARE BUILDING UP BENEFITS

There are limits on the pension benefits you can build up tax free. The first is the Annual Allowance, which is the maximum amount of pension benefits you can build up in any one year. The second is the Lifetime Allowance, which is the maximum amount of pension benefits you can build up over your lifetime.

ANNUAL ALLOWANCE

While you're still saving into your pension pot, you get tax relief on the money you put in. The amount you can put in before you have to pay tax is £40,000 a year for the 2020-2021 tax year. This is called your Annual Allowance.

However, you should be aware of the Money Purchase Annual Allowance and the Tapered Annual Allowance which might mean that your Annual Allowance is lower.

MONEY PURCHASE ANNUAL ALLOWANCE

If you start to take money from any defined contribution pension, the amount you can continue to pay into a pension and still get tax relief reduces. This is known as the Money Purchase Annual Allowance or MPAA. The Money Purchase Annual Allowance is £4,000 for the 2020-2021 tax year.

The Money Purchase Annual Allowance will be triggered if you:

- take some or all of your money (after taking your maximum tax-free cash lump sum) as a lump sum
- put your money into a flexible retirement income
- buy an annuity where your income could go down, such as investment-linked or flexible annuity

The Money Purchase Annual Allowance will not be triggered if you:

- take a tax-free cash lump sum
- have a pension pot worth less than £10,000
- put your money into a drawdown product but don't take any income from it
- buy an annuity that gives you a consistent or increasing income

TAPERED ANNUAL ALLOWANCE

For the 2020-2021 tax year your Annual Allowance will also be lower if:

- your taxable income excluding your pension contributions is over £200,000 and
- your taxable income including yours and your employers pension contributions is over £240,000

For every £2 that your taxable income including pension contributions is over £240,000 your Annual Allowance is reduced by £1. The maximum amount your Annual Allowance could be reduced to is £4,000.

If you think this could affect you, you can calculate your Tapered Annual Allowance at: hmrc.gov.uk/tools/pension-allowance.



LIFETIME ALLOWANCE

There's a maximum amount of money you can have across all your pension pots before you start paying extra tax charges. This is called your Lifetime Allowance. The allowance is set by HM Revenue & Customs every year. For the 2020-2021 tax year it's £1,073,100. If all of your pension benefits, across all pension arrangements, are worth more than this then you'll have to pay a tax charge on pension benefits over the allowance when you start taking your money.

TAX WHEN YOU COME TO RETIRE

You can take up to 25% of your pension pot as a tax-free cash lump sum. The rest is taxed as income, like any other income you receive.

If you choose to get a guaranteed or flexible retirement income it will be taxed like any other type of income.

If you choose to take a one-off cash lump sum, the first 25% will be tax-free but the rest will be taxed – and it could be at a higher rate than you're used to. And if you choose to take a number of cash lump sums, the first 25% of each lump sum will be tax-free but the rest will be taxed.

The amount of tax you'll pay on your pension pot depends on your other sources of income, your tax rate and how much money you take out.

You can find the latest tax rates and allowances here:
legalandgeneral.com/workplace/jlp/helpful-resources/document-library-page/

HELP AND INFORMATION

Deciding what to do with your pension pot is important. For help, please:

- **VISIT THE MONEY AND PENSION SERVICE WEBSITE (moneyandpensionsservice.org.uk)**

This website contains free information on retirement options and other financial matters. It also provides helpful tips on what you should do if you want to shop around for different retirement deals.

- **GET YOUR FREE PENSION WISE APPOINTMENT**

The Government provides a free and impartial pension guidance service, Pension Wise (www.pensionwise.gov.uk) to help individuals with a pension pot (and any type of defined contribution pension saving) to understand their options. You can access Pension Wise online, over the phone or face-to-face. To contact Pension Wise, please call 0800 138 3944 to make an appointment.

- **TAKE FINANCIAL ADVICE**

Whenever you make a big financial decision, you should consider speaking to an independent financial adviser. You can find a local adviser at moneyadviceservice.org.uk/directory

Please be aware that neither the Trustee, Pension Operations nor the Partnership can give you financial advice. It is up to you to decide which option is suitable for you.

Disputes

If you have a dispute or complaint, you should contact Pension Operations. You can contact Pension Operations by:

- Emailing pension.operations@johnlewis.co.uk - they aim to respond to emails within five working days; or
- Calling 020 7592 5227



DATA PROTECTION

We process data relating to you for the purpose of administering and operating the Scheme and paying benefits under the Scheme.

This may include passing on data about you to the pension administration team, actuary, auditor, administrator, investment providers, insurers and such other third parties for the Scheme as may be necessary for the administration, operation and investment of the Scheme.

Full details of the personal data we hold, how we use that information and who we share it with are set out in the Trustee's privacy notice at <https://www.johnlewispartnership.co.uk/meta/jlp-trust-for-pensions.html> (which is updated from time to time). The privacy notice also sets out your rights in connection with the personal data held about you by the Trustee, and who to contact if you want to exercise those rights, make a complaint, or generally have any questions.

If you would prefer to receive a hard copy of the notice, please contact Pension Operations.

Pension Operations is a team of Partners who manage the day-to-day administration of the Scheme. If you have any questions about your pension you can email pension.operations@johnlewis.co.uk or call them **020 7592 5227, internal 777-5227**

This document is for general guidance only. It is not a legal document and does not explain all situations or eventualities. The John Lewis Partnership Trust for Pensions is governed by the Scheme's rules and if there is any difference between this publication and the Scheme rules, the latter will always have priority. You can get a copy of the Scheme's rules by contacting Pension Operations. This document is based on pensions and tax legislation as at the date it was issued, which may change from time to time.



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