Life:) choices

Your guide to pension funding 2010/11

1 October 2010

PRICEWATERHOUSECOOPERS

Your guide to PwC pension funding for 2010/11

This guide summarises some of the benefits of joining the Group Personal Pension (GPP), how to join, the funding arrangements for 2010/11 and how independence restrictions affect the GPP. It applies to you from 1 October 2010 if you are a current member of staff. For further information about the GPP, please refer to the booklet on the UKPortal.

These funding arrangements reflect PwC's ongoing commitment to provide attractive and competitive pension funding as part of your benefits package.

We expect the Government to introduce new legislation affecting pensions in the future and recognise that for this and other reasons, such as independence issues, we may need to make further changes to the GPP.

As the Government's intentions become clearer we will carry out a further review of PwC's pension funding arrangements. We will keep you fully informed of any further changes and how they may affect you.

Please refer to the Choices GPP booklet on the UKPortal for full details:

UKPortal>Me@PwC>Reward>My Reward>Benefits>
Pensions and Life Assurance>GPP in Choices

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Some of the benefits of joining

It is never too early to start

The power of compounding investment returns means you should start planning and saving for your retirement as soon as possible.

Matched pension funding

You can start your retirement savings account and take advantage of PwC's matched pension funding regardless of your age and length of service.

Tax relief

The Government provides valuable tax incentives to encourage you to save for your retirement. You receive tax relief on contributions (up to certain limits), investment returns are largely tax free and you can take a tax free lump sum at retirement. If your income from all sources exceeds £130,000 in this tax year, or has exceeded £130,000 in any tax year since 2007/8, please refer to the UKPortal for information regarding changes to pensions taxation introduced by the Finance Act 2009 (UKPortal>Me@PwC>Reward> My Reward>Benefits>Pensions and Life Assurance).

National Insurance Contributions (NIC) savings

By making a contribution to the GPP, you and PwC receive NIC savings. PwC currently passes approximately half of its NIC savings on to members of the GPP by way of a reduced Choices price.

Net cost to you of the total contribution

The reduction from your take home pay is significantly less than the total contribution paid to your retirement savings account due to tax relief, NIC savings, matched pension funding and if applicable, basic pension funding.

Invest in your future

You decide how much to contribute and in which funds to invest. You can choose from a core range of funds and there is information from our advisers, Towers Watson, to assist you. However, if you want more choice there is a wider range of funds available.

Online tools

As soon as you join the GPP, you can subscribe to online services from your GPP provider, which includes a simple tool to help you target an income in retirement and indicate the size of account you would require at retirement and how much you should invest.

If you leave PwC

You can contribute to your retirement savings account by yourself and you will continue to benefit from the enhanced terms and conditions PwC has negotiated with the GPP provider.

Where can I find more information?

You can contact HC Direct on **#6111** or **0808 1002200** (if you are dialling from outside PwC) Monday to Friday, 8am – 6pm, if you need help.

How to join

Request to join through Choices

You can request to join the GPP either when you join Choices for the first time or at Choices renewal. You will need to request the level of total contribution you would like PwC to make to the GPP. You may find it helpful to read the GPP Booklet on the UKPortal before taking any action.

HC Direct will arrange for forms to be sent to you

Upon receiving your Choices requests, HC Direct will arrange for the GPP provider to send you further information and an application form to your home address. In the unlikely event you do not receive these documents, please contact HC Direct on **#6111** or **0808 1002200.**

Complete and return the form to the GPP provider

Please read the information provided, complete the form and return it to the GPP provider.

The provider will issue a policy number to HC Direct

It is only when the GPP provider issues a policy number that HC Direct will be able to arrange for PwC to start to contribute to the GPP.

Commencement of contributions

Check your Confirmation Statement that is available with your payslip to make sure contributions are being paid to the GPP provider. Contributions will not be backdated.

Please note that you have three months from the date you submit your Choices requests to return your completed application form to the GPP provider.

Where can I find more information?

If you require assistance, please contact HC Direct on **#6111** or **0808 1002200.**

PwC pension funding for 2010/11

PwC will contribute more to the GPP (see tables 1 – 3) than the amount that will impact on your pay.

There are many attractions to starting a pension through the GPP. The illustrations (see pages 12 and 13) highlight the potential benefits to you.

Basic pension funding

PwC provides basic pension funding of 4% of base pay to help you save for a pension if you are in Choices category B, C or D.

If you are in Choices category A you must have at least 5 years' service with PwC to be eligible for this benefit. Special terms may apply to you if you joined PwC before 1 October 2006 – please see Appendix A on page 15.

Basic pension funding forms part of your Choices allowance within your contractual reward.

With regard to anticipated changes to pensions from 2012, please note that:

- There would be no cash alternative to basic pension funding if you do not join the GPP;
- Basic pension funding is an employer contribution.

Matched pension funding

You can take advantage of matched pension funding from PwC irrespective of your age or length of service.

If PwC provides you with basic pension funding you can take advantage of matched pension funding by requesting PwC to contribute a percentage of your base pay to the GPP in excess of your basic pension funding. PwC will match the excess up to certain limits – we call the excess further preferred contributions.

If you are not eligible for basic pension funding you can still take advantage of matched pension funding by requesting PwC to pay further preferred contributions to the GPP.

The following tables summarise the pension funding arrangements for current staff members. They apply from 1 October 2010. The tables show the total contribution you need to request PwC to pay into the GPP if you wish to maximise matched pension funding.

Maximising matched pension funding: GPP scales

Table 1: Choices category A staff members with less than 5 years' service with PwC				
Age	**Basic pension funding** (% base pay)	**Further preferred contributions** (% base pay)	**Matched pension funding** (% base pay)	**Total contribution** (% base pay)
All ages	–	2	2	4
Notes		You must request PwC to pay this amount into the GPP in order to maximise matched pension funding	Maximum matched pension funding from PwC based on further preferred contributions requested by you	The total contribution you must request PwC to pay into the GPP in order to maximise matched pension funding

Please note special terms may apply to you if you are in Choices category A and you joined PwC before 1 October 2006 – please see Appendix A on page 15.

Also note that for the purposes of determining GPP contributions through Choices, PwC limits base pay to a notional earnings cap which is £123,600 from 1 July 2010.

Maximising matched pension funding: GPP scales

Table 2: Choices category A staff members with at least 5 years' service with PwC and all Choices category B and C staff members

Age	Basic pension funding (% base pay)	Further preferred contributions (% base pay)	Matched pension funding (% base pay)	Total contribution (% base pay)
Under 40	4	4	2	10
40 – 44	4	4	4	12
45 – 49	4	4	9	17
50 – 54	4	4	12	20
55 – 65	4	4	15	23
Notes	Part of your flexible benefit funding that you request PwC to pay into the GPP	The additional amount you must request PwC to pay into the GPP in order to maximise matched pension funding	Maximum matched pension funding from PwC based on further preferred contributions requested by you	The total contribution you must request PwC to pay into the GPP in order to maximise matched pension funding

Please note special terms may apply to you if you are in Choices category A and you joined PwC before 1 October 2006 – please see Appendix A on page 15.

Also note that for the purposes of determining GPP contributions through Choices, PwC limits base pay to a notional earnings cap which is £123,600 from 1 July 2010.

Maximising matched pension funding: GPP scales

Table 3: Choices category D staff members

Age	Basic pension funding (% base pay)	Further preferred contributions (% base pay)	Matched pension funding (% base pay)	Total contribution (% base pay)
Under 35	4	4	6	14
35 – 39	4	4	8	16
40 – 49	4	4	10	18
50 – 54	4	4	12	20
55 – 65	4	4	15	23
Notes	Part of your flexible benefit funding that you request PwC to pay into the GPP	The additional amount you must request PwC to pay into the GPP in order to maximise matched pension funding	Maximum matched pension funding from PwC based on further preferred contributions requested by you	The total contribution you must request PwC to pay into the GPP in order to maximise matched pension funding

Please note that for the purposes of determining GPP contributions through Choices, PwC limits base pay to a notional earnings cap which is £123,600 from 1 July 2010.

Tax and National Insurance Contributions

By making a contribution into the GPP, PwC saves National Insurance Contributions (NIC). PwC passes some of its NIC saving (currently 6%) on to members of the GPP by way of a reduced Choices price (so for a monthly contribution of £100, the Choices price is only £94).

There are significant tax incentives to encourage you to save for your retirement through the GPP provided you stay within HM Revenue & Customs limits (please refer to Section 3.5 of the GPP Booklet for further information).

Whilst this is also true for contributions paid by you to a stand-alone personal pension plan/stakeholder pension, only contributions paid by PwC into the GPP can benefit from matched pension funding and the PwC's NIC saving sharing arrangement.

If your income from all sources exceeds £130,000 in this tax year, or has exceeded £130,000 in any tax year since 2007/8 please refer to the UKPortal for information regarding the changes to pension taxation introduced by the Finance Act 2009 (UKPortal>Me@PwC>Reward> My Reward>Benefits>Pensions and Life Assurance).

If you are in any doubt about how the tax rules may affect you, please seek help from an independent financial adviser.

Please remember that tax laws and practices can change.

Flexibility

You can request PwC to pay contributions in excess of the total contributions shown in the tables. However, you can only request changes at the Choices renewal or when you have a lifestyle change (please see the Choices benefits guide 2010/11 on the UKPortal for further information).

Wide range of options

Your pension provider offers a wide range of investment funds from which you can choose how to invest the pension contributions PwC pays into the GPP for your benefit.

Remember that all investments involve an element of risk. Please take the time to become familiar with how the GPP works and the risks before finalising your selection of investment funds. The value of funds can go down as well as up and investment returns are not guaranteed. Please also remember that interest rates can fall as well as rise and past performance is not a guide to the future. A paper on understanding your investment options should be included in your new joiner pack from the provider and is also available on the UKPortal.

If you are in any doubt about what action to take, please seek independent financial advice.

Please remember that a number of the investment funds available through AXA Sun Life and Winterthur Life are SEC-registered audit clients of PwC. If you serve – or are likely to serve – any of these corporate groups or the funds provided by them you should opt to use alternative funds from the available options for savings for your pension through the GPP.

Please refer to the Investment Guide for more details on investments:

> UKPortal>Me@PwC>Reward>My Reward>Benefits>Pensions and Life Assurance>GPP in Choices

Illustrations: Impact of saving for a pension through the GPP on take-home pay

We are including these illustrations to give you an indication of the potential tax and NIC savings. The illustrations show the impact of saving for a pension through the GPP on take-home pay. Please remember that tax laws and practices can change and the savings to you may be different from the illustrations and will depend on your personal circumstances.

If you have any doubt about the suitability of the GPP, you should contact an Independent Financial Adviser (IFA) for advice. You can obtain the name, address and telephone number of your nearest IFA by going online to **www.unbiased.co.uk**

Age 26, Choices category A, service less than 5 years and base pay £24,000 per annum (£2,000 per month).

Example 1: requesting maximum matched pension funding.

Total monthly contribution into the GPP (4% of base pay)	£80.00
Less PwC's matched pension funding (2% of base pay)	£40.00
	£40.00
Less share of NIC saving (6% of £40.00)	£2.40
Choices price	**£37.60**
Tax saving (20% of £37.60)	£7.52
NIC saving (11% of £37.60)	£4.13
Reduction in take-home pay to enable £80 contribution	**£25.95**

Age 33, Choices category A, service over 5 years and base pay £24,000 per annum (£2,000 per month).
In addition, PwC provides basic pension funding of 4% of base pay – £960 per annum (£80 per month).

Example 2: requesting maximum matched pension funding.

Total monthly contribution into the GPP (10% of base pay)	£200.00
Less PwC's matched pension funding (2% of base pay)	£40.00
[1] includes £80 basic pension funding	**£160.00[1]**
Less share of NIC saving (6% of £160.00)	£9.60
Choices price	**£150.40**
Tax saving (20% of £150.40)	£30.08
NIC saving (11% of £150.40)	£16.54
Reduction in take-home pay to enable £200 contribution	**£103.78**

Age 47, Choices category C, service over 5 years and base pay £60,000 per annum (£5,000 per month).
In addition, PwC provides basic pension funding of 4% of base pay – £2,400 per annum (£200 per month)

Example 3: requesting maximum matched pension funding.

Total monthly contribution into the GPP (17% of base pay)	£850.00
Less PwC's matched pension funding (9% of base pay)	£450.00
[1] includes £200 basic pension funding	**£400.00[1]**
Less share of NIC saving (6% of £400.00)	£24.00
Choices price	**£376.00**
Tax saving (40% of £376.00)	£150.40
NIC saving (1% of £376.00)	£3.76
Reduction in take-home pay to enable £850 contribution	**£221.84**

Independence restrictions

There are three providers within the GPP: Winterthur Life, AXA Sun Life and Standard Life.

Winterthur Life is available to new staff, but if independence restrictions mean Winterthur Life is not suitable, Standard Life is available. Members of the GPP with an AXA Sun Life policy can continue to request PwC to pay contributions to AXA Sun Life.

Staff serving AXA Sun Life are not permitted to hold a GPP with Winterthur Life or AXA Sun Life, but they are able to select Standard Life and should contact HC Direct on **#6111** or **0808 1002200** for this option.

Please note that GPP funds provided by the following fund managers are not audited by the Firm: Aviva, Baillie Gifford, Close Investments, GLG, HSBC, J O Hambro, Jupiter, Midas, Morley, PSigma, Rathbone, Rensburg, Sarasin and UBS.

GPP Funds provided by the following fund managers are subject to independence restrictions: Aberdeen Asset Management, AEGON, AllianceBernstein, Allianz, AXA, BlackRock Global Investors, Cazanove, CF Macquarie, Credit Suisse, Elite, F&C, Fidelity, First State, Gartmore, Goldman Sachs, Henderson, Ignis, Insight, Invesco Perpetual, Investec, JP Morgan, Lazard, Legal & General, Legg Mason, Liontrust Investment, M&G, Martin Currie, New Star, Newton, Newton & Oppenheimer, Old Mutual, Schroder, Standard Life, Threadneedle, Wellington and Winterthur Life. If you serve any of the above groups – the corporate groups or any of their funds – or are likely to do so, please contact the Independence Compliance Team before investing.

If you have any doubts whether you are able to invest into a GPP fund, please contact the Independence Compliance Team on **77 33666**. In addition, Business Units serving these clients – including Insurance & Investment Management and Banking & Capital Markets – may have further restrictions in place.

Appendix A

GPP scales for Choices category A staff members who joined PwC before 1 October 2006 with special terms

PwC introduced important changes to its pension funding arrangements from October 2006 in response to age discrimination laws.

Under the current arrangements, PwC provides basic pension funding of 4% of base pay irrespective of age. However, members of staff in Choices category A must have at least 5 years' service with PwC to be eligible for this benefit.

Special terms applied to all members of staff in Choices category A who joined PwC before 1 October 2006 and for whom PwC provided basic pension funding. The changes in funding arrangements did not affect those members of staff if they had less than 5 years' service when the changes came into effect.

The special terms also applied to those members of staff whose 30th birthday fell in the Choices year 1 October 2006 – 30 September 2007 and they had less than 5 years' service when the changes came into effect. In other words, they would have become eligible for basic pension funding during the Choices year 1 October 2006 – 30 September 2007 had there been no change. Those members of staff became eligible for basic pension funding from the 1st day of the month in which their 30th birthday fell.

The following table summarises the pension funding arrangements for Choices category A staff members that fall into one of these categories:

Choices category A staff members who joined PwC before 1 October 2006 with special terms

Age	Basic pension funding (% base pay)	Further preferred contributions (% base pay)	Matched pension funding (% base pay)	Total contribution (% base pay)
30 – 39	4	4	2	10
40 – 44	4	4	4	12
45 – 49	4	4	9	17
50 – 54	4	4	12	20
55 – 65	4	4	15	23
Notes	Part of your flexible benefit funding that you request PwC to pay into the GPP	The additional amount you must request PwC to pay into the GPP in order to maximise matched pension funding	Maximum matched pension funding from PwC based on further preferred contributions requested by you	The total contribution you must request PwC to pay into the GPP in order to maximise matched pension funding

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AXA Sun Life, Winterthur Life and Standard Life are authorised and regulated by the Financial Services Authority in the conduct of UK investment business.

If you have any doubt about the suitability of the GPP which is the subject of this promotion, you should contact an Independent Financial Adviser for advice. You can obtain the name, address and telephone number of your nearest Independent Financial Adviser by going online to www.unbiased.co.uk

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Tax rates may change in the future and there may be changes to your personal circumstances which affect your entitlement to tax relief.

www.pwc.com/uk

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