Members' guide

Defined contribution (DC) section

A valuable benefit

As a Hanson UK employee you have the opportunity to join the Hanson Industrial Pension Scheme (HIPS) defined contribution section (the scheme), which provides valuable benefits. It is a money purchase arrangement, which means it operates like a long-term savings plan for you to enjoy in your retirement – and it has been designed to give you choice and flexibility.

Since August 1, 2013, the company has been required by law to enrol certain workers into the scheme automatically, although these workers have the right to opt out during the month following their automatic enrolment and be treated as never having been a member of the scheme. If a worker who has been automatically enrolled chooses to opt out, the company is required to re-enrol that worker every three years, although he or she can choose to opt out again when re-enrolled.

Those workers whom the company is not required to enrol automatically may still choose to join the scheme, although the company is not required to admit those workers to membership if they opted out of the scheme within the 12 months before asking to re-join the scheme. The company has circulated information setting out its automatic enrolment obligations and those workers to whom they apply.

There are three types of members in the scheme: *Basic auto-enrolment, Life cover only* and *Enhanced DC*. If you joined the section before May 1, 2013 and have remained a member since then, you are an *Enhanced DC* member. If you were automatically enrolled or chose to join the section on or after May 1, 2013, you are a *Basic auto-enrolment* member. You can apply to become an *Enhanced DC* member, but the company has complete discretion as to whether to allow you to do so. As at the date of this publication, any person aged 16 or over but under state pension age may apply to become an *Enhanced DC* member. You are a *Life cover only* member if you are no longer building up benefits under the scheme (except in relation to AVCs) but have been offered the option to become a *Life cover only* member by the company, and have accepted that option.

Your contributions and the company's are invested in your pension account in the way you choose. If you do not wish to choose an investment approach there is a default fund which will automatically apply. Your account becomes available to purchase the type of pension you choose at the time you decide to retire, provided you have passed your 55th birthday or have had to retire due to incapacity. This pension will be in addition to your state pension. Depending on the size of your account, you may be able to take some or all of it as a lump sum (see section 4 Retirement on **page 16**).

This publication is a summary of how the scheme works and answers key questions. It does not go into as much detail as the legal document governing the scheme – the "trust deed and rules". If there are any differences between the trust deed and rules in force from time to time and this publication, the trust deed and rules will apply.

The publication does not give any right to particular levels of contributions or benefits. The company reserves the right to change the scheme.

Please read this publication carefully – if you have any further questions, contact the scheme administrator Capita Employee Benefits (**see page 29**).

Terms used in your publication

Some of the terms used in this publication have specific meanings

- ***Basic auto-enrolment* member** – a person who is not an *Enhanced DC* member or *Life cover only* member.
- ***Enhanced DC* member** – a person who has been a member of the DC section since before May 1, 2013 or who the company has agreed may become an *Enhanced DC* member and has applied to do so.
- ***Life cover only* member** – a person who has been offered the option to become such a member by the company and has accepted that option.
- **Normal retirement date** – your 65th birthday, although you can choose to retire at other ages subject to agreement from the company and the trustees and certain minimum age requirements being met member.
- **Pensionable salary** – your basic salary plus any items declared by the company to be pensionable, such as overtime etc.
- **Pensionable service** – your last (or only) period of membership of the DC section.
- **Incapacity** – a physical or mental illness which the company considers is serious enough to prevent you from doing your normal job, or which seriously impairs your earning ability. You will not be treated as suffering incapacity if you do not submit to such medical examination or provide such medical evidence as the company or the trustees may require. If you are below age 55, you will have to provide evidence from a registered medical practitioner that you are, and will continue to be, incapable of doing your normal job because of your physical or mental illness. You must also have ceased to do your normal job.
- **Lifetime allowance** – the overall limit set by the government as the amount of benefits which can be paid to you from all of the pension schemes of which you are a member without having to pay additional tax. The standard lifetime allowance for the 2016/17 tax year is £1m. You may have a higher lifetime allowance if you have registered for a form of lifetime allowance tax protection from HMRC.
- ***Salary link* member** – an *Enhanced DC* member who, when the final salary sections of the scheme closed to accrual on September 30, 2010, chose to keep the link between his or her accrued final salary benefits and any future pay increases.

- **Final pensionable salary** – your highest pensionable salary in any period of 12 consecutive months within your last three years' service.
- **Smart Pensions** – where you agree to a reduction in your gross salary equivalent to your member pension contributions and the company pays your contribution. If you participate in Smart Pensions your pensionable salary is not reduced.

Main features of the scheme

Basic auto-enrolment members

Your regular contributions and those of the company will be phased in (as permitted by the legislation) as follows:

Date	Member	Company
August 1, 2013 – March 31, 2018	1%	1%
April 1, 2018 – March 31, 2019	2%	3%
April 1, 2019 onwards (expected)	3%	5%

Life cover only members

Life cover only membership is non-contributory but in certain circumstances (which will be notified to you by the company) you may pay additional voluntary contributions (as detailed in Section 2 (Contributions) of this guide) which will be added to the value of the fund you built up as a *Basic auto-enrolment* member or *Enhanced DC* member before becoming a *Life cover only* member. Your AVCs, together with the rest of your fund, will be paid out as a cash lump sum on your death or used to secure benefits for you on retirement.

Enhanced DC members

Your regular contributions and the company's contributions will be the same as those of a *Basic auto-enrolment* member until you have worked for the company continuously for six months. On reaching six months' service, your contributions and the company's will change to the *Enhanced DC* member rate you have chosen.

You can choose the level of your regular contributions between 3% and 5% of your pensionable salary.

You will be credited with company contributions between 5% and 10% of your pensionable salary (between 3% and 5% if you are a *Salary link* member) as set out below.

Salary link members

member	company
3%	3%
4%	4%
5%	5%

All other *Enhanced DC* members

member	company
3%	5%
4%	7.5%
5%	10%

- You can also choose to pay extra voluntary contributions in excess of 5%, but the company contribution will not be more than 10% (or 5% if you are a *Salary link* member) unless agreed otherwise.

Payment of your contributions

Unless you have opted out, you will make your contributions using the Smart Pensions arrangement. This means you agree to a reduction in your gross pay and in return the company makes the contributions for you. If you have opted out of the Smart Pensions arrangement, your contributions will be deducted from your earnings, but before tax is paid, which means that you will receive tax relief on your contributions at the time you make the contribution.

Benefits provided

- You can use your account on retirement to purchase an annuity from an insurance company of your choice. Depending on the options offered by your insurance company, additional benefit options may be available to you and could include:
  - A cash sum and/or a spouse's pension to start on your death.
  - Protection against inflation for pensions in payment.
- If you are an *Enhanced DC* member, you receive free life cover for the duration of your pensionable service in the scheme equal to four times your final pensionable salary plus the value of the contributions you have paid (or that have been paid via the Smart Pensions arrangement) and any transfer payment that has been made into the scheme in respect of you. This benefit is provided as soon as you apply for and are granted membership of the relevant section, even though the contribution tiers applicable to *Enhanced DC* members will not apply until you have been employed by the company for six months. For *Enhanced DC* members who have worked for the company continuously for six months, there is also a pension for your spouse or civil partner of 30% of your final pensionable salary if you die in pensionable service, although this will be reduced by the amount of any pension that is also payable to your spouse or civil partner in respect of any final salary benefits you may have built up under the scheme before September 30, 2010 or under either the Castle Pension Scheme or the Castle Supplementary Pension Scheme. If you die without leaving a spouse or civil partner, the trustees have discretion to pay a pension (of up to 30% of your final pensionable salary) to one or more of your dependants.
- If you die as a *Basic auto-enrolment* member, the value of your account will be used to provide a benefit for one or more of your dependants.
- If you die as a *Life cover only* member, the benefits payable will be the same as those payable in respect of an *Enhanced DC* member **except that** the cash sum will be calculated as four times your basic salary at the date of your death (rather than your final pensionable salary) and the pension for your spouse or civil partner will also be calculated as 30% of your basic salary at the date of your death (rather than final pensionable salary). You will not receive a cash sum equal to the value of your contributions (plus any transfers that have been made into the scheme and any SMART pensions contributions). However, if you built up an account during a previous period of *Enhanced DC* or *Basic auto-enrolment* membership, a cash sum equal to the total value of your account will be paid as set out in section 6. This would include any AVCs you had paid as a *Life cover only* member.
- You have the option to transfer the value of your account to another pension arrangement if you leave pensionable service.

Contents

1 Membership

How do I join?

The company will automatically enrol you into the scheme if you are eligible. If you are not eligible to be automatically enrolled, you may opt to join, provided you have not previously opted in and then left the scheme within the preceding 12 months. You can opt to join by contacting Capita Employee Benefits (**see page 29**).

If you join or re-join the DC section, you will do so as a *Basic auto-enrolment* member unless you accept the company's invitation to apply to become an *Enhanced DC* member and complete an application form as explained below. Currently, all UK employees aged 16 or over but under state pension age are invited to become *Enhanced DC* members. You may also join as a *Life cover only* member if you have accepted the company's invitation to join and complete an application form as explained below.

When you join the scheme, you should complete the expression of wish form. This will inform the trustees to whom you would like any benefit to be payable in the event of your death. This form will be sent to you when you join the scheme but is also available from Capita Employee Benefits. You can also find the form, together with the application form to become an *Enhanced DC* member on the Hanson UK intranet under HR/pensions or on the new pensions website.

Alternatively, please contact HR Services at The Ridge, Chipping Sodbury, Bristol BS37 6AY ukhr.adminteam@hanson.com 01453 316000

Before you complete the application form it is important that you read the investment section of this booklet (**see page 15**). As soon as you apply to Capita Employee Benefits for *Enhanced DC* membership, or accept an option offered by the company for *Life cover only* membership, you will be provided with life cover.

Can I transfer in benefits from previous schemes?

Yes, if you have benefits in other pension schemes you can normally arrange to transfer the cash value into the scheme (this is subject to the consent of the trustees and the company). You will have to choose how you want this invested and there may be an administrative charge. For further details, contact Capita Employee Benefits (**see page 29**).

Can I continue with my existing pension arrangements?

Yes. It is possible for you to pay contributions into other pension schemes while you are a member of the scheme, but you should inform the provider of any other arrangement that you are a member of the Hanson scheme and you should also inform Capita Employee Benefits that you are a member of the other arrangement.

Can I opt out of the scheme while still remaining in employment?

Yes, you can leave the scheme at any time and make your own pension arrangements. You will need to request an opt-out form from Capita Employee Benefits and follow the instructions on the form.

- If you are automatically enrolled into the scheme and opt out within one month, you will be treated as having never been a member of the DC section and any contributions you have paid will be refunded to you. The same may apply if you choose to opt into pension scheme membership but opt out within a month, depending on which category of worker you fall into for the automatic enrolment requirements.
- If you have been a member for more than one month when you opt out, your options will generally be the same as described on **page 22** (as if you were leaving employment). You should bear in mind that the company will not make any further contributions to the scheme on your behalf and, if you are an *Enhanced DC* member, your life cover and the right to a spouse's pension payable on your death will stop (unless you accept an option offered by the company to become a *Life cover only* member, in which case life cover will continue to be provided – see above). You should also consider where your retirement income will come from.

If I opt out of the scheme can I rejoin at a later date?

Yes, but the company will decide whether to offer you *Enhanced DC*, *Basic auto-enrolment* or *Life cover only* membership. If you are eligible for automatic enrolment, the company is required to re-enrol you as a member of the scheme every three years, even if you have previously opted out (although the company is under no obligation to re-enrol you in the scheme if you have opted out in the previous 12 months). If you are not eligible to be automatically enrolled in the scheme, you can ask to re-join the scheme if you have previously opted out, but note that the company is not required to re-admit you to the scheme if you have opted out within the 12 months before making a request to re-join the scheme.

2 Contributions

See pages 6 and 7 for membership contributions

Can I change my regular contributions?

Enhanced DC members can choose to pay one of the other rates shown in the table and the company's contributions will automatically switch to the rate shown against it. You can make only one change a year, which will become effective on January 1. So, if you want to change your regular contributions you must tell Capita Employee Benefits by November 1 of the previous year.

Can I pay more?

Yes, you can pay additional voluntary contributions (AVCs) and these, together with your regular contributions, can be up to 100% of your pensionable salary. If you want to pay AVCs (or a one-off AVC at any time) please contact Capita Employee Benefits. Note that the company does not increase its contributions as a result of your AVCs, or match any AVCs you choose to pay into the scheme.

Will I receive tax relief on my contributions?

Yes, provided you have not exceeded your "annual allowance" (see below). If you have opted out of Smart Pensions, your contributions will be deducted from your pensionable salary before tax so you will automatically receive income tax relief at your highest rate. This tax credit is automatically provided by the PAYE system, so you do not need to do anything. Smart Pensions contributions are made free of National Insurance and before income tax is deducted. In each case, the investment gain on your pension account is free of capital gains tax.

Contributions that are in excess of the "annual allowance" (which is the annual limit on the amount of tax-relieved contributions you can make to a registered pension arrangement) will attract a tax charge. The "annual allowance" for most members is currently £40,000 but this may be lower if someone has accessed their DC benefits flexibly (e.g. by taking a cash lump sum or entering drawdown – see page 17) or is a high earner.

What happens to the contributions?

Your contributions, together with those from the company, are paid into a pension account which the trustees hold on your behalf. The account is then invested by a professional firm of investment managers who are independent from the company and the trustees. All accounts in the scheme are entirely separate from the assets of the company and cannot be loaned to or used by the company in any way.

Will I receive regular updates?

Yes, you will receive an annual benefit statement so you can see how your account is progressing. This will show the contributions made, the value of your account at the date the statement was issued and your projected pension at your normal retirement date or other chosen retirement date. These projections are based on the market annuity rates in force at the time of the projection. The pension you will be able to secure at retirement will depend on the market annuity rates in force at your retirement, which may secure a higher or lower pension than that contained in your projections. You should remember that the value of your pension account can fall as well as rise and that past performance is not a guide to future performance.

What happens if I work part time?

Your contributions are based on your actual pensionable salary irrespective of the hours worked.

What happens to my benefits if I am on maternity, paternity, parental or adoption leave?

Your membership of the scheme will continue. The company will continue to credit your account (for as long as you are on a period of ordinary maternity or adoption leave or are on another period of leave and in receipt of pay) based on the pensionable salary you would have received had you remained in service: this is your 'notional pensionable salary'.

If you have opted out of Smart Pensions, your own contributions will be payable based on the actual pensionable salary you receive. The company will not pay contributions to make up the difference in your own contributions between your actual and notional pensionable salary. If your contributions are made through Smart Pensions, the company will continue to credit your account based on your notional pensionable salary. If you are on unpaid additional maternity or adoption leave or a period of paternity or parental leave and are not receiving pay, neither you nor the company will be required to pay any contributions to the scheme.

If you are an *Enhanced DC* member or *Life cover only* member, life cover will continue to be provided throughout your leave, as will a pension to your spouse or civil partner provided you have completed at least six months' service with the company. If you are not an *Enhanced DC* member or *Life cover only* member, a lump sum equal to the balance of your account will be paid in the event of your death while on leave and no other benefits will be payable from the DC section.

If you do not return to work at the end of your maternity, paternity, parental or adoption leave, you will be treated as leaving service and benefits will be payable as described on **page 22**. Special arrangements will also apply to you if you wish to take shared parental leave. Please contact the company for further details if you think this may be relevant to you.

What happens to my benefits if I am absent from work due to illness?

If you are still being paid as if you were working normally (including through a permanent health insurance arrangement), your pension contributions and those of the company will continue as normal. If your pensionable salary is reduced, your pension contributions and those of the company will be based on your reduced pensionable salary. If you are not paid during your absence, no company contributions will be payable and you will not be required to contribute.

If you are an *Enhanced DC* member or *Life cover only* member and you die during your absence while still employed by the company, life cover will continue to be payable along with a pension for your spouse or civil partner (if you have completed at least six months' service with the company). Both benefits will be calculated on the basis of whatever your final pensionable salary (or basic salary at the date of your death in the case of a *Life cover only* member) would have been had you been working normally (if this is higher than the pay you were actually receiving).

3 Investment

What are my options for investing my pension account?

You have a choice of funds into which your contributions can be invested. If you do not wish to make a choice, they will be invested in the default investment option for the scheme. The default investment option and other investment options available to members are explained in the investment guide (as amended from time to time). A copy of the investment guide is available on Hartlink. Alternatively, a hard copy can be requested from Capita Employee Benefits.

The investment options that you choose will have a direct impact on the amount of money available when you retire. You should note that because HM Revenue and Customs will not allow your pension to start before you are 55 (unless you are suffering from incapacity), your pension account may be invested for a long time. It is, therefore, very important that you make the investment choices that are right for you. The company and the trustees are not responsible for the choices you make and cannot advise you on them. If you wish to seek financial advice before making an investment decision, you can find advice on how to find a financial adviser in your area at:

www.moneyadviceservice.org.uk/en/articles/when-and-where-to-get-pensions-help-and-advice

4 Retirement

When you reach your normal or chosen retirement date, you will use your pension account to provide a benefits package to suit your particular needs. If you continue to work for the company after age 65, you may continue to pay contributions and the company will also continue to contribute. Not everyone wants to continue working to age 65 so there is the option to retire from age 55 onwards, provided the company agrees.

What will I receive at retirement?

The scope and level of your benefits package will depend on the funds available in your account. This will be affected by a number of factors:

- **how much has been paid in** – a member who has paid additional voluntary contributions will have a larger account than a member who has not.
- **how long you have been a member** – an individual who has been a member over a long period is likely to have a larger account than one who joined the scheme only a short while before retirement.
- **how well the investments have performed** – consistently good performance will boost the value of a member's account.
- **how old you are at retirement** – a member retiring early will need a larger account to buy the same level of pension as one retiring at normal retirement date.
- **how much the pension costs** – the level of interest rates at the time a member retires affects the cost of purchasing an annuity with an insurer. The lower they are, the higher the cost.

What benefit options will I have at retirement?

When you retire you have to choose how to take your benefits. Under current tax rules, you can elect to take up to 25% of your account as a tax-free cash lump. Unless you are permitted to take all of your benefits as a single cash lump sum from the scheme (see below), in most cases you must use the remainder of your account to buy an annuity from an insurance company. You can choose an annuity that best suits your personal circumstances. In addition to an annuity for yourself, the insurance company you choose may offer additional benefit options, which could include:

- a pension when you die for your dependants.
- increases to your pension each year.
- a five-year pension guarantee period so that if you die within the first five years of retirement, a cash sum equal to the balance of five years' pension, based on the amount of your pension at date of death, will be paid. Under current legislation, this cash sum is tax-free if you die before age 75 and it is paid within two years of your death.

Can I convert my account into a cash sum or a drawdown fund?

Changes in the law that came into effect on April 6, 2015 mean that it is now possible to take DC benefits as cash or as a "drawdown" fund, rather than in the form of a pension, but only if this is permitted under the particular pension scheme. It is open to pension schemes to choose whether or not to offer these options.

The Trustees of the scheme have decided that members who have left service with the company and who have an account that is worth £30,000 or less will be given an option to take all of their benefits as a single cash lump sum, of which 25% would be paid tax-free. This option may be made available to other members, but generally only with the agreement of the company. If you are interested in this option and would like further information, please contact Capita for details.

If you are terminally ill and are expected to live for less than one year, you may be permitted to take the total value of your account as a lump sum.

The Trustees of the scheme have also decided that a drawdown option will not be made available under the scheme at this time. If you do want to take your DC benefits as a drawdown fund (or if you would like to take your benefits as a cash lump sum but are not able to do so under the scheme), you may be able to do so by transferring the proceeds of your account from the scheme to another arrangement that offers these options.

Can I transfer my account to another arrangement?

Please see section 6 on **page 22**. For further details about transferring your benefits to another arrangement, please contact Capita.

You alone are responsible for the consequences of your benefit choices. For example, if you decide that you want to transfer your account to another arrangement, it is for you to decide which arrangement will provide you with options that are most suited to your circumstances. Equally, if you want to use your account to secure a pension, you choose the insurance company which will provide the type of pension and additional benefit options (if any) you want. Insurance companies offer different rates so it will pay to shop around. If you do not choose the insurance company, the scheme's trustees may choose an insurance company for you, however they cannot be held responsible if the pension they organise for you and your family is not on the best terms then available or most suitable for you.

Can I retire before normal retirement date?

Yes, provided your employer agrees, you will be able to retire from age 55 onwards. Obviously, your account balance will be smaller than if you had continued membership until normal retirement date. Early retirement pensions are also more expensive to buy as they will be paid for longer.

What happens if I retire due to ill health?

If you retire after age 55 due to incapacity and if the company consents, you will immediately be able to use your pension account to purchase a benefits package to suit you.

If you retire before age 55 due to incapacity, you will be able to retire only if you provide evidence from a registered medical practitioner that you are and will continue to be incapable of doing your normal job because of your incapacity. It will then be for the company to decide whether, in its view, your condition is serious enough that you are unable to carry out your normal job (or that your earning capacity is seriously impaired).

Will my pension be increased after retirement?

There is no legal requirement for your pension to be increased once in payment, but you may choose to have a lower starting pension which will increase at a rate agreed with your insurance company, typically in line with inflation up to a limit (eg 2.5% or 5%).

How will my pension be paid?

Your pension is payable for life. It will normally be paid monthly direct to your bank or building society account and will be taxed under the PAYE system.

5 Death

What happens if I die in employment?

If you die while in employment as an *Enhanced DC* member, the following benefits will be paid:

- a cash sum equal to four times your final pensionable salary at date of death which will be calculated as if you had not been making contributions through Smart Pensions.
- a cash sum equal to the value of your own contributions plus any part of your account which you have transferred into the scheme from another pension arrangement, plus any Smart Pensions contributions.
- if you had completed at least six months' service with the company when you died, a pension payable to your spouse or civil partner equal to 30% of your final pensionable salary, which will be calculated as if you had not been making contributions through Smart Pensions. If you were a member in pensionable service under the scheme's final salary sections, or in the Castle Pension Scheme or Castle Supplementary Pension Scheme when they closed to future accrual on September 30, 2010, the amount of the pension payable to your spouse or civil partner under the DC section will be reduced by the amount of any pension payable under the final salary sections, or the Castle schemes. If there is no spouse or civil partner, some or all of the pension that would have been paid to a spouse or civil partner may be paid at the trustees' discretion to one or more of your dependants.

Provided that you have sufficient unused lifetime allowance, the cash sums payable if you die while a member of the scheme will be paid free of tax.

If you die in employment as a *Basic auto-enrolment* member, a tax-free cash sum equal to the balance of your account will be payable.

If you die in employment as a *Life cover only* member, the benefits payable will be the same as those payable in respect of an *Enhanced DC* member **except that** the cash sum will be calculated as four times your basic salary at the date of your death (rather than your final pensionable salary) and the pension for your spouse or civil partner will also be calculated as 30% of your basic salary at the date of your death (rather than final pensionable salary). You will not receive a cash sum equal to the value of your contributions (plus any transfers that have been made into the scheme and any SMART pensions contributions). However, if you built up an account during a previous period of *Enhanced DC* or *Basic auto-enrolment* membership, a cash sum equal to the total value of your account will be paid as set out in section 6. This would include any AVCs you had paid as a *Life cover only* member.

Who receives the tax-free cash sum?

The trustees are responsible for deciding who will receive the cash sum payment. This means that any payment would currently be free of inheritance tax.

You can help the trustees in making their decision by completing an expression of wish form on which you state the people you would like to receive the benefit. The trustees will take your wishes into account but cannot be legally bound by them.

All members should complete an expression of wish form and return it to Capita Employee Benefits. If your circumstances change in the future (for example, if you get married or divorced or have children), you should complete a new form. Forms are available from Capita Employee Benefits (**see page 29**). It is important to ensure that an expression of wish is in place if it is someone other than your next of kin you wish the trustees to consider for receipt of any benefits.

What happens if I die after retirement?

This depends on the decisions you made when you retired as to how you wanted to use your accumulated account (**see page 17**). If you made provision for a spouse's or dependant's pension on your death, this will now become payable.

6 Leaving

If you leave the company before benefits can start to be paid from your pension account or if you opt out of the scheme after more than one month, you have to decide whether to transfer your pension account or leave it in the scheme. A transfer may be possible to the pension scheme of your new employer or to a personal pension or stakeholder pension arrangement. You will be given a statement of your pension account, usually within two months of the date your pensionable service ended.

If you joined the scheme **before October 1, 2015**, have completed less than two years' pensionable service when you leave and have not had transferred into your pension account a payment from a personal pension or stakeholder scheme, you will be given a refund of the value of your own contributions (but not Smart Pensions contributions) less tax (currently at the rate of 20%). As an alternative, you will have the option of having a cash transfer sum (which would include company contributions and Smart Pensions contributions) paid to another scheme of your choice, perhaps a pension scheme operated by your new employer.

If you joined the scheme **on or after October 1, 2015**, have no other benefits in the scheme and have not transferred any payment from a personal pension or stakeholder scheme into the scheme, the options described immediately above will be available to you if you leave having completed less than 30 days' pensionable service provided you have not given a valid opt-out notice after having been automatically enrolled in the scheme (if you have been automatically enrolled or re-enrolled and have given a valid opt-out notice, you will be treated as though you had never been a member of the scheme and your own contributions will be refunded to you).

If you have either:

1) joined the scheme before October 1, 2015 and completed two years' or more pensionable service;

2) joined the scheme after September 30, 2015 and have completed 30 days' pensionable service or more when you leave (or have completed less pensionable service than this but also have other benefits in the scheme); or

3) had a transfer from a personal pension or stakeholder scheme,

your pension account, including the company contribution, will remain in the scheme and:

- you will be given an annual statement about your account so you can still make investment choices about your account (see page 15).

- your account will be available to purchase a pension on your chosen retirement date or, with the trustees' agreement, at any earlier date after your 55th birthday which you request (or earlier still if you are suffering from incapacity).
- the choices about the type of pension which will apply are the same as those described on **page 17**.
- no further contributions can be added to your account (this does not apply to AVCs you may pay as a *Life cover only* member).
- you can ask for a transfer of your account to another arrangement at any time (provided you have not begun to receive your benefits) and you can ask for a free transfer value quote once every 12 months; and
- if you die before benefits start to be paid from your account, the value of your pension account will be paid as a tax-free lump sum (**see page 20**) or alternatively to purchase a pension for your spouse or civil partner or, if you have no spouse or civil partner, for one or more of your dependants as the trustees choose. You should notify the trustees about your wishes for the recipients of the lump sum and dependant's pension by completing an expression of wish form, which is available from Capita Employee Benefits.

You must tell Capita Employee Benefits if you change your address or marital status. You should from time to time consider whether to update your expression of wish form.

Pension Tracing Service

If you have changed jobs in the past, or a former employer has been taken over, you may have money in pension schemes that you have difficulty in locating. The government's Pension Tracing Service can help you claim your pension rights. You can contact the Pension Tracing Service at:

The Pension Service 9
Mail Handling Site A
Wolverhampton
WY98 1LU
Telephone: 0845 6002 537
www.gov.uk/find-lost-pension

7 The state pension

Will I still receive a pension from the state?

Yes, provided you have made sufficient National Insurance contributions.

- if you reached your state pension age before April 6, 2016, two different types of state pension are available: the basic state pension and a state second pension (which used to be called SERPS). Both pensions are payable from state pension age, which is currently increasing for both men and women depending on their dates of birth.
- if you reach your state pension age after April 5, 2016, you will receive the new single-tier state pension.

For more information on the state pension, visit
www.gov.uk/new-state-pension

For more information on National Insurance contributions, visit
www.hmrc.gov.uk/ni/intro/index.htm

8 General information

Who runs the scheme?

The scheme is looked after by trustees who are responsible for protecting members' interests and for ensuring it operates according to the trust deed and rules. The trustees, some of whom are nominated by members, employ several professional advisers to assist them in the smooth running of the scheme. Capita Employee Benefits is the scheme administrator.
The trustees also produce an annual report and accounts. A copy is available on request from Capita Employee Benefits.

Who is "the company"?

In this guide, references to "the company" will normally refer to your own employer. However, there are some instances in which it means Hanson Holdings (1) Limited, as the "Principal Employer" of the scheme. This is because the trust deed and rules of the scheme require certain decisions to be taken by your employer and others to be taken by Hanson Holdings (1) Limited as the "Principal Employer".

What is the scheme's tax status?

The scheme is a registered pension scheme. This brings the following tax advantages:

- you receive income tax relief on your contributions
- the cash sums paid on retirement or death are currently tax free, subject to the lifetime allowance
- gains made within the account are free of capital gains tax and income from gilts (UK government securities) is free of tax.

In return for these valuable concessions, HM Revenue & Customs imposes overall limits on benefits (your lifetime allowance) and the annual contributions that can be paid from/to regulated pension schemes (your annual allowance) without attracting further taxation.

Can the scheme be altered?

Yes. While there are no current plans to alter the scheme, future conditions and legislation cannot be foreseen, and the company reserves the right to change or terminate the scheme at a future date. Your rights in such circumstances are set out in the trust deed and rules. These are the formal legal documents which govern your entitlement under the scheme. They override this publication, which is intended only as a guide.

How is my personal information used?

The trustees are committed to ensuring that personal information that is held about you for the purposes of the scheme is kept safe. For details of how your personal information is used and who is able to access it, please refer to the trustees' privacy policy, which is available on the Hanson Pensions website **www.hansonpensions.co.uk/en**

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9 The Pensions Advisory Service/Pensions Ombudsman

If you have a query about the scheme, Capita Employee Benefits should be able to resolve it quickly and informally. However, in the unlikely event that this is not the case, the trustees have put in place a formal procedure for resolving complaints or disputes. You may request a copy of the formal disputes procedure from Capita Employee Benefits.

The Pensions Advisory Service (TPAS) is available at any time to assist members and other beneficiaries with any issues and can be contacted at any time, even before you have made a formal complaint through the scheme's internal dispute resolution procedure. There is no charge for this service.

If you are dissatisfied with the outcome of the dispute procedures, you may make a complaint to the Pensions Ombudsman who will investigate and determine any complaint or dispute of fact or law. The Pensions Ombudsman will normally not investigate a complaint until you have gone through the scheme's internal dispute resolution procedure. There is no charge for this service.

The Pensions Advisory Service and the Pensions Ombudsman may be contacted at:

TPAS
11 Belgrave Road
London SW1V 1RB
Telephone 0845 600 0707
or
www.pensionsadvisoryservice.org.uk/contact-us.aspx

Pensions Ombudsman

Telephone 0207 630 2200
or
enquiries@pensions-ombudsman.org.uk

The Pensions Regulator is able to intervene in the running of schemes where the trustees, employers or professional advisers have failed in their duties. The Pensions Regulator may be contacted at:

Napier House
Trafalgar Place
Brighton
East Sussex BN1 4DW
Telephone 0845 600 0707
or
www.thepensionsregulator.gov.uk/contact-us.aspx

10 Your contact

If you need further information, please contact the scheme administrator:

Capita Employee Benefits Limited
Hanson Pension Team
Hartshead House
2 Cutlers Gate
Sheffield S4 7TL

Email: **hanson@capita.co.uk**

Tel: **0345 6000 591**

April 2018

11 Addendum

For members with final salary benefits – frequently asked questions

This addendum should be read in conjunction with the Hanson Industrial Pension Scheme – Defined contribution (DC) section members' guide dated January 2017 and is relevant to you if:

- you accrued final salary benefits under the Hanson Industrial Pension Scheme (the **scheme**); and
- you became a member of the DC section immediately after September 30, 2010.

Note: If you have final salary benefits under either the Castle Pension Scheme or the Castle Supplementary Pension Scheme, please refer to the information that has been issued to you by the Trustee of those Schemes for further details of your benefits.

Your benefits

Q What is happening to my final salary benefits whilst I am a member of the DC section?

The final salary benefits you have built up under the scheme have been retained in the scheme and will be paid to you when you retire.

Q How will my final salary benefits be calculated when I retire?

If you built up final salary benefits under the scheme before October 1, 2010, the way in which those benefits will be calculated depends on whether you elected to have your benefits calculated by reference to:
1) your salary as it stood on September 30, 2010; or **2)** your salary when you leave service with Hanson (assuming this is later).

1) If you did <u>not</u> choose to have your final salary benefits calculated by reference to your salary when you leave Hanson employment, your benefits will be calculated by reference to your pensionable service up to September 30, 2010 and your "final pensionable salary" at that date (this is the highest annual average of your pensionable salary over the three years up to September 30, 2010). This amount will then be increased in the period between September 30, 2010 and your "normal retirement date" to take account of inflation over that period (subject to certain caps).

2) If you chose to have your final salary benefits calculated by reference to your salary when you leave Hanson employment, your benefits will be calculated as the higher of:

- **a)** your benefits calculated on the basis set out at **1)** above (i.e. by reference to your pensionable service and final pensionable salary as at September 30, 2010, plus increases to take account of inflation over the period between September 30, 2010 and your "normal retirement date"); and
- **b)** your benefits calculated by reference to your pensionable service at September 30, 2010, your final pensionable salary as at the date you leave Hanson employment, plus any revaluation increases due in respect of the period between leaving employment with Hanson and reaching your "normal retirement date" (if any).

Q What benefits would I receive from the scheme if I retired due to ill-health?

If you were to retire due to ill-health, benefits would be payable from the scheme in respect of the final salary benefits you built up under the scheme before October 1, 2010. The level of those benefits would depend on the section of the scheme to which you belonged, your age at date of retirement, the length of your service and whether or not you were still in Hanson employment. Payment will usually be subject to a medical review, the consent of the company and, in some cases, the Trustees of the scheme.

You may also be eligible to receive benefits in respect of your account under the DC section of the scheme. Please refer to the DC section members' guide for details.

Q What benefits would be payable from the scheme on my death?

On your death, benefits would be payable from the scheme in respect of your pensionable service before October 1, 2010. These would usually take the form of a pension payable to your spouse or civil partner (or, if the Trustees so decide, to another dependant if you are not survived by a spouse or civil partner). A lump sum may also be payable, depending on your circumstances.

The exact benefits payable would depend on the section of the scheme under which you built up benefits before October 1, 2010, your age at date of death and whether or not you had left Hanson employment. The benefits payable would also depend on whether or not you had already retired before your death and, if so, how long ago.

Benefits might also be payable in respect of your membership of the DC section. Please refer to the DC section members' guide for details.

Q Will my final salary benefits receive increases when they are in payment?

Some or all of your final salary benefits will receive increases while they are in payment. The level of increase to which you are entitled will depend on the section of the scheme under which you built up final salary benefits before October 1, 2010.

Q I want to retire early. How will this affect the level of DC and final salary benefits I receive from the scheme?

If you wish to retire early, an actuarial reduction will usually be applied to your final salary benefits to reflect the fact that they are being taken earlier and are likely to be paid for longer.

Although no reduction will be applied to your DC account, your account balance will be smaller if you retire early than it would have been had you remained a member until normal retirement date because fewer contributions will have been paid and these will have been invested over a shorter period.

Depending on the circumstances, the consent of the company and/or the Trustees of the scheme may be required before you are permitted to take early retirement.

Note that you are not permitted to retire before age 55 unless you are suffering from ill-health.

Q I plan to continue working beyond age 65 and so want to postpone taking my pension until a later date. What impact will this have on the level of DC and final salary benefits I receive from the scheme?

If you decide to postpone taking your final salary benefits until after age 65, an uplift will usually be applied to your final salary benefits to reflect the fact that they are being paid after age 65. Postponing payment of your pension in this way will require the consent of the Trustees.

Your DC benefits will depend on the level of contributions paid into your account, and the investment return achieved in relation to those contributions (you can continue paying contributions for as long as you remain employed). If the company consents, it may be possible for you to begin receiving your DC benefits while you are still working.

Note that no uplift will be paid in respect of your DC benefits if you choose to postpone taking your pension.

Your options

Q I want to transfer some or all of my benefits under the scheme to another arrangement. Can I do this?

You have a right to transfer all of your benefits under the scheme (final salary and DC benefits) to another arrangement provided that you are no longer accruing benefits under the scheme and are more than a year away from reaching normal pension age.

You also have a right to:

1) transfer only your final salary benefits to another arrangement provided that you are more than a year away from reaching normal pension age and are transferring all of your final salary benefits under the scheme; and

2) transfer only your DC benefits to another arrangement provided that you have stopped accruing DC benefits under the scheme and are transferring all of your DC benefits under the scheme.

Other types of transfer (for example, a transfer of part of your final salary or DC benefits) may be permitted but only if the Trustees agree.

Q Can I exchange my final salary benefits for a cash sum?

When your final salary benefits come into payment, you can choose to commute some of them for a tax-free lump sum. Broadly, the maximum payable as a tax-free cash sum is an amount equal to 25% of the total value of your final salary benefits and any AVC account to which you contributed when you were accruing final salary benefits before October 1, 2010 (if you have one).

You would also be permitted to exchange the same proportion of your DC benefits for a tax-free cash lump sum.

If you are terminally ill and are expected to live for less than one year, you may be permitted to take all of your benefits from the scheme in the form of a lump sum (this is not currently subject to income tax if it is paid before your 75th birthday).

You may also be able to exchange some or all of your benefits under the scheme for a cash lump sum if they fall within certain trivial limits, although this may depend on benefits you have in other pension arrangements. Further information is available on request from Capita Employee Benefits.

Benefit payments

Q Do I have to take my final salary benefits at the same time as my benefits from the DC section?

No. You can choose to take your final salary benefits under the scheme at a different time to taking your DC benefits. However, you must normally have left employment with the company before you can take any of your benefits.

Q How will my DC and final salary benefits be paid? Will I receive them on the same date?

Your final salary benefits will be paid directly from the scheme in monthly instalments, with payment made in advance each month. Assuming you use your DC account to purchase an annuity from a third party provider, this will be paid to you separately by the annuity provider and may or may not be paid on the same date as the pension you receive from the scheme in respect of your final salary benefits.