STEPPED PENSION

An option to help you bridge the income gap until your State Pension Age

Who is entitled to this option?

Open to anyone taking their pension from the Scheme before their State Pension Age (SPA), unless taking it on the grounds of ill health.

What does it involve?

Available at retirement, this option enables members to receive a larger pension from the Scheme until their SPA (as at the date of retirement). They then receive a smaller pension from the Scheme afterwards.

How is this option linked to the state pension?

It is linked to the New State Pension. This is the amount payable to those who reached their SPA after 6 April 2016. The annual amount of the New State Pension as at April 2024 is £11,502.40.

The amount of State Pension you will get at SPA will be based on this new system and will depend on your National Insurance contribution record.

You can check your State Pension online at:

www.gov.uk/check-state-pension

This website will also tell you when you start to claim your State Pension.

Does this option affect other Scheme benefits?

No. Other scheme benefits such as the retirement tax-free cash sum and the death benefits paid by the Scheme will be calculated in the same way, regardless of whether you take this option at retirement.

Is it possible to choose a different amount under this option?

Yes. You also have the option to increase your pension to your State Pension age by 50% of the New State Pension. This option is also shown on the retirement quotation.

Should I get financial advice?

This option will not be right or suitable for everyone, so any decision should be should be made on a sound financial basis, and you should consider taking independent financial advice about this before deciding to go ahead. You should be aware, however that a financial adviser will charge you for giving such advice. To find a suitable adviser in your area, please visit **www.unbiased.co.uk**

Alternatively, please see the enclosed Helping You Decide leaflet which provides contact details for Isio Wealth Planning which the Trustee, in conjunction with Kimberly-Clark, have appointed as financial advisers.

How it works

We have provided an example below to help you understand how the "Stepped Pension" option works.

Bob retires at age 64, two years before his State Pension Age (SPA) of 66.

He has the option to take a pension of £15,000 per year which will increase in line with the Scheme Rules and be payable for the rest of his life.

If Bob decides to take the "Stepped Pension" option instead, he would receive the following:

- Up to his SPA[1], a pension of £25,237.00 per year
- At SPA, his pension would be reduced to £13,734.00 per year2

Bob's pension will continue to be increased every year in line with the Scheme Rules.

Notes:

1. This is based on the State Pension of £11,502.40 per year (as at 6 April 2024).
2. Bob receives less than his original pension of £15,000.00 per year as he has had the benefit of a higher pension for the two years leading up to his SPA.

This is an example only. Figures will vary depending on your personal circumstances.

What else should I consider before taking this option?

If you take this option you will receive a higher Scheme pension until you reach your SPA. However once you reach your SPA, the pension payable to you from the Scheme will reduce for the rest of your life.

This option is designed to allow you to structure your pension – to receive extra income for a limited period – so helping you to meet your income requirements before you receive your State Pension.

Before exercising this option, consider your likely income needs before and after your SPA. Think about your income requirements in the early years of retirement compared with what you will need later on in life.