Boots Retirement Savings Plan

(including the Auto-Enrolment Section)

Plan Booklet

Saving for your future

Whatever your age or circumstances, saving for your retirement over the long term is recognised as one of the best ways of building up savings for the future. As your employer, we are committed to helping you save for retirement as part of your overall benefits package.

The Boots Retirement Savings Plan (BRSP) is a defined contribution plan that allows you to choose how much you want to save. Whether retirement is a long way off or just around the corner, it's not too early or late to start planning for the future.

When you join, an individual Retirement Savings Account is set up in your name. Contributions from you and the employer are credited to this account and invested in the Default Fund. You can then choose a different investment fund later if you want to. The value of your account can be used to provide benefits when you retire or die.

The Plan has been set up as Group Personal Pension Plan with Legal & General (L&G) who have a dedicated site (legalandgeneral.com/workplace/a/wba-boots) where you can access additional investment, retirement information etc.
You can review all aspects of your account and nominate a beneficiary by logging into Manage Your Account at legalandgeneral.com/mya.

This leaflet gives you key information in relation to the BRSP and your Retirement Savings Account. Where we have used specific terms, these are shown in bold and explained on page 8.

You can also get more information from a number of other sources and the key ones are summarised on page 10.

Avoiding Pension Scams

Pension scams can be hard to spot.

Scammers can be convincing and financially knowledgeable, with credible-looking websites, testimonials and materials that are hard to distinguish from the real thing.

They usually contact people out of the blue via phone, email or text, or even advertise online - or they may be introduced to you by a friend or family member who is also unknowingly being scammed.

Scammers will make false claims to gain your trust. For example:

- claiming they are authorised by the FCA or that they don't have to be FCA authorised because they aren't providing the advice themselves
- claiming to be acting on the behalf of the FCA or MoneyHelper's Pension Wise

Common pension scams include:

- early pension release scams
- pension review scams

You should seriously consider seeking financial guidance or advice before changing your pension arrangements. MoneyHelper provides free independent and impartial information and guidance.

If you're over 50 and have a defined contribution pension, MoneyHelper's Pension Wise offers pre-booked appointments to talk through your retirement options. You can also use a financial adviser to help you make the best decision for your own personal circumstances. If you do opt for an adviser, make sure they are regulated by the FCA and never take investment advice from the company that contacted you, as this may be part of the scam.

You can report the firm or scam to us by contacting the FCA Consumer Helpline on 0800 111 6768 or by visiting fca.org.uk/consumers/report-scam and completing a reporting form.

Making contributions

You choose how much you want to save under the BRSP, although it must be a minimum of 3%. In addition, as your employer, we will contribute towards your retirement savings.

In the BRSP, there are three sections, Auto Enrolment (AE), Standard and Base - these sections are explained below.

Auto Enrolment (AE) Section	
Employee Contribution	**Employer Contribution**
You pay 5% of **Band Earnings**	Employer pays 3% of **Band Earnings**

In the Standard and Base Sections, the amount the employer pays will depend on your role in the business. This is explained in the tables below - please contact the Pensions Team if you are unsure of which band you are, contact details on page 10.

Standard Section	
Employee Band	**Current Contribution Rates**
Band A (5% and above)	Your employer will match your regular contributions by up to 6% of your **Retirement Savings Pay** at a ratio of 1:1 (For example, if you contribute 6%, your employer will contribute 6%). After three years' continuous membership in the Base or Standard Sections (not including AE Section), your employer will increase its contributions to 7% providing you are contributing 6%. *Remember - you must pay a minimum of 5%.*
Band B	Your employer will match your regular contributions by up to 6% of your **Retirement Savings Pay** at a ratio of 2:1 (For example, if you contribute 6%, your employer will contribute 12%). *Remember - you must pay a minimum of 3%.*
Band C	Your employer will match your regular contributions by up to 6% of your **Retirement Savings Pay** at a ratio of 2.5:1 (For example, if you contribute 6%, your employer will contribute 15%). *Remember - you must pay a minimum of 3%.*

Base Section (Band A Only)	
Employee Band	**Current Contribution Rates**
Band A (3% or 4%)	Your employer will match your regular contributions by up to 4% of your **Retirement Savings Pay.** *Remember - you must pay a minimum of 3%.*

As well as regular savings, you can also make lump-sum contributions directly through L&G to boost your savings towards retirement, although any 'one-off' lump-sum payments cannot be paid using SMART (see page 5).

To arrange an additional payment, contact L&G via phone (0345 0265 006) or email (employerdedicatedteam@landg.com).

It is your own responsibility to check if you are going to go over the Annual Allowance for the tax year (see information on Tax and your **Retirement Savings Account**, page 7).

Joining our Plan - How it works

In the UK, all businesses are required to enrol eligible employees into a workplace pension scheme and pay a minimum level of contributions (defined by the Government). You can then choose to do something else once you are paying the minimum level. The following steps explain how this works.

Step One - Join the Company

The assessment of whether you should be automatically enrolled is deferred for up to 3 months, depending on your actual employment start date - this means if your start date is, for example, 3rd April or 30th April, Step Two will happen on 1 July.

Step Two - Auto Enrolment (AE)

After the Step one assesment, you will be automatically enrolled into the AE Section of the Plan if you meet certain criteria:

- earn over £10,000 a year, or £833 a month (the Government's thresholds for 2024/25)
- are aged 22 or over but under **State Pension Age**
- work, or usually work, in the UK.

Even if you don't meet all the criteria, you may still be able to opt-into the Plan. If you decide to opt-in, it's important you include the following phrase in your email to the payroll department: "I confirm I personally submitted this notice to join a workplace pension scheme."

Unsure of who you should email? Please see page 9.

Step Three - AE Section and First Contribution

Your contributions will be 5% of your **Band Earnings** in the AE Section, starting in the first month of being automatically enrolled, and the employer will add 3% of your **Band Earnings**. You will receive a notification letter from Legal & General shortly after your first contribution explaining your options.

Step Four - Your Choice

After that first month's contribution in the AE Section, you have a decision to make with the following options:

Option 1	Stay in the AE Section – you do not need to do anything and contributions will continue as in Step Three. **Important to Remember:** If you stay in the AE Section, you will not be eligible for the separate Life Assurance Scheme
Option 2	Move to the Base or Standard Sections – the contributions will depend on which Employee Band you are in: you'll find the details on page 3. If you wish to move to Base or Standard Section, you can do so by submitting a Contribution Option Form. **Important to Remember:** If you join the Base Section, your contributions may be below those required by AE legislation.
Option 3	Opt-out of the Plan – you can opt out of the Plan within one month of receiving the enrolment letter from L&G. Your contributions will be returned and you'll be treated as if you never joined. **Important to remember:** You can still opt out after the first month by submitting an **Opt Out form**, but any contributions already made will remain invested until you take your benefits or transfer them elsewhere. If you opt-out of the Base or Standard section, you will no longer be covered by the separate Life Assurance Scheme (see page 6).

The Company must re-assess its employees every three years which means that if you stay in the Base Section or leave the Plan completely, you may have to be re-enrolled into the AE Section at a later date. At that point you can re-visit the Step Four choices.

SMART- Making the most of your money

SMART allows you to make pension contributions in a way that saves money for both you and your employer through lower National Insurance (NI) contributions.

It can increase your take-home pay without affecting your retirement savings and we believe that almost everyone will benefit.

There are a few instances when SMART may not provide a financial benefit so participation may not be appropriate. This means we will not include anyone earning less than the **Pay Protection Limit** or anyone whose pay drops below the **National Minimum Wage** after the **SMART adjustment**.

How does SMART work?

→ The **SMART adjustment** - **Gross pay** is reduced by the amount you would have paid in pension contributions

→ Your employer pays an extra amount, on top of its usual contributions, equivalent to your **SMART adjustment.**

→ Your take-home pay may increase (compared to paying contributions outside SMART) because you no longer pay NI contributions on the part of your pay you would otherwise have contributed towards your pension.

→ Your **Reference Salary** stays the same and any salary-related benefits will continue to be based on your **Reference Salary** before the **SMART adjustment**.

By participating in **SMART** you are agreeing to a change to your terms and conditions of employment. This is because you will be giving up an amount of pay equal to the same amount of money you would have otherwise paid into the BRSP (including the AE Section).

You will be included in **SMART** as long as your pay meets the required minimum level so if you are happy to use SMART you do not have to do anything.

If after considering the benefits of SMART you decide it is not right for you, please contact brsp@boots.co.uk requesting that your contributions are not taken via **SMART.**

Key questions about SMART

Will it affect my company benefits?

No, your company benefits will not be affected by SMART because:

→ It will not reduce any salary-related payments or benefits that you receive
→ Any future pay rises will continue to be based on your **Reference Salary**
→ All your salary-related benefits will also be calculated on your **Reference Salary** (such as overtime, bonuses, life assurance benefits etc.)

Will it affect my State benefits?

Any tax credits, such as child or working tax credit, may be affected as the total pay shown on your P60 will be lower than if you were not in SMART. Your entitlement to some State benefits, such as Statutory Maternity, Paternity, Adoption and Sick Pay, are based on the amount of NI paid and consequently may be affected.

To safeguard you against the possible impact on any State benefits, an annual **Pay Protection Limit (PPL)** is set and your pay will be checked against this PPL. The PPL is currently £12,750.00 (in line with the National Insurance threshold). It is reviewed before the start of the new tax year and adjusted accordingly .

If your pay falls below the limit during any monthly pay period, you will automatically be opted out of SMART until the following monthly pay period.

Death Benefits

As well as helping you save for your retirement, you can also make financial provisions for your family or dependants should you die.

This is done in two ways – paying out your Plan savings and, if you are an employee and eligible, through the Company's seperate life assurance scheme

What happens to your Plan savings?

- The full value of your **Retirement Savings Account** becomes payable to your beneficiaries if you die.
- If you die whilst still an employee, those savings can be paid as a cash lump sum or possibly be used to secure an income for your family or dependants.
- Once you retire or start drawing benefits from your Retirement Savings Account, any death benefit will depend on the choices you made at retirement.
- You should always complete and keep updated a Nomination Form, explaining to L&G who you wish to be considered as beneficiaries if you die: you'll find the form on legalandgeneral.com/workplace/a/wba-boots.

What is the Life Assurance Scheme (LAS)?

- The LAS provides a lump sum death benefit if you are an employee and a **member of the Base or Standard Sections** of the Plan (not including AE Section) and under age 75 (cover under the LAS stops at 75).
- The lump sum death benefit payable is four times your **Retirement Savings Pay**, rising to five times after five years' continuous membership in the Base or Standard Sections of the BRSP.
- The Company pays the cost of the LAS and there are no employee contributions.
- The LAS scheme is set up under a trust and so the Trustee decides to which beneficiary or beneficiaries payment is made. It is done this way so that Inheritance Tax is not payable on the benefit.
- In making a decision, the Trustee will take your wishes into account but can only do so if they know what they are. This means it is vital that you complete a seperate Nomination of Beneficiary Form for the LAS – and update it if your personal circumstances change.

Important to remember

⟶ If you are a member of the AE Section when you die, your **Retirement Savings Account** value will be payable, but **you will not be covered for any death benefit under the LAS**.

⟶ You'll need to complete two Nomination of Beneficiary Forms – one for the Plan, which L&G will use, and one for the LAS for the Trustee to use. The beneficiaries and the proportion of the benefit to be paid can be different on each form – it is your choice.

Tax and your Retirement Savings Account

Contributing to the Boots Retirement Savings Plan (BRSP) can be a very tax efficient way of saving for your retirement.

However, the UK Government places limits on the amount of tax relief available through the Annual Allowance and, until recently, the Lifetime Allowance. In April 2023, the Government announced changes to these limits and below is summarised how these might affect your contributions and savings under the BRSP.

What is the impact of the budget changes in April 2023?

• The **Lifetime Allowance** (the total value of your pension benefits, other than any state pension, above which an additional tax charge applies) are effectively be abolished from the 2023/24 tax year.

• The **maximum tax-free lump sum** (also known as a pension commencement lump sum - PCLS) for those without earlier protections remains at £268,275 and will be frozen at this level (a limit broadly of 25% of the value of pension benefits put into payment still applies.

• The **Annual Allowance** (the limit on the amount of pension benefits you can build up in a tax year, above which additional tax applies) will increase from £40,000 to £60,000. However, you can also only receive tax relief up to 100% of your earnings.

• The **tapered Annual Allowance** will now apply to those with an 'adjusted income' in excess of £260,000 p.a. (rather than £240,000) - the minimum tapered Annual Allowance will increase from £4,000 to £10,000 and, assuming it follows the same legislation as currently in force, will apply to those with an 'adjusted income' in excess of £360,000.

• The **Money Purchase Annual Allowance (MPAA)** (the limit on the amount of money purchase contributions you can make in a tax year, after you have "flexibly accessed" any money purchase pensions savings, above which additional tax applies) will increase £4,000 to £10,000.

The changes announced may provide many individuals with greater scope to make tax-efficient savings for their retirement. For individuals with specified levels of income or pension savings, that exceed certain limits, there are implications regarding the tax efficiency of making pension contributions.

What is carry forward?

• Carry forward allows you to make use of any annual allowance that you might not have used during the three previous tax years, provided that you were a member of a registered pension scheme during the relevant time period.

To use carry forward, there are certain conditions that need to be met. These include:

1. Contributions to your pensions must have used all of your annual allowance in the tax year you wish to use the carry forward rules.
2. You must have been a member of a UK-registered pension scheme* (this does not include the State Pension) in each of the tax years from which you wish to carry forward from (you do not need to have paid any money into these schemes).
3. You must use any unused annual allowance from the earliest year first (you can only go back three years).
4. If you are subject to a tapered annual allowance, you need to measure any unused annual allowance against the tapered allowance for each given year (which may change depending on your adjusted income).

For more infromation, please visit gov.uk/guidance/check-if-you-have-unused-annual-allowances-on-your-pension-savings

Glossary

Where we have used specific terms in this booklet, they have been shown in bold and their meaning is given below.

Band Earnings
Used to calculate the contributions an employee and employer make to the AE Section. These are based on what the Government sets as **Qualifying Earnings**. As an example, the contributions for someone with **Qualifying Earnings** of £20,000 would be based on £13,760 (£20,000 minus £6,240).

Default Fund
When you become a member of the BRSP (including the AE Section) your contributions will automatically be invested into the Default Fund, which is a Target Date Fund (TDF). The TDF offers you a flexible approach to investing your pension savings. More information can be found here.

Gross pay
The amount you are paid before tax and National Insurance contributions are taken off.

National Minimum Wage (or National Living Wage)
There is a minimum hourly rate an employer must pay their workers (the hourly rates change yearly). There are different levels depending on your age. Once you are aged 21 or over, it's referred to as the National Living Wage and from April 2024, it is £11.44 per hour.

Pay Protection Limit
This is to ensure that employees always benefit from participating in SMART. If your pay falls below £12,570.00 for a pay period, you will automatically be opted out of SMART until your pay exceeds it again.

Qualifying Earnings
These are earnings between £6,240 and £50,270 (for the 2024/25 tax year). The lower and upper levels are determined by the Government and will change from time to time. As well as basic pay, **Qualifying Earnings** include overtime, bonuses, commission, Statutory Sick Pay, Statutory Maternity and Paternity Pay, and Statutory Adoption Pay.

Retirement Savings Account
This is your account with the scheme provider (Legal & General), where contributions from you and the company are invested. Saving into this is a simple, low cost and tax efficient way to save towards your future.

Retirement Savings Pay
Includes contractual basic salary, company sick pay and statutory payments (e.g. Statutory Sick Pay (SSP) and Statutory Maternity Pay (SMP). Excluded are exceptional payments (e.g. unsocial hours premia, shift pay, bonus, honoraria, overtime and car allowance). Contributions are based on the **Retirement Savings Pay** for the pay period (month or week). For the purpose of the life assurance death benefit, **Retirement Savings Pay** is your most recent contractual basic salary.

SMART adjustment
Applies when you are in SMART and is the amount of pay given up in exchange for an increase in your employer's pension contributions.

State Pension
Paid when you reach your **State Pension Age**. The full amount is £221.20 per week for the 2024/25 tax year. The actual amount you get may be higher or lower depending on your National Insurance (NI) record. You need a minimum of 10 years' NI contributions in order to benefit and a 35 year NI record to receive the maximum amount. You can find more information about the **State Pension** and request a statement to tell you how much you may be entitled to once you reach **State Pension Age**, through the Government website at gov.uk/check-state-pension.

State Pension Age
The age at which you can take your benefits from the State. You can check your State Pension Age through the Government website at gov.uk/state-pension-age.

Your questions **answered**

What happens if my circumstances change and I become eligible for auto-enrolment?

As your employer, we have to monitor your circumstances and if you meet the criteria, automatically enrol you. If that happens, you will receive a letter from L&G and you will be able to choose whether to stay in the AE Section or to opt out.

What sort of benefits can I take at retirement?

You can take cash (a single payment or series of lump sums), buy an annuity or use a combination of these options. Current tax rules allow up to a quarter of your **Retirement Savings Account** to be taken as an initial tax-free cash sum: the balance will be taxed as income. You will find very helpful information and guidance on these choices on the L&G website (legalandgeneral.com/workplace/a/wba-boots).

Can I opt out in advance, before I am enrolled?

No. You can only opt out once you have been enrolled and after you have received the Notification Letter from L&G.

What happens if I leave the company?

Your employer's contributions will stop and any life cover you may have under the Life Assurance Scheme will also end. Your **Retirement Savings Account** will stay invested until you are able to take your benefits. Your contributions will stop although you can make arrangements directly with L&G to continue making your own payments. There may also be the option of transferring the value in your **Retirement Savings Account** to another arrangement. L&G will contact you after you have left the company to explain and you can access more information through their website.

When can I take my benefits?

You can normally take your benefits at any time from age 55. The Government have confirmed that the minimum retirement age will increase to 57 from 6th April 2028.

How will I know how much my retirement savings are worth?

Each year L&G produce a statement showing the value of your **Retirement Savings Account** which also gives an indication of what sort of future income your savings may produce. You can access this statement – and keep a regular check on your account – by using the 'My Account' facility on the L&G website.

Does it make a difference at what age I start saving for retirement?

There are no hard and fast rules about when or how much to save. The earlier you can start saving, the higher your potential benefits could be as more money will have been paid in and invested for longer. The 'My Account' and 'Planner' tools on the L&G website should help you when thinking about your savings. There are other sources of guidance too (see page 10). You could also consider speaking to an independent financial adviser (IFA) if you need help making these decisions: it is important to be clear about what an IFA will charge you before going ahead with such advice.

Which business entity employees me and who should I email to opt into the AE section?

• Boots Management Services Limited (BMSL) • Boots Opticians Limited (BOL)	Employees of BMSL or BOPS, should email *pensions@casemanagement.zellis.com*
• Boots International Management Services Limited (BIMSL) • Walgreen Boots Alliance Services Limited (WBASL) • Walgreen Boots Alliance Financial Services Limited (WBAFSL)	Employees of BIMSL, WBASL or WBAFSL should email *payroll@wba.com*

Help and **support**

Information in this booklet is aimed at helping you understand the importance of planning for your retirement, including some of the things you need to consider. You can get more information from a number of other sources and the key ones are shown below. Please remember that your employer or the pensions team are unable to provide individual financial advice.

Boots Retirement Savings Plan (BRSP)

Call the Pensions Team on 0115 959 1670 or email brsp@boots.co.uk.

- ⟶ To change contributions please submit the Contribution Option Form.
- ⟶ To cease contribitions (opt out) please submit the Opt Out Form.

If you have specific questions about your investment options, you should contact L&G on 0345 0265 006 or visit legalandgeneral.com/workplace/a/wba-boots.

Your options at retirement

The L&G website has information and tools that can help you understand your choices and how they work.

The Government has also set up The Money and Pensions Service (MaPS) and through its service known as Money Helper, you can access free and impartial guidance services to help you understand:

- ⟶ How different types of pension work
- ⟶ Things to consider when deciding how much you can or want to save
- ⟶ How to plan to use your **Retirement Savings Account** (and any other retirement savings you may have)
- ⟶ What might be tax free and what is not

MoneyHelper brings together the services previously provided by Money Advice Service, The Pensions Advisory Service and Pension Wise and can be accessed through the MaPS website - maps.org.uk.

Independent Financial Advice

If you need more detailed financial guidance on saving for retirement, you should consider getting expert advice. There are two types of financial advisers:

- ⟶ Independent Financial Advisers (IFAs) - They give unbiased advice on a range of financial products from different companies

- ⟶ Restricted Advisers - They give advice on a limited range of products and may specialise in one area such as Pensions. Sometimes they may only cover products offered by a limited number of companies.

Money Helper includes useful information on choosing a financial advisor. Before you take advice from anyone, you should check they are qualified and authorised to do so and make sure you understand their charging arrangements.

You can check if a fincancial adviser is registered with the Financial Conduct Authority (FCA) using their Financial Services Register - register.fca.org.uk.