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*A bespoke pension fund  
expertly tailored for the RBS group*

The Royal Bank  
of Scotland  
Group Pension Fund

*A guide for members*

## Introduction

The Royal Bank of Scotland Group Pension Fund delivers a pension based on your final pensionable salary and the time you've worked with the Group. In short, it's an employer-funded plan, which combines financial security with protection while you are building up benefits.

This booklet summarises the benefits available to you as a member of the Fund.

Over the years, several schemes from various companies that now make up the Group have merged, and these form what are referred to as different schedules of the Group Fund. The benefit structures of these schedules can vary slightly and you will already have been given details of any differences that may not be covered in this booklet, but which may apply in your circumstances.

In 2012 members were given the option to stay in their existing schedule, but contribute an additional 5% *RBS*elect** charge, or to earn benefits in a new schedule with a normal pension age of 65. You have the option to start earning benefits with a normal pension age of 65 every April at the Pension Election Window. This booklet details the benefits for most members under the two different options available:

- Option 1: Benefits accrued with a normal pension age 60 (if you chose this option then you will pay an additional 5% *RBS*elect** charge)
- Option 2: Benefits accrued with a normal pension age of 65

You can opt out of the Fund to free up more of your ValueAccount to use for other benefits or take in cash, but you should think carefully before giving up the valuable benefits provided by the Fund. These are summarised over the next two pages. If you opt out, you will not be able to rejoin.

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## Summary of benefits

### Pension benefits

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A pension for life

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The option to exchange part of your pension for a tax-free lump sum

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Increases to your pension and your dependants' pensions during payment of pension

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### Family benefits on death in service

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A tax-free lump sum of four times salary

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A pension for your spouse/partner (payable for life) and for your dependent children

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### Family benefits on death after retirement

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A lump sum equal to the amount you would have received over the first five years of payment, if you die within five years of first receiving your pension, minus any pension already paid to you

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A pension for your spouse/partner (payable for life) and for your dependent children

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### Benefits on leaving the Group

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If you have less than three months' qualifying service in the Fund, a refund of the value of your Additional Pensions Contributions (APeCs), if any, less tax

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If you have at least three months' but less than two years' qualifying service, a transfer value may be paid to a pension scheme provider of your choice. Alternatively you can have a refund of your Additional Pensions Contributions (APeCs), if any, less tax

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If you have at least two years' qualifying service, one of the following:

- A deferred pension
  - The option to transfer to another pension arrangement
  - A pension for your spouse/partner (payable for life) and for your dependent children
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### Extra benefits

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The opportunity for extra benefits by contributing to the Fund's Additional Pension Contributions (APeC) arrangements through *RBSselect*

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## Joining and contributions

### Eligibility and joining

You will be a member of the Fund if you were a permanent or fixed term contract employee of The Royal Bank of Scotland Group at 30 September 2006, and your contract of employment says you are eligible for membership. You automatically join the Fund when you become eligible unless you choose not to participate. Since 1 October 2006, the Fund has been closed to new members.

### Opting out

You may opt out of the Fund for future service while still working for the Group. You may do this through *RBS*elect** or by contacting Group Pension Services. Once you have opted out, you won't be able to rejoin. Your benefits will be calculated as if you had left the Group at the date you opted out.

### Transfers in

You may be able to transfer benefits from another pension arrangement if the Fund's Trustee agrees. Please contact Group Pension Services if you would like more information.

### Contributions

The Group pays the majority of the cost of benefits from the Fund. The Group pays contributions towards the cost of the benefits under the Fund, as agreed with the Trustee. If you are earning benefits under Option 1 (see page 7) then you are required to contribute an additional 5% *RBS*elect** charge to maintain the lower normal pension age.

Money paid into the Fund is held in a trust, the assets of which are entirely separate from the Group's money. All benefits are funded through this trust fund.

### Temporary absence

If you are away from work on maternity, adoption or paternity leave, your pensionable service will continue. For details of how your pension would be affected by other types of temporary absence, please contact Group Pension Services.

### Extra contributions

You may wish to build up extra pension benefits for a number of reasons:

- You may not be able to obtain the maximum service in the Fund, or
- You may wish to save for an early retirement, or
- You may just want a larger pension at normal pension age.

Additional Pensions Contributions (APeCs) give you the opportunity for tax-efficient saving through the Fund. You should, however, also consider other tax-effective savings products such as Individual Saving Accounts (ISAs) or stakeholder pensions, if appropriate to your circumstances.

APeCs could allow you to receive:

- Tax relief on your contributions at the highest rate of tax you pay. Your contributions are deducted from your salary before tax.
- Largely tax-free interest on your investment.

Your contributions will be invested in an account set up in your name, to provide you with additional benefits.

APeCs can only be changed during the Pension Election Window.

You can make tax-free contributions up to the Annual Allowance or limited by the *RBS*elect** restriction (benefits costing less than 70% of ValueAccount), whichever is lesser. When you retire, the value of your account will be used to buy extra pension for you or your dependants. Alternatively, it may be taken as part of your tax-free cash from the Fund.

If you die before drawing your pension, the value of your account will be paid to your beneficiaries as a tax-free lump sum.

For further information about your options, please contact Group Pension Services or refer to the *RBS*elect** pages.

## Give your benefit a boost

You don't have to make contributions to the Fund as an employee. You may, however, choose to make Additional Pensions Contributions (APeCs), which provide a tax-effective way to save for the future.

## How the Pension Fund works

### Option 1 and Option 2 benefits

In 2012 the Group gave members the option to stay in their current schedule and continue to earn benefits with a normal pension age of 60 (Option 1) or to move to a new schedule and earn benefits in the future with a normal pension age of 65 (Option 2). If members chose Option 1 then they are charged an additional 5% *RBSelect* charge, Option 2 has no additional charge.

### Members who have only Option 1 Service

If you have stayed in your original schedule and paid the additional 5% *RBSelect* charge then you should read this section. If you opted to move to the normal pension age 65 schedule then read the section titled “Members with Option 2 service”.

To show how the Fund works in real life, here are two examples:

#### Kate

Kate takes her pension at 60 with a final pensionable salary of £15,000. After 10 years’ pensionable service, her pension will be:

$$1/60 \times \text{£}15,000 \times 10 = \text{£}2,500 \text{ a year}$$

#### Ben

If Ben takes his pension at age 57 with a final pensionable salary of £30,000 after 30 years’ pensionable service, his pension will be:

$$1/60 \times \text{£}30,000 \times 30 \times 0.86 = \text{£}12,900 \text{ a year}$$

The reduction in pension to allow for early payment for a man aged 57 is currently 0.86. The reduction factor for early payment is determined by the Group and Trustee after considering actuarial advice and is subject to review from time to time.

## Benefits on retirement from Option 1

### Normal retirement pension

If you take your pension at normal pension age it will be worked out as in Kate’s example:

$$1/60 \times \text{final pensionable salary} \\ \times \text{pensionable service}$$

Your normal pension age is the earliest age at which you are entitled to an undiscounted pension from the Fund. In most circumstances this is age 60, but some employees have a normal pension age which is different from age 60 (you should contact Group Pension Services if you require any calculations as your benefits may be more complex than shown here).

The Group will allow you to continue employment after this date and receive credit for pensionable service accrued after your normal pension age.

If you were a member of The Royal Bank of Scotland Staff Pension Scheme before 1 January 2002, your pension will be reduced from State Pension Age by:

$$1/40 \times \text{State Pension deduction} \\ \times \text{pensionable service before} \\ 1 \text{ January } 2002$$

### Ordinary early retirement

With your Employer's consent, you may take ordinary early retirement with an immediate pension at any time from age 55. Your pension will be worked out in the same way as at normal pension age, based on your final pensionable salary and pensionable service at the time you retire, and reduced permanently according to your age of retirement.

The benefit is reduced due to the fact that it is expected to be paid over a longer period of time than it would if you had taken it at normal pension age.

If you take ordinary early retirement your pension will be worked out as in Ben's example:

$(1/60 \times \text{final pensionable salary} \times \text{pensionable service}) \times \text{the reduction factor}$

If you leave the Group at your Employer's request, other than for misconduct, you'll have the option to retire early without a reduction in benefits if you are age 55 or over.

In such a case, your pension benefit would be worked out as described for normal retirement, using your final pensionable salary at the time of leaving and pensionable service to date of leaving.

### Early retirement due to ill-health

You may retire before normal pension age due to incapacity if you have been absent from work for five years and six months, and have been receiving longterm disability benefits. But first the Trustee must review your request for early retirement and decide whether or not your condition meets the definition of incapacity. In such a case, your pension benefit would be worked out as described above, using your final pensionable salary at the time of retirement, but your pensionable service would assume you continued in service to age 60 (or your current normal pension age if different).

You may ask to retire without waiting until the end of the long-term disability period. If the Trustee agrees that your condition meets the definition of incapacity, your pension will be based only on service up to the date you retire unless the Group and Trustee agree otherwise.

### Late retirement

The Group will permit you to continue in employment beyond age 60, continuing in pensionable service until you take your pension or leave the Fund.

If you continue to work past age 60, you will continue to accrue additional pensionable service up to a maximum of 45 years' pensionable service. You may wish to consider transferring to Option 2 at age 60 to benefit from the late retirement factor offered.

## Members with Option 2 Service

If you have moved to the normal pension age 65 schedule then you will have two parts to your benefits: the pension earned before you moved schedule and the pension earned after. Please remember that you must take both of these parts of pension at the same time.

To show how the Fund works in real life, here are two examples:

### Gillian

Gillian moved to the normal pension age 65 schedule in April 2013. She takes her pension at 65 with a final pensionable salary of £20,000. She had 8 years service to April 2013 and has 5 years service after, her pension will be:

$$(1/60 \times £20,000 \times 1.3) + (1/60 \times £20,000 \times 5) = £5,133 \text{ a year}$$

The pension earned prior to April 2013 is increased to reflect the fact that it is being paid after age 60. The increase factor is determined by the Group and the Trustee after considering actuarial advice and is subject to review from time to time.

### Matthew

Matthew moved to the normal pension age 65 schedule in October 2012. He had 25 years service to October 2012 and when he takes his pension at age 63, he has an additional 5 years service since October 2012. His final pensionable salary is £30,000, his pension will be:

$$(1/60 \times £30,000 \times 25 \times 1.2) + (1/60 \times £30,000 \times 5 \times 0.9) = £17,250 \text{ a year}$$

The pension earned prior to October 2012 is increased to reflect the fact that it is being paid after age 60. The pension earned after October 2012 is reduced to reflect the fact it is being paid before age 65. The increase and reduction factors are determined by the Group and Trustee after considering actuarial advice and are subject to review from time to time.

## Benefits on retirement from Option 2

### Normal retirement pension

If you take your pension at age 65 it will be worked out as in Gillian's example:

$$(1/60 \times \text{final pensionable salary} \times \text{old schedule pensionable service} \times \text{the increase factor}) + (1/60 \times \text{final pensionable salary} \times \text{normal pension age 65 service})$$

Age 65 is the earliest age at which you are entitled to a fully undiscounted pension from the Fund. The Group will allow you to continue employment after this date and receive credit for pensionable service accrued after your normal pension age.

If you were a member of The Royal Bank of Scotland Staff Pension Scheme before 1 January 2002, your pension will be reduced from State Pension Age by:

$$1/40 \times \text{State Pension deduction} \times \text{pensionable service before 1 January 2002}$$

### Ordinary early retirement

With your Employer's consent, you may take ordinary early retirement with an immediate pension at any time from age 55. Your pension will be worked out in the same way as at normal pension age, based on your final pensionable salary and pensionable service at the time you retire, and reduced permanently according to your age of retirement.

The benefit is reduced due to the fact that it is expected to be paid over a longer period of time than it would if you had taken it at normal pension age.

If you take ordinary early retirement your pension will be worked out as in Matthew's example (factor will depend on age):

$$(1/60 \times \text{final pensionable salary} \times \text{old schedule pensionable service} \times \text{the increase/reduction factor from age 60}) + (1/60 \times \text{final pensionable salary} \times \text{normal pension age 65 service} \times \text{the reduction factor from age 65})$$

If you leave the Group at your Employer's request, other than for misconduct, you'll have the option to retire early without a reduction in benefits if you are age 55 or over.

In such a case, your pension benefit would be worked out as described for normal retirement, using your final pensionable salary at the time of leaving and pensionable service to date of leaving.

#### Early retirement due to ill-health

You may retire before normal pension age due to incapacity if you have been absent from work for five years and six months, and have been receiving longterm disability benefits. But first the Trustee must review your request for early retirement and decide whether or not your condition meets the definition of incapacity. In such a case, your pension benefit would be worked out as described above, using your final pensionable salary at the time of retirement, but your pensionable service would assume you continued in service to age 65.

You may ask to retire without waiting until the end of the long-term disability period. If the Trustee agrees that your condition meets the definition of incapacity, your pension will be based only on service up to the date you retire unless the Group and Trustee agree otherwise.

#### Late retirement

The Group will permit you to continue in employment beyond age 65, continuing in pensionable service until you take your pension or leave the Fund.

If you continue to work past age 65, you will continue to accrue additional pensionable service up to a maximum of 45 years' pensionable service.

## Additional retirement benefits

#### Payment of pensions

Under both Option 1 and Option 2 your pension will be paid monthly and is taxed in the same way as earned income. Payment is made directly into your UK bank account.

#### Pension increases

Increases awarded to pensions in payment apply to pensions paid to members or their dependants.

Your pension will automatically increase each year in line with price inflation, up to a maximum level depending on when you commenced employment with the Group, and which schedule of the Group Fund you are a member of. In the majority of circumstances, the annual increase will be price inflation up to a maximum of 5% per annum. However:

- If you joined the Group after 30 June 2005, the maximum increase is 2.5%.
- If you were previously a member of The Royal Bank of Scotland Staff Pension Scheme, the maximum increase for pension relating to service before 6 April 1997 is 3%.

Further increases may be granted at the discretion of the Trustee and the Group, with regard to the financial impact on the Fund and after taking actuarial advice.

#### Tax-free lump sum option at retirement

Whenever you begin to draw your pension, you have the option of exchanging part of your pension for a tax-free lump sum. Of course, the pension benefit paid to you will be reduced to take account of this payment.

Your remaining pension benefit must not be smaller than the minimum needed to meet contracting out requirements. The maximum lump sum you can take is 25% of the value of your benefits in the Group Fund (subject to a maximum of 25% of the Lifetime Allowance).

See the example on page 14.

Any dependant's pension payable on your death after retirement will be based on your full pension, and will not be reduced because you have exchanged part of your pension for a lump sum.



## Tax-free lump sum

### Nigel

Nigel takes his pension at age 64, his full pension at this age (calculated as set out above) is £12,000. He decides to exchange £2,000 of his pension for a lump sum.

The amount of lump sum paid for each £1 of pension given up for a man aged 64 is currently £13.8:

**His lump sum will be £2,000 x 13.8 = £27,600 and his reduced pension will be £10,000 a year**

The rates of exchange for converting pension to a lump sum are subject to review from time to time by the Trustee and the Group.

## Family benefits

### Death in service

If you die on or before normal pension age, while you are still working for the Group, your dependants will receive the following benefits:

#### Lump sum

A lump sum equal to four times your salary element will be paid to your spouse/partner, relatives, dependants or anyone else nominated in writing by you. The Trustee has discretion over who this benefit is paid to.

#### Spouse's/civil partner's pension

Equal to 50% of your prospective pension based on your final pensionable salary at death and the pensionable service you would have completed by normal pension age. Note that this will be calculated to age 60 under Option 1 and age 65 under Option 2 as it is prospective service to normal pension age that is used.

#### Partner's pension

Equal to the spouse's/civil partner's pension, as calculated above, and paid instead of the spouse's/civil partner's pension.

### Children's pension

Equal to a percentage of your prospective pension, depending on the number of children you have:

- One child 20%
- Two children 35%
- Three or more children 50%

If no spouse/civil partner or partner's benefit is payable, the children's pension benefit will be increased:

- One child 50%
- Two children 70%
- Three or more children 100%

Your children qualify if they are 18 or younger (23 or younger if pursuing full-time education).

You should complete a Lump Sum Nomination Form, available from Group Pension Services or online, to let the Trustee know your wishes. The Trustee must have discretion over who should receive the lump sum, although they will always consider your wishes when making a decision. Payment is made in this way so that your beneficiaries can receive the lump sum benefit, free of tax.

Remember to update your Lump Sum Nomination Form immediately if your circumstances change.

If you are not married/have not entered into a civil partnership, you may nominate a qualifying partner by completing a Partner/Dependant's Pension Nomination Form available from Group Pension Services or online.

At the request of the beneficiaries, the Trustee may pay a lump sum instead of part of any spouse/partner pension or children's pension, subject to any statutory restrictions.

#### Death after retirement

Should you die after you retire, your dependants will receive the following benefits:

#### Five-year pension guarantee

If you die within the first five years of receiving your pension, the balance of the first five years' payments will be paid to your dependants as a lump sum. The amount they receive will be based on the rate at which pension benefits were being paid to you on the date of your death. Consider completing a Lump Sum Nomination Form for this lump sum.

#### Spouse's/civil partner's pension

Equal to 50% of your full pension, before any reduction for 'tax-free lump sum option' benefits taken at retirement.

#### Partner's pension

Equal to the spouse's/civil partner's pension, as calculated above, and paid instead of the spouse's/civil partner's pension.

#### Children's pension

Equal to a percentage of your full pension before any reduction for 'tax-free lump sum option' benefits taken at retirement. The percentage depends on the number of children you have:

- One child 20%
- Two children 35%
- Three or more children 50%

If no spouse/civil partner or partner's benefit is payable, the children's pension benefit will be increased:

- One child 50%
- Two children 70%
- Three or more children 100%

Your children qualify if they are 18 or younger (23 or younger if pursuing full-time education).

The spouse's/civil partner's pension may be reduced if you married/entered into a civil partnership after normal pension age and die within six months of marriage/civil partnership.

If you are not married/have not entered into a civil partnership, you may nominate a qualifying partner by completing a Partner/Dependant's Pension Nomination Form available from Group Pension Services.

#### Death after leaving the Group

If you die after you leave employment with the Group, but before you take your pension, your dependants will receive the following benefits:

#### Spouse's/civil partner's pension

Equal to 50% of your deferred pension at the date of death.

#### Partner's pension

Equal to the spouse's/civil partner's pension, as calculated above, and paid instead of the spouse's/civil partner's pension.

#### Children's pension

Equal to a percentage of your deferred pension at the date of your death, depending on the number of children you have:

- One child 20%
- Two children 35%
- Three or more children 50%

If no spouse/civil partner or partner's benefit is payable, children's pension benefit will be increased:

- One child 50%
- Two children 70%
- Three or more children 100%

Your children qualify if they are 18 or younger (23 or younger if pursuing full-time education).

If you are not married/have not entered into a civil partnership, you may nominate a qualifying partner by completing a Partner/Dependant's Pension Nomination Form available from Group Pension Services.

#### Note

If you are female and had service in the National Westminster Bank Pension Fund prior to 1 April 1988, this service will not usually count towards Family Benefits. You may contact Group Pension Services for more details.

## Benefits on leaving the Group

If you have less than three months' qualifying service, the benefit you will receive is a refund of the value of any Additional Pensions Contributions (APeCs) you made to the Fund, less tax. You will be reinstated in the State Scheme for your period of membership.

If you have at least three months' but less than two years' qualifying service, you have the choice of:

- Transferring your pension rights earned in the Fund to the pension provider of your choice, or
- A refund of the value of any Additional Pensions Contributions (APeCs) you made to the Fund, less tax.

The transfer value will be calculated on the same basis as detailed in the next section. If you do not complete the transfer within a specified time after leaving service, you will lose the right to the benefit.

If you have at least two years' pensionable service in the Fund, you can choose to defer your pension or transfer your benefits to another pension arrangement.

### A deferred pension

You can leave your benefits in the Fund until you take your pension. Your deferred pension will be worked out as described for a normal retirement pension, based on your final pensionable salary and pensionable service at the time you leave. Your pension will be increased in line with price inflation up to 5% for each complete year between leaving and when you take your pension (no earlier than age 55 unless ill-health).

If you die before you start to draw your pension, your spouse/partner and children will receive pensions as described on page 15 based on your deferred pension increased to the date of your death. You can draw your deferred pension at normal pension age, or from age 55 with the Trustee's consent.

You can contact Group Pension Services for further information about the early retirement option nearer to the time of your retirement.

Your pension will be reduced if paid early, to account for the longer period of time over which the pension may be paid. If you are suffering from incapacity you may be able to draw your deferred pension before reaching age 55.

### A transfer

You can request a transfer of your benefits to another pension arrangement – that is, a new employer's plan, a personal pension, a stakeholder pension or an insurance policy.

The transfer value payable will be the value of your benefits under the Fund and will be calculated in two stages:

1. An estimate of the amount that would be needed to pay your own benefits at retirement and your spouse's/partner's and children's pensions on your death
2. An estimate of the sum that would need to be invested today to produce that amount by normal pension age – this will be your transfer value.

This calculation is based on various assumptions, including those on future investment returns, inflation rates and average life expectancy.

It is worked out in a way that is agreed upon by the Fund's Trustee on advice from the Fund's actuary. The transfer value includes an allowance for both guaranteed pension increases and for

discretionary increases to account for the effects of inflation. An adjustment is then made to reflect current conditions in the investment markets and, because of that, transfer values can go down as well as up. You may normally request a quotation of your transfer value once a year. The Trustee reserves the right to make a charge for any additional quotations. The amount is then guaranteed for three months. If you do not transfer within that period, you forfeit the right to transfer for another year unless the Trustee agrees otherwise.

If you have made any APeCs or have any money purchase benefits within the Fund, the transfer value of the APeCs or money purchase benefits is simply the value of your investments at the date of transfer. The three-month guarantee, therefore, is not relevant to these investments.

## Your Fund and the State Pension

The State currently provides two levels of retirement benefit:

### Level 1

The basic State Pension, which is paid at a flat rate to anyone who has made sufficient National Insurance (NI) contributions during their working life. The State Pension age for women will gradually increase from 60 to 65 over the period 2010 to 2018 and will then increase from 65 to 66 for both men and women by 2020 and continue to increase after that. To work out your state pension age go to:

<http://www.pensionsadvisoryservice.org.uk/state-pensions/state-pension-age-calculator>

### Level 2

The State Second Pension (S2P). Your level of pension under the State Second Pension depends on your earnings between the lower and upper earnings limits (earnings on which you pay NI contributions).

As a member of the Fund, you are contracted out of the earnings related element of the State scheme. This means the S2P portion of your State Pension is replaced by your pension from the Fund. Consequently, you and your Employer will normally pay reduced NI contributions.

To contract out, the Fund must satisfy the reference scheme test. This certifies that the Fund meets a high Government-set standard which allows it to contract out of State-sponsored plans.

There are certain minimum requirements as to how, when, and to whom the contracted out minimum benefits may be paid. You will be told if this affects your benefit options when these become payable.

## Other important information

### Benefits for part-timers

If you work part-time, you will receive benefits in the same way as all other members. Pension benefits will be based on the pensionable salary that you would have had if you worked full-time. However, your years of pensionable service are scaled down in proportion to the hours of a full-time worker. Lump sum benefits payable on death in service are based on your actual pensionable salary.

### HM Revenue & Customs allowance

The payment or building up of benefits which are in excess of the Annual Allowance or Lifetime Allowance may result in additional tax liabilities for a member.

### Tracing your benefits

A pensions registry has been set up to help people who have lost contact with a pension plan in which they have deferred benefits. Information about your Fund has been supplied to this registry. If you should ever need the service, you should apply in writing to:

Pension Tracing Service  
The Pension Service  
Tyneview Park  
Whitley Road  
Newcastle upon Tyne  
NE98 1BA

Tel: 0845 6002 537

### Data Protection Act 1998

All information concerning employees and their dependants is held under the provision of the Data Protection Act 1998. The Trustee is regarded as the Data Controller in respect of the data, and any queries in relation to data protection should be addressed to Group Pension Services at the address shown on page 25. Data will be treated by the Group and the Trustee and any third party as confidential. It may be used for both employment and Fund administration purposes and the persons to whom the data may be disclosed will include any insurance company, or other organisation concerned with the administration of the Fund. By joining the Fund you are signifying that you give your consent for the Trustee to hold the necessary data to calculate your benefits and to use the data for any purpose necessary for the administration of the Fund.

Some data (e.g. in relation to your health or personal life) is regarded as 'sensitive personal data' and cannot be used without your specific consent at the time. Therefore, any application for ill-health retirement will require your consent to use the relevant data on your state of health.

Whilst the information held by the Trustee is used primarily for the purpose of administering the Fund, the Trustee may authorise the use of certain data for sending you details of products provided by companies of the Group. A general description of the categories of people and organisations to whom the information may be disclosed is listed on the Data Protection register. You may inspect this or obtain a copy from the Information Commissioner's Office.

### Fund amendments

While the Group intends to continue to allow members to build up benefits for future service, it reserves the right to alter the Fund in the future, with the consent of the Trustee, and subject to the Trust Deed and Rules of the Fund.

### Divorce

A Court may make an order on your pension benefits under the Fund as part of your divorce proceedings. The Trustee must comply with any order made by the Court. This order may ' earmark ' a percentage of your benefits on retirement or death to be paid to your ex-spouse. Alternatively, for divorce proceedings started on or after 1 December 2000, the Court may make a pension sharing order, whereby your pension benefits will be split between you and your ex-spouse. Your own pension benefits will be reduced by an amount declared in the Court order, and your ex-spouse will receive a credit for this amount. Your ex-spouse will be required to transfer their pension credit to another pension arrangement. The Fund will not allow pension credits resulting from pension sharing orders to remain invested in the Fund.

Further details can be obtained in a special 'Pensions & Divorce' leaflet, which has been prepared to help members understand the processes involved. You can obtain a copy of the leaflet from Group Pension Services.

### Dissolution of civil partnerships

The dissolution of a civil partnership will generally be treated in the same way as a divorce.

### Resolving disputes

The Trustee aims to run the Fund in the interests of all members. If you do have a problem, you can always raise it informally by contacting Group Pension Services. If this does not resolve the problem, there is a formal dispute resolution procedure you should follow. More information is available from Group Pension Services. You can also take your case to the Pensions Advisory Service (TPAS) at any time during the dispute procedure. TPAS offers advice to help the people concerned to resolve disputes between a member and the Trustee or administrators of an occupational or personal pension plan.

If TPAS or the internal procedure cannot settle your dispute, you can then apply to the Pensions Ombudsman. The Ombudsman has been appointed to oversee disputes which cannot be resolved on a voluntary basis, and can deal with legal points, with any decision made being

legally binding on everyone concerned, subject to appeal to the High Court. Both the Pensions Ombudsman and TPAS can be contacted directly at:

11 Belgrave Road  
London SW1V 1RB

Tel: 020 7630 2200  
(Pension Ombudsman)

Tel: 0845 6012 923 (TPAS)

### The Pensions Regulator

The Pensions Regulator is responsible for overseeing the running of occupational pension schemes in the UK. The Pensions Regulator has wide ranging powers and is able to intervene in the running of pension schemes where Trustees, employers or professional advisers fail in their duties. The Pensions Regulator can be contacted at:

Napier House  
Trafalgar Place  
Trafalgar Street  
Brighton  
East Sussex BN1 4DW

Or on 0845 600 0707 or at:

customersupport@tpr.gov.uk

### Combined pension forecasts

Each year, the Group distributes a personalised Total Reward Statement to employees of the Group. Included in this statement are details of the pension benefits you could expect to receive from the Fund at retirement, together with those that would be provided if you die in service.

In addition to the pension from this Fund, most members will also receive a pension from the State.

Following the launch of an initiative by the Government called 'Combined Pension Forecasts', we are able to provide you with combined details of both your Fund pension and State Pension in the Total Reward Statements which are distributed by the Group each year.

To enable us to provide this additional information for you, the Group needs to send some information about you to the Department for Work & Pensions (DWP).

The information that will be sent is as follows:

- Your surname or family name
- Your forenames
- Your gender
- Your date of birth
- Your National Insurance number
- Your employee reference number.

In return, the DWP will then be able to tell us about:

- The State Pension you have earned so far
- What your State Pension is likely to be when you take your pension
- The age at which you can receive a state retirement pension.

However, if you do not want us to send this information to the DWP, then you must register your objection with Group Pension Services. If you do this, your future Total Reward Statements will not include this State Pension information.

Even if you do not currently object to our giving information about you to the DWP, you may do so at any time in the future by contacting Group Pension Services.

### Opting out and RBSelect

Please note that whilst all members have the right to opt out of the Group Fund at any time, references to freeing up ValueAccount as a result do not apply if you are not RBSelect eligible.

### Any further questions?

The Pensions Act 1995 gave members further rights to information about the Fund. For example, you may ask to see the Statement of Investment Principles drawn up by the Trustee.

The Trustee has a good track record of keeping members informed about the progress of the Fund – every year it produces a readable summary of the Fund report and the full report is always available on request. If there is anything else you would like to know about your benefits or the Fund in general, Group Pension Services will be happy to help.

### Group Pension Services

Group Human Resources  
The Royal Bank of Scotland Group  
City Link House  
4 Addiscombe Road  
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email: [RBS-staffpensions@rbs.co.uk](mailto:RBS-staffpensions@rbs.co.uk)

Tel: 0808 100 4242

This publication is also available in alternative formats. If you wish to receive this publication in Braille, Large Print or Audio please contact Group Pension Services.

## Definition of terms

**Actuary** An independent person or firm that is professionally qualified to give advice as to the financial position of The Royal Bank of Scotland Group Pension Fund (the Fund). The actuary will also give advice regarding the future funding of the Fund and other financial matters.

**Annual Allowance** The Annual Allowance is the amount by which the value of your pension can grow each year without losing tax relief. The Annual Allowance from 6 April 2012 is £50,000, reducing to £40,000 from 6 April 2014. Subsequent changes to the Annual Allowance will be set by the Government.

**Civil partner** The person with whom you have entered into a civil partnership, at the time of your death, under the Civil Partnerships Act 2004.

**Contracted out** As a member of the Fund, you do not participate in the State Second Pension Scheme. This results in reduced National Insurance contributions for you and your employer.

**Deferred pension** The pension you have earned up to the date you leave the Fund and held for you until your normal pension age.

**Dependant** A person who is dependent or interdependent on you for financial support.

**Earnings cap** A cap on earnings used for calculating pension contributions and benefits. Reviewed by the Group each year, the cap is set at £130,009 for the 2012/13 tax year and £132,609 for the 2013/14 tax year.

**Employer** The company within The Royal Bank of Scotland Group that employs you.

**Final pensionable salary** The 12 best consecutive months of pensionable salary that you have had in your last five years of membership in the Fund.

**Fund** The Royal Bank of Scotland Group Pension Fund.

**Group** The Royal Bank of Scotland Group plc or any subsidiary company with specific powers under the Fund including National Westminster Bank plc as the principal employer for the Fund.

**GMP** A part of your pension similar in amount to the earnings related State Pension you would have received for service between 6 April 1978 and 5 April 1997 if you had not been Contracted-out of the state scheme.

**Incapacity** A physical or mental incapacity that prevents you from following your normal occupation with any employer. The Trustee will make the final decision as to whether or not your condition meets the requirements for incapacity.

**Lifetime Allowance** The Lifetime Allowance is the total value of all your private and occupational pension provision (excluding any State Pension) which you can build up without incurring an additional tax charge. The Lifetime Allowance from 6 April 2013 is £1.5 million, reducing to £1.25 million from 6 April 2014. Subsequent changes to the Lifetime Allowance will be set by the Government.

**Lower earnings limit** Set by the Government each year, the minimum amount you must earn before you are required to make National Insurance contributions (£5,568 a year as of April 2012).

**Normal pension age** The age at which you are entitled to take your pension without adjustment under the scheme rules. This is age 60 under option 1 and age 65 under option 2. Pension can be taken at any age from 55, although consent may be required.

**Option 1** Refers to the option to continue to earn benefits with a normal pension age of 60 in return for paying an additional 5% *RBSselect* charge.

**Option 2** Refers to the option to move to the normal pension age 65 schedule and earn benefits going forwards under this schedule. The choice to move to Option 2 is given every April as part of the Pensions Election Window.

**Partner** The person who has co-habited with you for at least six months, and who is financially dependent on you when you die, and whom you have nominated as a qualifying partner for approval by the Trustee. You can nominate your Partner only if you have no spouse/civil partner.

**Pensionable salary** This is the Pensionable Salary that you are informed of annually. Increases in Pensionable Salary take place each 1 April and are subject to an annual limit which is the lowest of:

- The actual percentage increase in your salary or
- The annual rate of increase in UK Consumer Price Index (CPI) over the 12 months ending on the previous 30 September or
- 2%

**Pensionable service** Complete years and months of Fund membership. The maximum service under Option 1 is 40 years before age 60 and an additional 5 years available after age 60. Under Option 2 the maximum service is 45 years.

**Qualifying service** Your pensionable service in the Fund plus any years of service relating to pension benefits you have transferred in from another pension arrangement.

**Salary** Your basic salary, or the salary element of your ValueAccount.

**Spouse** The person to whom you are legally married at the time of your death and who normally resides with you.

**State pension deduction**

An amount equal to 30% of the annual basic flat-rate State pension for a single person at the time of the benefit calculation.

**Trust** An arrangement where a trustee holds assets or money for the benefit of the members in accordance with the terms set out in a trust deed. Any money placed in the Trust by the Group or members will be held separately from the Group's other assets. The use of a trust for pension schemes also achieves tax advantages for the Fund and its members.

**Trustee** RBS Pension Trustee Limited, appointed to oversee the running of the Fund in the best interests of the members and in accordance with Fund Rules. The Trustee company is staffed by directors who are nominated to their posts by the Group and by members of the Fund. These directors include current active members and pensioners of the Fund.

**Upper earnings limit** Set by the Government each year, the maximum amount of earnings on which you must make National Insurance contributions (£42,480 a year as of April 2012).

The Fund is set up under a trust and the full details of the terms and conditions are set out in the formal Trust Deed and Rules.

The purpose of this booklet is to describe the benefits of the Fund and we've taken care to make sure it's a correct summary of the Rules. However, please note that this booklet does not confer any entitlement to benefits. This can only be conferred by the Trust Deed and Rules. If there is any discrepancy between this booklet and the Trust Deed and Rules, the Trust Deed and Rules will prevail. A copy of the Trust Deed and Rules is available from Group Pension Services.

This booklet is based on current tax and other legislation, which may change.

The Fund is registered with HM Revenue & Customs under Chapter II, Part IV of the Finance Act 2004.



The Royal Bank of Scotland Group plc  
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