

Defined Benefits Scheme

- Often called a final salary scheme.
- The amount of your pension will depend on how many full years service with the company you have as well as your final salary (or average salary) when you leave.
- Any contributions you make will be tax free up to £40,000 a year.
- This calculation is done on 1/60s or sometimes 1/80s.
- If you have 21 years service with the company then you would get 21/60s or 21/80s of your final salary as a pension depending on the scheme.
- Retirement age will be in line with company policy (often 60 or 65)
- Can be taken earlier if all parties agree but benefits will be reduced.
- 25% tax free lump sum is still available - calculated on a notional pension pot. This will also reduce your monthly pension.
- Monthly benefit may well be increased in line with inflation.
- On death a proportion will be paid to your partner. This ceases after their death.

- You can transfer out of this scheme until you have drawn your pension.