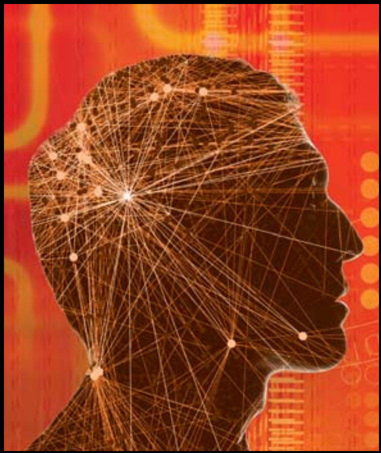
>> EDUCATION

BLACKROCK

YOUR PENSION
PREPARE FOR AN ENJOYABLE RETIREMENT >>>



GET READY FOR THE LIFE YOU WANT IN RETIREMENT

We all know that there's no quick fix to achieving an enjoyable retirement. It takes some planning and preparation. BlackRock can help by making the joining process as straightforward as possible.

This brochure explains what saving for a pension involves – in plain English – and why it has become essential to take control of your own pension.

The quotes you see within this brochure are taken from real pension scheme members, as part of our ongoing research into improving communication about pension savings.

Read on to:

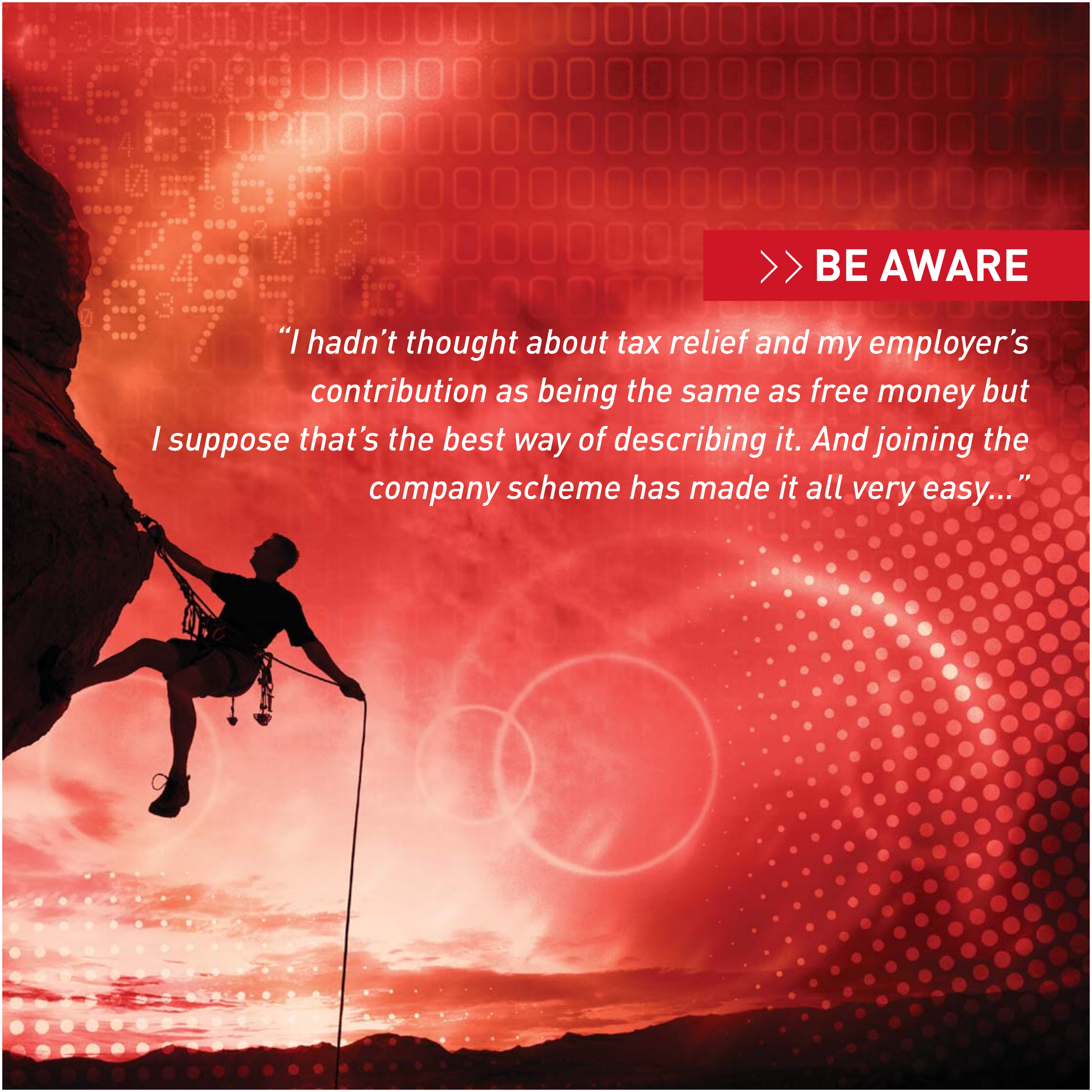
- find out where you are today on the Life Journey Planner
- look at how your finances might change between now and retirement
- see what you can do to help achieve the lifestyle you want in retirement

Visit **www.blackrock.co.uk** and we'll be happy to help with any questions you may have.

"I'll get a pension from the state when I retire, so why should I need to pay money into a separate scheme?"

Did you know that in the UK in just over 20 years there are going to be 4 million more pensioners than children? The government is struggling to find ways of ensuring that everyone receives an adequate pension – there are so many of us living so much longer. If you are relying on the basic state pension as your only source of income in retirement, the picture looks bleak. Many people feel that the basic state pension would barely cover their food and other living costs let alone provide for the things they want to enjoy in life, like birthdays, hobbies and holidays. Saving for yourself has never been more important.

Current basic state pension allowance 2008-2009	
Individuals	Couples
£90 a week – that's only just over £4,700 a year	£145 a week – that's only just over £7,500 a year



>> BE AWARE

"I hadn't thought about tax relief and my employer's contribution as being the same as free money but I suppose that's the best way of describing it. And joining the company scheme has made it all very easy..."

WHY START NOW?

We know you've heard this before but It's never too early to start: the sooner you start saving the better, quite simply because the longer your money is invested, the more time it has to grow in value.

Joining a company pension scheme makes it especially easy for you because the administration is taken care of on your behalf. And if your employer adds to the money that you save (which many do) you boost your pension savings even further. If you have yet to join your employer's pension scheme, you may be turning down 'free' money or, in other words, the opportunity to significantly increase the value of your pension savings and subsequent retirement income.

Tax relief = free money

That's right. You get tax relief on the personal contributions paid into your pension, even if you don't earn enough to pay income tax. The pension provider claims back tax from the Government at the basic rate of 20 per cent. For example for every £80 you pay into your pension plan, you end up with £100 in your pension savings. If you are a higher rate taxpayer, you can get up to 40% tax relief.

"I can't afford to pay into a pension"

Today's experts would say that in most cases you can't afford not to. It is clear that relying on the state pension alone will not provide you with a good standard of living in retirement and why throw away the chance to benefit from the 'free money' you would get from tax-relief and contributions your employer may make on your behalf?

When you're in your 20s

You probably feel you've got plenty of time to save up for your retirement and for now you would rather spend your money on having fun. But it's worth bearing in mind that a person who starts saving at 20 could build a pension fund of nearly twice as much as that of someone who leaves it until their 30s. Or to put it another way, if you start saving now it is going to cost you a lot less in the long run to achieve a decent standard of living in retirement.

>> BE INFORMED

"I was amazed when the calculations showed that if I'd started just five years earlier how much money I would have saved and how much less it would have cost me to get a decent level of income in retirement"

LEARN THE FACTS ABOUT JOINING A PENSION SCHEME – WHAT'S IN IT FOR YOU?

How does it work?

- You pay contributions to us, and your employer may also make contributions on your behalf.
- You get tax relief on your personal contributions to the scheme.
- You do not pay any tax on contributions that your employer may be making on your behalf.
- Contributions are then invested in line with the options you have selected (you can either leave all the investment decisions to our professionals or choose where and how your money is invested).
- You will receive a statement each year showing you the value of your plan and an illustration of the pension that you might expect to receive.
- You will be able to monitor your account balance, transactions, and contributions. You will also be able to use our online pension calculator to plan ahead and help you make decisions to achieve the lifestyle you want in retirement.
- We provide you with plenty of information and guidance along the way that you can access online or request by phone or email.
- Just before you reach your chosen retirement age we will write to remind you of the options available.

When you're in your 30s and 40s

The chances are that life is progressing at a hectic pace – you're juggling work with family commitments and still trying to enjoy a decent quality of life – all of which is a drain on your resources. At the same time, you want the kind of lifestyle you've worked so hard for to continue for as long as possible. So, bear in mind that you can top up your pension payments to give yourself a better chance of achieving your retirement income goals, and in most cases you can transfer the value of your pension savings to another Scheme if you move jobs.

TOM'S LIFE PLAN

20 YEARS OLD

Tom left college and started work. He earned **£15,000** a year and was entitled to join the company pension scheme, which he did at the first opportunity.

By making contributions of **5%** of his salary a month, Tom was eligible for a matching **5%** contribution from his employer.

This meant his **£50** contribution actually amounted to **£62.50** with tax relief and his employer matched this. The total amount paid in on Tom's behalf added up to **£125** each month and it was only costing him **£50**.

30 YEARS OLD

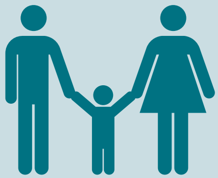
Tom bought his first home but remained with the same employer and continued with the **5%** contribution to the pension scheme.

His total contributions rose to **£208** each month because his annual salary had increased to **£25,000**.

35 YEARS OLD

Having started a family with all the extra costs this entails, Tom reduced his personal pension contributions to **3%**.

His employer continued to match this contribution and as his annual salary had by this time reached **£30,000**, total contributions of **£150** were invested on Tom's behalf each month.



Note: The pension estimates have been calculated in accordance with Technical Memorandum TM1: Statutory Money Purchase Illustrations.

40 YEARS OLD

Tom changed his job. He now earned **£40,000** and the pension scheme available was even better.

For every **5%** contribution Tom invested, his employer paid in double. Now Tom had total contributions of **£500** being invested on his behalf each month.

Tom also transferred the fund he had built up from his other scheme into his new employer's arrangement.

50 YEARS OLD

By age 50 Tom was able to pay off his mortgage. Now with an annual salary of **£45,000** and still in the Scheme, **£562.50** a month was being invested on his behalf.

Tom then decided to pay additional contributions of **5%** (which were not matched by his employer) and so for the next few years, the total contributions on his behalf were **£750** each month.

60 YEARS OLD

Tom retired and took the **25%** tax-free cash from his entire pension fund before using the remainder to buy a pension.

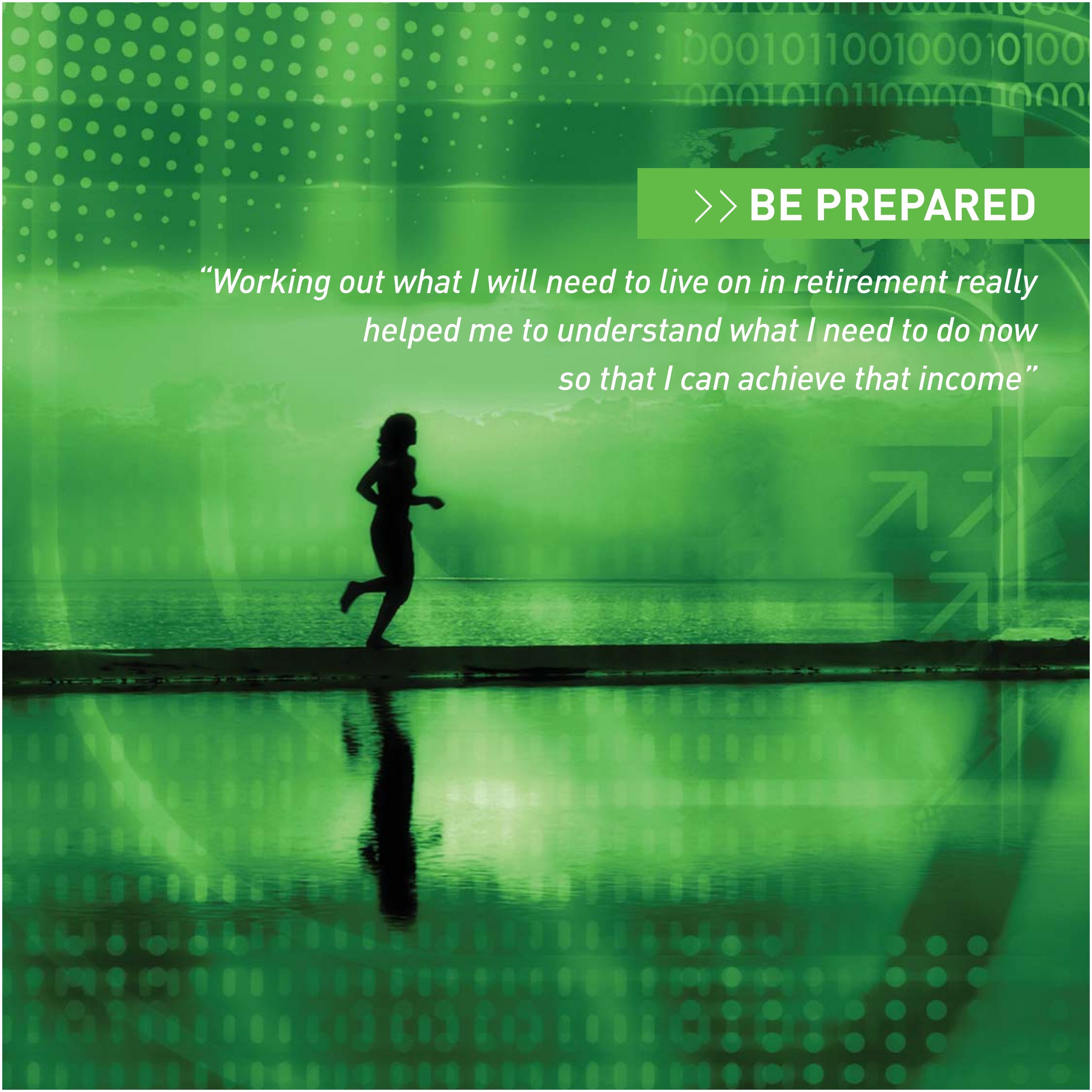
He received **£90,000** tax free cash, and purchased a pension that gave him an income of **£19,000** a year.

Tom was also entitled to **£5,000** a year from the state

Note: The pension estimates have been calculated in accordance with Technical Memorandum TM1: Statutory Money Purchase Illustrations.

>> BE PREPARED

"Working out what I will need to live on in retirement really helped me to understand what I need to do now so that I can achieve that income"



WHAT ARE YOU PLANNING FOR?
HOW DOES IT COMPARE TO TOM'S JOURNEY?

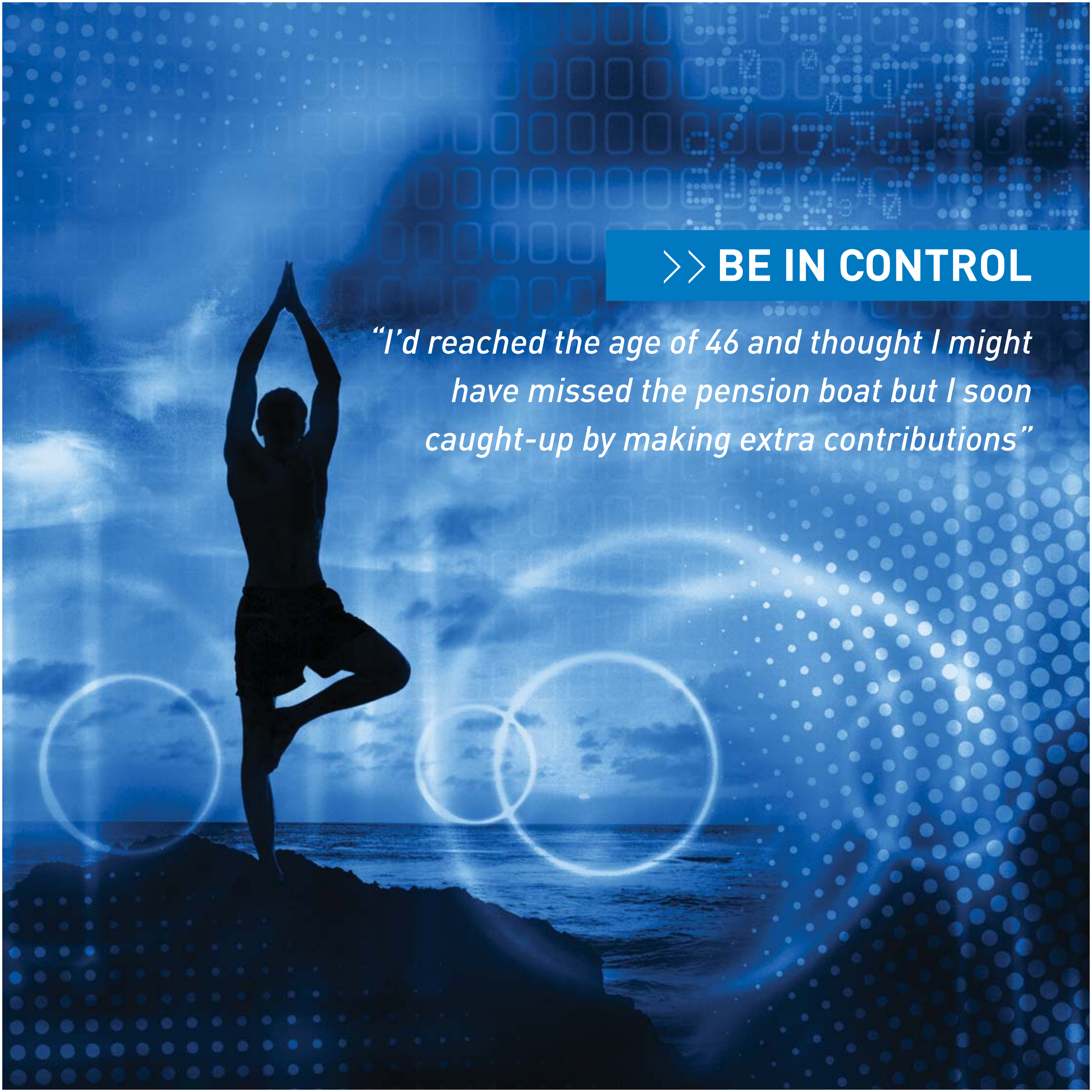
Looking back over the years, Tom's journey shows how he adjusted his pension contributions depending on his circumstances at the time. He started saving early and consistently made regular contributions. When he changed his job he was able to take advantage of a better pension scheme, which meant that overall, he built up a good pension account that gave him an enjoyable retirement. His one regret is that he did not make larger additional contributions, which he says "would have had little impact on my finances back then but would make a big difference to me now".

Just 3% more each month could have given Tom an extra £80,000 in his pension savings at retirement.

Where are you right now?

- just starting out in your working life
- wanting to buy your own place
- gearing up for the responsibilities of family life
- facing life without your partner and needing to make adjustments
- winding down and looking forward to some time away from work?

At whatever stage you are in your life, and whatever your circumstances, planning for an enjoyable retirement is time and money well-spent.


>> BE IN CONTROL
"I'd reached the age of 46 and thought I might have missed the pension boat but I soon caught-up by making extra contributions"

WHAT IF I MOVE JOBS OR I'M A LATE STARTER?

Don't worry. Your pension is not tied to your job and so if you move on you can easily transfer the value of your pension account to another registered pension scheme. Many people find that they have accumulated a number of pension accounts over the years as they've moved from one job to another. You can continue to make personal contributions to one or more of these accounts or you may decide that there are advantages to having your entire pension savings invested in one place.

And if you've left starting a pension until later in life, you may want to maximise the amount of money you save by making additional contributions i.e. extra savings in addition to your regular contributions. It can be worth considering paying additional contributions if you:

- haven't been able to join a pension scheme from the start of your career
- plan to retire before the usual retirement age
- have taken a career-break (e.g. for further education or family reasons)
- would like to be able to secure additional retirement income benefits, either in the form of an increased income for yourself, or to ensure that you can afford to arrange for your pension income to be redirected to your wife, husband or children (or other dependants) when you die.

For help with decisions like these please visit our website www.blackrock.co.uk/pensions where you will find additional information and guidance.

"How can I work out how much I need to save?"

Why not use our **online calculator?** It will help you to plan ahead, guiding you through the decision-making process. The calculator enables you to set a target income in retirement and to work out how much you will need to save in order to reach it.

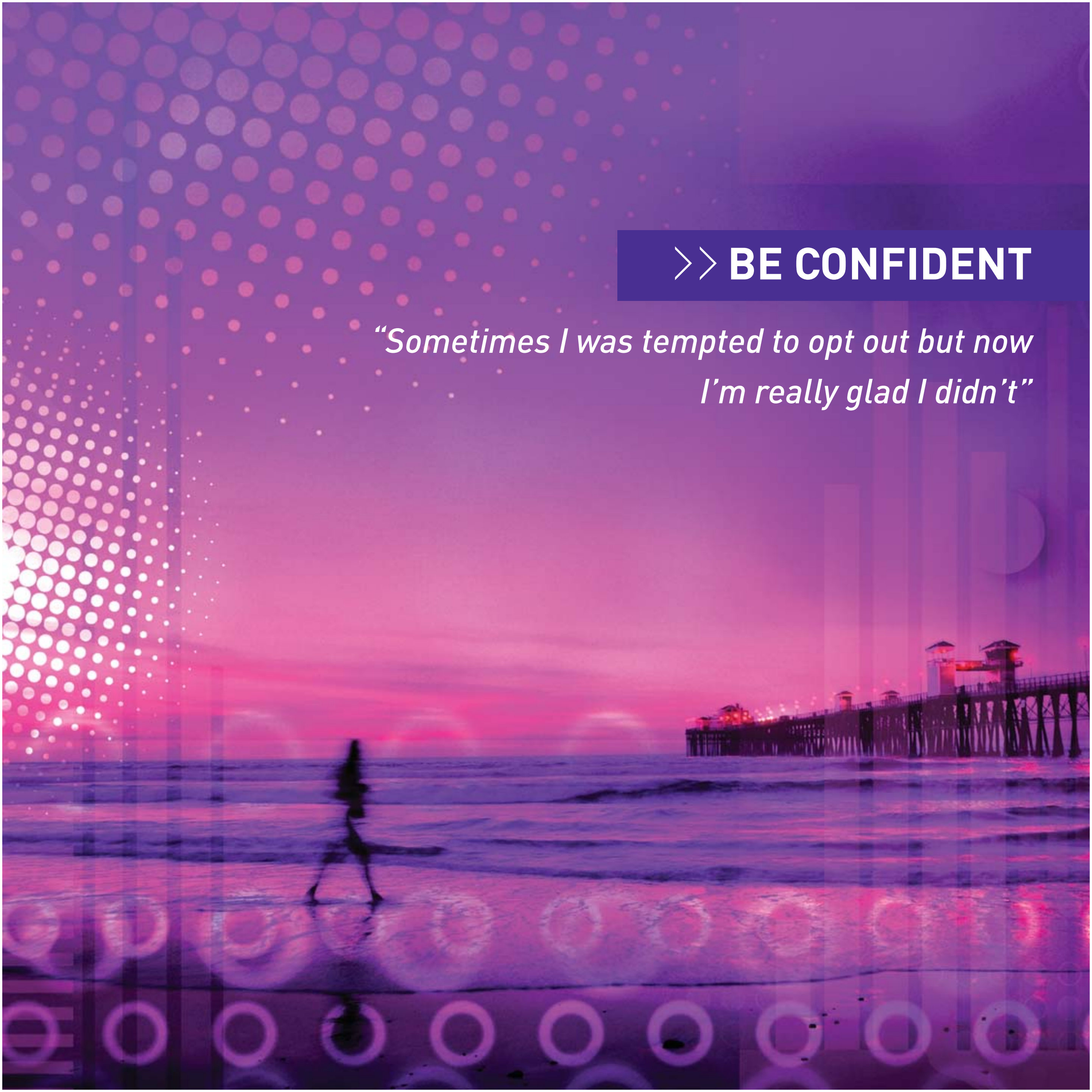
Visit: **www.blackrock.co.uk/pensions**

When you're in your 50s and 60s

You never know what life is going to throw at you. You might be going from strength to strength, with your mortgage paid off and looking forward to more freedom. Or, you might have suffered some set-backs and be worried about your financial commitments. Either way, you can stop, restart, reduce or increase your pension contributions at any time.

>> BE CONFIDENT

"Sometimes I was tempted to opt out but now I'm really glad I didn't"



PLANNING AHEAD WILL BE WORTHWHILE

"When can I take my benefits?"
The main reason that you are saving is to make sure you still have an income when you stop working. As you get closer to retirement you'll need to make some decisions about when you want this income to start and how you want it to be paid. You can:

- currently take your pension income from age 50 (55 from 6 April 2010), whether or not you have retired. When you do you can take a tax-free lump sum of up to 25% of the value of your pension account and use the rest to provide yourself with a retirement income, payable for life (often called an annuity).
- choose whether it stays the same throughout your lifetime or increases each year to keep pace with inflation.
- have a guarantee built in, so that payments are made for a minimum period of time, up to 10 years.

Not sure what will be best for you? That's OK. You don't need to decide on the type of pension income until just before you want your income to start but before you do, it's worth taking independent financial advice to help make sure that you choose the benefits package that's most suitable for you at that time.

Providing an income in retirement is a specialist business. That is why, through the Open Market Option, BlackRock ensures that members have access to the most competitive annuity and income drawdown specialists and will be able to utilise other more sophisticated services, as the retirement income market develops.

"What if I die before I retire? What happens to my money?"
If you die before you draw your pension the value of your pension pot will normally go to whoever you specify at the time the arrangements are made (this person is called a beneficiary; you can have more than one beneficiary). If your circumstances change and you want to change your beneficiaries then you simply need to let us know.

When you have retired

The money you need to live on in retirement might not be the same as when you were working – you may, for example, be 'mortgage-free'; but you should remember that your retirement may last 20 or 30 years. This means that the money you need to spend on your family and enjoying yourself might actually increase. To help you meet your retirement income needs, there are a wide variety of annuity options available to you – including those that increase year on year, and those that can be made payable to your husband or wife if you die shortly after taking your benefits. It is well worth considering all of these options before making a final decision.

FINALLY…

This brochure has been designed to answer the questions you will have when making decisions about your pension savings.

We'd like to leave you with some final thoughts on 2 important questions, which are not addressed elsewhere. We've found that these issues can often act as a barrier to taking action, but we hope that the answers below provide all the comfort required.

How safe is my pension fund?

Your pension fund is likely to be your main source of income in retirement and, whilst its value is not guaranteed and it will fall and rise with stock markets, recent turmoil in global financial markets means that you will understandably want some comfort that your fund will still be there when you want to draw benefits.

Investing with an insurance company provider like BlackRock offers several levels of protection:

- Once in the hands of BlackRock your pension fund is completely separated from your employer's assets.
- At BlackRock your assets are held within our insurance company, effectively ring-fenced from the rest of BlackRock's business.

"My property is my pension"

You may well choose to downsize at retirement and use the money from the sale of your home to boost your standard of living. Or you may be expecting to inherit money or property, or have other savings such as ISAs, that you have earmarked for your retirement. These are all good ways of boosting your income but can you afford to rely on these alone? Hoping for the best in the property market is a high-risk strategy – and when it comes to inheritance – we are all living longer. Paying into a pension account gives you tax advantages no other option can match – don't forget the 'free money' via tax-relief you receive on your contributions and any contributions your employer makes on your behalf.

WHAT NEXT?

There's a lot to think about, but there is help available to guide you through the various decisions you have to make. Why not use this decision tree to help you with the next steps?

Do you need more help?

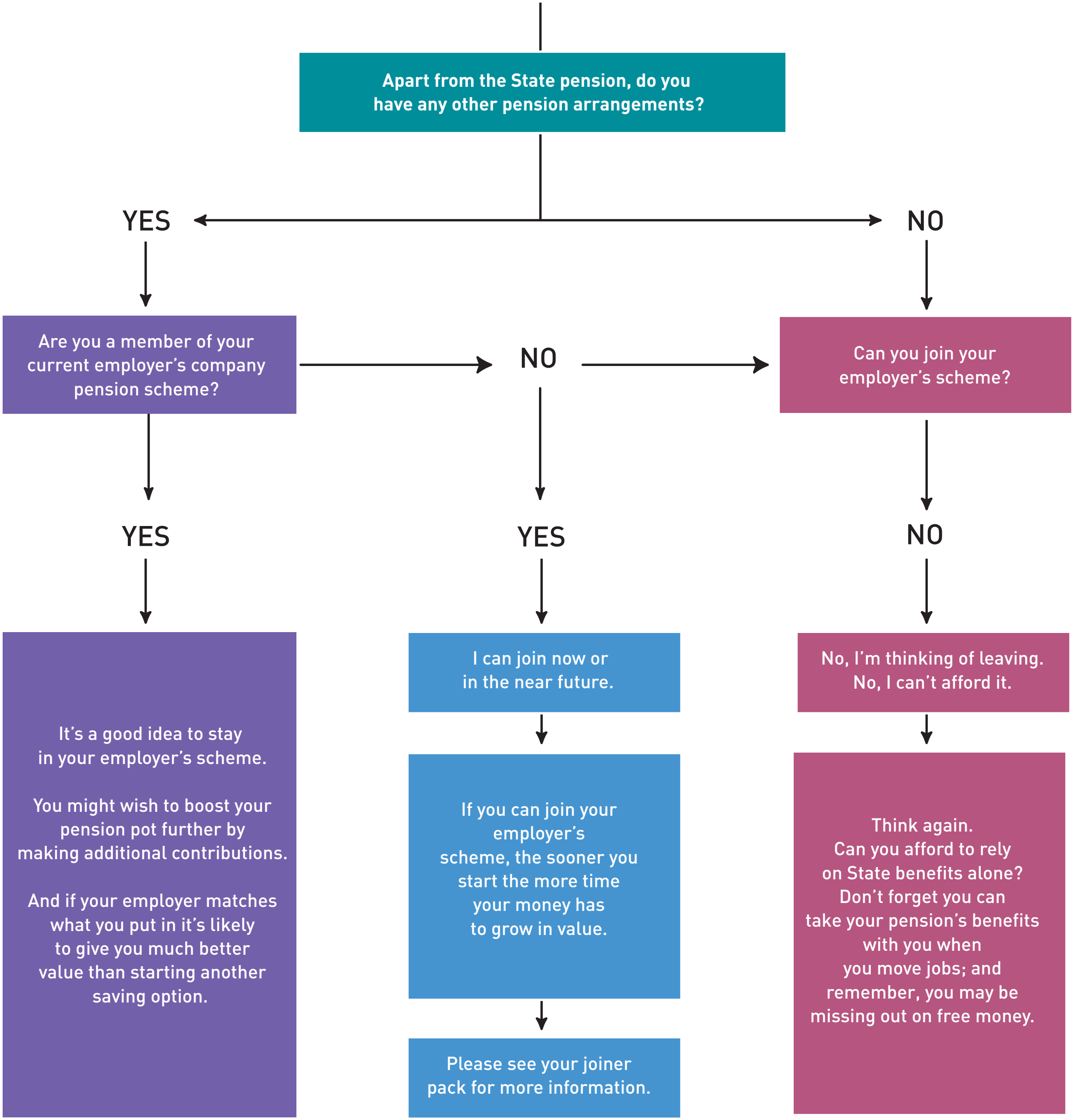
For more information about us please visit:
www.blackrock.co.uk/pensions

Alternatively, you may wish to speak to an independent financial adviser. The Financial Services Authority (FSA) holds a list of authorised advisers, which you can check by calling 020 7066 5256 or visit www.fsa.gov.uk/register. There are a number of organisations that can provide you with names of authorised IFAs in your area, such as IFA Promotion. For a list of names visit IFAP's website www.unbiased.co.uk.

Your views are important

We appreciate your thoughts and feedback about pensions, savings and investments and regularly commission independent research to investigate current views and opinions. If you have any specific comments you wish to make please contact us via our website **www.blackrock.co.uk/pensions**.

DECISION TREE



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