Member Guide

The Bluesky Pension Scheme

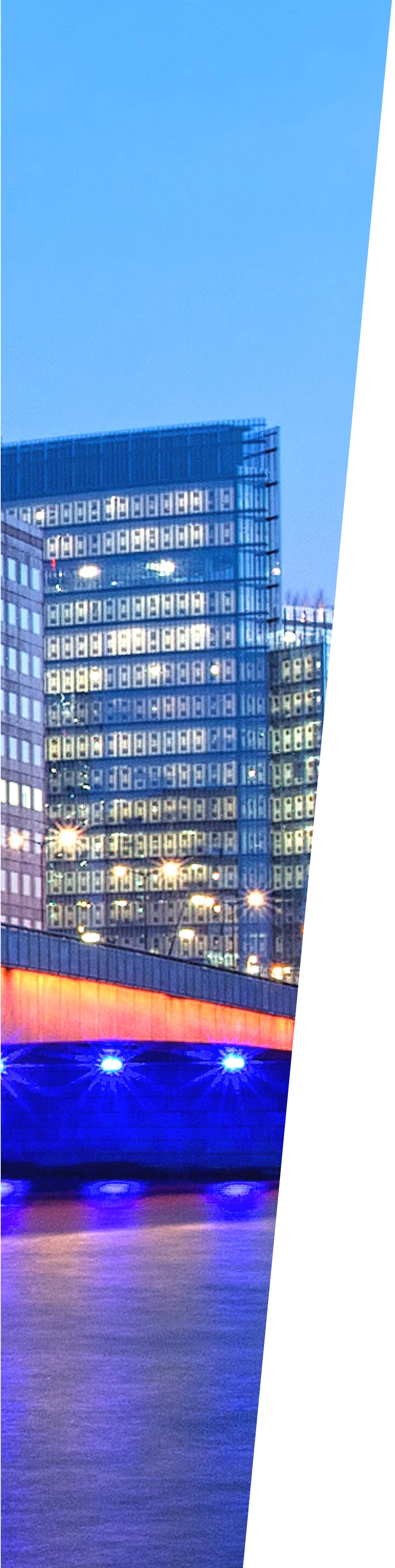
bluesky

www.evolvepensions.co.uk/bluesky

Bluesky is a Defined Contribution Master Trust which satisfies the criteria required for auto enrolment. It operates under a highly governed structure overseen by an independent trustee board.

In respect of this, Bluesky has achieved the Master Trust assurance framework (AAF 02/07) in acknowledgement of managing Bluesky to a worthy standard by providing an independent review against an industry-wide benchmark of quality. Acquiring the framework has resulted in Bluesky featuring on the Pensions Regulator's (tPR) list of approved Master Trusts.

Further scheme information on Bluesky, all member forms and fund performance information can be found at https://map.blueskypensions.co.uk/.



Joining

Your employer may automatically enrol you into Bluesky. You may choose to join if you are not enrolled automatically and you are aged between 16 and 74.

Choosing to join

If you are able and wish to join Bluesky you will be required to complete the following forms and forward them to your Employer Payroll department:

APPLICATION FORM
Confirms your basic personal details

INVESTMENT OPTION FORM
Confirms your investment fund selection

NOMINATION FORMS
Details who you would like the Trustee to consider paying benefits to in the event of your death in respect of the pension benefit and free £1,500 life cover

Upon receipt of the completed forms contributions will be deducted at your next pay date, with tax relief automatically applied at the highest rate for which you are liable (If you do not pay tax you will not receive tax relief)

Automatic Enrolment

If you are automatically enrolled into Bluesky your Employer will forward your details to us. You will automatically have contributions deducted from your pay unless you opt out.

Your first month's investment will be held in a Cash Fund while you decide if you would like to continue with membership. After this period your Fund will automatically switch to a Target Date Fund suitable for you retiring on your 65th birthday.

To make changes to your membership you have the option of downloading any of the following forms and sending to the Administration Team at: penadmin@evolvepensions.co.uk.

INVESTMENT SWITCH FORM

Allows you to change your investment fund

NOMINATION FORM

Details who you would like the Trustee to consider paying benefits to in the event of your death in respect of the pension benefit and free £1,500 life cover

OPT OUT FORM

Confirms that you wish to opt out of Bluesky, this is a fully online process

Member Access Portal (MAP)

You can access live information about your Fund and Bluesky using a secure online tool, the Member Access Portal (MAP). Your log in information will be sent to you when you join.

If you have provided us with a current email address, we will correspond with you by email unless you specify that you require information in the post at the time of request.

Contributions

Once you have joined or been automatically enrolled into Bluesky, your employer's payroll department will ensure that contributions are deducted directly from your pay.

The contributions paid into Bluesky along with any investment returns create a fund which you can use at retirement.

How much do I pay?

Your employer has defined the rates of standard contributions that both you and they will pay, along with the pay basis on which they are calculated. Bluesky operates through a 'net pay' arrangement, which means that your pension contributions are deducted before tax is applied to your pay.

Once both you and your Employer's contributions are deducted your Employer will forward payment to Bluesky, who will invest in line with your investment selection.

You can monitor your contributions and Fund using a secure online tool, the Member Access Portal (MAP).

Your contributions may increase over time in line with legislative minimums, further details will be sent to you in advance of any change.

Can I pay more?

You can also pay Additional Voluntary Contributions (AVCs) on top of your standard contributions which can be paid as a percentage of your pay or as a one off payment.

Your AVCs are invested in the same way as your standard contributions and will attract tax relief at the highest rate you pay liable (if you do not pay tax you will not receive tax relief).

The AVC facility provides you with a simple, flexible and tax efficient way to top up your pensions savings as and when it suits your personal circumstances.

What is the maximum I can pay?

The maximum amount you can pay in pension contributions and still receive tax relief are the lower of your annual salary and the Annual Allowance.

From the 2018/19 tax year, the Annual Allowance of £40,000 will be gradually tapered for anyone whose total adjusted income, including the value of any pension savings, is above £150,000. Your Annual Allowance will be reduced by £1 for every £2 of income above £150,000, with a maximum reduction of £30,000. Therefore, if your adjusted income is £210,000 or more, your Annual Allowance will be reduced to £10,000 per tax year.

You will still be able to carry forward any unused tapered annual allowance per the normal rules for 3 years. From 6th April 2015 a reduced annual allowance of £10,000 in respect of money purchase pension contributions, known as the Money Purchase Annual Allowance (MPAA), was applied to individuals who have flexibly accessed their pension savings. The MPAA reduced to £4,000 from 6th April 2017

The triggers for the MPAA apply when you have accessed your pension benefits in any of the following ways; Uncrystallised Funds Pension Lump Sum, Flexi-access Drawdown Income, Capped Drawdown Income Above Cap, Existing Flexible Drawdown and Stand Alone Lump Sum.

When the MPAA is triggered you need to inform any money purchase arrangements that you have flexibly accessed your pension savings. You must do this within 91 days or you will face a fine from HMRC.

Any contributions paid by you or your employer over the Annual Allowance or Money Purchase Annual Allowance will attract a tax charge and should be declared on your Self-Assessment Tax Return.

Are there any deductions?

An annual charge to cover the administration of Bluesky is deducted directly from your Fund each month.

You will also be subject to a deduction in respect of the investment of your money, each fund attracts a different charge.

Together these deductions make up the Annual Management Charge (AMC), details can be found on the Fund Factsheets found on the MAP.

How does tax relief work?

Bluesky operates a 'net pay' arrangement, meaning your contributions are taken out of your earnings before they are taxed.

As your pension contribution reduces your earnings subject to tax, you receive your full amount of tax relief straightaway via PAYE (unless you earn less than the tax threshold, please see over the page 'What if I don't pay tax').

Your pension contribution does not reduce the amount of your wages that are subject to National Insurance Contributions (NI).

For Example (Monthly Income):
A member receives basic pay of £2,500 a month before tax
They make pension contributions of 2% and receive an employer contribution of 2%.

BASIC PAY	£ 2,500
EMPLOYEE CONTRIBUTION (£2500 X 2%)	- £ 50
	£2,450
PERSONAL ALLOWANCE 2015/16 TAX YEAR	- £ 883
	£ 1,567
INCOME TAX (£1,567 X 20%)	- £ 313
	£ 1,254
ADD PERSONAL ALLOWANCE BACK	£ 883
ESTIMATED NI	- £ 219
NET PAY	£ 1,918

In the example if no pension contribution was made the tax on income would have been £323. The level of tax relief given by the member making pension contributions is £10 meaning the cost of a £50 pension contribution to the member is £40.

The pension contributions for this member would be as follows:

EMPLOYER CONTRIBUTION	£50
MEMBER CONTRIBUTION	£40
PLUS TAX RELIEF FROM HM REVENUE & CUSTOMS	£10
TOTAL CONTRIBUTION	£100 per month, or £1,200 a year

What if I don’t pay tax?

If you don’t pay tax you will not benefit from the tax relief that a taxpayer received, you will still need to pay the same minimum contributions to Bluesky and you cannot claim back any money from HMRC.

For example, if your pension contributions are £15 per month.
Your employer will deduct £15 from your earnings. Your employer will also make a contribution to your pension fund.

Further information on tax relief can be found at
www.gov.uk/income-tax-reliefs.

Investments

If you are automatically enrolled your first month's investment will be held in a cash fund while you decide if you would like to continue with membership. After this period your fund will automatically switch to a Target Date Fund suitable for you retiring on your 65th birthday. You have the option to change this investment to target a different retirement age or select from one of 10 Self Select funds by completing an Investment Switch Form.

If you are not automatically enrolled but elect to join Bluesky you should complete the Investment Form with your selected fund choice.

How do I choose my investment?

Each member has different needs and capacity to take risks with their investments which may change over time. If in doubt you may wish to seek independent financial advice.

If you would like an investment fund which automatically builds in a diverse range of funds, adjusts over time and reacts to current investment markets you may wish to consider the Target Date Funds or Lifestyle Strategy.

If you feel confident in selecting a fund specific to your needs and monitoring your selection ongoing you may wish to consider the Self Select range.

When selecting your investments, you should consider the importance of spreading the risk across different types of funds and how risky each type of investment is. Actively managed funds aim to outperform the market by taking additional risk while passive funds aim to track the market taking as little risk as possible.

What if I don’t make a selection?

If you do not make an investment selection your Fund will automatically be held in a Target Date Fund suitable for you retiring on your 65th birthday.

What are Target Date Funds?

Target Date Funds are a series of funds tailored to your individual retirement date. Each Target Date Fund is a diversified investment fund, which will adjust as you get older and closer to retirement. It aims to give you the highest possible pension income with a high level of risk management.

Your investments will be automatically adjusted over time. Funds that are furthest away from their target date will start out invested almost entirely in company shares (equities) and property. This mix reflects the growth potential you need to build your savings over the long term. As you move closer to retirement, your Fund automatically adjusts to a more conservative mix of investments such as bonds, property and cash which should provide more protection.

An investment expert oversees the strategy of the fund ensuring that the mixture of assets is appropriate to the investment markets on a daily basis.

What is the self select range?

The Trustee have selected the following range of funds, managed by professional investment managers, from which you may select one or more options.

PASSIVE FUNDS

BlueSky Global Equity Passive
BlueSky Property
BlueSky Cash
BlueSky Ethical
BlueSky Sharia

ACTIVE FUNDS

BlueSky Global Equity Active
BlueSky Bond
BlueSky Emerging Markets
BlueSky UK Small Cap
BlueSky UK Equity Active

The funds are detailed on the Member Access Portal (MAP).

What is the lifestyle strategy?

The lifestyle strategy is provided by Legal & General Investment Management (LGIM), a global leader in passive investment management. It is designed to automatically manage your investments, with an aim to start protecting your funds from the age of 50 up to the age of 75.

The overall strategy is appropriate throughout your period of saving. The lifestyle strategy does not contain traditional lifestyling to align your investments to a specific retirement age, normally 65, with no further strategy beyond that point.

It is designed to maximise investment growth in your early years, then gradually switch into other asset classes to reduce exposure to the stock market. With working patterns changing and retirement ages variable, the lifestyle strategy will allow you the freedom to access your savings anytime from age 55, in the knowledge that your investments are continually monitored and adjusted, up to the age of 75.

While diversification and monitoring your investments over time should reduce losses, it must be remembered that the value of investments can go up or down.

How is my investment protected?

Both our Target Date Fund (TDF) and Self Select offerings are held on the Mobius Life platform. All assets are owned by Mobius Life and not BlueSky as the policy holder. The assets form part of Mobius Life's long term business fund.

Mobius Life is an established regulated Life Insurance Company. It has permission under Part IV of the Financial Services and Markets Act 2000 (FSMA) to effect and carry out contracts of long term insurance. The FSMA is an Act of Parliament confirming the law to be enforced in all areas of the United Kingdom.

Following a subsequent act of Parliament (Financial Services Act 2012) Mobius Life is authorised by the Prudential Regulation Authority (PRA), and regulated by both the PRA and Financial Conduct Authority (FCA).

Mobius Life wraps Investment Manager products through a regulated single Life Policy (a Trustee Investment Plan), thus simplifying the investment administration of all investments into the Life Policy. A Life Policy is a contract of long term insurance.

In the unlikely event of Mobius Life going insolvent, Policyholders have priority over Creditors to the Shareholders' Funds in relation to general claims, after employees' salaries and pension contributions. In order for a Policyholder to need to seek reimbursement, the Policyholder's assets must have suffered a loss. At Mobius Life, this could only be due to operational error or fraud. Mobius Life has significant Professional Indemnity Insurance to cover such an event.

So, in a typical insolvency event, where Mobius Life defaults on a loan as an example, the creditors can claim only Shareholder's assets. Mobius Life has no bank debt or bonds, and any applicable costs to specific funds are accrued on a daily basis (i.e. they are 100% matched).

The Lifestyle strategy is provided by and held with Legal & General Investment Management (LGIM).

Legal and General Assurance (Pensions Management) Limited – otherwise known as PMC – is a European Economic Area long-term insurer, providing unit-linked pension policies and segregated investment management services. PMC is wholly owned by Legal & General Investment Management (Holdings) Limited (‘LGIMH’), which is itself wholly owned by Legal & General Group plc. Pooled fund assets are invested in a unit-linked long term insurance policy with PMC.

PMC is a separate legal entity within the Legal & General Group (the ‘Group’), with its own Board of directors responsible for acting independently to promote the success of the company and exercise independent judgement. PMC’s operational and governance arrangements are distinct from the Group’s other major businesses.

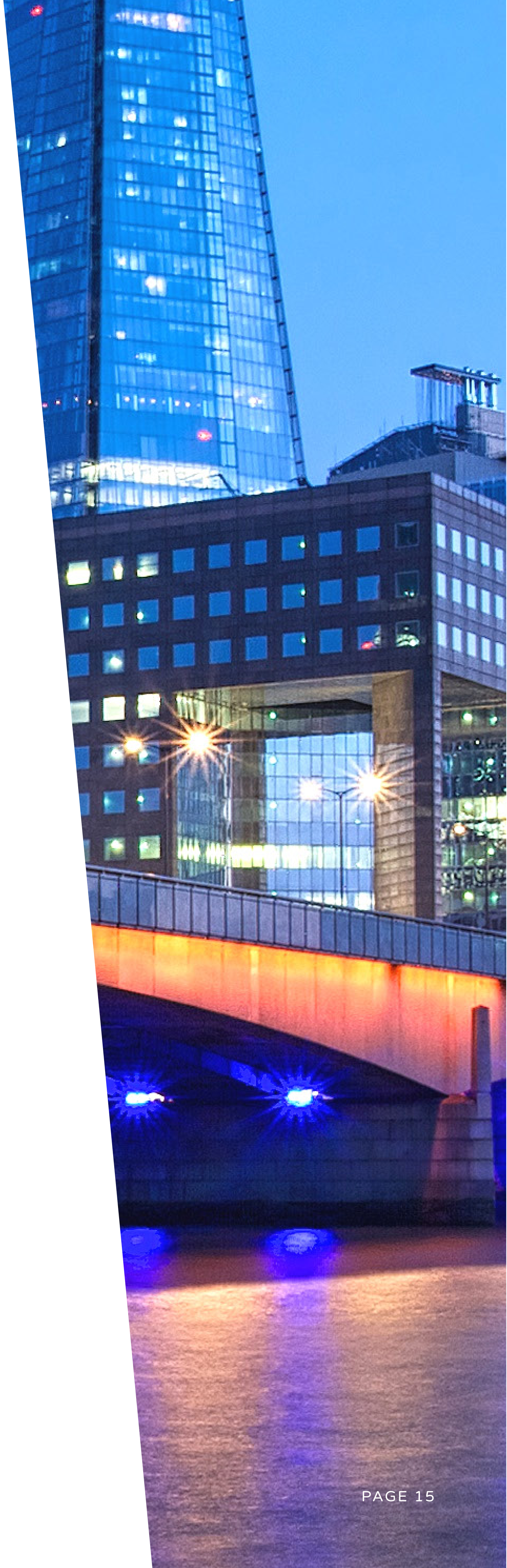
As a result of the corporate structuring and the operation of English company law, PMC’s assets are legally and financially separated from the rest of the Group and from other L&G entities.
Due to its status as a long-term insurer, PMC is authorised by the Prudential Regulatory Authority (PRA) and is regulated by the Financial Conduct Authority (FCA) and by the PRA. LGIM is authorised and regulated by the FCA.

Given the regulatory framework, the nature of the business risks and PMC’s level of capital retention, PMC insolvency is highly unlikely. Nevertheless, in an insolvency situation, PMC pooled fund policyholders are further protected by a floating charge which would crystallise over all of the rights, benefits and assets of PMC, and sums would only be paid to creditors in accordance with the priorities of the charge.

In broad terms, the floating charge together with the law on the winding-up of long-term insurers gives all pooled fund policyholders priority over the pooled assets for the value of their units.

In the event of PMC insolvency, if there is any shortfall after the operation of the floating charge, PMC clients who are eligible claimants under Financial Services Compensation Scheme (FSCS) criteria may be able to make recoveries of the shortfall (if any) from the FSCS up to 100% of any eligible claim.

In addition to this, the Scheme's Trustee and Investment Consultant carry out comprehensive due diligence processes when selecting and monitoring these funds through the annual investment review. They also utilise a 'Safeguarding Members Assets' Policy to record the controls in place to protect Members Assets.



Benefits

The contributions paid into Bluesky, along with any investment returns create a fund which you can use at retirement. Bluesky help you to manage this fund with access to the secure online tool, the Member Access Portal (MAP) and by producing an annual benefit statement.

What are my retirement options?

You may choose to access your pension savings from the Scheme at any time from your 55th birthday.

When you decide to access your pension savings, you will have the option to take up to 25% of the value of your Fund as a tax free cash sum (Pension Commencement Lump Sum) or receive ongoing payments with 25% tax free each time. Your Fund can then be used in the following ways:

- Transfer your benefits to one of four drawdown options within Crystal, allowing you to receive a retirement income which suits your needs while your fund remains invested. Find out more information at www.evolvepensions.co.uk/crystal.
- Take the remaining account as a cash sum, taxed as income.
- Secure an annuity with an insurer, Bluesky use an annuity sourcing bureau to find you the best possible annuity at low cost, however, you are able to review the insurance market and secure an annuity yourself if you prefer. There will be a charge to convert your fund to an annuity.
- Transfer out to another approved arrangement.

The value of your fund at retirement will depend on several factors, including, the amount of contributions paid by you and your employer and the performance of investments.

Bluesky will contact you six months prior to your chosen retirement date, if you have not selected a specific date this will be your 65th birthday.

Before making any decisions regarding your benefits you should seek further guidance and consider taking independent financial advice to help you choose the most suitable option for you.

To receive free, impartial guidance from the government, go to www.pensionwise.gov.uk. You may also phone 030 0330 1001 to book a face to face guidance session.

Further information on benefits and retirement is available from the Money Advice Service at https://www.moneyadviceservice.org.uk/en/categories/pensions-and-retirement.

From 6th April 2017, members and beneficiaries are able to take £500 tax free from their account to redeem against the cost of retirement financial advice, without incurring an unauthorised payment tax charge. Members can use this benefit no more than once in a tax year, and up to a maximum of 3 times in total.

What happens if I leave Bluesky?

Your employer should automatically notify us if you leave employment; however, if you wish to opt-out and remain employed you will need to use the Opt-out online tool on Bluesky MAP at https://map.blueskypensions.co.uk/.

If you leave the Scheme before retirement your Fund will remain invested until you elect to receive retirement benefits or transfer your benefits.

Can I transfer my fund?

Bluesky allows transfer value payments to be made to and from other registered pension arrangements with no charge .

What happens if I move overseas?

Members that move overseas can leave their benefit invested until electing to receive a retirement benefit or Bluesky will allow a transfer value payment to a Qualified Registered Overseas Pension Scheme (QROPS).

From 9th March 2017, a 25% tax charge on transfers from UK registered pension schemes to a QROPS. There are certain exceptions in the following circumstances:

- Both the individual and the pension scheme are in countries within the European Economic Area (EEA); or
- If outside the EEA, both the individual and the pension scheme are in the same country; or
- The QROPS is an occupational pension scheme provided by the individual's employer.

What if I suffer from serious ill health?

If you are ill and your life expectancy is, in the opinion of a medical professional, going to be less than twelve months, you could be entitled to a Serious Ill Health Lump Sum.

The Trustee have discretion over whether you would qualify to receive a one-off lump sum of the value of your Account and must receive evidence from a registered medical practitioner that you are expected to live for less than twelve months.

What about if I die?

If you die before retirement your Fund may be paid to your beneficiaries or used to secure a pension on their behalf.

The Trustee have discretion over who this is distributed to in order that the payment remains free from Inheritance Tax. They will consider the details on your Nomination Form and your personal circumstances at the time of your death.

In addition to this, a supplementary death in service benefit called 1500LifeCover (15LC) is included for all members under the age of 75 as part of their active employment and subsequent active membership within Bluesky.

15LC grants the nominated beneficiary of a member that has passed away whilst contributing to Bluesky, a lump sum of £1,500, tax-free. Again, the decision as to whom the payment is made to is ultimately up to the Trustee of the Scheme.

Please note that if we do not hold up to date 15LC nominated beneficiary details in the event of your death, the Evolve Pensions Member Services Team will be required to conduct a trace investigation to identify the beneficiary. Any costs incurred during the trace will be deducted from the 15LC benefit before it is paid.

If a tracing exercise is undertaken and no beneficiary can be identified, the lump sum benefit will be held within the Trustee bank account for a period of two years from the date that the Trustee is notified of your death. If no beneficiary comes forward during this period to claim the benefit, the Trustee will pay the 15LC sum to a charity or charities of their choice.

What is the maximum I can receive?

The maximum amount you can receive in pension benefits from all your pension arrangements and still receive tax relief is the Lifetime Allowance, £1.03 million for the 2018/19 tax year.

The Lifetime Allowance was introduced in 2006 and was reduced in 2012 and again in 2014. Each time the Lifetime Allowance reduced, individuals who had already planned their pension savings based on the higher Lifetime Allowance could protect their pension savings by applying to HM Revenue & Customs (HMRC) for either Fixed or Individual Protection and should have received a certificate to confirm their protection.

For further information on how to protect your pension savings and other information about the existing protections can be found at
https://www.gov.uk/tax-on-your-private-pension/lifetime-allowance.

If your benefits exceed this maximum the amount above the limit will attract a tax charge, if this occurs you will be contacted by the Administration Team to discuss the process.

What if I have a complaint?

In the case of a complaint or dispute regarding Bluesky, please contact the Administrators at penadmin@evolvepensions.co.uk.

If after discussing your concerns with the administration team, you feel the matter has not been resolved satisfactorily, we have a formal Internal Dispute Resolution Procedure (IDRP) in place.

Should the Administrators and Trustee be unable to resolve your complaint there are external organisations that are able to help:

THE PENSIONS ADVISORY SERVICE

The Pensions Advisory Service (TPAS) is an independent organisation who provide free impartial advice and guidance.

TPAS are able to help at any point with pension problems if you have been unable to resolve them with the Administrators or Trustee of Bluesky.

The Pensions Advisory Service, 11 Belgrave Road, London SW1V 1RB
www.pensionsadvisoryservice.org.uk

THE PENSIONS OMBUDSMAN

If a complaint cannot be resolved after referring to TPAS, the Pensions Ombudsman may investigate and determine complaints and disputes in accordance with legislation.

The Pensions Ombudsman, 11 Belgrave Road, London SW1V 1RB
www.pensions-ombudsman.org.uk

THE PENSIONS REGULATOR

The Pensions Regulator is the regulator of UK work based pensions and is a useful source of information. The regulator may intervene in the running of schemes where trustees, employers or professional advisers have failed in their duties.

The Pensions Regulator, Napier House, Trafalgar Place, Brighton BN1 4DW
www.thepensionsregulator.gov.uk

How is Bluesky performing?

Each year the Trustee produce an Annual Report and Financial Statements. This is produced following an audit and shows how Bluesky is performing. The most recent Report and Financial Statements are available on request.

Who manages Bluesky?

Bluesky is administered by Evolve Pensions.

The Trustee of Bluesky must abide by the Trust Deed and Rules of Bluesky, which govern its operation and the rights of its members.

Bluesky is registered under the Finance Act 2004 by H M Revenue & Customs (ref: 10170468).