



Interserve WorkSave Pension Plan ("WorkSave")

Guide for members

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Please note

This guide describes the terms available to the majority of Interserve employees offered membership of WorkSave. If you have non-standard terms these will have been communicated to you separately.

Throughout this guide reference is made to “the Company” and “your Employer”. These terms are explained below:

- “The Company” is intended to refer not only to Interserve Plc but also your Employer.
- “Your Employer” is intended to refer to the company within the Interserve Group that employs you.

This guide is not intended for “TUPE members”.

Introduction

Interserve WorkSave Pension Plan (“WorkSave”) is a group personal pension operated by Legal & General (“L&G”) for eligible Interserve employees. When you join WorkSave, a pension pot will be opened in your name. All pension contributions made by you and your Employer will build up in your pension pot. As a member of WorkSave, as well as contributions to your pension pot, you are also eligible for life assurance and ill-health insurance.

This guide provides details of your and your Employer’s contributions and the additional benefits available to you while you are employed by the Company and contributing to WorkSave. It is provided by the Company and should be read in conjunction with the information provided by Legal & General including in particular:

- The Key Features Document
- The Member’s Booklet

These documents and far more information on WorkSave can be found on its website: www.legalandgeneral.com/interserve

Joining WorkSave

How to join

To join WorkSave all you need to do is complete an application form. To do so you will need to decide on the level of contributions you wish to pay. You will not, however, need to make any investment decisions at this stage as your and the Company's contributions will initially be paid into a default fund.

Membership of WorkSave normally starts on the day you start work or the first day of the month in which you return a completed application form if later.

Providing evidence of health

You will not normally be asked to provide evidence of health in order to join WorkSave.

Under certain circumstances you may be asked to provide evidence of health in respect of the life assurance or ill-health benefits. If you are asked to do so, you may not have an entitlement to life assurance or ill-health benefits until the insurance companies have reviewed and accepted your evidence of health. In some cases, the insurance companies may impose a restriction on your benefits or require an additional annual payment. The insurance company's decision will be confirmed to you.

Providing evidence of health will start with the completion of a health questionnaire and may include a medical examination. Your application will be processed in accordance with the requirements of the Disability Discrimination Act 1995.

If you decide not to join

If you do not join WorkSave, your family or dependants will not be entitled to the life assurance or ill-health benefits provided to WorkSave members. In addition you may be automatically enrolled into The People's Pension in accordance with the Company's legal obligations under automatic enrolment legislation. You will have received information regarding automatic enrolment when you joined Interserve.

SMART Pensions

SMART Pensions is the default way to make contributions to WorkSave. It helps make the cost of saving for retirement a little more affordable for you.

How it works

- You choose a core contribution between 3% and 8% of your basic salary (“Pay”).
- Your contractual salary will be reduced by the amount equal to your core contribution. This is called the SMART Adjustment.
- Your Employer will pay the total contribution to your pension pot made up of your core contribution (the SMART Adjustment) and the matching Employer contribution.
- As your salary is lower, you pay less National Insurance contributions. As a result your take home pay would be higher than if you chose not to pay contributions via SMART Pensions.

SMART Pensions will not reduce the Pay on which your pension, life assurance and ill-health benefits are based. Your Shadow Pay (your Pay before any adjustment for SMART Pensions) is the amount used to calculate your salary-related benefits and any bonus payments to which you are entitled.

State benefits

SMART Pensions has been designed so that most members will benefit from participating. If your earnings are below a certain level, called the Pay Protection Threshold (“PPT”), you may lose entitlement to certain State benefits. For this reason you will be excluded from SMART Pensions.

Pay Protection Threshold

The PPT is currently £16,400 per annum. The level of the PPT will be reviewed annually. Unless you choose to opt out (see below), whenever your earnings exceed the PPT your contributions will be deducted via SMART Pensions.

Opting out of SMART Pensions

It is possible to opt out of SMART Pensions. If you wish to opt out, you should complete the relevant section in the Joining WorkSave application form. This will mean core contributions will be deducted from your net Pay net of a tax credit at basic rate tax – if you are a higher rate tax payer, please see the following section regarding tax relief . If you join SMART Pensions then decide you want to opt out, you may do so, with your Employer’s consent. If you wish to opt out of SMART Pensions you should contact your HR Department.

Contributions

Core contributions

You can choose to pay a core contribution between 3% and 8% of your Pay into your WorkSave pension pot.

Matching Employer contributions

Your Employer will match your chosen core contribution. This means your retirement savings will be doubled.

After 10 years' pensionable service

Once you have completed ten years' membership in WorkSave, your Employer will automatically pay an extra 2% in addition to its matching contribution. The payment of this extra contribution will commence from 1 January following your attainment of 10 years' membership.

Changing your core contributions

You can change your core contribution at any time by completing a Change of Contribution form available on the WorkSave website: www.legalandgeneral.com/interserve

The matching Employer contribution will change at the same time. The minimum core contribution must always be 3% of your Pay.

Tax relief

Pension contributions not paid via SMART Pensions will be paid out of net pay, net of a basic rate tax credit (so currently you pay 80% of the full employee contribution) which L&G reclaims directly from HMRC on your behalf. If you are a higher rate tax payer and opt out of SMART Pensions, you will need to reclaim the additional tax relief via your self assessment tax return.

Additional contributions ("ACs")

In addition to your core contributions, you may choose to pay ACs. These represent any contributions that you decide to pay in addition to the maximum core contribution of 8%. As for core contributions, your ACs will be included as part of the SMART Pensions arrangement provided they are paid on a regular basis. It is important to note that your Employer will not match any ACs that you pay.

Pension legislation

Before deciding whether to pay ACs it is important to remember that you are able to join more than one pension arrangement at any one time. Additionally, higher earners may wish to consider the tax efficiency of making ACs.

If you require any advice regarding the payment of ACs to WorkSave, or contributions to any other pension arrangement, you should contact a financial adviser.

What if you die?

Life assurance

Subject to any restrictions imposed by the insurer, if you are employed by the Company and you are contributing to WorkSave you are eligible for a death in service lump sum in addition to any benefits you are entitled to direct from WorkSave. This lump sum is equal to four times your Pay or Shadow Pay.

Payment of your life assurance on death

The life assurance payable in the event of death will be paid at the discretion of Interserve Plc acting as the trustee of the life assurance scheme (“the Trustee”). The Trustee has the responsibility to make this decision as it generally avoids the payment of inheritance tax.

Nomination of beneficiaries

You are invited to nominate the person or persons to whom you would like the Trustee to consider paying any lump sum benefit due on your death. The Trustee cannot be bound by this nomination, having absolute discretion in this matter, but it will take your wishes into consideration when arriving at a decision.

In order to notify the Trustee of your nomination, you will be asked to complete an Expression of Wish form when you join WorkSave. It is your responsibility to keep your Expression of Wish form up to date. You can update it at any time and a form can be obtained from the WorkSave website: www.legalandgeneral.com/interserve

Additional lump sum payable on death from your WorkSave account

The life assurance described above is in addition to the lump sum payable from your WorkSave pension pot. Your entire pot is payable as a lump sum or as you nominate in writing before your death – please see the Members Booklet for details.

To nominate the person or persons to whom you would like your WorkSave pension pot to be paid in the event of your death please complete the Legal & General Nomination of Beneficiaries form which can also be obtained from the WorkSave website: www.legalandgeneral.com/interserve

Taxation

The cash lump sums will be measured against your unused lifetime allowance which is currently set at £1 million. If the lump sum is less than your unused lifetime allowance it will be paid tax-free but any excess amount over the lifetime allowance will be subject to tax at 55%.

What if you are unwell?

There may be times during your working career when you are unwell for a significant period. The Company has considered this and provided ill-health insurance for contributing members of WorkSave.

Benefits under the ill-health insurance arrangement

The Company has in place a disability scheme with an insurance company. The purpose of this arrangement is to provide you with an income in place of your normal salary from your Employer should you be unable to work due to illness or disability for a maximum period of three years.

Once you have been absent for twenty six weeks due to ill-health or disability, you may, subject to the decision of the insurance company, receive an income benefit equal to 50% of your Pay or Shadow Pay. It is important to note that the decision of the insurance company with regard to any claim is final. This benefit will be paid to you via the PAYE system in place of your normal salary for a maximum period of three years.

Contributions to WorkSave if you are absent from work due to illness

If you are absent from work due to short-term illness, you may remain entitled to full Pay. Under these circumstances, your membership of WorkSave will continue on the same terms as before. If your Pay is reduced during your absence below the PPT or you are in receipt of Statutory Sick Pay ("SSP") you will cease to participate in SMART Pensions. As a result you will start to pay core contributions based on the level of Pay or SSP being paid to you. Your Employer's matching contribution will also be based on the amount of income being paid to you. Once you return to work, provided your Pay is greater than the PPT, you will automatically be entered back into SMART Pensions.

If you are no longer entitled to full Pay, but are receiving an income benefit from the ill-health insurance arrangement outlined above, core contributions will be based on this benefit. If this benefit is lower than the PPT you will no longer participate in SMART Pensions. As a result you will start to pay core contributions based on the level of the income benefit being paid to you.

Benefits on ill-health are subject to the requirements of the Disability Discrimination Act 1995.

Other absences from work

Maternity leave and other family leave

The majority of the Company's maternity, adoption and paternity pay policies provide for the payment of such benefits in line with statutory requirements. As these payments are based on actual earnings just prior to starting maternity, adoption or paternity leave, where applicable Interserve will make a top-up payment to you to ensure that SMART Pensions does not reduce your entitlement to these benefits. Where you are entitled to enhanced benefits compared to the minimum statutory payments that all employers must provide, these benefits will be calculated using your Pay or Shadow Pay.

If you start maternity leave whilst in receipt of your full basic salary your contributions to WorkSave will continue unchanged. When payment of Statutory Maternity Pay ("SMP") starts you will cease to participate in SMART Pensions. As a result you will start to pay core contributions based on the level of SMP being paid to you. However, your Employer's matched contribution will continue to be based on your Pay or Shadow Pay prior to the start of your maternity leave. This applies to both the higher and lower rates of SMP and these arrangements will also apply if you did not participate in SMART Pensions prior to your maternity leave.

Once you stop receiving maternity pay then no further contributions will be paid by you or your Employer, however you will remain covered for death in service benefits based on your Pay or Shadow Pay before your maternity leave commenced.

Once you return to work, provided your Pay is greater than the PPT, you will automatically be enrolled back into SMART Pensions. Upon your return to work, you will also be able to pay any contributions missed whilst you were not in receipt of any SMP.

Similar terms apply during paid and unpaid paternity leave, adoption leave and parental leave. If you are planning to take maternity or other family leave, you should contact your HR Department to confirm your eligibility for leave and your entitlement to benefits during your absence.


Other temporary absence from work


If you are absent from work without being paid, contributions will not be paid to your pension pot until you return to work. You will however remain covered for death in service benefits during any period of temporary absence, which does not exceed three years.

Getting more information

Help from L&G


 Find out more by visiting: www.legalandgeneral.com/interserve

 Alternatively, contact the WorkSave helpline: 0345 026 0512
Call charges will vary. Your call may be recorded and monitored.

 Or write to:
Workplace DC Pensions
Legal & General Investment Management
Knox Court
10 Fitzalan Road
Cardiff
CF24 0TL

Help from the Interserve Pensions Department

Contact the Interserve Pensions Department if you have a query about SMART Pensions, the life assurance or the disability assurance provided to employees who are contributing members of WorkSave.

 You can write to the Pensions Department at the following address:
Interserve Plc
Interserve House
Ruscombe Park
Twyford
Reading
Berkshire
RG10 9JU

 Alternatively you can email pensions@interserve.com

Financial advice

Neither the Interserve Pensions Department nor the Company can provide you with financial advice. If you require personal advice you will need to contact a financial adviser. If you do not have one, a list of financial advisers in your area can be obtained at: www.unbiased.co.uk