



BP Retailing Pension &
Life Assurance Scheme

betterprepared

jargon buster



Pensions and investments...

...can often be difficult to understand, due in part to the tricky terminology, or pensions jargon, which is sometimes used.

The member's guide and investment guide both use words which you may not have heard of before. Such words are shown in *italics* and your Jargon Buster will help to make sense of them.





Annual allowance

This allowance means that you only receive tax relief on your pension contributions up to the lower of: 100% of your yearly earnings (or £3,600 if greater), and the annual allowance (AA). The AA for the 2018/19 tax year is £40,000 but your personal AA will be between £10,000 and £40,000 if you are subject to the tapered annual allowance (TAA). You need to check whether this applies to you if your total income from all sources is above £110,000. Tax charges could arise if the total increase in the value of your pension savings in a year exceeds the AA.

The AA applies to the total of all your pension contributions, not just those you pay to the Scheme.

Basic pay

Your basic pay is the pay you receive from the company, not including any bonus, commission or any other variable payments. It is based on the number of hours you work up to 40 hours a week – any hours over this amount will not be included for the purpose of calculating your contributions or any benefits from the Scheme.

Beneficiaries

Your beneficiaries are the people you nominate to receive death benefits in the event of your death on the expression of wishes form. These can include:

- your widow, widower or your surviving civil partner;
- anyone who was in a relationship with you that closely resembled a marriage or a civil partnership at the time of

your death;

- your natural child, adopted child or stepchild;
- your grandparents and their descendants, and the present and former spouses, civil partners, widows, widowers or surviving civil partners of those descendants;
- anyone who was, or at any time has been, financially dependent on you, your estate or any person with an interest in your estate – or relied on your joint income; and
- anyone you name on your expression of wishes form.

Company

This is BP plc and any other participating employers in the Scheme.

Lifetime allowance

This is the total amount of tax-privileged pension benefits you can build up throughout your working lifetime. The lifetime allowance (LTA) for the 2018/19 tax year is £1.03 million.

The LTA applies to the total of all the pension benefits you hold, not just your Scheme pension.

Lifetime allowance charge

If the total value of your retirement account exceeds the lifetime allowance when you retire, your fund may be subject to a tax charge of up to 55% on the excess.



Normal retirement age

This is age 65.

Qualifying service

This is your Scheme Service plus any transferred in service from another pension scheme. Your Qualifying Service determines the options you have if you leave Scheme service.

Retirement account

This is the account into which contributions and investment returns are paid. When you retire, the amount of money that has built up in your retirement account is used to buy benefits to suit your needs.

Scheme

This is the BP Retailing Pension & Life Assurance Scheme Section of the BP Pension Fund.

Scheme service

Your Scheme service begins at the date you join the Scheme and ends when you retire or leave the Scheme, whichever is earlier. Your number of years of Scheme service determines how much the company pays into your retirement account.

State pension age

This is age 65 for men, and age 60 for women born before 6 April 1950. For women born after 5 April 1955, State pension age is age 65. For women born between 6 April 1950 and 5 April 1955, State pension age will rise gradually from 60 to 65 depending on your date of birth.

The State pension age is regularly reviewed to make sure that the State pension is affordable and fair. People are living longer, and spending a larger proportion of their adult life in retirement than in the past. As a result, the State pension age will rise for men and women to 66 between 2018 and 2020, and further changes are expected.

Stock markets

A stock market is a market for the trading of publicly held company stock and associated financial instruments. Your contributions are invested in funds that buy shares traded on stock markets and their growth in value will depend on how the shares, and in turn, the funds you invest in, perform.

Trustee

The trustee is BP Pension Trustees Limited. The trustee is responsible for the management and administration of the BP Pension Fund and is responsible for making decisions in the best interests of all Scheme members and beneficiaries. The BP Pension Fund's assets are kept entirely separate from those of BP.