

PayPal plc

THINGS TO CONSIDER WHEN APPROACHING RETIREMENT?

Retirement Flexibilities

Members are able to access their retirement savings in a number of different ways.

From age 55, it is now possible for you to access your retirement benefits via one or a combination of the following options:

- **Lifetime annuity** – under this option you would use your pension account (or your residual pension account after taking tax free cash) to purchase an annuity (providing you with a regular income) with an insurance company, payable from when you retire for the rest of your life.
- **Flexi-access drawdown** – under this option you can draw a taxable income direct from your retirement savings. You can still take up to 25% of your retirement savings as tax free cash, but you would need to take any tax free cash as the first instalment you draw. All subsequent payments that you drawdown from your retirement savings would then be taxed as income.
- **Lump sum payment** - under this option you can take money direct from your pension pot without having to buy an annuity or put money into drawdown. 25% of this sum will be tax free and the balance will be taxed as income. This option is called an uncrystallised funds pension lump sum (UFPLS). You are able to take any number of these lump sums.

We recommend that you take financial advice before making any important decisions about your pension arrangements. If you do not currently have a financial adviser, you can visit the [Financial Conduct Authority website](#) to help find a regulated adviser.

The adviser will inform you of any charges that apply in return for their advice. Before you take advice from anyone, make sure they are qualified and authorised to provide you with the assistance you need with your pension planning.

Do you have any other retirement savings outside of the PayPal Pension Plan?

You may have other retirement savings perhaps as a result of membership of previous employer or private pension plans. It is a good idea to keep a check on what benefits these savings may provide too.

If you have lost track of previous pension plans, you can use the [Government's Pension Tracing Service](#) to track them down.

State Pension Age is increasing

State Pension age is gradually increasing for men and women, and will reach 67 by 2028.

The State pension age is under review and may change in the future, you can check your state pension age via the [gov.uk](#).

Please note that the above relates to the State Pension and not your PayPal Pension Plan with Scottish Widows. Currently pension savings from your PayPal Pension Plan can be accessed from age 55 (Please note that the earliest age will be 57 from 2028 and 10 years below State Pension Age thereafter under current legislation)).

You should think carefully about what age you want to start drawing your pension. If you haven't told Scottish Widows at what age you wish to access your benefits it will automatically be set at 65. This means that, if you are in the default investment option, you may be targeting the wrong age. The default investment option has a mechanism to reduce investment volatility on the approach to your selected retirement age. If you think you will access your benefits at an age other than 65 please contact Scottish Widows to confirm.

What is your State Pension entitlement?

Check what your [State Pension might be](#) and when you are eligible to receive it

You can read further details on how the State Pension is calculated and pensions in general can be found on [gov.uk](https://www.gov.uk)

Building your pension savings – allowances to be aware of

There are some limits on how much you can save (including employer contributions) in a tax efficient manner into a pension plan and these are set out below:

- Annual Allowance – the maximum tax relievable amount that can be saved into a pension in any given tax year. The standard Annual Allowance for the 2021/22 tax year is £40,000.
If you believe you are likely to be affected by the annual allowance, please contact Scottish Widows directly. You may also contribute in excess of your Annual Allowance based on any unused allowance in the previous 3 tax years (as long as current tax year income allows). You should inform PayPal if you wish to make any changes to your regular contribution level.
- Tapered Annual Allowance – this applies (instead of the standard Annual Allowance) to members with total “Adjusted Income” in excess of £240,000 p.a. Adjusted Income is broadly your total taxable income (from all sources) plus any employer pension contributions. The standard Annual Allowance is reduced by £1 for each £2 of Adjusted Income above £240,000 p.a. **Impacted members will have a Tapered Annual Allowance between £4,000 to £39,999** (dependent on level of Adjusted Income).
- Money Purchase Annual Allowance – this applies (instead of the standard Annual Allowance) to anyone who has flexibly accessed any taxable pension savings via Flexi-Access Drawdown or UFPLS but is continuing to save into a pension. The Money Purchase Annual Allowance is £4,000 for the 2021/22 tax year. You should inform Scottish Widows (and the providers/administrators of any other pension arrangements that you have) if you are impacted by the Money Purchase Annual Allowance.
- Lifetime Allowance – the maximum level of total pension savings that can be built up (in a tax efficient manner). The Lifetime Allowance is £1,073,100 for 2021/22 and it is due to increase, each April, in line with CPI inflation.

Tax charges apply where any of the above limits are breached. We would recommend that you seek independent financial advice if you wish to find out more about these limits and how you may be personally impacted.

Beware of Pension Scams

Unfortunately, there has been a rise in pension scams, also known as “pension liberation” fraud. These scams are often advertised as ‘one-off investment opportunities’, ‘free pension reviews’ and ‘loopholes’. However, if something sounds too good to be true it usually is!

By entering into an agreement with companies offering a pension liberation scheme you may risk losing most, if not all of your pension savings.

You can only use your pension fund once, if you liberate your pension, there will be much less (or no) income from it when you retire.

As part of the transaction, you are likely to have to pay the organisers a ‘commission’ or ‘arrangement’ fee, which typically can range from 10%-30% of the value of your pension.

If you liberate your pension, and you don’t inform HMRC and HMRC contacts you first, you could be charged penalties and interest in addition to the tax.

You should be vigilant to any such scams in the same way as you would be in respect of your personal bank account and if in any doubt, take advice from a registered adviser.

You can review details on what to look out for on [Money Helper](#) and [The Pensions Regulator](#) websites.

Pensions Guidance

If you are aged 50 or over and have a defined contribution retirement account, like your PayPalPlan, you can get free guidance from MoneyHelper - a service backed by the government. MoneyHelper is a free and impartial government service to provide guidance about the different ways you can access your retirement savings. When you book an appointment with a MoneyHelper specialist, you will get guidance on taxes, on the various options for accessing your retirement savings and their advantages and disadvantages, and on what you will need to do next. Appointments are online, over the phone or face-to-face (when appropriate).

For more information visit the [MoneyHelper website](#) at or phone 0800 138 3944 (or +44 20 3733 3495 if you’re outside the UK) to book an appointment.

The service can offer the following:

- Tailored guidance (online, over the telephone or face to face) to explain what options you have and help you to think about how to make the best use of your pension savings;
- Information about the tax implications of different options and other important things you should think about;
- Tips on getting the best deal, including how to shop around;
- Debt advice;
- Consumer Protection;
- Money guidance.

Choosing what to do with your retirement savings is an important financial decision; you can often get more for your money by shopping around.

If you need more immediate support or want someone to advise you what to do, you can appoint your own [Financial Adviser](#).

Do PayPal offer any help?

As part of your employee benefits package, you have access to 1:1 coaching, through PayPal's Financial Wellness Partner, RSM, if you wish to discuss any of the above topics in more detail. You can request a coaching session via the [RSM portal](#).

Updating your beneficiary form

You should review and, if necessary, update your Expression of wish form as this will confirm who you would like to be considered to receive the value of your Retirement Account in the event of your death.

If you would like to complete a new Expression of Wish form then please get in touch with [Scottish Widows](#).

Can I retire overseas?

Your UK pensions can be paid to you wherever you live but some pension providers might only be able to pay into a UK bank account, if they are able to pay into an overseas bank account then there may be extra charges to pay and any payment will be paid in pounds sterling.

Whilst it may be possible to consolidate and transfer your pension to the overseas country you reside in, a UK registered pension scheme (such as the PayPal UK one) may only transfer funds to a foreign scheme if that scheme is a Qualified Recognized Overseas Pension Scheme (QROPS). If the receiving pension is not a QROPS, your UK scheme may refuse to make the transfer or you may be subject to a tax charge on the transfer.

In order to qualify as a QROPS, certain conditions must be met and these conditions changed from 6 April 2017. If you are considering transferring, you should check that the scheme you are transferring to meets the new criteria. See the current [QROPS List](#) (which is updated on the 1st and 15th day of each month).

Financial Coaching

If you have questions or would like more information on any of the topics above, please remember UK employees can access unlimited 1:1 coaching with PayPal's Financial Wellness partner, RSM.

Visit the [RSM portal](#) and click 'Request Coaching Session' (top right corner).