Contributions explained

Your company pension can make a big difference to your quality of life in your later years, so even if you're not likely to retire any time soon, it's worth finding out how it works. This guide gives you the important information about contributions – and we've kept it as short as we can, so it won't take long to get the key facts.

Building up your pension savings

Your pension plan is currently set up so you'll pay or 'sacrifice' a percentage of your pensionable salary in return for your employer paying that amount into your pension account, together with a company contribution.

Your personal contributions will normally qualify for tax relief at your highest marginal tax rate, subject to the annual allowance (see the 'Important Information' section).

NON FIRE SERVICE COLLEAGUES

As an active member of the Plan you may contribute 3%, 5% or 8% of your pensionable salary into the Plan to receive a contribution from LHR Airports Limited as shown below.

Please note you automatically enrol at the 5% personal contribution rate unless you specify otherwise.

To change your contribution rate contact the Business Support Centre on 0800 561 6060.

All Colleagues

Your Contribution	Employer Contribution	Total Contribution
3%	8%	11%
5%	10%	15%
8%	12%	20%

You may contribute more than 8% into your plan but the maximum LHR Airports Limited contribution is 12%.

FIRE SERVICE COLLEAGUES

Please note you automatically enrol at the 5% personal contribution rate with a 10% LHR Airports Limited contribution. As an active member of the Plan you may contribute an extra 1% of your pensionable salary to receive an additional 4% contribution from LHR Airports Limited.

To change your contributions contact the Business Support Centre on 0800 561 6060.

Fire Service

Your Contribution	Employer Contribution	Total Contribution
4%	12%	16%
6%	14%	20%
9%	16%	25%

You need to make a minimum contribution to the Plan in order to receive a contribution from the company. The minimum contributions are listed above.

Fidelity INTERNATIONAL

Heathrow

Let’s keep it simple...

Pensionable salary: This is your basic salary excluding any overtime, allowances or bonuses.

Salary sacrifice is an agreement between you and your employer. All it means is that you agree to give up part of your salary and your employer agrees to pay this amount into your pension account along with any contributions they make.

The advantage of contributing this way is that reducing your salary cuts down on your National Insurance payments as well as your tax.

You don’t have to do anything either, as your salary is adjusted to reflect the amount you are sacrificing. Your employer then pays the whole contribution directly to your Fidelity pension plan.

You can opt-out of paying contributions this way, and can pay contributions via the Relief At Source method instead. Here basic rate tax relief of 20% is added to contributions that you or anybody other than your employer pay on your behalf. We claim it for you and add it to your pension pot. This means that if you don’t pay income tax or pay less than 20%, you still get tax relief at 20%. However, if you pay income tax above the basic rate, you would need to claim back the additional tax relief yourself via your tax return or by contacting HMRC directly.

Something to note...

Remember that the amount you contribute is a key factor in determining the overall size of your account when you come to take your savings.

If you want to increase your contributions, contact the Business Support Centre on 0800 561 6060 and they’ll explain what’s involved. They can also help if you want to invest a lump sum in your account, which may qualify for tax relief.

Please keep in mind that the value of investments can fall as well as rise, so you may get back less than you invest. You cannot normally access money held in pensions until the age of 55. Tax relief depends on individual circumstances and may change.

Minimum contributions

Over the past few years, Government legislation has required the minimum contribution levels to rise. Your Plan satisfies these minimum contribution levels. However it is important you keep in mind that this is not a guide to what you may need to save for a comfortable retirement. For some help working out your saving goals, you can use our myPlan tool at https://retirement.fidelity.co.uk/tools. If you require advice, please consult a Financial Adviser.

Important information

This Plan is a registered pension scheme under the Finance Act 2004. This means it has been registered with HMRC and enjoys a number of tax privileges. These include the ability to take part of the benefits as a tax free lump sum and receive tax relief on contributions.

Annual allowance

There are no limits to the amount of contributions that you can make across all your pension arrangements, but HMRC does restrict the level of contributions that can enjoy the full tax advantages. This restriction is known as the annual allowance. The standard annual allowance is £40,000. Within this allowance, tax relief on personal contributions is restricted to 100% of your earnings or £3,600 gross a year, whichever is higher. However, if you earn over £200,000 a year, your annual allowance may be reduced down to a minimum of £4,000, depending on your income.

Money Purchase Annual Allowance

Additionally, there is a reduced annual allowance for people who have taken taxable income from their pension pot using pension freedoms (i.e. more than the tax free part). The level for this allowance, known as the Money Purchase Annual Allowance (MPAA) is £4,000 each year and as the name suggests, this is in relation to your money purchase (or defined contribution) contributions.

If you have defined benefit pensions held elsewhere and you trigger the MPAA £4,000 limit, the annual allowance for your total defined benefit savings will reduce to £36,000, known as the 'alternative annual allowance'.

Should you subsequently become subject to the MPAA, you should notify us within 91 days of the access date or you could potentially face a fine from HMRC.

In addition, if the contributions to all registered pension schemes of which you are a member, including all personal and company contributions, exceed the annual allowance, the MPPA or the alternative annual allowance, you may be personally liable to a tax charge on the excess based on the highest rate of income tax payable by you. Further information can be found at www.gov.uk/tax-on-your-private-pension

If you think that you might be affected by any of the annual allowance limits or wish to discuss them further, we recommend that you seek financial advice.

Lifetime allowance

This is the total amount you can build up in pension benefits over your lifetime that will enjoy full tax benefits. If you go over the allowance, you will generally pay a tax charge on the excess when you:

- take a lump sum or income from your pension
- transfer overseas or
- reach age 75 with unused pension benefits.

For the tax year 2021/22 the lifetime allowance is £1,073,100. This should increase yearly in line with inflation. If you exceed the allowance, you pay tax on the excess amount called the 'Lifetime Allowance Charge'. The charge is 55%, if taking money from the pension as a lump sum or at 25% if taken as income. When income is taken, tax is payable on it at your usual rate of Income tax.

If you feel you may be affected by this limit, you should consider seeking financial advice.

Enhanced or fixed protection

If you have obtained enhanced or fixed protection in relation to the lifetime allowance, then membership of this plan may invalidate that protection and lead to possible tax charges on your benefits. If you register for protection, please notify Fidelity so that your pension account can be updated.

Please note, figures quoted on this page are for the 2021/22 tax year.

Your Fidelity Contacts

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