YOUR GUIDE TO THE SAINSBURY’S SELF INVESTED PENSION PLAN (SAINSBURY’S SIPP).

April 2019
**Introduction.**

**About this guide**

This guide gives an overview of the Sainsbury’s Self Invested Pension Plan (Sainsbury’s SIPP), which is part of the WorkSave Pension Plan provided by Legal & General. Reference in this guide to the Sainsbury’s SIPP means the Legal & General WorkSave Pension Plan. Full details of the Plan are available in the information provided by Legal & General which you can access online in the ‘SIPP’ section of www.jspensions.co.uk

**About the Sainsbury’s SIPP**

Saving for retirement is an important part of your financial planning. The Sainsbury’s SIPP is designed to give you additional flexibility in the way you save for your retirement. It gives you the opportunity to boost your retirement savings by:

- Allowing you to make regular contributions - and receive contributions from Sainsbury’s based on your pensionable pay
- Making extra contributions at any time
- Contributing Sainsbury’s shares.

**What is the Sainsbury’s SIPP?**

Your Sainsbury’s SIPP is a defined contribution (DC) pension scheme. You pay into the SIPP and Legal & General invests this, together with any Sainsbury’s contribution and any tax relief that’s added. At retirement, you can then access the pension pot you have built up (see page 9 for more details).

**How does the Sainsbury’s SIPP work?**

A pension is an investment. Your pension pot is invested in one or more funds which are managed by fund managers. The Sainsbury’s SIPP gives you a choice of where you’d like to put your money but if you don’t wish to make a choice, Legal & General will invest your pension pot in the default investment option (please see page 5 for more information).

The Sainsbury’s SIPP is a pension plan with a difference: in addition to any contributions from you and Sainsbury’s, it allows you to put in J Sainsbury plc shares from Sainsbury’s share plans and receive tax relief.

To see how tax impacts your contributions, including shares paid into the Sainsbury’s SIPP, see pages 5 and 6.

You can’t get access to your pension pot until you reach age 55. This keeps your money locked away for your future and also gives you the chance to make the most of its growth potential.

The tax treatment depends on the individual circumstances of the investor and may be subject to change in the future.
Who can join the Sainsbury’s SIPP?

All colleagues at C6/6S grades and above can join the Sainsbury’s SIPP.

Contributions to your Sainsbury’s SIPP

How much will I pay?

There are two sections to the Plan, ‘Start Up’ and ‘Step Up’. If you’re automatically enrolled you’ll join Start Up, but you can move between them at any time.

Start Up

Start Up contributions are currently 4% of Start Up Pensionable Pay. The table also shows the contributions Sainsbury’s will pay.

Start Up Contributions:

<table>
<thead>
<tr>
<th>Sainsbury’s</th>
<th>You</th>
</tr>
</thead>
<tbody>
<tr>
<td>4%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Start Up Pensionable Pay is your total taxable pay excluding car allowance, share payments and leaving payments, which in the year 2019/20 fall between £472 and £3,848 per pay period. These limits are set by the Government and are likely to change in the future.

Step Up

If you choose to join Step Up, you must contribute at least 5% of your Step Up Pensionable Pay. Sainsbury’s will contribute 12.5% of your Step Up Pensionable Pay to your pension pot.

Step Up Contributions:

<table>
<thead>
<tr>
<th>Sainsbury’s</th>
<th>You</th>
</tr>
</thead>
<tbody>
<tr>
<td>12.5%</td>
<td>5% or more</td>
</tr>
</tbody>
</table>

You can pay contributions over and above 5% of your Step Up Pensionable Pay but Sainsbury’s maximum contribution will be 12.5% of your Step Up Pensionable Pay.

Step Up Pensionable Pay is your total taxable pay including overtime and shift premiums but excluding bonuses and any other allowances or one off payments.

If you join Step Up, you’ll be eligible for enhanced Life Cover and Long Term Disability Insurance cover. These benefits are only available to colleagues paying Step Up contributions. For further details see page 11.
Can I change my contribution?

Yes, you can change your contribution at any time by contacting AskHR on 08000 15 30 30.

How do I pay?

Contributions can either be deducted from your pay or paid through SMART.

What is SMART?

SMART gives you both National Insurance savings and immediate tax relief. You sacrifice a percentage of your pay into the Plan, which is equal to your contribution. Sainsbury’s then pays this amount into the Plan together with their contribution. As SMART reduces your pay, your National Insurance contributions are reduced. If you're a higher rate tax payer, SMART also gives you full tax relief at source rather than having to claim some through your tax return.

If you’re automatically enrolled into the Plan, your contributions for the first three pay periods will be deducted from your pay rather than through SMART. From the fourth pay period onwards, Sainsbury’s will include you in SMART. You won't be in SMART if your pay falls below the Pay Protection Limit. The Pay Protection Limit is currently set at £1,020 per pay period if you're automatically enrolled or choose to pay Start Up contributions and £1,040 if you choose to pay Step Up contributions.

If you choose to join the Plan rather than being automatically enrolled, you’ll automatically be included in SMART. You can, however, opt out of SMART and pay contributions by deduction from pay.

SMART is not suitable for every colleague, so more detailed information is provided in the ‘SMART and your pension’ leaflet at www.jspensions.co.uk. This leaflet also explains when you can move in and out of SMART.

If you do not wish to participate in SMART, contact AskHR.

When are contributions deducted from pay?

Your contributions will be deducted from your pay rather than being paid through SMART if:

- You’ve been automatically enrolled (for the first three pay periods only), or,
- If you’ve chosen not to take part in SMART, or
- You earn below the Pay Protection Limit.

Sainsbury’s deducts your contributions from your pay after tax, and pays this to Legal & General. Legal & General then adds basic rate tax relief to your contribution. If you pay higher rate tax, you can also claim back the additional tax relief from Her Majesty’s Revenue & Customs (HMRC).

J Sainsbury plc shares
Please see page 6 for more information about this option.
Investing in your Sainsbury’s SIPP

You choose where your Sainsbury’s SIPP pension pot is invested, allowing flexibility in the way you save for your retirement. The Sainsbury’s SIPP offers two ways of investing, using either:

- Insured Arrangements, or
- Self Invested Arrangements.

Insured Arrangements

The Sainsbury’s SIPP offers more than 100 Insured Funds, which invest in a variety of assets (such as equities or property), industry sectors (such as retail or technology) and geographic regions (such as Europe or Asia Pacific). These range from low to high risk options.

Using the details in the Sainsbury’s fund information guides, you can select, based upon your circumstances, a suitable fund or funds to invest in. If you would like more information before choosing a fund or funds for your contributions into the Sainsbury’s SIPP, you should consider seeking financial advice. However, if you don’t want to seek advice and don’t wish to make an investment choice, Sainsbury’s has selected a default investment option.

This default investment option is the Sainsbury’s SIPP Pre-Packaged to Flexible Income Lifestyle Profile. The default investment option is not a “no risk” option and details of the risks of this option are in the Sainsbury’s fund information guides.

This Lifestyle Profile is designed for members who plan to leave their whole pension pot invested after their retirement date and use it to provide a regular income.

Full details, charges and descriptions of the range of Insured Funds, including the funds which make up the default investment option, are in the Sainsbury’s fund information guides provided by Legal & General on www.jspensions.co.uk

Investment returns are not guaranteed and the value of your investments may fall as well as rise.

Self Invested Arrangements

A Self Invested Arrangement gives you access to a wide choice of investments, including:

- Shares in individual companies, such as J Sainsbury plc shares
- Unit and investment trusts
- Open ended investment companies
- Fixed Interest Securities

These Self Invested Arrangements are appropriate for more experienced investors who have a good understanding of the risks and costs involved. It is in your best interests to take financial advice before considering investing in the Self Invested Arrangements.

If you invest in a single asset, such as the shares of a single company, you will be taking a greater risk than if you spread your investment over a number of assets.

For further information, you should refer to the detailed information provided by Legal & General which is on www.jspensions.co.uk.
Changing your investments

If you would like to make a change to your investments you’ll need to contact Legal & General by email at employerdedicatedteam@landg.com or call them on the number shown on page 11.

Alternatively, you can log into Manage Your Account to change funds, view your savings and update your details online in the years before you start to access your pension pot.

Transferring your shares to your Sainsbury’s SIPP

You may have the opportunity to transfer your maturing shares under Sainsbury’s Executive Share Plans into the Sainsbury’s SIPP. You will receive details of the options for transferring the J Sainsbury plc shares you receive when each share plan matures.

If you transfer Sainsbury’s shares into your Sainsbury’s SIPP then currently basic rate tax (20% of gross contributions for the 2019/20 tax year) for this contribution will be automatically paid into your Member’s SIPP bank account in your Sainsbury’s SIPP, which you can then choose to invest. If you’re a higher rate taxpayer, you will need to claim any additional tax back either through your tax return or by contacting HMRC. For further information, go to www.jspensions.co.uk and look at the Share Contribution Key Facts document provided by Legal & General.

Capital Gains Tax

Contributing shares to a SIPP is a disposal for the purposes of Capital Gains Tax (CGT). If the price at which you acquire your shares is different to the price at which you ‘transfer’ your shares, you may incur a CGT gain (or loss). The law and tax rates may change in the future.
Sainsbury’s SIPP charges

Sainsbury’s has negotiated competitive rates with Legal & General.

Please note these are the charges as at April 2019, which may be subject to change in the future. Other fees and charges may apply.

Legal & General may increase charges to reflect increases in their overall costs and/or changes in their assumptions about their future expenses. They’ll let you know at least 30 days before they make any change. For further details see the Legal & General booklet you received on joining, which explains how your plan is administered.

Insured Funds charges

**Annual Management Charge** – 0.10% of the value of your insured funds a year.

The Annual Management Charge is independent of your choice of investment funds. Legal & General works out the charge daily and takes it monthly for each previous month by cashing in units.

The Fund Management Charge covers the cost of managing your chosen investment fund(s) and varies from investment fund to investment fund. The way it’s calculated depends on who manages the investment fund and is reflected in the price of units in the fund.

The Fund Management Charges are in the fund information guides provided by Legal & General.

**Insured Arrangement charges example**

Total charges may not be exactly as shown due to the different ways the Annual Management Charge and the Fund Management Charge are applied.

| If you are in the Legal & General (PMC) Multi-Asset Fund and your fund was worth £10,000 throughout the year, at current rates you would be charged as follows: |
|---|---|
| Value of insured fund | £10,000 |
| Annual Management Charge at 0.10% | £10 |
| Fund Management Charge at 0.23% | £23 |
| **Total charges** | **£33** |

Self Investment charges

An Annual Management Charge of 0.30% (inclusive of VAT) of the value of your self invested assets, including your J Sainsbury plc shares if applicable (minimum £25 a year – maximum £100 a year).

An installation charge of £100 (inclusive of VAT), plus other charges depending on your investment choice is also payable. The installation charge does not apply if you’re making regular contributions to the Sainsbury’s SIPP.
Share transfer charges example

**Important:**
This example assumes that the shares being transferred represent the share holding once shares have been sold to settle your income tax and National Insurance liability. Shares released under the Value Builder and Future Builder shares plans and Bonus Shares are subject to income tax and National Insurance.

<table>
<thead>
<tr>
<th>Year 1 charges based on transferring 5,000 shares valued at £3.20 each.</th>
<th>£16,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value of shares (5,000 @ £3.20)</td>
<td>£16,000</td>
</tr>
<tr>
<td>Basic rate tax relief credit to Member’s SIPP bank account (20% for 2019/20 tax year*)</td>
<td>£4,000</td>
</tr>
<tr>
<td>Stamp duty deduction from Member’s SIPP bank account</td>
<td>- £80</td>
</tr>
<tr>
<td>Installation charge</td>
<td>- £100</td>
</tr>
<tr>
<td>Account holding fee (£10 + VAT per quarter)</td>
<td>- £48</td>
</tr>
<tr>
<td>AMC of 0.3% + VAT (min £25 + VAT max £100 + VAT)</td>
<td>- £72</td>
</tr>
<tr>
<td>Total value of investment</td>
<td>£19,700</td>
</tr>
</tbody>
</table>

These are the current charges (as at April 2019), which may be subject to change in the future. There may also be other charges applicable to a share transfer.

For further information, please refer to the Share Contribution Key Facts and the Sainsbury’s Fees and Charges documents provided by Legal & General.

*For a £16,000 share contribution, basic rate tax relief of £4,000 would be applied to your plan. (£16,000 + £4,000 = £20,000. 20% of £20,000 = £4,000).
Taking your Sainsbury’s SIPP benefits

You can currently start to take your benefits at any time from age 55 – even if you’re still working.

Legislation now allows you to access the money in your pension pot by taking cash lump sums, flexi-access drawdown, buying an annuity or a combination of these options:

Cash lump sum
Take some or all of your pension pot as a cash lump sum. 25% of the lump sum taken will be tax-free with the remainder taxable as income. Any remaining pot stays invested until you’re ready to access your pot again.

Flexi-Access Drawdown
Select some or all of your pension pot and take up to 25% of the amount selected as a tax-free amount. The rest of the amount selected can stay invested or be taken as a taxable income when you need it on a monthly or occasional basis. The part of the pot which wasn't selected can also stay invested until you access it again.

Buy an annuity
Use some or all of your pension pot to buy an annuity after taking up to 25% as a tax-free lump sum. An annuity will provide you with a taxable, guaranteed income for life or a fixed term depending on the type of annuity you buy.

Pension Wise is an independent government service offering free and impartial guidance to help you understand your options when you come to access your pension pot. Please visit their website at www.pensionwise.gov.uk

You can also visit the Accessing your pot page on the Legal & General website for more information.

You may want to consider taking financial advice. Hargreaves Lansdown have been appointed to help you to buy an annuity on the open market. Their details are on www.jspensions.co.uk
Annual Allowance

You'll receive tax relief on your contributions up to 100% of earnings or £3,600 gross if greater, but if yours and Sainsbury’s contributions exceed the Annual Allowance then you’ll be subject to a tax charge on the excess.

The Annual Allowance is £40,000 for the tax year 2019/20. It includes:

• Contributions you and Sainsbury’s make to your Sainsbury’s SIPP
• Contributions to other registered pension schemes
• The increase in value of any defined benefit pension you have built up during the tax year.

For those with earnings over £110,000 a year, and £150,000 a year when total pension contributions are included, the Annual Allowance may reduce below £40,000 but not less than £10,000. If you think you may be affected by this, you may need to take financial advice. Advisers usually charge for their services.

When you decide to access your pension pot your Annual Allowance for money purchase benefits may be restricted to £4,000 depending on the options you choose. When this applies, it is called the money purchase annual allowance (MPAA). Please see your Legal & General Member’s booklet for more information.

If you exceed the Annual Allowance you will pay tax on the total amount that is paid above it.

Lifetime Allowance

The value of your Sainsbury’s SIPP will also count towards your Lifetime Allowance. This is the maximum value of retirement benefits you can build up in a tax-efficient way. It includes benefits from your Sainsbury’s SIPP, any previous employer’s plan (including the Sainsbury’s Executive Stakeholder Plan), and any other personal pension arrangements and defined benefit plans you may have. Any benefits in excess of your Lifetime Allowance incur a tax charge.

Most people’s Lifetime Allowance will be the Standard Lifetime Allowance. The Standard Lifetime Allowance for the 2019/2020 tax year is £1,055,000.

HMRC will tax the value of any benefits over your Lifetime Allowance using a rate of up to 25% if your benefits are taken as an income and up to 55% if your benefits are taken as a lump sum.

If you think you may be affected by the Lifetime Allowance, you should contact a financial adviser and let Sainsbury’s know. Please note, financial advisers will usually charge a fee for their services.
Joining process.

You can join at any time by going to AskHR. If you haven't got your own access, please check with your line manager. If you don't join voluntarily then Sainsbury's will automatically enrol you into the Plan when you meet certain conditions. You will be enrolled from the beginning of the next pay period if:

• You are at least 22 years old and
• You are below State Pension age and
• Your earnings exceed the Threshold Earnings, which are currently £768 in a four-weekly pay period and
• You have completed nine weeks continuous employment with Sainsbury's from your start date or from age 22.

If you’re automatically enrolled you’ll join the Start Up section. Please see page 3 for further details on the different sections to the Plan.

You have one month to opt out of the Plan and receive a refund of your contributions once you have been automatically enrolled, although the law will require Sainsbury's to re-enrol you at a later date if you then satisfy the same conditions.

You can choose to leave the Plan at any time but you will not be able to take a refund of your contributions.

You can find out more about Pensions Automatic Enrolment on www.jspensions.co.uk

Saving for retirement is an important part of planning for your future. The Sainsbury's SIPP is designed to give you additional flexibility in the way you save for your retirement. If you’re uncertain whether a Self Invested Pension Plan is right for you, you should consult a financial adviser. You can find a financial adviser at www.unbiased.co.uk. Advisers may charge for their services.

Any questions?

If you have any questions about the Sainsbury’s SIPP, call the Legal & General helpline on 0345 302 0323. Call charges will vary. They may record and monitor calls.

Please note Legal & General cannot give you advice.
Other benefits.

If you're employed by Sainsbury’s and pay Step Up contributions into the SIPP then you'll also be eligible for the following additional benefits:

**Life Cover**

If you pay Step Up contributions then you’ll be eligible for life cover of six times your annual contractual basic pay should you die while employed by Sainsbury’s.

Payment of the life cover under Step Up is subject to any conditions or restrictions applied by the insurance company providing the benefit cover.

If you don't join Step Up within the first year of joining Sainsbury’s, then your life cover may be restricted by the insurer.

**Long-Term Disability Insurance (LTDI)**

If you pay Step Up contributions then you’ll be eligible for Long-Term Disability Insurance cover of up to 50% of your annual contractual basic pay and pension contributions should you become unable to work for medical reasons.

In the event of a claim, this benefit is payable at the discretion of the insurance company providing the cover. These benefits are provided by Sainsbury’s and are not provided by or underwritten by Legal & General.

**Note:**

If you stop paying Step Up contributions, the life cover and Long Term Disability Insurance cover will stop immediately.