Argos

together we are Sainsbury's

Real people, retiring today

Each year, the specialist advisers at LV= help thousands of pension scheme members understand their options for taking their retirement benefits. Here are five stories showing how LV= has helped members like you decide what to do with their defined benefit (DB) pension from the Sainsbury's Pension Scheme.

Case study 1: Mrs C

Mrs C was aged 54, married and living in rented accommodation, having sold her home to go travelling and ‘enjoy good times’.

Mrs C planned to retire early at age 61 but wanted to take her Sainsbury’s pension now, so that she could take advantage of what she believed to be a high transfer value being offered by the Scheme. She wanted to invest the money now in readiness for retiring fully in seven years’ time.

The recommendation LV= gave Mrs C was to not transfer out at this stage in her life. She had a need for guaranteed income in her later life and had no tolerance for the value of her pension falling, so by remaining a Scheme member she could address both of these issues.

Mrs C agreed with their advice and remained a member of the Scheme.

Case study 2: Mrs P

Mrs P approached LV= for advice because she was surprised at how much the Scheme was offering her as a cash equivalent transfer value if she transferred her pension away. It was very tempting and she had considered it because she felt she could make a better financial return by investing the money herself.

Mrs P had worked on a contract basis in an accountancy role up until recently, but she was currently out of work. Mrs P is married and her husband stayed at home to raise the children when they were younger, so he has limited pension provision of his own.

Mrs P has three grown-up children and is financially secure, with a large amount of savings. As well as a holiday home in Tenerife, she inherited a property which she rents out. She has a number of pensions invested in equities, another smaller final salary pension scheme which is paying an income, and of course her State pension.

In this case, LV= recommended that Mrs P remain a member of the Sainsbury's Pension Scheme. Throughout her life, she'd had times when there was no guaranteed income coming in, and she didn't wish to experience that again, plus she has other pension funds she can use to invest more flexibly. Finally, in the event of Mrs P dying first, her husband would need the income from the Sainsbury's Pension Scheme to meet his income needs.

Case study 3: Miss S

Miss S was 58 and had worked in retail all her life with various companies. Miss S told herself at age 16 when she started work that she would never be a 'poor pensioner' and saved all through her working life to ensure that she would be secure in retirement.

Miss S retired and started taking a pension from one of her company schemes, but she was interested in some flexibility from her other scheme. Miss S needed some additional guaranteed income from the second scheme, which could be purchased using some of her transfer value, with the rest of the transfer value being available to spend flexibly.

Miss S was single and didn't have any children or dependants. She had nieces and nephews who would inherit from her estate, but they had jobs and their own income.

Miss S wanted to go on holiday to Australia and New Zealand and enjoy herself without having to worry about money – she estimated that this 'holiday of a lifetime' would cost around £30,000. She also wanted money set aside for general holidays and leisure costs over the next 10 years, at a maximum cost of £25,000. Finally, Miss S wanted to pay off the remainder of her mortgage (£10,000) and then make some home and lifestyle improvements at a total cost of £12,000.

LV= recommended Miss S transfer her pension and then, with a portion of the transfer value, purchase a lifetime annuity to provide the remainder of the guaranteed income that she required, with the tax-free cash being used to fund her holidays, mortgage repayment, and home and lifestyle improvements. The rest of her pension fund was invested in a fixed-term annuity to provide an income until her State pension kicked in.

Case study 4: Mr W

Mr W, 61, approached LV= with an objective of retiring at age 63. Mr W had been monitoring his cash equivalent transfer value (CETV) for the previous two years and decided to speak to an adviser when his CETV reached an all-time high.

Mr W is married to a teacher and they have three children, all of whom are financially dependent on their parents. Mr and Mrs W's joint income is more than sufficient for their needs and they have a good level of savings. In retirement, Mr W has one other self-invested personal pension and Mrs W would receive a defined benefit pension of £3,000 a year in addition to their State pensions.

Mr W wants to repay their mortgage, buy a new car, pay their three children's university fees and undertake some building work.

When he talked to the experts at LV=, Mr W said: 'I don't want to keep working for half of my 60s and have far too much money when my wife and I pick up our State pension at 67. On the other hand, if I retire early with just my Sainsbury's pension, we won't have enough money between then and age 67.'

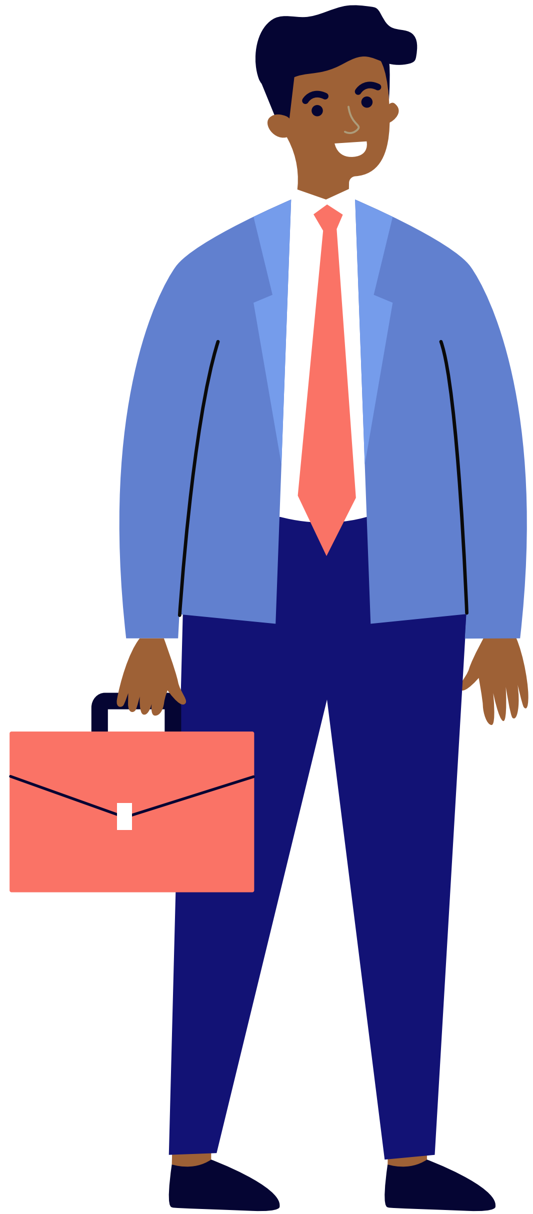
LV= recommended that Mr W remains a member of the Sainsbury's Pension Scheme until he intends to retire, rather than transferring his pension out. Without his Sainsbury's pension, Mr and Mrs W wouldn't have enough guaranteed income coming in when they retire. Mr W can use his savings to plug their income gap between his early retirement at 63 and his Scheme retirement age of 65. If Mr W transferred his pension away from the Sainsbury's scheme now, Mrs W would no longer receive a spouse's pension from the Scheme, and she does not have enough guaranteed income from her own teacher's pension.

Case study 5: Mr F

Mr F was aged 58, single with no children, and working part time. He wanted to fully retire as he is frugal and values time and freedom to lead his life as he pleases. Additionally, he had recently moved to a new area and wanted to put down roots and purchase a property.

However, his pension wouldn't give him the level of income that he needed to retire early, and the tax-free cash wouldn't enable him to purchase his new home in full (£40,000). He received a quotation from the Scheme for a cash equivalent value of £169,000.

By transferring his DB pension into a fixed-term annuity, LV= enabled Mr F to buy his new property outright, reduced his outgoings by £300 per month, allowed him to stop working early and maintain his income requirements until he reaches State pension age. At that point, he would receive enough income to maintain his lifestyle while still having a guaranteed £55,000 left of his transfer value.



Case study 6: Ms D

Ms D is aged 60 and is single with two dependent children. She was made redundant in 2019 and has two pensions (one with Sainsbury's). Ms D decided not to return to full-time work, preferring to become self-employed. However, in order to make ends meet and continue supporting her two children financially, she put her non-Sainsbury's pension into payment. As a result of this, however, she lost her entitlement to Universal Credit.

Ms D was offered a Pension Increase Exchange on her Sainsbury's pension which would provide an 18.4% increase on her Sainsbury's pension income in Year 1, compared to not taking the offer. She decided to take up the offer of paid-for advice from LV=, to help her decide what to do. Having already lost her Universal Credit benefit, Ms D felt that she was better off having a higher income now, while still benefitting from some inflation increases on her other pension. She felt this would provide peace of mind and give her some breathing space to manage her outgoings, until hopefully her children could support themselves.