CARE for you, and your family

Summary of your Career Average Section pension

Contents

A quick guide to how your Career Average pension works and what will be payable to you and to your partner, dependants and children.

CARE Rules are available from the Pension Trustee Support Unit. If any information in this guide or on HR's intranet pages differs from the Rules then the Rules override.

Membership

Your Career Average Revalued Earnings (CARE) pension is a trust fund, which means CARE assets are held separately from the Bank by a trustee company.

As a CARE member, you will be eligible to accrue pension benefits from your first day of employment. If you are a permanent employee or contractor, and your contract is for three months or more, you are auto-enrolled into the Bank's pension.

On joining the Bank, all employees MUST make a pension accrual choice within six weeks of joining. You can also choose to opt out of the pension.

The CARE pension is funded entirely by the Bank as part of your benefits package. Employees do not have to contribute to the CARE pension (unless you choose to 'dial up' your pension accrual).

What is a CARE pension scheme?

CARE stands for Career Average Revalued Earnings and is a form of defined benefit pension scheme. Your pension is calculated annually (based on your pensionable earnings and your chosen accrual for that year), and is revalued every year. When you leave, all of the annual pension amounts and indexations are added up to be your total pension per annum.

If you planning to leave the Bank or wish to opt-out of CARE turn to the **Leaving the Bank before receiving the pension** section on page 8.

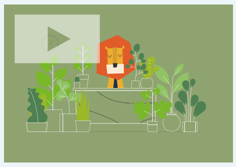
As a CARE member, you build up a block of pension each year.

This is from 1 April to 31 March based on your pensionable earnings (if you join or leave partway through the year, your pension block for the year is adjusted accordingly). Pensionable earnings are made up of your basic salary; some employees also receive other allowances (see HR's Intranet pages for details).

After each year's accrued pension your overall pension is automatically revalued in April to reflect any rise in the Retail Price Index (RPI).

You are kept informed about your entitlements through personal benefit statements, which are issued online via your Total Reward Statement (TRS).

Watch the video on how CARE works here



Leaving the Bank

When you leave the Bank, all the pension blocks you have built up are added together to form your total CARE pension.

Each and every year until you receive your pension, your total CARE pension will increase in line with the Consumer Price Index (CPI). After you start to receive payments, your CARE pension continues to increase in line with CPI each year.

Absences such as a secondment, study or maternity leave normally count towards your pensionable service, but other breaks of service of more than three months do not.

Once you decide to receive your pension, your monthly payments are taxed as earned income and will not be subject to National Insurance deductions.

Here is an example:

Say your pensionable earnings are:

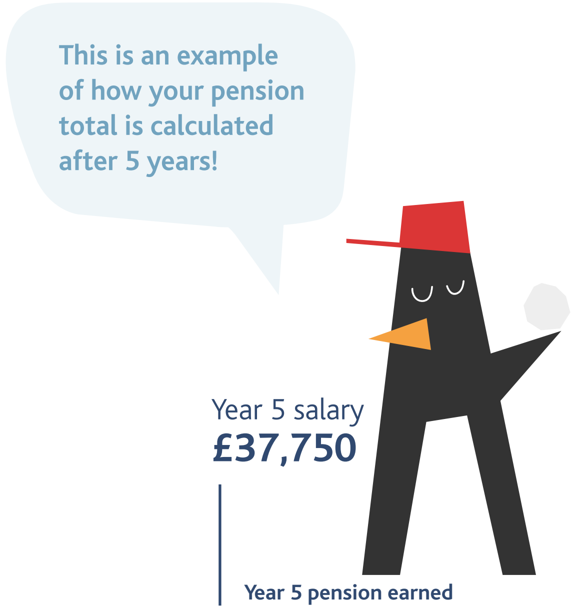
£35,000

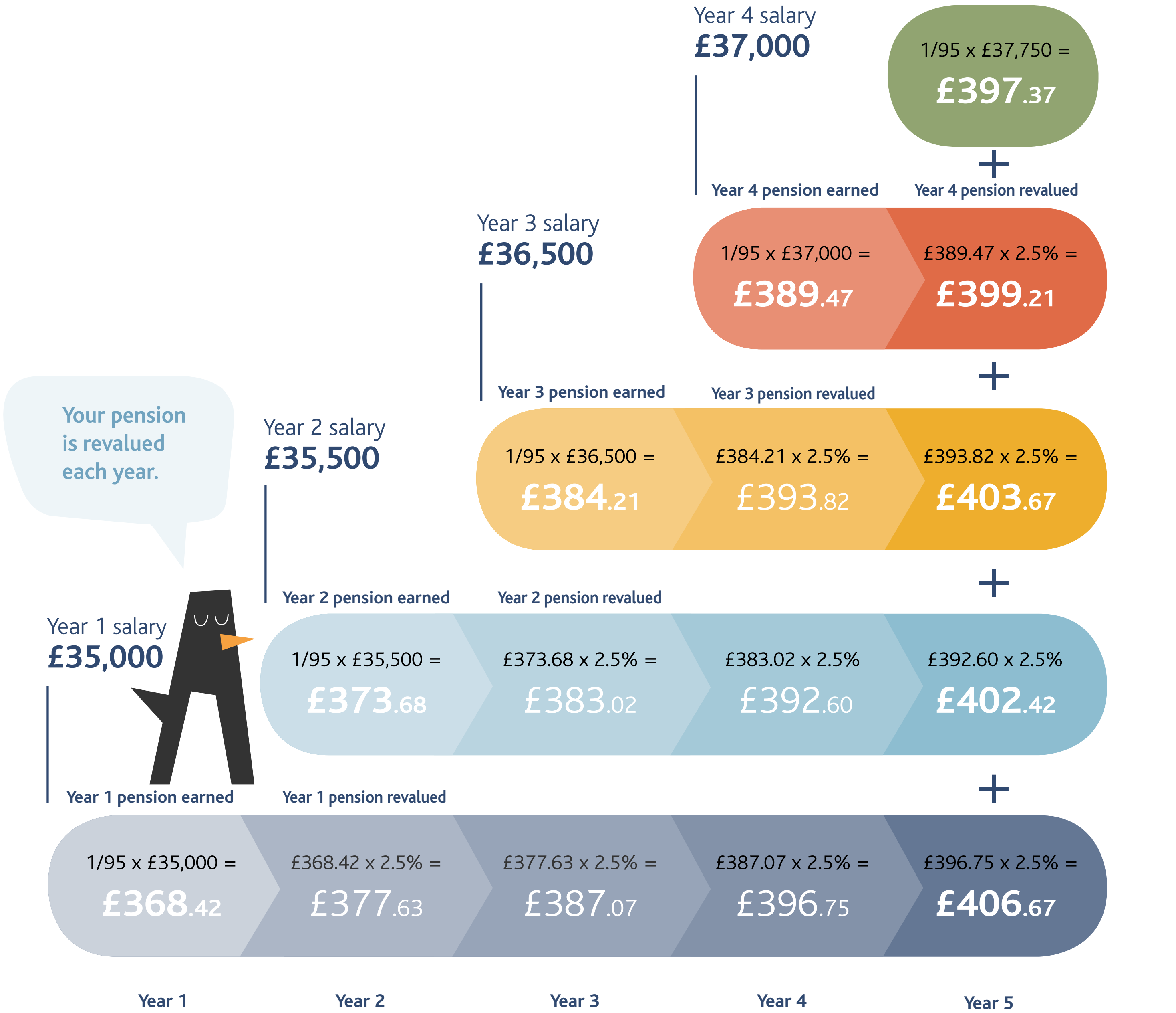
The first block of pension you build up would be:
1/95 x £35,000 =

£368.42

If you continued working at the Bank for a total of five years, during which time your Pensionable Earnings increased to £37,750 and RPI was 2.5% a year, at the end of five years, you would have built up an annual pension of:

£2,009.34





After 5 years, your pension is calculated by adding together each year's revalued pension

Total = £2,009.34

On joining the Bank, each and every April you can choose to ‘dial up’ or ‘dial down’ the amount of your pensionable earnings that goes into your pension block over the following 12 months.

CARE’s BenefitSelect has six options (known as accrual rates) – 1/50, 1/65, 1/80, 1/95, 1/110 and 1/120. Your contractual standard accrual is 1/95 of your pensionable earnings and requires no contribution from your take-home pay. Options 1/50, 1/65 and 1/80 (dial up) reduce your take-home pay but increases your pension more than the standard 1/95 option.

Options 1/110 and 1/120 (dial down) could increase your take-home pay but reduces your pension more than the standard accrual rate. Any increase in take-home pay as a result of dialling down is subject to tax and National Insurance, as this is additional pay.

Each and every year, the pension flex rates are recalibrated. Employees are informed of the rates before the next benefit enrolment year.

Additional Voluntary Contributions (AVCs)

In addition to dialling up your pension in the CARE scheme, the Bank also offers employees the ability to make AVCs through the Bank’s Supplementary Pension Plan (SPP). AVCs are tax-efficient and can be paid by salary sacrifice from your regular salary or as a lump sum at any time. The SPP is a defined contribution pension arrangement, separate from the Bank’s CARE pension scheme. It is managed by Legal & General.

Further information on the SPP can be found by clicking on the SPP link on the intranet.

The maximum you can pay into the SPP is limited to 50% of pensionable earnings in any year, and all AVCs in total cannot exceed 100% of your taxable earnings, which include other taxable benefits.

You can also pay into any number of different arrangements at the same time, such as personal pensions, stakeholder plans and self-invested pension plans outside the Bank. However, please note that if your pension contributions exceed your Annual Allowance (please refer to Personal Tax Allowances) then you may be liable for an Annual Allowance Tax Charge.

Benefits at a glance

If you:	Die in service	Leave the Bank	Retire at normal pension age – age 65 – or earlier
Value of normal pension you would get		A deferred pension (normally payable at age 65) based on your revalued pension accrual earned during your Bank service (only applicable if you have completed the vesting period).	An immediate pension based on your revalued pension accrual earned during your Bank service.
Cash sum options you could take		Option to take part of your pension as a tax-free cash sum at the pension commencement date.	Option to take part of your pension as a tax-free cash sum at the pension commencement date.
Guarantees on your pension	A cash sum of up to 4 x Pensionable Earnings.	Pension guaranteed for 5 years — cash sum payable if you die before your pension has been paid for 5 years.	Pension guaranteed for 5 years — cash sum payable if you die before your pension has been paid for 5 years.
Guarantees on your pension	Allowances for widow/widower/civil partner/other dependants (up to 60% of your pension) and children.	Allowances for widow/widower/civil partner/other dependants (up to 60% of your pension) and children.	Allowances for widow/widower/civil partner/other dependants (up to 60% of your pension) and children.
The transfer value of your fund		If you leave before 2 years of service you must transfer the pension within 3 months of the date in the letter from the administrator. After 2 years of service you can transfer the pension at anytime if you so wish.	

Leaving the Bank before receiving the pension

Depending on how long you are a member of the CARE pension fund, the following options apply:

Under 3 months membership
You do not qualify for a Bank pension.

Over 3 months but under 2 years membership
You accrue a pension, but this must be transferred to another pension fund within 3-months of the date of the letter from the pension fund administrators.

Over 2 years membership
You accrue a pension and you can defer (leave) the pension in the Bank of England Pension Fund, and it will receive CPI increases annually. You can also transfer the pension to another pension provider at any time in the future.

When you elect to receive the pension, the following apply:

- You can take a proportion of the pension as a tax-free cash lump sum on retirement
- A cash-lump sum is paid if you die in the deferred period or during the first five years after your pension starts
- Benefits are paid to your spouse/civil partner/widow/widower, and children if you die before or after you start drawing the pension

The pension fund's administrators will contact you before your 65th birthday with details of your deferred pension entitlement. You can choose to delay payments, in which case your deferred pension will increase to take into account your pension payments starting later.

Deferred pensions can also be paid any time from the minimum pension age of 55. However, starting your pension early means that your income will be reduced because you are receiving payments earlier and for longer.

Transferring deferred pensions

Up to one year before your 65th birthday you can transfer the cash equivalent of your deferred pension to another registered pension. However, this means transferring all of your pension's other entitlements, so it is important to get independent financial advice and compare your CARE benefits with those in another arrangement. If you transfer to a defined contribution pension arrangement, you must get advice from a regulated Independent Financial Adviser (IFA) before the transfer can proceed. You can go online at www.unbiased.co.uk to find an IFA.

You can receive your pension with an immediate and unreduced CARE pension on reaching the normal pension age of 65.

However, tax legislation allows you to draw your pension while continuing to work at the Bank, and you can receive your pension any time from the minimum pension age of 55.

If you do decide to take your pension while continuing to work at the Bank, you must opt-out of pension accrual. A further tranche of pension benefits will accrue if you opt back in, until you leave the Bank.

If you work beyond 65 you can either start receiving your pension or defer payment – either way, you will be given the option to continue to accrue pension benefits until you retire. If you defer, your pension will also be increased to reflect the late payment.

Ill health retirement

If you are medically unable to continue working, you can apply for an immediate ill-health pension. Depending on the Bank's ill-health criteria, at the Bank's discretion you may receive the pension that you have built up without any reduction. In a case of serious ill-heath, the Bank may grant your future service up to the age of 65.

Under the HMRC's regulations, ill-health pensions can be paid before the age of 55. The Bank will require medical evidence to assess your eligibility. Any ill-health pension granted by the Bank will be reviewed on a regular basis.

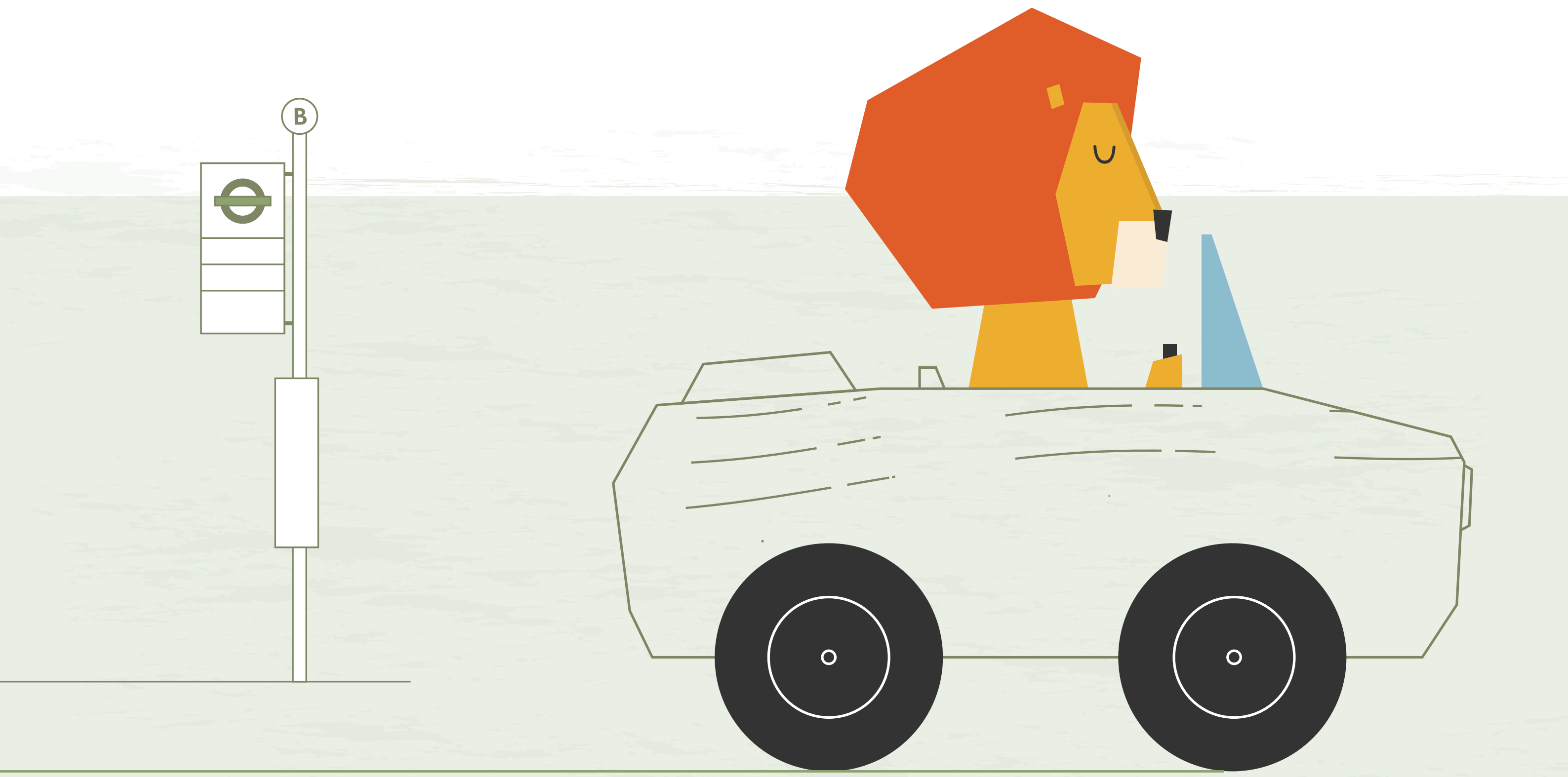
When you start to receive your pension you can choose to exchange part of the annual pension for a tax-free cash lump sum.

When you receive your pension, you have the option at that time to take some of your pension as a tax-free lump sum. This is called 'commutation'.

Taking cash means your pension payments will be reduced, but it does not affect the level of allowances payable to your spouse, dependants and children after your death, as these are calculated on your pre-commutation pension.

Your current maximum tax-free cash sum is shown on your benefit statement accessible via your Total Reward Statement (TRS). The pension fund's administrators will inform you of your pension options which include the maximum tax-free cash sum available to you and the amount your pension payments would be reduced as a result. Please note that the tax-free lump sum option is only available at the point of you starting to receive your pension.

If you would like to receive your pension calculations and options before Normal Pension Age, you must contact the pension fund administrators, Equiniti Paymaster.



Benefits on death

Whether you die before or after retiring, your legal spouse or civil partner may receive up to 60% of your annual pension for the rest of their lives.

Any eligible children and dependants may also receive allowances up to age 18, or up to age 23 if they remain in full-time education or unpaid vocational training.

These allowances are not reduced if you have taken a cash lump sum from your pension and are increased each year in line with the CPI.

In addition, cash lump sums are payable if you die while still in the Bank's service or after leaving the Bank and before receiving pension payments for five years. These sums are tax free except for any Lifetime Allowance charge.

The Trustee of the Bank's pension fund decides who lump sums are paid to but takes account of your wishes if you have sent a letter of nomination to the Fund Administrators. Death benefits are paid via the pension fund as a discretionary trust, so the benefit is paid tax-free and is not subject to inheritance tax.

What you need to do

To avoid any delay in payments to your partner, dependants and children, please provide the Fund Administrators with the birth certificates for all of your beneficiaries, plus the certificate if you are married or have entered a civil partnership. It is also essential to update your personal information so that the Fund Administrators are aware of any changes to your circumstances or wishes.

In addition, always ensure that you have completed a beneficiary nomination form and that this is kept up to date. If no beneficiary nomination form is in place it can delay the payment of a death benefit from the Fund.

Death-in-service lump sum
All employees have four times their pensionable salary as life insurance.

Pension guarantee lump sum
If you die as a deferred member (before your pension has been paid) or if your pension has been paid to you for less than five years, the balance of any pension payment is paid as a cash lump sum. This is in addition to pensions for spouses, children or dependants. Please note that payment of a death benefit to a beneficiary has to be included in their individual pension Lifetime Allowances (LTA).

Allowances
Allowances would be paid to:

Your spouse or civil partner – for life (unless you were married or entered a civil partnership less than six months before your death after you left the Bank). The allowance is 60% of your indexed pension (but not taking into account any tax-free cash lump sums taken at retirement). This would reduce to 50% if three or more children are eligible for allowances. Also, if there is more than a 15-year age gap between your spouse or civil partner, the allowance is reduced by 2% for each full year over 15 years to a maximum reduction of 50%.

Your children, adopted children and stepchildren – up to the age of 18, or 23 if they are in full-time education or unpaid vocational training. The allowance is 20% of your index-linked original base pension for one eligible child, 35% for two, and 50% for three or more.

The Trustee of the Bank's pension fund also has discretion to pay an allowance to anyone who is deemed financially dependent on you at the time of your death.

Here is an example:

Say your pension when you retire is:
£10,000pa

And the total amount of inflation over the time from when you retire until you die is:
25%

Your index-linked pension at death would be:
£10,000 + 25%
= £12,500pa

This means your spouse or civil partner would receive:
£12,500 x 60% = £7,500pa

Your children would receive:
With one eligible child
£12,500 x 20% = £3,125pa

With two eligible children
£12,500 x 35% = £4,375pa
(split equally between both children)

*With three or more eligible children**
£12,500 x 50% = £6,250pa
(split equally between all children)

The allowance that your spouse / civil partner or children will receive after you die will be calculated based on your total index-linked pension, regardless of whether you have taken a tax free lump sum.

Pension tax allowances

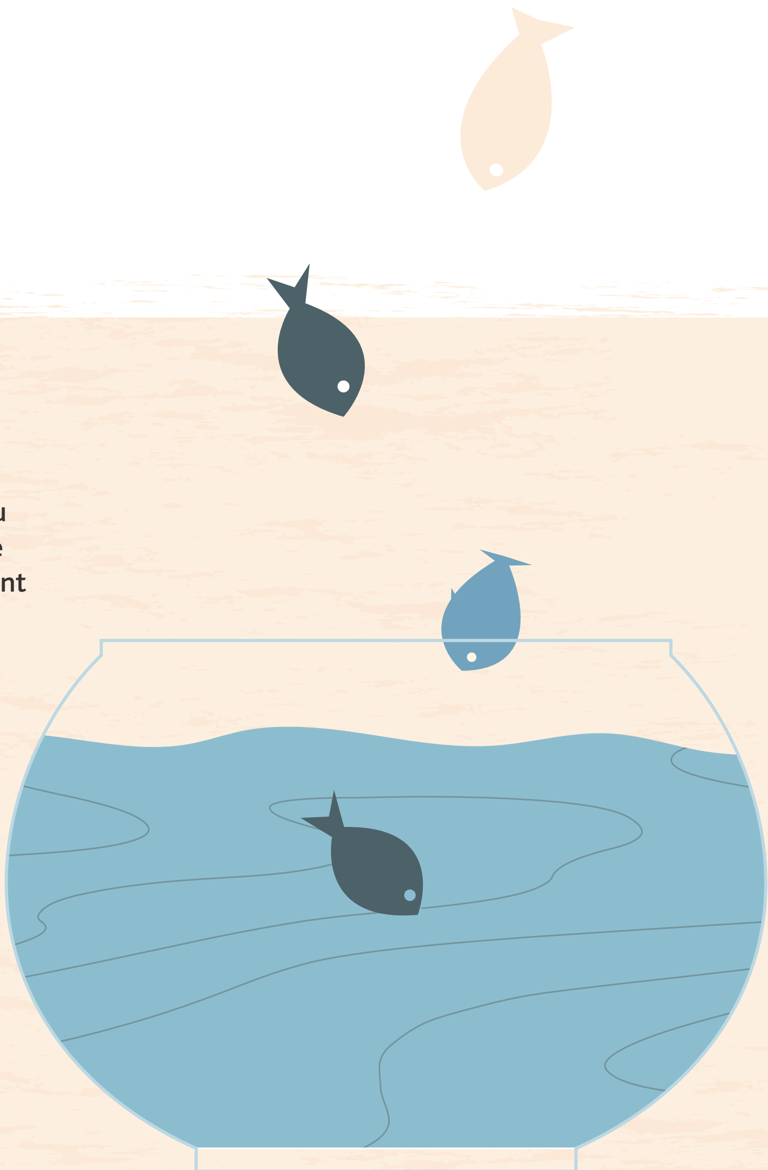
Lifetime Allowance (LTA)

The LTA is simply the current value of your pension benefits in all pension schemes (except the State Scheme) expressed as a capital value. Before CARE benefits can be paid, you must provide the Fund Administrators with a declaration confirming your LTA value if you have taken pension benefits from other pension schemes. Without this, the Bank's pension fund is obliged to deduct tax and you will be liable for the tax-recovery charge on your whole Bank pension. If you have any queries about your LTA position, please contact the Fund Administrators.

Further information on the Lifetime and Annual Allowances are available here.

Annual Allowance (AA)

The AA is a yearly ceiling on total payments into all pension schemes or the increased value of benefits in a defined benefit scheme such as the Bank's pension fund. AA values are distributed to CARE members each year via their TRS. Contributions to your pension that exceed the AA are taxed. When the AA is exceeded, the Bank's pension fund is obliged to inform members by October the following tax year. Tax can then be paid as a lump sum through self-assessment or the member can ask the Bank's pension fund to pay the tax direct to the HMRC.



The State Pension

Your National Insurance contributions entitle you to a State Pension. If you reach State Pension age on or after 6 April 2016 the State Pension payment is a flat amount. You have to claim the State Pension in order to receive it.

Check the state pension calculator to see what you can expect to receive:
https://www.gov.uk/check-state-pension

The Bank's pension assets are held in trust and are separate from those of the Bank.

The assets and liabilities of the Fund are managed by a trustee company – BE Pension Fund Trustees Limited.

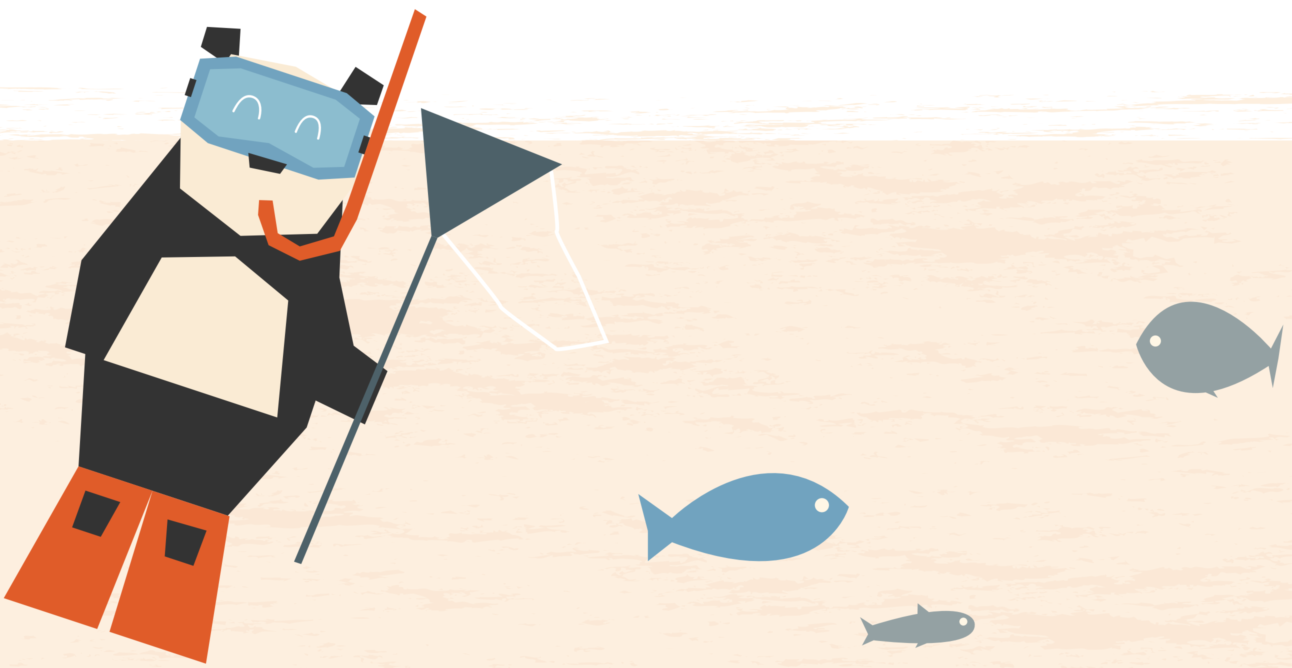
Up to eight directors are appointed directly by the Bank and four are nominated by three groups of CARE members – current employees, union members, and pensioners.

Every three years the Fund Actuary assesses the Bank's pension fund's financial position. On the basis of this assessment, the cost of CARE benefits is then agreed between the Bank and the Trustee.

It is the Bank, not the Trustee, which has the ability to change the CARE benefit provision in the future.

Dispute Resolution Procedure
Disputes relating to the Bank's pension fund are usually resolved directly with the Fund Administrators or the Pension Trustee Support Unit. The Dispute Resolution Procedure is a more formal arrangement that is available to members, their partners, dependants and children. Full details are available from the Pension Fund Secretary.
PensionTrusteeSU@bankofengland.gsi.gov.uk

General Data Protection Regulations (GDPR)
Under the terms of the General Data Protections Regulations 2018, BE Pension Fund Trustees Limited is the data controller and Equiniti Paymaster acts as a data processor in order to processes personal data on behalf of the Trustee for all of the Bank's pension fund administration purposes. In some circumstances, personal data may be disclosed to the professional advisers of BE Pension Fund Trustees Limited, such as the Fund Actuary.



Pension resources

Internal

Pension fund information
Pension fund developments at the Bank are covered in an annual report; a summary version, Pension Fund Update, is also circulated to members every August or September. Both versions are available as PDFs on HR's intranet pages. together with the pension fund's Statement of Investment Principles. Copies of the Trust Deed and Rules of the fund are available from the Pension Trustee Support Unit PensionTrusteeSU@bankofengland.gsi.gov.uk

Three times a year, your Total Rewards Statements provide you with an up-to-date pension statement.

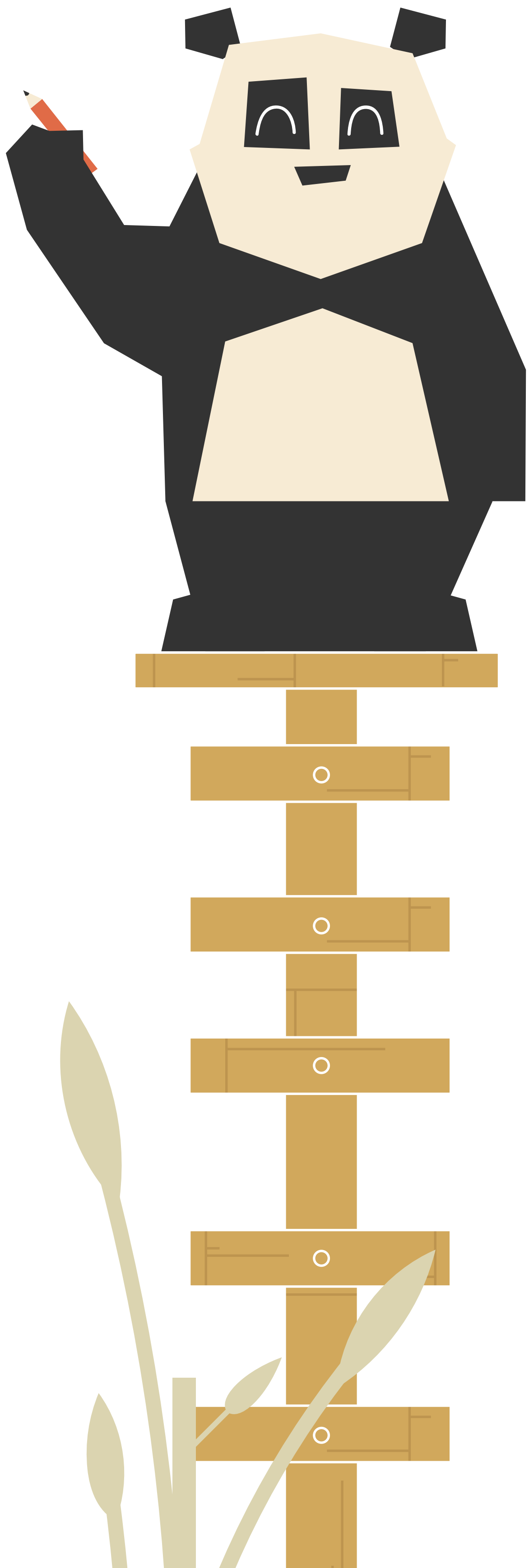
Pension queries
If you have any questions relating to your Bank Pension benefits, your queries must be sent to the pension fund administrators, Equiniti Paymaster on 01293 604119 or email bankofengland@equiniti.com

External

Pension Tracing Service (PTS)
PTS helps people who have lost touch with pension schemes to trace them and claim their entitlements.
The Pension Service 9, Mail Handling Site A,
Wolverhampton, WV98 1LU
0800 731 0193
www.findpensioncontacts.service.gov.uk

The Pensions Ombudsman
The Pensions Ombudsman can investigate and make rulings on any dispute relating to pension funds.
10 South Colonnade, Canary Wharf, London E14 4PU
0800 917 4487
www.pensions-ombudsman.org.uk
The Pensions Ombudsman will expect the Bank of England's Internal Dispute Resolution Procedure (IDRP) to have been completed before reviewing any dispute.

The Pensions Regulator (TPR)
The Pensions Regulator can intervene in the running of schemes where pension fund trustees, employers or professional advisers have failed in their duties and in certain other circumstances.
Napier House, Trafalgar Place, Brighton, East Sussex BN1 4DW
01273 811800
www.thepensionsregulator.gov.uk



Glossary

Accrual rate means the pension rate chosen by the member on joining (and can be re-chosen each benefit year). The accrual rate determines the pension secured in that year, or part-year.

Annual Allowance means the yearly limit on the amount that you can pay into all pension schemes, whilst still receiving tax relief.

Beneficiary Nomination means the person or people that are nominated by the member to receive a death benefit, as an expression of wish.

Child / Children is in regard to the payment of a benefit to a child of the member up to age 18 (and can be extended up to age 23).

Commutation means the rate of pension that is given up for the tax-free lump sum, when you receive your pension.

Dependants means any wife, husband, civil partner, same sex spouse, widow, widower, child or parent of a member.

Dialling up means when you choose a higher accrual rate that will increase your pension, and this will reduce your pay.

Dialling Down means when you choose a lower accrual rate that will put reduce your pension but will increase your pay.

Lifetime Allowance means the limit on the amount that can be drawn from your pension schemes, whether lump sums or retirement income, without paying any extra tax.

Normal Pension Age means age 65 or any other age as determined by the Bank.

Opting-out means the member electing to cease future pension accrual.

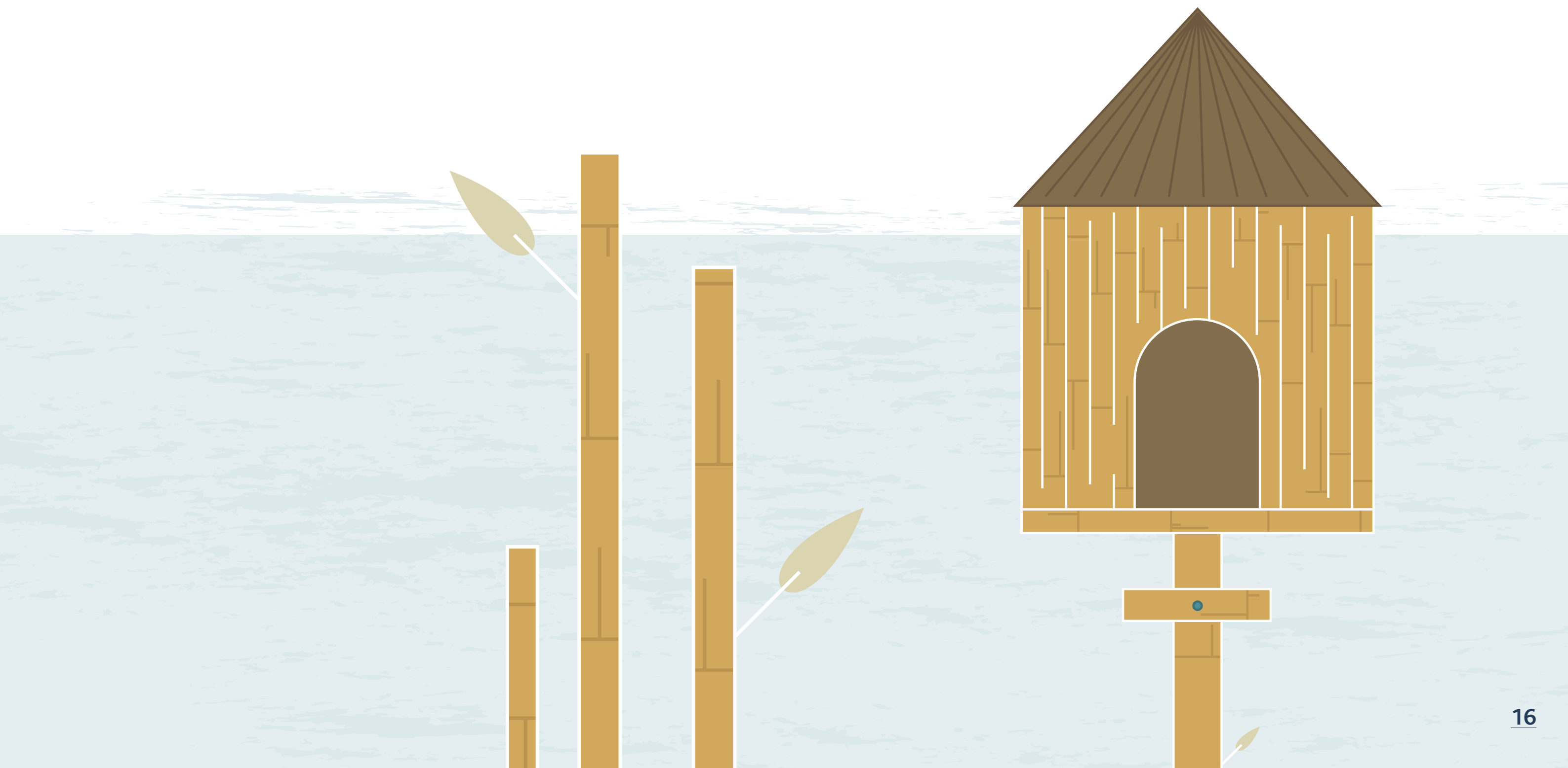
Qualifying service means being a member of the Pension Fund for over 3-months, and to be a vested member, over 2-years' service.

Pensionable earnings means the annual full-time equivalent base salary as at 1 March each year.

Pensionable service means the period of employment from joining the Bank to leaving (service is calculated in full months).

Standard rate means the contractual pension accrual rate as determined in your contract of employment. For all joiners after 1 April 2015 this is 1/95th.

Vesting / Vested member means a Career Average member who meets the qualifying service conditions of 2-years' service or more.



Find out more

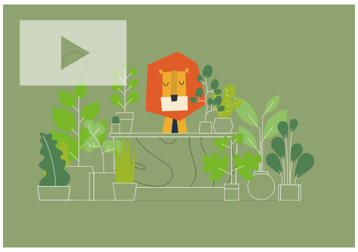
If, after reading this guide and visiting HR's intranet pages, you have any unanswered questions about your pension, please contact:

The Pension Fund Administrators (external)
Equiniti Paymaster
Sutherland House, Russell Way, Crawley,
West Sussex, RH10 1UH
bankofengland@equiniti.com
01293 604119 (9am-5pm Monday-Friday)

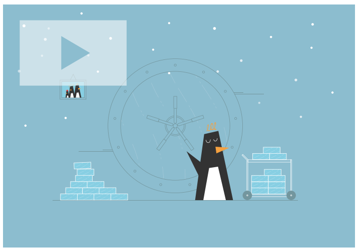
The Pension Trustee Support Unit (PTSU), HO6 A-B (internal)
PensionTrusteeSU@bankofEngland.gsi.gov.uk

The Bank's PTSU provides support and assistance to the Bank's Trustee Board.

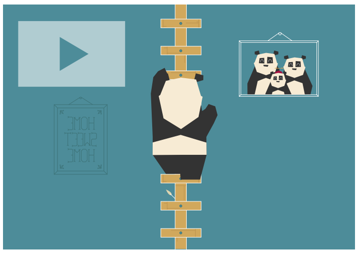
Watch the videos for more information:



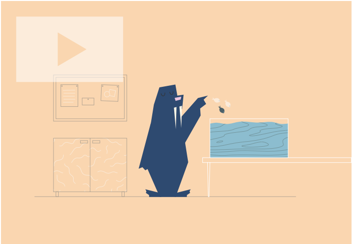
How your CARE pension works



Dialling up and dialling down



The importance of saving for life after work



Back to basics

Taking CARE of tomorrow, today