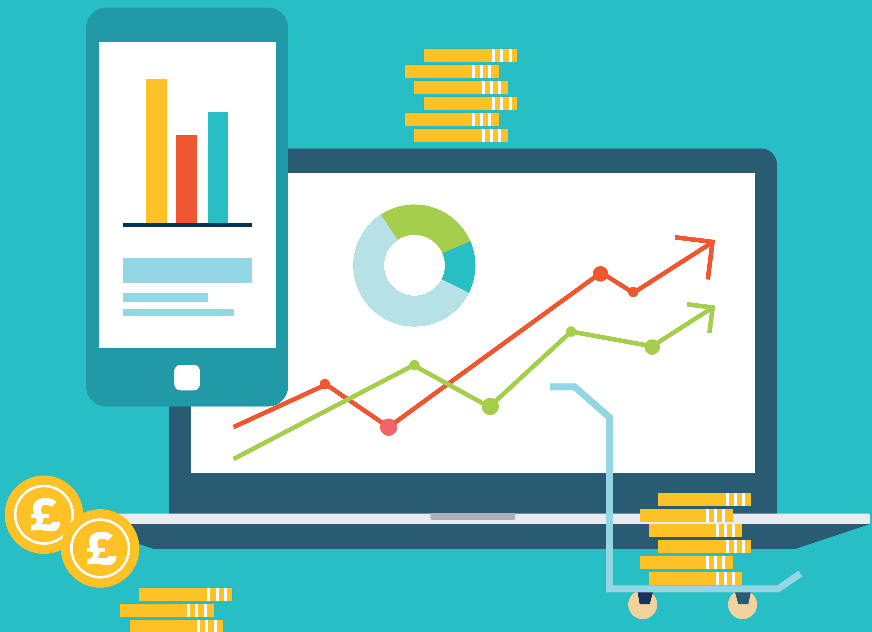
SONY UK PENSION SCHEME (THE 'SCHEME')

TRANSFERRING YOUR SONY BENEFITS: AN OVERVIEW

It is always a good idea to think about how you might like to take your benefits in the Scheme and prepare for the future. This leaflet will help you better understand the choices available to you. For example, you could choose to take your benefits as a pension from the Scheme if you are over minimum retirement age (remembering that in future you might be dealing directly with an insurance company and not the Sony Trustee) or you might want to explore a transfer to another pension arrangement.

This leaflet contains very high-level generic information and does not constitute, nor is it intended to constitute, financial advice from the Trustee. The Trustee recommends you take financial advice from an independent financial adviser.



SONY

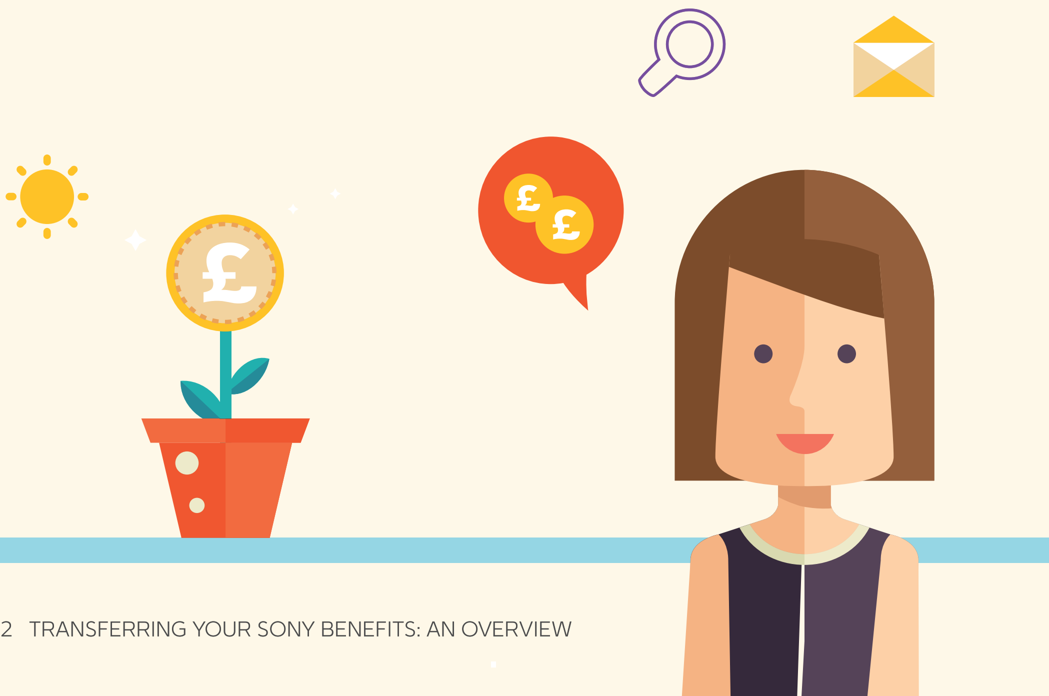
INTRODUCTION TO TRANSFER VALUES

Alongside the option of the Scheme paying you a pension once you reach a certain age, any deferred member of the Sony UK Pension Scheme can request a 'cash equivalent transfer value' statement.

A transfer value is a cash valuation of the present-day value of your future benefits under the Scheme. You can ask for your transfer value to be paid to another approved pension scheme, such as a Defined Contribution (DC) arrangement.

It is important to note that in a DC arrangement, a member bears all of the risk associated with their investments and any investment charges or advice required and this means that the value of their pension pot could decrease (as well as potentially increase).

In contrast, because the Scheme is a Defined Benefit (DB) arrangement, the Company bears all of the investment risk associated with providing the promised pension benefits under the Scheme. (If, in the future, the Scheme entered into a total buy-out with an insurance company, the insurer would take on all these risks – but the benefits that would be secured for you under your individual insurance policy would still reflect the Rules of the Scheme.)



OPTIONS FOR USING A TRANSFER VALUE AT RETIREMENT

In a DC pension arrangement, pension pots can usually be taken as cash from age 55. Broadly, one quarter of an individual's total DC pension pot can be paid tax free, with the remainder subject to income tax.

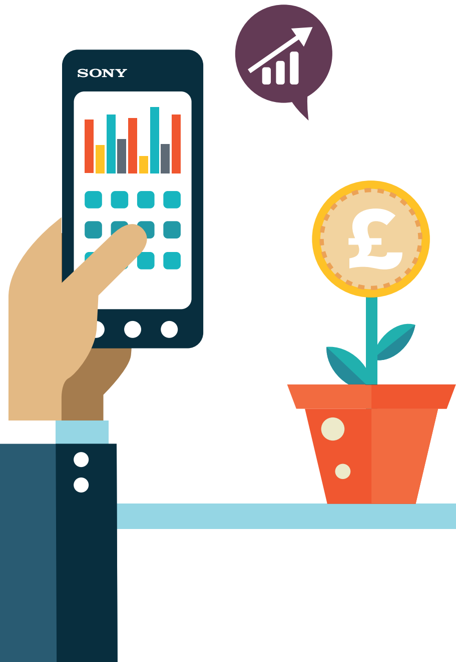
Depending on what is offered by a DC pension arrangement, from age 55 a DC pot can be taken entirely as a single lump sum (which is likely to trigger a significant one-off tax charge) or as a series of smaller payments over time to suit individual circumstances. It can be invested and money taken from it as and when it's needed (known as a 'drawdown arrangement').

Alternatively, from age 55, you might be able to buy an annuity with an insurance company. This is an insurance product that provides a guaranteed income in exchange for a lump sum payment (using some or all of your pension pot). Unlike the pension payable from the Scheme, depending on your circumstances, it is possible to tailor an annuity to your individual needs. As an example, if you're in poor health, you might be able to purchase an enhanced annuity that pays a higher income for life than a standard annuity.

Depending on the type of annuity you buy, the annual income you receive may be higher than what you'd get from the Scheme if you stayed in it – for example, if you were eligible to receive an enhanced annuity on account of being in ill health.

The size of your income from an annuity can vary significantly depending on what 'extras' you add to it. There may be different prices available from different providers so it's important to think about the shape of income you need in retirement with the benefit of independent financial advice, if appropriate, and to shop around.

You may also be able to use a combination of an annuity and drawdown at retirement.



WHY MIGHT SOMEONE CONSIDER TAKING A TRANSFER?

Everyone's needs are different, so some members may feel that a transfer out of the Scheme would allow them to take their retirement savings in a way that suits them better than a pension from the Scheme, whether that's through buying an annuity or by using the flexibilities provided by a DC arrangement, for example a drawdown arrangement.

A drawdown arrangement under a DC scheme offers flexibility in that an individual can reshape their income in retirement in a way that's attractive to them; for example, it could allow you to have more money earlier in retirement when you feel your living costs would be higher. This will also depend on the income you have from other sources and you will need to think about how long the money will last.

You should also consider the impact of a transfer on your dependants. The Scheme provides a pension for eligible dependants on your death. If you entered into a drawdown arrangement, and there was money left in it when you die, this could potentially be passed down to future generations in a tax-efficient way.

It is important to note that transferring your benefits out of the Scheme now would be irreversible and could mean you are financially worse off than if you had remained a member of the Scheme. Therefore, it is important you consider all of your options carefully and take financial advice. WPS Advisory Limited will discuss all these factors with you.

As noted above, by transferring to a DC arrangement, you will be taking on investment risk and need to meet any charges or cost of advice before retirement and also after retirement if you transfer to a drawdown arrangement.

TAKING FINANCIAL ADVICE

Taking financial advice is important so you can assess all your options, not just if you are interested in transferring. This is one of the most important financial decisions a person will make.

However, if the transfer value of your pension is greater than £30,000, it is a legal requirement that you must take independent financial advice from an FCA-registered independent financial adviser (IFA), who is qualified to give advice in relation to transfers from DB schemes. In this case, the Scheme administrator will ask to see proof that you have taken appropriate financial advice. WPS Advisory are authorised to give this advice.

Without proof, we cannot pay the transfer value of your benefits out of the Scheme. As explained in the accompanying letter, we have given you access to paid-for financial advice for a limited time*.

The points below cover some of the possible tax implications of taking a transfer, but there are likely to be additional tax considerations.

Among other things, your financial adviser should be able to help you fully understand the tax implications for you of transferring your pension benefits out of the Scheme.

Tax-free cash

Under current laws, pension scheme members can normally take up to 25% of the value of their pension benefits at retirement as tax-free cash.

Lifetime Allowance tax charge

Under current laws, there is a specified amount of pension saving that an individual can make in a registered pension scheme without incurring a tax charge. This is called the Lifetime Allowance (LTA). Any pension saving over the LTA will incur a tax charge (the LTA tax charge). Based on current financial conditions, the value placed on a DB pension for LTA purposes is likely to be considerably lower than the transfer value paid to a DC arrangement. This means that there is an increased likelihood that someone with a large transfer value will incur an LTA tax charge in their new DC arrangement.

Income in retirement

Income from a pension (whether from the Scheme, from an annuity bought from an insurer, or from a drawdown arrangement) is taxed at your marginal rate of income tax. This means you may choose to limit the annual income you draw from the arrangement so that, for example, it remains below the 40% tax threshold.

** The offer of paid-for advice is only available to our UK-based members, as the IFA we have selected (WPS Advisory Limited) is not authorised to provide advice to overseas residents, those who live in the UK but are overseas residents for tax purposes, or those that want to transfer their benefits to an overseas arrangement.*

QUESTIONS & ANSWERS

If I am an employee of Sony, do I need to leave employment to take a transfer value?

No, you may transfer your benefits out of the Scheme and remain in employment with Sony. Once you have transferred your benefits out of the Scheme, you are still able to save for your future through My Sony Pension, which is the DC pension scheme for Sony employees, run by Aviva. You should be aware that the amount of tax-efficient pension contributions you can make into a pension arrangement could reduce if you transfer your benefits out of the Scheme and want to continue contributing to your workplace pension. Your IFA should make you aware of these implications.

Is there a limit to how many transfer value statements I can request?

Depending on your circumstances, you may be entitled to one free transfer value statement a year. The statement you will receive in your pack next month is not included in this allowance, so you can request another free statement within the next 12 months if you have not already done so. Transfer values are guaranteed for a period of three months. If you ask for an additional statement within the year, a charge currently of £90 + VAT per statement is made.

Is there a limit to the number of times I can get paid-for financial advice?

As things currently stand, all members who fall under the scope of this exercise will be able to obtain paid-for advice from WPS Advisory Limited only once. If you were previously offered paid-for advice (as part of the exercise run in 2018/19), and as long as WPS Advisory are able to advise you, then you will still be able to access the advice at no cost to you this time around.

What would I be giving up by taking a transfer out of the Scheme?

If you transfer your benefits out of the Scheme, you and your dependants would no longer be entitled to any further benefits provided by our Scheme.

What should I consider before transferring?

Please note that the answer below is generic guidance regarding DB and DC pension schemes and does not constitute advice on the part of Sony or the Trustee. The IFA will be able to provide you with advice in this area.

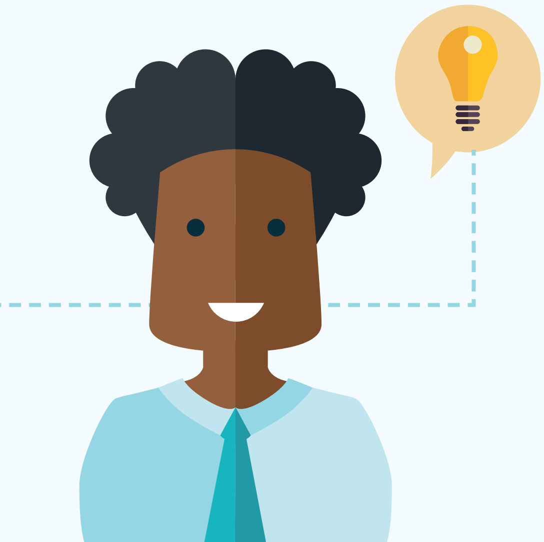
It is important to note that transferring your benefits out of the Scheme now would be irreversible. Therefore, it is important you consider all of your options carefully and take financial advice.

In many cases, we expect a member to be better off by staying in the Scheme.

However, it is also important to remember that if the Scheme entered into a total buy-out policy in future, you would be subject to the insurer's terms for transfers out, which may be different to what is offered through the Scheme.

In addition, if the transfer value of your pension benefits is used to buy an annuity from an insurance company, the annual income you might expect to receive from the insurance company could be lower than the annual pension you would have received from the Scheme.

However, compared to the Scheme, the options in a DC arrangement can provide a greater level of flexibility regarding how you access your pension savings once you reach age 55. You might, therefore, be able to reshape your benefits to better suit your needs, and the needs of your family. In particular, depending on a number of factors, including your circumstances and market conditions, it may also be possible to take a higher amount of cash as a lump sum and/or a higher regular level of income from a DC arrangement compared to our Scheme.



If you transfer your benefits at retirement to a drawdown arrangement, you will need to think about how long your funds will last.

How can I keep my retirement savings safe on transfer?

The number of cases where people have been scammed out of their retirement benefits is increasing. People transferring their benefits are being targeted by scammers. As a first step, you should make sure you speak to a reputable adviser before agreeing to a transfer.

The Trustees have chosen WPS Advisory Limited to provide transfer advice at no cost to members after a full due diligence process. They are registered on the FCA register (which means they are regulated and approved by the Financial Conduct Authority).

If you're using your own adviser, make sure they are registered on the FCA register too. Go to: **https://register.fca.org.uk**

To check the firm you are dealing with is regulated and see if what you are being offered is a scam, visit the ScamSmart website: **fca.org.uk/scamsmart**

To help you identify a scam and protect your pension, the Money and Pensions Service has created an online tool which you may find useful: **pensionsadvisoryservice.org.uk/my-pension**

Or visit this website: **pension-scams.co.uk**

DO NOT SIGN UP FOR ANYTHING WHICH YOU DO NOT FULLY UNDERSTAND

HOW TO CONTACT US

The comprehensive pack we will send you next month will include details of how to contact the appointed IFA, WPS Advisory Limited. The pack will include details of your retirement and transfer value benefits in the Sony UK Pension Scheme.

Willis Towers Watson are the Trustee-appointed administrators of the Scheme, who deal with the day to day running of the Scheme. If you have any questions about your pension, please contact Willis Towers Watson:

- Send an email to the Sony Pension helpline **sonyukpension@willistowerswatson.com** to request a call back from a member of the Willis Towers Watson administration team

or

- Write to them at PO Box 545, Redhill, Surrey RH1 1YX

J-070630 Designed and produced by Wordshop, Sherborne, Dorset