



## Eagle Star VCPs

You may also see these called APCs or AVCs.

If you were in the Eagle Star Staff Pension Scheme and paid additional contributions before 31 March 2001 you probably have Eagle Star VCPs.

### What are they?

Your Eagle Star VCPs are additional benefits in the scheme which you can take at retirement. They are defined contribution, or money purchase, benefits which means they are invested and what you get at retirement is not known until you retire.

Your additional contributions are invested in either unit-linked or with-profits funds.

- Unit linked funds move up and down daily with market movements.
- Some with-profits funds do not move daily with market movements but can pay out bonuses annually, and at retirement, depending on the investment return received.

If you want to know the value of your Eagle Star VCPs you will need to ask the ZPen team.

### ZCashBuilder

You are able to switch your Eagle Star VCP benefits into ZCashBuilder<sup>1</sup> at any time, where you will be able to:

- select one or more of the investment funds and lifestyle strategies available;
- check your fund value;
- monitor the performance of your investments online and through the fund factsheets.

If you do this, you would not be able to transfer back to the Eagle Star funds or take advantage of the Guaranteed Annuity Rates.

### At retirement

You can use your Eagle Star VCPs towards your tax-free cash sum or you can use it buy an annuity. Any monies invested in Eagle Star VCPs benefit from a Guaranteed Annuity Rate; this means that it can be converted to a pension at retirement at a fixed rate which is often better than you would get elsewhere.

You can't split your Eagle Star VCPs between your tax-free cash sum and an annuity; if you are using the Guaranteed Annuity Rates to buy a pension it has to apply to your total Eagle Star VCP benefits.

If you use your Eagle Star VCPs to buy a pension you can do this separately to taking your ZPen benefits.

### Charges

Each year the Trustee is required to assess the extent to which the charges you pay for the Eagle Star VCPs represent value for money. To do this, the Trustee considers the combination of costs and the quality of what is provided in return for those costs. The charges you pay for the Eagle Star funds are high compared to, for example, the charges in ZCashBuilder. However the option to use the Guaranteed Annuity Rate at retirement is a

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<sup>1</sup> ZCashBuilder is the defined contribution (DC) part of ZPen which provides the benefits for Zurich's current employees.

valuable benefit if you plan to use it. You can find out more in the Chair's Statement which you can find on the scheme website under Library/Scheme Documents.

### Guaranteed annuity rates

The guaranteed rates represent the amount of your VCP fund required to secure £1 of pension. For example, a female who retires at age 57 with a total VCP fund at retirement of £18,375 would secure an annuity of £1,500 a year. This is worked out as the total fund (£18,375) divided by the rate for her age (12.2500).

There is no choice about the sort of annuity you would get using this method. It will be:

- Single life: this means it is only paid to you and stops when you die. There is nothing paid to a surviving spouse or partner.
- Level: this means you will get the same annuity payment each year for the rest of your life. Over time you will be able to buy less with your annuity income as the price of things like food and energy increase.
- 5-year guarantee: this means that if you die within the first five years of your annuity starting there is a lump sum for your dependants representing the balance of payments due to the end of the 5 year period. So if you die after 1 year, the lump sum would represent 4 years of payments.
- Monthly payment: this means your annuity is paid to you monthly. It will be paid via the ZPen payroll (to ensure the correct tax is deducted) on the 6<sup>th</sup> of the month or the next working day if the 6<sup>th</sup> falls on a weekend or Bank Holiday.

Age	Guaranteed Annuity Rate	
	Male	Female
55.00	11.5000	12.7500
55.25	11.4375	12.6875
55.50	11.3750	12.6250
55.75	11.3125	12.5625
56.00	11.2500	12.5000
56.25	11.1875	12.4375
56.50	11.1250	12.6750
56.75	11.0625	12.3125
57.00	11.0000	12.2500
57.25	10.9375	12.1875
57.50	10.8750	12.1250
57.75	10.8125	12.0625
58.00	10.7500	12.0000
58.25	10.6875	11.9375
58.50	10.6250	11.8750
58.75	10.5625	11.8125
59.00	10.5000	11.7500
59.25	10.4375	11.6875
59.50	10.3750	11.6250
59.75	10.3125	11.5625
60.00	10.2500	11.5000

Rates are also available from:

- 50-55 years, although retirement prior to age 55 is conditional on the Scheme Rules and is not available to all members.
- 60-75 years. The Guaranteed Annuity rate option must be taken at age 75 at the latest.