Morgan Stanley

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Your 2020 Waiver Options

OCTOBER 2020

Introduction

The reward package the Firm offers includes Base Salary and for eligible employees – discretionary year-end cash bonus.

If you are eligible for a year-end discretionary cash bonus, you have options about how you use any year-end discretionary cash bonus the Firm may decide to pay this year.

> If you are considering a pension waiver, it is your responsibility to understand your tax position and to decide if any waiver is within the Annual Allowance. There is more about this inside.

For example, through 'My Benefits' you can ask to give up (or '**waive**') part of any year-end discretionary cash bonus and request that the Firm makes a corresponding and tax-efficient contribution to one or both of the waiver options available. For 2020, this includes the option to receive a Firm contribution:

- towards your pension savings; or
- to buy Morgan Stanley shares on your behalf through the Share Ownership Plan.

You also have the option to make a one-off donation to the Firm's charity partners through the Payroll Giving scheme.

This guide explains your options and some of the main issues you should consider.

What you need to do

For any discretionary year-end bonus:
Pension
Shares
Charity

'My Benefits' shows an estimate of the maximum amount you can ask to waive into your Pension Savings Account within the Annual Allowance.

You can also carry forward any Annual Allowance you did not use up in the previous three tax years. For more information about this, please contact HR Services EMEA.

Make sure you understand your options

This guide contains a summary of your waiver options and the option to donate to the Firm's charity partners through the Payroll Giving scheme. To find out more, follow the links above.

If you need to speak to someone, please contact HR Services EMEA.

- Phone extension 425 7575 or call 0207 425 7575
- E-mail HRServicesEMEA@morganstanley.com

Important

Your waiver options are designed to help you make the most of the **year-end discretionary cash bonus** you may receive.

It is your responsibility to understand the tax allowances and what they might mean for your waiver. There are more details in **'your pension tax allowances'**.

It is no longer possible to waive part of any year-end discretionary cash bonus to charity. However, you can still choose to make a tax-efficient donation to the Firm's charity partners through the Payroll Giving scheme. See 'Charity'.

What you need to do

Decide how much you want to waive

You can ask to waive as little or as much of certain year-end discretionary cash bonus into one or more of the options available, subject to the minimum contribution requirements that apply. Note that there is a limit on how much you can waive into the Morgan Stanley UK Group Top-Up Pension Plan without exceeding the tax allowances and incurring a tax charge. See your pension tax allowances for more information.

All waivers must be in GBP.

Because you need to make your elections before any year-end discretionary cash bonus has been confirmed, you might ask to waive more than you actually receive. In this case, please be aware that the Firm will take any waivers in the following order:

- to your regular Morgan Stanley pension plan;
- to the Morgan Stanley Alternative Retirement Plan; and
- to the Share Ownership Plan.

If you want to make a tax-efficient donation to the Firm's charity partners through the Payroll Giving scheme, please follow the instructions on 'My Benefits'. Your donation will be deducted and paid to the charity once any year-end discretionary cash bonus has been confirmed and any waivers have taken place.

Please note that you will only be able to waive all or part of any discretionary year-end bonus you may receive into your:

- Pension Plan
- Alternative Retirement Plan (ARP)
- Share Ownership Plan (SOP) or
- Charity Donation

As a **GBP (£) currency value**. You will not be able make a waiver in **USD ($) currency**. For more information on this, please contact HR Services EMEA at 425 7575 or at HRServicesEMEA@morganstanley.com.

Confirm your choices

Follow the instructions on 'My Benefits' to confirm your choices.

Any contributions the Firm makes through the waiver process will be paid as soon as possible after you have received any year-end discretionary cash bonus.

However, please be aware that:

- If you choose to buy shares through the Share Ownership Plan, your shares will be purchased approximately 10 business working days (and not more than 30 calendar days) after the discretionary year-end bonus payment due date.

If you choose to make a donation to one of the Firm's charity partners, this will be processed through the Payroll Giving scheme, and any contribution will be taken from your discretionary year-end bonus in the month this is paid to you. See Payroll Giving for more information.

Important

Asking to waive part of your potential discretionary year-end bonus does not guarantee that you will receive a discretionary year-end bonus.

Nothing in this guide constitutes advice. If you feel you need some guidance on your waiver options, you should consider consulting an Independent Financial Adviser (IFA).

The Firm has partnered with City Capital Financial Planning (CCFP) to provide you with independent financial advice. The first financial consultation is free of charge. To contact CCFP, phone 020 7953 8524 or e-mail info@ccfpllp.com.

Alternatively, you can find details of IFAs in your area online at www.unbiased.co.uk. Before proceeding, please check that your chosen IFA is qualified and authorised to advise you. Go to the Financial Conduct Authority website at https://register.fca.org.uk/.

Pension

You can ask to waive some or all of certain year-end discretionary cash bonus into the Firm's pension plans and benefit from a further tax-efficient contribution to your pension savings, subject to your Pension tax Annual Allowance.

This means you will not receive this element of any year-end discretionary cash bonus, and the Firm will make a corresponding contribution to your pension savings.

You can elect a **waiver** to your Morgan Stanley pension plan.

Because you need to make your waiver elections before any year-end discretionary cash bonus is confirmed, and because there is some time until the end of the tax year, you need to think carefully about how any pension waiver might impact your pension tax Annual Allowance. There are more details in 'your Pension Tax Allowances'.

If you are an Officer you also have the option to elect a waiver to the Morgan Stanley Alternative Retirement Plan (ARP).

Your Pension Tax Allowances

If you are considering a pension waiver into the Morgan Stanley UK Group Top-Up Pension Plan, remember that is your responsibility to understand where you are in relation to the allowances. The Firm is not liable for any decisions you make which may take you over the allowances. If you are unsure of your position in relation to either (or both) of these allowances, you should consider speaking to an Independent Financial Adviser.

This is a summary of the main points. You can find more details on pension tax allowances on the Government website: https://www.gov.uk/tax-on-your-private-pension/annual-allowance

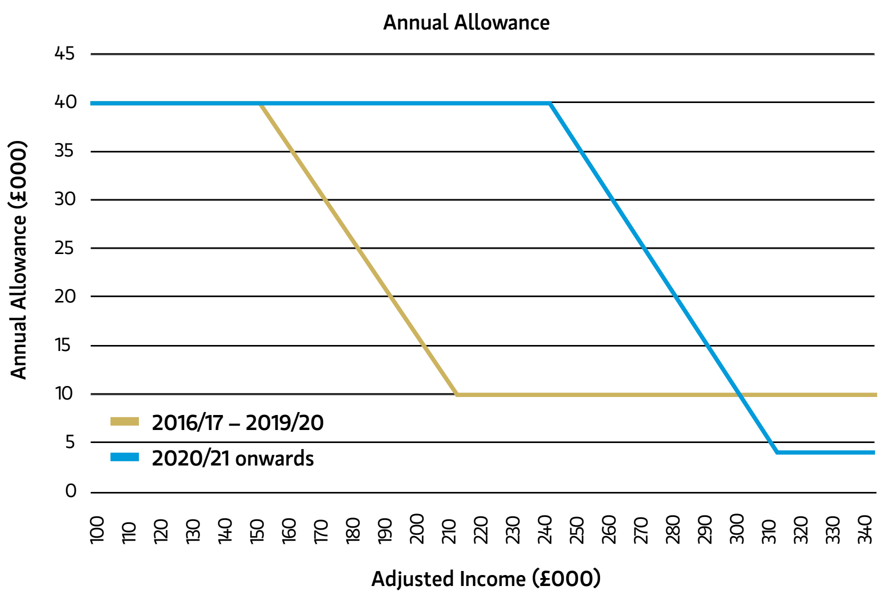
Annual Allowance

The pension tax Annual Allowance is the maximum yearly contribution which you and your employer can make to a UK tax registered pension account in a tax-efficient way.

In the 2020/21 tax year, the Annual Allowance will be £40,000 for most people in the UK.

However, individuals deemed to have an Adjusted Income of over £240,000 (the £200,000 allowance plus the £40,000 you can save into a pension) will have a reduced Annual Allowance. The Adjusted Income reduction is gradual, with the Annual Allowance cut by £1 for every £2 of income over £240,000 – up to a maximum reduction of £36,000. This means individuals with an Adjusted Income of £312,000 or more will have an Annual Allowance of £4,000.

For anyone earning under £200,000 the Annual Allowance remains at £40,000.



Your Pension Tax Allowances

Different rules apply if you have already accessed your pension savings. If you have accessed your Pension Savings Account(s) and also decided to continue building up pension savings, there are circumstances in which your Annual Allowance will be reduced from £40,000 to £4,000 – for example if you allocate your fund for drawdown.

For the purposes of bonus waiver, we have assumed that your Annual Allowance is either £40,000 or £4,000. This is not an indication of your actual Annual Allowance. Your actual Annual Allowance depends on your **Adjusted Income** and could be somewhere between £40,000 and £4,000.

It is your responsibility to understand your tax position.

See 'your Morgan Stanley Pension Plan' for more details on how much you can elect to waive in 'My Benefits' and what to do if you think you can exceed this limit.

If you go over the pension tax Annual Allowance, you will need to report this to HM Revenue & Customs on a Self-Assessment tax return. You will pay tax on the excess at the highest rate of tax you pay. Alternatively, if you are eligible you can use the 'Scheme Pays' facility.

As before, you can also carry forward any unused Annual Allowance from the previous three tax years.

Carry forward

Carry forward is the amount of unused Annual Allowance in any given year. (In other words, the difference between that year's Annual Allowance and the pension savings made on your behalf in the same year).

Your current year pension savings will be tested against the current year's Annual Allowance plus any remaining carry forward you have from the last three years. You only use carry forward from previous years if your pension savings exceed the Annual Allowance in the current year.

For the 2020/21 year, this means you may have carry forward from 2017/18, 2018/19 and 2019/20. Carry forward operates by using unused amounts from 2017/18 first.

The Annual Allowance in 2017/18, 2018/19 and 2019/20 was £40,000 for most people, but could be lower if your Adjusted Income was over £150,000. For 2020/21, the Annual Allowance is £40,000 for most people in the UK but could be lower if your Adjusted Income was over £240,000.

You must have been a member of a registered pension scheme in a particular tax year in order to have an unused or partly used Annual Allowance from that year eligible to be carried forward into a later tax year. It is not necessary to have contributed to the pension scheme in the earlier year in order to have the ability to carry forward unused Annual Allowance from that year.

If you wish to use any applicable carry forward please contact HR Services EMEA who will be able to help you. You may be asked for verification of any contributions paid in the three tax years 2017/18, 2018/19 or 2019/20.

Scheme Pays Facility

If you exceed your pension tax Annual Allowance, you may then pay any tax due to HMRC directly, or you can request that any tax due be paid from the pension plan, with an equivalent reduction being applied to your money purchase funds. This is known as 'Scheme Pays' and is broken down into two categories; Mandatory and Voluntary. It is important to know which your request falls into, as the deadline for payments differs between the two.

Mandatory Scheme Pays

To meet the requirements for Mandatory Scheme Pays, your own and the Firm's contributions to the Pension Plan must have exceeded the standard Annual Allowance of £40,000* and your total tax charge under all plans in the tax year must exceed £2,000.

If these conditions have been met and you wish to use the Scheme Pays facility, you must report the tax charge on your next self-assessment return and make an irrevocable election to the Pension Plan by no later than 31 July in the year following the end of the tax year in question. For example, if you exceeded the pension tax Annual Allowance in the year 2019/20, and you wished to use the Mandatory Scheme Pays facility, you would need to report the tax charge on your self-assessment return by 31 January 2021 and make an election for the plan to pay the charge by 31 July 2021.

Your Pension Tax Allowances

Voluntary Scheme Pays

Where the Mandatory conditions are not met, members may still request that the pension plan pays the tax charge. The deadline for this Voluntary option is much tighter, as the tax charge needs to be paid by 31 January following the end of the tax year in question.

Therefore to use the Voluntary Scheme Pays facility in respect of a tax charge in the 2019/20 tax year, the charge would need to be paid by 31 January 2021. In order to ensure this deadline is not missed, we would need to have your election by 15 November 2020.

Members with an Annual Allowance charge of less than £2,000 may still prefer not to pay the tax charge out of current income and so Voluntary Scheme Pays may still be appropriate.

If you wish to use the Scheme Pays facility, please contact HR Services EMEA by phone on 020 7425 7575, or e-mail HRServicesEMEA@morganstanley.com

*The reference to £40,000 doesn't change if you are subject to the Tapered Annual Allowance or the Money Purchase Annual Allowance. Confusingly, this means that for the Tapered Annual Allowance, the tax charge relevant to the amount of your pension savings that falls between your Tapered Annual Allowance and the standard Annual Allowance can only be paid on the Voluntary Scheme Pays basis, whereas the tax charge on the amount which exceeds the standard Annual Allowance may be payable on the Mandatory basis.

Your Pension Tax Allowances

Lifetime Allowance

There is a Lifetime Allowance for the total pension savings you can hold without attracting additional tax charges at the time you use them to provide benefits. This total includes all benefits you have built up in all registered pension schemes.It does not include your State Pension.

In the 2020/21 tax year, the standard Lifetime Allowance is £1.073 million (2019/20 allowance was £1.055 million). Starting from 6 April 2018, the standard Lifetime Allowance is indexed annually in line with the change in inflation, as measured by the Consumer Prices Index.

You might have a different Lifetime Allowance if you have registered with HM Revenue & Customs for protection against the Lifetime Allowance tax charges. A condition of some of the protections available is that you must not make any more contributions that receive tax relief. In this case, the Firm provides other savings vehicles that might be appropriate.

If you go over the Lifetime Allowance, when you take your benefits you will need to report this to HM Revenue & Customs on a Self-Assessment tax return. You will pay tax on the excess at the rate of:

- 55% if you take it as a lump sum; or
- 25% if you take it any another form (for example as pension payments). Your subsequent pension payment will also be subject to income tax at your marginal rate.

If you were a member of the Morgan Stanley Offshore Retirement Plan IV, the following benefits count towards the Lifetime Allowance:

- the contributions paid into your Offshore Pension Plan IV Member Account between 6 April 2006 and 5 April 2017 (not the Member Account value), and
- the value of any benefits you built up in the Onshore plans before 6 April 2006.

Any benefits built up in the other Offshore Plans (I, II or III) before 6 April 2006 do not count towards the Lifetime Allowance

If you are on an expatriate assignment

The maximum amount that will be included within the Tax Equalisation Calculation will be determined by the Tax Equalisation Policy and limited to the average contributions you made in the three UK tax years before your overseas assignment started.If you have been on assignment for less than three years, the maximum amount will be limited to the contributions paid during the course of your assignment to date.

The Tax Equalisation Policy will not cover any tax charge that applies if you go over the Annual Allowance. In this case, you would be liable for any Annual Allowance tax charge on your UK tax return.

Your Morgan Stanley Pension Plan

You can elect a waiver to the Morgan Stanley UK Group Top-Up Pension Plan. The full amount of any pension waiver you elect will be allocated to your Pension Savings Account, where it will be free of tax and National Insurance contributions.

Log in to My Pension to:

- see the current value of your account(s)
- see information about the investment options available
- change the way you invest
- see the contributions you and the Firm have paid
- view the guides about the plan and how it worked. This information is in the 'Library'

The maximum that 'My Benefits' will let you waive into your plan is simply an estimate and is not an indication of your actual Annual Allowance. This estimate could be too high or too low.

It is your responsibility to understand your tax position.

If you want to increase the amount you can waive into your pension above the estimated limit, please contact HR Services EMEA. You may be asked for verification of your tax position.

How much you can elect to waive

'My Benefits' shows an estimate of the maximum amount you can ask to waive into your Morgan Stanley pension plan within the Annual Allowance.

This figure takes into account:

- the contributions that have been paid into your Pension Savings Account(s) so far this tax year, up to and including those due for September 2020;
- the contributions that could be paid between October and the end of the tax year on 6 April 2021, assuming that the Firm's contributions, your regular monthly contributions and any regular Additional Voluntary Contributions (AVCs) continue at the same rate until 6 April 2021; and
- an assumed Annual Allowance of either £40,000 or £4,000 depending on individual factors including your salary.

This means that 'My Benefits' does not take account of:

- your Annual Allowance being different to that which we have assumed (see below left);
- any Benefit Salary increase you may receive at the end of the year;
- Any change you have made to your monthly contributions since September 2020;
- any change you make to the level of AVCs you pay from August 2020;
- any contributions that you may pay elsewhere;
- any discretionary cash bonus received;
- any income you receive outside the Firm that is taxable e.g. investment income or rental income; or
- any flexible access of your Pension Savings Account(s).

The minimum contribution that the Firm will consider making to your plan is £1,000. If you enter your pension waiver request on 'My Benefits' as a percentage and this is calculated to be less than £1,000, the Firm will not consider your request.

The Morgan Stanley Alternative Retirement Plan

If you are an Officer, you also have the option to elect a **waiver** to the Morgan Stanley Alternative Retirement Plan (the 'ARP').

If you are not currently a member of the ARP, you should be aware that it is fundamentally different to the Morgan Stanley UK Group Top-Up Pension Plan and, if you are considering this waiver option, it is important you understand these differences. This section contains a summary of the main points.

The full amount of any pension waiver you elect will be allocated to your Notional Account where it will be free of tax and National Insurance contributions.

For more details about the ARP, please read the ARP Explanatory Booklet and ARP Plan Offerings guide. You can find these documents on 'My Benefits'.

Alternatively, please contact EWM:

- Phone 00 41 44 913 1914
- E-mail questions@ewmglobal.com

You are also strongly advised to seek independent financial and tax advice prior to making any request to join the ARP.

How much you can elect to waive

The minimum contribution that the Firm will consider making to the ARP is £5,000. If you enter your pension waiver request on 'My Benefits' as a percentage and this is calculated to be less than £5,000, the Firm will not consider your request.

There is no maximum contribution, which means you could elect to waive the full amount of any year-end discretionary cash bonus to the ARP.

How the Firm's notional waiver contributions to the ARP will be invested

The Firm will invest all notional waiver contributions in the current default fund - the MS Sterling Liquidity Fund (Dublin UCIT).

If you want to invest in a different fund (or funds), you can give new investment instructions once a month during the Open Request Period. You can find more details on the EWM website, which you can access from ExecComp.

Any notional monthly contributions the Firm makes to your Notional Account will continue to be invested in line with your current investment instructions.

It is the Firm's intention that US taxpayers should not participate in the ARP and such participation may result in adverse tax consequences, including but not limited to, possible accelerated taxation and penalties under IRC 409A.

If you apply to take part in ARP you will be asked to confirm that you are not subject to US taxation. You should also note that if you subsequently become or are found to be a US taxpayer whilst participating in ARP, the Firm reserves the right to take any action it deems necessary (including, but not limited to, amending or removing your participation in the plan) to protect your and / or the Firm's position in such an event.

The Morgan Stanley Alternative Retirement Plan

Points to note

The Morgan Stanley UK Group Top-Up Pension Plan is a funded arrangement. The ARP is a purely notional plan and so represents an unfunded promise to pay benefits at a future date.

The Morgan Stanley UK Group Top-Up Pension Plan is set up under Trust so that its assets are held separately from the Firm. In the ARP, no assets are held as security and members are unsecured creditors of the Firm.

Unlike the Morgan Stanley UK Group Top-Up Pension Plan, the ARP is not a UK registered pension scheme. This means the ARP is not subject to the same regulation and tax rules that apply to a UK registered pension scheme. (For example, the Annual and Lifetime Allowances do not apply.) Instead, the tax consequences of taking part in the ARP are potentially complex, subject to individual circumstances and in some areas open to interpretation. You should also be aware that tax laws, custom and practice are subject to change, in some cases with retrospective effect. Therefore the Firm does not and cannot guarantee or accept any responsibility for your ultimate tax position either in the UK or in any other jurisdiction should you participate within the ARP.

Other key points that you should know:

- All contributions to the ARP are notional.
- Any notional contributions you and the Firm make (for example following a waiver) are unlimited and do not incur any UK Income Tax liability for you.
- Notional investments roll up free of UK Income Tax and Capital Gains Tax.
- Subject to your circumstances at retirement you are likely to pay UK Income Tax and National Insurance contributions at your highest marginal rate on the benefits from the ARP when they are paid to you.

Your ARP Member Account is a notional account, and you will not have any direct interests in, or rights to, the reference investment funds nor any holdings therein, regardless of whether the Firm or any third party has such holdings. In addition, the Firm has the right to change the notional investment offerings at any time.

The Firm reserves the right not to make contributions to the ARP in the event of any announcement or legislative change that might result in adverse tax consequences to either you or the Firm. Therefore whilst the Firm intends to make the ARP available for waivers this is not guaranteed. In such circumstances the Firm will, at its sole discretion, consider the alternatives and reserves the right to take whatever course of action it deems to be appropriate in respect of any amount you have waived. By making a request to participate in the ARP you are acknowledging and agreeing to the above.

You should also be aware that, given the above, ARP may not be offered in future years.

Reasons why you might want to consider a pension **waiver to the ARP**

In general terms, you might want to consider making a waiver to the ARP if:

- Your total pension savings are likely to exceed the Lifetime Allowance by the time you retire; and/or
- The contributions you and the Firm make to any Morgan Stanley and/or personal defined contribution plan(s) will go over Annual Allowance; and/or
- You believe that your circumstances at retirement may be such that the ARP could provide you with a more flexible alternative to your Morgan Stanley pension plan.

Reasons why you might prefer to consider a pension **waiver to your Morgan Stanley Pension Plan**

You might prefer to consider a waiver to your Morgan Stanley pension plan if:

- The contributions you and the Firm make to any Morgan Stanley and/or personal defined contribution plan(s) will not trigger an Annual Allowance charge; and
- You do not expect the total value of your pension savings (including investment growth) to exceed the Lifetime Allowance at the point of your retirement.

To see how the ARP compares with the Morgan Stanley UK Group Top-Up Pension Plan **click here.**

Comparing your pension options

The table below and on the following pages compares some of the main features of the Morgan Stanley UK Group Top-Up Pension Plan (Top-Up Plan) and the Morgan Stanley Alternative Retirement Plan (ARP). It is based on the Firm's current understanding of the position and the advice of the Firm's tax advisors.

	Structure	Top-Up Plan	ARP
General	Set up under Trust	Yes	No
	Investment choices	23 funds	14 notional funds (**see Note 1**)*
	Normal Retirement Age	65	65
	Earliest retirement age	55	55
Funding basis		Funded in a registered pension plan	Unfunded and unsecured (**see Note 1**)*
Costs and charges	Policy charges	No	No
	Fund annual management charges	Varies by fund	Notional charges apply and vary by notional fund (**see Note 1**)*
	Investment rebates given	N/A	Yes – notional investment rebates (**see Note 1**)*
Firm contributions	Contribution limits	Yes – to Annual Allowance	No
	UK Income tax charge	No (also no Benefit in Kind charge)	No (also no Benefit in Kind charge is expected)
	National Insurance contributions charge	No	No
	Annual Allowance charge (if Annual Allowance exceeded)	Yes	No
	UK Inheritance Tax	No	No
Investment growth	UK Income Tax	No	No
	UK Capital Gains Tax	No	No
	National Insurance Contributions charge	No	No
	UK Inheritance Tax	No	No

* See your EWM portal for further details.

Comparing your pension options

	Structure	Top-Up Plan	ARP
Distributions from the plan on retirement	Form of benefits	Below the Lifetime Allowance, benefits can be provided in the following ways (**see Note 6**): **Option 1:** One or more lump sums (uncrystallised funds pensions lump sums).	The ARP can be taken in up to 6 lump sums. If more than one cash lump sum payment is taken, then each payment must be at least £25,000 and a minimum of £50,000 of the fund value must be left behind each time. All payments will be subject to income tax and National Insurance.
		Option 2: Up to 25% of benefits can be taken as a ‘pension commencement lump sum’ (PCLS) with the remaining funds designated as a flexi-access drawdown fund.	
		Option 3: Up to 25% of benefits can be taken as a PCLS and the remaining funds used to purchase an annuity.	
	UK Income tax charge	The form of distribution (see above) determines the income tax treatment (**see Note 2**): **Option 1**: 25% of each uncrystallised funds pension lump sums will be tax exempt with the remaining 75% taxed as income at marginal tax rates.	Yes if UK tax resident (**see Note 2**)
		Option 2: The PCLS will be tax free and when money is withdrawn from the flexi-access drawdown fund it will be taxed as income at marginal tax rates (**see Note 7**).	
		Option 3: The PCLS will be tax free and the annuity payments will be taxed as income at marginal tax rates.	
		The analysis above assumes benefits are below the Lifetime Allowance (**see Note 5**). The precise tax treatment can be influenced by a number of factors (**see Note 2** and **Note 6**).	
	National Insurance Contributions charge	No	Yes, if UK tax resident and liable to UK National insurance contributions (**see Note 3**)
	Lifetime Allowance charge (if Lifetime Allowance exceeded)	Yes	No
	UK Inheritance Tax	No	No

Comparing your pension options

	Structure	Top-Up Plan	ARP
Distribution on death prior to retirement	UK Income Tax	No, if lump sum is less than or equal to unused Lifetime Allowance provided death occurs prior to age 75. Yes, if lump sum is greater than unused Lifetime Allowance and/ or death occurs at or after age 75. Spouse's / dependant's pension may also be subject to income tax depending on circumstances.	Yes, if UK tax resident (**see Note 2**)
	National Insurance Contributions charge	No	No
	Lifetime Allowance charge (if Lifetime Allowance exceeded)	Yes	No
	UK Inheritance Tax	No, provided the benefit is paid by trustees directly to the beneficiary and not paid to the deceased's estate	Will depend on facts and circumstances including how benefits are ultimately delivered and to whom (**see Note 4**)

Shares

If you are a UK employee, you can ask to waive some or all of any discretionary year-end bonus you may receive into the Share Ownership Plan.

The Share Ownership Plan has been established so that you have the opportunity to acquire equity in the Firm in a tax efficient way, and to share in its long-term success.

For more details, please see the Firm's guide to the Share Ownership Plan. You can find this on 'My Benefits'

How much you can elect to waive

You can ask to waive up to £3,600 of any discretionary year-end bonus you may receive into the Share Ownership Plan.

The minimum contribution that the Firm will consider making to the Share Ownership Plan is £100.

Upon joining the Share Ownership Plan, you will need to complete and return a W-8BEN form, unless you already participate in the Share Ownership Plan and have submitted a W-8BEN form within the last three years.

Charity

Following a change to the tax rules that took effect from 6 April 2017, it is no longer possible to waive part of any year-end discretionary cash bonus to charity. However, you can still ask to donate some or all of any year-end discretionary cash bonus to one or both of the Firm's charity partners through the Payroll Giving scheme. For 2020, the Firm's charity partners are Teenage Cancer Trust in London and the Scottish Association for Mental Health (SAMH) in Glasgow.

About Payroll Giving

Payroll Giving is a tax-efficient way to donate to charity.

Your donation is taken from your pay before tax but – unlike the previous charity waiver arrangements - after National Insurance has been taken off. This means that you will receive tax relief but not National Insurance relief. The amount of tax relief you receive depends on the rate of tax you pay. For example, if you are a higher-rate taxpayer, each £1 you donate costs 60p.

Your chosen charity or charities receive the tax automatically, without needing to claim it back through Gift Aid – an advantage which helps reduce their administration costs.

You can find more details on 'My Benefits'.

How much you can elect to donate

The minimum donation that can be selected in advance to the Firm's charity partners under this arrangement is £100.

There is no maximum donation, which means you could elect to donate the full amount of any year-end discretionary cash bonus to one or both of the Firm's charity partners.

About the Firm's charity partners

TEENAGE CANCER TRUST

The Firm is pleased to be supporting **Teenage Cancer Trust** in London. Teenage Cancer Trust delivers world-class cancer services to teenagers and young adults aged 13-24 in the U.K. by offering life-changing care and support so they don't have to face cancer alone.

In February 2019, Morgan Stanley London employees voted for Teenage Cancer Trust to be their charity partner, aiming to raise £1 million over two years.

Over two years, Morgan Stanley's support will help build a new specialist Teenage Cancer Trust ward at University College London Hospital and create a new team of community nurses to provide expert care to young people fighting cancer both at hospital and at home.

SAMH for Scotland's mental health

The Firm is pleased to be supporting the **Scottish Association for Mental Health (SAMH)**. SAMH is Scotland's largest mental health charity and is dedicated to mental health and wellbeing for all.

In April 2019, Morgan Stanley Glasgow employees voted for SAMH to be their charity partner, aiming to raise £160,000 over two years.

Over two years, Morgan Stanley's support will enable SAMH to develop a new programme of activity delivering services and interventions to children and young people to increase mental health awareness, support transitions and improve wellbeing.