A guide to the GPS Pension Scheme

Defined Benefit
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Please keep in a safe place for future reference

October 2009
Definitions

This guide uses certain words that may need further explanation. These are shown below to help you understand any terms that may not be familiar to you.

**Additional Voluntary Contributions (AVCs)**
These are contributions you voluntarily choose to pay to the Scheme over and above your regular contributions to provide additional benefits.

**Adult Dependant**
This is anyone aged 18 or over at the date of your death other than a Spouse, who, in the Trustee’s opinion, is partly or completely financially dependent on you.

**Annual Allowance**
This is an annual limit on the amount by which your pension savings can grow in a year before being subject to tax. It is £245,000 at 6 April 2009, rising to £255,000 in 2010 when it will be frozen at that level until 2016. In 2016 it will be reviewed and may be changed.

The Annual Allowance does not apply in the year you actually start to receive your benefits.

**AVC Account**
This is an account set up in your name by the Trustee for your AVCs. The AVCs you pay and returns they earn are credited to this Account and the Account is currently invested with Prudential. Administration fees may be deducted from your AVC Account. You should note that depending upon investment returns the value of your AVC Account could fall or rise.

**Civil Partner**
This is the person you are in a registered civil partnership with at the date of your death.

**Dependant**
This means your Spouse, Eligible Children, Adult Dependant and any child who at the Trustee’s discretion is to be treated as an Eligible Child.

**Eligible Child**
Your Eligible Child includes your child or your legally adopted child, step child, brother or sister, niece, nephew or grandchild. A child will stop being an Eligible Child at age 18, or 23 if in full-time education or vocational training. If the Trustee decides that a child is mentally or physically disabled the Trustee has discretion to decide that any pension being paid can continue indefinitely.

Full details of who qualifies as an Eligible Child are included in the Trust Deed and Rules.

**Employer**
This means the employers which from time to time have been admitted to participate in the Scheme.

**Lifetime Allowance**
This is the overall limit on the pension savings that will qualify for tax relief and will apply to all of the pension benefits you build up over your entire working life. It is £1.75m worth of benefits at 6 April 2009, rising to £1.8m in 2010 when it will be frozen at that level until 2016. In 2016 it will be reviewed and may be changed.

**Normal Retirement Date**
Your 60th birthday unless your contract of employment states otherwise.

**Pensionable Earnings**
This is your gross annual rate of basic pay including any pensionable allowances but excluding overtime and shift pay (in most cases). If you joined the Scheme on or after 1 June 1989 Pensionable Earnings is limited to the Scheme Earnings Cap.

**Pensionable Final Earnings**
This is the best 12 consecutive months’ Pensionable Earnings out of the three years immediately before you retire, die or leave service (whichever occurs first). For service from 1 April 1997 benefits are based on 100% of this figure but for non-industrialised members benefits for service up to 31 March 1997 are based on 93.5%.

**Pensionable Service**
The number of years and days of continuous service as a contributing member of the Scheme plus any additional Pensionable Service granted for a transfer from another pension arrangement and any added years granted as a result of paying extra contributions which bought defined benefits. Pensionable Service is restricted to a maximum of 45 years.

**Principal Employer**
This is the Nuclear Decommissioning Authority.

**Scheme**
This is the GPS Pension Scheme. The Scheme is administered as a trust and so its assets are legally separate from your Employer.

**Scheme Earnings Cap**
For the tax year beginning 6 April 2009 the Scheme Earnings Cap will be £123,600. This amount will be increased in subsequent years broadly in line with increases in prices.

**Spouse**
This is the person you were married to at the date of your death. If you have entered into a registered civil partnership, Spouse means your Civil Partner.

**Trustee**
This means GPS Pension Scheme Trustee Company Limited which is a sole corporate trustee with a board of directors. Three of the directors are nominated by the Principal Employer and two are nominated by members. The Trustee is responsible for the efficient running of the Scheme and for safeguarding the interests of members and beneficiaries.

**Trust Deed and Rules**
This is the document which sets out the rules governing the Scheme, as amended from time to time.
Welcome to the GPS Pension Scheme

From your Trustee

Pensions are important! That’s the message we want you to hear. Naturally some people may think that there’s plenty of time before they need to think about pension matters. However, the sooner you start the better you can provide for your retirement.

The Scheme is a valuable benefit that provides you with a tax-efficient way to save for your retirement, with help from your Employer. The benefits the Scheme provides include a pension for you when you retire and benefits for your family on your death.

This guide tells you about the benefits available under the Defined Benefit part of the Scheme (the DB Part) from 1 April 2009. If any other provisions apply to you details will have been given to you separately.

The Scheme is administered under a trust and is governed by the Trust Deed and Rules. This guide is a summary of the provisions of the DB Part of the Scheme. Every effort has been made to reflect accurately the provisions of the Trust Deed and Rules in this guide, but if there are any differences the Trust Deed and Rules will always take precedence.

If you would like a copy of the Trust Deed and Rules please contact:

The Scheme Secretary
GPS Secretariat
UKAEA
Manor Court
Chilton
Oxfordshire
OX11 0RN

Email: tristan.claffey@ukaea.co.uk
GPS Pension Scheme – Defined Benefit

Key features

The DB Part is a ‘defined benefit’ or ‘final salary’ arrangement. This means that the level of your benefits depends on your salary when you retire (or leave the DB Part or die) and the length of time you have been a member of the DB Part.

Here is a quick summary of the DB Part’s key features:

- a pension for you when you retire;
- a tax-free lump sum when you retire;
- a Spouse’s or Adult Dependant’s pension and Eligible Children’s pensions on your death before or after you retire;
- the option to pay more into the DB Part to increase your benefits;
- valuable tax breaks, which mean your pension savings build up in a tax-efficient way;
- the potential to retire immediately with a pension if you become too ill or disabled to work;
- the option to transfer the value of your benefits to another pension arrangement if you leave the DB Part before you retire having completed at least three months’ Pensionable Service.

Each year you receive a statement from the Scheme showing how your benefits under the DB Part are building up.
Membership

How to join

Membership is open to employees with pension protections under the Energy Act 2004 whose employers are not in a position to provide a compliant pension arrangement as required under that Act. Membership requires the approval of the Principal Employer.

The Principal Employer may allow other employees to join the DB Part and you’ll be given full details of how to join at the time.

Opting out of the DB Part

Membership of the DB Part is voluntary and you may change your mind and opt out at any time. You must give your Employer one month’s notice in writing.

If you opt out you will remain covered for the lump sum death in service benefit (see page 8) while you remain an employee of your Employer but this will be a reduced amount of one year’s salary.

A decision to withdraw from the DB Part should not be taken lightly. You will only be able to rejoin at a later date at the discretion of the Principal Employer and the Trustee and your renewed membership will be subject to any conditions the Principal Employer imposes (including proof of your good health). In any event, you would only be allowed to rejoin once.

If you opt out of the DB Part you will be responsible for arranging your own pension benefits. Your Employer will not contribute towards any other pension arrangement on your behalf nor compensate you in any other way.

Benefits from other pension schemes

In general, the Trustee does not accept transfers into the Scheme from other pension arrangements except where the Principal Employer requests them in line with its policy of helping voluntary movements within the industry.

The Scheme Secretary can give you more information about transfers.

Membership of other pension schemes

You can pay into as many pension schemes as you wish. So, as well as being a member of the DB Part, you may also pay into other pension arrangements, such as a stakeholder or personal pension.

The Annual Allowance and the Lifetime Allowance will apply to the total of your contributions to, and your benefits from, all registered schemes of which you are a member.
Contributions

Because the cost of providing benefits is high we do ask members to contribute towards the cost.

Your contributions

You currently pay 5% of your Pensionable Earnings towards the cost of the benefits provided under the DB Part. This rate is not guaranteed and may change in the future.

The actual cost to you is less than it seems as your contributions are taken from your earnings before income tax is calculated, so you automatically get full tax relief on them at the highest rate of tax you pay. If you pay tax at the current basic rate of 20%, each £1 you pay costs only 80p from your take home pay. If you are a higher rate tax payer (40%), each £1 you pay currently costs only 60p from your take home pay (although there are proposals to change the way pension contributions on high levels of income are taxed).

The example below shows the cost of membership for an employee with Pensionable Earnings of £30,000.

<table>
<thead>
<tr>
<th>Example</th>
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<tbody>
<tr>
<td>Pensionable Earnings</td>
</tr>
<tr>
<td>Monthly contribution at 5%</td>
</tr>
<tr>
<td>Tax relief at 20%</td>
</tr>
<tr>
<td>Monthly contribution after tax relief</td>
</tr>
</tbody>
</table>

Your Employer’s contributions

Your Employer pays the difference between the cost of providing retirement benefits and the contributions you pay. This varies from time to time and is presently much more than members’ contributions.

In addition, your Employer pays the whole cost of providing the lump sum death benefit and also meets the administrative costs of the DB Part.

Shift pay

If you receive pensionable shift pay, part of this may be taken into account for pension through a separate arrangement known as the Shift Pay Pension Plan unless you have been allowed to opt out of this arrangement.

Note: If you have opted out your pensionable shift pay will form part of your Pensionable Earnings.

Both you and your Employer pay into the Shift Pay Pension Plan and the money is currently invested in a ‘With Profits’ fund with the Prudential. By means of investment returns and bonuses, the money builds up in an individual fund for each member and this is used to provide pension and tax-free cash at retirement. Prudential’s charges are allowed for in the level of bonus they declare.

Even if you stop receiving shift pay your individual fund remains invested and will provide a benefit for you at retirement.

Your Employer pays the same contribution into the Shift Pay Pension Plan as it does into the DB Part, with a minimum level of 6% of pensionable shift pay.

You may pay into the Shift Pay Pension Plan at the same rate as you do into the DB Part, or you may be able to pay a higher amount of 10%, 12.5% or 15% of your pensionable shift pay. You can change the amount you pay once a year from the start of your Employer’s pay year. For further help please contact the Scheme Secretary.

Additional Voluntary Contributions (AVCs)

If you wish to pay more into the DB Part to boost your benefits you have the option to pay Additional Voluntary Contributions (AVCs).

AVCs are paid into an AVC Account which is then invested, currently with Prudential. At retirement you agree with the Trustee how you want to use your AVC Account to provide additional benefits.

Each year you receive a statement showing the AVCs you have paid and the value of your AVC Account. Full details of the AVC arrangements can be obtained from the Scheme Secretary.
Your retirement benefits

Your normal retirement pension

Your pension at retirement is calculated using your earnings when you retire (your Pensionable Final Earnings) and the length of time you have been a member of the DB Part (your Pensionable Service).

Your pension is normally calculated as:

\[ \frac{1}{80} \times \text{Pensionable Final Earnings} \times \text{Pensionable Service} \]

Your pension is paid monthly in arrears at the end of each calendar month and is paid for the rest of your life.

**Example 1**

Joe has been a member of the DB Part for 10 years and six months and his Pensionable Final Earnings are £0,000. His pension is worked out as follows:

\[ \frac{1}{80} \times 30,000 \times 0.5 = £3,937.50 \text{ a year} \]

If you were previously an employee of British Nuclear Fuels Limited part of your pension may be based on a reduced percentage of your Pensionable Service. A multiplier of 9.5% is applied to the pensionable earnings figure. This is an historic adjustment and is derived from the rules of the Scheme prior to 31 March 1997. Full details are given in the definitions at the back of this guide.

**Let’s work through an example** where a 93.5% multiplier applies.

**Example 2**

Sally has 10 years of Pensionable Service which she completed before 1 April 1997 and 10 years after that date. Her Pensionable Final Earnings are £30,000. So, her pension would be worked out as the total of:

\[ \frac{1}{80} \times 30,000 \times 93.5\% \times 10 = £3,506.25 \]

plus

\[ \frac{1}{80} \times 30,000 \times 10 = £3,750 \]

Total pension = £7,256.25 a year

Your tax-free cash sum

In addition to your pension at retirement you will also receive a cash sum. Currently this cash sum is tax-free and is calculated as:

\[ \frac{1}{80} \times \text{Pensionable Final Earnings} \times \text{Pensionable Service} \]

**Example 1**

Taking our member Joe again, his tax-free cash sum is worked out as follows:

\[ \frac{1}{80} \times 30,000 \times 10.5 = £11,812.50 \text{ cash sum} \]

**Example 2**

Our member Sally, who was previously an employee of British Nuclear Fuels Limited and so has part of her pension based on a reduced percentage of her Pensionable Service, would be entitled to a tax-free cash sum worked out as the total of:

\[ \frac{1}{80} \times 30,000 \times 93.5\% \times 10 = £10,518.75 \]

plus

\[ \frac{1}{80} \times 30,000 \times 10 = £11,250 \]

Total cash sum = £21,768.75

You will be provided with full details of the amount of cash sum you are entitled to before your benefits come into payment.

Since 1 April 1997 members have been able to convert some or all of their tax-free cash for additional pension at retirement. This option is not available if you take early retirement (see page 6) except in special circumstances.
Early retirement

If you are aged 50 or over with at least five years of qualifying Pensionable Service and your employment is terminated by your employer on the grounds of redundancy, on structural grounds or on grounds of limited efficiency, you may with the agreement of your Employer start to receive your pension immediately. Your early retirement pension is calculated in the same way as your normal retirement pension (see page 5) but based on your Pensionable Final Earnings and completed Pensionable Service at the date you retire. The pension is then reduced to take account of the longer period for which it is likely to be paid.

From 6 April 2010 legislation will increase the minimum retirement age from 50 to 55.

When you retire you also receive a tax-free cash sum which, like your early retirement pension, will be reduced for early payment. You also have the option to give up part of your pension to provide an extra pension for your Spouse or another Dependant (see Extra pension for Dependents below).

For more information please contact the Scheme Secretary.

Late retirement

If you continue working after your Normal Retirement Date benefits are not normally payable until you actually retire. You continue to pay contributions and earn pension until you actually retire. You can carry on paying AVCs too.

Your regular contributions will stop once you have completed 45 years of Pensionable Service and you will not earn any further retirement benefits.

Your pension must start before your 75th birthday.

For more information please contact the Scheme Secretary.

Extra pension for Dependents

When you retire you may choose to give up part of your own pension to provide an extra pension payable on your death for your Spouse or Dependents. Further information is available from the Scheme Secretary.
Ill-health benefits

Ill-health early retirement

If you become seriously ill or disabled to such an extent that you cannot continue to do your normal occupation or any similar work for which you have the experience and your illness or disability is considered by the Trustee to be permanent, the Trustee at the Principal Employer’s and your Employer’s request has discretion to allow you to retire and receive an immediate pension. You will have to provide medical evidence of your illness or disability satisfactory to the Trustee and you must have completed at least two years’ qualifying Pensionable Service to qualify for an ill-health early retirement pension.

Your ill-health early retirement pension and tax-free cash sum are calculated in the same way as for normal retirement but are based on your Pensionable Final Earnings and completed Pensionable Service at the date you retire. These benefits are not reduced for early payment.

If you have completed at least five years’ qualifying Pensionable Service your Pensionable Service will be enhanced when working out your pension and tax-free cash sum as follows:

<table>
<thead>
<tr>
<th>Completed years of Pensionable Service</th>
<th>Number of years’ enhancement</th>
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</thead>
<tbody>
<tr>
<td>Under 5</td>
<td>None</td>
</tr>
<tr>
<td>5 to 10</td>
<td>Equal to your qualifying Pensionable Service</td>
</tr>
<tr>
<td>10 to 13½</td>
<td>Period necessary to make Pensionable Service up to 20 years</td>
</tr>
<tr>
<td>13½ and over</td>
<td>6½ years</td>
</tr>
</tbody>
</table>

A deduction will be made from your tax-free cash sum to meet the cost of using your enhanced Pensionable Service when working out your Spouse’s pension.

If you have less than two years’ Pensionable Service you’ll be entitled to a refund of your own contributions to the DB Part rather than an ill-health early retirement pension.

Please note: in special circumstances your ill-health early retirement benefits may be restricted and full details will be given to you if this applies to you.

Review of your health and continuing pension payments

The continued payment of an ill-health early retirement pension is subject to review by the Trustee. The Trustee may ask for any independent medical advice it considers appropriate.

If your health improves to the extent that, in the Trustee’s opinion, you are no longer suffering from the illness that gave rise to your early retirement the Trustee may suspend or end your pension until your Normal Retirement Date. If this applies you will be advised of the pension payable to you at your Normal Retirement Date in the light of the Scheme benefits that you have already received.
Benefits for your family
– death while employed by your Employer

If you die before your Normal Retirement Date while in Pensionable Service, the following benefits are payable.

Lump sum

A lump sum will be paid equal to:

- your annual rate of pay at your date of death; plus
- 2.5 times your Pensionable Final Earnings at the date of your death*; and
- the full value of your AVC Account (if you have one).

*There will be a deduction from this lump sum to cover the cost of enhancing your Spouse’s or Adult Dependant’s pension if you have at least five years’ Pensionable Service at the date of your death.

If you have opted out of the DB Part so you are no longer in Pensionable Service but you are still an employee of your Employer, your beneficiaries will receive a lump sum equal to your salary at the date of your death. No other benefits will be payable.

A Spouse’s pension

Providing you have completed at least two years’ Pensionable Service a pension is payable immediately to your Spouse or Adult Dependant. The pension is equal to ½ of the pension for service to 31 March 1997 and ⅔ for service after that date of the pension you would have received if you had retired because of ill-health on the day before your death.

The pension is paid for the rest of your Spouse’s or Adult Dependant’s life.

Any Spouse’s or Adult Dependant’s pension paid will be subject to income tax but its value will not count towards your Spouse’s or Adult Dependant’s own Lifetime Allowance.

A Civil Partner’s pension

If you are in a registered civil partnership at the date of your death a pension will be payable to your Civil Partner. The benefit payable is calculated in the same way as a Spouse’s pension described above.

Children’s allowances

Allowances may be payable to any Eligible Children that you leave, up to a maximum of two children. Allowances can be shared among more than two children at the Trustee’s discretion.

For children who are in the care of your Spouse or Adult Dependant who is already receiving a pension from the Scheme the allowances are equal to one-quarter of the pension you would have received if you had retired because of ill-health on the date of your death. If you don’t leave a Spouse or Adult Dependant the allowances will be one-third of your potential ill-health pension.

Restriction on benefits

Normally, the lump sum death benefit is provided automatically without any enquiry into your state of health. Sometimes, however, restrictions are placed on this benefit and you will be told if this applies to you.

The lump sum death benefit is insured under an insurance policy. Payment of the benefit is subject to acceptance by, and any terms and conditions imposed by, the insurer.

Payment of lump sums

The lump sum death benefits are paid at the discretion of the Trustee to your beneficiaries or estate and, normally, no inheritance tax is paid on them.

The Trustee must decide who receives the money but, generally, your wishes will be followed provided you have notified the Trustee of them beforehand.

You may nominate the people you would like the Trustee to consider as beneficiaries by completing an expression of wish form. There is an expression of wish form at the back of this guide for you to use. You may change this nomination at any time by filling in a new form. The forms are available from the Scheme Secretary.

Any lump sum payable on your death will usually be paid free of income tax provided that the total lump sum benefits payable (including benefits payable from other pension arrangements) are less than the Lifetime Allowance. Any excess will be taxed.
Benefits for your family
– death after you retire

On your death after you retire payment of your own pension stops.

Lump sum

If you die up to five years after your retirement the unpaid balance of five years’ pension payments (excluding any benefits already paid to you) is paid as a lump sum to your beneficiaries or estate in the same way as the payment of lump sum benefits on death before retirement (see page 8).

If you retire on or after your 70th birthday and you die on or after your 75th birthday the balance of five years’ pension payments as calculated above will be paid as pension at the Trustee’s discretion and not as a lump sum.

A Spouse’s or Adult Dependant’s pension

If your Spouse or, at the Trustee’s discretion your Adult Dependant, does not have care of any Eligible Children a short term pension may become payable equal to \( \frac{2}{3} \)rds of the pension you were receiving before your death, spread over a period of 137 days.

Note: If you do not leave a Spouse or Adult Dependant the short term pension may be paid to one or more Eligible Children.

After the short term pension ends (or immediately after your death if no short term pension is payable) your Spouse or Adult Dependant will begin to receive a long term pension. This is usually equal to \( \frac{1}{2} \) of the pension for service to 31 March 1997 and \( \frac{4}{7} \)ths for service after that date of the pension you were receiving before your death. This pension is payable for the rest of your Spouse’s or Adult Dependant’s life.

Any Spouse’s or Adult Dependant’s pension paid will be subject to income tax but its value will not count towards your Spouse’s or Adult Dependant’s own Lifetime Allowance.

Eligible Children’s pensions

In addition to the Spouse’s pension an allowance may be payable to any Eligible Children you leave (up to a maximum of two). For children who are in the care of your Spouse or Adult Dependant who is already receiving a pension from the Scheme the allowances are equal to one-quarter of the pension you would have received if you had retired because of ill-health on the date of your death. If you don’t leave a Spouse or Adult Dependant the allowances will be one-third of your potential ill-health pension.
Once your pension starts to be paid it will be increased each year to help protect it against the effects of inflation.

Your pension is generally increased in April each year in line with the Retail Prices Index (RPI) as measured at the previous September.

If you are under age 55 and have taken early retirement (for reasons other than ill-health) the yearly increases to your pension will not be paid until you reach age 55 but will then include all increases built up to that date. Full details of how this works will be given to you at the time.

In addition, the Principal Employer may, subject to the Trustee’s consent and after consultation with your Employer, make extra increases if sufficient funds are available.

You decide what annual increases apply to the pension bought with the value of any AVC Account you have.

No increases are automatically paid on benefits earned through contributions under the Shift Pay Pension Plan.
Leaving

Leaving the DB Part

If you leave the DB Part before your Normal Retirement Date (for example, you opt out or leave to go to another employer which is not participating in the Scheme) you stop paying contributions into the DB Part. You will earn no more benefits and you will stop being contracted-out of the State Second Pension (see page 14).

If you opt out of the DB Part you will remain covered for a lump sum death benefit while you remain an employee of your Employer equal to your annual rate of pay.

The benefits to which you will be entitled depend on how much Pensionable Service you have completed when you leave.

Less than three months’ Pensionable Service

If you leave with less than three months’ Pensionable Service you will receive a refund of your contributions to the DB Part (with interest) plus the value of your AVC Account (if you have one). The refund is subject to tax (currently 20% on the first £10,800 and 40% on any excess) and a deduction will be made to cover the cost of reinstating you in the State Second Pension.

You will not be entitled to any other benefits from the Scheme.

More than three months’ but less than two years’ Pensionable Service

If you leave with more than three months’ but less than two years’ Pensionable Service you are entitled to a refund of your own contributions (including AVCs) which will be paid as described above.

Alternatively, you have the option of transferring the value of your benefits to another suitable pension arrangement, such as a new employer’s scheme or a stakeholder or personal pension. You will have three months from the date you receive your options to accept a transfer. Otherwise the option will lapse and you will be given a refund of your contributions instead, calculated and paid as described above.

Two or more years’ Pensionable Service

If you leave with two or more years’ Pensionable Service, you are entitled to a preserved pension payable from your Normal Retirement Date.

The preserved pension is calculated in the same way as your normal retirement pension but based on your Pensionable Final Earnings and completed Pensionable Service at the date you leave.

Your preserved pension is increased from the date you leave to the date you retire.

You may have the option to take your preserved pension and tax-free cash sum before your Normal Retirement Date. You may also have the option of giving up part of your pension to provide an extra pension payable on your death to your Spouse or another Dependant.

Death before retirement

If you die before your preserved pension becomes payable your Spouse or, at the Trustee’s discretion your Adult Dependant, will receive a pension of ½ of your preserved pension for service to 31 March 1997 and ⅔ of your preserved pension for service after that date.

In addition, a lump sum equal to your preserved tax-free cash sum may be paid at the Trustee’s discretion to your beneficiaries or estate.

Transfer of benefits

If you leave the DB Part before your Normal Retirement Date, instead of leaving your benefits in the Scheme you may be able to transfer them to your new employer’s scheme, a personal or stakeholder pension scheme or an individual insurance policy. Various rules and regulations apply to transfers and you will be advised if these affect you.

The transfer payment is provided by the Trustee, taking advice from the Scheme’s actuary. The transfer payment includes an allowance for guaranteed pension increases.

Transfer payments do not take account of discretionary pension increases as the Trustee does not have a policy of paying such increases.

You may ask the Trustee for an estimate of the transfer payment available to you at any time. The Trustee will give you a written statement showing your entitlement within three months of your request. The transfer payment is guaranteed for three months from the date it was calculated and the statement is normally given to you within 10 days of this date. If you need the estimate because of a divorce settlement or the dissolution of a registered civil partnership you should tell the Trustee this as further information may be needed from you. The Trustee is not obliged to give you another estimate within 12 months of your last request. If another statement is provided a charge may be made for the additional administration involved.
Absence from work

Most absences from work are for a relatively short time and do not normally affect your membership of the DB Part. If you are absent for a long time your membership may be affected.

**On full pay**

If you are absent from work on full pay (whether or not because of sickness) you will remain a member of the DB Part. You will continue to pay contributions as long as you are receiving Pensionable Earnings from your Employer and so you will continue to build up Pensionable Service.

If you stop receiving Pensionable Earnings from your Employer your contributions to the DB Part will stop. If, and when, your Pensionable Earnings restart your contributions to the DB Part will start again from that date. Any period for which contributions are unpaid will not count towards your Pensionable Service.

**Not on full pay**

If you are absent from work and you are on reduced pay or no pay at all your period of absence will not count as Pensionable Service and you will not build up benefits for this period of absence.

**Maternity leave**

If you are away from work to have a baby your membership under the DB Part will continue during your maternity leave.

**Ordinary maternity leave**

During your ordinary maternity leave your membership of the DB Part will continue as though you are working normally. Your benefits will continue and be based on the Pensionable Final Earnings that would have applied had you been working normally.

You will continue to pay contributions based on the pay you actually receive during maternity leave.

**Additional maternity leave**

If, at the end of ordinary maternity leave, you go on to additional maternity leave and you receive pay from your Employer, your membership of the DB Part will continue in the same way as during ordinary maternity leave.

If you do not receive pay from your Employer during any period of additional maternity leave this period will not be counted as Pensionable Service. However, you will continue to be covered for death in service benefits (see page 8).

If you do not return to work after maternity leave you will leave the DB Part.

**Paternity leave**

If you qualify for paternity leave your membership of the DB Part will continue as though you were working normally. You will be notified if you need to contribute during paternity leave.

**Adoption leave**

If you take adoption leave your pension and death benefits will be continued in the same way as for maternity leave.
A-Z of further details

Alteration or discontinuance
While the Principal Employer has every intention of maintaining the Scheme future circumstances cannot be foreseen. For this reason, the Principal Employer and the Trustee reserve the right to suspend or stop contributions to the DB Part at any time. If this happened the DB Part’s assets would be used to provide benefits for members.

If contributions to one of the sections of the DB Part are stopped, this section of the Scheme is discontinued and if the assets of the DB Part (its investments) are not sufficient to cover the DB Part’s liabilities (the benefits earned by all the members of that section at that date), current pensions law requires your Employer to pay an amount to the DB Part estimated to secure the benefits members have already earned. Due to market fluctuations which cannot be predicted, this amount may not be sufficient to secure benefits earned in full.

If contributions to the Scheme as a whole are discontinued the entire Scheme may be wound up.

This guide is based on current understanding of tax and pension scheme law and is subject to change at any time in the future.

Formal Trust Deed and Rules
This guide is for information only and does not give rights to benefits for or in respect of you. Your rights to benefits under the DB Part arise from the Trust Deed and Rules. The Trust Deed and Rules is designed to meet the requirements of HM Revenue & Customs and other Government authorities.

Giving up your benefits
Except in the limited circumstances allowed by law and by the formal Trust Deed and Rules, you are not allowed to give up, cash in or forfeit your benefits or use them as security for a loan.

HM Revenue & Customs
The Scheme is a ‘registered’ scheme for HM Revenue & Customs purposes. This means the Scheme enjoys various tax advantages:

- tax relief is generally available on contributions paid into the Scheme;
- the money in the Scheme largely builds up free of tax; and
- lump sum benefits are usually payable tax-free.

There are no limits imposed by HM Revenue & Customs on the amount of benefits that can be provided from the Scheme nor on the amount of contributions that can be paid in. However, any benefits earned in a year in excess of the Annual Allowance or benefits paid in excess of the Lifetime Allowance will be taxed.

Total contributions
You can pay up to 100% of your taxable earnings in pension savings (which includes your regular contributions of 5% of your Pensionable Earnings into the DB Part and any AVCs you make) and tax relief will normally be available on the full amount in any year.

A tax charge will be imposed if the increase in the value of your pension savings under all your registered pension schemes for the same period is more than the Annual Allowance.

The Annual Allowance is set at a very high level so most people will not be affected. If you wish to know more please contact the Scheme Secretary.

Total pension
The pension savings you can build up in a tax-efficient way are limited to the Lifetime Allowance. Any benefits paid above the Lifetime Allowance will be subject to a further tax charge.

To broadly work out the value of your benefits compared with the Lifetime Allowance the value of your pension is taken as 20 times its annual amount. You also need to include the value of any AVCs you have paid and any tax-free cash sum you take at retirement.

Current income tax position
If your total retirement income including your State pension is more than your personal income tax allowance, your Scheme pension is subject to PAYE income tax.

Divorce or dissolution of a civil partnership
If you get divorced or dissolve your civil partnership your benefits under the DB Part may become subject to a court order. This would require the Trustee to allocate a specified part of your retirement benefits and death benefits under the DB Part to your ex-spouse or your ex-civil partner. Your State Second Pension benefits may also be affected.

If a court order applies to your DB Part benefits you will be given details of the reduction to apply to your benefits. Any pension deducted from your own entitlement will count towards your ex-spouse’s or ex-civil partner’s Lifetime Allowance rather than your own.

On divorce or dissolution you should tell the Trustee about the changes in your personal details. You should also consider changing any expression of wish form you previously completed (see page 8).

The Trustee may charge you for the cost of any work to do with a divorce or dissolution of a registered civil partnership.
If you have received any benefits from other sources which started to be paid on or after 6 April 2006 your Lifetime Allowance will already have been reduced to take account of those benefits.

If you are still entitled to the full Lifetime Allowance but you are receiving payments from other sources which started to be paid before 6 April 2006, the value of those payments for the purposes of the Lifetime Allowance will be taken as 25 times the annual amount.

Your responsibility
You are responsible for monitoring your own position regarding the Lifetime Allowance and submitting the relevant information to HM Revenue & Customs. The Trustee will supply information to assist with the completion of tax returns.

 Shortly before your benefits become payable the Trustee will ask you for information about the amount of Lifetime Allowance you have used in respect of other pension arrangements. Once your benefits start to be paid the Trustee will confirm your Lifetime Allowance and how much of this your benefits from the Scheme have used up. You should keep all information issued to you concerning the Lifetime Allowance in a safe place.

Part-time service
If you switch from part-time to full-time service, or from full-time to part-time service, or if your hours of part-time service change, you will be advised of the effect on your benefits and contributions at the time.

Scheme limits
If any benefit due to be paid from the Scheme would suffer an additional tax liability or would contravene any pensions law requirements the benefit will not be paid unless the Trustee, the Principal Employer and the beneficiary of the payment all agree otherwise.

Scheme security
The Scheme is administered as a trust and so its assets are legally separate from the Company.

Security of personal information
In order to administer the Scheme the Trustee (or other parties who act on behalf of the Trustee) needs to hold information about you and your entitlements. All the information is necessary and without it you will not be able to join the Scheme. The information is kept secure and only disclosed in limited circumstances.

For example, information may be disclosed to:

- your employer and other companies in the same corporate group in connection with the operation of the Scheme;
- insurance companies to arrange particular entitlements;
- actuaries and other advisers of the Trustee;
- any future potential employers and their advisers; and
- Government or regulatory authorities if the Trustee is obliged to do so.

Disclosure may be within or outside the UK.

The Trustee is the data controller under the Data Protection Act 1998.

It is important that you tell the Trustee of any changes in your personal details to ensure the information held is accurate.

The State Pension Scheme
There are two parts to the State Pension Scheme:

- the Basic State Pension; and
- the State Second Pension or ‘S2P’ (formerly the State Earnings Related Pension Scheme or ‘SERPS’).

Basic State Pension
The Basic State Pension is a flat-rate amount paid to everyone who has a full National Insurance contribution record. If you do not have a complete record you may be entitled to a proportion of the full Basic State Pension.

The State Second Pension and the Scheme
The State Second Pension (S2P) is an additional State pension based partly on earnings. However, because the DB Part meets certain statutory requirements and provides benefits in place of S2P, it is contracted-out of S2P. This means that many members do not earn S2P benefit while a member of the DB Part. As a result of being contracted-out of S2P you pay a lower rate of National Insurance contributions.

Employers may contract-out of S2P if they have a scheme which provides at least a certain minimum level of benefit based on a `reference scheme test` set by the Government. The Scheme’s actuary has to certify that this requirement is met. Benefits provided from the DB Part replace the additional pension (or S2P) which would otherwise have been paid by the State Scheme.
Guaranteed Minimum Pension

Before 5 April 1997, to be contracted-out of SERPS the DB Part had to promise to provide a pension at least equivalent to the amount of pension a member would have had if he had been in SERPS for the same period of time. This amount was known as the Guaranteed Minimum Pension (GMP).

Benefits for members who were contracted-out of SERPS before 6 April 1997 will not be less than the GMP. Spouses’ benefits will not be less than the widow’s or widower’s GMP which is:

- **for men** – at least half your own GMP; and
- **for women** – half your own GMP earned from 6 April 1988.

Once in payment, any GMP earned from 6 April 1988 will be increased by the Scheme by 3% (or by the increase in the RPI if less). The State will provide the balance of any inflation proofing on this part of any GMP and on any remaining GMP.

If you leave the DB Part before your Normal Retirement Date and you are entitled to a deferred pension from the DB Part, the GMP part of your deferred pension will be increased between the date you leave and your Normal Retirement Date at the rate laid down by the Government (currently 4% a year).

State Pension Age

State pensions are payable from State Pension Age which is currently 65 for men and 60 for women but which will eventually be equalised at 65 for both. This change will be phased in over a 10-year period from 2010.

There are Government plans to increase State Pension Age to age 68, to be phased in over the period from 2024 to 2046.

State pension forecast

You may be able to obtain a forecast from the Department for Work and Pensions (DWP) of how much pension you are likely to receive from the State. This can usually be done at any time in one of two ways:

- **by post** – send a stamped addressed envelope and a request for form BR19 to
  
  Future Pension Centre  
  The Pension Service  
  Tyneview Park  
  Whitley Road  
  Newcastle-upon-Tyne  
  NE98 1BA

- **by phone** – call the Future Pension Service on 0845 300 0168. Lines are open from 8am to 8pm Monday to Friday and 9am to 1pm on Saturday. Calls are charged at local rates (calls from mobile phones or cable networks may be charged at different rates). A textphone service is also available on 0845 3000 169.
Help and advice

More information
If you want to see a copy of any of the Scheme’s formal documents, such as the Trust Deed and Rules, the annual report and accounts or the statement of investment principles, or you want more information about this guide or the Scheme in general, please ask the Scheme Secretary – you can find the address on page 1.

Queries and problems
The Trustee aims to administer and manage the Scheme to high standards but there may be times when you are unhappy about something concerning your benefits or your membership of the Scheme in general.

Most queries and problems stem from a misunderstanding of information and normally can be quickly and informally sorted out by the Scheme Secretary without the need to use any formal procedures. You should first of all refer any query or problem to the Scheme Secretary.

Internal dispute resolution procedure
If you have not been able to resolve your complaint about the Scheme informally there is a two-stage formal procedure you may use. Full details can be obtained from the Scheme Secretary.

**Stage 1** - You should put your case in writing to the Scheme Secretary (you can find the address on page 1) who will fully consider your complaint and will normally give you a decision within two months.

**Stage 2** - If you are not satisfied with the decision from the Scheme Secretary you may appeal to the Trustee to consider your complaint. You will normally receive a decision from the Trustee within three months.

Once you have received the decision from the Trustee, if you are still unhappy you can take your case to the Pensions Ombudsman although you should usually go through The Pensions Advisory Service first. Details of how to contact both these organisations is given alongside.

Special application forms are available from the Scheme Secretary to make a complaint or appeal. If you wish, a representative may act on your behalf.

The internal dispute resolution procedure applies to matters concerning the Scheme that affect members and others who may have an interest in the Scheme. It does not apply to disputes between employees and their employer, nor does it apply to disputes where court proceedings have started or that are being investigated by the Pensions Ombudsman.

The Pensions Regulator
The Pensions Regulator is a regulatory body which has a range of powers to help safeguard pension rights of members of pension schemes and is able to intervene where trustees, employers or professional advisers have failed in their duties. The Pensions Regulator may be contacted at:

- **Napier House**
- **Trafalgar Place**
- **Brighton**
- **BN1 4DW**

- **Tel:** 0870 606 3636
- **Email:** customersupport@thepensionsregulator.gov.uk
- **Website:** www.thepensionsregulator.gov.uk

TPAS (The Pensions Advisory Service)
TPAS is an independent voluntary service that provides free help and advice to members and other beneficiaries of occupational and personal pension schemes. TPAS is available at any time to assist members and other beneficiaries with any pension query they may have or any difficulty they have failed to resolve with the Trustee or administrators of the Scheme. If you want to contact TPAS the address is:

- **11 Belgrave Road**
- **London**
- **SW1V 1RB**

- **Tel:** 0845 601 2923
- **Email:** enquiries@pensionsadvisoryservice.org.uk
- **Website:** www.pensionsadvisoryservice.org.uk

Pensions Ombudsman
The Pensions Ombudsman may investigate and decide upon any complaint or dispute of fact or law in relation to an occupational pension scheme referred to him. However, the Pensions Ombudsman normally insists the matter is first dealt with through the scheme’s own internal dispute resolution procedure and raised with TPAS. If you have any complaint or dispute that cannot be resolved by the internal dispute resolution procedure or by TPAS, you may refer it to the Pensions Ombudsman at:

- **11 Belgrave Road**
- **London**
- **SW1V 1RB**

- **Tel:** 020 7630 2200
- **Email:** enquiries@pensions-ombudsman.org.uk
- **Website:** www.pensions-ombudsman.org.uk
The Pension Tracing Service

The Trustee has given information about the Scheme, including details of an address at which the Trustee can be contacted, to The Pension Tracing Service. This service run by the DWP may be of help to you if you need to contact the trustees of a previous employer’s pension scheme and cannot trace them yourself.

The service may be contacted at:

The Pension Tracing Service
The Pension Service
Tyneview Park
Whitley Road
Newcastle-upon-Tyne
NE98 1BA

Tel: 0845 600 2537
Website: www.thepensionservice.gov.uk