

Airbus Employees

Application to pay annual bonus into the MMT - BAE Systems Additional Retirement Savings Plan for Airbus members For the Tax Year 2024/25

Please complete this form if you are an Airbus employee and an active member of one of the following **BAE Systems UK Defined Benefit (DB) pension schemes** and wish to pay some or all of your annual bonus into your pension via Additional Voluntary Contributions (AVCs).

- BAE Systems Pension Scheme (Levels 125, 167, 187 and 200 Benefits; Level 100+ Benefits; Passport Benefits and 2000 Plan Benefits)
- Royal Ordnance Pension Scheme (1984 Section and Crown Section)

Please note the Mercer Master Trust (**'MMT'**) **BAE Systems Additional Retirement Savings Plan for Airbus members ('BAESRSP-AB')** is a completely separate pension arrangement to the schemes listed above, but this arrangement has been available to those Airbus scheme members in Pensionable Service since 1 July 2023 for AVC payments. If you are a member of the BAE Systems Pension Scheme - 2000 Plan Benefits you can have your lump sum AVC invested in the Selected Benefits Scheme (SBS) or with the BAESARSP-AB and the attached form allows you to select this additional option if you wish.

Annual bonuses for Airbus employees are paid mid-April. Therefore any bonus received in April 2024 for the purpose of the Annual Allowance any bonus paid will count towards the 2024/2025 tax year. Please use the attached application to elect to pay some or all of your April 2024 bonus into AVCs

Before deciding whether you wish to make a lump sum AVC, please read through this announcement carefully, particularly the **Important notes on taxation** section.

Paying the lump sum through payroll

This is the easiest method for you to pay the lump sum. In order to do this in time for payroll, we must receive your completed form by **22 March 2024**. If you wish to pay a lump sum you need to follow the procedure below:

- Decide on the amount of lump sum that you would like to pay. The amount that you wish to pay must be within the overall maximum contribution limit of 100% of earnings, up to certain limits, including the need to cover National Insurance (NI) contributions and other regular deductions.
- Complete the appropriate sections on pages 5 and 6; the 'Application to pay lump sum AVC form', sign it and return by email to or to the address shown on the form.
- The completed form must be received by **22 March 2024**. If the form is not received by this date we will have insufficient time to arrange for your lump sum to be deducted from your bonus in April.

Paying the lump sum direct to the Mercer Master Trust (MMT)

If you miss the **22 March 2024** deadline or wish to pay an amount in excess of your salary and bonus, you are able to make a direct payment into your MMT account. This facility to make a direct payment is new to the MMT and will be available from **February 2024** onwards. Please contact the MMT help line team after the 1st February on **0800 587 1912** at this time who will provide you with the form to start the process. If you are not already a member of the BAESARSP-AB then you must make an initial payment through payroll in order to set up an MMT account. Please refer to www.baesystems.com/en-pensions/defined-benefit for more information about paying AVCs.

Any payment you make will be for the gross amount, and it will be your responsibility to reclaim the tax relief from HM Revenue & Customs (HMRC) through your annual tax return. The MMT team will provide you with a confirmation of the contribution you have paid, however it should be recognised that the re-claiming of tax can be time consuming and also involves a process that will be unfamiliar to most. It is therefore recommended that whenever possible AVCs are paid via payroll.

Any direct payments must be within limits set by the Trustee of the BAESARSP-AB. The amount must not exceed your net earnings within your BAE Systems Scheme related employment in the tax year, making allowance for other deductions such as NI contributions, existing contributions etc.

Getting in touch

If you should have any questions regarding the lump sum AVC payment, you can email ukpensions@airbus.com. The Trustee and the Company are not permitted to offer you financial advice. Full details about how you can access free financial guidance and what to consider before appointing an Independent Financial Adviser can be found in a separate Pension Guide via the website on OneView (www.contactpensionsadmin.com/baes).

Important notes on taxation

Annual Allowance: The Annual Allowance is a threshold for how much total retirement benefit you can build up each year across all registered pension schemes, before incurring additional tax charges. Any excess pension savings above the Annual Allowance are subject to a tax charge, which will be collected through the self-assessment process. For most members the threshold is currently £60,000.

Tapered Annual Allowance: In April 2016 HMRC introduced the Tapered Annual Allowance and since April 2023 the Tapered Annual Allowance has reduced the standard Annual Allowance by £1 for every £2 of 'adjusted income' between £260,000 and £360,000. Adjusted income includes personal sources of income (such as investment income or income from a buy-to-let property), together with employment-related income and a measure of the increase in pension savings over the tax year. Anyone with an adjusted income of over £360,000 has a fully tapered Annual Allowance of £10,000.

The method of calculating an individual's Tapered Annual Allowance is complex. Further information can be found at: gov.uk/guidance/pension-schemes-work-out-your-tapered-annual-allowance.

Money Purchase Annual Allowance: If you have flexibly accessed and started to take money from a defined contribution (money purchase) pension, the amount you can then pay into a defined contribution arrangement such as AVCs and still get tax relief reduces. This is known as the Money Purchase Annual Allowance (MPAA) and it is currently £10,000. This allowance covers both your own contributions and any other contributions paid into your pension pot on your behalf. If you pay into a defined contribution arrangement and are subject to the MPAA, then you can accrue defined benefits up to the Annual Allowance less any defined contribution payments up to the MPAA.

You can find out more about these Annual Allowances at gov.uk/tax-on-your-private-pension. Further information can also be found in the 'Triggering the Annual Allowance' Pension Guide via the website on OneView (www.contactpensionsadmin.com/baes).

How can I find out if I am likely to exceed my Annual Allowance?

If you think that you are affected by either the standard Annual Allowance, Tapered Annual Allowance or Money Purchase Annual Allowance you should seek independent financial advice before submitting your application (please note that this advice is at your own cost). Full details about how you can access free financial guidance and what to consider before appointing an Independent Financial Adviser can be found in a separate Pension Guide via the website on OneView (www.contactpensionsadmin.com/baes).

An estimate of the amount of the 2023/2024 Pension Input Amount (PIA) used through your **BAE Systems UK Defined Benefit (DB) pension scheme** will be available on your OneView account by the 8th December. Please click on 'Scheme Information' and then the 'Your Documents' section where you will find your individual 'Annual Allowance estimate for Bonus Waiver' document in the Personal Correspondence area. This amount is only an estimate and cannot take into account any pay rises or fluctuating earnings (such as pensionable overtime and shift allowances) that would impact the calculation of your DB pension benefits and may be awarded/earned from November 2023 to March 2024. Please note that this estimate includes any AVCs or Defined Contribution (DC) payments made directly to the Scheme e.g. any AVC/DC contributions paid into Standard Life up to and including June 2023 and Selected Benefit Scheme contributions if you are a BAE Systems Pension Scheme member with 2000 Plan Benefits. Any payments made into the BAESARSP-AB are not included and you must add these on in addition to determine how much Annual Allowance usage you have for the current tax year.

If you have savings in the BAESARSP-AB, details of the contributions paid can be found via your Mercer Money account (www.mercermoney.com). Once signed in please go to the Pension tab/View plan/View transactions to see the contributions made since July 2023 (or later if you started paying AVCs at a later date). Please note the first contribution into the BAESARSP-AB for July will have been received in August. Please add up contributions made to date and you will need to make an assumption on the regular contributions that you (and the employer if you are a member of the BAE Systems Pension Scheme with 100+ Benefits) expect to pay up to and including March 2024. For more information on activating your Mercer Money account please visit: www.scottishwidows.co.uk/save/baesarsp

You must also take into account any other pension savings you are accruing/contributing to other HMRC Registered Pension Schemes.

The review and information for the 2023/2024 estimate noted above, although not relevant for the 2024/2025 tax year for which your April 2024 bonus will be aligned to, in looking at the previous / current years estimate this may help inform you whether you are likely to go over your individual Annual Allowance.

Application to pay lump sum AVC form – 2024/2025 tax year

If you wish to pay a lump sum AVC through your payroll, please complete sections 1, 2, and 3 and return the form as stated at the end of the form by **22 March 2024**.

Section 1

Member information			
Surname		Forename(s)	
Title		Date of birth	
Contact telephone number		National Insurance number	
Corp ID or SAP number			
Email address			

Section 2

You can elect to pay the lump sum either solely from any bonus payment, or alternatively from both your bonus and salary for April 2024. As you may not know your bonus amount before submitting this form, you may specify an amount in pounds or state a percentage of bonus to be deducted. If you state an amount in pounds and the amount specified is more than your actual bonus payment, then all of your bonus will be deducted.

Any amount to be deducted from your salary must (i) be stated in pounds and (ii) be after taking into account normal deductions such as National Insurance contributions, any regular AVCs already requested, and other regular deductions.

Please complete the appropriate sections below (a or b, and if applicable c)

a) Percentage of my April bonus (whole % only)

Or

b) Amount of my April bonus (whole £ only)

and

c) Amount of my April salary (whole £ only)

Section 3

I confirm that if (i) I have existing AVC investments, my lump sum AVC will be invested in the same funds as my existing AVC payments, or (ii) I am paying an AVC for the first time my lump sum AVC will be invested under the Mercer Master Trust default investment option, which is the Mercer SmartPath – The SW Mercer Target Cash Retirement Fund.

You can choose from a range of investment funds selected by Mercer on behalf of the Mercer Master Trust Trustees (Trustees). There are three lifestyle strategies which are known as the Mercer SmartPath strategies which as you draw closer to your Selected Retirement Age (the age you are

due to start taking your BAESARSP-AB benefits), your investments are moved to assets that carry lower risk and reflect the way you wish to take your savings. If you prefer to make your own investment choices, you can choose from the self-select range of funds.

Your investment options are summarised in the investment guide held on the Scottish Widows website (www.scottishwidows.co.uk/save/baesarsp), where you will be able to follow links to factsheets for all of the available funds. You will be able to change your Selected Retirement Age and investment options online through the Mercer Master Trust administrator's website, Money4Life. You can access the relevant page via www.mercermoney.com.

BAE Systems Pension Scheme – 2000 Plan Benefit members only

If you are a member of the BAE Systems Pension Scheme - 2000 Plan Benefits you can have your lump sum AVC invested in the Selected Benefits Scheme (SBS) or with the BAESARSP. Please note, if you require further information in relation to the SBS, please refer to the SBS booklet via [OneView](#). If you wish for your lump sum AVC to be invested in the SBS rather than BAESARSP please place an 'X' in box below.

Selected Benefits Scheme

Signed

Date

Please complete and email the form from your **work email address** to ukpensions@airbus.com by **22 March 2024**. In this way an electronic form and signature (typed or scanned) can be accepted. If you do not have the functionality to edit this PDF form, please save the form to your computer, then right click on the saved form and select 'open with Word'. Please then complete the word version of the form in line with the above.