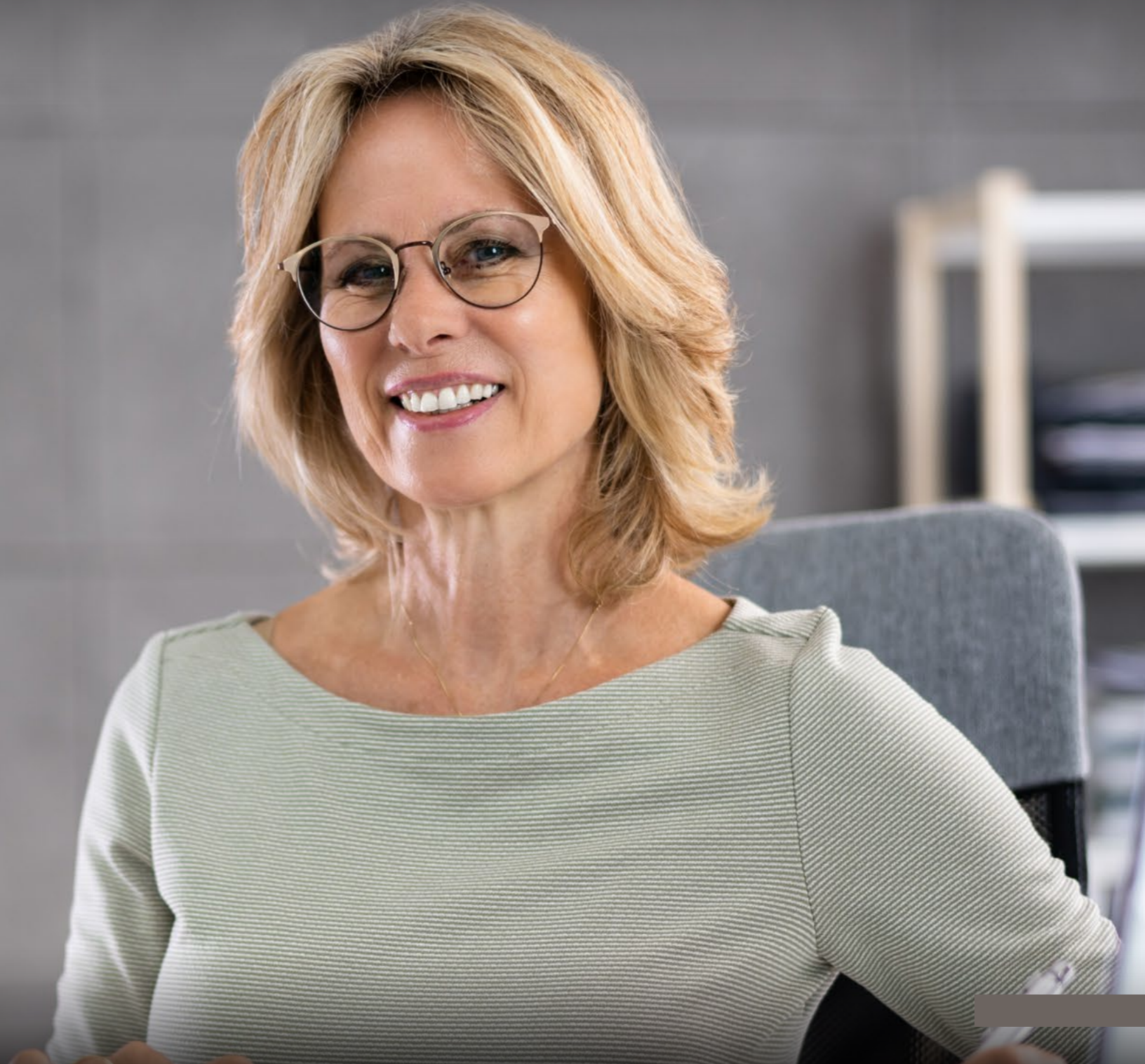


BAE Systems Pension Scheme

Your benefits

Your guide to 2000 Plan Benefits



A guide to your benefits

2000 Plan Benefits are a valuable part of your remuneration package from the *Company*. The *2000 Plan* provides you with a range of benefits to support you and your family both now and in the future.

This booklet will provide you with information about the *2000 Plan*, therefore it is important that you take time to read it and understand fully the benefits available to you.

This booklet features certain terms and expressions which have specific meanings within the *2000 Plan*. These are shown in italics which indicates that there is an explanation of their meaning on the '[Technical terms used](#)' page.

The *2000 Plan* provides valuable benefits if you retire because of ill-health and to your dependants if you die.

Members of the *2000 Plan* participate fully in the State scheme. This means that, when you reach *State Pension Age*, you will (subject to your National Insurance contribution record) be eligible to receive the State Pension, in addition to your pension from the *2000 Plan*.

This booklet is intended as a source of information on the provisions of the *2000 Plan*. It is subject to changes in the future as required by HM Revenue & Customs and to the Rules of the *2000 Plan* that set out the legal basis for the Trustee's administration of the *2000 Plan* and which override any provisions of this booklet with which they are inconsistent. Copies of the Rules are available from the *2000 Plan* administrator, Aptia. Reference to external websites are given for information only. No responsibility is accepted for the content or accuracy of the information provided through these sites.

This booklet will provide you with information about the *2000 Plan* Benefits



Contact Details

Visit the website:
contactpensionsadmin.com/BAES

Telephone Helpdesk:
0330 818 7282

Address:
Aptia, Maclaren House, Talbot Road,
Stretford, Manchester, M32 0FP

Technical terms used

We have tried to avoid using pensions jargon in this booklet where possible, but sometimes it is unavoidable so we have included a definition of key words here to help you to make sense of the more technical terms. They are highlighted in *italics* throughout the booklet.

2000 Plan is a benefit edition in the BAE Systems Pension Scheme, which replicates the benefits of the BAE Systems 2000 Pension Plan following the transfer of that scheme into the BAE Systems Pension Scheme - 2000 Plan Benefits on 1 October 2019.

Additional Voluntary Contributions (AVCs) are voluntary payments you can make to the Selected Benefits Scheme (SBS) or into a separate pension arrangement called the *MMT*. The payments are invested to provide you with extra benefits at retirement in accordance with the rules of the SBS or *MMT*.

Basic Contributions are the contributions you are required to pay as an in-service member of the *2000 Plan*.

Basic State Pension is defined as the basic state pension applicable to a single person who is entitled under section 44 of the Social Security Contributions and Benefits Act 1992 to a Category A retirement pension. This refers to the first-tier state pension available prior to April 2016, when there was a two-tier state pension arrangement in place.

Company is BAE Systems plc and any other employer who participates in the *Scheme*.

Credited Interest is interest credited monthly on your contributions. The rate is determined by the Trustee, on advice from the *Scheme* Actuary having regard to the return on the *Scheme's* assets, but no less than 2.5% per annum.

Final Pensionable Earnings is the highest average yearly amount of your *Pensionable Earnings* over three consecutive *Scheme Years* during your last 10 *Scheme Years* as a member of the *2000 Plan*.

Incapacity is physical or mental impairment which you are suffering, such that you will be permanently unable to undertake any regular work for any employer.

Longevity Adjustment Factor is an adjustment figure dependent on age, which is applied to the pension amount from the *2000 Plan* earned after 5 April 2006. It will adjust the pension earned to reflect changes in life expectancies. Improved life expectancy may mean that future pensions are expected to be paid for longer and the *Longevity Adjustment Factor* will reduce your pension earned after 5 April 2006 to take account of this. The level of the *Longevity Adjustment Factors* will be set each year.

There are different *Longevity Adjustment Factors* which apply to benefits on normal retirement, ill-health retirement and to benefits payable following death before retirement.

Mercer Master Trust (MMT) is a completely separate pension arrangement which is administered by Scottish Widows.

This Defined Contribution (DC) pension arrangement is called the *MMT* – BAE Systems Additional Retirement Savings Plan (BAESARSP). This arrangement has been available to *2000 Plan* members in *Pensionable Service* since 1 July 2023 for AVC payments. Any AVCs invested before 1 July 2023 with Standard Life were transferred into the *MMT* around that time.

Normal Retirement Date is the first of the month coincident with or immediately after your 65th birthday.

Pensionable Earnings is your gross PAYE earnings in a complete *Scheme Year* but normally excluding the value of any benefits in kind and other items defined as non-pensionable by the employer. Special arrangements apply for determining *Pensionable Earnings* in any *Scheme Year* during which you were absent from work.

Pensionable Service is the number of years and complete months during which you have contributed to the *2000 Plan* up to the age of 65. As a transferring member, this includes *Pensionable Service* under the *2000 Plan* plus *Pensionable Service* under the GEC 1972 Plan up to and including 5 April 2000 which is continuous with your joining the *2000 Plan* on 6 April 2000.

Pension Commencement Lump Sum (PCLS) is an optional cash lump sum received at retirement in exchange for part of your pension. It is currently not subject to income tax.

Scheme Maximum refers to the limits which were HM Revenue & Customs requirements up to April 2006 and which continue to apply to 2000 Plan Benefits in a simplified form.

Scheme Year is from 6 April to the following 5 April.

Scheme is the BAE Systems Pension Scheme.

SMART Pensions Arrangement is provided if you are employed by companies wholly owned by BAE Systems or participating Joint Venture Companies, all contributions (excluding any AVCs) will be made under the *SMART Pensions Arrangement*, unless you choose to opt out of the *SMART Pension Arrangement*. Full details of the *SMART Pensions Arrangement* can be found in a separate SMART booklet.

Specified Dependant You may nominate one or more *Specified Dependants*. Your *Specified Dependants* are the persons nominated by you and accepted by the Trustee before your *Normal Retirement Date* or early retirement who are wholly or mainly financially dependent on you when the nomination is made and when the benefits become due. You can obtain a form to nominate a Specified Dependant from Aptia.

Spouse is the person to whom you are married or in a civil partnership with at the date of your death.

State Pension Age is the age at which pensions are payable from the State. A State Retirement Age calculator can be found at: gov.uk/state-pension-age

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Where to go for Information

Raising a request or query

Aptia is the *Scheme* administrator. To raise a request or query, please contact Aptia using the details on the right hand side of the page. If you use the website you are able to upload any document if you would like to, rather than send them by post. Any information provided by you to Aptia digitally via the website will be encrypted. By using this route:

- > You will know instantly that your enquiry has been received and is being processed;
- > You can access the digital service at any time;
- > If you cannot find the answers you need online, you can send a question to the administration team.

OneView Member Portal

From OneView you can view the current estimated value of your retirement benefits, run an estimated retirement quote to help plan for your retirement*, run an instant (non-guaranteed) transfer value quote and update your nomination of beneficiaries online. Other information held on OneView includes annual newsletters, funding updates, annual benefit statements (where provided), monthly paylips for pensioners, information about the *SMART Pensions Arrangement* and more.

Digital Communications

The Trustees are keen to move away from sending paper-based communications and are in favour of using digital communications instead. This is for a number of reasons including:

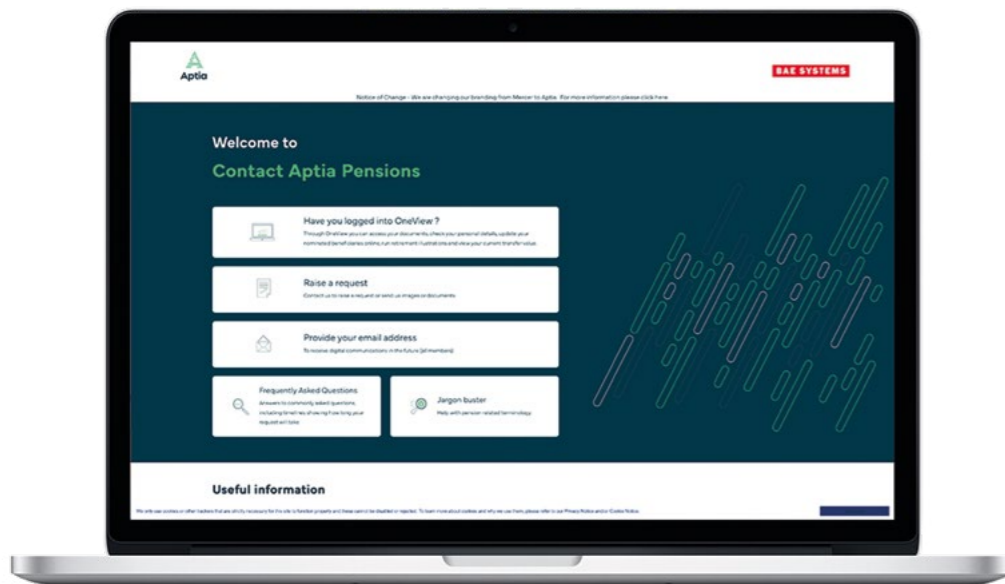
- > It is important that we can contact you quickly with *Scheme* information – it is much easier to achieve this digitally than via the postal service.
- > The carbon footprint of sending information out digitally is far smaller than our current method of print and postage – this allows a better use of *Scheme* resources and is more environmentally friendly.
- > The saving in printing and postage costs will be retained in the *Scheme*.

If Aptia hold your email address (either personal or work), Aptia will be able to let you know when general communications have been added to OneView. Aptia will also send any communications that would have automatically gone to your home address or respond to any requests you make via email.

If Aptia do not hold an email address for you, any automatic communications or individual requests will be answered by post (or by telephone where relevant).

Opting out of Digital Communications

If you would like to receive all of your communications by post (including all general communications which will be placed on OneView) you will still be able to do so. You will need to let Aptia know that you wish to opt-out of digital communications by confirming your full name and National Insurance number, the full name of the *Scheme / section* you are in and that you wish to opt-out of receiving digital communications.



* There will be a few exceptions where OneView cannot provide quotes, such as members with complicated benefit histories. You should contact Aptia directly if you experience any problems in generating an online quote.

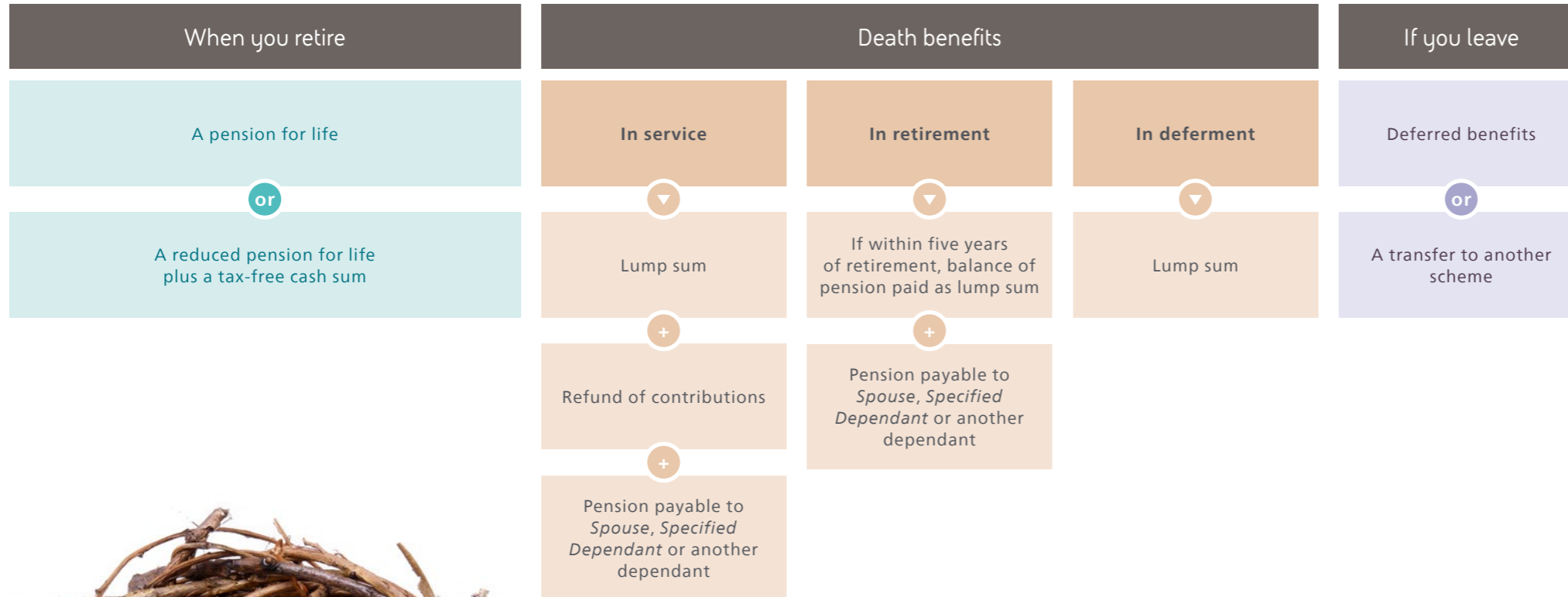
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Summary of 2000 Plan Benefits



As a member of the *2000 Plan*, you have access to a number of **valuable benefits**

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Address: Aptia, Maclaren House, Talbot Road, Stretford, Manchester, M32 0FP

Membership of the 2000 Plan

The *2000 Plan* was established for those individuals in respect of whom a transfer payment was made from the GEC 1972 Plan with effect from 6 April 2000, following the merger in November 1999 of British Aerospace and the Marconi Electronic Systems business of GEC.

As a transferring member, any reference in this booklet to *Pensionable Service* under the *2000 Plan*, should be read as *Pensionable Service* under the *2000 Plan* plus *Pensionable Service* under the GEC 1972 Plan up to and including 5 April 2000 which is continuous with your joining the *2000 Plan* on 6 April 2000.

On 1 October 2019, the BAE Systems 2000 Pension Plan transferred into the BAE Systems Pension Scheme. The benefits of the BAE Systems 2000 Pension Plan are replicated as a benefit edition of the BAE Systems Pension Scheme.

Opting out

Membership of the *2000 Plan* is not a compulsory part of employment with the *Company*. As a member of the *2000 Plan*, you can opt out at any time.

You will be required to give the Trustee and the *Company* two months written notice of your intention to leave the *2000 Plan*. At the end of the pay period in which your two month notice period expires, you will be treated under the *2000 Plan* as if you had left service, but you will not receive any benefits until you have actually left service.

If you decide to opt out:

- > You will lose the benefit of the *Company's* commitment to meet the balance of the cost of the future pension provision.
- > You will lose the protection provided by the *2000 Plan* to you and your family in the event of your death in service.
- > You will lose the part of the protection provided by the *2000 Plan* to you and your family in the event of your early retirement from the *Company* on account of serious ill-health.
- > You will lose the opportunity to earn a pension linked to your future earnings and service.
- > You cannot subsequently change your mind, as the *2000 Plan* is closed to new entrants.

The decision to opt out is yours alone but you should give careful consideration before doing this and you may wish to consult with an Independent Financial Adviser.

To opt out of the *2000 Plan* please contact the *2000 Plan* administrator Aptia, using the contact details on the right hand side of this page. If you subsequently change your mind please note that re-entry into the *2000 Plan* is not allowed.



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Making contributions to the 2000 Plan

Your Basic Contributions

For members of the BAE Systems Section, your Basic Contributions are 5% of your Pensionable Earnings

For members of the Airbus Section, your Basic Contributions are 8% of your Pensionable Earnings

SMART Pensions arrangement

Provided that you are employed by companies wholly owned by BAE Systems or participating companies, all *Basic Contributions* will be made under the SMART Pensions arrangement, unless you choose to opt out of SMART Pensions. Full details of the SMART Pensions arrangement can be found in a separate SMART Pensions booklet.

Income tax relief

Any contributions you choose to make are deducted from your pay before tax is calculated; therefore, you automatically receive income tax relief at your highest rate, although some restrictions may apply to high earners (see [page 15](#) for further information).

Company contributions

The rate of Company contributions is agreed between the Company and the Trustee and with advice from the Scheme Actuary, who carries out regular reviews of the financial position of the Scheme.

How the contributions are used

Your *Basic Contributions*, together with the contributions from the *Company*, are invested by the Trustee as part of the total assets of the *Scheme*. Those assets are used to provide benefits as set out in the Rules of the *Scheme*.

Part-time employment

If, during the same period of continuous *Pensionable Service*, you have been in full-time employment and part-time employment, or the basic number of hours a week worked in part-time employment has varied from time to time, the *Trustee* will calculate your benefits as it considers appropriate after taking account of the number of hours worked.

Temporary absence

If you are temporarily absent from work, your membership of the *2000 Plan* will continue for as long as you pay contributions into the *2000 Plan*.

If you stop paying *Basic Contributions* to the *2000 Plan*, your *Pensionable Service* will normally cease. On recommencing *Basic Contributions*, your *Pensionable Service* before and after the break will be treated as continuous. If you are absent because of sickness or injury and you stop paying *Basic Contributions*, we will continue to treat you as remaining in *Pensionable Service* for up to one year from the date you were first absent.

If you are absent as a result of family leave, you will be treated as still in *Pensionable Service* for as long as you have a statutory or contractual right to return to work. During your absence you will pay *Basic Contributions* on any amount of pay (including any statutory maternity, adoption or paternity pay) you receive while you remain employed by the *Company*.

If, however, you are absent as a result of parental leave you will be treated as if you have left service unless you return to work at the end of that period of leave. In this case, your periods of service before and after that leave will be treated as continuous, but will exclude the period of parental leave itself. A period of parental leave will only be treated as service if, on your return to work, you and your employer pay contributions in respect of that period as if you had been working normally.

Paying Additional Voluntary Contributions (AVCs) and contributions to the Selected Benefits Scheme (SBS)

All members in *Pensionable Service* are able to pay AVCs on a money purchase basis to a completely separate 'Master Trust' pension arrangement with the *MMT* administered by Scottish Widows or to the Selected Benefits Scheme (SBS). AVCs are deducted from your pay before tax is calculated and qualify for income tax relief at your highest rate although some restrictions apply to high earners (see [page 15](#) for further information).

More details about the *MMT* can be found in the *MMT* Member guide by visiting scottishwidows.co.uk/save/baesarsp, which also includes information about the AVC investment choices available. More details about the SBS can be found in the SBS Member booklet.

Contact Details

Visit the website:
contactpensionsadmin.com/BAES

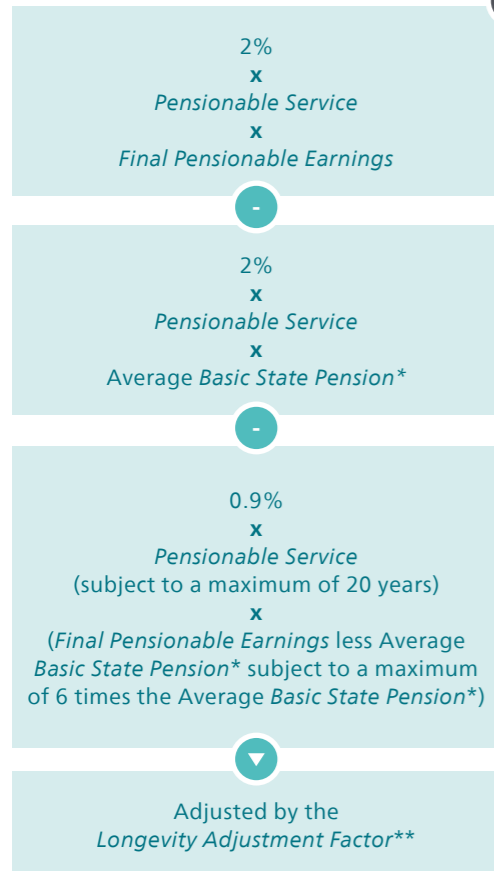
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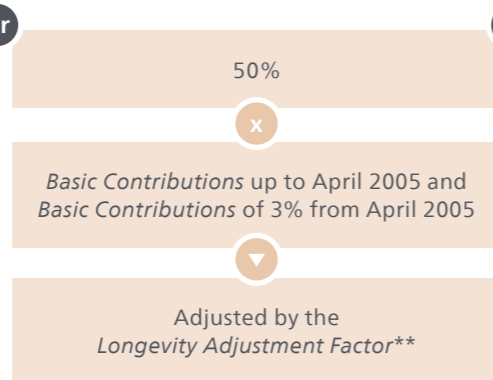
How to calculate your pension

Your pension from the *2000 Plan* is calculated on three bases. You will receive a retirement pension amounting to whichever is the highest figure produced by the following three calculations:

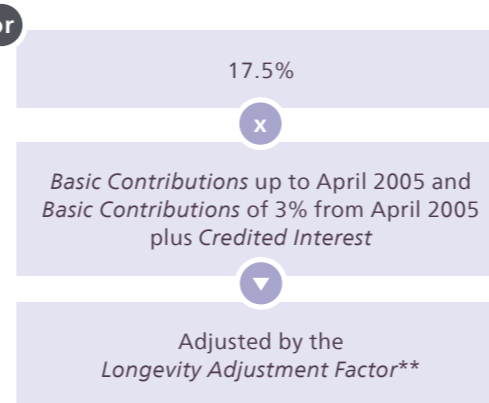
Basis 1



Basis 2



Basis 3



* The average of the *Basic State Pension* in force at the beginning of each of the last three *Scheme Years*.

** The *Longevity Adjustment Factor* is only applied to that part of your pension earned after 5 April 2006. The factor varies depending on your age at that date and your age when you retire and will be calculated at the same time as your pension is calculated.

Notes

Contributions used to calculate your final pension are broadly not affected by *SMART Pensions Arrangement*. Under the *Scheme Maximum* your benefits (excluding AVC benefits but including previous benefits in other schemes) must not exceed 2/3rds of your final earnings. Your final earnings are calculated by reference to the formerly applicable Inland Revenue IR12 ('practice notes') definition of Final Remuneration and can include other taxable benefits, such as overtime or shift payments and may therefore be greater than your *Final Pensionable Earnings*.

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When you reach retirement

Retiring from Pensionable Service on or after your Normal Retirement Date

Your pension will be calculated as shown on [page 8](#). If you transferred benefits into the *2000 Plan* from a previous pension arrangement, you will receive an additional amount on top of your pension earned whilst being a member of the *2000 Plan*.

Pension calculated as on [page 8](#)

+

Benefits transferred in from a previous pension scheme (if any)

=

Total pension at *Normal Retirement Date* (or later date of retirement)

Retiring early from Pensionable Service (except on medical grounds)

You may be permitted to retire at any time after age 55 (50 if you leave the *Company* at the *Company's* request) and receive an immediate pension subject to the consent of the Trustee or the *Company*. Consent is not needed if you left employment at the *Company's* request, such as redundancy. Your pension will be calculated in the same way as for normal retirement as previously described, except that there will be a reduction at a rate determined by the Trustee and the *Company*, on advice from the *Scheme* Actuary, for the period that your pension is taken early. This is to take into account the extra period over which your pension will be paid. The rates are reviewed periodically and may change from time to time.

Stepped Pension Option

If you retire before *State Pension Age*, (except on grounds of ill-health) you may be able to choose a Stepped Pension Option. This allows you to receive an increased level of pension up to *State Pension Age* in force at the time of your retirement and a correspondingly reduced level afterwards.

Retiring early from Pensionable Service on medical grounds

If you cannot work because of ill-health, you may retire at any age with an immediate pension, subject to certain conditions and the consent of the Trustee and the *Company*.

If you apply for, or your employing company recommends ill-health retirement, the *2000 Plan's* Medical Adviser will prepare a report for the Trustee, and you will be asked to complete a form authorising the release of your medical records to support this. The Trustee must be satisfied that you are suffering from *Incapacity*.

Your ill-health pension will be the greater of:

The Basis 1 pension as shown on [page 8](#) that you would have been entitled to if you had remained in *Pensionable Service* until age 65, but calculated using your *Pensionable Earnings* and the level of the *Basic State Pension* at your actual date of retirement.

or

The pension provided under Basis 2 or Basis 3 as shown on [page 8](#).

The Trustee has the power to reduce, suspend or terminate your ill-health pension if, in its opinion, this is justified by a subsequent change in your circumstances.

How your pension will be paid to you

Your monthly pension will be paid in advance on the last working day of each calendar month direct to your bank or building society account. These pension payments are treated as earned income and are subject to tax under the PAYE system, using a tax code provided by HM Revenue & Customs, but are not subject to National Insurance deductions.

Payslips are available to view on OneView. If you do not sign up to digital communications (see [page 4](#)) further payslips will only be sent to you when there is a variation in your pension amount of more than £10 compared to the prior month.

Pension increases

Your pension earned in the *2000 Plan* will normally be increased on 1 May each year. Proportionate increases are given in the first *Scheme Year* of retirement to any pension beginning after 1 May.

Your pension will be increased annually by the rise in the Retail Prices Index (RPI) for January of that year subject to a maximum increase of 5% a year for pension earned for service before 6 April 2006 and a maximum increase of 2.5% a year for pension earned for service after 5 April 2006.

Additional increases to pensions in payment may be awarded if the *Company* requests the Trustee to do so, within the sole discretion of the *Company*. The employers will then need to pay any additional contributions to the *Scheme* which the Trustee considers prudent (after the Trustee has sought actuarial advice).

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When you reach retirement

Pension Commencement Lump Sum (PCLS) option

You can usually exchange up to 25% of the value of your pension for a tax-free PCLS at retirement. The amount of annual pension that you would need to exchange depends on your age and the commutation factors in force when you retire. The commutation factors are set by the Trustee on advice from the Scheme's Actuary. These factors are reviewed regularly by the Trustee and can change.

The maximum PCLS you can receive depends on your available 'Lump Sum Allowance'. For most people, the Lump Sum Allowance is £268,275, however it may be higher if you have a previous Lifetime Allowance protection (please refer to [page 15](#)). Your available Lump Sum Allowance will be lower if you have already received retirement benefits from another pension scheme. Before exchanging any of your annual pension for PCLS you should think carefully about your long-term financial needs and those of your dependants. You may want to consider taking financial advice.

If you have AVCs under the separate MMT arrangement, when you take your Scheme pension benefits you have the option to transfer these AVCs into the Scheme and use these to provide your tax free PCLS (subject to your available Lump Sum Allowance). Please refer to [page 7](#) for more details.

Benefits from Additional Voluntary Contributions (AVCs)

If you have AVCs under the separate MMT arrangement, when you take your *2000 Plan* benefits you can elect to transfer these back to the *2000 Plan* and use them to provide your PCLS.

The maximum amount that can be transferred back will be based on a figure that when added back together with your *2000 Plan* benefits equates to the maximum PCLS you are allowed to take (normally 25% of the total value of your pension benefits but no more than £268,275). Please refer to the PCLS option section above for more details.

On the rare occasion that if, when added back together there is an excess amount over and above the maximum PCLS allowed, this amount will remain in the MMT for you to use in accordance with options under the MMT.

Alternatively, at retirement you may choose to keep all of your savings in the MMT in order to access the additional pension flexibilities available through the MMT such as income drawdown or to purchase an annuity on the Open Market.

More details can be found by visiting the MMT website at scottishwidows.co.uk/save/baesarsp. You could decide to receive a PCLS from the *2000 Plan* of up to 25% of the value of your *2000 Plan* benefits (including any SBS benefits you may have) and also receive a separate tax-free PCLS of up to 25% of the value of your MMT account.

You may also wish to take your MMT benefits or SBS benefits at a different time to your *2000 Plan* benefits (earlier or later) or choose to transfer these to another arrangement.

Protected Pension Ages

Certain *Scheme* members may enjoy a Protected Pension Age (PPA) which permits *Scheme* benefits to be accessed before the Normal Minimum Pension Age (NMPA) which is currently 55 (increasing to 57 from April 2028). The NMPA is the minimum age at which an individual can access their pension savings without incurring an unauthorised payments tax charge. For both active and deferred members under the *Scheme*, only in the event that members joined the *Scheme* before 6 April 2006 and leave employment at the request of the employer (i.e. on redundancy) will they retain a PPA of age 50.

Please note that the *Scheme* PPA cannot be recognised under the Mercer Master Trust and, therefore, any former *Scheme* AVCs which are not transferred back to the Scheme at retirement and which are used to purchase retirement benefits under the Mercer Master Trust, will not be accessible before the NMPA as applies from time to time. This excludes any benefits under the Selected Benefits Scheme.

If you have any queries about this issue please contact Aptia.

Transferring benefits

Since 6 April 2015, members with money purchase or defined contribution savings have been able to access more of their pension benefits as cash from age 55 (subject to payment of income tax). These options are not available for your benefits in the *2000 Plan*. If you wish to access funds in this way, you will need to transfer your *2000 Plan* benefits to a defined contribution pension arrangement offering these flexibilities and you may need to take independent financial advice before doing so. Please refer to [page 14](#) for information about transferring out.

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Death benefits

Death in service

If you die while still in *Pensionable Service*, the following benefits will be paid:

A lump sum death benefit equal to two times your *Pensionable Earnings* at your date of death.



A lump sum equal to the contributions paid by you to the *2000 Plan* with *Credited Interest* paid on contributions paid to 5 April 2006 – but no *Credited Interest* paid on contributions paid after 5 April 2006.



A lump sum equal to 50% of your *Pensionable Earnings* multiplied by the number of qualifying dependants* to a maximum of two.



A *Spouse's* pension of 50% of your own pension from the *2000 Plan* earned at the date of your death, adjusted by the appropriate *Longevity Adjustment Factor*.

Death in retirement

If you die while receiving a pension from the *2000 Plan* the following benefits will be paid:

Spouse's pension

This will be equal to 50% of your pension at your date of death, ignoring any reduction to take account of the fact that you chose to exchange part of your pension for a cash sum, or the effect of choosing a *Stepped Pension*.**



The five year payment guarantee

If you die whilst receiving a pension from the *2000 Plan* within the first five years after your retirement, a lump sum equal to the unpaid balance of five years pension payments (at the rate applicable at the date of death disregarding future increases) will be paid.

Death with deferred benefits

If you die after leaving the *2000 Plan* and are entitled to a deferred pension (see [page 13](#)), the following payments will be paid:

If you are under age 65 when you die

A lump sum benefit equal to 1.5 times the total of your contributions to the *2000 Plan*.



Credited Interest.

If you are aged 65 or over when you die

A pension for your *Spouse* of 50% of the pension you would have received if you had retired immediately before your death, without giving up pension for a lump sum.**



A lump sum benefit equal to five times the pension that you would have received had you retired on the date of your death if you had given up pension for a *PCLS*



The amount of the *PCLS* that you would have been entitled to had you retired immediately before your death.

Notes

* Your qualifying dependants can include your children (including step children) under 18 or under 23 if they are still in full-time education and a partner, *Specified Dependant* or *Spouse* who does not qualify for a death in service pension.

** If there is no person entitled to receive the *Spouse's* pension, a pension may be payable to one or more *Specified Dependants*, subject to certain conditions, including acceptance by the Trustee. *Specified Dependant's* pensions are adjusted to take account of the age of the dependant.

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Death benefits

Payment of lump sum death benefits

Any lump sum death benefit will be paid to, or for the benefit of, your dependants, relatives or nominees, chosen at the discretion of the Trustee and in such shares as the Trustee decides. This generally enables payment to be made quickly and normally without liability for Inheritance Tax.

The Lump Sum and Death Benefit Allowance limits the amount of tax-free lump sum that can be paid both in a lifetime and on death. For those without HM Revenue & Customs protection it is set at £1,073,100.

Pension

Will be paid at the discretion of the Trustee to...

Dependants

or

Beneficiaries or Nominees

or

Relatives

Nomination of Beneficiaries – Take Action

It is very important that you nominate your beneficiaries in relation to your pension and provide the *2000 Plan Trustee* with an indication of who you would like your lump sum benefits paid to in the event of your death. The *Trustee* is not bound by your wishes but it will take them into account when exercising its discretion. Please do take the opportunity via OneView to update your Nomination of Beneficiaries form online.

Please be aware that if you have AVC benefits in the *MMT* you **must** complete a separate Nomination of Beneficiaries form for this arrangement. To do this go to mercermoney.com

Payment of spouse's and specified dependant's pensions

Spouse's and *Specified Dependant's* pensions are payable for life. The pension will commence on the first day of the month following the date of your death. If you have been married or in a civil partnership for less than six months, and the marriage or civil partnership commenced after the earlier of starting to receive a pension and reaching age 65, the Trustee has the discretion to decide whether your *Spouse* should receive the *Spouse's* pension.

Specified Dependant - Take Action

You may nominate a Specified Dependant to receive a pension on your death.

Please note that this must be nominated by you and accepted by the Trustee before you retire.

The person you nominate must be financially dependent on you both when the nomination is made and when you die. You can obtain a form to nominate a Specified Dependant from Aptia.

Contact Details

Visit the website:
contactpensionsadmin.com/BAES

Telephone Helpdesk:
0330 818 7282

Address:
Aptia, Maclaren House, Talbot Road,
Stretford, Manchester, M32 0FP

Leaving the 2000 Plan

If you leave the *Company* before you reach retirement, your membership of the *2000 Plan* will cease. You can also choose to cease your membership of the *2000 Plan* whilst you are still an employee of the *Company* by 'opting out' (see [page 6](#)).

You will be entitled to a deferred pension when you reach your *Normal Retirement Date*.

Your deferred benefits

The deferred pension will initially be calculated in accordance with Basis 1 (see [page 8](#)), by reference to your *Pensionable Service* and your *Final Pensionable Earnings* at the date of leaving.

Your Basis 1 (see [page 8](#)) deferred pension will be increased at a rate equal to the percentage rise in the Retail Prices Index (RPI) subject to a maximum of 5% a year compound over the period of deferment for pension relating to *Pensionable Service* up to 6 April 2010 and 2.5% for pension relating to *Pensionable Service* after 5 April 2010.

At your *Normal Retirement Date*, the amount will be compared with the pensions calculated under Basis 2 and Basis 3 (see [page 8](#)), and the pension payable will be the highest figure produced by this comparison.

The *Basic Contributions* (limited to 3% after April 2005) you have made to the *2000 Plan* will continue to accumulate *Credited Interest* for the purposes of the Basis 3 calculation until your pension begins or you transfer your benefits from the *2000 Plan*.

You will have the option to exchange part of your pension for a PCLS when you reach retirement.

Certificate of Deferred Benefits

When you leave the *2000 Plan*, you will be given a Certificate of Deferred Benefits and it is important that you keep this safe.

It is also important that you keep the 2000 Plan administrator, Aptia informed of any change of address to ensure that you can be traced when your benefits become due.

Early payment of your deferred pension

Your deferred pension can be paid at any time after the first day of the month following your 55th birthday (50th birthday if you left the *Company* at the *Company's* request), unless you are retiring from employment by reason of ill-health or disability, in which case it may be paid earlier subject to certain conditions. Payment of the pension earlier than your *Normal Retirement Date* is subject to the consent of the Trustee or the *Company* (again, unless you leave the *Company* at the *Company's* request). If you take your pension early it will be reduced to allow for the longer period for which your pension will be paid. The level of reduction will be agreed between the Trustee and the *Company*, who will be advised by the *Scheme Actuary*.

No reduction in the event of ill-health

Your pension will not be reduced for early payment if you are suffering from *Incapacity*. If you left the *Company* at the *Company's* request before 6 April 2006, the test for paying an unreduced pension on ill-health is different and the Trustee must be satisfied that due to serious ill-health or disability you are unlikely ever again to be able to carry out the duties you had before you left the *Company*. The *Scheme's* Medical Adviser will provide a report for the Trustee, and you will be asked to complete a form authorising the release of your medical records to support this.

Late payment of your deferred pension

If the Trustee or the *Company* agrees, you may be able to elect to receive the pension starting later than your *Normal Retirement Date* but not later than age 75. Your pension will increase between your *Normal Retirement Date* and the date that you actually retire by a factor determined by the Trustee and the *Company* acting on the advice of the *Scheme Actuary*.

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Leaving the 2000 Plan

Transferring out

As an alternative to leaving your deferred benefits in the *2000 Plan*, you may choose to take a transfer payment to either your new employer's scheme or to another pension arrangement. If you wish to transfer your benefits the first step is to obtain your Cash Equivalent Transfer Value (CETV). This is the cash value the *2000 Plan* will offer you in exchange for you giving up your Defined Benefit (DB) pension rights (including death benefits but excluding any allowances for any discretionary benefits).

You must have left *Pensionable Service* at least one year before the *2000 Plan's Normal Retirement Date* to apply for a CETV and can accept it any time up to a year before the *2000 Plan's Normal Retirement Date*. The CETV is guaranteed for three months from the date of calculation. You must no longer be in *Pensionable Service* for the guarantee period to apply. If you are still in *Pensionable Service*, the CETV will be an estimate and can't be guaranteed. Most deferred members and members in *Pensionable Service* can get an instant indicative CETV quote at any time via the website through OneView.

If you are a deferred member and wish to get a guaranteed CETV, you can request this via the website under 'Make a request' and 'Transfer Value'. If you do not complete the transfer paperwork within the three month period (including providing the administrator with the information they need for their checks) you will have to apply for another CETV which could be higher or lower than the amount before. Deferred members are permitted to receive one CETV in any 12 month period. If an additional CETV is required within 12 months a charge will be levied.

When the fully completed paperwork, together with any additional evidence requested is received (which may include evidence that independent financial advice has been received), the *2000 Plan* administrator must pay the benefits to your new scheme within 6 months from the start of the transfer process i.e. the date that the CETV was first calculated.

Please note that the *Trustee* will need to complete detailed checks before deciding whether it can comply with your request to transfer. The checks determine whether the request meets the conditions to enable a statutory right to transfer and help reduce the risk of members being subject to pension scams. Most transfer requests are likely to be straightforward, however others may take up to the statutory 6 months' timeframe.

The CETV will contain details of your *2000 Plan's* guaranteed DB benefits, and details of any SBS benefits you may have (this element is not guaranteed). If you have AVCs in the *MMT* then you will need to contact the scheme administrator, Scottish Widows to transfer these benefits to your preferred provider. Please go to scottishwidows.co.uk/save/baesarsp for more information.



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HM Revenue & Customs

A registered scheme

Certain tax concessions apply subject to certain restrictions, as this is a registered scheme.

The tax concessions currently in place are:

- > Full income tax relief on any contributions you make, including *Additional Voluntary Contributions*, although some restrictions apply.
- > Tax advantages in respect of certain income and capital gains from investments.
- > PCLS may be payable on retirement and death.

Tax limits

Pensions are tax efficient, but there are a number of allowances that can apply.

Lifetime Allowance

The Lifetime Allowance was a limit on the value of pension benefits you could build up in your lifetime without paying an additional tax charge. The Lifetime Allowance tax charge was removed from 6 April 2023, and the Lifetime Allowance was removed completely from 6 April 2024. The standard Lifetime Allowance for the 2022/23 tax year was £1,073,100, which is equivalent to a total pension of £53,655 a year. If you have previously applied to HM Revenue & Customs for protection, a different Lifetime Allowance will apply to you.

Although the Lifetime Allowance no longer applied from 6 April 2024, the Lump Sum and Death Benefit Allowance limits the amount of tax-free lump sum that can be paid both in a lifetime and on death. For those without HM Revenue & Customs protection it is set at £1,073,100.

Lump Sum Allowance

The Lump Sum Allowance is the total tax-free lump sum limit you can receive from all your pensions, unless you have a valid protection certificate that allows you to take a higher tax-free amount. The Lump Sum Allowance limit is currently £268,275 (which is 25% of the Lifetime Allowance when it was abolished).

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 Annual Allowance is currently £60,000 but it is less for high earners.

Tapered Annual Allowance

In April 2016 HMRC introduced the Tapered Annual Allowance for high earners 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. Broadly, 'adjusted income' includes personal sources of income (such as investment income or income from a buy-to-let property), 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 Tapered Annual Allowance may also be reduced for anyone who is also subject to the Money Purchase Annual Allowance.

It is important to note that since April 2020 the standard Annual Allowance is not reduced if your threshold income for the tax year was £200,000 or less (or £110,000 for the tax years 2016/17 to 2019/20), no matter what your adjusted income was. Threshold income is broadly your adjusted income excluding the value of your pension benefits over the tax year.

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 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.

Please be aware that in any tax year you cannot claim tax relief on your contributions to pension schemes in excess of your annual earnings. Your contributions include AVCs but not contributions made by the company under the SMART Pensions arrangement.

If you believe you may be affected by the restrictions set out above, it is recommended that you seek independent financial advice. The pensions tax restrictions may change in the future. Further information on all these restrictions is available at gov.uk/tax-on-your-private-pension

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General information

Management of the 2000 Plan

The *2000 Plan* is a section of the BAE Systems Pension Scheme which is established under a trust administered by a Trust Company, BAE Systems Pension Scheme Trustees Limited, which has its own Board of Directors (known as the Trustee). The Trustee is responsible for the correct operation of the Scheme through its managers, with the assistance, where appropriate, of other professional advisers. Other than in relation to SBS, benefits under the Scheme are provided from a fund of investments which are not allocated to individual members and are professionally managed on behalf of the Trustee.

Transferring benefits from other schemes

If you were a member of a previous employer's scheme or have a personal pension, it is possible whilst you are in *Pensionable Service* to arrange for a transfer payment to be made to the *MMT* or Selected Benefits Scheme (SBS). More details around options under the *MMT* can be found in the *MMT* Member guide by visiting scottishwidows.co.uk/save/baesarsp. More details about the SBS can be found in the SBS Member booklet.

AVC transfers

Members can choose to transfer the value of their AVCs in the *2000 Plan* to another pension arrangement, even while they remain in *Pensionable Service*. This has been introduced to offer greater flexibility to members in their retirement planning.

Members can transfer to any registered external pension arrangement, subject to the necessary checks being satisfied.

If you are interested in pursuing this option for any AVCs you may hold in the Selected Benefits Scheme (SBS), please contact Aptia using the details on the right hand side of the page.

If you are interested in pursuing this option for any AVCs you may hold in the *MMT*, please contact the *MMT* administrator Scottish Widows, details of whom can be found via scottishwidows.co.uk/save/baesarsp.

You should view the guidance provided by the Government's MoneyHelper service and are urged to obtain independent financial advice before deciding to exercise this option (see Transferring out on [page 14](#) and Financial advice on this page for further information). In particular, you should be aware that, if you transfer your AVCs to another pension arrangement then access them flexibly (e.g. by taking them as cash or using them for drawdown), it affects your Annual Allowance (the threshold that applies to the increase in your pension savings each year, for tax relief purposes). This may affect the amount of benefits that you can build up in the *2000 Plan* (and *MMT* where applicable) going forwards. For more details, see Money Purchase Annual Allowance on [page 15](#).

Divorce

Divorce proceedings may result in the issue of a Pensions Sharing Order by the Court. Pensions Sharing is not mandatory but it is available as an alternative to pensions earmarking or the offsetting of pensions against other matrimonial assets.

Aptia can supply more information including the administrative charges that apply.

Financial advice

The *Company*, its employees and the *Trustee* are not authorised under the Financial Services and Markets Act 2000 as amended by the Financial (Banking Reform) Services Act 2013. This means that they cannot give investment advice or any advice regarding your membership of the *2000 Plan*. The information in this booklet is intended to help you make your own decision. However, if you are in any doubt, you should consult an Independent Financial Adviser.

Assignment of benefits

You must not attempt to assign your benefits to obtain cash or as security for loans. Under the *2000 Plan* Rules, there could be no legal claim on the *Scheme* by anyone other than the person entitled to the benefits under the *2000 Plan* Rules. Your benefits would cease to be payable and would come under the control of the Trustee for payment at its discretion.

Amendments to the Scheme

The *Company* with the consent of the Trustee, may, by deed, amend the *Scheme* at any time. You will be given written notice if your benefits or rights under the *Scheme* are materially affected by such amendments.

The *Company* intends to maintain the *Scheme* for the future, but in the unlikely event of it being discontinued, the Trustee would use the assets of the *Scheme* to provide benefits for the members in accordance with the *Scheme* Rules.

Increased or additional benefits may be provided from the *Scheme* at the discretion of the *Company*, subject to the *Company* paying any additional contributions that the Trustee may require after taking actuarial advice.

Internal Dispute Resolution Procedure

If you have a query about the Scheme, the Scheme administrator Aptia will normally be able to resolve it. However, should you be dissatisfied with the response you receive, the Trustee has put in place a formal Internal Dispute Resolution (IDR) procedure for resolving complaints or disputes. You may obtain a copy of the formal IDR procedure from:

> Trustee Pensions, BAE Systems plc,
2nd Floor Victory Point, Lyon Way, Frimley,
Hampshire, GU16 7EX

or by emailing:

> pensions.policy@baesystems.com

Having gone through the IDR procedure, if the Trustee are unable to resolve the complaint with you, then you can refer your complaint to the Pensions Ombudsman.

Contact Details

Visit the website:
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General information

Pensions Ombudsman

Having gone through the IDR procedure, the Pensions Ombudsman (appointed under Section 145(2) of the Pension Schemes Act 1993) may investigate and make decisions about any complaint of maladministration and dispute of fact or law in relation to an occupational pension scheme where the person makes a complaint in accordance with the Act. There is no charge for these services. The Pensions Ombudsman can be contacted at:

- > 10 South Colonnade, Canary Wharf, E14 4PU
- > **0800 917 4487**
- > enquiries@pensions-ombudsman.org.uk
- > pensions-ombudsman.org.uk

You can also submit a complaint online: pensions-ombudsman.org.uk/making-complaint

MoneyHelper

MoneyHelper brings together the support and services of three government-backed financial guidance providers: the Money Advice Service, the Pensions Advisory Service and Pension Wise. MoneyHelper aims to make your money and pension choices clearer. It provides impartial guidance and can recommend further trusted support if you need it. MoneyHelper can be contacted at:

- > **0800 011 3797**
- > moneyhelper.org.uk

The Pensions Regulator

The Pensions Regulator is the regulator of work based pension schemes in the UK. Created under the Pensions Act 2004, its aims include protecting members' benefits and promoting good administration. The Pensions Regulator is able to intervene in the running of schemes where trustees, employers or professional advisers have failed in their duties. The Pensions Regulator can be contacted at:

- > Napier House, Trafalgar Place, Brighton, BN1 4DW
- > thepensionsregulator.gov.uk

Pension Tracing Service

Information about the Scheme (including the address at which the Trustee may be contacted) has been given to the Department for Work and Pensions. The Department acts as a central tracing agency to help individuals keep track of the deferred benefit entitlements they have in previous employers' schemes. If you have difficulty finding where pensions you have earned in the past are located, the service can be accessed by contacting the Pension Tracing Service at:

- > **0800 731 0193**
- > gov.uk/find-pension-contact-details

Pension Protection Fund

Introduced by the Pensions Act 2004, this Fund has been set up to protect pension benefits for members of company defined benefit pension schemes where the employer has become insolvent and the scheme is unable to meet its obligations. It is funded by a substantial levy on all defined benefit schemes and should help provide peace of mind for many people saving for retirement in such schemes.

- > pensionprotectionfund.org.uk

Data Protection

The Trustee of your pension scheme will collect and process information about you that may be subject to data protection laws. For more information about how it uses and discloses your personal information, how it protects your information, its legal basis to use your information, your rights and who you can contact, please refer to the relevant sections of the privacy notice at baesystems.com/en/privacy

Further information

Members in *Pensionable Service* and deferred members will have access to a benefit statement each year via the website and through OneView. Each year all members will also have access to the full *2000 Plan* Member Report and Accounts that will provide information on the performance of the *2000 Plan* and any other relevant information, such as the names of the Trustees and their advisers and other formal documents through OneView.

By providing the *2000 Plan* administrator, Aptia, with your email address they will be able to contact you to advise when general communications have been added to OneView. Alternatively if you would like to receive all of your communications by post you can do so by opting out of digital communications (see [page 4](#)).

If you require any further information on the *2000 Plan* or on pension matters in general, visit: contactpensionsadmin.com/BAES

You can also ring the Aptia on:

- > **0330 818 7282**

Alternatively write to:
Aptia, Maclaren House, Talbot Road, Stretford, Manchester, M32 0FP

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