

# Changing roles

## Pension guide – Information for employees

If you are an active member of a BAE Systems pension scheme and are considering changing your role, and this would mean a reduction to your salary, this guide provides information about how your pension (and related benefits) may be affected. There is also a separate [Working part time](#) guide for anyone considering a reduction in contractual hours.

If you joined before April 2012, and joined a pension arrangement, you will be a member of one of the defined benefit (DB) pension schemes. If you joined since April 2012, you will be a member of a defined contribution (DC) arrangement, which is part of the Mercer Master Trust.

For DC members, the impact is straightforward. Future contributions will reduce if your salary reduces as this is based on a percentage of your salary. This is more complicated for DB members and this guide is therefore primarily aimed at the impact a reduction in salary has on the calculation of DB benefits.

### 1. If I change my role, can I remain in my current pension scheme?

If you change your role you will normally remain in the same pension scheme if you continue employment with BAE Systems or one of its subsidiaries. This is subject to the employer being a participating employer of that scheme, e.g. Airbus, MBDA or RBSL.

### 2. What if I change role at my request?

If you are considering moving to a different role on a lower salary, then your benefits are likely to change as a result.

For DB members, pension is calculated using an average of your pensionable salary prior to you leaving service. The definitions vary across the schemes with some, for example, reflecting your salary over the last 12 or 36 months prior to leaving, or some reflecting your best average salary over three consecutive years in a 10-year period. Please read your [Member Booklet](#) which explains how pensionable salary is calculated for your scheme.

### 3. What if I change role at the Company's request?

If you are being redeployed at the request of the Company for a specific business reason, rather than because of a personal request to move, then depending on which scheme you are in, the pension you built up before the change may be protected.

If you are a member of one of the following schemes then your past service will be protected:

- BAE Systems Pension Scheme – Level 125, 167, 187 or 200
- BAE Systems Pension Scheme – Level 100+
- BAE Systems Pension Scheme – Aircrew
- BAE Systems Pension Scheme – Passport

For these schemes, if your basic salary is reduced due to you being redeployed, the pension accrued in respect of service before the redeployment took place is protected from the reduction in salary. This is done by setting a notional salary which is used to calculate the pension arising from service up to the redeployment date (until such time as your actual salary catches up with the notional salary).

It is important to recognise that the decision as to whether you have been redeployed in a different job/role, together with the associated protection of your past service benefits, rests with BAE Systems alone. In practice, your line manager and HR will work together to ensure that this is considered and inform you of the outcome.

For members of any of the other BAE Systems pension schemes there is no such provision within the rules for this protection to apply.

## 4. What other benefits could be impacted by a salary reduction?

It is important to note the following implications of a reduction to your salary.

### Death benefits

For all employees, the death in service lump sum is calculated based on a multiple of your salary. Therefore if your salary reduces to reflect a change in role, the death in service lump sum will also reduce.

For some of the DB schemes, the death in service dependant's pension calculation includes future service to the scheme's Normal Retirement Age. Future service included in the calculation will assume you continue to work based on your new salary until your Normal Retirement Age.

### Medical retirement

For some of the DB schemes, medical retirement benefit calculations may include future service to the scheme's Normal Retirement Age. If you are approved for medical retirement by the Trustee of your scheme and future service is included, the calculation will assume you continue to work based on your new salary until your Normal Retirement Age.

### Scheme Maximum

Most of the DB schemes have a maximum pension limit in place (please refer to the separate [Scheme Maximum](#) guide for more information). If you are a member of a scheme where the pension at retirement cannot exceed 2/3rds of your Final Earnings, you should consider how your new salary may impact this.

### More information

Aptia will not be able to provide any specific 'What if' calculations if you are considering a change in role, but you can ask them any questions about the calculation, as set out in this guide.

For BAE Systems employees, a request to change your role will need to follow the process for requesting flexible working as set out in the UK Work Life Integration Policy, which is available on the BAE Systems intranet site.

This policy applies to all employees of BAE Systems and its wholly owned subsidiaries operating in the UK, with the exception of employees working within the former Applied Intelligence business.