

Nomination of Beneficiaries

Pension guide – Information for members

No one likes to think about their death, but it is important that you give the trustees of your scheme a clear indication of how you would wish any benefits to be distributed in the event of your death.

Please note that even if you are not a member of any BAE Systems pension scheme, you are still covered for life insurance, so this guide still applies to you.

1. What is a Nomination of Beneficiaries?

It is a request to the Trustee of your pension scheme, setting out who you would like to receive any benefits that are payable in the event of your death. This could be your spouse, civil partner, children, partner, relatives, a charity or any person that you would like the Trustee to consider. There is no limit to the number of beneficiaries that you can name.

2. Do I need one?

Yes. All members, whether you are an active, deferred or pensioner member should complete a Nomination of Beneficiaries. The Trustee has full discretion to decide which beneficiaries will receive any benefits that are payable in the event of your death.

Your wishes would be at the forefront of the decision-making process, but the Trustee will consider and decide which one or more potential beneficiaries receives a benefit from the scheme. You can also provide additional information about your personal circumstances that you think the Trustee should consider or be aware of, to ensure your wishes are taken into account.

Please note that if a lump sum payment is paid to a child this will usually be held in trust until they reach at least age 18.

If you do not complete a Nomination of Beneficiaries, the Trustee will make a decision on who receives any benefits that may be payable in the event of your death, without knowing your wishes.

3. I have a Will, do I still need one?

Yes. Even if you have a Will (which sets out how assets in your estate should be distributed) you still need to complete a Nomination of Beneficiaries. Lump sum death benefits from your pension scheme are usually paid outside of your estate, which means currently they are paid without being considered for Inheritance Tax.

4. How do I complete one?

The easiest way to complete your Nomination of Beneficiaries is online. Details are shown below, the process will depend on which scheme(s) you are a member of.

If you joined since April 2012 you will be a member of a defined contribution (DC) arrangement with the Mercer Master Trust (MMT). 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 are a BAE Systems employee and you are not sure which scheme you are a member of, you can log into SuccessFactors or onto [FLEX](#) which will confirm your pension scheme.

If you are a BAE Systems employee and you are not a member of any BAE Systems pension scheme, you are still covered for a death in service lump sum, based on six times your salary.

Scheme	How to update your Nomination of Beneficiaries
DC pension scheme	Log into your Mercer Money account. Once signed in go to the 'Pension' tab then 'View plan' and then 'Edit plan' and then 'Update beneficiaries'.
DB pension scheme	Log into your OneView account. Once signed in go to the 'View Details' tab and then click the 'Beneficiaries' icon. If you have more than one DB pension record you will need to complete a Nomination of Beneficiaries for each pension. Important: If you are a DB member with DC savings in the MMT, the Nomination of Beneficiaries that you complete for your DB scheme will not be valid for your DC savings held in the MMT. You will need to complete a separate Nomination of Beneficiaries for the MMT (see above). Who you nominate can be different to who you nominate for your DB scheme.
Employees not in a pension scheme	If you are a BAE Systems employee and you are not a member of any pension scheme you are still covered for a death in service lump sum. To update your Nomination of Beneficiaries for this lump sum log into your FLEX account. Once signed in go to 'Profile' and then 'Beneficiaries'.

If you are unable to access details online you can request a hard copy form to complete. Please go to pensions.baesystems.com/contact-us for contact details for the scheme administrators.

5. What is the tax position for any benefits paid on my death?

When you die before age 75, any lump sum paid by the Trustee under discretionary trust normally falls outside of your estate for Inheritance Tax purposes and can be passed on to your beneficiaries tax free, subject to another overall limit called the Lump Sum and Death Benefit Allowance (LSDBA).

The LSDBA limits the total amount that can be paid from all pension schemes to your beneficiaries if you die before age 75. For most people the limit is £1,073,100 though this can be higher if you have previous Lifetime Allowance protection.

If you die before age 75, any lump sum will be paid tax free provided the payment is made within two years of the Trustee becoming aware of your death. If it is paid after the two-year limit, the lump sum would be subject to income tax.

Any lump sums paid after age 75 will be subject to income tax. You may be aware that the government has proposed that from 6 April 2027, pension schemes will become liable for reporting and paying any Inheritance Tax due on unused pension funds and death benefits. This was consulted on until January 2025. Once the outcome of this is known, guidance will be provided to members of all BAE Systems pension arrangements.

6. What benefits are payable in the event of my death?

Whether a discretionary lump sum is payable on your death depends on your pension scheme and your status when you die. A high-level summary is shown below, however please read your [Member Booklet](#) to find out what benefits are payable from your scheme.

Status	DB member	DC member	Not in a pension scheme
Active (you are in service)	<ul style="list-style-type: none"> Lump sum based on a multiple of your annual basic salary (this varies depending on the scheme); plus In some schemes, a refund of your contributions 	<ul style="list-style-type: none"> Lump sum of six times your annual basic salary; plus Lump sum equal to the value of your DC pot 	<ul style="list-style-type: none"> Lump sum of six times your annual basic salary
Deferred (you have left service but have not yet retired)	<ul style="list-style-type: none"> Lump sum varies depending on the scheme (can be a refund of your contributions, multiple of your deferred pension, or no lump sum) 	<ul style="list-style-type: none"> Lump sum equal to the value of your DC pot 	N/A
Pensioner (your pension is in payment)	<ul style="list-style-type: none"> If you die within the first five years after your retirement, a lump sum equal to the unpaid balance of five years' pension payments 	<ul style="list-style-type: none"> Lump sum may be payable if you have remaining DC funds you haven't drawn 	N/A

In addition, for DB members, an automatic spouse's or civil partner's pension is payable. If you have been married or in a civil partnership for less than six months, or there is evidence to suggest that the marriage has broken down, the Trustee has the discretion to decide whether your spouse or civil partner should receive the pension. If you are not married, a discretionary dependant's pension may be paid. Any beneficiary that the Trustee considers must be financially dependent on you. Discretionary children's pensions may also be payable, depending on which scheme you are in.

7. When should I review my Nomination of Beneficiaries?

You should ensure you review your Nomination of Beneficiaries regularly, and certainly if your personal circumstances change, for example if you have children, become separated, divorced or widowed, or if your family or other personal circumstances change.

Often employees complete a Nomination of Beneficiaries when they originally join their pension scheme. However over the course of their lifetime their wishes and circumstances can completely change. It is important to ensure your Nomination of Beneficiaries are kept up to date, as the Trustee will take your most recent nomination into account when making a decision, and this may not represent your actual wishes when you die.