

# Being a deferred member

## Pension Guide – Information for members

**BAE SYSTEMS**

This guide sets out the options that are available to you as a member of a BAE Systems pension scheme if you leave the employment of either BAE Systems or any other scheme participating employer (both are referenced as 'the Company' throughout this guide) and become entitled to a deferred pension. This will typically apply if you are not of retirement age when you leave the Company and you are not ready to draw your pension.

### **What is a deferred member?**

You are a deferred member of a pension scheme if you have left the Company or opted-out of the scheme and have benefits remaining in a scheme which are not in payment – i.e. you are no longer contributing to the scheme and you have not started to draw your pension or transferred your benefits to another pension arrangement.

### **What happens when I leave the Company?**

Once your date of leaving has been agreed, HR will complete a 'leaver notification form' on your behalf and send this to the Scheme administrator. It is not necessary for you to contact the Scheme administrator directly to tell them your leave date, this needs to be done formally by the Company.

The Scheme administrator will automatically send you a deferred statement giving you details of the benefits you have earned whilst you have been in the scheme. You will usually receive this within six weeks of your leave date.

For members of the following defined benefit and defined contribution schemes you will receive details of your pension benefits from the Pensions Service Centre at Equiniti.

- ❖ BAE Systems Pension Scheme (excluding SIPS Benefits)
- ❖ BAE Systems Pension Scheme – DC Retirement Plan
- ❖ Royal Ordnance Pension Scheme
- ❖ BAE Systems Executive Pension Scheme
- ❖ BAE Systems Executive Pension Scheme 2012 Edition

For defined benefit members (excluding SIPS Benefits members) you can log into the Equiniti on-line tool, MyPension to review your pension information whenever you want to and for defined contribution members you will be able to manage your Retirement Account online via Standard Life's website. Go to [baesystems.com/pensions](https://baesystems.com/pensions) for links to these services.

For members of the BAE Systems Pension Scheme - SIPS Benefits you will receive details of your pension benefits from the Administration Centre at Capita. You can log into Hartlink to review your pension information online whenever you want to. Please go to [baesystems.com/pensions](https://baesystems.com/pensions) for the link to this service.

There are also a small number of employees who have transferred over from Government employment and are members of a Civil Service Pension arrangement; either the Principal Civil Service Pension Scheme or Alpha Pension Scheme. You will receive details of your pension benefits direct from the Civil Service Pensions administrator, MyCSP.

Please refer to the separate '*What Scheme am I in?*' *Pension Guide* for full contact details for each of these arrangements.

### **I am a member of one of the Company's defined benefit schemes – what deferred benefits are provided?**

Full details can be found in your Scheme member booklet at [baesystems.com/pensions](https://baesystems.com/pensions). In general, your deferred benefits will be calculated at the date you leave the scheme, based on the benefit levels in place for your scheme at that time, the length of time you have been in the scheme and your earnings around the date you leave the scheme.

Most deferred pension benefits are increased ('revalued') each year broadly in line with inflation, between the end of your pensionable service and your actual date of retirement.

### **I am a member of one of the Company's defined contribution schemes – what are my deferred benefits?**

To obtain an up to date value of your benefits you can access your DC Account with Standard Life at [standardlifepensions.com/bspp/index.page](https://standardlifepensions.com/bspp/index.page). If you are not already registered, you can follow the simple registration procedure. You will need your Plan number which you can find on your Standard Life annual benefit statement, or by contacting Equiniti, the Scheme administrator.

In summary, your deferred benefits will be based on the contributions that you and the Company have paid into your Retirement Account (pension pot) whilst you were an active member of the scheme. Whilst no further contributions will be paid into your Retirement Account it will continue to increase or decrease in value in line with investment returns. This will apply equally to any Additional Voluntary Contributions (AVCs) paid into one of the Company's defined benefit schemes.

### **As a deferred member, what are my benefit options?**

Essentially, you have three options:

1. To retain your benefits in the scheme until your Normal Retirement Date (for a defined benefit member) or Target Retirement Date (for a defined contribution member).
2. To take your benefits either before or after your Normal Retirement Date or Target Retirement Date – this is known as early retirement or late retirement.
3. Transfer your pension benefits out of the scheme to an alternative pension arrangement.

Each of these options will be considered in turn.

### **What happens when I reach my Normal Retirement Date or Target Retirement Date?**

Approximately six months before you reach your Normal Retirement Date or Target Retirement Date, your Scheme administrator will contact you. You will receive a Retirement Quotation pack including the relevant forms for completion and return to the Scheme administrator to enable your pension to be set up. This pack will be sent to your home address, so it is very important that you keep us informed if you move house. The Retirement Quotation pack will

set out the various options that are available to you, including the option to take part of your pension for a cash sum, which is currently payable tax-free.

### **Early or late retirement**

Your deferred pension can normally be paid at any time from the first day of the month following your 55<sup>th</sup> birthday. Some of our schemes and membership categories have protected pension ages which means that you may be able to draw your pension from your 50<sup>th</sup> birthday. This applies in the following circumstances:

(1) **Early retirement from active status** (retiring direct from the Company): The following membership categories have a protected pension age of 50:

- ❖ BAE Systems Pension Scheme – 2000 Plan Benefits (but only if you left the Company on account of redundancy)
- ❖ BAE Systems Pension Scheme – Aircrew Benefits – Category 1 members and Category A 100+ members who joined before 6 April 2006
- ❖ Royal Ordnance Pension Scheme - Crown and 1984 members

(2) **Early retirement from deferred status:** The following membership categories have a protected pension age of 50:

- ❖ BAE Systems Pension Scheme – 2000 Plan Benefits (but only if you left the Company on account of redundancy)
- ❖ BAE Systems Pension Scheme – Levels 125, 167,187 & 200
- ❖ BAE Systems Pension Scheme – L100+ members who joined before 6 April 2006
- ❖ BAE Systems Pension Scheme – Aircrew Benefits – Category 1 members and Category A 100+ members who joined before 6 April 2006
- ❖ Royal Ordnance Pension Scheme – Crown and 1984 members
- ❖ BAE Systems Executive Pension Scheme – Category A and B members who joined before 6 April 2006

If you take your defined benefit pension early, it will be reduced to allow for the extra years over which your pension is likely to be paid.

If you were interested in exploring the option of early retirement, you would need to contact your Scheme administrator.

Subject to the agreement of the Trustee, you may be able to receive your pension later than your Normal Retirement Date or Target Retirement Date, but not later than your 75<sup>th</sup> birthday. If you were to consider this option you would need to speak to your Scheme administrator for details.

### **Transferring your benefits out of the scheme**

Up until one year before your Normal Retirement Date or Target Retirement Date, you have a statutory right to transfer the value of your pension entitlement under the scheme to another registered pension arrangement such as:

- ❖ Your current (new) employer's scheme, with the agreement of the trustees of that scheme

- ❖ A personal pension scheme such as a group personal pension or a self-invested personal pension
- ❖ An annuity policy
- ❖ An income drawdown policy

For members with defined benefit pensions, if the value of your pension benefits are over £30,000, you are required by law to obtain financial advice from an approved adviser before you are allowed to transfer your benefits to an alternative pension arrangement. The trustee of your scheme will require evidence that you have done so. This is to ensure that you understand the implications of transferring out and how this might affect the retirement benefits you will receive.

There are three separate related Pension Guides available, *Pension flexibilities*, *Transferring out of a defined benefit pension scheme* and *Independent Financial Advice*. These Pension Guides provide helpful information if you were to consider transferring your benefits out of the scheme.

If you wish to transfer your benefits out of the scheme and you are within one year of your Normal Retirement Date or Target Retirement Date, this will be subject to the approval of the Trustee.

### **What happens if I die before I retire or transfer my benefits out of the scheme?**

If you die before your pension has started, the following benefits may be payable depending upon the rules of the scheme of which you were a member:

- ❖ A lump sum benefit
- ❖ A dependant's pension (if applicable, it may be payable to a spouse, civil partner, or a dependant who provides evidence of financial dependency/inter-dependency)

Details of the benefits payable in the event of your death in deferment will be shown on your deferred statement that will be issued to you when you leave the scheme and general details can be found in your scheme member booklet.

Any lump sum death benefit will be paid at the discretion of the Trustee to dependants, beneficiaries, nominees or relatives. It is important that you complete, and keep up to date, an Expression of Wish form in order that the Trustee may consider your wishes as to who will receive any lump sum benefits payable on your death, although they are not legally bound by them. Expression of Wish forms can be found in your section of the BAE Systems Pension website at [baesystems.com/pensions](https://baesystems.com/pensions). For members of the Civil Service Pension arrangement a Death Benefit Nomination form can be found in the Documents section of the Civil Service Pension website.

### **The importance of keeping your Scheme administrator updated with any change of contact details**

Once you have left the Company it is vitally important that you keep the Scheme administrator updated with any change of contact details.

You will receive an annual newsletter from the Trustee of your scheme and for defined contribution members you will receive an annual benefit statement from Standard Life.