

Receiving your Company pension

Pension Guide – Information for members

This guide provides BAE Systems pension scheme members with a brief explanation of the retirement process, actions and timings associated with drawing your BAE Systems pension should you retire immediately on leaving employment with the Company. For the purposes of this guide, 'Company' refers to BAE Systems and any other participating employer associated with the pension scheme.

Your pension scheme retirement date

If you are a member of the BAE Systems Pension Scheme (Alvis Benefits, SIPS Benefits) or the Royal Ordnance Pension Scheme and wish to take your pension scheme benefits immediately on leaving employment with the Company, your retirement date will be the **day after leaving the Company**.

If you are a member of the following arrangements and retire immediately on leaving employment with the Company, your retirement date will be the **1st of the month following the date of leaving the Company**.

- BAE Systems Pension Scheme (Levels 125, 167, 187, 200, 100+, Aircrew and Passport Benefits)
- BAE Systems Pension Scheme 2000 Plan Benefits
- BAE Systems Executive Pension Scheme

If you are a member of a Defined Contribution pension arrangement (the BAE Systems Pension Scheme - DC Retirement Plan or the BAE Systems Executive Pension Scheme 2012 Edition), you choose your retirement date and the benefits you receive, as long as you are no longer employed by the Company and are aged over 55. The Scheme administrator will provide full details of your options and any pension provided is paid via the selected annuity provider.

Paying your pension

Once your pension has been fully processed, all BAE Systems pension arrangements listed below pay pensions monthly in advance and your first instalment will include any payments due from your retirement date.

Scheme	Pay date
❖ BAE Systems Pension Scheme - Alvis Benefits	6 th of the month. Should the 6 th fall on a weekend the respective payment will be made on the previous working day.
❖ Royal Ordnance Pension Scheme ❖ BAE Systems Pension Scheme - 2000 Plan Benefits	Last working day of the month.

Scheme	Pay date
<ul style="list-style-type: none"> ❖ BAE Systems Pension Scheme – Levels 100+, 125, 167, 187, 200 ❖ BAE Systems Pension Scheme – Aircrew Benefits ❖ BAE Systems Pension Scheme – Passport Benefits ❖ BAE Systems Executive Pension Scheme 	<p>1st working day of the month.</p> <p>Should the 1st fall on a weekend the respective payment will be made the next working day.</p>
<ul style="list-style-type: none"> ❖ BAE Systems Pension Scheme - SIPS Benefits (all three sections) 	<p>1st of the month.</p> <p>Should the 1st fall on a weekend the respective payment will be made on the previous working day.</p>
<ul style="list-style-type: none"> ❖ BAE Systems Pension Scheme - DC Retirement Plan ❖ BAE Systems Executive Pension Scheme 2012 Edition 	<p>The pay date will depend on the selected annuity provider.</p>

You should be aware that for all BAE Systems pension arrangements, your first pension instalment might not be paid to you on your actual retirement date, as all processes to implement your pension may not have been concluded. Details are set out below to help you fully understand the process and actions needed to set up your pension benefits.

Retirement process

Once your date of leaving has been agreed the following action is taken:

1. HR will complete a 'leaver notification form' on your behalf and send this to the Scheme administrator. You do not need to contact the Scheme administrator directly to tell them your leave date - this needs to be done formally by the Company.
2. Within three weeks of receiving the leaver notification form, the Scheme administrator will send you a pension illustration and accompanying retirement pack to your home address. This will include the documentation required to set up your pension, for example choices about tax-free cash, bank account details etc. You will need to complete the documentation provided and return this directly to the Scheme administrator.
3. HR also instructs payroll to provide the final monthly salary and pension contribution details to the Scheme administrator so it can finalise the setup of your pension. The final information is sent after your final month's salary has been paid. More information about the impact of timings associated with your last pay are included under 'Final salary/contribution details' on page 4 of this guide.
4. If you have paid Additional Voluntary Contributions (AVCs), the Scheme administrator will also liaise with the AVC provider to disinvest your money and transfer it to the Scheme

administrator, so that it can form part of your pension. The Scheme administrator can only process the AVCs from the AVC provider once your fully completed retirement pack is received and your final contribution and salary details are received via payroll. The Scheme administrator will then pay your final AVC contribution, received in your final pay, to the AVC provider and following this the AVC provider will disinvest your entire AVC account and transfer the monies to the Scheme administrator.

5. Your pension will be processed once full details are received (i.e. your fully completed retirement pack documentation, final contribution and salary details are received via payroll and any AVCs have been disinvested).
6. Your pension is paid with effect from your retirement date. However, your pension may not be implemented until later because one or more of the steps above have not been completed. If this is the case any payments already due will be included in the first payment made to you. Whilst every effort is made to pay your first pension instalment as close to your retirement date as possible, it usually takes the Scheme administrator up to ten working days after this date to finalise and pay your first instalment, subject to the receipt of all information. As indicated above, if you have paid AVCs in your month of leaving, or if you are paying AVCs from any severance payment, the setup of your pension may take longer. There are two other situations which may affect the timings of receiving your first pension instalment as set out below.

Example - early month leaver

If you are a member of one of the arrangements which has a retirement date set in the month after leaving the Company, it is important that you understand the impact the date you leave the Company could have on the timing of your first pension instalment. If you leave the Company early in the month, it may result in you only having a small salary payment for the month of leaving and a gap in income until you receive your first pension instalment.

Example 1: John is a member of the BAE Systems Pension Scheme (Level 167) and agrees with his line manager to leave the Company on 6th May. His Company pay date is the 15th of the month and he is paid by calendar month (two weeks in advance and two weeks in arrears). Therefore, the last pay he receives from the Company is on 15 May and is based on salary earned between 1 May and 6 May. His retirement date is 1 June, which is the 1st of the month following the date of leaving the Company. He will therefore have a gap in income between 6 May and the date his first pension instalment is received.

All processes associated with implementation of his pension are concluded by the middle of June and as a result he receives his first pension instalment shortly after, which includes the arrears due since 1 June.

In this example, had John chosen to leave the Company at the end of May rather than 6 May, then his retirement date would still have been 1 June, but the gap between his date of leaving and retirement date would have been shorter.

Example - final salary/contribution details

Step 3 of the retirement process, as set out on page 2 of this guide, details how HR instructs payroll to provide the final salary and pension contributions details to the Scheme administrator so it can setup your pension. As the final information is sent after your final month's salary has been paid, it may be up to six weeks from your retirement date until your pension can be put into payment depending on what point in your pay period you retire.

Example 2: Hannah is a member of the BAE Systems Pension Scheme - Alvis Benefits and agrees with her Line Manager to leave the Company on 1 May. Her Company pay date is the 15th of the month and she is paid by calendar month (two weeks in advance and two weeks in arrears). Therefore, the last pay she receives from the Company is on 15 May and is based on salary earned only on 1 May. Her retirement date is 2 May, which is the day following the date of leaving the Company.

The Scheme administrator will need sight of her final salary and contributions which is based on the last pay on 15 May, for one day's work. It normally takes the Scheme administrator up to two weeks to receive the information from payroll and in Hannah's case this is received by the end of May. Hannah also pays AVCs and it takes a further two weeks from the end of May to process these (see step 4 of the retirement process).

All processes associated with implementation of her pension are concluded by the middle of June and as a result she receives her first pension instalment shortly after, which includes the arrears due since 2 May.

In this example, had Hannah chosen to leave the Company at the end of April rather than 1 May, then her last pay received from the Company would have been on 15 April and her pension would have been set up a month earlier i.e. the middle of May.

If you have any questions regarding your pension, please contact your Scheme administrator whose details can be found at baesystems.com/en-pensions/contact-us.