

Gender identity policy

Pension Guide – Information for members

BAE SYSTEMS

The purpose of this guide is to provide pension scheme members with details of what information is required and how any State pension and pension scheme benefits may be affected following a change of gender.

Under the laws of the United Kingdom, individuals are considered by the State to be of the gender – either male or female – that is registered on their birth certificates. The Gender Recognition Act 2004 ('the Act') enables transgender people to apply to the Gender Recognition Panel to receive a Gender Recognition Certificate (GRC). If you are granted a full GRC you will, from the date of issue, be considered in the eyes of the law to be of your acquired gender. You will be entitled to all the rights appropriate to a person of your acquired gender. If your birth was registered in the United Kingdom or abroad with the British authorities, following the issue of your full GRC you will also be able to obtain a new birth certificate showing your recognised legal gender. This recognition extends throughout the United Kingdom. A GRC does not re-write your gender history or affect the things that you did before it was issued.

The areas where your gender may affect your BAE Systems pension include the amount of any Guaranteed Minimum Pension (GMP) rights you may have earned if your scheme was contracted out, the calculation of any transfer value, any tax-free cash lump sum at retirement and any resultant survivor's pension. Whether these areas affect your BAE Systems pension will depend on which scheme and which section of which scheme you are a member of.

This guide is set out in a Question and Answer format and will hopefully address the majority of questions that you may have. For any further information that you may require you should contact your Scheme administrator. Contact details for your Scheme administrator can be found at: baesystems.com/en-pensions/contact-us.

State pension

Q1. What happens to my State pension if I obtain a full GRC?

If you obtain a full GRC, you will receive your State pension rights in accordance with your acquired gender. This means that your right to any benefit or pension may change.

Q2. What happens to my State pension if I do not obtain a full GRC?

If you do not obtain a full GRC, you will receive your State pension rights in accordance with your birth gender.

BAE Systems pension schemes ('BAES Schemes')

Q3. What documentation will the Scheme administrator require as evidence of a gender change?

In line with the requirements for State pension rights, the Scheme administrator will either need sight of your full GRC or your new birth certificate showing your acquired gender as evidence of gender change.

Q4. What happens to my BAE Systems pension benefits if I do not obtain a full GRC or a new birth certificate?

If you do not obtain a full GRC or a new birth certificate you will receive your full pension rights in accordance with your birth gender.

Whilst the Scheme administrator will be unable to change the gender recorded without a GRC or a new birth certificate it can make amendments to your record to show your preferred title and name. This means that any correspondence to you will be addressed to the title and name you chose but for the purpose of benefit calculations, your gender will stay the same, i.e. in accordance with that shown on your original birth certificate.

Q5. To whom should I provide my full GRC or new birth certificate?

You should send your original full GRC or your new birth certificate to your Scheme administrator. Contact details for your Scheme administrator can be found at baesystems.com/en-pensions/contact-us. Certified copies cannot be accepted. The Scheme administrator will return your original documents by recorded delivery.

Q6. What happens to my BAE Systems pension if I provide a full GRC or new birth certificate to the Scheme administrator?

If you provide a full GRC or your new birth certificate to the Scheme administrator, they will change the gender marked on your record. Exactly how your benefits will be affected will depend on the BAES Scheme and Section of which you are a member. Areas which are typically affected include the amount of any GMP rights you may have earned if your scheme was contracted out, the calculation of any transfer value, the calculation of any tax-free cash lump sum at retirement and any resultant survivor's pension.

Q7. Do I need to inform the Scheme administrator as soon as I have my full GRC or new birth certificate, or can I wait until I am about to claim my pension?

Until you provide the Scheme administrator with your full GRC or your new birth certificate, they will not be able to change the gender marked on your record. To ensure that your pension benefits accurately reflect and are calculated in accordance with your acquired gender it is therefore important to provide this documentation as soon as possible.

Q8. If I do not provide my full GRC or new birth certificate to the Scheme administrator until I claim my pension, how will this impact me?

Without your full GRC or your new birth certificate, the Scheme administrator will not be able to change the gender marked on your record. This means that any pension quotations or illustrations that you receive prior to providing the required documentation may not

accurately reflect the benefits to which you are entitled. As detailed in Q6, areas which are typically affected include the amount of any GMP rights you may have earned if your scheme was contracted out, the calculation of any transfer value, the calculation of any tax-free cash lump sum at retirement and any resultant survivor's pension. The remainder of the questions below address these areas in more detail.

Q9. What happens to any GMP benefit I may be entitled to if I obtain a full GRC or new birth certificate?

The following BAES Schemes and Sections were contracted-out of the additional State pension until 6 April 2016:

- ❖ BAE Systems Pension Scheme (Level 125, 167, 187, 200, Aircrew Benefits, Passport Benefits, SIPS Benefits and Alvis Benefits)
- ❖ Royal Ordnance Pension Scheme

If you are a member with pensionable service between April 1978 and April 1997 in any of the above arrangements, you will have a GMP entitlement payable to you. If you are a member of a BAES Scheme or Section not listed above or were not a member of a scheme listed above before April 1997, then this section does not apply to you – please go to Q8.

By way of background, occupational pension schemes that were contracted-out of the additional state pension scheme before 6 April 2016 provide benefits in place of these additional State pension rights. Between April 1978 and April 1997, members of such schemes built up GMP rights the premise being the occupational scheme had to provide a minimum level of benefit that would have otherwise been provided by the additional State pension.

Depending on your gender, a different level of GMP benefit entitlement is provided. For men and women GMP rights earned between April 1978 and April 1997 are calculated on your birth gender rather than your acquired gender. Thus, the actual amount of GMP earned between 6 April 1978 and 6 April 1997 will not change by recognition of your acquired gender.

However, receiving a GRC will change the payment date as GMP benefits are paid at age 65 for men and age 60 for women. Members of contracted out schemes must also have their GMP revalued between leaving service and age 65 for men and age 60 for women. Therefore:

- ❖ If your acquired gender is female you would be entitled to your GMP benefits from age 60 and they would be revalued to this age.
- ❖ If your acquired gender is male, you would be entitled to your GMP benefits from age 65 and they would be revalued to this age. In the event that you acquired your GRC after turning age 60 (i.e. after starting to receive your GMP) then you would continue to receive it.

In summary, the actual amount of GMP will not be affected by the issue of a GRC and will continue to be based on your birth gender. A person's entitlement to a GMP has already accrued in the past and it is a general principle of the Act that the issue of a GRC should not affect events that occurred before its issue. The exception to this is that any increases in the GMP derived from revaluation will be calculated by reference to your GMP pensionable age after your GRC has been issued. The majority of members would not see a change to their total pension, it is just the splits between any GMP and non-GMP benefits that would change.

Q10. I understand that in some schemes different factors for men and women can apply on early and late retirement. Do any of the BAES Schemes use different early and late retirement factors?

No. The early and late retirement factors used for all of the BAES Schemes are the same for men and women.

Q11. Are there any other situations whereby the calculation of my BAE Systems pension could be affected by my gender?

Yes, to take account of differing life expectancies between men and women (on average women are expected to live longer than men), different factors may apply to some pension calculations.

Different factors may apply when calculating a transfer value should you elect to transfer your BAE Systems pension benefit to another registered occupational pension scheme. In addition different factors may also apply in the calculation of any tax-free cash lump sum should you opt to forgo part or all (in case of trivial pension) of your pension payable from retirement for an immediate lump sum benefit.

For more information about your specific BAES Scheme and whether gender specific rates are used, please contact the Scheme administrator.

Q12. How will my spouse's survivor benefits be affected if I choose to remain married when getting a full GRC?

They will be unaffected. By law, a surviving spouse whose deceased spouse legally changed gender during the marriage will still be able to qualify for a survivor benefit on the same basis, as they would have done before the legal change of gender.

Q13. How will my spouse's survivor benefits be affected if I had to end my marriage or civil partnership in order to get a full GRC?

Your BAES Scheme may only automatically pay a spouse's benefit to a legal husband, wife or civil partner. Ending your marriage or civil partnership may therefore mean that your former husband/wife or civil partner may not be entitled to a survivor's benefit should you die before him/her.

The definition of a spouse's pension depends on which BAES Scheme and which Section of which Scheme you are a member of (i.e. whether you have to be legally married or living together to pay this benefit – for most it is the former). For more information about your specific BAES Scheme, please contact your Scheme administrator.

Q14. I had to end my marriage in order to get a full GRC; I then formed a Civil Partnership with the same person. How will my occupational pension be affected?

It will not be affected. A full survivor's pension will be paid to your civil partner when you die.

Q15. I am currently getting a survivor's benefit from my deceased husband/wife/civil partner's occupational pension scheme – can I continue to receive this?

Yes. As your survivor's benefit is in part based on your deceased husband/wife/civil partner's previous earnings and your marital status, your right to the amount of benefit will not change.

Q16. Whom should I contact to find out more about my BAES Scheme?

For further information on your pension scheme, you should contact your Scheme Administrator. Contact details for your Scheme administrator can be found at baesystems.com/en-pensions/contact-us.