Your benefits
Your guide to Level 100+
June 2017
The following terms are used in this booklet and it is important that you understand what they mean in the context of the Level 100+ Scheme. They are highlighted in italics throughout the booklet.

**Level 100+** is a section of the BAE Systems Pension Scheme opened to members from 6 April 2003 and closed to new members on 31 March 2012.

**Longevity Adjustment Factor** is an adjustment figure dependent on age, which is applied to the **Core Pension**. It will adjust the pension earned to reflect changes in life expectancies. Improved life expectancy may mean that future pensions are expected to be paid for longer and the Longevity Adjustment Factor will reduce your pension to take account of this. The **Scheme Actuary** will set the amount of this **Longevity Adjustment Factor** each year.

There are different Longevity Adjustment Factors that apply to benefits on normal retirement, chronic ill-health and benefits payable following death before retirement. The **Longevity Adjustment Factor** does not apply to any pension earned before 6 April 2006.

**Normal Retirement Date** is the first of the month coincident with or immediately after your 65th birthday.

**Pension Rate** is the cost of purchasing £1 of annual pension. The rates are based on your sex, your age and the investment conditions at the time of purchase.

**Pensionable Service** is the number of years and complete months during which you have contributed to **Level 100+**.

**Qualifying Service** is your **Pensionable Service**, plus any **Pensionable Service** in another section of the Scheme before joining **Level 100+** or in any other scheme from which a transfer has been made to this **Scheme**.

**Retirement Account** is the value of the annual **Company contribution** of 2% of your **Basic Salary**, plus any **Voluntary Contributions**, as invested in an investment fund chosen by you from the range provided by the Trustees.

**Scheme** is the BAE Systems Pension Scheme.

**Scheme Cap** is the maximum **Basic Salary** and **Final Basic Salary** that will be used in the calculation of your benefits. As of April 2017 this figure is £143,400 and it will normally be increased each year.

**Scheme Year** is from 6 April to the following 5 April.

**Voluntary Contributions** are additional contributions you may choose to make towards your **Retirement Account**.

**Further Information**

Visit: [www.baesystemspensions.com](http://www.baesystemspensions.com)
Pensions Service Centre: 0800 917 9568
Overseas: +44 (0)121 415 0891
Email: farnborough.pensions@equiniti.com
### Summary of Level 100+ benefits

#### When you retire

- **A pension for life**

- **A reduced pension for life plus a tax free cash sum**

#### Death benefits

- **In service**
  - Spouse’s pension payable for life
  - Lump sum

- **In retirement**
  - Spouse’s pension payable for life
  - If within five years of retirement, balance of pension paid as lump sum

- **In deferment**
  - Spouse’s pension payable for life
  - Lump sum

#### If you leave

- **With more than 2 years’ Qualifying Service**
  - Deferred benefits or a transfer to another scheme

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BAE Systems Pension Scheme Level 100+ is a valuable part of your remuneration package from the Company. Level 100+ provides you with a range of benefits to support you and your family both now and in the future.

This Guide provides you with information about Level 100+. It is important that you take time to read it and fully understand the benefits available to you.

This Guide features certain terms and expressions which have specific meanings within the Scheme. These are shown in italics which indicates that there is an explanation of their meaning on the 'Technical terms used' page.

BAE Systems Pension Scheme Level 100+ is a flexible scheme, giving you some choice in the level of your contributions as your circumstances change.

Benefits from the BAE Systems Pension Scheme Level 100+ are payable in addition to any pension you may receive from the State Pension arrangement. For further details visit www.baesystemspensions.com

This Guide is intended as a source of information on the main provisions of Level 100+. It is subject to changes in future as required by HM Revenue & Customs and to the Rules of the Scheme that set out the legal basis for the Trustees’ administration of the Scheme and which override any provisions of this booklet with which they are inconsistent. Copies of the Rules are available from the Pensions Service Centre. References to external websites are given for information only. No responsibility is accepted for the content or accuracy of the information provided through these sites.

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The core part of your pension under Level 100+ is linked to your level of basic salary near the time you leave the scheme or retire.

**Level 100+** is a pension arrangement based on two types of pension provision; these are final salary and money purchase.

**Final salary**
A final salary pension is based on your salary near to the date you leave or retire and the number of years that you contribute. In a final salary arrangement the Company agrees to pay the balance of the employee’s pension.

**Money purchase**
A money purchase pension is based on the contributions paid and the investment returns achieved. The Company pays a fixed percentage of your salary into your pension fund. The fund then builds up over your working life and can normally be taken as a lump sum or is used to buy a pension when you retire. The risk that the value of your investments will fall, or that the cost of buying a pension may increase, is with you, not the Company. Money purchase is also referred to as ‘defined contribution’.

The remaining part of the Core Benefits from Level 100+ provides for your dependants on your death either in service or in retirement and the possibility of an ill-health pension if you are unable to work.

### How does it work?

#### Core pension
The main part of your pension under Level 100+ is linked to your level of Basic Salary near the time you leave the Scheme or retire. Your pension builds up at 1% (1/100) of your Final Basic Salary for each year that you are a contributing member; this is the final salary part of your pension and is called your Core Pension.

#### Retirement account
The second part of your pension is in addition to your Core Benefits and is called your Retirement Account. The Company allocates an amount equal to 2% of your Basic Salary to this money purchase arrangement each year. You may choose to pay Voluntary Contributions into the Retirement Account in addition to your contributions to the Core Benefits. Any transferred-in benefits will also be added to your Retirement Account (see page 15).

You can choose how your Retirement Account contributions are invested from a range of options selected for you by the Trustees. For more information see the Investment Guide.

When you come to retire, the account value you have built up can normally be taken as a lump sum or it can be used to buy a pension from within the Scheme, purchase an external annuity or you may want to use it in a more flexible way such as moving it to a drawdown arrangement.

#### Core Pension

<table>
<thead>
<tr>
<th>1%</th>
<th>Final Basic Salary</th>
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<tr>
<td>Core Pension</td>
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#### Retirement Account

<table>
<thead>
<tr>
<th>2% Company Contribution</th>
<th>Your Voluntary Contributions (if any)</th>
<th>Investment returns**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retirement Account</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Not applicable to any service before 6 April 2006

** It is important to note that investment returns may be positive or negative.

You can choose how your Retirement Account contributions are invested.
Membership of the Scheme

Level 100+ is no longer accepting new members.
Contributing members continue to earn benefits from Level 100+ in accordance with this booklet and the Rules in force from time to time.

Opting out

Membership of Level 100+ is not a compulsory part of employment with the Company. As a member of Level 100+ you can opt out at any time.

You will be required to give the Trustees and the Company two months’ written notice of your intention to leave Level 100+. At the end of the pay period in which your two month notice period expires you will be treated under Level 100+ as if you had left service.

You will then lose:

- The benefit of the Company’s contributions towards the cost of future pension provision under Level 100+.
- The protection provided by Level 100+ to you and to your family in the event of your death in service.
- The protection provided by Level 100+ to you and your family in the event of your early retirement from the Company on account of serious ill-health.
- The opportunity to earn a pension linked to your Basic Salary and Pensionable Service.

You will not have the opportunity to re-join Level 100+ at a later date. The decision to opt out is yours alone but you should give careful consideration before doing this and you may wish to consult with an Independent Financial Adviser who may charge a fee for this service. Please visit www.unbiased.co.uk for more details.

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Making contributions to the Scheme

Your contributions

You pay 4% of your Basic Salary towards the Core Benefits of Level 100+. These are your Basic Contributions.

You may also pay Voluntary Contributions to your Retirement Account.

SMART pensions arrangement

Provided you are employed by companies wholly owned by BAE Systems or participating companies, all contributions to Core Benefits will be made under the SMART Pensions arrangement, unless you choose to opt out of SMART. Full details of the SMART Pensions arrangement can be found in the SMART Pensions booklet.

Income tax relief

Any contributions you choose to make are deducted from your pay before tax is calculated; therefore, you automatically receive income tax relief at your highest rate although some restrictions apply to high earners (see page 14 for further information).

Company contributions

The rate of Company contributions is agreed between the Company and the Trustees and with advice from the Scheme Actuary, who carries out regular reviews of the financial position of the Scheme. In addition, the Company will allocate an amount equal to 2% of your Basic Salary to your Retirement Account.

How the contributions are used

Core Pension

Your Basic Contributions, together with contributions from the Company, are invested by the Trustees as part of the total assets of the Scheme. Those assets are used to provide benefits linked to your Final Basic Salary and Pensionable Service as set out in the Rules of the Scheme.

Retirement account

The Company contribution allocated to your Retirement Account, together with any Voluntary Contributions you elect to pay, are invested with an insurance company appointed by the Trustees.

There are a number of investment fund options from which to choose, and information regarding these can be found in the Investment Guide. Please remember that the value of these investments may go down as well as up and any pension at retirement will be calculated by reference to the investment value of your Retirement Account and the Pension Rate applicable at that time.

Temporary absence

If you are temporarily absent from work, your membership of Level 100+ will continue for as long as you pay contributions into Level 100+. If you take paid absence from work, you will continue to pay contributions and this period will count in full towards your pension.

If you stop paying contributions to Level 100+, your Pensionable Service will cease. On recommencing contributions, your Pensionable Service before and after the break will be treated as continuous. If you are absent because of sickness or injury and you stop paying contributions, you will be treated as remaining in Pensionable Service for up to one year from the date you were first absent.

If you are absent as a result of maternity, adoption or paternity leave, you will be treated as still in service for as long as you have a statutory or contractual right to return to work. You will pay contributions on any amount of pay (including any statutory maternity, adoption or paternity pay) made while you remain employed by the Company.

If, however, you are absent as a result of parental leave you will be treated as if you have left service unless you return to work at the end of that period of leave. In this case, your periods of service before and after that leave will be treated as continuous but will exclude the period of parental leave itself. A period of parental leave will only be treated as service if, on your return to work, you pay contributions in respect of that period as if you had been working normally.

Basic contributions are 4% of your basic salary towards the core benefits
How to calculate your pension

Level 100+ provides pension benefits in two parts; Core Benefits which are final salary benefits and the Retirement Account which is an additional money purchase savings vehicle (see page 6).

Core pension
Your Core Pension is 1% of your Final Basic Salary for each year of Pensionable Service adjusted by the Longevity Adjustment Factor.

The factor varies depending on your age at that date and your age when you retire, and will be calculated at the same time as your Core Pension. The Longevity Adjustment Factor is not applied to any part of your pension earned before 6 April 2006.

Your Final Basic Salary in the calculation on the right will be restricted to the Scheme Cap if appropriate.

Retirement account
The value of your Retirement Account can normally be taken as a tax free lump sum. Alternatively it will be converted into pension using a Pension Rate set by the Trustees on the advice of the Scheme Actuary or, you may purchase an annuity from an external provider or even transfer your Retirement Account and use it in a more flexible way such as moving it to a drawdown arrangement.

The Pension Rate used to calculate any pension to be purchased within the Scheme from your Retirement Account, is determined by the Trustees, on the advice of the Scheme Actuary and may change from time to time.
When you reach retirement

Retiring from Pensionable Service at Normal Retirement Date

Core Pension
If you retire at Normal Retirement Date you will receive a pension that is calculated as shown on page 8.

Retirement Account
Your Retirement Account can normally be taken as a tax free lump sum. Alternatively it will be converted into a Scheme pension using the Pension Rate applicable when you retire or, you may purchase a pension from an external provider, or you may want to use it in a more flexible way such as moving it to a drawdown arrangement.

Retiring from Pensionable Service before Normal Retirement Date except on medical grounds
You may be permitted to retire at any time after age 55 and receive an immediate pension, subject to the consent of the Trustees and the Company.

Core Pension
If you retire early, your Core Pension will be reduced by a factor to account for the extra years over which your pension will be paid. The early retirement reduction factors are agreed between the Company and the Trustees on advice from the Scheme Actuary. They are reviewed periodically and may change from time to time.

Retirement Account
Your Retirement Account can normally be taken as a tax free lump sum. Alternatively it will be converted into a Scheme pension using the Pension Rate applicable when you retire or, you may purchase a pension from an external provider, or you may want to use it in a more flexible way such as moving it to a drawdown arrangement.

Retiring early from Pensionable Service on medical grounds
If you cannot work due to ill-health, you may retire at any age with an immediate pension, subject to certain conditions and with the consent of the Trustees and the Company. There are two levels of benefits payable, depending upon the severity of your illness.

Incacity is defined as having a physical or mental condition which, in the opinion of the Trustees, permanently prevents you from carrying out the primary duties of your occupation.

Chronic Ill-health is defined as having a physical or mental condition which, in the opinion of the Trustees, permanently prevents you from undertaking any regular work for the Company or any other employer.

Restricted terms
If you are a member admitted on the basis of restricted terms, the basis of your pension payable on retirement on medical grounds will be as previously notified to you.

The basis of the calculation of the medical retirement pensions is illustrated in the following diagram:

At the discretion of the Trustees and the Company, incapacity pensions may be subject to an early retirement reduction factor. Your prospective Core Pension is 1% of Final Basic Salary for each year between retirement and Normal Retirement Date adjusted by the Longevity Adjustment Factor. The Trustees have the power to reduce or suspend the pensions described above if, in their opinion, this is justified by a subsequent change in your circumstances. In addition, your Retirement Account can normally be taken as a tax free lump sum. Alternatively it will be converted into a Scheme pension using the Pension Rate applicable when you retire or, you may purchase a pension from an external provider.

Contributions to Level 100+ will continue as described on page 7 and your pension will be calculated as shown on page 8 at your actual retirement date, but with the Longevity Adjustment Factor applied as at Normal Retirement Date. You will continue to be covered for Level 100+ death in service benefits until you retire.

Retiring from Pensionable Service after Normal Retirement Date
Contributions to Level 100+ will continue as described on page 7 and your pension will be calculated as shown on page 8 at your actual retirement date, but with the Longevity Adjustment Factor applied as at Normal Retirement Date. You will continue to be covered for Level 100+ death in service benefits until you retire.

How your pension will be paid to you
Your pension will be paid in advance on the first working day of each calendar month direct to your bank or building society account. These pension payments are treated as earned income and are subject to tax under the PAYE system, using a tax code provided by HM Revenue & Customs, but are not subject to National Insurance deductions.

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9 Your guide to Level 100+
When you reach retirement

Pension increases
Your Core Pension earned in Level 100+ will normally be increased on 1 May each year. Proportionate increases are given in the first Scheme Year of retirement to any pension beginning after 1 May.

Your Core Pension will be increased annually by the rise in the Retail Prices Index (RPI) subject to a maximum increase of 2.5% per year and for any service before 6 April 2006, up to a maximum of 5% per year. These increases do not apply to a pension purchased with an external provider using your Retirement Account. If you use your Retirement Account to purchase a pension with an external provider, increases on that pension will be at the rate you have chosen. For more details please contact the Pensions Service Centre.

If you have switched from one of the other sections of the Scheme, the pension earned prior to joining Level 100+ will be increased in accordance with the Rules of that section.

Options on retirement
Tax free cash sum
You will be able to exchange part of your retirement benefits for a tax free cash sum on retirement.

Your tax free cash sum will be provided from your Retirement Account first, with any remainder provided by converting some of your Core Pension. The balance in your Retirement Account and the amount of your Core Pension will be reduced accordingly.

The amount of Core Pension that you will need to give up for cash depends on your age at retirement.

The rates used to convert your Retirement Account into pension and Core Pension into tax free cash are determined by the Trustees on advice from the Scheme Actuary and may change from time to time.

The maximum lump sum depends on the circumstances, but is typically about 25% of the total value of the Core Pension and Retirement Account.

Transferring benefits
Since 6 April 2015, members with money purchase or defined contribution savings have been able to access more of their pension benefits as cash from age 55. These options are not available for your benefits in the Scheme, so you will need to transfer your Scheme benefits to a defined contribution pension arrangement offering the new flexibilities in order to access them in this way. Please be aware that different tax charges may apply and it is likely that the external provider will require you to pay charges.

Any transfer request made within a year before your Normal Retirement Date for the cash equivalent of your Scheme benefits (this excludes your Voluntary Contributions) is subject to the Trustees’ approval.

If you wish to consider this option you should contact the Pensions Service Centre for further details.

Protecting your pension
From 6 April 2015, if the cash equivalent of your Scheme pension is greater than £30,000 and you wish to transfer to a defined contribution arrangement, you must first get appropriate financial advice from a Financial Conduct Authority (FCA) authorised adviser to understand the financial and tax implications of the transfer. Your adviser will be required to provide you with written confirmation that you have received appropriate advice concerning the possible transfer to another arrangement. You will need to provide this to the Trustees of the Scheme before the transfer can take place. Whilst it is not a requirement for transfers of less than £30,000, we recommend that you get independent financial advice before transferring your Scheme benefits.
Death benefits

**Death in service**
If you die while you are a contributing member, the following benefits will be paid:

- A lump sum death benefit equal to three times your Basic Salary at your date of death.
- A lump sum equal to the value of your Retirement Account.
- A spouse's pension equal to 50% of the chronic ill-health pension you would have received had you retired with a chronic ill-health pension on the date of your death (see page 10).

**Death in retirement**
If you die while receiving a pension from Level 100+, the following benefits will be paid:

- Your spouse's pension
  This will be equal to 50% of your Core Pension (ignoring any reduction to take account of the fact that you chose to exchange part of your Core Pension for a cash sum) plus any additional spouse's pension that you arranged when your Retirement Account was converted into benefits.

**Death with deferred benefits prior to Normal Retirement Date**
If you die after leaving Level 100+ and are entitled to a deferred pension (see page 13), your surviving spouse will receive a pension of 50% of your Core deferred pension revalued to the date of your death. In addition, a lump sum equal to the value of your Retirement Account will also be payable.

**Death with deferred benefits on or after Normal Retirement Date**
If you die on or after Normal Retirement Date before your pension has started, your surviving spouse will receive a pension of 50% of the Core Pension you would have received if you had retired immediately before your death, without giving up pension for a lump sum. In addition, the five year payment guarantee will apply in respect of this notional retirement pension. A lump sum equal to the value of your Retirement Account will also be payable.

**Payment of spouse's, civil partner's and dependant's pension**
The pension is paid to your spouse or civil partner at the date of your death, although the Trustees have discretion to reduce, or not to pay this pension if the marriage or civil partnership had broken down. The pension is payable for life and will commence on the first day of the month following the date of death.

In certain circumstances, the Trustees may at their discretion pay the pension to another person. However, if you had been married or in a civil partnership for less than six months, the Trustees have discretion to decide whether your spouse or civil partner should receive the pension.

**Restricted terms**
If you are a member admitted on the basis of restricted terms, your benefits may be restricted. If you are affected by restricted terms you will be notified on joining.

**Payment of lump sum death benefits**
The lump sum death benefit will be paid to, or for the benefit of, your dependants, relatives or nomnees, chosen at the Trustees’ discretion. This generally enables payment to be made quickly and normally without liability to inheritance tax.

Lump sum death benefits will be paid at the Trustees' discretion to:

- Dependants
- Beneficiaries or Nominees
- Relatives

**Expression of Wish Form**
You can help the Trustees decide who will receive the benefits payable on your death by completing an Expression of Wish Form. The Trustees will consider your wishes but are not legally bound by them.

You can obtain an Expression of Wish Form from the Pensions Service Centre or from www.baesystemspensions.com. The completed form should be returned to the Pensions Service Centre. You should complete a new Expression of Wish Form if your wishes or circumstances change.

Please note that this form can only be considered by the Trustees if it is held by the Pensions Service Centre.
If you leave the Company before you reach retirement, your membership of Level 100+ will cease. You can also choose to cease your membership of Level 100+ whilst you are still an employee of the Company by ‘opting out’. The options available if you decide to leave the Scheme are dependent on your Qualifying Service within Level 100+.

### Certificate of Deferred Benefits

When you leave Level 100+, you will be given a Certificate of Deferred Benefits and it is important that you keep this safe. It is also very important that you keep the Pensions Service Centre informed of any change of address to ensure that you can be traced when your benefits become due.

### Early payment of your deferred pension

Your deferred pension can be paid at any time after the first day of the month following your 55th birthday or from 50 if you joined the Scheme before 6 April 2006. If you take your Core Pension early it will be reduced to allow for the extra years over which your pension will be paid. The level of reduction will be agreed between the Trustees and the Company, who will be advised by the Scheme Actuary. Your Retirement Account will normally be paid as a tax free lump sum or used to purchase a Scheme pension by applying the Pensions Rate applicable to your age at retirement. Alternatively, you may purchase a pension from an external provider.

### Transferring out

As an alternative to leaving your deferred benefits in Level 100+, you may choose to take a transfer payment to either your new employer’s scheme or to another pension arrangement. This can be requested at any time up to a year before your Normal Retirement Date and will be the cash equivalent of your benefits (excluding death benefits but excluding any allowances for discretionary benefits).

Having left service you may request that the Trustees provide you with a statement of entitlement of your cash equivalent. You should receive this statement within three months of your written request.

If you have at least three months’ but less than two years’ Qualifying Service, you can choose to take a transfer as above instead of a refund of your contributions. You have three months after leaving to choose this option and the transfer must be completed within six months of leaving service.

### Late payment of your deferred pension

If the Trustees agree, you may be able to elect to receive the pension starting later than your Normal Retirement Date but not later than your 75th birthday. Your Core Pension will increase between Normal Retirement Date and the date that you actually retire by a factor agreed between the Trustees and the Company, who will be advised by the Scheme Actuary. Your Retirement Account will be used to purchase a Scheme pension by applying the Pensions Rate applicable to your age at retirement. Alternatively, you may purchase a pension from an external provider.

### Discretionary Option

The Trustees have the discretion to apply more favourable terms if you are able to satisfy the Trustees that, due to your state of health, you are unable to perform any remunerative employment with any employer. You may apply for ill-health retirement at any time before your Normal Retirement Date.

Since 6 April 2015, members with money purchase or defined contribution savings have been able to access more of their pension benefits as cash from age 55. These options are not available for your benefits in the Scheme, so you will need to transfer your Scheme benefits to a defined contribution pension arrangement offering the new flexibilities in order to access them in this way. Please be aware that different tax charges may apply and it is likely that the external provider will require you to pay charges. Any transfer request made within a year before your Normal Pension Age for the cash equivalent of your Scheme benefits (this excludes your Voluntary Contributions) is subject to the Trustees’ approval.

If you wish to consider this option you should contact the Pensions Service Centre for further details.

### Protecting your pension

From 6 April 2015, if the cash equivalent of your Scheme pension is greater than £30,000 and you wish to transfer to a defined contribution arrangement, you must first get appropriate financial advice from a Financial Conduct Authority (FCA) authorised adviser to understand the financial and tax implications of the transfer. Your adviser will be required to provide you with written confirmation that you have received appropriate advice concerning the possible transfer to another arrangement. You will need to provide this to the Trustees of the Scheme before the transfer can take place. Whilst it is not a requirement for transfers of less than £30,000, we recommend that you get independent financial advice before transferring your Scheme benefits.
A registered scheme
The BAE Systems Pension Scheme is a registered scheme. This means that certain tax concessions apply subject to certain restrictions.

Restrictions
The income tax relief concessions are, in effect, clawed back if certain restrictions are breached. The two main restrictions that apply are described below, although the majority of members are unlikely to be affected by them.

Lifetime Allowance
If the value of benefits in registered schemes that you may accumulate in your lifetime exceeds the Lifetime Allowance, the excess benefits will be taxable at a special rate of tax. From the 2016/2017 tax year, the Lifetime Allowance is £1 million. This is broadly equivalent to a pension of about £50,000 a year. From the start of the 2018/2019 tax year, the Lifetime Allowance will increase by Consumer Price Inflation each year.

Annual Allowance
The Annual Allowance is a threshold for how much total retirement benefit you can build up each year across all registered pension schemes, before incurring additional tax charges. Any excess pension savings above the Annual Allowance are subject to a tax charge, which will be collected through the self-assessment process. From 6 April 2016 the threshold is £40,000 for individuals with taxable income less than £110,000.

Tapered Annual Allowance: For members who have a total taxable income of more than £150,000, the Annual Allowance will reduce by £1 for every additional £2 of taxable income above £150,000. The maximum reduction will be £30,000, so anyone with an income of £210,000 or more will have an Annual Allowance of £10,000.

The tests against the income components to use, adds complexity to the process of assessing an individual’s exposure to the Annual Allowance and you need to be aware that individuals with taxable income over £110,000 may be affected. The income components include personal sources of income (such as investment income or income from a buy-to-let property), together with employment-related income and a measure of the increase in pension savings over the tax year.

Money Purchase Annual Allowance: Where members choose to transfer their AVC benefits to another scheme and subsequently access those defined contribution benefits through the new pension flexibility rules, a Money Purchase Annual Allowance (MPAA) will be applied to the amount of money you can then save to any other defined contribution arrangement. In other words, only contributions paid into a defined contribution arrangement up to the MPAA (currently £10,000) will benefit from tax relief. If you pay into a defined contribution arrangement and are subject to the MPAA, then you can accrue defined benefits up to the Annual Allowance less any defined contribution payments up to the MPAA.

Please be aware that in any tax year you cannot claim tax relief on your contributions to pensions schemes in excess of your annual earnings. Your contributions include AVCs but not contributions made by the company under SMART.

The tax concessions currently in place are:
- Full income tax relief on any contributions you make to the Scheme, including Voluntary Contributions although some restrictions apply.
- Tax free cash sums may be payable on retirement and death.
- Tax advantages for the Scheme investments in respect of certain income and capital gains from investments.

Tax free cash lump sums
The Scheme allows you to take a part of your pension as a tax free cash sum at retirement. The maximum is calculated at retirement but will be approximately 25% of the value of your pension benefits.

If you believe you may be affected by the restrictions set out above, you should seek independent financial advice. Further information on all these restrictions is available through the HMRC Pensions Tax Manual (www.gov.uk/hmrc-internal-manuals/pensions-tax-manual).

An Independent Financial Adviser may charge a fee for their service. Please visit www.unbiased.co.uk for more details.
General information

Transferring benefits from other schemes

If you were a member of a previous employer’s scheme or have a personal pension, it may be possible to arrange for a transfer payment to be made to Level 100+ to secure additional benefits. If you wish to consider this option you should contact the Pensions Service Centre for more details.

Voluntary contribution transfers

Members can choose to transfer the value of their Voluntary Contributions out, even while they remain in active service. These arrangements are not a statutory requirement, but have been introduced to offer greater flexibility to members in their retirement planning. Members can transfer to any registered external pension arrangement. If you exercise this option no further Voluntary Contributions will be allowed in the future to your Retirement Account.

If you are interested in pursuing this option please contact the Pensions Service Centre for further information. You are urged to obtain independent financial advice before deciding to exercise this option.

Divorce

Divorce proceedings may result in the issue of a Pensions Sharing Order by the Court. Pensions Sharing is not mandatory but it is available as an alternative to pensions earmarking or the offsetting of pensions against other matrimonial assets. The Pensions Service Centre can provide more information including the administrative charges that apply.

Financial advice

The Company, its employees and the Trustees are not authorised under the Financial Services and Markets Act 2000 as amended by the Financial (Banking Reform) Services Act 2013. This means that they cannot give investment advice. The information in this Guide is intended to help you make your own decision. However, if you are in any doubt, you should consult an Independent Financial Adviser who may charge a fee for this service:

> www.unbiased.co.uk

Assignment of benefits

You must not attempt to assign your benefits to obtain cash payments or as security for loans. Under the Level 100+ Rules, there could be no legal claim on the Scheme by anyone other than the person entitled to the benefits under the Scheme Rules. Your benefits would cease to be payable and would come under the control of the Trustees for payment at their discretion.

Amendments to Level 100+

The Company with the consent of the Trustees, may, by deed, amend Level 100+ at any time. You will be given written notice if your benefits or rights under the Scheme are materially affected by such amendment(s).

The Company intends to maintain the Scheme for the future, but in the unlikely event of it being discontinued, the Trustees would use the assets of the Scheme to provide benefits for the members in accordance with the Scheme Rules.

Increased or additional benefits may be provided from the Scheme at the discretion of the Company, subject to the Company paying any additional contributions that the Trustees may require after taking actuarial advice.

Internal Dispute Resolution (IDR)

If you have a query about Level 100+, the Pensions Service Centre will normally be able to resolve it. However, should you be dissatisfied with the response you receive, the Trustees have put in place a formal Internal Dispute Resolution (IDR) procedure for resolving complaints or disputes.

The procedure provides for lodging a complaint, to which a response must normally be made within two months. You may then appeal to the Trustees and this second stage must normally also be dealt with within two months. You may obtain a copy of the full formal IDR procedure from:

> The Pensions Director, BAE Systems plc, PO Box 87, Warwick House, Farnborough Aerospace Centre, Farnborough, Hampshire, GU14 6YU

If you are dissatisfied with the outcome of the IDR process, the following external organisations are available to investigate complaints (see next column).

TPAS (The Pensions Advisory Service) and the Pensions Ombudsman

TPAS is an independent voluntary organisation with a network of local pension experts. TPAS is available to assist scheme members and beneficiaries with any pension query they may have or any difficulty which they have failed to resolve with the scheme Trustees or administrators.

You may also refer a complaint to the Pensions Ombudsman. The Pensions Ombudsman (appointed under Section 145(2) of the Pension Schemes Act 1993) may investigate and determine any complaint of maladministration and dispute of fact or law in relation to an Occupational Pension Scheme where the person makes a complaint in accordance with the Act. There is no charge for these services. The Pensions Ombudsman normally expects a member to have tried to resolve their complaint through the IDR process first.

TPAS and the Pensions Ombudsman may be contacted at:

> 11 Belgrave Road, London, SW1V 1RB
> 0300 123 1047 (TPAS)
> 0207 630 2200 (Pensions Ombudsman)
> www.pensionsadvisoryservice.org.uk
> www.pensions-ombudsman.org.uk
General information

The Pensions Regulator
The Pensions Regulator is the regulator of work based pension schemes in the UK. Created under the Pensions Act 2004, its aims include protecting members’ benefits and promoting good administration. The Pensions Regulator is able to intervene in the running of schemes where trustees, employers or professional advisers have failed in their duties. The Pensions Regulator can be contacted at: www.thepensionsregulator.gov.uk

Pension Protection Fund
Introduced by the Pensions Act 2004, this Fund has been set up to protect pension benefits for members of company defined benefit pension schemes where the employer has become insolvent and the scheme is unable to meet its obligations. It is funded by a substantial levy on all defined benefit schemes and should help provide peace of mind for many people saving for retirement in such schemes.

www.pensionprotectionfund.org.uk

Pension Wise
The Government established Pension Wise to give everyone with defined contribution pension savings (including Voluntary Contributions) access to free and impartial guidance about the options that they have when using those savings. If you have paid Voluntary Contributions into the Scheme you should access this guidance using the following link: www.pensionwise.gov.uk

More details will be provided to you about this service at retirement.

Domo Protection
The Trustees are registered with the Information Commissioners Office for the processing of your personal data for purposes connected with their trusteeship of the Scheme. In order to administer the Scheme, personal data about you and your relatives and dependants will be processed by the Trustees and the Scheme’s administrators, which includes third parties who provide ancillary services such as printing and storing of your personal data, and advisers.

By joining the Scheme you consent that your personal and sensitive personal data may be processed, where required by law or under contract, to other third parties including, but not limited to insurance companies, the Company, any possible purchaser of the Company or its business and any trustees, administrators or advisers of any other pension arrangement where a transfer of your pension rights is being made or considered.

In certain circumstances it may be necessary to transfer your personal/sensitive personal data to third parties located outside of the European Economic Area. Should this occur the Trustees will ensure that this is done under contract with the necessary safeguards in place to guarantee you the same rights as you would be afforded within your own country of residence.

Further information
Each year you will receive a benefit statement. Once in any 12 month period you are entitled to request an estimate of the cash equivalent of your benefits (including death benefits, but excluding any allowance for discretionary benefits), which can be transferred to another scheme. You should receive this statement within three months of your written request. The amount on the statement will not be guaranteed.

The Trustees prepare a report of the Scheme for each Scheme Year which includes the Scheme’s audited accounts, a statement from the Actuary, and a review of the year from the investment managers. You will receive a summary of this information. You can apply to the address on the right to see the full report.

If you require any further information on the Scheme or on pension matters in general, visit: www.baesystemspensions.com

You can also ring the Pensions Service Centre on: 0800 917 9568 (+44 (0)121 415 0891 overseas)

Or e-mail: farnborough.pensions@equiniti.com

Alternatively write to:
Pensions Service Centre, PO Box 1193, Crawley, West Sussex, RH10 0FY

Further Information
Visit: www.baesystemspensions.com

Pensions Service Centre: 0800 917 9568
Overseas: +44 (0)121 415 0891
Email: farnborough.pensions@equiniti.com