Your benefits

Your guide to 2000 Plan benefits
The following terms are used in this booklet and it is important that you understand what they mean in the context of the 2000 Plan. They are highlighted in italics throughout the booklet.

**2000 Plan** is a benefit edition in the BAE Systems Pension Scheme, which replicates the benefits of the BAE Systems 2000 Pension Plan following the transfer of that scheme into the BAE Systems Pension Scheme on 1 October 2019.

**Additional Voluntary Contributions (AVCs)** are voluntary payments made in addition to your Basic Contributions to the 2000 Plan. They are invested to provide you with extra benefits at retirement. They may be paid to the Selected Benefit Scheme (SBS) or to an external provider selected by the Trustees.

**Basic Contributions** are the contributions you are required to pay as an in-service member of the 2000 Plan.

**Basic State Pension** is defined as the basic state pension applicable to a single person who is entitled under section 44 of the Social Security Contributions and Benefits Act 1992 to a Category A retirement pension. This refers to the first-tier state pension available prior to April 2016, when there was a two-tier state pension arrangement in place.

**Company** is BAE Systems plc and any other employer who participates in the Scheme.

**Credited Interest** is interest credited monthly on your contributions. The rate is determined by the Trustees, on advice from the Scheme Actuary having regard to the return on the Scheme’s assets, but no less than 2.5% per annum.

**Credit Protection Period** is the period during which, on ceasing employment, you may continue to pay contributions and receive benefits if you meet the eligibility criteria.

**Final Pensionable Earnings** is the highest average yearly amount of your Pensionable Earnings over three consecutive Plan Years during your last 10 Plan Years as a member of the 2000 Plan. This is subject to not exceeding the Plan Cap.

**Incacity** is physical or mental impairment which you are suffering, such that you will be permanently unable to undertake any regular work for any employer.

**Longevity Adjustment Factor** is an adjustment figure dependent on age, which is applied to the pension amount from the 2000 Plan earned after 5 April 2006. 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 earned after 5 April 2006 to take account of this. The level of the Longevity Adjustment Factors will be set each year.

There are different Longevity Adjustment Factors which apply to benefits on normal retirement, ill-health retirement and to benefits payable following death before retirement.

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

**Pensionable Earnings** is your gross PAYE earnings in a complete Plan Year but normally excluding the value of any benefits in kind and other items defined as non-pensionable by the employer. Special arrangements apply for determining Pensionable Earnings in any Plan Year during which you were absent from work.

**Pensionable Service** is the number of years and complete months during which you have contributed to the 2000 Plan up to the age of 65. As a transferring member, this includes Pensionable Service under the 2000 Plan plus Pensionable Service under the GEC 1972 Plan up to and including 5 April 2000 which is continuous with your joining the 2000 Plan on 6 April 2000.

**Plan Cap** is the maximum Pensionable Earnings and Final Pensionable Earnings that will be used for the calculation of your contributions and benefits if you joined on or after, 1 June 1989. The current figure is published on the pensions website. It will normally be increased each year.

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

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

**Specified Dependant** You may nominate one or more Specified Dependents. Your Specified Dependents are the persons nominated by you and accepted by the Trustees before Normal Retirement Date or early retirement who are wholly or mainly financially dependent on you when the nomination is made and when the benefits become due. Nomination forms are available from the Pensions Service Centre and from the pensions website.

**Spouse** is the person to whom you are married or in a civil partnership with at the date of your death.

**State Pension Age** is the age at which pensions are payable from the State. A State Retirement Age calculator can be found at: www.gov.uk/state-pension-age
# Summary of 2000 Plan benefits

## When you retire
- **A pension for life**
- **A reduced pension for life plus a tax free cash sum**

## Death benefits
### In service
- **Lump sum**
  - Refund of contributions
  - Pension payable to Spouse, Specified Dependant or another dependant

### In retirement
- If within five years of retirement, balance of pension paid as lump sum

### In deferment
- **Lump sum**

## If you leave
- **Deferred benefits**
  - A transfer to another scheme

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### Technical terms used
- **Pension for life**
- **Reduced pension for life**
- **Tax free cash sum**
- **Deferred benefits**
- **Transfer to another scheme**

### Further Information
- Visit: [www.baesystemspensions.com](http://www.baesystemspensions.com)
- Pensions Service Centre: 0800 917 9568
- Overseas: +44 (0)121 415 0891
- Email: fulwood.pensions@equiniti.com

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### Navigation
- Technical terms used
- Summary of 2000 Plan benefits
- A guide to your benefits
- Membership
- Making contributions
- How to calculate your pension
- When you reach retirement
- Death benefits
- Leaving
- 2000 Plan AVCs
- HM Revenue & Customs
- General information
2000 Plan benefits are a valuable part of your remuneration package from the Company. The 2000 Plan provides you with a range of benefits to support you and your family both now and in the future.

This Guide will provide you with information about the 2000 Plan, therefore it is important that you take time to read it and understand fully the benefits available to you.

This Guide features certain terms and expressions which have specific meanings within the 2000 Plan. These are shown in italics which indicates that there is an explanation of their meaning on the 'Technical terms used' page.

The 2000 Plan provides valuable benefits if you retire because of ill-health and to your dependants if you die.

Members of the 2000 Plan participate fully in the State scheme. This means that, when you reach State Pension Age, you will (subject to your National Insurance contribution record) be eligible to receive the State Pension, in addition to your pension from the 2000 Plan.

Additional information about the 2000 Plan is available via the following:
- www.baesystemspensions.com
- fulwood.pensions@equiniti.com
- Pensions Service Centre: 0800 917 9568
  (overseas: +44 (0)121 415 0891)
- Pensions Service Centre, PO Box 1194, Crawley, West Sussex, RH10 0FZ

This Guide is intended as a source of information on the provisions of the 2000 Plan. It is subject to changes in the future as required by HM Revenue & Customs and to the Rules of the 2000 Plan that set out the legal basis for the Trustees’ administration of the 2000 Plan 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.
The 2000 Plan was established for those individuals in respect of whom a transfer payment was made from the GEC 1972 Plan with effect from 6 April 2000, following the merger in November 1999 of British Aerospace and the Marconi Electronic Systems business of GEC.

As a transferring member, any reference in this booklet to Pensionable Service under the 2000 Plan should be read as Pensionable Service under the 2000 Plan plus Pensionable Service under the GEC 1972 Plan up to and including 5 April 2000 which is continuous with your joining the 2000 Plan on 6 April 2000.

On 1 October 2019, the BAE Systems 2000 Pension Plan transferred into the BAE Systems Pension Scheme. The benefits of the BAE Systems 2000 Pension Plan are replicated as a benefit edition of the BAE Systems Pension Scheme.

Opting out

Membership of the 2000 Plan is not a compulsory part of employment with the Company. As a member of the 2000 Plan, 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 the 2000 Plan. At the end of the pay period in which your two month notice period expires, you will be treated under the 2000 Plan as if you had left service, but you will not receive any benefits until you have actually left service or reach age 75, if earlier.

If you decide to opt out:

> You will lose the benefit of the Company’s commitment to meet the balance of the cost of the future pension provision.
> You will lose the protection provided by the 2000 Plan to you and your family in the event of your death in service.
> You will lose the protection provided by the 2000 Plan to you and your family in the event of your early retirement from the Company on account of serious ill-health.
> You will lose the opportunity to earn a pension linked to your future earnings and service.
> You cannot subsequently change your mind, as the 2000 Plan is closed to new entrants.

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 (see page 16).
Making contributions

Your basic contributions

Your Basic Contributions are 8% of Pensionable Earnings.

SMART Pensions Arrangement
Provided that you are employed by companies wholly owned by BAE Systems or participating companies, all Basic Contributions 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 may apply to high earners (see page 15 for further information).

Company contributions
The rate of Company contributions is agreed between the Company and the Trustees and with advice from the 2000 Plan’s Actuary, who carries out regular reviews of the financial position of the 2000 Plan.

How the contributions are used
Your Basic Contributions, together with the contributions from the Company, are invested by the Trustees as part of the total assets of the 2000 Plan. Those assets are used to provide benefits as set out in the Rules of the 2000 Plan.

Temporary absence
If you are temporarily absent from work, your membership of the 2000 Plan will continue for as long as you pay contributions into the 2000 Plan.

If you stop paying Basic Contributions to the 2000 Plan, your Pensionable Service will normally cease. On recommencing Basic 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 Basic Contributions, we will continue to treat you 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 family leave, you will be treated as still in Pensionable Service for as long as you have a statutory or contractual right to return to work. During your absence you will pay Basic Contributions on any amount of pay (including any statutory maternity, adoption or paternity pay) you receive 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 and your employer pay contributions in respect of that period as if you had been working normally.

Paying Additional Voluntary Contributions (AVCs) and contributions to the Selected Benefit Scheme (SBS)
Under the terms of the 2000 Plan, you may increase your benefits by paying Additional Voluntary Contributions (AVCs) to the external provider or contributions to the Selected Benefit Scheme (SBS). AVCs are deducted from your pay before tax is calculated and qualify for income tax relief at your highest rate although some restrictions apply to high earners (see page 15 for further information). AVCs might be of particular interest to those members who joined the 2000 Plan later in their working life, who are considering the possibility of retiring early or who wish to provide additional death in service benefits. More details about AVCs including the SBS are available from the Pensions Service Centre or the pensions website.

Further Information
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How to calculate your pension

Your pension from the 2000 Plan is calculated on three bases. You will receive a retirement pension amounting to whichever is the highest figure produced by the following three calculations:

**Basis 1**

2% \(\times\) PENSIONABLE SERVICE \(\times\) FINAL PENSIONABLE EARNINGS

**Basis 2**

50% \(\times\) BASIC CONTRIBUTIONS UP TO APRIL 2005 AND BASIC CONTRIBUTIONS OF 3% FROM APRIL 2005

**Basis 3**

17.5% \(\times\) BASIC CONTRIBUTIONS UP TO APRIL 2005 AND BASIC CONTRIBUTIONS OF 3% FROM APRIL 2005 PLUS CREDITED INTEREST

**Notes**

Contributions used to calculate your final pension are broadly not affected by SMART Pensions. Under the Plan Maximum your benefits (excluding AVC benefits but including previous benefits in other schemes) must not exceed 2/3rds of your final earnings. Your final earnings are calculated by reference to the formerly applicable Inland Revenue IR12 ("practice notes") definition of Final Remuneration and can include other taxable benefits, such as overtime or shift payments and may therefore be greater than your Final Pensionable Earnings.

* The average of the Basic State Pension in force at the beginning of each of the last three Plan Years.

** The Longevity Adjustment Factor is only applied to that part of your pension earned after 5 April 2006. 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 pension is calculated.

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When you reach retirement

Retiring from Pensionable Service on or after Normal Retirement Date

Your pension will be calculated as shown on page 7. If you transferred benefits into the 2000 Plan from a previous pension arrangement, you will receive an additional amount on top of your pension earned whilst being a member of the 2000 Plan.

Retiring early from Pensionable Service (except on medical grounds)

You may be permitted to retire at any time after age 55 (50 if you leave the Company at the Company’s request) and receive an immediate pension subject to the consent of the Trustees or the Company. Consent is not needed if you left employment at the Company’s request. Your pension will be calculated in the same way as for normal retirement as described above, except that there will be a reduction at a rate determined by the Trustees and the Company, on advice from the Scheme Actuary, for the period that your pension is taken early. This is to take into account the extra period over which your pension will be paid. The rates are reviewed periodically and may change from time to time.

Retiring early from Pensionable Service on medical grounds

If you cannot work because of ill-health, you may retire at any age with an immediate pension, subject to certain conditions and the consent of the Trustees and the Company.

If you apply for, or your employing company recommends ill-health retirement, the 2000 Plan’s Medical Adviser will prepare a report for the Trustees, and you will be asked to complete a form authorising the release of your medical records to support this. The Trustees must be satisfied that you are suffering from Incapacity.

Your ill-health pension will be the greater of:

1. The Basis 1 pension as shown on page 7 that you would have been entitled to if you had remained in Pensionable Service until age 65, but calculated using your Pensionable Earnings and the level of the Basic State Pension at your actual date of retirement.
2. The pension provided under Basis 2 or Basis 3 as shown on page 7.

Note

The Trustees have the power to reduce, suspend or terminate your ill-health pension if, in their opinion, this is justified by a subsequent change in your circumstances.

How your pension will be paid to you

Your monthly pension will be paid in advance on the last 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.

Pension increases

Your pension earned in the 2000 Plan will normally be increased on 1 May each year. Proportionate increases are given in the first Plan Year of retirement to any pension beginning after 1 May.

Your pension will be increased annually by the rise in the Retail Prices Index (RPI) for January of that year subject to a maximum increase of 5% a year for pension earned for service before 6 April 2006 and a maximum increase of 2.5% a year for pension earned for service after 5 April 2006.

Additional increases to pensions in payment may be awarded if the Company requests the Trustees to do so, within the sole discretion of the Company. The employers will then need to pay any additional contributions to the Scheme which the Trustees consider prudent (after the Trustees have sought actuarial advice).

Stepped Pension Option

If you retire before State Pension Age, (except on grounds of ill-health) you may be able to choose a Stepped Pension Option. This allows you to receive an increased level of pension up to State Pension Age in force at the time of your retirement and a correspondingly reduced level afterwards.

Dependant’s pension

With the consent of the Trustees, you may be able to give up some of your pension to provide additional pension for one or more of your dependants after your death. This option must be made between two months and six months before your pension is due to start. The rates used are calculated by the Scheme Actuary and may change from time to time.

Further Information

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When you reach retirement

Tax-free cash sum
You may be able to exchange up to 25% of the value of your pension for a tax-free cash sum on retirement. The amount of annual pension that you will need to give up for cash depends on your age at retirement. The rates are calculated by the Scheme Actuary and may change from time to time.

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, so you will need to transfer your 2000 Plan 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 2000 Plan benefits (this excludes your AVCs) 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 2000 Plan 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 2000 Plan benefits.

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Death benefits

Death in service
If you die while still in Pensionable Service, the following benefits will be paid:

- A lump sum death benefit equal to two times your Pensionable Earnings at your date of death.
- A lump sum equal to the contributions paid by you to the 2000 Plan with Credited Interest paid on contributions paid to 5 April 2006 – but no Credited Interest paid on contributions paid after 5 April 2006.
- A lump sum equal to 50% of your Pensionable Earnings multiplied by the number of qualifying dependants* to a maximum of two.
- A Spouse’s pension of 50% of your own pension from the 2000 Plan, adjusted by the appropriate Longevity Adjustment Factor.

Death in retirement
If you die while receiving a pension from the 2000 Plan the following benefits will be paid:

- Spouse’s pension
  This will be equal to 50% of your pension at your date of death, ignoring any reduction to take account of the fact that you chose to exchange part of your pension for a cash sum, or the effect of choosing a Stepped Pension.**

The five year payment guarantee
If you die whilst receiving a pension from the 2000 Plan within the first five years after your retirement, a lump sum equal to the unpaid balance of five years pension payments (at the rate applicable at the date of death disregarding future increases) will be paid.

Death with deferred benefits
If you die after leaving the 2000 Plan and are entitled to a deferred pension (see page 12), the following payments will be paid:

- If you are under age 65 when you die:
  - A lump sum benefit equal to 1.5 times the total of your contributions to the 2000 Plan.
  - A pension for your Spouse of 50% of the pension you would have received if you had retired immediately before your death, without giving up pension for a lump sum.**

- If you are aged 65 or over when you die:
  - A pension for your Spouse of 50% of the pension you would have received if you had retired immediately before your death if you had given up pension for a tax-free lump sum.
  - The five year payment guarantee
    If you die whilst receiving a pension from the 2000 Plan within the first five years after your retirement, a lump sum equal to the unpaid balance of five years pension payments (at the rate applicable at the date of death disregarding future increases) will be paid.

Notes
* Your qualifying dependants can include your children (including step children) under 18 or under 23 if they are still in full-time education and a partner, Specified Dependant or Spouse who does not qualify for a death in service pension.

** If there is no person entitled to receive the Spouse’s pension, a pension may be payable to one or more Specified Dependents, subject to certain conditions, including acceptance by the Trustees. Specified Dependents’ pensions are adjusted to take account of the age of the dependant.

Spouse’s pension
This will be equal to 50% of your pension at your date of death, ignoring any reduction to take account of the fact that you chose to exchange part of your pension for a cash sum, or the effect of choosing a Stepped Pension.**

The five year payment guarantee
If you die whilst receiving a pension from the 2000 Plan within the first five years after your retirement, a lump sum equal to the unpaid balance of five years pension payments (at the rate applicable at the date of death disregarding future increases) will be paid.

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Payment of lump sum death benefits
Any lump sum death benefit will be paid to, or for the benefit of, your dependants, relatives or nominees, chosen at the Trustees’ discretion and in such shares as the Trustees decide. This generally enables payment to be made quickly and normally without liability for Inheritance Tax.

Core Pension
Will be paid at the Trustees’ discretion to...

Expression of Wish Form
You can help the Trustees decide who will receive the lump sum 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 the pensions website. The completed form should be returned to the Pensions Service Centre in a sealed envelope that can be obtained from the Pensions Service Centre. You should complete a new Expression of Wish Form if your wishes or circumstances change.
Please note that this form will only be considered by the Trustees if it is held by the Pensions Service Centre.

Payment of spouse’s and specified dependant’s pensions
Spouse’s and Specified Dependant’s pensions are payable for life. The pension will commence on the first day of the month following the date of your death. If you have been married or in a civil partnership for less than six months, and the marriage or civil partnership commenced after the earlier of starting to receive a pension and reaching age 65, the Trustees have discretion to decide whether your Spouse should receive the Spouse’s pension.

Help Trustees with your benefits by completing an Expression of Wish Form
Leaving

If you leave the Company before you reach retirement, your membership of the 2000 Plan will cease. You can also choose to cease your membership of the 2000 Plan whilst you are still an employee of the Company by ‘opting out’ (see page 5).

You will be entitled to a deferred pension when you reach Normal Retirement Date.

Your deferred benefits

The deferred pension will initially be calculated in accordance with Basis 1 (see page 7), by reference to your Pensionable Service and your Final Pensionable Earnings at the date of leaving.

Your Basis 1 (see page 7) deferred pension will be increased at a rate equal to the percentage rise in the Retail Prices Index (RPI) subject to a maximum of 5% a year compound over the period of deferment for pension relating to Pensionable Service up to 6 April 2010 and 2.5% for pension relating to Pensionable Service after 5 April 2010.

At your Normal Retirement Date, the amount will be compared with the pensions calculated under Basis 2 and Basis 3 (see page 7), and the pension payable will be the highest figure produced by this comparison.

The Basic Contributions (limited to 3% after April 2005) you have made to the 2000 Plan will continue to accumulate Credited Interest for the purposes of the Basis 3 calculation until your pension begins or you transfer your benefits from the 2000 Plan.

You will have the option to exchange part of your pension for a tax-free cash sum when you reach retirement.

Certificate of Deferred Benefits

When you leave the 2000 Plan, you will be given a Certificate of Deferred Benefits and it is important that you keep this safe.

It is also 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 (50th birthday if you left the Company at the Company’s request), unless you are retiring from employment by reason of ill-health or disability, in which case it may be paid earlier subject to certain conditions.

Payment of the pension earlier than your Normal Retirement Date is subject to the consent of the Trustees or the Company (again, unless you leave the Company at the Company’s request). If you take your pension early it will be reduced to allow for the extra period for 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.

No reduction in the event of ill-health

Your pension will not be reduced for early payment if you are suffering from Incapacity. If you left the Company at the Company’s request before 6 April 2006, the test for paying an unreduced pension on ill-health is different and the Trustees must be satisfied that due to serious ill-health or disability you are unlikely ever again to be able to carry out the duties you had before you left the Company. The Scheme’s Medical Adviser will provide a report for the Trustees, and you will be asked to complete a form authorising the release of your medical records to support this.

Late payment of your deferred pension

If the Trustees or the Company agrees, you may be able to elect to receive the pension starting later than your Normal Retirement Date but not later than age 75. Your pension will increase between Normal Retirement Date and the date that you actually retire by a factor determined by the Trustees and the Company acting on the advice of the Scheme Actuary.

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Transferring out

As an alternative to leaving your deferred benefits in the 2000 Plan, you may choose to take a transfer payment to either your new employer’s pension scheme or to another registered 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 (including 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.

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 2000 Plan, so you will need to transfer your 2000 Plan 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 2000 Plan benefits (this excludes your AVCs) 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 2000 Plan 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 2000 Plan 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 2000 Plan benefits.
The Selected Benefit Scheme within the 2000 Plan allows you to make Additional Voluntary Contributions (AVCs) on a regular basis in order to increase your retirement and/or death benefits.

A separate booklet on the benefits and provisions of the Selected Benefit Scheme is available from the Pensions Service Centre and is also available on the pensions website.
A registered scheme

Certain tax concessions apply subject to certain restrictions, as this is a registered scheme.

Restrictions

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

Tax free cash lump sums

You may 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.

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 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 pension schemes in excess of your annual earnings. Your contributions include AVCs but not contributions made by the company under SMART.

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 the Scheme to secure additional benefits. If you wish to consider this option you should contact the Pensions Service Centre for more details.

AVC transfers

Members can choose to transfer their AVC fund out, even while they remain in active employment. The AVC fund from transfer to any registered external pension arrangements makes members more flexible to members in their retirement planning. Members can choose to transfer to an associated external pension arrangement. The whole AVC fund from both the external provider and the SBS must be transferred and no further AVCs will be allowed in the future to either the external provider or to the SBS.

If you are interested in pursuing this, please contact the Pensions Service Centre for more details.

Financial advice

The Trustees, BAE Systems and its employees 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 or financial advice. If you are in any doubt about any of the information contained in this booklet and require advice, you should consult an Independent Financial Adviser who may charge a fee for this service.

Assignment of benefits

You must not attempt to assign your benefits to obtain cash or as security for loans. Under the 2000 Plan Rules, there could be no legal claim on the Scheme by anyone other than the person entitled to the benefits under the 2000 Plan Rules. Your benefits would cease to be payable and would come under the control of the Trustees for payment at their discretion.

Amendments to the 2000 Plan

The Company with the consent of the Trustees, may, by deed, amend the 2000 Plan at any time. You will be given written notice if your benefits or rights under the 2000 Plan are materially affected by such amendments. The Company intends to maintain the 2000 Plan 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 2000 Plan Rules.

Increased or additional benefits may be provided from the 2000 Plan 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 the 2000 Plan, 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 a formal system for lodging a complaint, to which a response must be made within two months. You will then be able to appeal to the Trustees and this second stage must also be dealt with within two months. You may obtain a copy of the full formal IDR procedure from:
> Group Pensions, 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 experts. TPAS can help you if you have any general requests for information or guidance concerning your pension arrangements. TPAS can be contacted at:
> 11 Belgrave Road, London, SW1V 1RB
> 0800 011 3797
> www.thepensionsadvisoryservice.org.uk

You may also refer a complaint to the Pensions Ombudsman, free of charge. The Pensions Ombudsman may investigate and determine any complaint of maladministration or any dispute of fact or law in relation to a pension scheme. The Pensions Ombudsman normally expects a member to have tried to resolve their complaint through the Internal Dispute Resolution Procedure first (see left).

Contact with the Pensions Ombudsman needs to be made within 3 years of the event(s) you are complaining about – or, if later, within 3 years of when you first knew about it (or ought to have known about it). There is discretion for those time limits to be extended.

The Pensions Ombudsman can be contacted at:
> 10 South Colonnade, Canary Wharf, E14 4PU
> 0800 917 4487
> enquiries@pensions-ombudsman.org.uk
> www.pensions-ombudsman.org.uk

You can also submit a complaint form online at www.pensions-ombudsman.org.uk/our-service/make-a-complaint/
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:
> The Pensions Regulator, Napier House, Trafalgar Place, Brighton, BN1 4DW
> 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 AVCs) access to free and impartial guidance about the options that they have when using those savings. If you have paid AVCs into the 2000 Plan 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.

Pension Tracing Service
Information about the Scheme (including the address at which the Trustees may be contacted) has been given to the Department for Work and Pensions. The Department acts as a central tracing agency to help individuals keep track of the deferred benefit entitlements they have in previous employers’ schemes. If you have difficulty finding where pensions you have earned in the past are located, the service can be accessed by contacting the Pension Tracing Service at:
> The Pension Service 9, Mail Handling Site A, Wolverhampton, WV9 8LU
> 0800 731 0193
> www.gov.uk/find-pension-contact-details

Data Protection
The Trustee of your pension scheme will collect and process information about you that may be subject to data protection laws. For more information about how we use and disclose your personal information, how we protect your information, our legal basis to use your information, your rights and who you can contact, please refer to the relevant sections of our privacy notice at www.baesystems.com/en/privacy

Further information
Each year you will receive a benefit statement which will include details of your pension earned to the end of the previous Plan Year. The statement will also show the contributions that you have paid to the 2000 Plan. If you pay Additional Voluntary Contributions (AVCs) you will be given the value of this fund.
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 year which includes the Scheme’s audited accounts, a statement from the Scheme 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 below to see the full report.
If you require any further information on the 2000 Plan 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: fulwood.pensions@equiniti.com
Alternatively write to:
Pensions Service Centre, PO Box 1194, Crawley, West Sussex, RH10 0FZ