



Member's Booklet

100+ Section

(for members joining on or after 1 May 2005)

December 2015 edition

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Introduction

The Selex Pension Scheme (the “*Scheme*”) is a registered pension scheme set up under trust and administered by SELEX Pension Scheme (Trustee) Limited (the “*Trustee*”) according to the rules of the *Scheme*. (For more information about how the *Scheme* works, see pages 26 onwards (General information about the Scheme).)

The *Scheme* provides valuable benefits for you and for your dependants. The benefits you are entitled to are described in detail in the rules of the *Scheme*. This booklet has been designed to explain the main details of the benefits provided to members of the 100+ Section of the *Scheme*.

If you are uncertain about what section of the *Scheme* you are a member of or if you require more information about your pension, please contact the Pension Administrator.

You should note that this booklet is intended as a guide and is not a legal document. Your entitlement under the *Scheme* is set out in the rules, the current law and Revenue practice. If there is any conflict between the booklet and the rules of the *Scheme*, the rules will prevail. You should also note that the rules, the law and Revenue practice can be changed at any time.

Words in this booklet which are written in italics are defined on page 30.

Actions you should take now: There are a number of actions you should consider taking regularly:

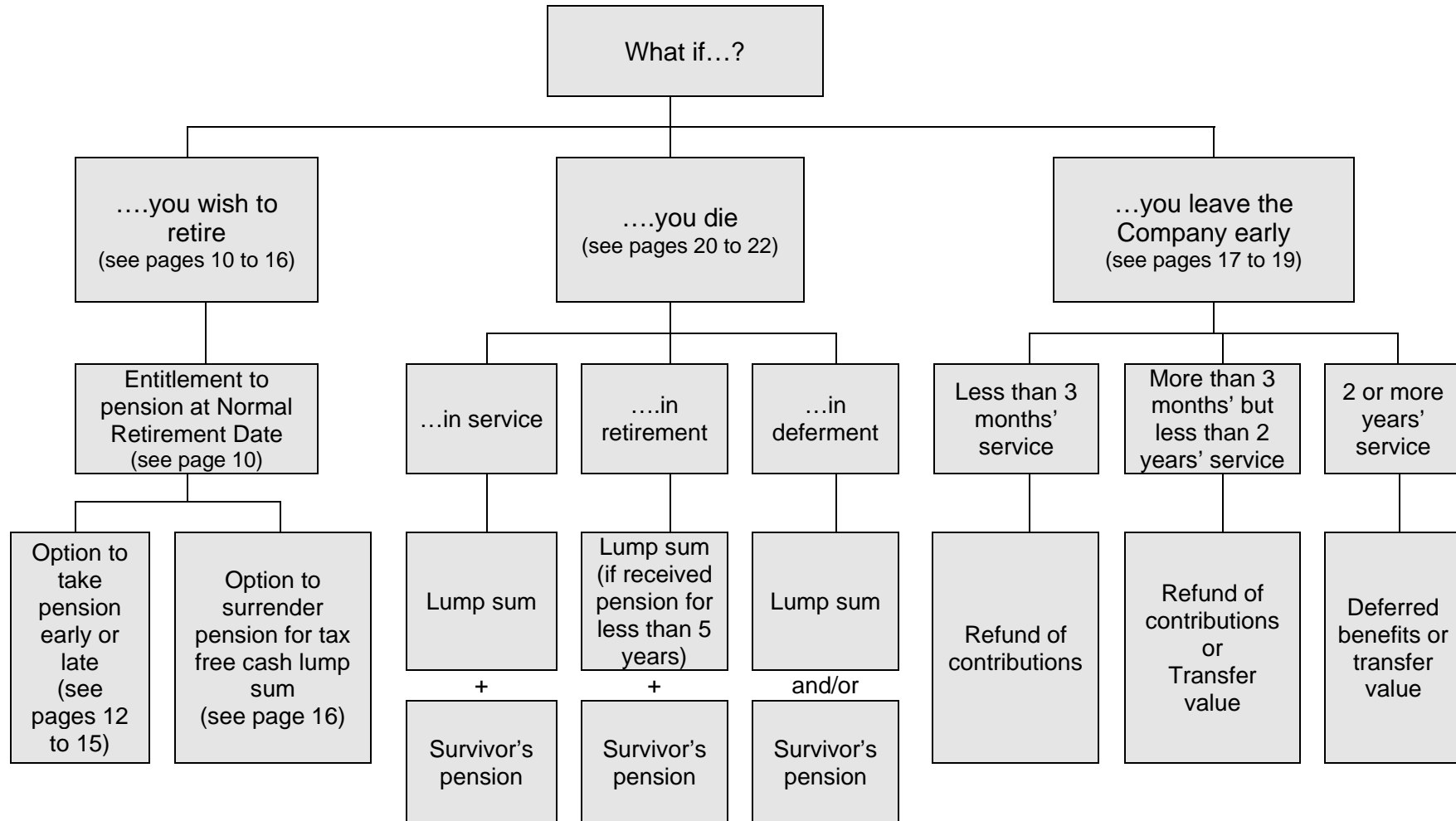
- Keep the Pension Administrator updated of any change in your personal circumstances e.g. change of address, getting married or divorced etc.
- Do you want to pay voluntary contributions? (see page 8 for further information)
- Do you need to update your expression of wish form? (see page 21 for further information)
- Do you wish to change the way your Retirement Account is invested? See the Selex Pension Scheme – Retirement Account Guide for further information.

The contact details for the Pension Administrator are

Selex Pension Scheme
Aon Hewitt
PO Box 196
Huddersfield HD8 1EG

Tel: 0345 603 5660
Email: selex.pensions@aonhewitt.com

Summary of benefits



Joining the 100+ Section

- Eligibility** The 100+ Section of the *Scheme* closed to new members on 27 April 2009.
- Opting-out** Remaining in the *Scheme* is not compulsory. You may choose to opt-out of the *Scheme* by completing an Opt-Out form, available from the Pension Administrator.
- You will be required to give two months' written notice of your intention to leave the *Scheme*. At the end of the pay period in which your notice expires you will be treated under the *Scheme* as if you had left service.
- Please note, by opting-out:
- You will lose the benefit of the *Company's* contributions towards the cost of future pension provision.
 - You will lose the protection provided by the *Scheme* to you and your family in the event of your death in service.
 - You will lose some of the protection provided by the *Scheme* to you and your family in the event of your early retirement from the *Company* on account of ill health.
 - You will no longer build up a pension in the *Scheme* and your entitlements under the *Scheme* will be based on your *Final Basic Salary* and completed *Pensionable Service* at your date of opting-out.
- Rejoining the Scheme after opting-out** As the *Scheme* is closed to new members, a Member who elects to opt out of the *Scheme* will not be eligible to rejoin at a later date.
- You may be eligible to join FuturePlanner (which is the *Company's* defined contribution scheme) at a later date and certain restrictions and conditions may be imposed. The trustees may require you to provide evidence of your health in connection with joining FuturePlanner and, if appropriate, restrict the terms of your membership. If you are a member admitted on restricted terms, you will be notified on joining.

Contributions

Member contributions

Currently you must pay 7.5% of your *Basic Salary* whilst you are in *Pensionable Service* towards your core benefits.

Your contributions are deducted from your pay before tax is calculated. Therefore you automatically receive income tax relief at your highest rate.

You will stop making contributions when you leave *Pensionable Service* or die, whichever occurs first.

For information about paying contributions when you are temporarily absent from work, see page 24.

Employer contributions

The rate of your employer's contributions is determined by the *Trustee* and the *Company* with advice from the *Scheme* actuary, who carries out regular reviews of the financial position of the *Scheme*.

An amount equal to 2% of your *Basic Salary* will be paid to your Retirement Account.

Voluntary contributions

You may increase your benefits by paying voluntary contributions. Voluntary contributions qualify for income tax relief at your highest rate, in the same way as your normal member contributions. Please see the box on page 9 for information on contribution limits.

As a member of the 100+ Section, you may pay Additional Voluntary Contributions (AVCs) to an AVC fund with Old Mutual Wealth (previously Skandia). Until 1 December 2009, there was an option to pay voluntary contributions to your Retirement Account (called Additional Basic Contributions or ABCs) and this has now ceased.

ABCs ABCs allowed you to pay voluntary contributions to your Retirement Account to secure extra retirement benefits on a money purchase basis. Your ABCs are invested with Old Mutual Wealth in investment funds of your choosing. Your entitlement to additional benefits will be calculated by using the value of your Retirement Account and the factors used to convert this amount to pension at the date of your retirement. The ability to pay ABCs into your Retirement Account ceased on 1 December 2009. Any ABCs paid before this date can remain invested in your Retirement Account until you retire.

AVCs AVCs allow you to pay voluntary contributions to secure extra retirement benefits on a money purchase basis. Your voluntary contributions are invested with Old Mutual Wealth in investment funds of your choosing and your entitlement to additional benefits will be calculated by using the value of your account with Old Mutual Wealth and the factors used to convert this amount to pension at the date of your retirement.

If you would like to know more about paying voluntary contributions, you can download the Retirement Account Guide and the AVC Guide and the appropriate forms from the Scheme website, www.selexpensions.co.uk.

The *Scheme* rules provide that, in any tax year, your member contributions to the *Scheme* and voluntary contributions to the Additional Voluntary Contributions arrangement cannot exceed 100% of your UK taxable earnings. It is your responsibility to ensure that you do not exceed the 100% limit as the Pension Administrator will not have all the necessary information to monitor this.

You may incur a tax liability if your pension benefits increase by more than £50,000 in one tax year (reducing to £40,000 in 2014/15). The value of any increase in your Selex pension over the year is taken into account. For more information please see page 25 (Annual Allowance) and read the “Pension Tax Changes” document available from the Scheme website at <http://www.selexpensions.co.uk/51/69/pension-tax-changes>.

Payment through SMART pensions

An option exists to pay member and voluntary contributions through a salary sacrifice arrangement. This option is known as SMART pensions, which stands for “save money and reduce tax”. It is a method of paying contributions that is used by many organisations to deliver savings to their employees and the business.

More information about SMART pensions is available in the Selex Pension Scheme – SMART Guide and on the website, www.selexpensions.co.uk.

Normal retirement

Your entitlement from the *Scheme* is based on two types of pension arrangement: a “defined benefit” part (the core pension) and a “defined contribution” part (your Retirement Account).

The main part of your benefits – the core pension – is based on your salary and the number of years you contribute to the *Scheme*.

Your Retirement Account tops up your entitlement to pension and is based upon the contributions made to your Retirement Account and investment returns.

Your pension will be the total of your Selex core pension and the pension provided by your Selex Retirement Account.

More detail about the way each element of your pension is calculated is set out below.

Selex pension payable at normal retirement

If you stay in *Pensionable Service* until your *Normal Retirement Date* (age 65) your pension will be calculated as follows:

Total pension	=	Core pension	+	Pension bought with the Selex Retirement Account	+	Benefits bought with AVCs made whilst a member of Selex (if any)
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This booklet describes your Selex core pension and Retirement Account. Further details about the Retirement Account are also contained in the Selex Pension Scheme – Retirement Account Guide.

For further details about AVCs, which are invested with Old Mutual Wealth, please read the Selex Pension Scheme – AVC Guide.

Amount of core pension payable from the Scheme

Your core pension payable from the *Scheme* will be calculated as follows:

Core pension	=	1%	x	<i>Final Basic Salary</i>	x	<i>Pensionable Service</i>
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Pension provided by your Retirement Account

Your Retirement Account is the second part of your pension. Your benefits provided from your Retirement Account will be determined by the value of your Retirement Account at the date on which benefits are provided.

Your Selex Retirement Account will contain:

Selex Retirement Account	=	2% x <i>Basic Salary</i> (paid in monthly by your employer)	+	Additional Basic Contributions (if any) paid by you (see page 8 for further details)	+	Other amounts allocated to the Retirement Account (if any) e.g. transfer values
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Selex Pension Scheme

Your Retirement Account is held in an account with Old Mutual Wealth. You may choose how it is invested, from a range of options selected for you by the *Trustee*. If you do not make a decision, the *Trustee* will choose a default investment option. You should note that the value of your Retirement Account could go up or down depending upon your investment returns.

When you come to retire, your Retirement Account may be used to:

- pay a lump sum to you when your pension starts; and/or
- provide a pension to you

For further information about the investment options available and how your Retirement Account may be used, please read the Selex Pension Scheme – Retirement Account Guide, which is available from the Pension Administrator or can be downloaded from www.selexpensions.co.uk.

If you choose to buy a pension with an annuity provider, the pension provided by your Retirement Account will be calculated as follows:

Pension provided by your Retirement Account	=	Value of Selex Retirement Account
		Conversion rate determined by the annuity provider

If you wish to speak to an independent financial adviser (IFA) about your options for purchasing a pension on the open market, Aon Hewitt can provide you with details of their independent annuity advice service. Please note that there will be commission payable should you select this option which will be reflected in the annuity quotation provided. Alternatively, contact details for IFAs in your area can be found at www.unbiased.co.uk.

Limits on benefits

You should be aware that your *Scheme* pension could be restricted to comply with limits set out in the rules of the *Scheme*. Further details are set out on page 25.

Please note that you may not draw your *Scheme* benefits unless you leave *Service*, i.e. you are no longer employed by the *Company*.

Choices at retirement: lump sum

You may be able to exchange part of your pension for a tax free cash sum. Further details are contained on page 16.

Late retirement

Introduction	<p>If you stay in <i>Service</i> after your <i>Normal Retirement Date</i> (age 65), you will continue to pay contributions to the <i>Scheme</i> (unless you opt out (see below)). Please ensure you read the 'Working past 65 Guide' on the <i>Scheme Website</i> before deciding to opt out as there are important considerations which may impact your pension.</p> <p>In order to remain covered for death in service benefits after you reach age 65, the group life provider may request that you complete a declaration form. Please contact Aon Hewitt if you would like further information.</p>
Calculating your core pension	<p>Broadly, your core pension will be calculated in the same way as for normal retirement (as described on page 10) based on your <i>Final Basic Salary</i> and your <i>Pensionable Service</i> at your date of leaving <i>Service</i>.</p>
Your Retirement Account	<p>Your Retirement Account will continue to be invested and achieve investment returns. The benefits provided from your Retirement Account will be determined by the value of your Retirement Account at the date on which you retire.</p>
Limits on benefits	<p>You should be aware that your <i>Scheme</i> pension could be restricted to comply with limits set out in the rules of the <i>Scheme</i>. Further details are set out on page 25.</p> <p>Please note that you may not draw your <i>Scheme</i> benefits unless you leave <i>Service</i>, i.e. you are no longer employed by the <i>Company</i>.</p>
Choices at retirement: lump sum	<p>You may be able to exchange part of your pension for a tax free cash sum. Further details are contained on page 16.</p>
Opting out	<p>If you do not wish to continue paying contributions and accruing benefits after your <i>Normal Retirement Date</i>, you may elect to opt out of the <i>Scheme</i>. If you opt out:</p> <ul style="list-style-type: none">• you will cease to pay contributions to the <i>Scheme</i>;• your pension will be calculated as if you were a deferred member based on your <i>Final Basic Salary</i> and your <i>Pensionable Service</i> at the date you opt out of the <i>Scheme</i> (see page 17); and• you will no longer be eligible for the death in service lump sum life cover.
Reaching age 75	<p>If you stay in <i>Service</i> after age 75 you will be treated for all purposes of the <i>Scheme</i> as having left <i>Service</i> at age 75.</p>

Early retirement

Introduction	You may retire early (i.e. before your <i>Normal Retirement Date</i> (age 65)) and take an immediate pension at any time after the age of 55 <u>if the <i>Trustee</i> and the <i>Company</i> consent.</u>
Calculating your core pension	<p>If:</p> <ul style="list-style-type: none">• you elect to take your pension before your <i>Normal Retirement Date</i>; and• the <i>Trustee</i> and the <i>Company</i> consent to you taking your pension early, <p>your core pension will be:</p> <ul style="list-style-type: none">• broadly calculated in the same way as for normal retirement (as described on page 10) based on your <i>Final Basic Salary</i> and your <i>Pensionable Service</i> at your early retirement date;• then there will be a reduction at a rate determined by the <i>Trustee</i> and agreed by the <i>Company</i> for the period that your pension is taken early. This is to take into account the extra years over which your pension will be paid.
Your Retirement Account	The benefits provided from your Retirement Account will be determined by the value of your Retirement Account at the date on which you retire.
Limits on benefits	<p>You should be aware that your <i>Scheme</i> pension could be restricted to comply with limits set out in the rules of the <i>Scheme</i>. Further details are set out on page 25.</p> <p>Please note that you may not draw your <i>Scheme</i> benefits unless you leave <i>Service</i>, i.e. you are no longer employed by the <i>Company</i>.</p>
Choices at retirement: lump sum	You may be able to exchange part of your pension for a tax free cash sum. Further details are contained on page 16.

Ill health retirement

Introduction If you cannot work because of ill health, you may retire at any age with an immediate pension, subject to certain conditions.

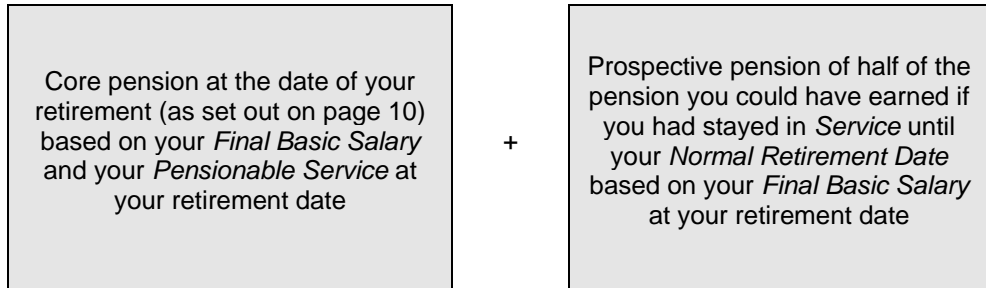
Eligibility In order to be eligible for an ill health pension you must:

- apply to the *Trustee*; and
- obtain the approval/consent of the Employer and the *Trustee* ; and
- the Employer and the *Trustee* must be satisfied that you fulfil the definition of Ill Health.

Meaning of Ill Health Ill Health means permanent physical or mental deterioration in health to a degree which, in the opinion of the Employer and the *Trustee*, according to the evidence of a registered medical practitioner, prevents you from following your normal employment and seriously impairs your earning capacity for the foreseeable future. You must have in fact ceased to carry on your occupation.

The *Trustee* will ask the *Scheme's* medical adviser to carry out a report for the Employer and the *Trustee*. You will be asked to complete a form authorising the release of your medical records to support this.

Calculating your Ill Health pension If you are eligible for an Ill Health pension, your core pension will be calculated as follows:



Your Retirement Account The benefits provided from your Retirement Account will be determined by the value of your Retirement Account at the date on which you retire.

Limits on benefits You should be aware that your *Scheme* pension could be restricted to comply with limits set out in the rules of the *Scheme*. Further details are set out on page 25.

Please note that you may not draw your *Scheme* benefits unless you leave *Service*, i.e. you are no longer employed by the *Company*.

Suspension or termination of pension Until Normal Retirement Date, the *Trustee* may periodically require evidence of your continued Ill Health. The *Trustee* has the power to reduce, suspend or terminate your pension if, in its opinion, this is justified by a subsequent change in your circumstances.

Selex Pension Scheme

Choices at retirement: lump sum

You may be able to exchange part of your pension for a tax free cash sum. Further details are contained on page 16.

Other information about pensions

Tax free cash lump sum

You may, with the consent of the *Trustee*, exchange part of your pension when it is due to start for a tax free cash sum. The maximum cash sum you may take within HM Revenue & Customs (HMRC) limits is broadly 25% of the value of your Selex pension including your Retirement Account and AVC fund (if any).

Subject to the HMRC limits:

- you can take the whole of your AVC fund as cash, up to a maximum of £50,000 (or 25% of the value of your AVC fund if this would exceed £50,000); and
- you can take the whole of your Retirement Account as tax free cash.

Unless you elect otherwise, your AVC fund (if any) will be used first to provide your lump sum (up to the £50,000 limit), followed by your Retirement Account, before converting any part of your core pension to a lump sum. The amount of core pension that you will need to give up for cash is determined by the *Trustee* having taken actuarial advice.

Pension increases

Your pension will increase on 1 May each year (or on such other date as may be decided by the *Trustee*).

Broadly increases will be in line with:

- for core pension accrued before 6 April 2006, the increase in the retail prices index, subject to a maximum increase of 5% in any year; and
- for core pension accrued on or after 6 April 2006, the increase in the retail prices index, subject to a maximum increase of 2.5% in any year.

Proportionate increases are given in the first year of retirement, relative to the number of complete months you received your pension.

Pension increases will apply to your core pension. If you use your Retirement Account or AVCs to purchase a pension with a pension provider, different increases will apply depending on whether you choose an increasing or a non-increasing pension,

You will be advised in writing of how your pension increases have been calculated each year.

Payment of pension

Your monthly core pension from the *Scheme* will be paid to you in advance, on the first working day of each calendar month.

Pensions are paid by credit transfers to your bank or building society account.

Pension payments are subject to tax under the PAYE system.

Leaving the Scheme and deferred benefits

Leaving the Scheme

Leaving the Scheme

You will cease to be an active member of the *Scheme* if:

- you cease to be in relevant employment with the *Company* before you retire; or
- you choose to opt out of the *Scheme* whilst still an employee of the *Company* (see page 24).

Options available to members

The options available to you are dependent upon your *Qualifying Service* within the *Scheme*.

<p>Less than 3 months' Qualifying Service</p> <p>Refund of contributions</p>	<p>Less than 2 years' (but more than 3 months') Qualifying Service</p> <p>Refund of contributions OR Transfer out</p>	<p>More than 2 years' Qualifying Service</p> <p>Deferred benefits OR Transfer out</p>
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Deferred benefits

Certificate of Deferred Benefits

When you leave the *Scheme*, 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 Pension Administrator informed of any change of address to ensure that you can be traced when your benefits become due.

Entitlement at Normal Retirement Date

Your core pension from the *Scheme* will be calculated at your date of leaving broadly in the same way as your core pension at normal retirement (see page 10), by reference to your *Pensionable Service* and *Final Basic Salary* at the date of leaving.

Your core pension will be increased until your *Normal Retirement Date* (or the date your pension begins, if earlier) at a rate equal to:

- for core pension accrued before 6 April 2009, the increase in the consumer prices index, subject to a maximum of 5% per year compound over the period of deferment; and
- for core pension accrued on or after 6 April 2009, the increase in the consumer prices index, subject to a maximum of 2.5% per year compound over the period of deferment.

Your Retirement Account (and AVCs if any) will continue to be invested and achieve investment returns (positive or negative). The benefits provided from your Retirement Account will be determined by the value of your Retirement Account at the date on which you retire.

Selex Pension Scheme

- Limits on benefits** You should be aware that your *Scheme* pension could be restricted to comply with limits set out in the rules of the *Scheme*. Further details are set out on page 25.
- Please note that you may not draw your *Scheme* benefits unless you leave *Service*, i.e. you are no longer employed by the *Company*.
- Choices at retirement: lump sum** You may be able to exchange part of your pension for a tax free cash sum. Further details are contained on page 16.
- Late retirement** You may retire late (i.e. after your *Normal Retirement Date* (age 65)) but no later than the date you cease working or age 75, if earlier, if the *Trustee* consents.
- Your core pension will increase at a rate determined by the *Trustee* (and agreed by the *Company*) to take into account the late payment.
- Your Retirement Account will continue to be invested and achieve investment returns (positive or negative). The benefits provided from your Retirement Account will be determined by the value of your Retirement Account at the date on which you retire.
- Early retirement** You may retire early (i.e. before your *Normal Retirement Date* (age 65)) and take an immediate pension at any time after the age of 55.
- Your core pension will be reduced at a rate determined by the *Trustee* (and agreed by the *Company*) for the period that your pension is taken early. This is to take into account the extra years over which your pension will be paid.
- The benefits provided from your Retirement Account will be determined by the value of your Retirement Account at the date on which you retire.
- Ill health retirement** If you cannot work because of ill health, you may retire at any age with an immediate pension, subject to certain conditions. The *Trustee* must be satisfied that you fulfil the definition of Incapacity or Chronic Ill health.
- Incapacity means you are suffering from physical or mental impairment which according to the evidence of a registered medical practitioner provided to the *Trustee*, and in the opinion of the *Trustee*, results in you being and continuing to be incapable of carrying on your occupation. You must in fact have ceased to carry on your occupation. Your pension will be calculated in the same way as a pension payable on early retirement (including reducing it to take account of the fact that it is being paid early).
- Chronic Ill-health means you are suffering from Incapacity which, in the opinion of the *Trustee*, results in you being permanently unable to undertake any regular work with the *Company* or any other employer. Your pension will be calculated in the same way as a pension payable on early retirement except that the *Trustee* may decide not to reduce it to take account of the fact that it is being paid early.
- The *Trustee* will ask the *Scheme's* medical adviser to carry out a report for the *Trustee*. You will be asked to complete a form authorising the release of your medical records to support this. The *Trustee's* decision regarding whether you fulfil the eligibility criteria is final.

Other options for deferred members

Refund of contributions

If you have less than two years' *Qualifying Service* you may choose to receive a refund of your *Basic Contributions* to the *Scheme*, instead of a preserved pension or transferring out your entitlement.

Your refund will consist of your *Basic Contributions* less tax. You will not receive any benefit from your Retirement Account.

This option is not available if a transfer payment in respect of your rights under a personal pension arrangement has been made to the *Scheme*.

Transfer out

Members with more than three months' but less than two years' *Qualifying Service*: You may take a transfer value instead of a refund of contributions.

The *Trustee* will notify you of your rights and will inform you of the period in which you may elect to receive a transfer value. If you do not exercise this right within the period the *Trustee* allows, the *Trustee* will pay a refund of contributions (see above).

Members with two or more years' *Qualifying Service*: You may, as an alternative to leaving your deferred benefits in the *Scheme*, choose to take a transfer payment to a registered pension arrangement, such as your new employer's pension scheme or a personal pension arrangement.

You can choose this option at any time up to a year before your *Normal Retirement Date* provided you have not started to receive your benefits from the *Scheme*.

The transfer payment will be the cash equivalent transfer value (CETV) of your benefits. You may request that the *Trustee* provides you with a statement of entitlement to your CETV at any time between leaving *Service* and one year before your *Normal Retirement Date*. If you would like to request a statement of entitlement, you should contact the Pension Administrator for more details.

The *Trustee's* liability to pay a deferred pension ceases upon payment of the transfer value to your new pension arrangement and you will cease to have any entitlement under the *Scheme*.

Death benefits

How much is payable on my death?

The amount of the death benefits that are paid depends upon your circumstances at the date of your death.

...in Service (before pension starts)

If you die while you are in *Service* before your pension has started, the benefits from the *Scheme* paid on your death will be:

Lump sum equal to 3 x <i>Basic Salary</i> at the date of your death	+	Survivor's pension equal to 50% of the core pension you would have received if you had retired on an Ill Health pension (see page 14) immediately before your death.
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Retirement Account: In addition to the benefit described above, a lump sum equal to the value of your Retirement Account at the date of your death will be payable.

...in retirement

If you die while you are receiving a pension from the *Scheme*, the benefits from the *Scheme* paid on your death will be:

Survivor's pension equal to 50% of your core pension at the date of your death (see page 20) (ignoring any reduction to take account of the fact that you chose to exchange part of your pension for a cash sum)	+	Five year payment guarantee If you die within five years of starting to draw your pension, a lump sum equal to the unpaid balance of five years' pension payments from the <i>Scheme</i> (at the rate applicable at the date of death, disregarding future increases).
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Retirement Account: Depending on the terms of the benefits you acquired with your Retirement Account, there may be additional benefits payable on your death. See the Selex Pension Scheme – Retirement Account Guide for further details.

...in deferment (under age 65)

If you die after leaving the *Scheme* and:

- you are entitled to deferred benefits (see page 17); and
- you are under age 65 at the date of your death,

your benefits from the *Scheme* paid on your death will be:

Survivor's pension equal to 50% of your core pension at the date of your death (calculated as described on page 20)	or, if a survivor's pension is not payable,	Lump sum equal to your <i>Basic Contributions</i> paid to the <i>Scheme</i>
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Retirement Account: In addition to the benefit described above, a lump sum equal to the value of your Retirement Account at the date of your death will be payable.

Selex Pension Scheme

- ...in deferment (over age 65)** If you die after leaving *Service* and:
- you are entitled to deferred benefits (see page 17); and
 - you are age 65 or over at the date of your death,
- your benefits from the *Scheme* paid on your death will be:

Survivor's pension equal to 50% of your core pension at the date of your death (calculated as described on page 20)

+

Five year payment guarantee
A lump sum equal to five years' pension payments from the *Scheme* if you had retired immediately before your death (disregarding future increases).

Retirement Account: In addition to the benefit described above, a lump sum equal to the value of your Retirement Account at the date of your death will be payable.

Limits on benefits

You should be aware that your *Scheme* pension could be restricted to comply with limits set out in the Rules of the *Scheme*. Further details are set out on page 25.

Who is the lump sum death benefit payable to?

The lump sum death benefit will be paid to, or for the benefit of, your beneficiaries or to your legal personal representative, at the *Trustee's* discretion. Your beneficiaries include your relatives, dependants, and any person you nominate in writing to the *Trustee*.

Paying benefits at the discretion of the *Trustee* generally enables payment to be made quickly and normally without liability to inheritance tax.

You can help the *Trustee* decide who to pay the lump sum benefits to by completing an Expression of Wish form and returning it to the Pension Administrator. The *Trustee* will consider your wishes but is not legally bound by them. Only forms returned to the Pension Administrator can be considered by the *Trustee*.

Expression of Wish forms can be obtained from the *Scheme* website, www.selexpensions.com or the Pension Administrator.

You should complete a new Expression of Wish form if your wishes or circumstances change.

Survivor's pension

If a member dies after reaching age 65 or after starting to receive a pension from the *Scheme*, a survivor's pension will be payable for life (unless the *Trustee* notifies you in writing to the contrary) to your spouse, except that:

- if you were not living with your spouse as husband and wife at the date of your death and, in the opinion of the *Trustee*, your marriage had broken down, the *Trustee* may decide not to pay a pension to your spouse; and
- the *Trustee* may treat a person of the opposite sex or same sex with whom you are living as husband and wife as your spouse.

If you are not living with your spouse and you are in a relationship with another person, the *Trustee* may decide at its discretion who to pay the survivor's pension to and may apportion the survivor's pension between them as it thinks fit.

The *Trustee* may choose not to pay a survivor's pension if you entered into the relationship within six months of the date of your death.

If you die leaving one or more dependant(s) then, whether or not there is a surviving

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spouse, the *Trustee* may at its discretion decide to pay all or part of the survivor's pension to the dependant(s). You may nominate a dependant(s) by completing an expression of wish form and returning it to the *Trustee*.

Please note that a pension payable to a child cannot be paid past the age of 18 (or age 23 if the child is full time education) unless the dependant was physically or mentally dependant on you.

The entitlement to the survivor's pension will commence on the first day of the month following the date of your death.

Personal events

Members away from work	<p>If you are away from work, it will depend upon your circumstances whilst you are absent as to whether you may accrue pension benefits.</p> <p>Special rules apply to members on sick leave.</p>
Paid leave	<p>If you receive normal or reduced remuneration during your absence, you may continue to pay contributions to the <i>Scheme</i>, in which case you will continue to accrue pension benefits.</p> <p>You will have to pay contributions based on the pay you would have received if you were receiving your full remuneration.</p>
Maternity, adoption and paternity leave	<p>If you are absent as a result of maternity, adoption or paternity leave, you will continue to accrue pension benefits during statutory ordinary maternity leave, statutory ordinary adoption leave and statutory paternity leave and also during any further period of paid absence for which you pay contributions.</p> <p>You will have to pay contributions during:</p> <ul style="list-style-type: none">(a) statutory ordinary maternity leave, statutory ordinary adoption leave and statutory paternity leave based on the actual pay you receive during these periods; and(b) during any other period of paid absence based on the pay you would have received if you were receiving your full remuneration. <p>You will accrue pension benefits based on your full remuneration.</p>
Unpaid leave	<p>If you take unpaid leave i.e. your contractual pay is suspended whilst you are absent, you will be treated as having left <i>Service</i> at the start of the period of unpaid leave and you will not accrue pension benefits during your period of absence.</p> <p>When you return to work at the end of the period of unpaid leave, your <i>Pensionable Service</i> before being treated as having left <i>Service</i> and after returning to work will be treated as continuous (but excluding the break).</p> <p>In exceptional circumstances, you may be allowed to pay contributions and accrue pension benefits for the period you were absent. Your HR representative will be able to provide more details.</p>
Life cover whilst absent	<p>You will not be covered for lump sum death benefits or survivor's pension death benefits unless you are informed otherwise by the <i>Company</i>.</p>
Part-time working	<p>Benefits relating to part time employment will be pro-rated to take account of the number of hours a week you work.</p>
Evidence of health	<p>If you are a member admitted on the basis of restricted terms, as a result of a medical condition on joining the <i>Scheme</i>, any restriction on your ill health pension or death benefit will have been notified to you in writing.</p>

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Ceasing to be eligible	If you cease to be eligible to be a member of the <i>Scheme</i> , you will be treated as having left <i>Service</i> . You will become entitled to deferred benefits (see page 17).
Opting-out	<p>It is not a condition of your employment to be or remain a member of the <i>Scheme</i>.</p> <p>You may opt-out of the <i>Scheme</i> at any time by giving two months' notice in writing to the <i>Company</i> and the <i>Trustee</i> in the necessary form.</p> <p>You should note that if you opt-out of the <i>Scheme</i>:</p> <ul style="list-style-type: none">• You will lose the benefit of the <i>Company's</i> contributions towards the cost of future pension provision.• You will lose the protection provided by the <i>Scheme</i> to you and your family in the event of your death in service.• You will lose some of the protection provided by the <i>Scheme</i> to you and your family in the event of your early retirement from the <i>Company</i> on account of ill health.• You will no longer build up a pension in the <i>Scheme</i> and your entitlements under the <i>Scheme</i> will be based on your <i>Final Basic Salary</i> and completed <i>Pensionable Service</i> at your date of opting-out.
Rejoining the Scheme after opting-out	<p>If you have opted-out of the <i>Scheme</i> you may not rejoin at a later date.</p> <p>You may be eligible to join FuturePlanner (which is the <i>Company's</i> defined contribution scheme) at a later date and certain restrictions and conditions may be imposed. The trustees may require you to provide evidence of your health in connection with joining FuturePlanner and, if appropriate, restrict the terms of your membership. If you are a member admitted on restricted terms, you will be notified on joining.</p>
Marriage	If you get married, you should inform the Pension Administrator so your records can be updated.
Civil Partnerships	<p>If you enter into a civil partnership, you should inform the Pension Administrator so your records can be updated.</p> <p>You should note that your civil partner will be treated in the same way as a spouse for pension earned after 5 December 2005 only. Therefore, you may wish to nominate your civil partner as a dependant (see page 21 for more detail).</p>
Divorce	If you are in the process of obtaining a divorce and you believe that any financial settlement arrangement will include pension benefits, you should contact the Pension Administrator for information about the value of your pension benefits.

Limits on benefits paid from the Scheme

Scheme limits

The *Trustee* has to ensure that the benefits you receive do not exceed certain limits which are set out in the rules of the *Scheme*.

Contribution limits: The *Scheme* rules provide that, in any tax year, your member contributions to the *Scheme* and voluntary contributions to AVCs cannot exceed 100% of your UK taxable earnings.

Earnings Cap: An earnings cap will be imposed on your benefit entitlement. The *Earnings Cap* is £141,600 in the 2013/14 tax year. It will increase each April broadly in line with the percentage increase in the Retail Prices Index. You can obtain details of the revised *Earnings Cap* each year from the Pension Administrator.

Benefit limits: The rules of the *Scheme* have always contained limits on the amount of pension you may take from the *Scheme*. These limits continue to exist in the *Scheme* rules and will continue to apply to your pension.

As a rough guide, your benefits from the *Scheme* (excluding your Retirement Account, benefits bought with AVCs paid to the *Scheme*, State pensions and benefits from any other registered pension scheme) are restricted at Normal Retirement Date to:

- a pension of two-thirds of your *Final Remuneration*; and
- a dependant's pension of two-thirds of your pension.

Please note, if you have less than 20 years service or leave service before NRD then the limit will be lower.

If you believe that your pension from the *Scheme* may be restricted by the Scheme limits you may wish to consider taking independent financial advice regarding your options.

Questionnaire: The *Trustee* will require you to complete a questionnaire about your other pension benefits before *Scheme* benefits can be approved, finalised and put into payment.

HM Revenue & Customs limits

Annual Allowance: The Government will allow you to contribute each year to registered pension schemes in a tax efficient way up to the Annual Allowance. The Annual Allowance has been significantly reduced and is £50,000 in 2013/14. This will reduce further to £40,000 in 2014/15. Contributions in excess of the Annual Allowance will attract additional tax charges and you should consider this Allowance carefully, especially when paying voluntary contributions.

Lifetime Allowance: The Government will allow you to take pensions from registered pension schemes in a tax efficient way up to the Lifetime Allowance. The Lifetime Allowance was £1.5 million in 2013/14 and will reduce to £1.25 million in 2014/15. Pension benefits in excess of the Lifetime Allowance will attract additional tax charges.

General information about the Scheme

About the Scheme

The Selex Pension Scheme is an occupational pension scheme set up under trust and administered by the *Trustee* according to the rules of the *Scheme*.

The *Scheme* was established on 29 April 2005 to provide retirement and death benefits to certain employees of the participating employers.

The 100+ Section of the *Scheme* was set up to provide pension benefits to former members of the *BAE Systems Scheme* (100+ Section) who transferred to the employment of participating employers on 29 April 2005 and specified new employees of the participating employers.

Core benefits under the *Scheme* are provided from trust assets, which are not allocated to individual members. All contributions are invested and the proceeds are used to provide benefits in accordance with the rules of the *Scheme*. Retirement Account assets are held separate from trust assets in the members' name.

Trustee

The *Trustee* is SELEX Pension Scheme (Trustee) Limited, which has a board of directors (referred to as trustee directors).

The board of directors currently comprises eight trustee directors: four appointed by the *Company* and four elected by the Pensions Consultative Committee (PCC).

The *Trustee* is responsible for supervising the correct operation of the *Scheme* through its managers, with the assistance, where appropriate, from other professional advisers.

Pensions Consultative Committee (PCC)

The PCC has been set up to promote good understanding and communication of pension matters. The PCC is made up of Pensions Representatives who are nominated by the large site consultative committees to represent the pension interests of all *Scheme* members.

The functions of the PCC are to:

- Represent the views of *Scheme* members in consultations with the *Company* on matters relating to the *Scheme*;
- Assist the Pension Administrator and *Trustee* with the communication of information to members of the *Scheme*; and
- Elect four Pensions Representatives for appointment to the board of directors of the *Trustee* as member nominated trustee directors.

Contact details for your Pensions Representatives can be obtained from the Scheme website, www.selexpensions.co.uk.

Rules

The *Scheme* is governed by the rules. Your entitlement under the *Scheme* is set out in the rules, the current law and HM Revenue & Customs practice. If there is any conflict between the booklet and the rules of the *Scheme*, the rules will prevail.

Copies of the rules are held by the Pension Administrator and are available for inspection by you. Alternatively, you could request a copy of the rules to be emailed to you by requesting a copy from the Pension Administrator.

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Amending the Scheme

You should note that the rules of the *Scheme* can be changed by the *Company* (with the consent of the *Trustee*) at any time (and the *Company* may change the rules retrospectively). The *Company* will endeavour to give you written notice if your benefits or rights are materially affected by such amendments.

The rules of the *Scheme* provide that the *Company* has the right to terminate the *Scheme* at any time. If the *Scheme* is terminated, the *Trustee* will wind up the *Scheme* and distribute the assets in accordance with the rules.

Registered scheme

The *Scheme* is a registered pension scheme. It has tax approval from HM Revenue & Customs under the Finance Act 2004. This approval means that the *Scheme* receives certain tax concessions and is subject to certain restrictions.

The tax concessions currently in place are:

- full income tax relief on any contributions you make to the *Scheme* up to prescribed limits;
- tax free cash sums can be paid on retirement and death; and
- tax advantages in respect of certain income and capital gains from the *Scheme's* investments.

The restrictions imposed are:

- pensions are treated as earned income and are taxed under the PAYE system;
- certain types of payments are unauthorised and will not be made by the *Scheme*.

Entitlement to benefits

Your entitlement to benefits provided by the *Scheme* is set out in the rules of the *Scheme*.

You must not attempt to assign your future benefits to obtain cash payments or as security for loans. Under the rules, there can be no legal claim on the *Scheme* by anyone other than the person entitled to the benefits under the rules. If you attempt to assign your benefits, your benefits would cease to be payable and would come under the control of the *Trustee* for payment at its discretion.

Communication

Website: *Scheme* information is placed on the *Scheme* website, www.selexpensions.co.uk.

InFocus: The *Trustee* will issue you with periodic newsletters (called InFocus) about the *Scheme*.

Annual Report and Accounts: The *Trustee* publishes an annual report and accounts. A copy of the report is available on the *Scheme* website.

Benefit statements: Each year you will normally receive a benefit statement, which will include details of your pension earned to date.

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Data Protection Personal information is held and used for the purposes of administering the *Scheme* by the *Trustee*, the scheme administrators and their advisers. By joining the *Scheme*, you have given your consent to this data being held and processed for the purposes of the *Scheme*.

The data may be disclosed 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.

Financial advice The *Company*, its employees and the *Trustee* are not authorised to give you financial advice. If you are in any doubt about the information contained in this booklet and require financial advice you should consult an independent financial adviser (IFA), who may charge a fee for his services. Contact details for IFAs in your area can be found at www.unbiased.co.uk.

On your retirement, Aon Hewitt can provide you with details of their independent annuity advice service. Please note that there is commission payable should you select this option which will be reflected in the annuity quotation provided.

State Pension and contracting-in As a member of the 100+ Section of the *Scheme*, you are contracted-in to the State pension system.

This means that:

- you and the *Company* pay full rate National Insurance contributions; and
- you receive the basic State pension and an additional State pension from State Pension Age.

Your additional state pension, currently known as State Second Pension (S2P) and formerly called State Earnings Related Pension (SERPS), will depend upon the National Insurance contributions you paid as an employee.

Members are now able to get a State Pension forecast online through the Pension Service website. You can access the Pension Service website at www.thepensionservice.gov.uk/state-pension/forecast

Queries, dispute resolution and regulatory bodies

Queries	<p>If you have a query about the <i>Scheme</i>, you should contact the Pension Administrator. They will normally be able to help answer your queries.</p>
Complaints and dispute resolution	<p>Should you have a complaint or dispute which is not settled to your satisfaction, you can use the internal dispute resolution (IDR) procedure which the Trustee has put in place to resolve complaints or disputes.</p> <p>Should you wish to make an application under the IDR procedure, you should contact the Pension Administrator. They will send you a copy of the IDR procedure, together with the appropriate forms needed to make an application.</p> <p>The procedure provides that the nominated complaints officer will consider your application and respond within 4 months of your formal application being made.</p> <p>If you are still dissatisfied, you may appeal to the <i>Trustee</i> to reconsider your application. Your appeal must be received within six months of the decision made and communicated by the Pension Administrator.</p> <p>The <i>Trustee's</i> decision is final. If you are dissatisfied with the outcome of the IDR process, the organisations detailed below may be available to assist you.</p>
The Pensions Advisory Service (TPAS)	<p>TPAS is an independent organisation available to assist members and other beneficiaries under occupational pension schemes in connection with any pension query they may have including any difficulties which they may have failed to resolve with the trustee or administrators.</p> <p>The address for TPAS is 11 Belgrave Road, London, SW1V 1RB. Telephone 0845 601 2923.</p>
The Pensions Ombudsman	<p>The Pensions Ombudsman can investigate and determine complaints of fact or law in relation to occupational pension schemes, such as the <i>Scheme</i>.</p> <p>The Pensions Ombudsman will normally only intervene after TPAS has been involved and failed to resolve the dispute.</p> <p>The address for the Pensions Ombudsman is 11 Belgrave Road, London, SW1V 1RB. Telephone 0207 834 9144.</p>
The Pensions Regulator	<p>The Pensions Regulator is the independent regulator of occupational pension schemes in the UK. Its aims are to ensure that the interests of members of occupational pension schemes are protected and to promote good administration of occupational pension schemes.</p> <p>The address for the Pensions Regulator is Napier House, Trafalgar Place, Brighton, East Sussex, BN1 4DW. Telephone 0870 6063636.</p>
Pension Tracing Service	<p>Information about the <i>Scheme</i> (including the address at which the <i>Trustee</i> may be contacted) has been given to the Pensions Tracing Service. The Registrar acts as a central tracing agency to help individual members keep track of the deferred benefit entitlements they have in previous employers' schemes.</p> <p>The address for the Pensions Tracing Service is The Pension Service, Whitley Road Newcastle upon Tyne, NE98 1BA. Telephone 0845 600 2537.</p>

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Definitions

Throughout this booklet there are certain words and phrases (written in italics) which have special meanings and these are defined below:

Basic Contributions	means the contributions that you pay towards your core benefits.
Basic Salary	means the annual rate of your basic pay received from your employer. Except for the purpose of calculating <i>Final Basic Salary</i> , Basic Salary cannot exceed the <i>Earnings Cap</i> .
Company	means Selex ES Limited, and, in certain circumstances, any other employer participating in the <i>Scheme</i> .
Earnings Cap	the Earnings Cap is £141,600 in the 2013/14 tax year. It will increase each April broadly in line with the percentage increase in the Retail Prices Index.
Final Basic Salary	means your average <i>Basic Salary</i> during your last 12 months ending on the last day of the calendar month in which you leave <i>Service</i> or die, whichever occurs first. Final Basic Salary cannot exceed the <i>Earnings Cap</i> .
Final Remuneration	means the former HM Revenue & Customs definition of final remuneration which is broadly gross taxable earnings averaged over three consecutive years in the ten years before leaving pensionable service. Please contact the Pension Administrator if you require further details.
Normal Retirement Date	means the first day of the month following or coincident with your 65 th birthday.
Pensionable Service	is the number of years and complete months during which you have contributed to the <i>Scheme</i> .
Qualifying Service	means service during which you were accruing retirement benefits under the <i>Scheme</i> .
Scheme	means the Selex Pension Scheme.
Scheme Year	means a period of one year commencing 6 April each year.
Service	means employment with the <i>Company</i> or such other period which the <i>Company</i> treats as <i>Service</i> .
State Pension Age	means age 65 for a man, age 60 for a woman born before 6 April 1950, age 65 for women born on or after 6 April 1955, and an age between 60 and 65 for women born on or after 6 April 1950 and before 6 April 1955.
Trustee	means SELEX Pension Scheme (Trustee) Limited or any other trustee of the <i>Scheme</i> from time to time.