

Working beyond age 65

Members reaching age 65 on or after 6 April 2016 (who were in active Pensionable Service on 6 April 2016)

When a member reaches age 65, if he or she remains in employment with the consent of the Company, there are two options the member could take regarding membership of the Leonardo Electronics Pension Scheme. The member could:

- remain an active member of the Scheme and continue to pay pension contributions; or
- stop paying pension contributions and defer his/her pension until they leave the Company.

Please note that members are not able to draw their pension until they have stopped working for the Company.

If a member is contemplating working beyond age 65 it is important to consider the benefits available in each scenario carefully before deciding whether or not to continue contributing to the Scheme. **It may be helpful to contact the administrators, XPS, for illustrations of the benefits payable in each scenario. If members are uncertain what action to take it is recommended that professional financial advice is taken.**

Members wishing to stay in the Scheme

Members of all sections of the Leonardo Electronics Pension Scheme are able to accrue pensionable service beyond age 65 if they remain in employment with the Company. A member who is still in service after reaching age 75 will be treated for all purposes of the Scheme as having left on reaching that age.

Life Cover on death in Pensionable Service

Members will continue to have the benefit of life cover up to age 75 with the insurer.

Members wishing to opt-out of the Pension Scheme

Members could choose to opt out of the Scheme at age 65 and no longer pay pension contributions. The pension would no longer retain a link with the member's earnings and no further pension would be earned. Instead their pension would be deferred and increase after age 65 by an actuarial factor. The actuarial factor will be determined at the member's date of retirement which would be the date the member leaves employment (unless Trustee or Company consent to a later date is given).

If a member has opted out of the Scheme, and wanted to re-join a Company pension scheme, they could apply to join FuturePlanner (the Company's defined contribution pension arrangement). If a member does not join FuturePlanner immediately after leaving the Scheme, they may be required to provide evidence of health and the benefits available may be restricted in certain circumstances.

Life Cover on death with a preserved pension ('death in deferment')

If a member opts-out of the Scheme, he/she will no longer be eligible for the 'death in service' life cover benefit. Instead, 'death with a preserved pension' benefits are applicable as summarised in the table below.

Spouse's pension and lump sum payable on death

Lump sum payable on death

This is a summary only – further details are set out in the Scheme Rules and Member Booklets. The benefits summarised below apply in respect of deaths after 5 April 2016.

Section	Member dies in Pensionable Service	Member dies on or after age 65 with a preserved pension that has not started
2000	<p>A lump sum equal to 4 x the annual rate of Pensionable Salary</p> <p>+</p> <p>If there is no survivor's pension benefit payable and the member has participated in Buy Up, a refund of the Buy Up contributions</p> <p>+</p> <p>A lump sum equal to any SBS for Retirement Benefits fund or AVC fund</p>	<p>A lump sum equal to five years' pension payments from the Scheme if the Member had retired immediately before his or her death and taken the maximum amount as a cash lump sum (disregarding increases).</p> <p>+</p> <p>A lump sum equal to the maximum tax free cash lump sum the Member could have taken if they had retired immediately before his or her death.</p> <p>+</p> <p>If there is no survivor's pension benefit payable and the member has participated in Buy Up, a refund of the Buy Up contributions.</p> <p>+</p> <p>A lump sum equal to any SBS for Retirement Benefits fund or AVC fund</p>
Main	<p>A lump sum equal to 4 x the annual rate of Pensionable Salary</p> <p>+</p> <p>If there is no survivor's pension benefit payable and the member has participated in Buy Up, a refund of the Buy Up contributions</p> <p>+</p> <p>A lump sum equal to any AVC fund.</p>	<p>A lump sum broadly equal to the Member's total basic contributions to the Scheme</p> <p>+</p> <p>If there is no survivor's pension benefit payable and the member has participated in Buy Up, a refund of the Buy Up contributions.</p> <p>+</p> <p>A lump sum equal to any AVC fund.</p>
100+	<p>A lump sum equal to 4 x the annual rate of Pensionable Salary</p> <p>+</p> <p>If there is no survivor's pension benefit payable and the member has participated in Buy Up, a refund of the Buy Up contributions</p> <p>+</p> <p>A lump sum equal to the Member's Retirement Account and any AVC fund</p>	<p>A lump sum equal to five years' pension payments from the Scheme if the Member had retired immediately before his or her death (disregarding future increases).</p> <p>+</p> <p>If there is no survivor's pension benefit payable and the member has participated in Buy Up, a refund of the Buy Up contributions.</p> <p>+</p> <p>A lump sum equal to the Member's Retirement Account and any AVC fund</p>

Survivor's pension on death

Section	Member dies in Pensionable Service	Member dies on or after age 65 with a preserved pension that has not started
2000	A survivor's pension equal to 50% of the pension the Member would have received if he or she had retired immediately before death.	A survivor's pension equal to 50% of the pension the Member would have received if he or she had retired immediately before death.
Main	A survivor's pension equal to 50% of the pension the Member would have received if he or she had retired immediately before death.	A survivor's pension equal to 50% of the pension the Member would have received if he or she had retired immediately before death.
100+	A survivor's pension equal to 50% of the pension the Member would have received if he or she had retired immediately before death.	A survivor's pension equal to 50% of the pension the Member would have received if he or she had retired immediately before death.

Each of the survivor's pensions above are calculated on the basis that no pension is given up for a lump sum or dependant's pension.

Note: Members who transferred from BAE Systems employment in April 2005 are likely to also be entitled to death benefits under the BAE Systems pension arrangements, which are in a separate pension scheme with BAE Systems.

October 2019