

Access your pension details on-line

The SELEX Trustees, in partnership with Aon Hewitt, recently launched an on-line interactive facility which enables members to access details of their personal Scheme pension information and also provides members with a pension planning modeller. To access this new facility, members need to have a personalised log-in and complete the enrolment process.

Launch letters were issued to you in November which included your log-in details. If you have lost yours and need a replacement, click on the link on the welcome page (illustrated below), or alternatively contact the Pension Administrator, Aon Hewitt using the contact details opposite.



In this issue of **IN FOCUS** We provide you with:

- Annual SELEX Pension Scheme Summary Funding Statement
- Results of MND Election
- A Pension Alert – Scheme Valuation
- Information on tracing old or forgotten pensions
- State Pension update
- Information on pension rates for 2011/2012
- Pension Alert – working beyond age 65

Meet your pension administration team

Following the merger with Hewitt in October 2010, Aon Consulting, the SELEX Pension Scheme Administrator, have changed their name and are now known as Aon Hewitt.

The Bristol office of Aon Hewitt will continue to administer the SELEX Pension Scheme, a task they have managed since April 2008. The Pension Administrator is employed by the Trustees to handle all the Scheme administration including calculating and arranging payment of benefits, producing your annual benefit statements and dealing with any enquiries you may have.

Aon Hewitt now has a 29,000 strong workforce servicing more than 20,000 clients, including the SELEX Pension Scheme, in over 90 countries.

If you have any queries about your SELEX Pension, please contact Aon Hewitt using the new contact details below:

Address:

SELEX Pension Scheme
Aon Hewitt
25 Marsh Street
Bristol BS1 4AQ

E-mail:

selex.pensions@aonhewitt.com

Telephone:

0117 945 3544



The Bristol team comprises: Back row left to right: Jon Cox, (Member Events team), Jo Thomas (Member Events team leader), Charlotte Hand and Robert Jones, both from the Member Events team. Front row left to right: Jon Bowden (Scheme Events team leader), Richard Butcher (Scheme Events Team), and James Rowson from the Member Events team. Collectively they have in excess of 50 years' experience in the administration of pension schemes.



News

Results of MND Elections

In September 2010 the Pensions Consultative Committee (PCC) held elections to find four representatives to stand as Member Nominated Trustee Directors [MNDs].

The result of the election is that Jim Cull, Martin Johnson, Stuart Rushworth and Jim Thomson will continue to serve as Trustee Directors for a further period of three years from 31 October 2010. They will serve alongside Company Nominated Trustee Directors Dave Evans, Martin Flavell, Geoff Munday and Bernard Walsh.

Left to right: Geoff Munday, Bernard Walsh, Stuart Rushworth, Martin Johnson, Jim Thomson, Martin Flavell.



Absent: Jim Cull and Dave Evans.

The Scheme Valuation approaches

The next valuation of the Scheme is due to take place on 5 April 2011. The valuation process isn't unique to the SELEX Pension Scheme but something that pension schemes normally carry out every three years. A valuation can be compared to a 'health check' for the scheme, ensuring there is enough money to pay members' pension benefits when they retire.

The results of the Valuation will be available from the Scheme Actuary at the end of the year.

Rates for 2011/12

Revaluation Factors (Main section only)

The SELEX revaluation factors for Individual Pension Accounts (IPA) and Protected Rights Accounts (PRA) for the 2011/12 Scheme Year are 12.7%.

Credited Interest (2000 section only)

The SELEX Credited Interest rate for the 2011/12 Scheme Year is 7%.

Tracing old or forgotten pensions

A common question asked by members is **"How do I find out who I need to contact about the pension I had before joining SELEX?"**

If you have a pension with a company that no longer exists, has changed its name or been taken over and you are unable to track it down, you can contact the Pension Tracing Service for help. The Pension Tracing Service is a free service run by the Department for Work and Pensions (DWP) which can help to trace an old pension scheme if your details are unclear or have been lost. This is done by matching any information you can provide, with any information that is held on a pension scheme database, which holds information for current and historical UK pension schemes.

The Pension Tracing Service can be accessed via the DWP website **www.direct.gov.uk/pensions** or you can call them on **0845 6002 537** or you can write to them at:

The Pension Service, Tyneview Park, Whitley Road, Newcastle upon Tyne NE98 1BA.

If you are having a problem identifying details of a personal pension provider another helpful resource is the Association of British Insurers website **www.abi.org.uk**.

For ex-BAE Pension Scheme members

○ If you are in the SELEX Main or 100+ Section:

BAE Systems Pension Service Centre,
PO Box 87,
Chester House,
Farnborough Aerospace Centre,
Farnborough,
Hampshire GU14 6YU

Telephone: 0845 180 1401 (or if calling from abroad +44 (0)1293 591956)

E-mail: baesystems.pensionenquiries@xafinity.com

Fax: 01252 378660

○ If you are in the SELEX 2000 Section:

BAE Systems Pensions Service Centre,
5 Fulwood Business Park, Caxton Road,
Fulwood
Preston PR2 9NZ

Telephone: 0845 180 1403 (or if calling from abroad +44 (0)1293 591958)

E-mail: fulwood.pensions@xafinity.com

Fax: 01772 708546



Ending of compulsory annuitisation

In June 2010 the Government introduced an interim arrangement that extended the requirement to purchase an annuity (a pension) from a Defined Contribution (DC) arrangement to age 77 for members who reached age 75 on or after 22 June 2010.

From 6 April 2011 there is no age limit at which members are required to purchase an annuity. This change may be of interest to members of the SELEX Pension Scheme who make Additional Voluntary Contributions (AVCs) to the Standard Life AVC scheme. HM Revenue & Customs (HMRC) guidance is still awaited.

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Tax relief on Pension Contributions

If you are making Additional Voluntary Contributions (AVCs), you may be interested to read a briefing note on the forthcoming changes to pension tax relief issued by Aon Hewitt. This is available for review in the NEWS section of the SELEX pensions website www.selexpensions.co.uk.

Key changes include:

- The annual allowance is reduced to £50,000.
- The annual allowance tax charge is to be set at an individual's marginal tax rate.
- Where an individual exceeds the Annual Allowance, unused Annual Allowance can be carried forward from up to three previous years to offset for 08/09, 09/10 and 10/11. This will be capped at £50,000.
- Lifetime Allowance will be reduced from £1.8m to £1.5m from April 2012.

If you think you might be affected by these changes, further information can be provided by contacting Aon Hewitt.

State Pension update

Current pension entitlement

The Basic State Pension (BSP) is a retirement income you can claim once you have reached your State Pension Age (SPA) if you have paid or been credited with sufficient National Insurance contributions during your working life.

The full BSP is currently £5,077.80 per annum for a single person and £8,119.80 per annum for a married couple (2010/11)



Single Person £5,077.80 per annum



Married Couple £8,119.80 per annum

Changes to the State Pension

From April 2011 the Government is changing the way it increases the BSP by a triple guarantee of earnings, prices or 2.5%; whichever is the highest.

The Consumer Price Index (CPI), which excludes housing costs, will be used as the measure of prices in the triple guarantee. To ensure the value of the BSP is at least as generous as under the previous uprating rules, the Government will increase the BSP in April by at least the equivalent of the Retail Price Index (RPI).

When can you start taking your benefits?

Currently state pension benefits are payable to men at 65 and women at 60. Following recommendations from Lord Turner, the then Government planned to steadily increase the SPA to 68 for both men and women over the next four decades.

Following the comprehensive spending review in October 2010, the coalition Government confirmed the rise to 66 for men and women would take effect by April 2020, which was sooner than the 2026 target that was previously set. The Pensions Bill 2011, due later this year, is expected to confirm that men and women's SPA will increase to 66 between December 2018 and April 2020.

Details of the updated arrangements and details of how you can obtain a forecast of your State Pension benefits can be found at www.dwp.gov.uk.

UPDATED GUIDANCE ON WORKING BEYOND AGE 65 HAS BEEN ISSUED AND CAN BE FOUND IN THE NEWS SECTION OF THE SELEX PENSIONS WEBSITE. IF YOU NEED HELP IN UNDERSTANDING YOUR OPTIONS PLEASE CONTACT THE PENSION ADMINISTRATORS, AON HEWITT.

SELEX Pension Scheme Summary Funding Statement

This is your update on the funding position of the Scheme which the Trustee is required to provide you with each year.

Set out opposite are details of the Scheme's funding position as at 5 April 2008 (the date of the most recent formal funding valuation of the Scheme), 5 April 2009 and 5 April 2010, based on interim funding valuations at these dates. In addition you will also find information on how the funding position changes over time.

Key			
		Assets =	█
		Liabilities =	█
		Funding level = %	
2008	£109.3m	67%	Deficit £54.3m
	£163.6m		
2009	£159.6m	68%	Deficit £76.5m
	£236.1m		
2010	£248.0m	90%	Deficit £29.0m
	£277.0m		

Definitions

Assets: The amount of money held by the Scheme in various forms. This includes cash, equities, bonds, swaps and other investments.

Liabilities: The amount of money the Scheme will need to pay all of its future benefits.

Deficit: The shortfall between the Scheme's assets and liabilities.

Funding level: The relative value of the Scheme's assets and liabilities, expressed as a percentage figure.

Interim valuation results as at 5 April 2010

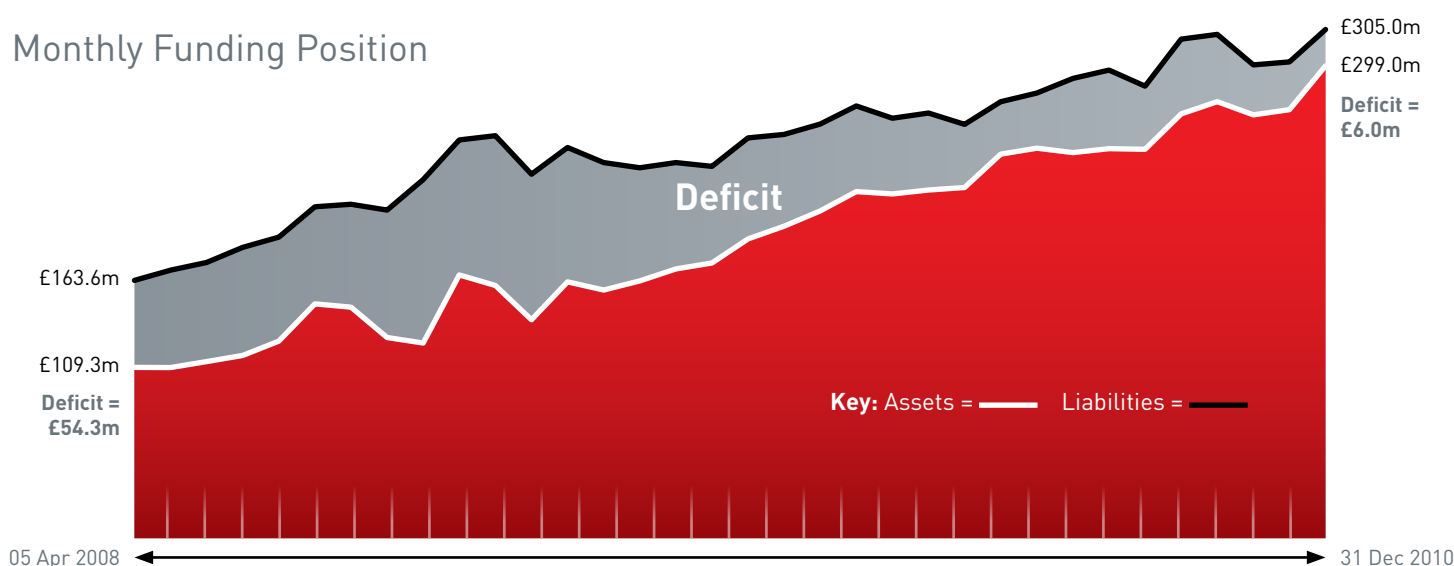
The improvement in the funding level has occurred largely because the Scheme's investments in TIGS have significantly over performed the benchmark over the year and the Employer is also paying additional contributions to fund the shortfall. The increase in liabilities was also more than offset by the Scheme's swaps portfolio, which provided protection against low interest rates.

The assumptions used to value the liabilities as at 5 April 2010 are consistent with the formal valuation as at 5 April 2008 but reflect changes in the relevant interest and inflation rates.

Development of funding position over time

The next detailed calculation of the Scheme's funding position will occur as part of the formal actuarial valuation as at 5 April 2011. The Trustee does, however, monitor the funding of the Scheme on a regular basis and will take action between formal valuation dates if necessary. The following graph shows approximately how the funding position has fluctuated between April 2008 and December 2010:

Monthly Funding Position



Scheme Summary Funding Statement continued...

What is the Trustee doing to eliminate the deficit?

As a result of the 5 April 2008 valuation, the Trustee and the Company agreed that the participating Employers will pay additional contributions each year (in addition to the cost of funding future benefits) to eliminate the shortfall over a ten year period, which began on 1 July 2009. The additional contributions are paid quarterly in advance, currently £7.01m for the second year and increasing each year up to £10.33m in the final year.

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Buyout/discontinuance basis

When the valuation was carried out at 5 April 2008, the Actuary also valued the Scheme on a discontinuance basis. This is the amount of money needed to buy an insurance policy to pay your benefits. This would only be relevant if it was decided to wind up the Scheme.

...the Actuary valued the Scheme as 93% funded on a discontinuance basis...

The Actuary valued the Scheme as 93% funded on a discontinuance basis, which is equivalent to a £7.8m increase in the deficit since the last discontinuance valuation. It is a legal requirement to produce these discontinuance figures and it does not mean there is any intention to wind up the Scheme.

We anticipate that you will have questions about the funding of the Scheme. We hope the following information will answer some of these.

How is my pension funded?

Active members and the participating Employers pay contributions to the Scheme based upon members' pensionable salaries. The Scheme holds the money in a common fund from which it pays members' pensions when they retire.

If you pay additional voluntary contributions to the Selected Benefits Scheme then these contributions are also held in this common fund. Other AVCs and your Retirement Account (100+ Section) are held separately with Standard Life.

How is the amount of money the Scheme needs worked out?

The Trustee obtains regular valuations of the benefits earned by members. Using this information and recommendations from the Scheme Actuary, the Trustee and the Company must agree on the future contributions that must be paid to ensure there is sufficient money in the Scheme to pay the benefits.

Which funding basis is used?

The ongoing funding basis is used to assess the amount needed to ensure the Scheme is adequately funded and to determine how much needs to be paid into the Scheme by participating Employers and members. It assumes that SELEX will continue in business and support the Scheme.

The discontinuance basis is not used as it assumes that benefits will be secured by buying insurance policies. Insurers need to make a profit and therefore charge more to insure pensions than it costs the Scheme to provide benefits. This basis would be relevant if the Scheme wound up and the benefits needed to be insured.

What would happen if the Scheme started to wind up?

We are legally required to tell you what would happen if the Scheme were to wind up. This does not mean that there is any intention to wind up the Scheme in the foreseeable future.

If the Scheme was to start to wind up, SELEX is required to pay enough into the Scheme to enable the members' benefits to be insured with an insurance company. If SELEX is not able to pay the deficit (if any), the Pension Protection Fund (PPF) might be able to take over the Scheme and pay some compensation to members.

The PPF's main function is to provide compensation to members of eligible defined benefit (final salary) pension schemes, when there is a qualifying insolvency event in relation to the Employer, and where there are insufficient assets in the pension scheme to cover the PPF level of compensation.

Other information

The law requires the Trustee to inform you that no payments have been made from the Scheme to any participating Employers in the last 12 months.

In the September 2010 edition the Trustees notified you of their intention to pass a resolution to retain existing powers in the Rules. This resolution was passed by the Trustees at the March meeting.

If you are thinking of leaving the Scheme for any reason, you should consult a professional adviser, such as an independent financial adviser, before taking any action.

If you require any further information about the Scheme then please contact the Pension Administrator, Aon Hewitt, using the details on the front page.

REMEMBER, IF YOU MOVE HOUSE, PLEASE KEEP THE PENSION ADMINISTRATOR INFORMED SO YOU CAN CONTINUE TO RECEIVE UP TO DATE INFORMATION.

Disclaimer

The content of this newsletter is given for the purpose of providing you with information about the Scheme only and has no legal effect. The rules of the Scheme govern how the Trustee must act and if the rules of the Scheme are inconsistent with the information given in this newsletter, the rules will prevail. Copies of the rules are available from the Pension Administrator, Aon Hewitt.

