


## In this issue

In this issue of  we provide you with:

- Details of our new PCC representative;
- Details of a regulatory change to deferred pension increases;
- Details of an increase in the Minimum Pension Age;
- Details of the online State Pension forecast service and increase in the State Pension age;
- A Standard Life investment update;
- Your chance to win a prize with our pensions quiz; and
- Details of guidance notes available for members.

## News

### Actuarial valuation

The Company has consulted members on a number of benefit and contribution changes as a result of the funding shortfall identified in the Scheme by the 5 April 2008 actuarial valuation. The recovery plan, which sets out how this funding shortfall is to be met, must be submitted to the Pensions Regulator by 5 July 2009. The Trustee is currently working with the Company to finalise the actuarial valuation, including the benefit and contribution changes arising from it.



### Welcome to our new PCC representative

Following the resignation of Kevin Brooks, one of the Basildon PCC representatives, we are pleased to welcome Christopher Guertin as the new PCC representative. Our thanks go to Kevin for all his work during his time as a member of the PCC.

Chris joined the Company in 1967 and works at the Basildon site as a Configuration Controller.

If you wish to contact Chris, please email:

**[christopher.guertin@selexgalileo.com](mailto:christopher.guertin@selexgalileo.com)**

Contact details for all the PCC representatives can be found on the Scheme website, **[www.selexpensions.co.uk](http://www.selexpensions.co.uk)**



## News (continued)

### Deferred pension increases

If you leave the Scheme and are entitled to a deferred pension, the value of this pension is increased each year until you retire. The rate of yearly increase is set by legislation. The previous minimum requirement was for the increase to be in-line with inflation (the Retail Prices Index) up to a cap of 5% a year over the period of deferment.

The Pensions Act 2008 amended this cap so that from 6 April 2009, the rate of increase will be in-line with inflation up to a cap of 2.5% a year.

The change will only apply to benefits earned on and after 6 April 2009, so the change does not affect members who left the Scheme before 6 April 2009. If a member leaves the Scheme in future, their deferred pension will be increased as follows:

- Pension earned from service up to **6 April 2009** will increase in-line with inflation up to 5% a year; and
- Pension earned from service **on and after 6 April 2009** will increase in-line with inflation up to 2.5% a year.

Please see the member booklet for your section of the Scheme, available online at [www.selexpensions.co.uk](http://www.selexpensions.co.uk), for more detail on how pensions increase in deferment.

The change brings deferred members in-line with pensioners for whom the equivalent cap reduced from 5% to 2.5% a year for pension accrued on and after 6 April 2006.

### Increase in the Minimum Pension Age

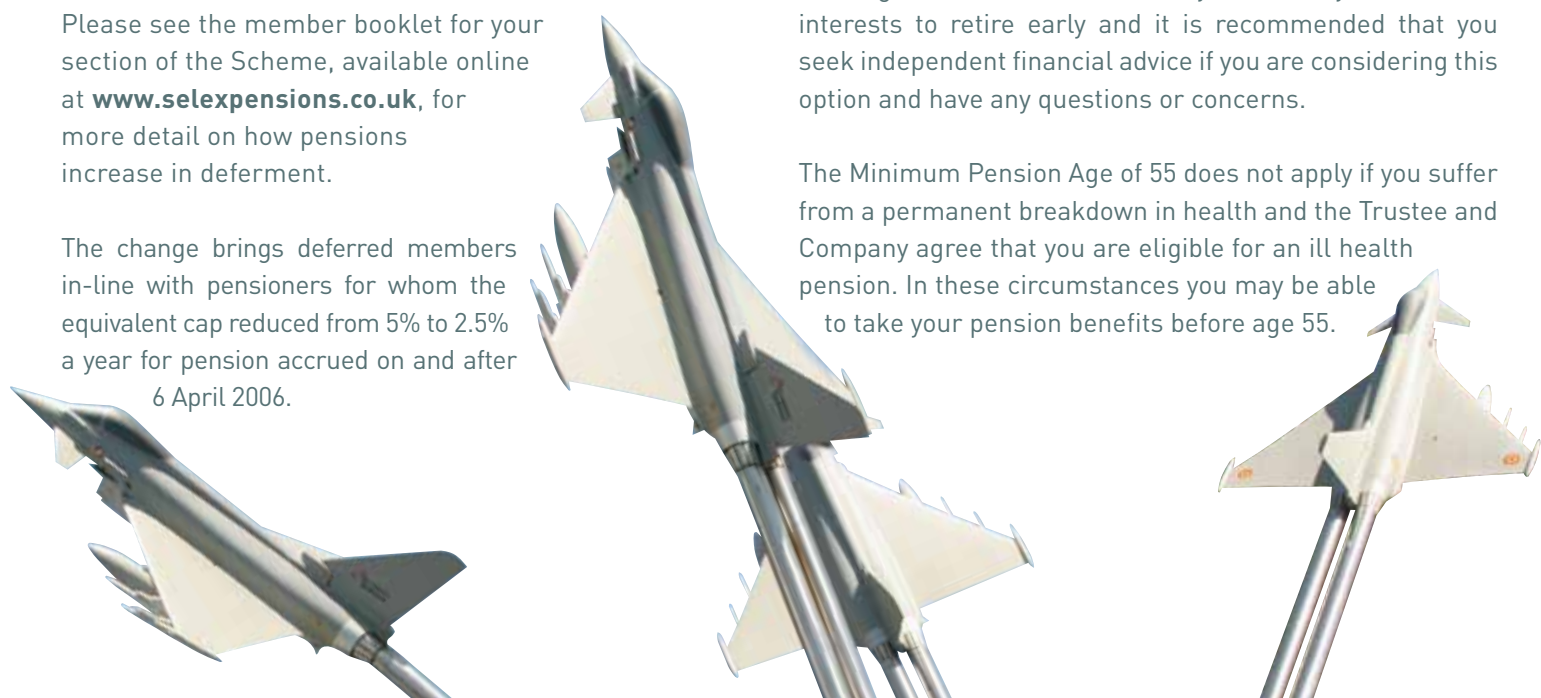
Under current legislation, the earliest age at which you can draw your pension benefits from the Scheme is age 50. However, from 6 April 2010, new HM Revenue & Customs requirements mean that the earliest age you can draw your pension benefits will increase to age 55.

The way this affects you depends on your date of birth:

- If you were born before 6 April 1955, this change has no effect on you.
- If you were born between 6 April 1955 and 5 April 1960, you currently have an option to retire early when you reach age 50 (subject to consent) but if you choose to retire on or after 6 April 2010, that option will no longer be available until you reach age 55.
- If you were born after 5 April 1960, the earliest you can consider retirement is when you reach age 55.

Please note, you may need the consent of the Trustee and Company to take early retirement from the Scheme. The Scheme also applies early retirement reductions to reflect the fact that if you retire early your pension will be payable for longer. Because of this, it may not be in your financial interests to retire early and it is recommended that you seek independent financial advice if you are considering this option and have any questions or concerns.

The Minimum Pension Age of 55 does not apply if you suffer from a permanent breakdown in health and the Trustee and Company agree that you are eligible for an ill health pension. In these circumstances you may be able to take your pension benefits before age 55.





## State Pension forecasts and increase in the State Pension age

### Online State Pension forecast service

In addition to the pension provided by the Company, employees may receive a State Pension which is paid directly by the Government. Employees are now able to get a State Pension forecast online through the Pension Service website.

You can access the Pension Service website through the Scheme website ([www.selexpensions.co.uk](http://www.selexpensions.co.uk)), by clicking on 'Pension Info', then 'Basic Information' and then 'Your State Pension'. Alternatively, you can access the State Pension forecast page directly at [www.thepensionservice.gov.uk/state-pension/forecast](http://www.thepensionservice.gov.uk/state-pension/forecast)

A State Pension forecast will give you:

- An estimate of the basic and additional State Pension you may get based on your National Insurance contributions so far; and
- An estimate of the basic and additional State Pension you may get when you claim your State Pension.

You can get an online forecast if you:

- Live in the UK;
- Are more than four months away from State Pension age; and
- Are not widowed or someone whose civil partner has died.

Due to the availability of this online State Pension forecast service, the annual benefit statement which you receive from the Scheme will not include an estimate of your State Pension benefits.

### Increase in the State Pension age

State Pension age is the earliest age from which you can claim your State Pension. It is currently 65 for men and 60 for women but will be increasing between the years 2010 and 2046.

For women born on or after 6 April 1950 their State Pension age will increase gradually between 2010 and 2020. From 6 April 2020, the State Pension age will be 65 for both men and women.

Between 2024 and 2046 the State Pension age will increase for both men and women. The increase will be gradual, happening over two years every decade. The changes will mean that, for both men and women, State Pension age will increase:

- From age 65 to 66 between April 2024 and April 2026;
- From age 66 to 67 between April 2034 and April 2036; and
- From age 67 to 68 between April 2044 and April 2046

**You can find out exactly when you will be able to claim your State Pension by using the online State Pension age calculator on the Pension Service website at [www.thepensionservice.gov.uk/state-pension/age-calculator.asp](http://www.thepensionservice.gov.uk/state-pension/age-calculator.asp)**



## Rates for 2009/10

### Revaluation Factors (Main section only)

The SELEX revaluation factors for Individual Pension Accounts (IPA) and Protected Rights Accounts (PRA) for the 2009/10 Scheme Year are -13.9%. This reflects the negative investment return on the Scheme assets over the last year. You should note that both the IPA and PRA underpin your Main section benefits and therefore this reduction will have minimal, if any, impact on your pension.

### Credited Interest (2000 section only)

The SELEX Credited Interest rate for the 2009/10 Scheme Year is 2.5%.



## Standard Life investment update

### Standard Life Pension Sterling One Fund

One of the funds offered through the Scheme's Additional Voluntary Contribution (AVC) and Additional Basic Contribution (ABC) arrangements is the Standard Life Pension Sterling One Fund. As a result of recent market volatility, the Trustee has made some changes as set out below.

#### What is the Sterling One Fund?

The Sterling One Fund holds a mixture of assets, including cash deposits, Treasury bills and money market instruments, known as asset-backed securities. The reason for this investment mix is to aim to provide better returns than a bank or building society account over time.

#### What effect has the market volatility had?

Having reviewed the available market data, which indicated that the current value of some asset-backed securities held within the Sterling One Fund had fallen substantially, Standard Life notified the Trustee that the price of the units held in the Sterling One Fund had been reduced by approximately 5% on 14 January 2009.

Following industry pressure, on 11 February 2009 Standard Life subsequently announced their decision to reverse the re-price and restore individuals to the position they would have been in prior to the reduction.

These events have involved those members of the AVC and ABC arrangements invested in the Sterling One Fund either on a 'self select basis' or through the Balanced Lifestyle Strategy. All members in the Sterling One Fund were contacted by the Trustee to explain the decisions taken by Standard Life.

#### What changes have been made?

Although Standard Life did reverse their decision to re-price the units, in view of the recent volatility of the Sterling One

Fund the Trustee decided to make two changes to the AVC and ABC arrangements:

1. The Standard Life Managed Cash Fund ("Managed Cash Fund") has been added as an additional 'self select' fund option. This increases the range of funds available for members to choose from and is in addition to the Sterling One Fund.
2. The Sterling One Fund is to be replaced by the Managed Cash Fund as the cash option utilised in the Balanced Lifestyle Strategy, for both existing and future contributions. All holdings within the Sterling One Fund in the Lifestyle Strategy have been switched into the Managed Cash Fund. The Managed Cash Fund has a lower return target than the Sterling One fund but is likely to have a lower volatility as it is not invested in the same types of assets.

Members may wish to consider their own personal attitude to risk, including the chances of future gains or losses on the Sterling One Fund. You are advised to contact an Independent Financial Adviser if you need any assistance in reviewing your fund choices. Further details regarding the investment funds available are set out in the Retirement Account Guide (100+ section only) and AVC guide on [www.selexpensions.co.uk](http://www.selexpensions.co.uk)

### Standard Life Pension Property One Fund

Standard Life has announced a new queuing system for members who request to surrender, transfer or switch out of its property funds (including the Standard Life Pension Property One fund used by the Scheme). These requests will be placed in a queue and may take up to six months to be completed. Please note, members taking retirement or policies paying death benefits will not have to queue. This move to try to control redemptions reflects the current difficulty in selling property across the market.



## Guidance available for members

The Trustee has recently published guidance notes on the issues summarised below. To access the notes, go to the Scheme website, click on the 'Pension Info' tab, then 'Forms and Publications' and then 'Other Publications'.

### Information for members working beyond age 65

When a member reaches age 65, if they remain in employment with the consent of the Company, there are two options they could take regarding membership of the Scheme:

- Remain an active member of the Scheme and continue to pay pension contributions; or
- Opt-out of the Scheme, stop paying pension contributions and defer their pension until they leave the Company.

Members are not able to draw their pension until they have stopped working for the Company.

#### Members wishing to stay in the Scheme

Members are able to accrue pensionable service beyond age 65 if they remain in employment with the Company. If a member is still in service after reaching age 75, they will be treated as having left service on reaching age 75 and their pension will then become payable.

Members who remain in pensionable service will continue to be eligible for the insured death in service benefit up to age 70. They will need to complete a declaration once they reach age 65 which the insurer will review.

#### Members wishing to opt-out of the Scheme

Members could choose to opt-out of the Scheme at age 65 and have a deferred pension. The pension would no longer retain a link with the member's earnings and no further pension would be earned. The pension would be increased after age 65 by an actuarial factor. The actuarial factor will be determined at the member's date of retirement.

If a member opts-out of the Scheme, they will no longer be eligible for the insured death in service benefit.

### Death benefits for partners

You may wish to take the following actions to ensure that the Trustee considers your partner when determining the benefits payable in the event of your death:

- Ensuring your Expression of Wish form is kept up to date;
- Enclosing a short letter with your Expression of Wish form giving details of how long you have lived with your partner in a relationship closely resembling marriage and indicating that you wish the Trustee to consider your partner to receive any spouse's benefits; and
- Ensuring that your partner has evidence to show that you have been living together.

Members of the 2000 section can nominate a Specified Dependant, which is someone the Trustee is satisfied is wholly or mainly dependent on you for the ordinary necessities of life. A form to nominate a Specified Dependant is available from the Pension Administrator, Aon.

Please see the full guidance notes online for further details at [www.selexpensions.co.uk](http://www.selexpensions.co.uk).



## Keeping your pension information

As a member of the SELEX Pension Scheme, you will receive an annual benefit statement. The statement will inform you of the pension benefits you have earned to date as a member of the Scheme and the estimated projected benefits you may expect to receive if you remain in the Scheme until your Normal Retirement Date. If you have paid Additional Voluntary Contributions (AVCs), you will have received statements from Standard Life showing information about your AVC fund and the pension this may provide on retirement.

In addition, you may have pension benefits from previous periods of employment, for example employment with BAE Systems. If this applies to you, you will have received a statement of benefits on leaving your previous pension arrangement and the relevant scheme may also issue you with annual benefit statements.

It is important that you take the time to familiarise yourself with these documents, check that the personal information on them is correct and keep them in a safe place. Keeping your documents in one place will allow you to compare the statements each year. It will also aid in your retirement planning by helping you to keep track of the different pension benefits you may have and assist advisers in answering any queries you may have regarding your pension benefits.

**Remember, if you move house, please keep the Trustee informed so you can continue to receive up to date information.**

## Annual benefit statements 2009

The Trustee and its advisors are working with Aon to produce the 2009 SELEX benefit statements. The targeted date for issue is 31 October 2009.

## Pensions Management

The Trustee sends its congratulations to the SELEX Pensions Manager, Kate Webber, on the birth of her second daughter, Megan Rose. Rachael Skuse from the Pensions Management team is managing the Scheme during Kate's absence and Hannah Ashton has been seconded from the Pension Administrator, Aon, to support the team.

## Contact details

Telephone: 0117 945 3544

Email: [selex.pensions@aonconsulting.co.uk](mailto:selex.pensions@aonconsulting.co.uk)

Pensions Website: [www.selexpensions.co.uk](http://www.selexpensions.co.uk)

Address: SELEX Pension Scheme, Aon Consulting Limited, 25 Marsh Street, Bristol BS1 4AQ



### 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.

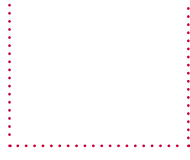
# Pensions Quiz

## Win a bottle of champagne!

The Trustee is currently finalising the actuarial valuation and we thought we would see how much you know about actuarial issues in this short quiz.

If you wish to enter the competition, then please email your answers (together with your name, address and email) to the questions overleaf to [pensions@finmeccanica.com](mailto:pensions@finmeccanica.com). Alternatively, please complete the questions and your details overleaf, tear off this slip and post it back. Please remember to attach a stamp. All entries must be received by 10 July 2009.

All the correct answers will be entered into a draw and one winner will be selected to receive a bottle of champagne!



attach a large  
letter stamp here

SELEX Pension Scheme  
Pensions Management  
Box 205  
AgustaWestland  
Lysander Road  
Yeovil  
BA20 2YB

1. How often does the Scheme Actuary undertake an actuarial valuation to assess the Scheme's assets and liabilities?  
(A) Every year  (B) Every 3 years  (C) Every 5 years
2. As part of the valuation, the Scheme Actuary must make an assumption regarding the life expectancy of the membership. What is the life expectancy assumption (i.e. how many years a person will live for after age 65) used for a male member aged 65?  
(A) 21 years  (B) 23 years  (C) 25 years
3. The valuation requires various assumptions to be set in order to anticipate how much money needs to be paid into the Scheme to meet all the benefits. Who sets the assumptions?  
(A) The Trustee  (B) The Company   
(C) The Trustee and the Company by agreement
4. How many members [active, deferred and pensioner] were there in the Scheme at the date of the valuation (5 April 2008)?  
(A) 4,777  (B) 4,085  (C) 4,538
5. What is the average time it takes to become a qualified Actuary?  
(A) 4 years  (B) 6 years  (C) 8 years
6. How many years' experience of advising pension schemes does our current Scheme Actuary, Danny Vassiliades, now have?  
(A) 13 years  (B) 16 years  (C) 19 years

This competition is only open to members of the SELEX Pension Scheme and entries must be received by 10 July 2009. Trustee Directors and their agents/advisors are not eligible to enter. The Trustee may publish the name of the winner in a subsequent newsletter and by entering this competition you agree to your name being published. The prize has been donated by the Company.

Name: ..... Address: .....  
..... Postcode: ..... Email: .....