



Leonardo Electronics Pension Scheme

Retirement Account Guide (100+ Section members only)

September 2023 edition

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Introduction

The Leonardo Electronics Pension Scheme (the “*Scheme*”) is a registered pension scheme set up under trust and administered by Leonardo Electronics Pension Scheme (Trustee) Ltd (the “*Trustee*”) according to the rules of the *Scheme*. For more information about how the *Scheme* works, please read the Leonardo Electronics Pension Scheme – Member’s Booklet – 100+ Section.

Your entitlement from the 100+ Section of 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). More detail about the way each element of your pension is calculated is set out in the Leonardo Electronics Pension Scheme – Member Booklet – 100+ Section. This booklet has been designed to explain the main details of the Retirement Account available to members of the 100+ Section of the *Scheme*.

Until 1 December 2009 it was possible for members of the 100+ Section to make voluntary contributions to their Retirement Accounts, called Additional Basic Contributions (or ABCs) in order to increase your retirement benefits. Please note that the payment of ABCs into your Retirement Account is no longer possible. However, you are able to make future contributions to the Additional Voluntary Contributions arrangement, which offers the same investment fund choices to you (please read the Additional Voluntary Contribution (AVC) Guide for further information).

This guide should be read in conjunction with the Leonardo Electronics Pension Scheme – Member’s Booklet – 100+ Section. Specifically, you should read the sections on contributions and limits on benefits paid from the *Scheme*. Words in this booklet which are written in italics are defined in the Leonardo Electronics Pension Scheme – Member’s Booklet – 100+ Section.

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.

Important Note: This Guide is not intended as financial advice. If you are uncertain of what action to take it is strongly recommended that you contact an independent financial adviser (IFA).

Actions you should take now: You should consider whether you wish to change the way in which your Retirement Account is invested on a regular basis.

The contact details for the Pension Administrator are

Leonardo Electronics Pension Scheme	Tel: 0117 440 2491
XPS Administration	Email: LEPS@xpsgroup.com
PO Box 562,	
Middlesbrough, TS1 9JA	

Contributions to your Retirement Account whilst you were a member of the BAE Systems Pension Scheme

If you have been a member of the BAE Systems Pension Scheme you may have paid into a Retirement Account with that scheme. Your Retirement Account with the BAE Systems Pension Scheme is separate from your Leonardo Electronics Retirement Account and will be treated in accordance with the rules of that scheme.

What is my Retirement Account?

Your Retirement Account is a “defined contribution” arrangement. Generally, it is a savings arrangement designed for you to accumulate a pot of money to provide additional benefits on your retirement. The 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 Retirement Account is held with Mobius Life. Although the Retirement Account is operated separately, it is legally part of the *Scheme* and is subject to its rules.

Content of your Retirement Account

The following amounts will be allocated to your Leonardo Electronics Retirement Account, together with any investment returns earned by those monies:

Leonardo Electronics Retirement Account	=	2% x <i>Pensionable Salary</i> (paid in monthly by your employer)	+	Additional Basic Contributions (if any) paid by you before 1 December 2009	+	Other amounts allocated to the Retirement Account (if any) e.g. transfer values
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Investing your Retirement Account

Your Retirement Account is held in an account with Mobius Life. You may choose how it is invested, from a range of options selected for you by the *Trustee* with the help of Schroders. 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. It is therefore possible to get back less than the amount that has been paid in.

Further information about the investment options available to you is contained on pages 6 to 12 of this guide.

Benefits from your Retirement Account

Your entitlement to benefits will depend on the value of your Retirement Account at the date of your retirement.

Further information about the benefits payable is contained on pages 13 to 16 of this guide.

Contributions to your Retirement Account

Eligibility to contribute to Retirement Account

Your employer pays 2% of your *Pensionable Salary* into your Retirement Account. From April 2016, *Pensionable Salary* means basic pay plus permanent shift allowance.

The ability for you to pay contributions into your Retirement Account ceased on 1 December 2009. However, you are able to make future contributions to the Additional Voluntary Contributions (AVCs) arrangement with Mobius Life. Further details can be obtained from the Additional Voluntary Contribution Guide.

Limits on contributions

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

More details about member contributions to the *Scheme* are set out in the Member Booklet – 100+ Section.

Important Note: Currently, you may incur a tax liability if your pension benefits increase by more than £60,000 in one tax year. The value of any increase in your Leonardo Electronics pension over the year is taken into account (including voluntary savings), as is the value of the increase in any other pension savings you may have. In addition, a limit of £10,000 on the amount you save into AVCs or other money purchase arrangements (including Company contributions to the Retirement Account) in any year may also be triggered in certain circumstances. A 'tapered' annual allowance applies to high earners which reduces the annual allowance in certain circumstances. For more information please see the Annual Allowance section in your Member Booklet, the Annual Allowance Factsheet available from the Scheme website and visit the Government website at www.gov.uk/tax-on-your-private-pension/annual-allowance.

Investing your Retirement Account

You can choose how your Retirement Account is invested from a range of funds which are described below. You can either select the default 'Lifestyle' strategy or 'Self Select'.

Your contributions buy units in your chosen fund. The day to day price of the units, and thus the value of your holding moves in line with the value of the fund's investments.

Option 1: LEPS Lifestyle Profile - default strategy - managed for you

The default 'Lifestyle' strategy is managed for you by the *Trustee* and is designed to be suitable for the needs of most members, particularly if you do not want to be actively involved in day-to-day investment decisions.

It allows the *Trustee* to invest your Retirement Account in growth assets for most of your working life. As your career progresses, more protection from market volatility is introduced and as you get close to retirement, the investment strategy is designed to reflect the different retirement choices you have.

The growth phase of the strategy involves three 'blend funds' with different 'inflation plus' targets. These funds invest in equities (broadly this means stocks and shares) and other types of growth assets. The Scheme investment manager, Schroders, adjust the components of the funds over time between different asset classes, based on their views of the opportunities and risks within investment markets and the overall return the fund is seeking. The intention is that the growth of the fund will be smoother than investing only in equities.

The fourth blend fund will provide a platform for your investments for the final five years before retirement, recognising that you may wish to take cash, buy an annuity, or enter into income drawdown, and you may not know what you want to do at retirement or your plans may change.

Details of the four blend funds are shown in the table below.

Blend fund name	Long term target	Risk Level	Charge**
LEPS Long Term Growth	Inflation plus 5%	5	0.351%
LEPS Stable Growth	Inflation plus 4%	4.5	0.404%
LEPS Cautious Growth	Inflation plus 3%	3.5	0.445%
LEPS Retirement Focus*	A mix of cautious growth, stable growth, annuity focus and cash – see table overleaf	3	0.315%

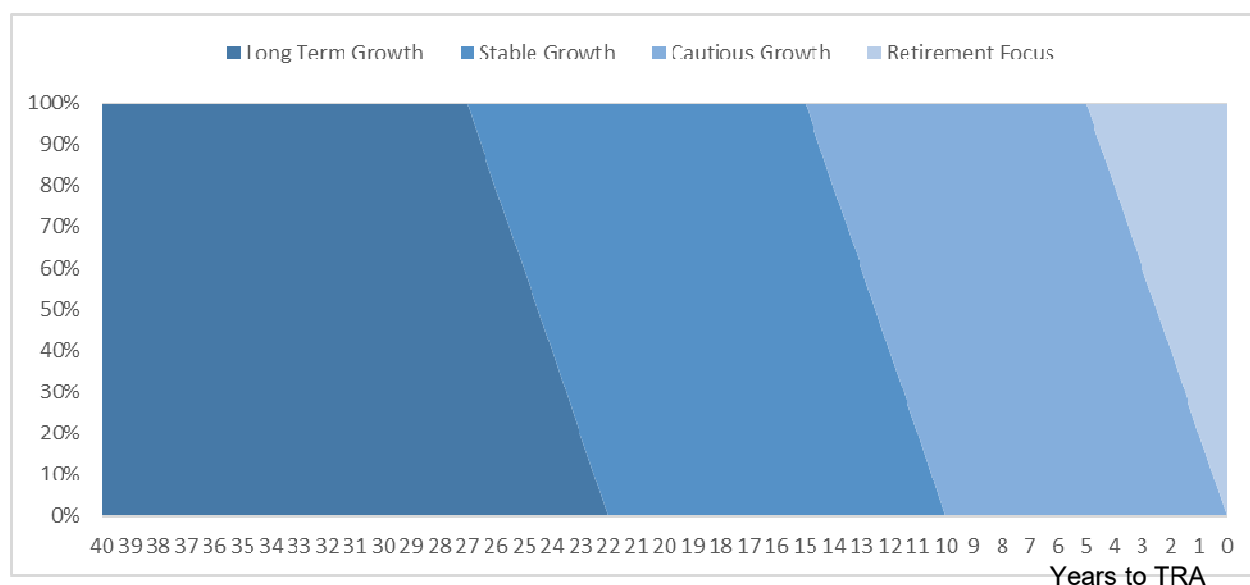
*Within the fourth blend fund (the LEPS Retirement Focus) you can choose a tailored version that may be more relevant to your needs as you near retirement (see table overleaf). This may be appropriate for you if you know how you wish to take your fund at retirement. There is some additional detail on the Retirement Focus options within Appendix 1 for those members who wish to consider tailoring their funds.

LEPS Retirement Focus options	Long term target	Risk Level	Charge**
LEPS Retirement Focus (default)	A mix of cautious growth (50%), annuity focus (25%), stable growth (10%) and cash (15%)	3	0.315%
LEPS Retirement Focus (Income for Life - targeting an annuity)	A mix of annuity focus (75%) and cash (25%)	2	0.134%
LEPS Retirement Focus (Take the Pot as Cash - targeting cash)	100% Cash	1	0.150%

**The Charge figures will change daily and the indicative figures given in this table are as at March 2023.

The default 'Lifestyle' strategy switches between the blend funds progressively through your career with the intention of making growth smoother. The table below shows the switching periods and the chart illustrates how the strategy will work for someone with a Target Retirement Age of 65.

	Phasing Period (Years before Target Retirement Age)		
LEPS Long Term Growth	N/A		
LEPS Stable Growth	30	➔	25
LEPS Cautious Growth	15	➔	10
LEPS Retirement Focus	5	➔	Retire



The lifestyle switching of the default strategy depends on the date you hope to retire, which is known as your Target Retirement Age. You can choose any age from 55 (the current legal

minimum retirement age – this will move to 57 on 6 April 2028). For those who do not choose their Target Retirement Age, the *Trustee* makes an assumption that this would be the Normal Retirement Age of the *Scheme* (age 65). This is known as the default Target Retirement Age.

You can select a Target Retirement Age of your own choice at any time and the *Trustee* will adjust the lifestyle switching to the revised target date over time as reasonably practicable. It is important that you regularly review and, if appropriate, update your Target Retirement Age if your retirement plans have changed.

If you choose the LEPS Lifestyle profile you must place the whole of your Retirement Account into this investment option.

Option 2: 'Self Select' - managed by you

If you do not think the default strategy is appropriate for your circumstances or you wish to manage the investment of your Retirement Account more actively, you are able to make your own selection from a range of funds made available by the *Trustee* (known as 'Self Select'). There are eight funds, split into two groups:

Group 1 – You can select from the three blend funds that are used for the growth phase of the default Lifestyle profile. This means that you would be relying on the skills of Schroders and the underlying investment managers to achieve the inflation plus target for your Retirement Account.

Group 2 – You can choose from a range of passive funds.

You can choose funds from across these two groups. The full list of Self Select funds and the charges associated with them is as in the table below:

Fund name	Long term target	Risk Level	Charge*
Group 1 – Blend Funds			
LEPS Long Term Growth	Inflation + 5%	5	0.351%
LEPS Stable Growth	Inflation + 4%	4.5	0.404%
LEPS Cautious Growth	Inflation + 3%	3.5	0.445%

Fund name	Long term target	Risk Level	Charge*
Group 2 – Passive Funds			
LEPS Global Equity Fund	This fund aims to gain exposure to global and UK equity markets. Currently this fund is invested passively and aims to perform in line with an index return of UK and overseas equities.	5	0.174%
LEPS Economic, Social and Governance Global Equity Fund	This fund aims to invest in a globally diversified portfolio of quoted company shares and is designed to favour investment in companies which exhibit Environmental, Social and Governance characteristics that are expected to add value over the long term. This can be achieved by investing in companies with strong, improving ESG metrics, or equally by excluding less ESG friendly companies.	5	0.303%
LEPS Islamic Global Equity Fund	This fund aims to invest in a diversified portfolio of securities, which meet Islamic investment principles.	5	0.390%

Fund name	Long term target	Risk Level	Charge*
LEPS Corporate Bond Fund	This fund aims to gain exposure to corporate bonds. Currently this fund is invested passively and aims to perform in line with its index.	2.5	0.130%
LEPS Fixed Annuity Focus Fund	This fund aims to change broadly in line with the prices of fixed annuities, and therefore attempts to “lock in” the value of your Retirement Account in terms of amount of fixed pension you could purchase at retirement.	2	0.150%
LEPS Inflation-Linked Annuity Focus Fund	This fund aims to change broadly in line with the prices of inflation-linked annuities, and therefore attempts to “lock in” the value of your Retirement Account in terms of the amount of pension you could purchase at retirement, where that pension increases each year in line with inflation.	2	0.150%
LEPS Cash Fund	This fund aims to preserve capital by investing in high-quality cash deposits and other cash instruments. Currently this fund aims to outperform its benchmark while preserving capital and maintaining a high credit rating.	1	0.150%

*The Charge figures will change daily and the indicative figures given in this table are as at March 2023.

Risk Level

The risk level is an indication of how volatile or variable the fund value is likely to be on a day to day basis relative to its objective as well as the fund's potential for drawdown or loss. It is therefore a measure of how much the fund value could change on a day to day basis with a focus on downside risk. Mobius Life's risk rating scale runs from 1 (lower risk) to 6 (higher risk).

Pension investment is typically designed for the longer term. A fund like the cash fund can be shown as a low risk (reflecting low variability of returns and low potential loss), but if members remain invested in cash for many years from an early age, it could be seen as high risk given that the increase in fund value may not keep up with inflation.

Charges

You will see that there is an investment charge levied on your Retirement Account each year. These charges relate to the costs of investment advice, administration and management. The charges include any varying operational expenses incurred by the underlying fund managers. The size of the charge is related to the complexity of the fund, so it is hoped that the higher

charges will be reflective of a better result in terms of risk and return, although of course this cannot be guaranteed.

The charges change regularly and will vary over time.

The charges apply as a percentage of the value invested in the fund. For example, if you were invested in the LEPS Long Term Growth Fund and the charge is 0.351% each year – for each £100 invested you would pay 35p a year.

Choosing how to invest your Retirement Account

You may choose to invest in one or more of the funds listed above.

The *Company*, its employees and the *Trustee* are not authorised to give you financial advice and can only provide you with information. If you are in any doubt about which investment funds you should choose, we recommend you speak to an independent financial adviser (IFA) (who may charge a fee for his/her services). Contact details for IFAs in your area can be found at www.unbiased.co.uk.

If you do not make an investment decision, and you have not previously chosen an investment fund/s in which you have previous contributions invested, your funds will be placed in the LEPS Lifestyle profile.

Monitoring fund performance

Once a year you will be sent a statement to show how the value of your Retirement Account is building up. This will be done electronically unless you have indicated that you would like a paper copy.

In addition, you may log into your own 'account' on XPS's 'MyPension.com/LEPS' modeller at any time and obtain a fund value as at that date. To log on, go to the Scheme's website at www.lepensions.co.uk.

Changing investments

If you wish to change the way your assets are invested, you may do so at any time by instructing the Pension Administrator in writing to move your assets to another fund.

Switches can be requested through XPS's MyPension.com/LEPS at www.lepensions.co.uk.

Alternatively, please complete and return the Application to Amend Retirement Account form, which is available from the Pension Administrator or from the Scheme's website, www.lepensions.co.uk. The completed form can be e-mailed or posted to XPS Administration using the contact details on the form. Please note that switches within the LEPS Retirement Focus fund (see page 7) can only be done via XPS's MyPension.com/LEPS.

Investment security

The money invested in your Retirement Account is held by the *Trustee* to use to pay the benefits when you come to claim them. This means that the assets of the Scheme are legally separate from the assets of the participating employers.

The assets in your Retirement Account are held by the *Trustee* in an investment policy with Mobius Life - which is the contract governing the security of the investments. The *Trustee* meets with Mobius Life from time to time and reviews their safeguarding of the assets regularly.

In the unlikely event that Mobius Life is unable to meet its financial obligations, compensation may be payable from the Financial Services Compensation Scheme (www.fscs.org.uk). Your Retirement Account would not be protected by the Pension Protection Fund.

Don't forget that the value of Retirement Accounts change in line with the investment option selected and investment performance is not guaranteed. Accordingly the value of your Retirement Account could go down as well as up and it is possible to get back less than the amount paid in.

Using your Retirement Account

Options at retirement

When you come to retire, you have two options available in respect of your Retirement Account:

- Option 1 - you may transfer your Retirement Account out of the Scheme;
- Option 2 - you may take your Retirement Account at retirement.

More information about these options is set out below.

Information and advice on your options

MoneyHelper provides information about your pension choices at <https://www.moneyhelper.org.uk/en/pensions-and-retirement/pension-wise/pension-pot-options>.

Pension Wise is a free and impartial service provided by the Government to help you understand the options in relation to the increased flexibility of defined contribution benefits (such as your Retirement Account). You should consult Pension Wise, which can be accessed online, by phone or face to face before making any decisions in relation to how you draw your Retirement Account. Visit <https://www.moneyhelper.org.uk/en/pensions-and-retirement/pension-wise> for more information, or call 0800 138 3944 to book a free appointment.

Pension Wise is a guidance and information service only. Neither the Trustee nor Pension Wise can provide you with advice or recommendations about the best options for you.

Therefore, if you wish to consider the suitability of any of these options, including taking a cash lump sum, purchasing an annuity or entering into an income drawdown product, it is recommended that you speak to an independent financial adviser (IFA). Contact details for IFAs in your area can be found at www.unbiased.co.uk.

Please remember that there may be tax implications associated with accessing your Retirement Account. Income from pensions, and certain cash lump sums, are taxable. The rate at which you are taxed depends on the amount of income that you receive from pensions and other sources.

Option 1 - transfer your Retirement Account out of the Scheme

If payments stop into your Retirement Account you have a right to request a transfer of your Retirement Account out of the Scheme. Normally you are required to stop accruing defined benefit pension at the same time as you stop saving into your Retirement Account; however if you wish to take a transfer of your Retirement Account, in these circumstances (and these circumstances only) you are permitted to continue to earn defined benefit pension in the Scheme even after exercising this option. If you do choose to transfer your Retirement Account but continue earning defined benefit pension, you will be permitted (subject to Trustee consent) to re-start receiving contributions to your Retirement Account in future but, if you have 'flexibly accessed' your Retirement Account, you will be subject to the £10,000 money purchase annual allowance.

Please see the 'Limits on benefits' section below for details of the money purchase annual allowance.

If you also have an **AVC fund, this must be transferred out of the Scheme at the same time** as your Retirement Account.

You may transfer your Retirement Account to one or more external providers. Different external providers allow different options in relation to what you can do with your fund and these different options have different features, rates of payment, charges and tax implications. Some external providers may offer the full range of the Government's new flexible benefit options, whilst others may offer only some of those options. If you wish to enter into an income drawdown product, you will need to transfer your Retirement Account to an HMRC approved pension arrangement with an external provider which offers this facility.

If you transfer your Retirement Account out of the Scheme, you will not be able to use it towards your Pension Commencement Lump Sum (PCLS) from the Scheme. However, you should be able to take 25% of your Retirement Account fund as a PCLS from your new provider (or you may be able to take all your Retirement Account benefits as a cash lump sum from that provider, part of which will be taxed).

Option 2: take your Retirement Account from the Scheme at retirement

You have a number of options with regard to how to take your Retirement Account at retirement:

a. As part of your Pension Commencement Lump Sum (PCLS, sometimes referred to as tax-free cash)

Unless you elect otherwise, the *Trustee* will pay all or part of your Retirement Account as a Pension Commencement Lump Sum (insofar as *Scheme* and HM Revenue & Customs limits allow). This is currently paid tax-free.

The maximum amount of your Retirement Account that you may receive as your Pension Commencement Lump Sum will be broadly 25% of the total value of your pension benefits (in other words, including your Leonardo Electronics pension) on your retirement date. If your Retirement Account exceeds 25% of the total value of your benefits, you can choose from option b and, depending on the amount of pension used up (or "crystallised") in respect of option a, potentially option c as well (see below for further details).

b. To provide an income

Alternatively, you may wish to use all/part of your Retirement Account to purchase a pension income when you retire, either through:

- An annuity from any third party provider (sometimes known as the Open Market Option (OMO)); or
- An income drawdown product with a drawdown provider.

The terms of any income payable will depend on the basis on which your particular income product is provided by the third party you choose.

The level of any annuity depends on the value of your Retirement Account when you retire and the cost of buying pension at the date you retire. The value of your Retirement Account will depend on how much has been paid in, over how long and on how well it has been invested. The cost of buying an annuity will be influenced by factors like interest rate levels, your age and the pension options you choose. Also, there are a number of options regarding the type of annuity

you can purchase, for example, you may choose to buy an annuity product which increases each year it is in payment, continues to your spouse on your death or is paid for a guaranteed period.

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

Pension provided by your Retirement Account	=	Value of Retirement Account	÷	Conversion rate determined by the annuity provider
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We would recommend that you contact an independent financial adviser about your options for purchasing a pension on the open market. XPS can provide you with details of their independent annuity advice service PS Aspire (which is free to members of the Leonardo Electronics Pension Scheme). Alternatively, contact details for IFAs in your area can be found at www.unbiased.co.uk.

Please note, if you wish to purchase an income through a drawdown product, this would need to be arranged outside the Scheme by a third party provider. You would need to transfer all/part of your Retirement Account to an HMRC approved external pension arrangement which has a drawdown facility. The funds being transferred for drawdown need to be "uncrystallised" and not have been used within the calculation of any Pension Commencement Lump Sum.

The Trustee has put an arrangement in place with the Smart Pension Master Trust to support members who wish to purchase an income through a drawdown product. Please see Appendix 2 (Page 19) for more details. Alternatively, you can transfer your defined contribution pot to a provider of your own choice.

c. As an Uncrystallised Funds Pension Lump Sum (UFPLS) (sometimes referred to as taxed cash)

You can take some or all of your Retirement Account (over and above any taken as part of your Pension Commencement Lump Sum from the Scheme) as an additional one-off cash payment known as an 'Uncrystallised Funds Pension Lump Sum' (UFPLS). This will only be possible where not all of your Retirement Account has been "crystallised" for the purposes of your Pension Commencement Lump Sum.

To take a simple example, which ignores any main scheme benefit you may have, if your Retirement Account were worth £100 you would need to crystallise the full £100 in order to be entitled to a £25 Pension Commencement Lump Sum (i.e. 25% of the value of the benefit). The remaining £75 has already been "crystallised" and therefore cannot be paid as an UFPLS, so would need to be used to purchase a pension outside the Scheme in accordance with option b. The decision about how much of your Retirement Account to "crystallise" in order to provide a Pension Commencement Lump Sum may be complicated and you may wish to seek independent financial advice, as well as reading the additional information sheet referred to below.

25% of any UFPLS payment would be payable tax-free, with the balance being subject to your highest marginal rate of income tax. This tax payment will be deducted by the Scheme Administrator before the money is paid to you. You may be charged for the costs associated with calculating and implementing an UFPLS – the Scheme Administrator will advise you in advance if any charge will be incurred.

If you wish to explore this option, you should read our additional information sheet entitled 'Taking cash from your Voluntary Savings' (available from the Scheme website www.lepensions.co.uk) to ensure you fully understand the financial implications.

Limits on benefits

HMRC imposes a limit on the maximum amount you can save in pensions in a tax efficient manner.

If you take some or all of your Retirement Account as an UFPLS, or transfer your Retirement Account out and take it as a flexible retirement option, this will trigger an additional limit – a money purchase Annual Allowance of £10,000 p.a. – so that any money purchase or cash balance savings in a year exceeding £10,000 would be subject to an Annual Allowance tax charge. Company contributions to your Retirement Account are included within this £10,000 limit.

Please visit www.gov.uk/tax-on-your-private-pension/annual-allowance for further information.

Please note that you may not draw your *Scheme* benefits unless you leave *Service*, i.e. you are no longer employed by the *Company*. However, if you opt out of contributions to your Retirement Account, you may transfer your Retirement Account benefits out of the *Scheme* to an alternative pension arrangement (see Option 1 above).

If you leave Service

If you leave the *Scheme*, contributions to your Retirement Account will stop.

Deferred benefits: If you leave *Service* before retirement with an entitlement to a deferred pension from the 100+ Section, your Retirement Account will continue to be invested and attract investment returns until your 100+ Section pension becomes payable. You will then be able to use your Retirement Account in one of the ways described above.

Transfers: You may choose to transfer your 100+ Section benefits to another pension scheme after leaving service. You will be required to transfer the accumulated value of your Retirement Account at the same time as transferring your *Scheme* benefits to another pension scheme. Alternatively, you may transfer your defined contribution savings alone i.e. your Retirement Account plus your AVC fund (if you have one). As mentioned under Option 1 above, your Retirement Account and AVC fund must be transferred together; it is not possible to transfer out one without the other.

If you die

If you die before you use your Retirement Account, a lump sum equal to the value of your Retirement Account at the date of your death will be paid to the same beneficiary as described for death benefits in the Leonardo Electronics Pension Scheme - Member Booklet – 100+ Section.

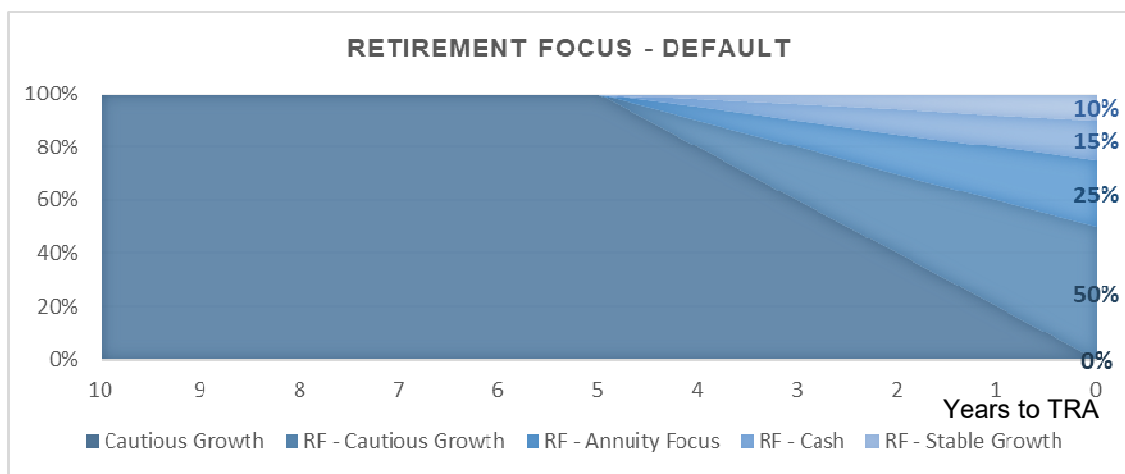
If you die after having drawn your pension, death benefits will depend on the terms of the benefits you purchased with your Retirement Account.

Appendix 1 - Retirement Focus Fund Options

The Lifestyle strategy - tailored by you

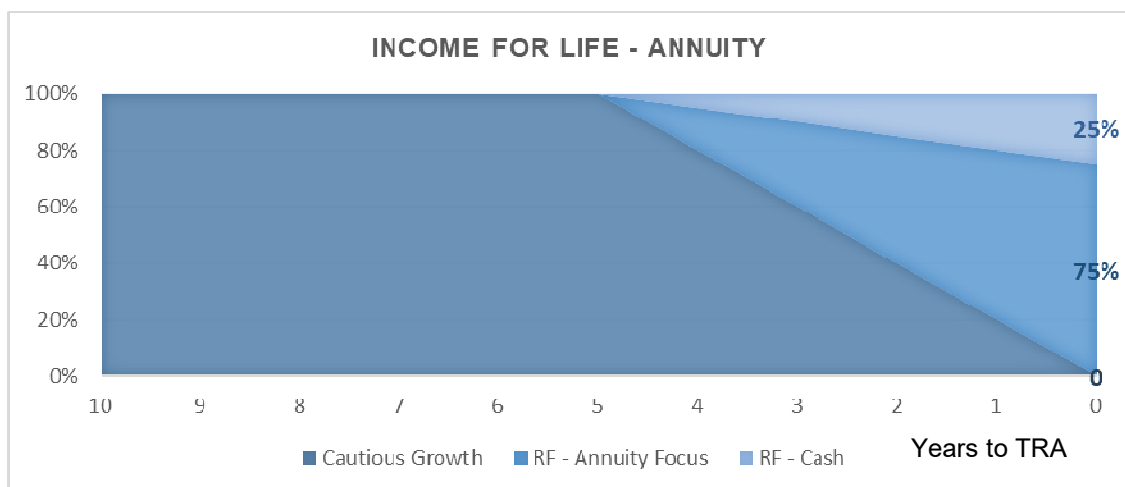
Option 1 - Retirement Focus - Default

- This moves towards 50% cautious growth, 25% annuity focus, 15% cash, and 10% stable growth at TRA
- This provides a diversified investment for members who are not sure what option to take
- **This is the default option if you make no selection**
- Indicative charges on this fund are 0.315% per annum as at March 2023



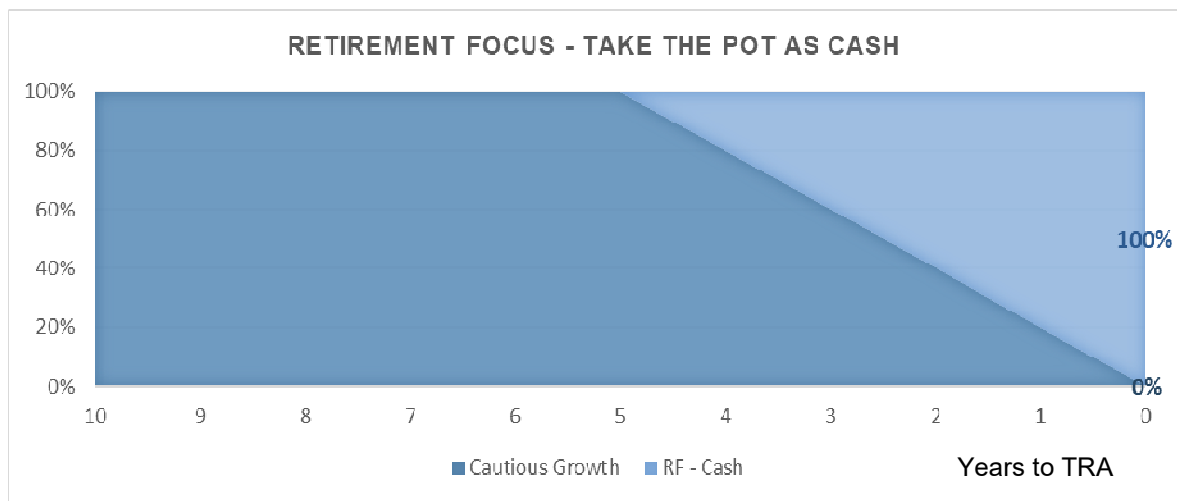
Option 2 - Retirement Focus - Income for Life (Annuity)

- This moves your savings into 25% cash and 75% annuity matching assets at TRA
- This option is aimed at those who want a 25% tax free lump sum and to buy an annuity from an insurance company to have the certainty of a fixed income
- Indicative charges on this fund are 0.134% per annum as at March 2023



Option 3 - Retirement Focus - Take the pot as cash

- This moves the investment into 100% cash at TRA
- This option is aimed at those who wish to take a taxed lump sum or utilise their AVC pot as part of the £50k allowance
- Care is needed with this option if the taxable withdrawal would take you into a higher income tax bracket
- Indicative charges on this fund are 0.150% per annum as at March 2023



Appendix 2 - the Smart Pension Master Trust

The Trustee has an arrangement with the Smart Pension Master Trust to support members who wish to transfer all, or some of their defined contribution savings into a drawdown product.

Smart Pension have a drawdown product called Smart Retire. You can find out more information about the options available to you with Smart Pension and Smart Retire at <https://www.smartpension.co.uk/leonardo>. You can also talk to Smart Retire on 0330 174 0643.

More information about Smart Pension

Smart Pension is a Master Trust which supports many employers, rather than just Leonardo. If you decide to transfer all, or some of your defined contribution savings to Smart Pension they will set up a Retirement Account for you which is broadly a mirror image of the 100+ Retirement Account you have within the *Scheme*. You can also use it to consolidate any pensions you have from other sources.

You can then move your funds to Smart Retire.

Within Smart Retire, your defined contribution savings (and any other pensions you transfer to Smart Pension) can be split between Smart Retire's four different pots to provide flexibility and security throughout retirement. The four pots can be split into two groups to provide income and/or savings:

Income:

1. Flexible income pot – take a monthly income in the early years of retirement.
2. Later life pot – leave money invested to buy a guaranteed income from an annuity provider later in life.

Savings:

3. Inheritance pot – put some money aside to leave behind for loved ones or an organization that is important to you.
4. Rainy day pot – dip into this pot when you need to for planned expenses, like a holiday or home improvements.

Smart Retire manages these pots in one place so you can check your pension savings and how long your income could last. You can move money between the pots and it is simple to make withdrawals. It gives you projections all the way through and nothing is set in stone.

The money in the pots will be managed in a consistent way and by the same investment manager as the investments you have had with your 100+ Retirement Account.