

PENSIONS CONSULTATIVE COMMITTEE REPORT TO MEMBERS FOLLOWING ADDITIONAL MEETING

An additional meeting of the Pensions Consultative Committee (PCC) has taken place in London on 30 March 2015.

The PCC has been set up to discuss, co-ordinate, advise and represent the views of the members of the Selex Pension Scheme. There are currently eleven representatives on the Committee and their contact details are attached to this Report. Those participating in the meeting were:-

Tony Kingsbury	Capability Green	Chairman
Jim Cull	Edinburgh	
James Fordyce	Edinburgh	
Martin Johnson	Basildon	
Stuart Rushworth	Capability Green	
Ken Thompson	Pensioner Representative	
Scott Wallace	Edinburgh	
Paul Wilton	Southampton	
Colin Wyllie	Edinburgh	

Company & Pensions Management Representatives:

Martin Flavell	HR - Finmeccanica
Andrew Letton	HR – Selex ES
Mike Nixon	Head of Pensions
Rachael Skuse	Pensions Manager

The additional meeting had been arranged for further discussions on proposals from the Company for changes to the Selex Pension Scheme.

Funding Update

The Company provided an update on the latest Scheme funding figures at 31 December 2014. This showed the funding position had deteriorated significantly from the 5 April 2014 figures, emphasising the need for changes to the Scheme.

- The past service surplus had reduced to £48m at 31 December 2014 (against £84m at 5 April 2014).
- The cost of future service benefit accrual had increased further and is now 13.7% p.a. ahead of the rate set at the 2011 valuation.

The 5.6% p.a. future service funding challenge identified as part of the preliminary actuarial valuation results at 5 April 2014 has therefore increased to 13.7% p.a. in current terms. The cause is low real interest rates which have also persisted through the first quarter of 2015. There is uncertainty regarding whether this position is likely to unwind or whether this will persist for some time.

Whilst the valuation shows a 'snapshot' of the funding at a particular point, it is appropriate to take account of the current funding position when considering the benefit change proposals.

PCC priorities

The PCC provided confirmation to the Company on which of the issues being discussed as part of the consultation were the key priorities. The proposed changes were discussed in detail against these priorities.

FAQs

A document with Frequently Asked Questions has been published on the pension consultation page of Company intranet site to assist members in understanding the benefit change proposals.

Career Salary Examples

In response to member feedback, the PCC and Company discussed some Career Salary examples showing the potential pension payable under the current final salary structure against the proposed Career Salary structure. These will be published on the pension consultation page of the Company intranet site.

Further meetings

Discussions between the Company and the PCC on these matters will continue during the consultation. The next meeting is due to be held on Tuesday 21 April 2015.

Members can provide feedback to pensions@selex-es.com which will be discussed with the PCC.

Contact Details

Name	Location	Email Address	Phone Number
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