



2000 Pension Plan – Selected Benefit Scheme

The Selected Benefit Scheme (SBS) within the *2000 Plan* allows you to make *Additional Voluntary Contributions (AVCs)* on a regular basis in order to increase your retirement and/or death benefits. You may pay *AVCs* into an external provider selected by the Trustees as an alternative to investing your *AVCs* in the Selected Benefit Scheme. Further details may be requested from the Pensions Service Centre.

This leaflet covers the benefits you may receive by investing in the SBS and should be read in conjunction with the *2000 Plan* members' booklet – 'A guide to your benefits'. An explanation of the terms printed in *italics* can be found in the fold-out page at the front of the booklet.

SBS benefits

By paying into the SBS you may buy additional benefits as follows:

Retirement benefits

- Extra tax free lump sum, and/or
- Extra pension payable to you for your lifetime and, by opting for a joint life pension on retirement, extra pension for your dependants on your death.

Your accumulated SBS fund for retirement benefits earns *Credited Interest* each year.

Credited Interest is interest credited monthly on your contributions. The rate is determined by the Trustees, on advice from the *2000 Plan*'s Actuary having regard to the return on the *2000 Plan* assets, but no less than 2.5% per annum.

Death in service benefits

Extra lump sum death benefits for your dependants payable on your death in service through an insurance policy which is negotiated by the Trustees of the *2000 Plan*.

Your contribution for death in service benefits will not be added to your SBS fund for retirement benefits.

Paying SBS contributions

You can obtain an SBS Contribution Form from the pensions website (www.baesystemspensions.com), via the Pensions helpline or from the Pensions Service Centre.

SBS contributions for retirement benefits can be increased, reduced, or suspended at any time. Single payments can also be made. Subject to approval by the Trustees, you may transfer your SBS fund to an external provider.

Contributions to the SBS are deducted from pay before tax is calculated, therefore you will automatically receive income tax relief at your highest rate.

The cost of additional life cover is automatically recalculated each year to allow for any change in the amount of benefit and for the increased cost of insurance premiums for older members.

When you start or increase SBS contributions for extra death in service benefits, the Trustees may ask for satisfactory evidence of your good health. If so, they will ask you to sign a consent form for the release of medical information from your GP or specialist. SBS contributions for death benefits can be altered only on the anniversary of their commencement.



Using your SBS Fund

Options on retirement

When you retire the following options will be available to you:

- A tax free lump sum, and/or
- A pension payable to you for your lifetime and, by opting for a joint life pension on retirement, a pension payable to your *Spouse* or other dependant, after your death.

Pensions from your SBS fund can be purchased through the *2000 Plan* or from an outside provider. Any pensions payable from your SBS fund purchased through the *2000 Plan* will have the same five year payment guarantee as other pensions from the *2000 Plan*.

Options on leaving service

If you leave *Pensionable Service* before retirement with an entitlement to a deferred pension from the *2000 Plan*, your SBS retirement benefits fund will continue to attract *Credited Interest* until your *2000 Plan* pension becomes payable. You will then be able to use your SBS fund in one of the ways described above.

If you choose to transfer your *2000 Plan* benefits to another pension scheme after leaving service, you must also transfer the accumulated value of your SBS fund, including any *Credited Interest*.

There is no transfer value associated with SBS contributions for death in service benefits, as your insured death benefits cease on leaving service.

Death in service benefits

If you die whilst still in service, a lump sum equal to a refund of your SBS fund plus *Credited Interest* will be payable in respect of your SBS contributions for retirement benefits.

If you have used SBS contributions to provide additional life cover you can specify how you would like the lump sum to be used by the Trustees on your death, whether:

- (a) to increase the lump sum death benefit payable from the *2000 Plan* to your dependants, relatives or nominees, or
- (b) to have the proceeds converted into a pension for your *Spouse* or another dependant.

When you leave service or retire, the life insurance cover provided by your SBS contributions will cease immediately.

HMRC restrictions

If your total lifetime pension benefits are above the Lifetime Allowance, any excess benefits above the Lifetime Allowance will be subject to 55% tax when they are paid. See the *2000 Plan* booklet for more information.

Contact us

If you have any queries or require an application form, please contact the Pensions Service Centre:

BAE Systems plc,
Fulwood Park,
Caxton Road,
Fulwood,
Preston,
Lancashire,
PR2 9NZ

Pensions helpline: **01772 677200**

e-mail: fulwood.pensions@hr.xchanging.com

Pensions website: www.baesystemspensions.com

This leaflet is intended as a helpful guide to the provisions of the Selected Benefit Scheme. It is subject to changes in the future as required by HM Revenue & Customs and to the Rules of 2000 Plan that set out the legal basis for the Trustees' administration of the 2000 Plan and which override any provisions of this leaflet with which they are inconsistent. Copies of the Rules are available from the Pensions Service Centre and the pensions website when accessed from Company locations.