



News and information for members of the AgustaWestland UK Pension Scheme

WELCOME TO THE SUMMER EDITION

VALUATION NEWS

The Trustee board recently finalised their triennial actuarial valuation as at 5 April 2014. The valuation showed the Scheme has a deficit of £123 million. This is slightly higher than the £117 million deficit that was identified in the 2011 valuation but is lower than the deficit estimated on 5 April 2013.

	5 April 2011	5 April 2013	5 April 2014
Assets	£667m	£941m	£915m
Liabilities	£784m	£1,149m	£1,038m
Shortfall	£117m	£208m	£123m
Funding level	85%	82%	88%

Overall, we have seen an improved funding position over the year and three year period, to an 88% funding ratio at 5 April 2014.

From April 2013 to April 2014, the return seeking assets in the portfolio produced a 4.9% return. However, the liability matching portfolio reduced in value, and this has resulted in a reduction in the total asset value and a negative total portfolio return. However, the liability matching portfolio moves broadly in line with Scheme liabilities, so liabilities fell by a similar amount. This is in line with what we would expect from our investment strategy which focuses on stabilising and reducing the deficit. As part of the 2014 valuation there were also some changes made to the assumptions used to value the liabilities which resulted in a decrease to the liability value.

CHANGES TO BENEFITS

- The valuation results highlighted a need to increase contribution rates (employer and member) for future service. The employers consulted the membership, which resulted in an increase to member contribution rates of 0.75% of salary from April 2016. The employer will also pay a higher future service contribution rate.
- In addition, following the Government changes to State Pensions and contracting out legislation, the accrual rate will be reduced for future service from April 2016.

More detail about the changes can be found on page 4.

PENSION WORKSHOPS ARE BACK!

We are pleased to be running our pension workshops again. We ran a series of four workshops during 2014 which were well received. If you would like to find out more about these workshops, turn to page 4 for more information.

RECOVERY PLAN

- The employer is responsible for paying the deficit. The recovery plan set in 2012 (as part of the 2011 valuation) was updated to target the Scheme being fully funded by 2024.
- The amount to be paid each year is set out in the recovery plan. A payment of £15.9 million was paid by the Company towards the deficit in January 2015.
- The Trustee and Company have agreed a recovery plan that is reasonable and affordable, and strikes an appropriate balance between Company's need to pay the deficit and invest in the future of the business.
- Acceptance of the recovery plan from the Pensions Regulator is awaited.
- The Trustee board will be seeking an annual funding update as at 5 April 2015 to understand how the plan is progressing.

The next formal valuation of the Scheme is due on 5 April 2017.

The 2014 Summary Funding Statement (published in July 2015) can be downloaded from the Publications section on the Scheme website (awpensions.co.uk) or requested from Aon Hewitt.

IN THIS EDITION...

KEEP YOUR WISHES LETTER UP TO DATE!

Over the years we have explained the importance of keeping your Wishes Letter up to date. Turn to page 2 for more information.

ONLINE ACCESS TO YOUR STATE PENSION FORECAST

We are pleased to be able to offer online access to information about your State Pension through Pensionline. Turn to page 2 to find out more about the State Pension you have earned to date.

INCREASE FLEXIBILITY FOR DEFINED CONTRIBUTION PENSIONS FROM 6 APRIL 2015

Members paying or planning to pay AVCs should turn to page 3 to find out about the options available when drawing your AVCs.

RECENT BENEFIT CHANGES

Recently the employer consulted the active members regarding changes to benefits. Turn to page 4 to read more about the changes to the Scheme.

ONLINE ACCESS TO YOUR STATE PENSION FORECAST

We are pleased to be able to offer online access to information about your State Pension through Pensionline.

CLICK ON "MY STATE PENSION" TO ACCESS STATE PENSION INFORMATION

FIND AN ESTIMATE OF YOUR TOTAL STATE PENSION BASED ON YOUR NI RECORD TO DATE

WHAT IS THE STATE PENSION?
The State Pension is a regular payment people may get when they reach State Pension age. Not everybody gets the same amount.

The State Pension is made up of:

- Basic State Pension
- Additional State Pension and Graduated Retirement Benefit.

YOU CAN ALSO SEE THE SPLIT BETWEEN:

- YOUR BASIC STATE PENSION; AND
- ADDITIONAL STATE PENSION (KNOWN AS SERPS OR THE STATE SECOND PENSION) AND GRADUATED RETIREMENT BENEFITS (IF ANY).

The information in this State Pension statement has been provided by the Department for Work and Pensions (DWP), and is based on what they know about you. If you think any of this information is wrong tell the DWP by telephoning 0845 3000 168. The statement gives you an estimate of your State Pension, based on your National Insurance contributions recorded to date. The amounts shown are not a forecast of what you will get when you claim your State Pension, as they do not take into account any National Insurance that may be added to your contributions record in the future, any changes in your circumstances, or any other changes that may affect the information provided.

The DWP estimate that your State Pension, based on your National Insurance record to date, is £4162.08 a year.

A breakdown of this amount is shown below, along with information on how your future National Insurance contributions may affect the amount you are likely to get.

The earliest date you will be entitled to your State Pension is when you reach your State Pension age. You reach your State Pension age when you are 67 years and 0 months.

FIND YOUR STATE PENSION AGE HERE

State Pension Age

KEEP YOUR WISHES LETTER UP TO DATE!

CLICK ON 'MY DETAILS'

SHOWS THE DATE YOU COMPLETED YOUR MOST CURRENT WISHES LETTER*

My Details

The personal information held on our systems is shown below. If you believe any of this information needs updating please contact Aon Hewitt on 0845 600 8796 or email them at westland@aonhewitt.com

Name	
Address	
Email Address	
Date of Birth	
Normal Retirement Age	
Sex	
Marital Status	
Date joined Company	
Date joined Scheme	

I can confirm that we have received an Expression of Wish form from you on the 04 September 2012.

If your circumstances have changed since this form was completed please complete a new Expression of Wish form and forward it to the AgustaWestland Pension Administration team. The form can be downloaded at www.awpensions.co.uk or you can pick one up from the Human Resources Department at AgustaWestland.

Please ensure that your form is in a sealed envelope with your name, National Insurance number and the date marked on the outside.

WARNING
You are logged into the Superuser area
[Log off](#)

Produced by Aon Hewitt on behalf of the trustee of the AgustaWestland UK Pension Scheme

Over the years we have explained the importance of keeping your Wishes Letter up to date. While your Wishes Letter isn't binding upon the trustee, it does indicate to the trustee who you would like to be considered for benefits which are payable on your death in certain circumstances.

We are pleased to have developed Pensionline so that you can see the date on which you completed your current Wishes Letter.

We would recommend that you renew your Wishes Letter regularly, even if your circumstances have not changed, so the Trustee can be sure that it has an up to date indication of your wishes.

If your Will provides for a different outcome than your Wishes Letter we would recommend that you explain this in your Wishes Letter. For example, your Will may leave all your assets to your wife but your Wishes Letter indicates that your children should benefit on your death. If the Trustee does not have an explanation for why you have chosen different beneficiaries, it is likely that they will rely on the most recent document to give an indication of your wishes.

* This date is recorded as 1/1/1900 if your Wishes Letter was undated.

INCREASED FLEXIBILITY FOR DEFINED CONTRIBUTION PENSIONS FROM 6 APRIL 2015

You may have seen in the press that members with defined contribution pensions were given additional choices about how to take their pension from 6 April 2015. Our Scheme provides a defined benefit pension so these changes have less impact on you. However, if you are paying or planning to pay AVCs you will find that there are more options available to you when drawing your AVCs.

TAKING YOUR AVCs

From 6 April 2015, the Scheme will allow you to take your AVCs either:

- as part of your Pension Commencement Lump Sum,
- to purchase an annuity or drawdown product with a third party provider, or
- as a one off cash lump sum (known as an Uncrystallised Funds Pension Lump Sum (UFPLS)).

Additional information (including the tax implications of the various options) is set out in the updated AVC Guide and an additional Information Sheet about "Taking cash from AVCs" which are on the Scheme website, www.awpensions.co.uk.

Further information can also be found by visiting www.pensionwise.gov.uk, a free and impartial service provided by the government to help you understand the various options. The Trustee also recommends that you take independent financial advice in reaching your decision about how to take your AVCs.

AVC INVESTMENT CHOICES

The Trustee has reviewed the investment options that are available to AVC savers to ensure they remain appropriate following the increased flexibility.

- The final fund in the lifestyle strategy, known as 'Retirement Protection', will in future provide a platform for the different retirement choices; recognising that you could take cash, buy an annuity, and/or enter into income drawdown. Accordingly, the fund will now aim for a 25% allocation to capital preserving assets, 37.5% in assets expected to move broadly in line with annuity prices and 37.5% in a diversified mixture of assets expected to provide some growth with low volatility.
- In addition, we have changed the name of the "Pre-Retirement Wealth Builder Fund" to the "Cautious Growth Fund" and have made a change to the way we measure the success of that fund.
- As part of these changes we have also been able to agree a reduction in the charges levied on all of the blend funds offered to our members.

You can find more information about the AVC investment options in our AVC Guide.

RIGHT TO TRANSFER AVCs AT ANY TIME

The new legislation gives you the right to transfer all of your AVC benefits out of the Scheme at any time (provided you stop paying into your AVC fund). You can continue to earn defined benefit pension within the Scheme even after exercising this option. Our AVC Guide contains more detail about this option.

TRANSFERRING DEFINED BENEFIT PENSIONS

Members with defined benefit pension are able to transfer out all their benefits from the Scheme to a defined contribution arrangement in order to access the greater flexibilities introduced by the new legislation which came into force on 6 April 2015.

Please note that there are very important differences in the nature of the benefits provided in a defined benefit arrangement like the AgustaWestland UK Pension Scheme, and those in defined contribution arrangements, which you would need to consider carefully before taking such a decision.

Any member wishing to transfer benefits (valued at £30,000 or more) in this way must provide confirmation to the Trustee from a suitably qualified Independent Financial Adviser that they have taken advice. This confirmation must take a certain form prescribed by law and details of this will be provided to you if you enquire about a transfer. Even if your benefits are valued at less than £30,000, the Trustee strongly recommends that you obtain such independent financial advice in connection with a transfer to a defined contribution arrangement.

THE NEW STATE PENSION

If your birthday is on or after 6 April 1951 (for men) or 6 April 1953 (for women) you will fall into the new State Pension provisions.

Members born on or before 5 May 1960 – you can apply for a written statement estimating how much you will be entitled to under the new State Pension rules by visiting <https://www.gov.uk/state-pension-statement>.

Members born on or after 6 May 1960 – you can also apply for a written statement. However, the estimate will be calculated using the rules of the current State Pension system. This is the same information that we already hold on Pensionline under 'My State Pension' (see page 2).

RECENT BENEFIT CHANGES

Recently the employer consulted all active members regarding changes to benefits. These changes were made for two reasons:

- the valuation showed that the cost of providing pensions in the future had substantially increased; and
- the Government announced that pension schemes will no longer be able to “contract out” of the State Pension system from 6 April 2016 (a change linked to the introduction of the new State Pension).

With effect from 6 April 2016, the changes that will be made to benefits are as follows:

- The pension accrual rate will be 1/75th for Main Section members. Other sections have been notified of their accrual rate. Please note that this change only affects pension accrual in the future. Pension earned before 6 April 2016 will not be affected.
- Your contribution rate will increase by 0.75% (to 9.25% for Main Section members).
- Main Section members will be able to Buy Up to a 1/70th accrual rate or a 1/65th accrual rate. Further information about the cost of these options will be issued in early 2016.

In addition, the following changes have also been made:

- **Scheme limits:** The historic Inland Revenue limits incorporated into the rules in 2006 will be removed. Broadly, this means that for members who retire after 1 July 2015 there will no longer be an overarching rule which limits your pension from the Scheme to 2/3 of your final remuneration.
- **AVC changes:** Following the increased flexibility for defined contribution benefits:
 - the requirement to take your AVCs by age 75 has been removed; and
 - the rules provide that if members who have deferred taking their AVCs die before drawing their AVCs, an amount equal to the value of their AVC fund will be paid to their beneficiaries.
- **Overseas workers:** If a member is seconded to an EU state and becomes subject to it's labour laws, they will no longer be able to remain in the Scheme

The Rules of the Scheme have been amended to reflect these changes. The latest edition of the Scheme booklet can be downloaded from Pensionline. All Guides and Information Sheets on the Scheme website have been updated to reflect the changes.

The Trustee is now working with the Scheme administrators, Aon Hewitt, to implement these changes and update the Scheme modellers on Pensionline.

PENSION WORKSHOPS ARE BACK!

We are pleased to be able to offer the following workshops to active members of the Scheme.

Session	Format	Target audience	Course content
Back to basics pensions	1 hour session	For those who don't understand pensions as much as they would like	Explore the meaning of retirement and the different types of pensions available in the UK. Look at the key features of the AgustaWestland UK Pension Scheme. Introduction to the resources available to help you understand your AW pension.
Pension planning for all ages	1 hour session	All ages	Overview of pension planning in general, including setting your retirement goal, State pensions and a look at resources available on the internet. Information for interpreting benefit statements and using the Scheme website and modellers. Discussion of the decisions that need to be made during membership, including an overview of how to increase your pension.
Pension planning for those nearing retirement	1 hour session	About 5 years from target retirement date	Recap on setting your retirement goals and saving more (covered in Pension planning for all ages). Detailed discussion of the decisions that you will need to make at retirement. Information about the retirement process.
AVC savers	1 hour session	AVCs savers and those thinking about becoming AVC savers	Introduction to the AVC investments and AVC modeller pages on Pensionline. Guidance on assessing your situation and selecting appropriate investments. Discussion about how to use your AVC fund at retirement.

To book on a course, please call ext.5353 or email pensions@agustawestland.com. These workshops will be held on the Yeovil site. Spaces are limited and attendance will be on a first come, first served basis.

CONTACT DETAILS

You can contact the Scheme administration team at Aon Hewitt by:

Email: westland@aonhewitt.com

Telephone: 0845 600 8796

Writing to: AgustaWestland UK Pension Scheme, Aon Hewitt Ltd, 25 Marsh Street, Bristol, BS1 4AQ