AVC Guide

Whilst a member of the Leonardo Helicopters Pension Scheme (LHPS) you may have chosen to boost your pension by paying Additional Voluntary Contributions. These are often referred to as AVCs, for short.

From April 2024 when LHPS closed to future pension accrual, you can no longer pay AVCs into the LHPS, but if you have joined the Leonardo FuturePlanner pension scheme (FuturePlanner) you can pay AVCs into FuturePlanner.

AVCs are one of the most effective ways of building up extra pension for your retirement. You get the benefit of group terms; you enjoy important tax advantages; and you have the convenience of contributions deducted directly from your pay.

In order to pay AVCs to FuturePlanner you can increase your contributions above 8% of your Pensionable Salary. Any contributions you make to FuturePlanner up to and including 8% are matched by the Company on a 'Match Plus' basis (see www.futureplanner.co.uk) and any contributions above 8% are considered an AVC (and are not matched by the Company).

If you would like to pay AVCs you can increase your contributions to FuturePlanner by logging into your www.mypension.com/futureplanner record.

Please note this guide provides information regarding your LHPS AVCs. Any benefits you have within FuturePlanner will be treated separately.

Important Notes

This Guide has been produced by the Leonardo Pensions Department. It is intended to provide you with information on the Leonardo Helicopters Pension Scheme AVC facility, but you should note that it is not a legal document and is not intended as financial advice.

Any benefits payable from your LHPS AVCs will depend upon the investment performance and pension rates in force when you retire and so could be less than you expect. Retiring early will almost certainly generate a lower return.

If you are uncertain of what action to take it is strongly recommended that you contact an Independent Financial Adviser before deciding how to access your AVCs.

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Introduction

How does the AVC facility work?

It is a savings arrangement designed for you to accumulate a pot of money to provide additional benefits for your retirement. Contributions were deducted from your salary before tax (and National Insurance if you participated in Smart) and passed to our AVC provider for investment.

If you paid AVCs to the LHPS you will have a pot of money which sits alongside your core LHPS benefits and these will continue to be invested until you are ready to draw them. From April 2024, no further contributions can be paid into the LHPS AVC arrangement.

AVCs are part of the LHPS and are subject to its rules.

Investment of your AVC fund

How is the money invested?

You can choose how your money is invested from a range of funds which are described in this Guide.

All of the choices are “unit linked” which means that your contributions buy units in your chosen fund. The day to day price of the units, and thus the value of your holding, can go down as well as up in line with the value of the fund’s investments.

If you did not make a decision about where to invest your funds, the Trustee will have put your funds into the default Lifestyle Strategy.

Who holds my AVCs?

The investment funds are held by Mobius Life.

XPS Administration, who administer your main LHPS benefits, administer the AVCs. Amongst other things they will provide your AVC statement.

The Lifestyle strategy gives you the opportunity to take advantage of our investment advisers’ expertise as Schroders actively manage these funds.

How will I know how my fund is performing?

Once a year we will send you a statement to show how the value of your account is building up. This will be done electronically (on www.MyPension.com/LHPS) unless you have specified that you would like a paper copy.

You can also log into a Mobius Life website through www.MyPension.com/LHPS to compare the performance of the various funds and find fund factsheets.

Can I change my investment choices?

You can switch your investment funds at any time. There is no charge for doing so. You can do so by completing the necessary AVC Investment Switch form on the LHPS website, www.lhpensions.co.uk or by making a request on www.MyPension.com/LHPS.

Your investment choices

Broadly, you have the following investment options:

- **Lifestyle strategy** – this strategy is ‘managed for you’ by the Trustee and is intended to be suitable for the needs of the most members. It allows the Trustee to invest your AVCs on your behalf in a manner appropriate for your age.

- **Self Select** – the strategy is ‘managed by you’ in choosing the funds from a range made available by the Trustee. There are two groups of funds:
  - **Group 1** – these funds are actively managed by the Scheme’s investment advisers with the overall aim of generating an ‘inflation plus’ return. Two of these funds are used in the growth phase of the lifestyle strategy;
  - **Group 2** – these funds enable you to choose a particular type of investment, e.g. equity, bonds, cash.

The funds in Group 1 are actively managed by Schroders. This means that Schroders will:

- invest in a variety of different assets - rather than just shares - to reduce the variability of the returns for the fund. This is known as "diversification".
- adjust the components of these funds between the different asset classes, based on their views of the opportunities and risks within investment markets and the overall return the fund is seeking. This is known as "rotation".

The investment options available to members with AVCs are:

Fund	Long term target	Risk Level scale of 1(low) to 6 (high)	Management style
Lifestyle strategy	The Trustee invests your AVCs on your behalf in a manner likely to be most appropriate for your age.	Varies	Active
Group 1			
LHPS Long Term Growth	Inflation plus 5%	5	Active
LHPS Stable Growth	Inflation plus 4%	4.5	Active
LHPS Cautious Growth	Inflation plus 3%	3.5	Active
Group 2			
LHPS Global Equity Fund	This funds aims to gain exposure to global equity.	5	Passive
LHPS ESG Global Equity Fund	This fund aims to gain exposure to global equity markets while addressing the long term financial risks of climate change.	5	Passive
LHPS Islamic Global Equity Fund	This fund aims to invest in a diversified portfolio of securities, which meet Islamic investment principles.	5	Passive
LHPS Corporate Bond Fund	This fund aims to gain exposure to corporate bonds.	2.5	Passive
LHPS Fixed Annuity Focus Fund	This fund aims to change broadly in line with the prices of fixed annuities.	2	Passive
LHPS Inflation-Linked Annuity Focus Fund	This funds aims to change broadly in line with the prices of inflation-linked annuities.	2	Passive
LHPS Cash Fund	This fund aims to preserve capital by investing in high-quality cash deposits and other cash instruments.	1	Passive

Please note: You must choose between the Lifestyle strategy and Self Select. If you select the Lifestyle strategy then 100% of your AVCs must be invested that way. However, you can invest in the lifestyle funds underlying the growth stage of the lifestyle strategy through the Self Select options, although no Lifestyle switching will take place if you choose this approach.

Further information about each of the funds is set out in the Appendix 1. The description of long term target and risk level are only intended to give very broad guidance without any consideration of different member attitudes to risk.

The Trustee reserves the right to make changes at any time to the funds that are made available and any such changes would automatically apply to your AVCs if your chosen fund is affected (unless you decide to switch your investment decision).

What are the charges?

You will see from the tables on pages 12 and 14 that there are investment charges levied on your AVCs 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.

The charges are reviewed 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 LHPS Long Term Growth Fund and the charge is 0.353% each year – for each £100 invested, you would pay 35p per year.

What are the risks of each fund?

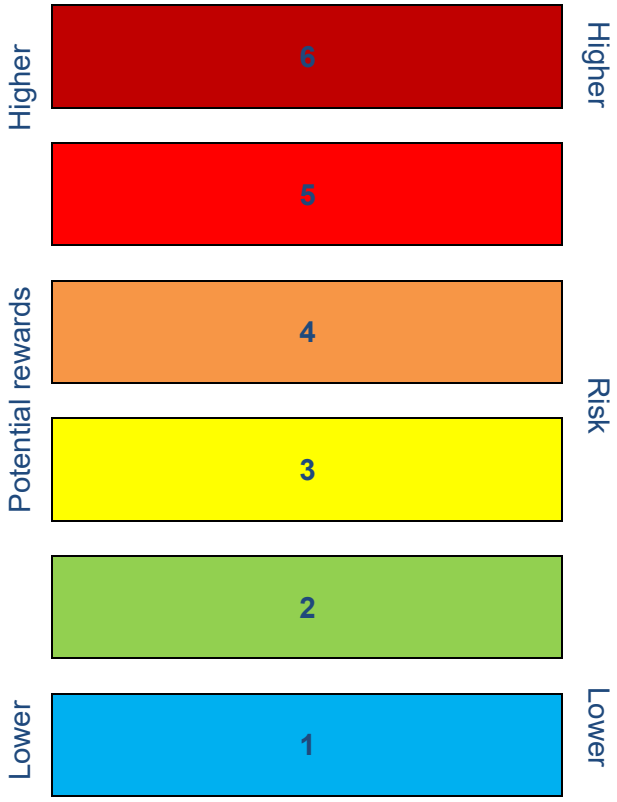
The risk level is an indication of how volatile or variable the fund value is likely to be on a day to day basis as well as the fund's potential for drawdown or loss. It is therefore a measure of how much the fund value could change on a day to day basis with a focus on downside risk.

Pension investment is typically designed for the longer term. A fund like the cash fund can be shown as low risk (reflecting low variability of returns and low potential for 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.

How do I decide which fund(s) to invest in?

Success with investment usually involves striking the right balance between risk and reward.

The more risk you are prepared to take with your money, the greater the chance that it will bring your substantial rewards but it is also possible you may lose money. The more cautious you are with your money, the lower but more certain your returns are likely to be. Being too cautious can also put your investment at risk, for example it may not grow quickly enough to keep up with inflation.



The right solution is a matter for you to decide depending on your individual circumstances.

This guide provides you with details of the estimated risk ratings of each of the funds available on a scale of 1 (low) to 6 (high). If you are uncertain of what action to take it is advisable to take professional financial advice.

More information about risk is set out in Appendix 2.

You may wish to use our Risk Questionnaire on page 16 to help you to review your attitude to risk regularly. This can help identify any changes required to keep your investments on track and in line with your investment objectives.

How secure is my AVC investment?

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

The assets 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 (http://www.fscs.org.uk). AVCs would not be protected by the Pension Protection Fund.

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

Taking your AVCs

How much will my fund be worth?

This is uncertain. Your AVC fund size depends on how much you paid in, over how long and the investment returns.

What can I do with my fund?

You have two options available to you:

1. you may transfer your AVC fund out of the LHPS; or
2. you may take your AVC fund at retirement.

More information about these options is set out below.

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 (like your AVC fund). You should consult Pension Wise. It can be accessed online, by phone or face to face. Visit https://www.moneyhelper.org.uk/en/pensions-and-retirement/pension-wise or call 0800 138 3944 for more information.

In addition, if you wish to consider the suitability of any of these options we would recommend that you contact a suitably qualified Independent Financial Adviser.

Please remember that there may be tax implications associated with accessing your AVC fund. Income (and part of a cash lump sum) from pensions is 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 AVC fund out of the LHPS

You have a right to request a transfer of your whole AVC fund at any time. (You do not have a right to request a transfer of only part of your AVC fund.) You can leave your LHPS core benefits in the LHPS and transfer your AVC fund separately.

You may transfer your AVC fund to one or more external AVC providers. Different AVC providers allow different options in relation to what you can do with your fund and these different options have different features, rates of payments, charges and tax implications. If you wish to enter into an income drawdown product, you will need to transfer your AVC fund to an HMRC approved pension arrangement with an external provider which offers this facility.

If you transfer your AVC fund out of the LHPS, **you will not be able to use it towards your Pension Commencement Lump Sum (PCLS)** from the LHPS. However, you should be able to take 25% of your AVC fund as a PCLS from your new provider.

Please note: If you have 'flexibly accessed' your AVC fund, you will be subject to the £10,000 Money Purchase Annual Allowance on any future pension contributions you make to Defined Contribution pension schemes (also known as Money Purchase pension schemes), including FuturePlanner. Please ensure you take advice before flexibly accessing any pension pot (flexible access includes taking the pot as a taxable cash sum (UFPLS) and taking the pot as a flexi-access drawdown).

For more information please read the Annual Allowance Factsheet available from the LHPS website at www.lhpensions.co.uk.

Option 2 – Take your AVC fund at retirement

You have a number of options with regard to how you take your AVCs at retirement:

a. As part of your Pension Commencement Lump Sum (PCLS) (also known as tax free cash)

You can take your AVCs as part of your Pension Commencement Lump Sum. You can take the full value of your AVCs (up to a maximum of 25% of the value of your core LHPS benefits and your AVC benefits added together) (provided that this is also within the limits allowed by HMRC from time to time). The figures on your 'Retirement quotation' assume you take this option. If you have AVC funds remaining after exercising this option, 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).

Please note that the maximum total Pension Commencement Lump Sum you can receive from all your pension savings is currently £268,275.

b. To provide an income

You can use your AVCs to purchase an income 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 amount of income will depend upon the annuity or drawdown product you select. Annuities are affected by factors like interest rate levels, your age and the pension options you want. Also there are a number of options regarding the type of annuity you can purchase – for example it could increase in payment, continue to your spouse on your death or be paid for a guaranteed period. We would recommend that you contact an Independent Financial Adviser who will be able to get quotations from a range of providers so you can get the best deal at the time.

Please note, if you wish to purchase an income through a drawdown product, this would need to be arranged outside the LHPS by an external provider. You would need to transfer your AVC fund 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 PCLS.

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 4 (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 AVC fund (over and above any taken as part of your Pension Commencement Lump Sum from the LHPS) 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 AVC fund has been "crystallised" for the purpose of your Pension Commencement Lump Sum. 25% of this 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 our administrator before the money is paid to you. You may be charged for the costs associated with calculating and implementing an UFPLS.

More detail about the limits on using AVCs for your Pension Commencement Lump Sum (option 2a)

If you have AVCs, you can use your AVC fund for the purpose of taking a Pension Commencement Lump Sum, rather than giving up DB pension. However, there are limits.

Rule 1: You are allowed to take up to 25% of the total value of your pension benefits coming into payment under the LHPS (defined benefit pension and AVCs) as a Pension Commencement Lump Sum. For example, if your total pension benefits are valued at £100,000, you could take £25,000 in tax free cash. The remainder of your DB benefits need to be taken as pension.

If you have AVCs, you can use your AVC fund for the purpose of taking a Pension Commencement Lump Sum, rather than giving up DB pension. You can use the whole of your AVC pot towards your Pension Commencement Lump Sum, up to the maximum of 25% of the total value of your pension benefits coming into payment under the LHPS (see above).

Rule 2: The balance of your AVC fund remaining after you have used the permitted maximum towards your Pension Commencement Lump Sum can be taken as income or as a one-off cash payment (an UFPLS) – see options 2b and 2c above. Please note this is unlikely to impact the vast majority of members.

Rule 3: The maximum Pension Commencement Lump Sum you can take from all your pension savings (not just LHPS) is £268,275 (as at the 2026/27 tax year).

More information about how we value your defined benefit pension for this purpose is set out in the Member's Booklet.

These examples show how the rules apply…

	Value of defined benefit pension	Value of AVC fund	Total value of benefits	Maximum amount of cash	Comments
Example 1	£75,000	£25,000	£100,000	£25,000 - taken from AVC fund	No need to give up pension.
Example 2	£175,000	£25,000	£200,000	£50,000 – take £25,000 from AVCs and £25,000 from pension	Would need to give up pension if you wanted to take the maximum amount of tax free cash.
Example 3	£50,000	£50,000	£100,000	£25,000 – taken from AVC fund	The remainder of the AVC fund (£25,000) would need to be taken as option 2b or 2c* above.
Example 4	£125,000	£75,000	£200,000	£50,000 – taken from AVC fund	The remainder of the AVC fund (£25,000) would need to be taken as option 2b or 2c* above.
Example 5	£175,000	£75,000	£250,000	£62,500 – taken from AVC fund	The remainder of the AVC fund (£12,500) would need to be taken as option 2b or 2c* above.

*If you choose to take an Uncrystallised Funds Pension Lump Sum, these calculations become more complex.

Are there any other limits?

If you flexibly access some or all of your pension savings (including your AVC fund) (either in the LHPS or another pension arrangement) such as taking an Uncrystallised Funds Pension Lump Sum (UFPLS), 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.

What if I die before I use my AVC fund?

The full value of your AVC fund will be paid to your Beneficiaries at the discretion of the Trustee.

What if I die after I draw my AVC fund?

Any benefits payable will depend on how you chose to use your AVC fund.

What happens if I leave?

Your LHPS AVC fund will remain invested. Alternatively, you may transfer your AVC fund (alone or with the rest of your LHPS benefits) to another pension arrangement.

Appendix 1 – Fund Options

The Lifestyle strategy – managed for you

The Lifestyle strategy is intended to be suitable for the needs of the 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 AVCs 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, a platform is provided for the different retirement choices you have.

1. The lifestyle strategy uses three 'lifestyle' funds with different targets.

   Two of the lifestyle funds will have 'inflation plus' targets. These funds will invest in equities and other types of growth assets. Schroders will 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 third lifestyle fund will provide a platform for your investments for the final five years before retirement, recognising that you could 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 three lifestyle funds are shown in the table below.

Fund name	**Long term target**	**Risk Level** scale of 1(low) to 6 (high)	**Charge****
LHPS Long Term Growth	Inflation plus 5%	5	0.353%
LHPS Cautious Growth	Inflation plus 3%	3.5	0.428%
LHPS Retirement Focus*	A mix of cautious growth and cash – see table below	3	0.309%

*Within the third lifestyle fund (the LHPS Retirement Focus) you can choose a tailored version that may be more relevant to your needs (see table below). 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 3 for those members who wish to consider tailoring their funds.

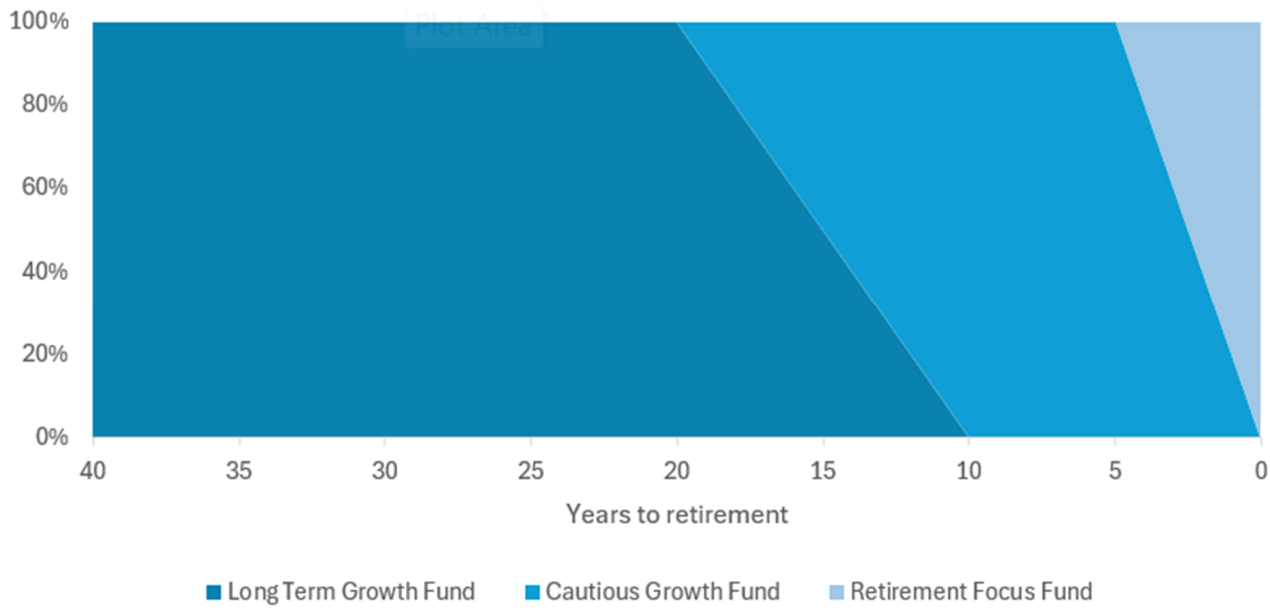
Retirement Focus Option	**Long term target**	**Risk Level**	**Charge****
LHPS Retirement Focus (Default)	A mix of cautious growth (75%) and cash (25%)	3	0.309%
LHPS Retirement Focus (Income for Life - targeting an annuity)	A mix of annuity focus (75%) and cash (25%)	2	0.134%
LHPS Retirement Focus (Take the Pot as Cash – targeting cash)	100% Cash	1	0.150%

** The Charge figure will change daily. The figure given in this table provide indicative figures as at June 2025.

Each of the funds are held by Mobius Life, although there may be several different underlying investment managers chosen by Schroders within the funds.

2. The Lifestyle strategy switches between the lifestyle funds progressively through your career with the intention of making the growth smoother. The final move away from risky funds will be over the five years before retirement. 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)		
LHPS Long Term Growth	N/A		
LHPS Cautious Growth	20	⇨	10
LHPS Retirement Focus	5	⇨	Retire



Target Retirement Age

The switching of the lifestyle 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 legal minimum retirement age).

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 LHPS (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 would adjust the lifestyle switching to reflect the revised target date over time as reasonably practicable.

‘Self Select’ – managed by you

If you don’t think the Lifestyle strategy is appropriate for your circumstances or you wish to make your own investment choices, you are able to make your own selection from a range of funds made available by the Trustee.

- Group 1 – You can select from the two of the lifestyle funds that are used for the growth phase of the Lifestyle strategy, plus an additional fund. These funds are actively managed by the Scheme’’s investment adviser with the aim of achieving the inflation plus target for your AVCs.
- Group 2 – You can choose from a range of passive funds which are broadly equivalent to the current funds.

The full list of Self Select funds and the charges associated with them is as in the table below:

	Long term target	**Risk Level** scale of 1(low) to 6 (high)	**Charge***	**Management style**
Group 1				
LHPS Long Term Growth	Inflation plus 5%	5	0.353%	Active
LHPS Stable Growth	Inflation plus 4%	4.5	0.404%	Active
LHPS Cautious Growth	Inflation plus 3%	3.5	0.428%	Active
Group 2				
LHPS Global Equity Fund	This funds aims to gain exposure to global equity markets. Currently this fund is invested passively and aims to perform in line with an index return of UK and overseas equities.	5	0.176%	Passive
LHPS ESG Global Equity Fund	This fund aims to invest in a globally diversified portfolio of equities 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. To protect against movements in the currency market, the fund has a 50% allocation of currency hedging.	5	0.195%	Passive
LHPS Islamic Global Equity Fund	This fund aims to invest in a diversified portfolio of securities, which meet Islamic investment principles.	5	0.360%	Passive
LHPS 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%	Passive
LHPS 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 fund in terms of amount of fixed pension you could purchase at retirement.	2	0.150%	Passive

LHPS Inflation-Linked Annuity Focus Fund	This funds aims to change broadly in line with the prices of inflation-linked annuities, and therefore attempts to "lock in" the value of your fund 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%	Passive
LHPS 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%	Passive

* The Charge figure will change daily and the figures are indicative as at June 2025.

The funds will be held by Mobius Life, although the underlying investment manager may change from time to time.

Appendix 2 - Risk

There are several types of risk related to investment and AVCs

Volatility risk	Events in financial markets cause the value of investments to rise and fall, also known as volatility.
Inflation risk	The risk that the value of investments doesn't grow quickly enough to keep up with inflation.
Conversion risk	Changes in exchange rates may cause the sterling values of overseas investments to rise or fall.
Pension conversion risk	Your pension fund may be used to purchase an annuity, which will provide you with an income. The income you eventually receive will depend on the value of your pension fund and the cost of purchasing an annuity. This creates the risk that the value of your pension fund does not move in line with the cost of purchasing an annuity.
Diversification	If you invest entirely in one asset area, then the value of your entire portfolio will be subject to the changes in the performance of that type of asset. To help manage risk, you could consider spreading the risk by investing in several assets or sectors. This protects your investment from feeling the full effects from a fall in value of one asset area. The Group 1 funds use diversification to reduce risk.

Risk questionnaire

To help you decide what type of assets to invest in, it is useful to ask yourself some questions:

Question	***My response***
What is your attitude to risk? *How much you get back from your investment and the degree of risk you are prepared to take are linked.*	
How many years do you have before you retire? *Riskier funds offer the best potential for achieving above average returns over the long term. This could apply to those with 15 years or more to retirement.*	
Do you want to invest in a less risky fund as you get closer to retirement? *The closer you are to retirement, funds with a risk rating of 4 and above may not be suitable for you. Although they carry the potential for short term gains, they also have potential for short-term losses.*	
How would you react if the stock market went down and your fund value reduced? *Any investor should be prepared for periods where investments may fall in value, but by remaining invested gives an opportunity for investments to perform well over the longer term.*	
How much income are you aiming to receive from your AVCs? *The funds you select, and the degree of risk you are prepared to take, will be key in trying to achieve the level of income you are aiming for.*	

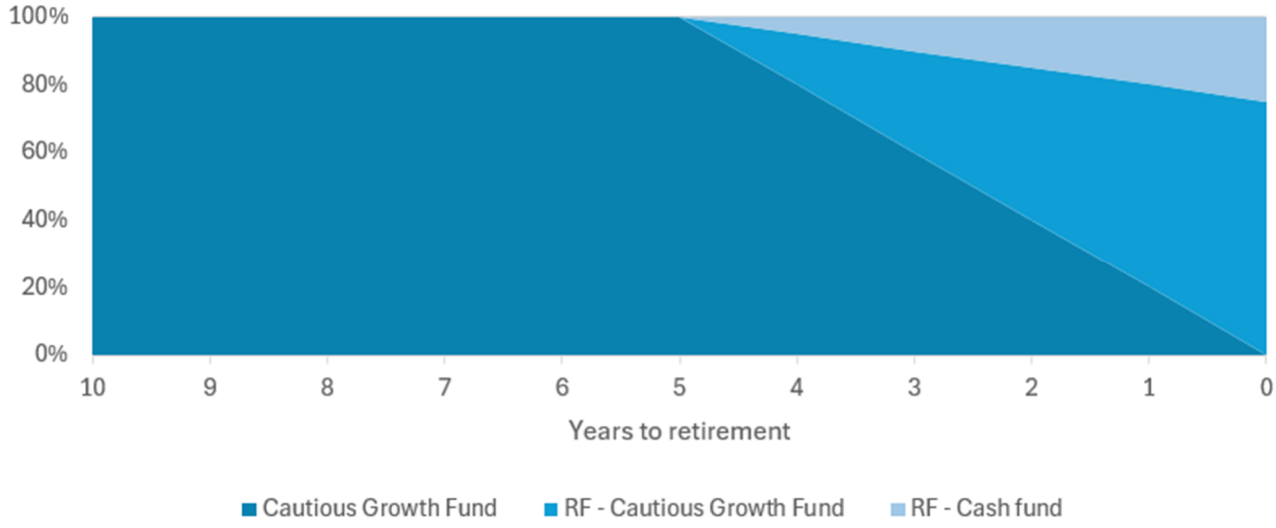
You should review your attitude to risk regularly, this can help identify any changes required to keep your investments on track and in line with your investment objectives.

Appendix 3 – Retirement Focus Fund Options

The Lifestyle strategy – tailored by you

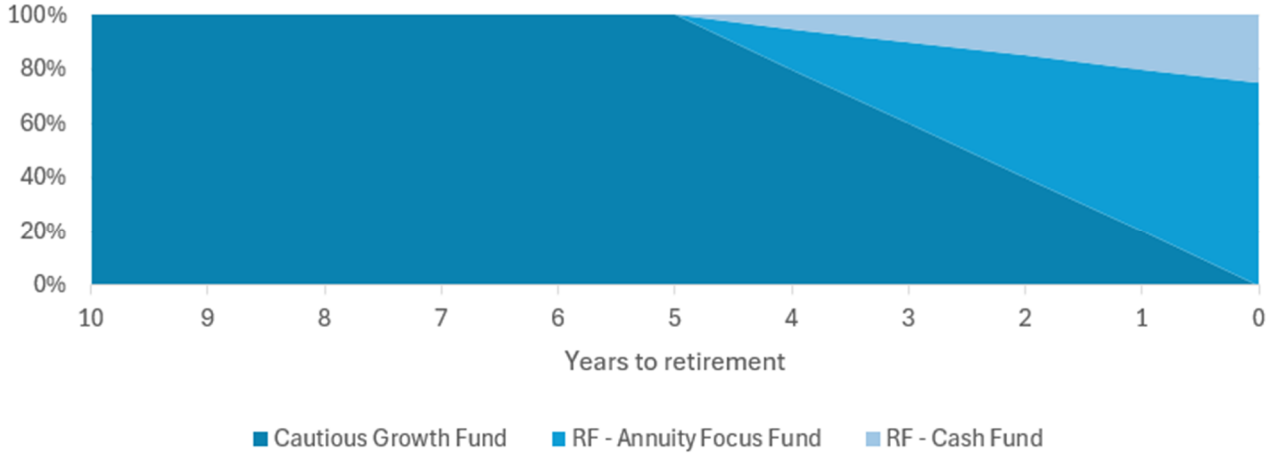
Option 1: Retirement Focus – Default

- This moves towards 75% cautious growth and 25% 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 0.309% per annum as at June 2025



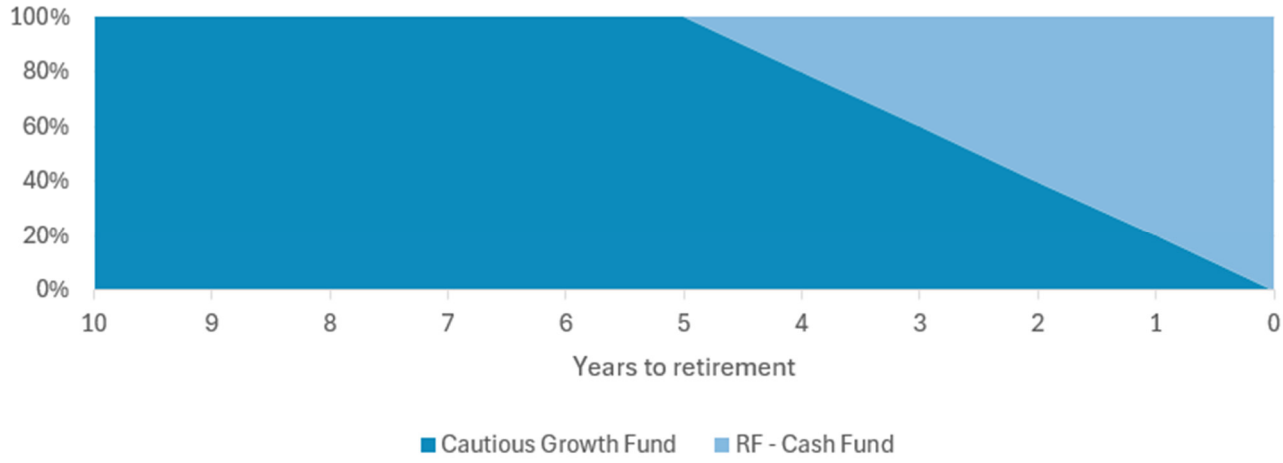
Option 2: Retirement Focus - Income for Life (Annuity)

- 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 June 2025



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 their cash 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 June 2025



Appendix 4 – 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 AVCs 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 AVCs to Smart Pension they will set up a Retirement Account for you which is broadly a mirror image of the Retirement Account you have within your AVCs. 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 AVCs (and any other pensions you transfer to Smart) 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 AVCs.

Terminology

Here is some information that you may find useful.

Annuity	An income paid at specific intervals guaranteed for the lifetime of one or more individuals.
Equities	Also known as stocks and shares, these represent a share of the ownership of a company. Shares give two potential benefits – the share price increases as the value of the company increases and regular payments, known as dividends, may be made to shareholders based on how well the company is doing. Over the longer-term equities are considered by many investment experts to offer greater growth potential than many other asset types. But over the short-term, the value of equities can go up and down a lot. Funds investing in equities tend to carry a higher risk of capital loss than funds investing in corporate or government bonds or money market instruments.
Corporate bond	Loans to companies where the purchaser of the corporate bond lends money to the company in return for regular interest payments and the promise that the initial sum will be repaid on a specified later date. The return achieved from a corporate bond is a combination of the interest payments and any change in the value of the bond.
Passively managed fund	Aims to match or track the performance of an index or indices, such as the FTSE All-Share Index.
Actively managed fund	The fund manager uses their expertise to decide which instruments to invest in to try to beat the return of an index or indices (this is known as outperforming).
Beneficiaries	Your widow, widower, or surviving civil partner (including, if there is no surviving widow, widower, or surviving civil partner, a person of either sex whom the Trustee considers to have had a relationship with you closely resembling marriage or civil partnership); your grandparents and your widow's, widower's or surviving civil partner's grandparents and their descendants (which will include adopted persons, children conceived and not yet born when you die, and step children) and the spouses; civil partners; widows, widowers, and surviving civil partners of those descendants; any person with an interest in your estate and any person nominated in your Expression of Wish.