



2022 Buy Up Guide

As a member of the Leonardo Helicopters Pension Scheme (the 'Scheme') you have been promised an income during your retirement. This will be very valuable – but it may not be as much as you would like – especially if you have not been with Leonardo for long or you want to retire early.

The Scheme provides a Buy Up option under which members of the Main Section can pay extra contributions for a better accrual rate.

This Guide consists of answers to some common questions people ask about how Buy Up works. If you have any further questions please contact XPS Administration on 0117 440 2493 or by email to LHPS@xpsgroup.com. Alternatively you can contact the Pensions Department by email at pensions@leonardocompany.com.

Note: The “buy up” option is only available to members of the Main Section of the Scheme.

Important Note

This Guide has been produced by the Pensions Department. It is intended to provide you with information on the Buy Up facility, but you should note that it is not a legal document and is not intended as financial advice. If there is any conflict between this Buy Up Guide and the Rules of the Scheme, the Rules will prevail.

If you are uncertain of what action to take it is strongly recommended that you contact an Independent Financial Adviser before deciding to “Buy Up”.

How does Buy Up work?

The Buy Up option allows you to pay a higher contribution rate to the Scheme in order to purchase a higher accrual rate: in effect you can earn pension quicker.

“Accrual rate” means the amount by which your pension grows for every year of pensionable service.

From April 2011 the benefits you earn are based on your career salary. The standard accrual rate is 1/75th of pensionable salary for every year of pensionable service. Please note that prior to April 2016 the standard accrual rate was 1/67th of pensionable salary for each year of pensionable service.

The Buy Up option allows you to increase your accrual rate from 1/75th to 1/70th or 1/65th if you wish.

How much does it cost to Buy Up?

We have set out below the cost of each accrual rate for the 2022/23 Scheme Year:

EARN PENSION QUICKER

- Buy up to higher accrual rate of 1/65th of Pensionable Salary**
Pay additional contributions of 4.5%, giving an overall total member contribution rate of 13.75% for the 2022/23 Scheme Year
- Buy up to higher accrual rate of 1/70th of Pensionable Salary**
Pay additional contributions of 2.1%, giving an overall total member contribution rate of 11.35% for the 2022/23 Scheme Year
- Accrue benefits at the standard accrual rate of 1/75th**
Pay standard contribution rate of 9.25%

The Trustees review the Buy Up rates every year to ensure that they remain appropriate. The new rates will be published a few weeks before a decision needs to be made.

What will I get if I Buy Up?

We have set out overleaf an example of how much pension you could earn at the different accrual rates:

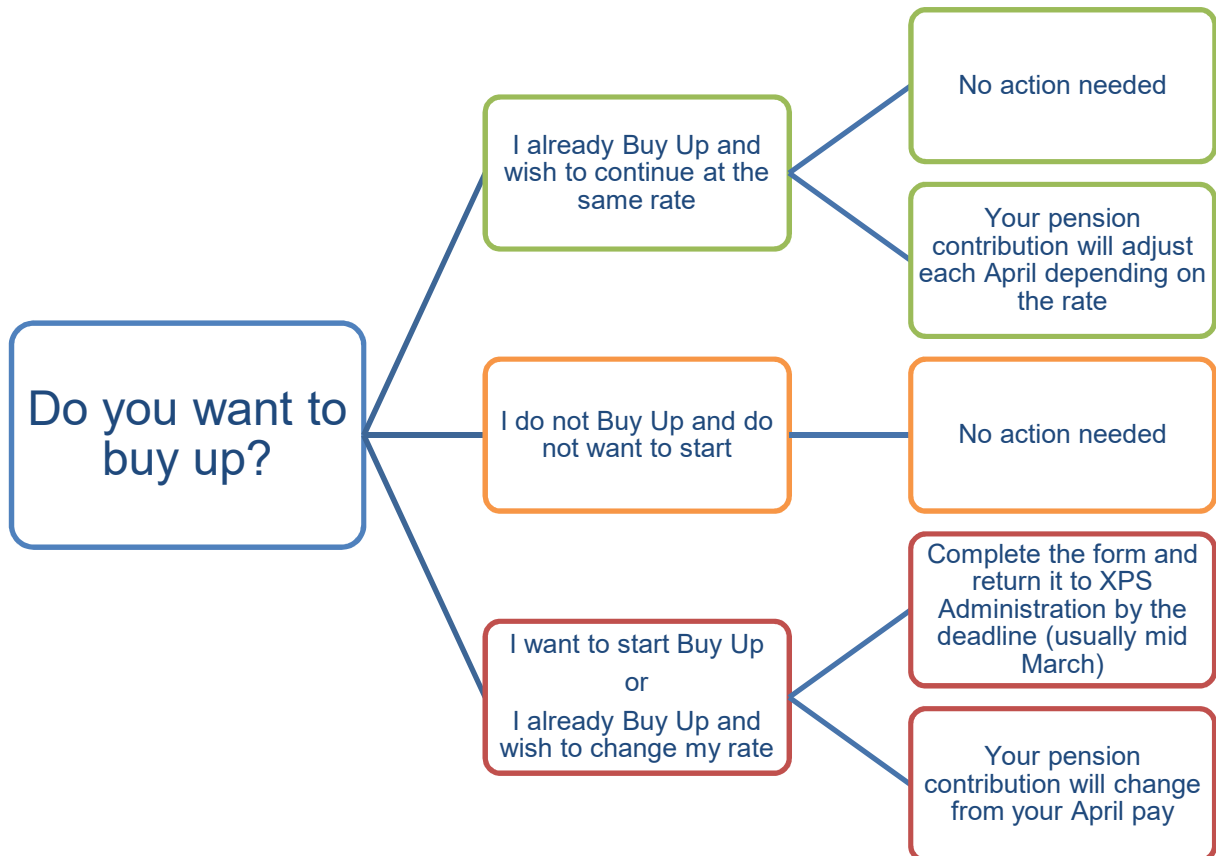
Accrual rate	Extra cost	Pension earned each year = pensionable salary x accrual rate (example uses pensionable salary of £25k)
1/75 th	Nil	£333
1/70 th	2.1%	£357
1/65 th	4.5%	£385

What do I need to do?

The decision to Buy Up has to be made once each year by the middle of March with any change in the contribution rate being effective on 6 April.

Your decision to Buy Up will apply to the whole Scheme Year (which runs from 6 April 2022 to 5 April 2023), providing there are no changes to Scheme accrual during the year.

The chart below sets out what you need to do:



If you wish to Buy Up or change your accrual rate from the next 6 April you should complete the necessary form and return it by the deadline.

If you do not return your form indicating your chosen option, you will continue to accrue benefits at your current accrual rate, and (if you are Buying Up) pay the higher contribution rate applicable from April 2022).

You will receive a letter each year before 6 April confirming the contribution rates for the next period. This will include the necessary form.

Why has the cost of Buy Up increased?

Each year the Scheme Actuary and Trustee review the Buy Up contribution rates using various assumptions and taking into account the current market conditions. Since the cost of Buy Up was set for last year (2021/22), there have been some changes in market conditions which have increased the cost of new benefits. As a result, the Buy Up contribution rates are slightly higher than last year's rates.

If there are any changes to the Scheme before 5 April 2023 resulting from the ongoing pension consultation, could this affect Buy Up?

The Trustee is aware that there is a Company consultation process ongoing. Depending on the proposals and outcome of the consultation, if you Buy Up and there were any changes to Scheme accrual during the 2022/23 Scheme Year, this could potentially affect the period of Buy Up. In this event, any impact would be communicated to you.

Other points to note

Buy Up will not affect whether you contribute by salary deduction or have elected for the Smart salary sacrifice option. Smart allows you to reduce how much National Insurance you pay. Further information on Smart is provided on the Scheme website, www.lhpensions.co.uk.