

Retiring – What to Expect

This document has been prepared to help you understand the processes you will go through when you retire from the Leonardo Helicopters Pension Scheme (LHPS).

Planning for retirement

- Find out how much you are entitled to and when you are able to take it.
- Do you need to take steps now to save more?

Taking your pension

- Make important decisions: When should I draw my pension? Do I want to take a cash lump sum? Do I want to adjust my supplement? Do I want to take the Pension Increase Option? Should I take financial advice?
- Find out how to put your pension into payment.
- Understand when you will receive your pension.
- Understand what you can do with your AVCs.

Once you have retired

- Enjoy your retirement which you have saved for.
- Understand the tax implications.
- Understand when pension increases are paid.

You should note that this is a general guide and is not a legal document. It should be read in conjunction with the LHPS member booklet. If there is a conflict between this guide and the Rules of the LHPS, the Rules will prevail.

This guide is not a full statement of the law which governs the LHPS, and members are advised to take independent financial advice on the options available to them.

Planning for retirement

- **How much pension am I entitled to?**

Whilst the online pension modeller is temporarily unavailable pending completion of the pension changes effective April 2024, members who are actively considering retirement in the next 12 months can request a 'Retirement quotation' from the LHPS administrator, XPS Administration. Contact XPS Administration to request a 'Retirement quotation'. You will need to quote your Pension Reference Number which is detailed on your online www.mypension.com/LHPS record, or on any correspondence you have received from XPS Administration.

Once the online modeller is re-launched later in 2024 through our online facility www.lhpensions.co.uk/mypension, this facility will enable you to model your pension benefits using different retirement dates to obtain an illustration of your pension. You have been sent login details. If you need a reminder, please contact XPS Administration.

It is recommended that you request a 'Retirement quotation' at least six months before you plan to retire.

You will need to provide a potential retirement date. You will not be held to this date, it is just an indicative date for XPS Administration to calculate your figures. Please note, your potential retirement date must be within the next 12 months as XPS Administration are unable to provide illustrations for dates more than 12 months in advance.

XPS will email you to let you know how to access your quotation when it is ready. If you have not provided an email address, or have elected to receive paper communications XPS will post your 'Retirement quotation' to your home address.

Please ensure you have updated your online record with an email address you can access once you have left the Company.

- **What will my 'Retirement quotation' tell me?**

You have a number of options with your pension when you retire, including:

- giving up some of your pension for a Pension Commencement Lump Sum (which is currently tax free and often referred to as "tax free cash");
- if you are in the Main or Management Sections, you will receive a supplement if you retire after age 60. The supplement will be payable until the end of the month before the month in which you reach your State Pension Age. You can choose to adjust your supplement at retirement (see the Supplement Guide for more information); and/or
- you can exchange the pension increases detailed within the Rules of the LHPS for an immediate uplift to your annual pension. In retirement, your pension would increase by the (less generous) statutory minimum increases. This is known as Pension Increase Exchange (PIE) and your 'Retirement quotation' will include a PIE Guide which provides more information.

Your 'Retirement quotation' will show:

- A. Standard pension and supplement. The pension and standard supplement you could be entitled to if you retire at the potential retirement date you provided (without accepting PIE or adjusting any supplement payable).
- B. PIE accepted and standard supplement. The uplifted pension and standard supplement you could be entitled to if you retire at the potential retirement date you provided, and accept the PIE offer.
- C. Standard pension and maximum supplement. The pension and maximum supplement you could be entitled to if you retire at the potential retirement date you provided (adjusting your supplement to the maximum amount, but without accepting PIE).
- D. PIE accepted and maximum supplement. The uplifted pension and maximum supplement you could be entitled to if you retire at the potential retirement date you provided, accepted the PIE offer and adjusted your supplement to the maximum amount.

Each option will include details of the maximum Pension Commencement Lump Sum you could receive, and the reduced pension.

Please note that some of these options may not be available to you (for example if you are retiring before age 60 you will not receive a supplement – you will receive a lifetime value of the supplement within your lifetime pension instead). If any option detailed above is not available it will not be included in your quotation.

If you would like to receive a quotation with different options (for example giving up supplement for additional lifetime pension) you should contact XPS Administration.

If you have paid AVCs your quotation will show:

- A. the current value of your fund;
- B. the maximum amount of your AVCs you can receive as part of your Pension Commencement Lump Sum; and
- C. a quotation of the additional pension your AVC fund could purchase.

You are entitled to request that XPS Administration provide **one** retirement illustration in any 12 month period. It is important therefore that before requesting a retirement illustration you have first used the pension modeller available via www.lhpensions.co.uk/mypension to run retirement quotations to establish that you can afford to retire from the potential retirement date. This is temporarily unavailable during early 2024 whilst the pension changes are built into the system.

- **When can I draw my pension?**

You can draw your pension at any time after you turn age 55 provided you no longer work for the Company. If you draw your pension before your Normal Retirement Age, it may be reduced for early payment as it will be paid for a longer period of time.

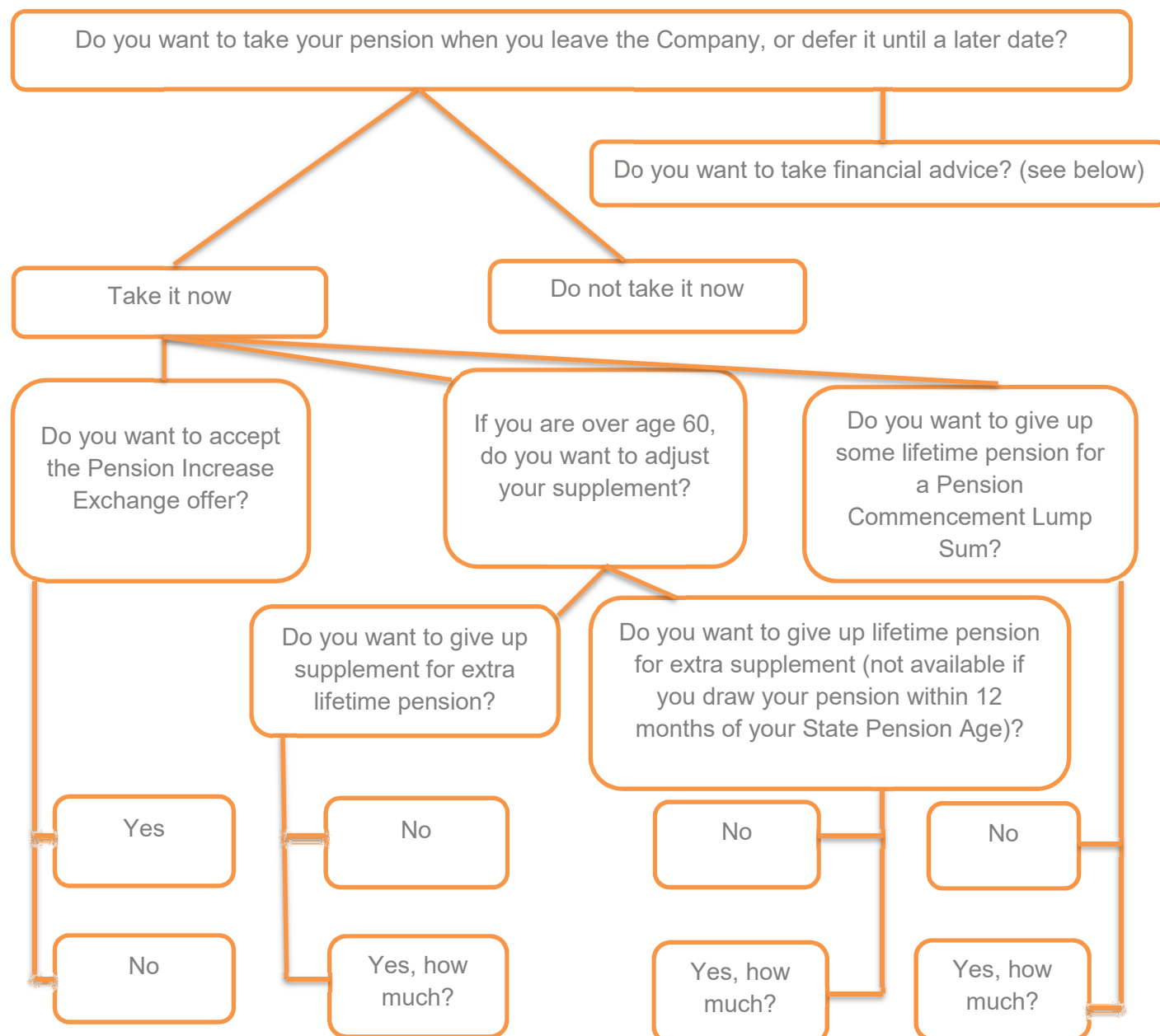
- **I need more pension before I can retire. What can I do?**

If you are an active member of the Leonardo FuturePlanner pension scheme and wish to increase your benefits you can pay more into that scheme.

You can find more information regarding the Leonardo FuturePlanner pension scheme at www.futureplanner.co.uk.

Taking your pension

You will have to make the following decisions:



Financial advice

The Pensions Department can arrange for an appointment with an Independent Financial Adviser (IFA). The initial appointment will be free of charge, but if you then instruct the IFA there will be a fee, which he/she will discuss with you before taking any action. Currently appointments are being held virtually. The IFA will phone you to arrange a convenient date and time with you. If you would like your spouse to attend, this can also be arranged.

If you would like to arrange an appointment please email pensions@leonardo.com providing details of the phone number you would like the IFA to contact you on.

- **I don't want to take my pension when I leave. What do I need to do?**

You can inform XPS Administration that you do not want to take your pension when you leave employment by ticking the appropriate box in the 'Retirement Date' section on the Retirement Option Form (included with your 'Retirement quotation') and return this to XPS Administration.

Your pension will then become deferred and increase broadly in line with inflation until you decide to draw it. Please keep XPS Administration informed if you change address or email address.

You can view your deferred pension (at date of leaving) on the online facility at www.lhpensions.co.uk/mypension.

When you decide you would like to draw your pension contact XPS Administration and they will provide you with an updated 'Retirement quotation'.

- **I have decided I would like to take my pension. How do I put my pension into payment?**

You will need to agree a leaving date with your Manager and your HR department. The HR department will inform the Pensions Department.

The Pensions Department will then inform XPS Administration, who will provide you with a 'Retirement quotation' with all the necessary forms.

If you have already left the Company and are a deferred member please contact XPS Administration and request a 'Retirement quotation' for your chosen retirement date.

Your 'Retirement quotation' will be loaded onto the online facility at www.lhpensions.co.uk/mypension and you will receive an email to let you know it is available to download. Therefore please ensure you have informed XPS of your current email address.

- **What forms do I need to complete to receive my pension?**

Attached to your 'Retirement quotation' you will find a set of forms. Please complete these and return them to XPS Administration as quickly as possible.

The details you will need to provide are:

- Your bank account details – so that XPS Administration can pay your pension and Pension Commencement Lump Sum directly into your bank account.
- Whether you wish to accept the PIE offer, if applicable?
- Whether you wish to receive a Pension Commencement Lump Sum, and if so, how much?
- Whether you wish to adjust your supplement, if applicable, and if so, how much supplement would you like to receive?
- Details of any other pension benefits you have. You may be required to sign a Lifetime Allowance declaration confirming that your benefits are within HMRC allowances. However these allowances are so high that very few people are likely to be affected by them, and HMRC have indicated that they will not apply any Lifetime Allowance tax charges at the current time (from April 2023).
- Whether you would like to receive any independent financial advice.
- If you have AVCs you will have to inform XPS Administration of how you wish to take your AVC fund.

- I have confirmed my leaving date, what happens next?

XPS Administration will upload a 'Retirement quotation' to the online facility at www.lhpensions.co.uk/mypension along with all the necessary forms you will need to complete. Please complete them and return them to XPS Administration along with photocopies of your birth, marriage and spouse's birth certificate (if applicable) along with a photocopy of one other identification document (such as your passport, driving licence, or an electricity bill). Alternatively you can provide your original certificates. XPS Administration will return your certificates by recorded delivery.

- I have returned the forms and my certificates to XPS Administration. What happens next?

You will not hear anything from XPS Administration until nearer your retirement date. Do not worry, this is normal.

- Will I receive confirmation of my benefits?

Yes, provided XPS Administration have received all the necessary documentation in time, you will receive a letter on or around your retirement date confirming your benefits and how they will be paid.

- When will I receive my Pension Commencement Lump Sum?

Provided XPS Administration have received all the necessary documentation in time, your Pension Commencement Lump Sum should be transferred into your specified bank account shortly after your retirement date. However, if you have AVCs this may delay the payment of your benefits as XPS Administration will need to disinvest these after your retirement date (see below).

- When will I receive my monthly pension?

XPS Administration will set up your pension in the first available payroll after your retirement date. Pensions are paid monthly in advance on or around 24th of the month. For example, if your retirement date was 15th May, your first pension instalment is likely to be on 24th June and this would include your pension for May and June, and your pension for July.

- I would like to have my Pension Commencement Lump Sum paid into a different bank account to my pension. Is this possible?

Yes, complete the bank mandate form received with your 'Retirement quotation' with the details of the bank account you would like your pension paid into. When you return your forms and certificates to XPS Administration include a note asking them to pay your Pension Commencement Lump Sum into a different bank account and give them the relevant details.

- I have AVCs, will this delay the payment of my pension and Pension Commencement Lump Sum?

Yes, XPS Administration are unable to pay any of your benefits until they have received all your AVC funds from your AVC provider/s (Prudential and/or Mobius Life). These funds cannot be disinvested until on or around your retirement date. It may be up to 8 weeks after your retirement date before you receive your Pension Commencement Lump Sum from the LHPS. Your monthly pension will then be set up in the first available payroll following receipt of your AVC funds.

- **What can I do with my AVCs?**

You have a few options with regard to how you take your AVCs. You can find more information regarding this in the AVC Guide available from the 'Saving more' section of the LHPS website: www.lhpensions.co.uk.

Option 1 - Take your AVCs as part of your Pension Commencement Lump Sum.

You can receive up to 25% of the value of your total LHPS benefits (your core LHPS benefits and your AVCs) as a Pension Commencement Lump Sum, and you can use your AVCs to fund this. If you have an excess AVC fund after taking a Pension Commencement Lump Sum this can be utilised under Options 2 to 4.

Option 2 – Use your AVCs for income drawdown.

The Trustee has an arrangement with the Smart Pension Master Trust to support members who wish to transfer their AVCs into the Smart Retire service (which would then allow you to drawdown your AVC savings).

Smart Pension has a detailed website with lots of information to help you find out about the options available to you and planning tools to help you compare the options: <https://www.smartpension.co.uk/leonardo>. You can also talk to Smart Retire on 0330 174 0643

There are other income drawdown providers and if you wish to take this option you should consider taking Independent Financial Advice. Please note there are a number of additional actions that you will need to take if you decide to use this option. These steps are likely to delay the payment of all your benefits from the LHPS. Please see the 'Timescales for transferring out your pension benefits' document available at www.lhpensions.co.uk.

If you transfer your AVC fund in this way there can be an impact on the amount of any Pension Commencement Lump Sum you receive from the LHPS.

Option 3 – Use your AVCs to purchase additional pension.

You may be able to purchase additional pension through your AVC provider. However, you may get a higher additional pension from a different provider, via an Open Market Option (OMO). If you wish to take this option you will need to contact an Independent Financial Adviser who will be able to get quotations from a range of providers.

XPS Administration also facilitate an annuity finder service, through PS Aspire, if you would like to use this please contact XPS Administration. This service is free to LHPS members.

Option 4 – 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'.

25% of this would be payable tax free, with the balance being subject to your marginal rate of income tax.

If you take this option there may be tax implications if you then make contributions into another pension arrangement (such as Leonardo FuturePlanner). It is recommended that you take Independent Financial Advice if you take this option.

Option 5 – A combination of the previous options.

- **I want to receive my AVCs as part of my Pension Commencement Lump Sum. How will these be paid?**

It can take 4-8 weeks after you have retired for the AVC provider/s to disinvest your funds and pay them to XPS Administration.

XPS Administration are unable to pay any of your benefits from the LHPS until they have received your AVCs. Therefore it may be up to 8 weeks before you receive your Pension Commencement Lump Sum and pension payments.

Once you have retired

We hope you enjoy your retirement. Below are a couple of questions that you may have when your pension is in payment.

- **What happens about income tax?**

XPS Administration will initially put you on an emergency tax code, until they receive notification of the correct tax code from HMRC. If you are also receiving regular income/earnings from elsewhere, the use of an emergency code (which gives the basic personal allowance) may cause you to underpay tax on your pension initially which would be reclaimed later by HMRC.

XPS Administration exchange information with HMRC to confirm the amount of pension you are receiving from the Leonardo Helicopters Pension Scheme. Tax codes are provided electronically to the XPS pensioner payroll team and the correct code should be received and applied by the time you receive your third pension payment. As the process is automatic you should not need to take any action but if you need to contact HMRC the contact information is:

HMRC
PO Box 1970
Liverpool
L75 1WX

Telephone Number: 0300 200 3300

Tax office reference number: 961/1704804

- **Will I receive a payslip?**

Once the payment of your pension has started, a printed payslip will only be issued if your net pay changes by £10.00 or more from that paid in the previous month.

Your payslip will be uploaded each month to www.lhpensions.co.uk/mypension.

A P60 will be posted each year and uploaded to www.lhpensions.co.uk/mypension.

If you have previously registered on www.lhpensions.co.uk/mypension using your @Leonardocompany.com or @leonardo.com email address before you leave you will need to log in to your account and add a personal email address.

- **Do I pay National Insurance?**

You do not pay National Insurance on your pension. If you are worried about having enough contributions to qualify for State benefits, you should contact the Department of Work and Pensions (www.gov.uk/contact-pension-service).

- **Will my pension increase in retirement?**

The Trustee will review whether your pension will increase from 1 April each year. You will receive a letter confirming if it will increase and by how much in mid March each year. If you have accepted

the Pension Increase Exchange (PIE) offer your pension will increase in line with the statutory minimum increases. If you have not accepted the PIE offer your pension will increase by the increases detailed within the LHPS Rules.

Contact XPS administration if you have any questions

Email: LHPS@XPSgroup.com

Write to: Leonardo Helicopters Pension Scheme, XPS Administration, PO Box 562, Middlesbrough, TS1 9JA

Telephone: 0117 440 2493