



Personal – addressee only
Sample letter

16 May 2018

Dear Member,

Leonardo Helicopters Pension Scheme
Conclusion of consultation on future pension increases

I am writing to you as a member of the Leonardo Helicopters Pension Scheme (the “Scheme”) to set out the conclusion of the consultation process on the change to future Scheme pension increases.

The proposal

I wrote to you on 8 February 2018 to provide you with information on the actuarial valuation of the Scheme as at 5 April 2017, and to advise you that a consultation period would commence in relation to one change which Leonardo MW Ltd (the “Company”) wished to make to the Scheme.

The proposal was to change the inflation index used to increase your pension after retirement from the Retail Prices Index (“RPI”) to the statutory measure of inflation for pension purposes, which is currently the Consumer Prices Index (“CPI”). This would affect pension which you earned after 5 April 2019.

The consultation process

The formal consultation process ran from 12 February 2018 to 13 April 2018, with additional discussions between the Company and the Pensions Council also taking place outside this period.

Members were invited to take part in the consultation, and a series of member briefings were held during March and April 2018. Feedback submitted through these briefing sessions, and by email, was reviewed and three ‘Questions & Answers’ documents were produced providing supplementary information. The Company also issued an additional communication in early April providing further information on the actuarial valuation process and the basis of the proposed benefit change.

The Company met regularly with the Pensions Council over the consultation period to discuss the proposed change, consider member feedback and answer queries. There was also continuing dialogue with the Trustee, providing updates on the consultation process.



The Company would like to thank the Pensions Council for their engagement throughout the process, and to thank members for their input into the consultation. The Council has concluded that it would not oppose the change as it contributes to the on-going viability of the Scheme.

The outcome

Following consideration of all the feedback received from members, and the discussions with the Pensions Council, the Company has concluded that the proposed benefit change remains appropriate. This change enables the cost of pension benefits to be controlled over the next valuation period, without any further increase in employee contributions or reduction in the pension earned whilst in employment.

There will therefore be a change to the Scheme that will affect members once they have retired. The change is only on the increases that apply to your pension once it is in payment, and in respect of pension which is earned after 5 April 2019. The inflation index used for increasing this element of the pension in payment would move to the statutory measure of inflation for pension purposes – which is currently the 'CPI' measure. The existing maximum rate of pension increase of 2.5% per year will continue to apply.

Alongside this change, a new Pension Increase Exchange (PIE) option will be launched to members, enabling additional flexibility at the point of retirement.

The Company recognises the importance of good quality pension benefits, and is pleased to be able to continue to support the Scheme. Implementing the above change provides assurance on the Scheme sustainability for the coming period until the next valuation cycle, due as at 5 April 2020.

Yours sincerely

Geoff Munday
Managing Director
Leonardo Helicopters UK