



News and information for members of the AgustaWestland UK Pension Scheme

WELCOME TO THE AUTUMN EDITION OF INTOUCH

YOUR NEW TRUSTEE DIRECTORS

MAIN SECTION MEMBER NOMINATED TRUSTEE DIRECTOR (MND)

We are pleased to re-appoint Steve Pym as a MND. Steve has more than 20 years of trustee experience and will be an asset to the Trustee board through our current valuation. Steve has indicated that he will step down from the trustee role at the completion of our current valuation cycle.

In light of Steve's decision, the selection committee selected Rebecca Ward as a "Reserve Trustee". It is planned that Rebecca will become the MND when Steve steps down in 2015. Rebecca will spend time over the next few months training and shadowing Steve and the other Trustee Directors. Rebecca is a Principal Stress Engineer in Yeovil and has worked for the company for 25 years. She has been a member of the Pensions Council for the last six years.

SENIOR SECTION MEMBER NOMINATED TRUSTEE DIRECTOR (MND)

We are pleased to welcome Mike Bird as our new Senior Section MND. Mike is the Head of Risk Management and Insurance and has worked for the company for 12 years. He has been a member of the Pensions Council for the last six years.

EMPLOYER NOMINATED TRUSTEE DIRECTOR

The employer has selected Simon Jones as the new employer nominated trustee director. Simon is Vice President, UK Government Business Unit. He has worked at the Company since 1988 and been a member of the Pensions Council for nearly six years.



SIMON JONES,
COMPANY TRUSTEE



STEVE PYM,
MEMBER TRUSTEE



MIKE BIRD,
MEMBER TRUSTEE



REBECCA WARD,
RESERVE MEMBER
TRUSTEE

CURRENT TRUSTEE DIRECTORS

From 1 December 2014, the Trustee Directors are:

Employer nominated	Member nominated (appointment expires)
Martin Flavell (Chair)	Mike Bird (31 October 2020)
Caroline Beaumont	Malcolm Gillam (31 October 2017)
Colin Grindle	Steve Jenkins (31 October 2017)
Richard Smith	Steve Pym (31 October 2020)
Simon Jones	

IN THIS EDITION...

MEMBER NOMINATED TRUSTEE DIRECTOR RESULTS We are pleased to welcome Mike Bird as your new member nominated trustee director and to re-appoint Steve Pym. We also welcome Simon Jones as an employer nominated trustee director.

ANNUAL REPORT AND ACCOUNTS - we share a summary of the Scheme accounts on page 2 – a more detailed summary of the Report and Accounts can be found on the Scheme website.

PENSION INCREASES & REVALUATION - The 2015 rates for pension increases and revaluation are set out on page 4.

2014 BUDGET CHANGES - Information about the pension changes announced by the Government in the 2014 Budget is set out on page 3.

ABOLITION OF CONTRACTING OUT - More information about contracting out is shared on page 3.

BENEFIT STATEMENTS - 2014 benefit statements will be sent out during December and January.

VALUATION - The 2014 valuation is in progress and we expect to be in a position to communicate with members in the first half of 2015.

STATE PENSION FORECAST - We are pleased that nearly all of our active members agreed to access their State Pension information through Pensionline. Our administrators are now taking steps to set up the necessary data feed from the DWP. More information will follow in due course.

TRUSTEE REPORT AND ACCOUNTS

The annual Trustee Report and Accounts were signed on 4 November 2014.

A summary of the key information from the Scheme accounts can be found in the Summary Report and Accounts which can be downloaded from the Publications Section of the Scheme website.

The table below summarises the Scheme accounts for the year to 5 April 2014

	5 April 2014 £m	5 April 2013 £m
VALUE OF SCHEME AT START OF YEAR	947.4	799.6
+ Income		
Company contributions	23.8	22.8
Smart contributions	9.7	9.7
Member contributions	0.1	0.2
AVCs	1.0	1.0
Other income	0.6	0.6
	+35.2	+34.3
- Outgoings		
Pensions	19.1	17.9
Lump sums	7.1	8.5
Other benefits	0.9	0.9
Administration expenses	1.2	1.4
Death benefits	0.6	0.6
	-28.9	-29.3
+ Net returns on investments		
Investment income and change	-30.0	144.0
Less investment expenses	-1.7	-1.2
	-31.7	+142.8
VALUE OF SCHEME AT END OF YEAR	922.0	947.4

THE TRUSTEE WOULD LIKE TO HIGHLIGHT:

- The Scheme continues to mature, with more benefits being earned by members and more pensions being paid. Income and outgoings are broadly unchanged from the previous year.
- The Scheme's investment performance during this period has been good contributing to the improvement in the funding position. 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 negative total portfolio return. The liability matching portfolio moves broadly in line with Scheme liabilities, so liabilities fell by a similar amount. Overall, we have seen an improved funding position over the year, with the funding ratio estimated to be 85% at 5 April 2014.
- This year we were pleased to receive an award for innovation in the 2014 Scheme of the Year Awards organised by Professional Pensions magazine. The award recognises the work, done jointly with the other Finmeccanica UK pension schemes, to introduce and govern our shared defined contribution (AVC) investment strategy and improve the flexibility and efficiency of our AVC arrangements (which were launched in September 2013).

A full copy of the Trustee Report and Accounts can be downloaded from the Scheme website (www.awpensions.co.uk) or requested from Aon Hewitt.

PENSION CHANGES

ANNOUNCED BY THE GOVERNMENT IN THE 2014 BUDGET

A number of changes offering 'freedom and choice' for Defined Contribution (DC) pensions were announced in the 2014 Budget, and the Government has confirmed, following a consultation exercise, that these will go ahead from April 2015.

The AgustaWestland UK Pension Scheme offers predominantly Defined Benefit (DB) pensions; however there are also DC benefits in the form of the Additional Voluntary Contributions (AVCs), so we are currently considering what the changes will mean for Scheme members.

INCREASED RETIREMENT FLEXIBILITY FOR DC PENSIONS

In summary, the flexibilities which the Government has announced are:

- Flexibility at retirement to choose either an annuity product (a pension income from an insurance company), income drawdown (which allows you to keep your fund invested and take cash from it regularly as an income) or a single cash lump sum.
- Cash is taxed at an individual's marginal tax rate at the time it is taken (other than the 25% which can be taken tax-free).
- Simplified regulatory framework for retirement products to increase member choice and access to such investments.
- Access to free impartial guidance for all DC members at the point of retirement. The guidance will be provided by independent organisations such as the Pensions Advisory Service and the Money Advice Service. This may be face-to-face, telephone or internet based.

Members of private sector DB schemes like our scheme will be permitted to transfer their benefits (other than pensions in payment) to a DC arrangement to take advantage of the new flexibilities if they wish, but they must take independent financial advice first. Trustees have powers to protect the funding of DB schemes if they consider that large outflows of transfers put this at risk.

OTHER CHANGES:

- **Small pension pots** There has been an increase in the thresholds to enable members with small pension pots to qualify for trivial commutation (taking small benefits as cash). From 27 March 2014, the limit has increased from £18,000 to £30,000 across all of a member's schemes; and from £2,000 to £10,000 for a single scheme. Broadly, this means if your pension in the Scheme is less than about £500 per year, you may be able to take it as a cash lump sum.
- **Minimum retirement age** You may be aware that the State Pension Age will increase to age 67. In line with this, the minimum age for accessing a private pension will rise from age 55 to 57 in 2028. From then on, the intention is to set the minimum age at ten years below State Pension Age.
- **Drawing your pension and continuing to work** The Government was concerned that people may draw their tax-free lump sum from their pension pot and live on this, and then divert the whole of their salary into a pension scheme in order to avoid tax and National Insurance (NI) contributions. It has introduced legislation to stop members who have drawn down more than the tax-free lump sum from a DC pension from making unlimited payments into their pension. These members will only be allowed to make restricted pension contributions up to an annual limit of £10,000, after which they will incur tax charges.

The Government has produced an online announcement setting out eight things you should know about the pension reforms at www.gov.uk/government/news/pension-reforms-eight-things-you-should-know

The AgustaWestland UK Pension Scheme already provides generous allowances for its AVC savers so they can make the most of their savings at retirement. We are reviewing the changes which will be made under the new regime and are considering if anything can be done to enable members to take advantage of the new flexibilities with their Scheme benefits.

ABOLITION OF CONTRACTING OUT

The Government has announced that, with the introduction of the Single Tier State Pension from April 2016, pension schemes will no longer be able to "contract-out" of the State Pension.

You are currently "contracted-out" of the State Pension. Therefore the Employer and Trustee are considering the impact of the cessation of "contracting out". Further information will be provided to you when available.

If you would like more information about the Single Tier State Pension and how it might affect you, there is a link to a Government factsheet on our website. Go to [Planning to Retire > State Pension & other benefits](#).

WORKSHOPS

We have been pleased with the success of our pension workshops which we started running in May of this year.

So far we have run 69 workshops, with 817 attendees*. Our feedback shows that 99.5% of attendees rated the content of the workshops as "good" or "excellent".

The workshops we are currently running are:

- **Pensions – back to basics** An introductory session for those who don't understand pensions as much as they would like.
- **Pension planning for all ages** Overview of pension planning in general, including setting your retirement goal and a look at resources available on the internet.
- **Pension planning for those nearing retirement** (about 5 years to go) Detailed discussion of the decisions that you will need to make at retirement.
- **AVC savers** AVC savers and those thinking about becoming AVC savers.

Further information can be found on the Scheme website, www.awpensions.co.uk. Go to Publications> New Pensions Workshops.

The workshops will continue to run for the foreseeable future and more dates will be scheduled in accordance with demand. If you are interested in attending any of our workshops, please let the Pensions Department know on x5353 or email pensions@agustawestland.com. Your name will be added to the waiting list and you will be contacted when a place is available.

The next workshops will be scheduled for January/February 2015.

*Some members will have attended more than one course.

AVCS

PROVIDER UPDATE

Our AVC provider, Skandia, has changed its name to Old Mutual Wealth. Skandia has been part of the Old Mutual Group for a number of years and this is just a re-brand of the Skandia business. Your AVCS will be unaffected by this name change.

AVC MICROSITE

Old Mutual Group, formerly Skandia, have launched a microsite for our AVC savers. This contains links to factsheets and past performance of our AVC funds. You can access this site through our website, www.awpensions.co.uk. Go to: Saving More>Additional Voluntary Contributions>AVC Investment Performance

PENSION INCREASES AND REVALUATION RATES

REVALUATION

Your Career Salary benefits will increase by 1.2% on 6 April 2015.

The effect on your pension will be shown in your 2015 benefit statement.

Pension increases

Pension increases will be awarded to all pensioners on 1 April 2015. This year your pension will increase as follows:

GMP earned before 1988*	0%
GMP earned after 1988*	2.3%
Pension & supplement earned before 2005	2.3%
Pension & supplement earned after 2005	2.3%

Letters will be sent to all pensioners setting out the increase that will apply to your pension in March 2015.

* GMP increases are only given to pensioners who are over the State Pension Age. Some of your GMP increases are added to your state pension entitlement, rather than your AgustaWestland pension.

DID YOU KNOW...?

Should a lump sum be payable from the Scheme when you die (for example, death in service or death within 5 years of retirement), the Trustee will decide who to pay the benefit to. The Trustee looks at your current circumstances and evidence of your wishes – which it will usually find through your Will, information from your family & friends and your Wishes Letter.

It is a good idea to renew your Wishes Letter (also referred to as an Expression of Wish form) regularly. Even if your circumstances haven't changed it is useful for the Trustee to have an up to date document indicating your wishes.

DID YOU KNOW...?

If you die without having made a will your assets are distributed in accordance with the law. These rules currently provide...

- If you leave a surviving spouse or civil partner but no children, the surviving spouse gets the whole estate;
- If you leave surviving children and a surviving spouse, the spouse gets up to £250,000, your personal belongings* and half of everything else. The children get the remaining half share, split equally between them.
- If you do not leave a spouse or civil partner, your estate will be passed to your children (if you have any) or your parents or siblings.

There is a simple short questionnaire on the Government website which will help you determine how your assets will be distributed <https://www.gov.uk/inherits-someone-dies-without-will>

*Personal belongings exclude money, business assets and assets held solely for investment purposes.

Even if you have looked at this before, you may wish to look into it again because the law changed from 1 October 2014.

RETIREMENT COURSE

We run a two day retirement course for members approximately six months from retirement. There is advice on financial matters, legal matters and the transition to retirement. This course is usually run off site and your spouse/partner can attend with you.

A number of courses are run throughout the year, depending on demand. If you are interested in attending the retirement course, please let the Pensions Department know on x5353 or email pensions@agustawestland.com. Your name and intended retirement date will be added to the waiting list and you will be enrolled on a course near to your retirement.

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