



intouch

News and information for members of the AgustaWestland UK Pension Scheme

WELCOME TO THE AVC SPECIAL EDITION OF INTOUCH

Additional Voluntary Contributions (AVCs) are an effective way of building up extra pension for your retirement. It is a savings arrangement designed for you to accumulate a pot of money to provide additional benefits for your retirement.

The Trustee has recently reviewed the investment options available to members who pay AVCs.

IF YOU HAVE PAID AVCS TO THE SCHEME

An information sheet will accompany this newsletter to explain how these changes will impact you and your savings.

IN THIS SPECIAL ISSUE OF INTOUCH WE WILL EXPLAIN THE CHANGES.

YOU CAN NOW PAY AVCS THROUGH SMART – *SEE BELOW*

WE HAVE A NEW AVC PROVIDER AND NEW INVESTMENT OPTIONS – *SEE PAGE 2*

SMART AND AVCS

IN 2005 THE COMPANY INTRODUCED SALARY SACRIFICE AS A WAY OF PAYING YOUR PENSION CONTRIBUTIONS – AN OPTION OFTEN KNOWN AS ‘SMART’ PAYMENT (SMART STANDS FOR ‘SAVE MONEY AND REDUCE TAX’).

By paying your pension contributions through smart, you can reduce your National Insurance (NI) contributions – which means more money in your take home pay. Most members pay their Scheme contributions through smart. The law has changed to allow smart payments to be more flexible which means it can now be offered in relation to AVC saving.

As part of this AVC review the Trustee and Company have agreed to allow members to pay their AVCs through smart as well – therefore increasing the NI savings you could make.

Smart involves a change to contracts of employment and accordingly the Company will write to all Scheme members setting out the changes.

If you are currently paying AVCs, from September you will automatically start paying your AVCs through smart.*

If you do not wish to pay your contributions through smart you can ‘opt out’ either by:

- visiting the Scheme website, www.awpensions.co.uk, and completing the online form; or
- calling our administrator (Aon Hewitt) on 0845 600 8796.

You must complete your opt out by 6 September 2013 if you do not want to automatically pay via smart in the September payroll.

**In certain circumstances smart may not save money. The Company will not automatically enrol members into smart in these circumstances although they may still join smart if they wish to.*

WHY HAVE WE MADE CHANGES TO AVCS?

THE SCHEME APPOINTED P-SOLVE IN 2012 TO ADVISE THE TRUSTEE ON THE INVESTMENT OF THE SCHEME'S CORE ASSETS.

The Trustee asked P-Solve to review the investment options offered to AVC savers and apply some of its key investment principles.

- The lifestyle strategy and the blend funds give you the opportunity to take advantage of our investment advisers' expertise as P-Solve actively manage the funds.
 - P-Solve 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".
 - P-Solve will 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".
- In addition, changes have been made to the default fund to allow a longer growth period for assets.

A NEW PROVIDER

TO MAKE THE AVC CHANGES POSSIBLE THERE WILL BE A CHANGE TO THE AVC PROVIDER.

- Aon Hewitt, who administer your main Scheme benefits, will administer the AVCs. Amongst other things they will provide your AVC statement.
- The investment funds will be held by Skandia (soon to be rebranded Old Mutual Wealth).

YOUR NEW INVESTMENT OPTIONS

From September 2013, the investment options available to members who pay AVCs will be:

	LONG TERM TARGET	RISK LEVEL
Lifestyle investment strategy	The Trustee invests your AVCs on your behalf in a manner appropriate for your age.	Varies
BLEND FUNDS		
AgustaWestland Long Term Growth	Inflation plus 5%	4
AgustaWestland Stable Growth	Inflation plus 4%	3.5
AgustaWestland Pre-Retirement Wealth Builder	Inflation plus 3%	3
PASSIVE FUNDS		
AgustaWestland Global Equity Fund	This funds aims to gain exposure to global and UK Equity markets.	5
AgustaWestland Corporate Bond Fund	This fund aims to gain exposure to corporate bonds.	2.5
AgustaWestland Fixed Interest Gilt Fund	This fund aims to gain exposure to fixed interest gilts.	2
AgustaWestland Index-Linked Gilt Fund	This funds aims to gain exposure to inflation-linked gilts.	2
AgustaWestland Cash Fund	This fund aims to preserve capital by investing in high-quality cash deposits and other cash instruments.	1

Risk level of 1 (low) to 6 (high)

THE NEW LIFESTYLE INVESTMENT STRATEGY – MANAGED FOR YOU

AROUND 65% OF AVCS ARE CURRENTLY INVESTED THROUGH THE ‘LIFESTYLE’ INVESTMENT STRATEGY THAT IS SET BY THE TRUSTEE.

The lifestyle strategy is intended to be suitable for the needs of the most members. 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 level of protection is provided from variations in the cost of buying an annuity.

The new strategy offers:

1. Improved growth phase

The lifestyle strategy will use four ‘blend’ funds with different targets.

Three of the blend funds will have ‘inflation plus’ targets. These funds will invest in equities and other types of growth assets. P-Solve 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 the current approach of investing only in equities.

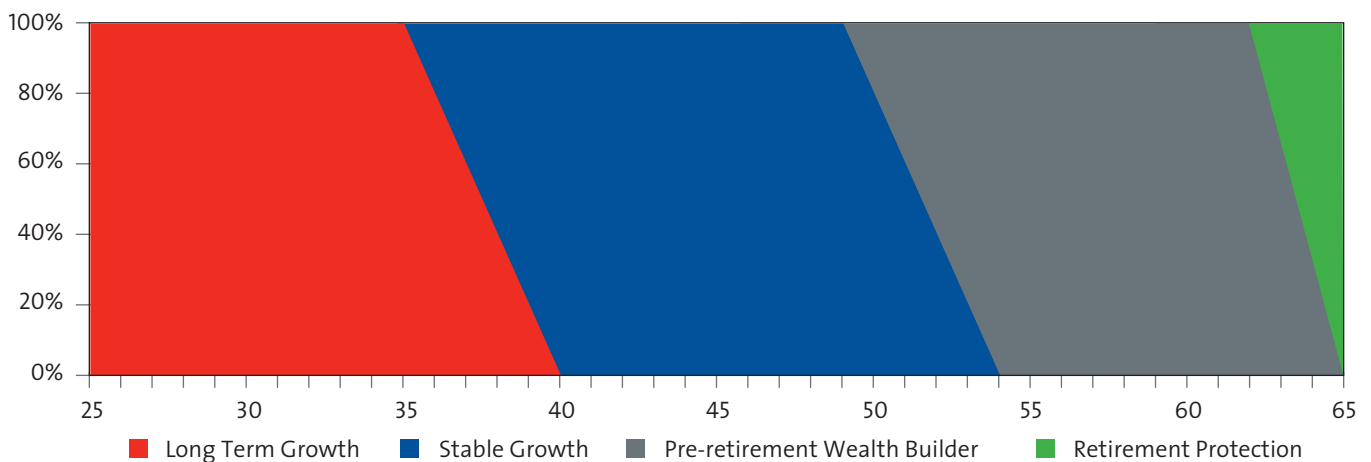
The fourth blend fund will have a ‘matching’ target that will provide protection in the run up to retirement against changing annuity costs, in a similar way to the current arrangements.

Details of the four blend funds are shown in the AVC Guide.

2. Improved lifestyle switching

Up to now, the lifestyle strategy invests in just global equity funds right up until eight years before retirement. The new strategy will switch between the blend funds progressively through your career with the intention of making the growth smoother. The final move away from risky funds will be a little later, over the final three years of employment.

The chart illustrates how the new strategy will work for someone with a Target Retirement Age of 65.



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 Scheme (age 65). This is known as the default Target Retirement Age.

Remember, 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.

'PICK & MIX' – YOU SELECT

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.

The Trustee is offering two types of funds and you may pick & mix from any of the following:

- **Three blend funds** – You can select from the three blend funds that are used for the growth phase of the lifestyle strategy. You would be relying on the skills of P-Solve (and the underlying investment managers) to achieve the inflation plus target for your AVCs.
- **Five passive funds** – You can choose from a range of new passive funds which are broadly equivalent to the current funds. These funds enable you to choose a particular type of investment, e.g. equity, bonds, cash.

The full list of pick & mix funds and the charges associated with them are set out in the AVC Guide. Factsheets will be made available on the Scheme website, www.awpensions.co.uk.

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

SWITCH FOR FREE

You can switch your pick & mix investment funds at any time. You can do so by completing the necessary form on the AugustaWestland UK Pension Scheme website, www.awpensions.co.uk.

INVESTMENT CHARGES

THERE ARE INVESTMENT CHARGES LEVIED ON YOUR AVCS EACH YEAR.

These charges relate to the costs of investment advice, administration and management. They vary with the fund you select and for the blend funds depend on the underlying investment managers chosen by P-Solve. The charges are reviewed regularly and can vary over time. Further details are set out in the AVC Guide.

DISCLAIMER

THE CONTENT OF THIS NEWSLETTER IS GIVEN FOR THE PURPOSE OF PROVIDING YOU WITH INFORMATION ABOUT THE SCHEME ONLY AND HAS NO LEGAL EFFECT. THE RULES OF THE SCHEME GOVERN HOW THE TRUSTEE MUST ACT AND IF THE RULES OF THE SCHEME ARE INCONSISTENT WITH THE INFORMATION GIVEN IN THIS NEWSLETTER, THE RULES WILL PREVAIL. COPIES OF THE RULES ARE AVAILABLE FROM THE PENSION ADMINISTRATOR, AON HEWITT.

CONTACT DETAILS

You can contact the Scheme administration team at Aon Hewitt by:

Email: westland@aonhewitt.com

Telephone: 0845 600 8796

Writing to: AugustaWestland UK Pension Scheme, Aon Hewitt Ltd,
25 Marsh Street, Bristol, BS1 4AQ

STOP PRESS

THE NEW LIFESTYLE STRATEGY HAS JUST BEEN RECOGNISED BY THE EMPLOYEE BENEFITS MAGAZINE AS THE BEST DC PENSION DEFAULT INVESTMENT STRATEGY IN 2013