

Welcome

Stay in touch



Register for email news and alerts on our scheme website www.awpensions.co.uk

Supplement

The Trustee board would like to remind you that you will not earn any more supplement after 5 April 2012. You will continue to be entitled to the supplement you earned before 6 April 2012.

More information about the supplement is on page 4.

New modelling functions on Scheme website

Active members can obtain instant retirement quotations from our website. We have now added functions to:

- model your tax free cash entitlement
- model your AVC savings

More information about the website is on page 3.

New investment adviser

After a thorough review, the Trustee board has appointed a new investment adviser. We are looking forward to working with P-Solve, who will provide investment advice and investment management services to the Scheme.

Valuation news

The Trustee board has recently completed a Scheme valuation (as at 5 April 2011). The valuation showed a deficit of £117 million. This is an improvement on the £144 million deficit which was identified at the last valuation in 2009.

We are pleased that the Scheme will remain stable so that neither your benefits nor contributions will be affected as part of this valuation process.

More information about the valuation is on page 2.

2011 Valuation Report

The Trustee board recently completed a Scheme valuation (as at 5 April 2011). The valuation showed a deficit of £117 million. This is an improvement on the £144 million deficit identified at the last valuation in 2009.

- The valuation results confirmed that the contribution rates and recovery plan set in 2010 (as part of the 2009 valuation) remain broadly appropriate.
- The valuation did show that an additional £3 million is needed to ensure the Scheme remains on track to be fully funded by 2020. The Company has agreed to pay this £3 million in three instalments as part of the revised recovery plan.
- We are pleased that the Scheme will remain stable so that neither member benefits nor contributions will be affected as part of this valuation process.

The key figures are:

Assets	£667m
Liabilities	£784m
Shortfall	£117m
Funding level	85%

This valuation has taken place two years after the last valuation (rather than the normal three years). There are a number of reasons why the valuation was carried out one year early including:

- a desire to bring the valuation dates in line with statutory requirements on the Scheme. It is hoped that this will result in some cost savings;
- a desire to check that future service contribution rates set as part of the 2009 valuation remain appropriate in light of the new Career Salary benefit structure; and
- a view that bringing the valuation forward would help maintain the stability of the Scheme.

The Trustee is required by law to give you more information about the funding of the Scheme. This information can be found in the 'Summary Funding Statement 2011' (published in July 2012) on the Scheme website. If you would like a paper copy, please contact our administrator, Aon Hewitt.

Funding update

	5 April 2009	5 April 2010	5 April 2011
Funding level	78%	84%	85%
Deficit	£144m	£119m	£117m

The deficit has reduced since the 2009 valuation as a result of favourable investment returns and additional employer contributions. However, these returns were partially offset by an increase in the value of the liabilities which was brought about by a fall in interest rates. Since the funding update in 2010, these factors have broadly balanced which means that the deficit is largely unchanged since 2010.

Recovery plan

- It has been agreed that the deficit will be paid over 8 years.
- The amount to be paid each year is set out in the recovery plan. A payment of £18.2 million was paid by the Company towards the deficit in January 2012.
- The Company has confirmed that it is paying the deficit as quickly as it can reasonably afford.
- Acceptance of the recovery plan from the Pensions Regulator is awaited.
- The Trustee board will be seeking an annual funding update as at 5 April 2012 to ensure the Scheme's recovery plan remains on track.

Warning

The Trustee board monitors progress carefully.

More recent funding conditions have been unhelpful. The deficit has been much higher since the valuation date. The next formal valuation of the Scheme is due on 5 April 2014.

AVC saving & tax free cash modeller

In the last edition of intouch we explained how active members could obtain instant retirement quotations from our website. We have now added two new functions.

Now active members can:

- model tax free cash entitlement; and
- model AVC savings.

Modelling tax free cash entitlement

See how varying the amount of tax free cash will impact your pension.

Monthly AVCs **Tax Free Cash** **Retained Benefits**

Lifetime Allowance:	29%	Total Value of your funds:	£496,035	Annual Pension:	£12,016	Tax Free Cash Sum:	£80,112	Reset
Annual Allowance:	0%							GO

Tax-free cash sum modeller

Percentage - model my pension using a percentage of the total value as tax free cash

You can choose to take a proportion of your pension as tax free cash when you retire. Your pension is reduced in proportion to the cash you take.

The graph shows the maximum cash you can take and the resulting pension.

You can choose to model your cash using a percentage of your total fund, or by choosing a fixed amount. Please select either percentage or amount.

You can use the graph as a guide to see how you change the balance of your cash and pension. Just click and drag the arrow on the scale on this page.

Tax Free Cash Percentage: 25%

Tax Free Cash Amount: £80,112

25

Modelling AVC savings

See the impact on your pension here

Monthly AVCs **Tax Free Cash** **Retained Benefits**

Lifetime Allowance:	25%	Total Value of your funds:	£418,599	Annual Pension:	£15,085	Tax Free Cash Sum:	£102,974	Reset
Annual Allowance:	5%							GO

Monthly AVC Contributions **Annual Pension Breakdown**

30% (£887)
28% (£828)
26% (£769)
24% (£710)
22% (£651)
20% (£591)
18% (£532)
16% (£473)
14% (£414)
12% (£355)
10% (£296)
8% (£237)
6% (£177)
4% (£118)
2% (£59)
0% (£0)

8%

Please note that the pension figures shown include the value of any AVCs you have paid up to 05 April 2011.

Enter the desired level of AVC saving here

Death benefits and your Wishes letter

As well as providing a pension to you, the Scheme provides you with life cover. A cash lump sum is payable if you die whilst in active service. In certain circumstances a lump sum is payable upon the death of a deferred member or a pensioner.

The rules of the Scheme give the Trustee board absolute discretion to pay the lump sum to one or more of your beneficiaries.

Your beneficiaries can include your widow(er), civil partner, unmarried partner (if the Trustee board considers it to be a relationship closely resembling marriage), parent, grandparents, your descendants (which will include adopted children and step children), anyone who is dependent upon you at the time of your death, any person who has an interest in your estate (i.e. named in your will), and any person nominated by you in writing to the Trustee (i.e. on your Wishes letter).

When making the decision who to pay the lump sum to, the Trustee board will consider a number of factors, including

- your wishes (they will look at your Wishes letter and will);
- the relative financial positions and degree of dependency of your beneficiaries; and
- the nature of your relationships (such as whether they are long term in nature or new).

If your Wishes letter is old or if your circumstances have changed, the Trustee board may not be able to rely on it. Therefore it is important that you keep your Wishes letter up to date.

Please complete the enclosed Wishes letter and put it in the brown envelope. Members who are based on the Yeovil site can bring their letter to the Pensions Department in Building 212. Other members should return it to Aon Hewitt in the pre-paid envelope provided.

Cessation of supplement

The supplement is a temporary pension that is paid to you if you retire at any time between age 60 and your State Pension Age.

The Trustee board would like to remind you that you will not earn any more supplement after 5 April 2012. Of course, you remain entitled to the supplement you have earned in the past.

Your entitlement on 5 April 2012 will be re-valued in a similar way to your pension entitlement (in line with CPI capped at 4.75% per annum).

This change to the supplement was agreed as part of the 2009 valuation process.

There are two new options available to you which relate to the supplement.

1. You can give up lifetime pension to buy more supplement (up to a maximum supplement of the basic state pension (currently £5,587)).
2. You could give up your supplement in return for a bigger lifetime pension.

Further information about these options is available from the “Planning to Retire” section of the Scheme website.

Retirement Course

Did you know that we run a retirement course for members who are approaching retirement?

Members who are within 6 months of retirement can attend our course. For more information, contact the Pensions Department (Building 212, x 5353).

Getting in touch

If you have questions about your benefits you can speak to our third party administrators, AonHewitt, direct on 0117 945 3517 or you can email them at westland@aonhewitt.com.

Alternatively for questions to the Trustees or other matters you can contact the Pensions Department on 01935 705353, by email pensions@agustawestland.com or on the Yeovil site in building 212.

The Scheme address is: AgustaWestland UK Pension Scheme, Lysander Road, Box 205, Yeovil, BA20 2YB