The Millbrook Pension Plan Member Booklet

These factsheets will help you learn more about the Millbrook Pension Plan ('the Plan'):

Factsheets

Visit **www.thepensiondepartment.co.uk** to download Plan forms and documents.

This booklet highlights the main provisions of the Plan without setting out every detail of its operation. Please read Factsheet 6 (Miscellaneous) carefully.

July 2014

Joining the Plan

Membership of the Plan

All new employees (including part-time employees) of the Principal Company working in the UK who have not reached age 65 automatically become members of the Plan, unless they elect not to become a member.

This ensures they are normally covered immediately for the Plan's risk benefit package. The Trustee reserves the right to require a medical examination. Benefits may be restricted or not provided if this examination is unsatisfactory. You will also have to provide evidence of your age, health and marriage as is required by the Trustee.

Special rules may apply to employees of the Principal Company working outside the UK.

Members can opt out of the Plan at any time by giving one complete month's notice and by completing a withdrawal form. These forms are available on Socrates or from your Human Resources Department.

Employees who leave the Plan can only rejoin with the consent of the Principal Company and the Trustee.

Transfers in

The Trustee does not currently allow you to transfer pension benefits with a previous employer or personal pension into the Plan.

Contributions to the Plan

What does it cost?

The cost to you depends on the Tier you belong to. If you joined the Plan from 1 January 2001, only the Enhanced Tier is available to you. The two Tiers of membership are:

For 1/60th accrual rate

Basic Tier 10% of Pensionable Pay
Enhanced Tier 10% of Pensionable Pay plus 10% of the Lower Earnings Limit (LEL)

For 1/70th accrual rate

Enhanced Tier 8% of Pensionable Pay plus 8% of the LEL

Unless you participate in SMART Pensions, contributions are deducted automatically from your salary through the Pay As You Earn (PAYE) system. Your contributions start when you join the Plan and stop when you retire or leave the Plan.

SMART Pensions

SMART Pensions is the arrangement under which instead of you paying contributions from your salary, the Company pays an amount equal to what your contributions would have been straight into the Plan. You agree that your pay is reduced by the same amount. This means you and the Company make savings on the National Insurance you would have to pay if you had made the contribution yourself. For further information see the SMART Pensions booklet.

If you participate in SMART Pensions, references in this booklet to member contributions should be read as references to the amount of your salary sacrifice.

Tax relief

You receive tax relief on all contributions you pay to all tax-approved pension schemes (including the Plan) up to 100% of your pay from the Company. This means for every £1 you contribute, your take-home pay is only reduced by 80p (60p for higher taxpayers).

An Annual Allowance of £40,000 applies from 6 April 2014 (see Factsheet 6). Please contact the Pensions Department if you think that the Annual Allowance may apply to you. However, it is only expected to affect high-rate tax payers (except for an ill-health early retirement pension).

Absences

If you are temporarily absent from work and cease to pay contributions, it is important that you seek guidance from the Pensions Department on the status of your pension benefits.

Company contributions

Under the Trust Deed and Rules, the rate of company contributions to the Plan is determined by the Principal Company, after obtaining advice of the Plan's actuary, as the amount necessary to provide the benefits under the Plan to or in respect of members after taking account of members' own contributions.

However, the amount determined by the Principal Company may not be less than the amount required under the

Contributions to the Plan

Pensions Act 2004. The valuation assumptions, the schedule of contributions for the Plan and the recovery plan required to comply with the statutory funding requirements of the Pensions Act 2004 need to be agreed between the Trustee and the Principal Company and, in default of agreement, by the Pensions Regulator.

The Trustee must also obtain an actuarial valuation of the Plan at least every three years.

Additional Voluntary Contributions

You may, if you wish, pay Additional Voluntary Contributions (AVCs) to increase your benefits under the Plan.

It is important to understand the difference between normal Plan benefits and AVCs. With regard to Plan benefits, you pay a fixed contribution rate and in return the Plan provides a fixed level of benefits that are tied to your Final Pensionable Pay.

AVCs are different, the amount you will receive at retirement depends entirely on how well an outside AVC provider (currently either Fidelity or the Prudential) invests your AVCs and on the cost of purchasing a pension on retirement. When you retire, the AVC fund can either be used to provide additional benefits or tax-free cash. Taking tax-free cash will reduce your residual pension.

Contributing to the Plan by AVCs is a tax-efficient means of saving for retirement. Therefore, if you want to enhance your retirement income, give serious consideration to paying AVCs. Further details about the payment of these contributions are available from your Human Resources Department or Pensions Department on request.

If you participate in SMART Pensions, any regular AVCs must also be made through SMART Pensions. For further information see the SMART Pensions booklet.

AVC investment providers

The Trustee currently has two insurance providers – Prudential Assurance Company Limited (“Prudential”) and Fidelity Assurance Company Limited (“Fidelity”). Both Fidelity and Prudential offer members different investment opportunities; Prudential is a with-profits contract whilst Fidelity gives members the opportunity to select their own investments from a range of funds.

Contributions you pay as AVCs are credited to your AVC fund in the Plan and are paid under the insurance policies to the insurance company. The insurance company then credits the policy with that premium. Your AVC fund is linked to the value of the interest in the policy purchased with your AVC fund.

If an insurance company (such as Fidelity or Prudential) becomes insolvent, the value of the policies issued by the insurance company will be reduced.

Prudential

At Normal Retirement Date or in the event of death, Prudential guarantees that your fund is always equal to at least the AVCs paid to Prudential, plus regular bonuses already added.

At other times, a Market Value Reduction (MVR) may be applied if the value of the underlying assets is less than the value of your fund including all bonuses. This will have the effect of reducing the amount payable and, if investment returns have been very poor, you may get back less than you have invested. Prudential’s practice, as at December 2010 on applying a MVR is to provide the full value of the accumulated fund on early or late retirement. A MVR may be applied to any full or partial withdrawals as a result of switches or transfers out of the with-profits Fund. Prudential’s practice, as at December 2010 may change at any time without prior notice.

For further information about MVRs, please refer to the Key Features document. This can be found, amongst many other useful tools and calculators, on Prudential’s website at: **www.pru.co.uk/pensiondepartment**

Please remember that the value of an investment may go down as well as up and inflation will reduce what you can buy in the future.

Fidelity

You decide on the Fidelity funds in which your AVCs are invested. The size of your AVC fund at retirement depends on how well these investments perform.

It is the nature of investment markets that the value of funds may go up or down. Fidelity has a number of decision making tools to help members plan for retirement:

- Visit the Fidelity Pensions website at: **www.fidelitypensions.co.uk** and click on the ‘Planning for Retirement’ section.
- Alternatively, you can visit: **www.planviewer.fidelitypensions.com**
  Click on the ‘Knowledge Point’ tab within PlanViewer, then click on the link to ‘Tools & Learning’. For help with your username and PIN, please contact Fidelity’s Pensions Service Centre via email at: **pensions.service@fil.com**

THE PENSIONS DEPARTMENT

Benefits on Retirement

Retirement at age 65

The Normal Retirement Date for the Plan is usually the first day of the month immediately following your 65th birthday. If you retire on or after Normal Retirement Date, you receive a Basic Pension and may also receive an Enhanced Pension.

Basic Pension

You generally receive a Basic Pension commencing in the month of your retirement and payable for the rest of your life. This is calculated as follows:

Pensionable Service x accrual rate x Final Pensionable Pay	=	Basic Pension

The accrual rate is:

- 1/55th for Pensionable Service prior to 1 June 2010.
- 1/60th or 1/70th for Pensionable Service from 1 June 2010.

Your Basic Pension from the Plan depends on your Final Pensionable Pay, which is different from your Basic Pay or salary. Your Final Pensionable Pay is the average of your Pensionable Pay received in the last five years of Pensionable Service, but will not be any less than that calculated using the best continuous 12 months out of the five years of Pensionable Service as at 1 June 2010.

Enhanced Pension

This benefit is payable to all employees who were members of the Old Fund on 31 July 1988 who transferred on 1 August 1988 to the Plan. The benefit is also payable to other employees who joined the Plan on or after 1 August 1988 who have contributed at the Middle or Top Tier. Enhanced Pension is paid from the month you reach age 65 for therest of your life.

How much Enhanced Pension you receive depends on whether you were a member as at 1 August 1988 and whether you are in the Basic or Enhanced Tier. Enhanced Pension is calculated as follows:

Pre-1 August 1988 Pensionable Service

Enhanced Pension is paid irrespective of the Tier of contribution selected.

Pensionable Service up to 1 August 1988 x 1/55 x 25% x Final Lower Earnings Limit (LEL) Pay	=	Enhanced Pension

Benefits on Retirement

From 1 August 1988 Pensionable Service

In addition to the Enhanced Pension related to your pre-1 August 1988 Pensionable Service, you will receive an Enhanced Pension related to your contribution Tier as follows:

Basic Tier No Enhanced Pension is payable
Enhanced Tier Pensionable Service after 1 August 1988 x accrual rate x Final LEL Pay

The accrual rate is:

- 1/55th for Pensionable Service prior to 1 June 2010.
- 1/60th or 1/70th for Pensionable Service from 1 June 2010.

Your Enhanced Pension will be calculated in proportion to the period each Tier of contribution was paid.

Early retirement

If you have at least five years' Pensionable Service, you may be able to retire at any time from age 55.

If you need five years' Pensionable Service to retire early as of right, then the five years' Pensionable Service is calculated counting actual Pensionable Service and prospective Pensionable Service to Normal Retirement Age.

Your pension is calculated in the same way as at Normal Retirement Date but is based on your Final Pensionable Pay and Pensionable Service at the date you actually retire from the Plan. A reduction may be applied to your pension to allow for the longer period that it is expected to be paid.

Please note that if you joined the Plan after 1 December 2006, you do not qualify for an early pension without a reduction, except in certain circumstances.

If you retire before Normal Retirement Date at the request of the Company and with Company consent, any Top-up Pension may also be paid.

Top-up Pension

The Top-up Pension is intended to bridge the gap between retiring early with Company consent and the date on which your State Pension commences or, if earlier, your 65th birthday (when the Top-up Pension ceases). The Top-up Pension is calculated as follows:

Pensionable Service prior to 1 June 2009 (maximum of 30 years) x £55	=	Top-up Pension per year

Please note that the Top-up Pension ceased to accrue from 1 June 2009.

Retiring early without a reduction to your pension

If you retire from age 62 (subject to Principal Company consent) and you have at least five years' Pensionable Service, your pension is paid with no early retirement reduction.

The Principal Company does not currently intend to withhold consent, except in unusual circumstances and in any event only for a few months while your work can be reorganised.

If you retire on or after age 55 with at least five years' Pensionable Service and you are requested by the Company to retire, your pension is paid with no early retirement reduction.

Note that the giving of consent by the Company to any early retirement does not commit the Company to giving its consent on any other occasion.

If you retire between the ages of 55 and 65 due to the Principal Company terminating your employment (other than for misconduct) and such termination constitutes unfair dismissal or gives rise to an entitlement to a redundancy payment, and you have at least five years' Pensionable Service, your pension is paid with no early retirement reduction.

Retiring early with a reduction to your pension

If you retire from age 55 with at least five years' Pensionable Service, your pension is reduced for each year it is taken before age 65 and the size of your reduction will depend on your age. No Top-up Pension is payable.

If you retire with the consent of the Company, your pension is reduced from age 62 and Top-up Pension is payable.

Benefits on Retirement

Early retirement and Guaranteed Minimum Pension (GMP)

GMP is that part of your pension which relates to contracting out of the State Earnings Related Pension Scheme before 6 April 1997. Any pension that is reduced due to early retirement must not be less than your GMP at age 65 for a man and 60 for a woman. If the GMP exceeds your pension, you may not be able to retire early.

Pension increases

All pensions in payment are reviewed each year by the Principal Company and Trustee. The increases awarded to different parts of your pension are as follows:

- For pensionable service built up before 6 April 1997, any pension increases given are discretionary.
- For pensionable service built up between 6 April 1997 and 1 April 2005, your pension will rise by the increase in the Retail Prices Index (RPI), up to a maximum of 5% a year. From 1 April 2001, the maximum reduced to 2.5% a year.

The guaranteed increases will be payable in April each year based on the increase in the RPI as at the previous 31 December. The first guaranteed increase will be a proportion of the increase that you would have received had your pension been in payment for a full year. For example, if you have a 1 April retirement date you will receive 12/12ths of the increase in April of the following year. On the other hand, if you have a 1 March retirement date of the same year, you will receive 1/12th of the increase.

The pension increases described are not provided on that part of your pension which represents your GMP after you have reached age 65 for a man and 60 for a woman. However, the Plan is responsible for paying increases of up to 3% on that part of your GMP accrued after 5 April 1988. The exact level of increase is specified in an annual Order made by the Government. It is based on the lower of 3% or the Consumer Price Index.

Incapacity

Subject to satisfactory medical evidence you may retire early at any age due to permanent ill health or incapacity.

Your pension is paid in full without any reduction for early retirement. It is based on your actual Pensionable Service at the date of leaving, plus half of the number of years between that date and age 65 and is based on your Final Pensionable Pay at the date of leaving. Under these circumstances, both the Basic Pension and the Enhanced Pension are payable immediately upon your retirement. The accrual rate for the projected years of service is the accrual rate (either 1/60th or 1/70th) applicable to you immediately before your Pensionable Service ended. The Enhanced Pension payable with respect to the projected years of service is based on the proportionate amount of time that you have spent in each of the Tiers after 31 July 1988, and your Final LEL Pay at the date of leaving.

No Top-up Pension is payable if you retire on the grounds of ill health. However, you may be entitled to a State Incapacity Benefit.

The permanent ill-health or incapacity pension ceases to be payable if you no longer satisfy the definition of permanent ill-health or incapacity before age 65.

Late retirement

If you continue in employment after your Normal Retirement Date, you continue to accrue pension benefits and your Basic Pension is calculated based on your Final Pensionable Pay and Pensionable Service at the date you cease to be in Pensionable Service.

If you continue in employment after your Normal Retirement Date but you opt out of the Plan, you can, with the consent of the Trustee and the Principal Company, defer payment of your benefits until you retire or reach your 70th birthday, whichever is earlier. The amount of benefits payable if you defer payment of your pension will be advised to you at that time.

Commutation

At the date of your retirement you may choose to take part of your pension in the form of a lump sum, currently tax-free. Further details of this option are available from the Pensions Department.

Benefits on Death

The Plan provides benefits whether you die while still working for the Company or after you retire.

Before retirement

Lump sum

If you die while still contributing to the Plan or participating in SMART Pensions a lump sum of three times your Pensionable Pay plus the Lower Earnings Limit (LEL) at the date of your death is payable.

Spouse's pension

If you are married at your death your widow/widower receives a pension, equal to half the pension you would have received if you had stayed in the Plan until age 65 based on your Final Pensionable Pay at the date of your death. This is on the assumption that the projected service element of the Basic Pension is calculated based on the accrual rate applicable to you at the date of your death.

Your Spouse also receives an amount equal to half the Enhanced Pension you would have received if you had stayed in the Plan until age 65 based on your Final LEL Pay at the date of your death, payable from the first day of the month you would have reached age 65. The projected service element of the Enhanced Pension is based on the proportionate amount of time that you have spent in each of the Tiers after 31 July 1988. It is based on the accrual rate in force immediately before your death and without a change to the accrual rate applicable to your Basic Pension.

If no Spouse's pensions is payable, your own contributions to the Plan with interest, including any salary sacrifice made through SMART Pensions, are also payable as a lump sum.

The value of your AVC Fund (including AVCs made through SMART Pensions) can also be paid as a lump sum.

If you have Eligible Children

Your Eligible Children receive a proportion of the Spouse's pension, dependent on the number of Eligible Children as follows:

No. of Eligible Children	% of Spouse's pension
1	25%
2	50%
3	75%
4 or more	100%

The pension is allocated to each Eligible Child in such proportions as the Trustee, in its absolute discretion, determines.

The Eligible Child's pension is payable until the child reaches age 16 (or age 23 if in full time education) unless they are suffering from physical or mental disability. A child must be legitimate in order to qualify as eligible unless the Trustee determines otherwise.

Benefits on Death

In retirement

If you die when you are already in receipt of your pension from the Plan, your Spouse receives:

- half of the Basic Pension to which you were entitled when you retired (before any exchange of pension for a cash sum or reduction on early retirement);
- half of the increases already awarded to your pension; and
- half of your Enhanced Pension starting in the month you would have reached age 65, if you die before then or, if later, from the first day of the month after the month in which you died.

Where no Spouse's pension is payable, if you die within five years of the date your pension starts, a lump sum is payable equal to:

- your own contributions to the Plan and any contributions made through SMART Pensions with interest; less
- the total of pension instalments already paid to you and any cash sum taken in exchange for pension.

Death benefit nomination form

Lump sum death benefits are payable to one or more of your dependants, relatives, personal representatives or nominated beneficiaries as the Trustee may, in its discretion, decide. It is important that you complete, and keep up to date, a nomination form to guide the Trustee about who you wish to be considered.

Contact the Pensions Department to request a nomination form (see Factsheet 7).

Civil Partners

A surviving Civil Partner is entitled to the same benefits as a widow or widower but based only on:

- benefits which you have accrued after 4 December 2005; and
- contracted-out benefits you built up after 5 April 1988 and before 5 December 2005.

Spouse's pension on death before retirement or in retirement

Any Spouse's pension may be reduced by such amount as the Trustee decides for each year that your Spouse is more than 10 years younger than you. This reduction is ignored in calculating the amount of the Eligible Children's pensions.

Your Spouse would only qualify for a pension if you have been married for longer than six months and you were not separated from your Spouse at the date of your death, with two exceptions;

- where the Trustee, with the consent of the Principal Company, decides to pay the pension.
- where a Spouse's pension must be paid to comply with the contracting-out requirements, when the pension will be the minimum required to comply with the contracting-out requirements.

Your Spouse is the person to whom you are married at the date of your death. If you were lawfully married to two or more spouses at the date of your death, no Spouse's pension is payable while there are two or more surviving spouses.

THE PENSIONS DEPARTMENT

Benefits on Leaving

If you leave Pensionable Service with less than three months' Qualifying Service

You will receive a refund of all your own contributions less your portion of the cost required to reinstate you in the State Scheme and less tax. There is no refund of any contributions made through SMART Pensions.

If you leave Pensionable Service with more than three months' but less than two years' Qualifying Service

As an alternative to a refund of your contributions, you can elect for a transfer payment to another tax-approved pension scheme. The transfer payment is equal to the value of your accrued benefits as determined by the Trustee.

If you do not request a transfer within the timescale set out in the letter which gives you details of this option, you will just receive a refund of your own contributions with added interest (less your proportion of the cost required to reinstate you into the State Scheme and less tax). There is no refund of any contributions made through SMART Pensions.

If you leave Pensionable Service with at least two years' Qualifying Service

A deferred pension based on your Final Pensionable Pay and your Pensionable Service at your leaving date is payable from age 65.

It is payable at any time after age 55 if you have at least five years' Pensionable Service (or earlier, in cases of ill health, with Trustee and Principal Company consent), at an appropriately reduced rate. The reduced pension must not be any less than your Guaranteed Minimum Pension (GMP) at State Pension Age.

If eligible, you are also entitled to an Enhanced Pension payable from age 65.

Revaluation

That part of the deferred pension which represents the Guaranteed Minimum Pension (GMP) is increased annually in the period to age 65 (60 for women) before it comes into payment by a rate set by the Government. As at the date of this factsheet, this is 4% per year if you leave contracted-out employment after 5 April 2007. The corresponding part of a Spouse's pension is also increased by the same rate.

That part of the deferred pension in excess of the GMP and which relates to Pensionable Service before 6 April 2009 is increased by the lower of the increase in the Index (see below) over the number of complete years of deferment and 5% a year compound over the same period.

That part of the deferred pension in excess of the GMP, and which relates to Pensionable Service from 6 April 2009, is increased by the lower of the increase in the Index (see below) over the number of complete years of deferment and 2.5% a year compound over the same period.

Index means the inflation index determined by reference to the Retail Prices Index for, in broad terms, periods prior to 2010, and for periods after 2009 by reference to the Consumer Prices Index. The exact increase is specified each year in an Order made by the Government.

Benefits on Leaving

Transfers

As an alternative to a deferred pension, you can transfer your accrued benefits (including your AVCs) to another tax-approved or tax qualified pension scheme – such as your new employer's scheme or a personal or stakeholder pension plan, so long as that scheme agrees to and can accept the transfer. The Trustee calculates the cash equivalent of the benefits taking into account your age, Pensionable Service and investment market conditions at the time. Transfers do not take into account any possibility of discretionary benefit improvements.

Whether or not you have left Pensionable Service, you may ask the Pensions Department for an estimate of the transfer value. The written statement of entitlement that will be provided to you is guaranteed for three months from the date that it was calculated. You are only entitled to a statement once a year unless it is required for divorce proceedings.

If you die before retirement with a deferred pension and you are married

A Spouse's Guaranteed Minimum Pension is payable in respect of pre-6 April 1997 Pensionable Service and a Spouse's pension broadly equal to half of your revalued Basic Pension is payable in respect of post-5 April 1997 service. In addition, an amount equal to one half of the Enhanced Pension is payable to your spouse commencing the month you would have reached age 65.

All rights to a Spouse's pension on death after retirement apply to the deferred pension. The provisions relating to Civil Partners in Factsheet 4 apply to the deferred pension.

If no Spouse's pension is payable, your own contributions to the Plan, including any contributions made through SMART Pensions, with interest are also payable as a lump sum.

The value of your AVC Fund (including AVCs made through SMART Pensions) can also be paid as a lump sum.

Miscellaneous

This booklet highlights the main provisions of the Plan without setting out every detail of its operation. The Plan is run in accordance with a formal legal document known as the Trust Deed and Rules, which is amended from time to time and will prevail in the event of any discrepancy. Rights to benefits are conferred only by the formal document.

Principal Company consent

Where reference is made to the Company's consent being required, the giving of consent by the Company on any occasion does not in any way commit the Company to give its consent, whether in the same circumstances or different circumstances, on any other subsequent occasion. The Company is entitled, in giving or withholding its consent, to act in its own exclusive interest. References in this booklet to consent include any exercise of discretion by the Company.

Where the consent of both the Principal Company and the Participating Employer are needed, the previous paragraph shall apply as if references to Company are separate references to the Principal Company and the Participating Employer.

Whilst the Company intends to maintain the Plan indefinitely, it may amend or terminate the Plan at any time. In the event of termination, the benefits payable are determined in accordance with the Trust Deed and Rules.

Subject to certain exceptions, for additional benefits required to be granted by law, the Principal Company has agreed in the Trust Deed and Rules to make good any deficit on termination of the Plan. If, on termination of the Plan, the Plan's resources, after taking account of that part of any deficit which the Principal Company has agreed in the Trust Deed and Rules to make good, are insufficient to meet the benefits promised then any remaining deficit may, by law, be required to be made good by the Principal Company or, as applicable, the Participating Employers, to the extent provided by the Pensions Act 1995 and related regulations.

Tax relief

The Plan is a tax-approved (or registered) pension scheme under the Finance Act 2004. This means that it enjoys certain tax privileges.

The pension that you are building up in the Plan counts towards your Annual and Lifetime Allowances under the Finance Act 2004. If you go over either of them, you pay a special pensions tax charge on the excess. However, these allowances should affect very few people.

Annual Allowance

The Annual Allowance (AA) is the yearly amount of tax-advantaged retirement benefits you can build up in the Plan, and other pension schemes registered under the Finance Act 2004, before you must pay a special tax charge on them.

From 6 April 2014 the AA will be £40,000 for pension input periods ending in the tax year 2014/2015. If you were a member of the Plan and your pension input was less than £50,000 for any of the tax years 2011/2012, 2012/2013 and 2013/2014, you will be able to carry forward that notional unused allowance.

Please note that it is your responsibility to keep track of your benefits against the AA. If you go over the allowance for the tax year, you will pay a tax charge (known as the AA charge) on the excess.

Miscellaneous

Lifetime Allowance

The Lifetime Allowance (LTA) is the total value of retirement benefits you can build up during your working life before you must pay a special tax charge on them.

This applies to benefits from all UK tax-approved (or registered) pension arrangements including benefits due from tax-approved or registered company schemes you were in before you joined the Company, or any personal pension plan, stakeholder plan or retirement annuity contract.

When you come to draw your pension, the Trustee will aim to arrange for the value of your pension to be calculated and checked against the LTA.

The Trustee will need to ask for details of benefits you have in other tax-registered schemes (and may postpone payment of your benefits or deduct additional tax if you do not supply this information).

The LTA should only affect a small number of people. From 6 April 2014, the LTA is £1.25 million.

Please note that it is your responsibility to keep track of your benefits against the LTA. If you are over the LTA when you take benefits, you will pay a special tax charge on the excess (at the date of this booklet, an effective rate of 55%).

Unauthorised payments

There are certain benefits which were permitted by Her Majesty's Revenue & Customs (HMRC) before 6 April 2006, but which if paid now could be classed as 'unauthorised payments'. Even if you had accrued a right to these benefits before 6 April 2006, they can now only be paid if both the Principal Company and the Trustee agree. If any benefit, through oversight, is paid by the Trustee which is classed as unauthorised by HMRC, then that benefit will be treated as paid by mistake and you will have to repay it.

The descriptions of benefits contained in this booklet must be read subject to that caveat. However, in normal circumstances, it is not expected that the benefits in this booklet would fall into this category.

Relationship with the pre-6 April 2006 tax regime

The limits imposed on the Plan by the tax regime which existed before 6 April 2006 will continue to apply to contributions and benefits payable after 5 April 2006 from the Plan, other than where the Principal Company and the Trustee expressly agree otherwise.

Your benefits may be reduced if they would otherwise exceed these limits as provided for in the Trust Deed and Rules. Furthermore, adverse tax consequences can arise if the new HMRC rules are not complied with or allowances are exceeded – see the previous paragraphs for further details.

Forfeiture

It is illegal to attempt to use any benefit under the Plan as security for a loan. Any attempt to do so could lead to a forfeiture of benefits.

Additional Voluntary Contribution (AVC) investment providers

This booklet summarises, in broad terms, certain provisions of the legal documents issued by the AVC investment providers (Prudential and Fidelity) to the Trustee. This booklet confers no rights to benefits under those legal documents.

If there are differences between the summary of the legal documents set out in this booklet and the terms of the legal documents, the terms of the legal documents will prevail over the summary. Further information about the way AVCs can be invested is given in the AVC guides provided by Prudential and Fidelity.

Contracted-out employment

If you have service in the Plan before 6 April 1997 or, you were a member of another pension scheme and were contracted-out of the State Second Pension (S2P) before 6 april 2002 or the State Earnings Related Pension Scheme (SERPS) before 6 April 1997 and you transferred those rights into the Plan, then you have a Guaranteed Minimum Pension (GMP) in respect of those contracted-out rights in the Plan. Legislation requires the GMP to be treated differently from the rest of your pension.

As contracting out ended in April 2012, you will now be contracted in if you are an active member.

Help

Questions about the Plan

If you have any questions about the Plan or your benefit entitlement, you can contact the Pensions Manager:

Phone: 01582 427016

Email: team@thepensiondepartment.co.uk

In writing: Pensions Department
Griffin House
Osborne Road
LUTON
LU1 3YT

Website: www.thepensiondepartment.co.uk

You can download various items, from the website including:

- Forms (Expression of Wish, Change of Address, etc.)
- Annual Report
- The Trust Deed and Rules

A copy of the Annual Report and further information about the Plan is also available by contacting the Pensions Department at the address above.

Dispute resolution procedure

The Trustee tries to run the Plan so that members do not have cause for complaint. If a problem does occur, you should raise it first informally with the staff of the Pensions Department (see above for contact details). You may also, at any stage, use the services of The Pensions Advisory Service (see opposite for details).

If any disagreement cannot be resolved informally, you may use the Pensions Department's formal dispute resolution procedure. A member, beneficiary or prospective beneficiary can initiate the following procedure:

1) Request a copy of the procedure from the manager of the Pensions Department (see above for contact details).
2) Complete and return the application form (included in the copy of the procedure) to the Pensions Manager.
3) You will receive a decision from the Pensions Manager. If you are unhappy with the decision, you can send the Manager's decision to the Trustee, along with your reasons for your dissatisfaction. If you are unhappy with the Trustee's decision you may take your case to the Pensions Ombudsman (see opposite for details).

The Pensions Advisory Service (TPAS)

TPAS is available to assist members and beneficiaries with any pension queries and any difficulties they have failed to resolve with the Trustee or administrators. Normally, you should try to contact a local TPAS adviser through your nearest Citizens Advice Bureau but, if necessary, TPAS can be contacted at:

In writing: 11 Belgrave Road
LONDON
SW1V 1RB

Phone: 0845 601 2923

Pensions Ombudsman

In cases where a complaint or a dispute cannot be resolved, normally after the intervention of TPAS, an application for adjudication can be made to the Pensions Ombudsman. Subject to any limits on his jurisdiction imposed by the Pension Schemes Act 1993, the Pensions Ombudsman can investigate and determine any complaint of maladministration or dispute of fact or law involving occupational pension schemes made or referred to him in accordance with the Pension Schemes Act 1993. The services of the Pensions Ombudsman are available to members, beneficiaries and prospective members of pension schemes.

The Pensions Ombudsman can be contacted at:

In writing: 11 Belgrave Road
LONDON
SW1V 1RB

Phone: 020 7630 2200

The Pensions Regulator

The Pensions Regulator is able to intervene in the running of schemes where trustees, employers or professional advisers have failed in their duties. The address is:

In writing: Napier House
Trafalgar Place
Brighton
BN1 4DW

Phone: 0870 606 3636

Data Protection

The Trustee will hold personal data provided by you (and, where appropriate, by third parties such as your employer or medical advisers or any pension scheme or arrangement from which benefits are transferred to the Plan), for the purpose of calculating and providing your benefits and your survivors' benefits under the Plan.

They may also make that information available to others (within the United Kingdom or in any other country) where the Trustee thinks it is necessary or desirable to do so in connection with the Plan or with its administration or the payment of benefits under it. In particular, the Trustee may make the information available to its professional advisers, the administrators responsible for providing benefits and any other persons who may become involved in or responsible for providing benefits.

In addition, they may make that information available to your employer and other companies in your employer's group, or with whom your employer is dealing (within the United Kingdom or in any other country) where required for the preparation of accounts or other financial information, for the calculation of remuneration packages or the development of remuneration policy or otherwise in connection with the business of your employer's group.

In particular, they may make that information available to companies which are considering or have acquired your employer or the whole or part of your employer's business, or to the trustees, administrators or professional advisers of any pension scheme to or from which your rights under the Plan may be, are being or have been transferred, or to any company participating in such a scheme.

Some data processing is or may be done outside the European Economic Area (EEA). For example, data may be transferred to databases held by other companies in your employer's group worldwide outside the EEA and access to this data may be provided to authorised persons in those companies. In territories outside the EEA, laws and practices relating to the protection of personal data may be weaker than those within the EEA.

It should be noted that the Trustee may require to hold or otherwise process data for legitimate purposes other than those described above.

The reference in this statement to the Trustee includes any person within the employer's group who processes personal data on its behalf.

Where any personal data is transferred to a third party in the circumstances provided above and that third party becomes a data controller in relation to that data, the paragraphs above will apply as if references to the Trustee were references to that data controller.

It is a condition of membership of the Plan that you consent to the holding, processing and transfer of the information needed to calculate and pay your own benefits and your survivor's benefits in the ways described above.

If you want to know more about the information held by the Trustee or the purposes for which it is held, please contact the Pensions Manager.

Glossary of Terms

Additional Voluntary Contributions (AVCs)

Extra payments that you can make on top of your ordinary Plan contributions to provide extra pension under the Plan.

Basic Pay

Basic salary or wage excluding overtime, bonuses, directors' fees, shares of profits, repayment of expenses and any other fluctuating work-related pay. If you participate in SMART Pensions, your Basic Pay includes the amount your basic salary or wage has been reduced as a result of you participating in SMART Pensions.

Basic State Pension

This is a set amount available from State Pension Age to everyone who has paid sufficient National Insurance contributions during their working lifetime.

Civil Partner

A surviving Civil Partner is entitled to the same benefits as a Spouse, but based only on:

- benefits which you have accrued after 4 December 2005; and
- contracted-out benefits built up after 5 April 1988 and before 5 December 2005.

Company

The Principal Company or a Participating Employer.

Eligible Child

A child (including a legally-adopted child, an unborn child, a step-child, or a child in relation to whom the Trustee believes you stood in the place of the child's parents) who:

(a) is under 16 (except where the child is not your natural or adopted child, in which case he or she must also have been financially dependent on you at the date of your death); or

(b) is under 23 and is in full-time education or training for any trade or profession or vocation approved by the Trustee (except where the child is not your natural or adopted child, in which case he or she must also have been financially dependent on you at the date of your death); or

(c) in the opinion of the Trustee is both permanently disabled and, immediately before your death, had been dependent on you for the ordinary necessities of life.

Final LEL Pay

The annual average of the Lower Earnings Limit received in the last five years of Pensionable Service but not less than if it had been calculated as at 31 May 2010, using the best continuous 12 months out of the last five years of Pensionable Service prior to 1 June 2010.

Final Pensionable Pay

The average of your Pensionable Pay received in the last five years of Pensionable Service but not any less than if it had been calculated as at 31 May 2010 using the best continuous 12 months out of the last five years of Pensionable Service prior to 1 June 2010.

Glossary of Terms

Guaranteed Minimum Pension (GMP)

The part of your pension which relates to contracting out of the State Earnings Related Pension Scheme (SERPS) before 6 April 1997.

Lower Earnings Limit (LEL)

The amount set by the State which is used in the calculation of National Insurance contributions. The annual amount of the LEL for the tax year ending 5 April 2014 is £5,772.

Normal Retirement Date

The first day of the month immediately following your 65th birthday.

Old Fund

The Vauxhall and Associated Companies Pension Fund.

Participating Employer

Any employer currently participating in the Plan.

Pensionable Pay

1. Basic Pay less the Lower Earnings Limit.
2. From 1 June 2010, increases to Pensionable Pay are capped at the Retail Prices Index on an annual basis. Exceptions can be made for major promotions, as determined by the Principal Company. Pensionable Pay may decrease on major demotions unless the Principal Company determines otherwise.
3. If you join after 31 May 2010, your Pensionable Pay for the first pay year is determined by the Principal Company as either:

(a) Option 1 – what the Principal Company determines it would have been had you been a member in Pensionable Service on 31 May 2010; or

(b) Option 2 – such amount as the Principal Company otherwise determines.

4. For second and subsequent pay years, paragraph 2 above applies.

Pensionable Service

Your service as a member of the Plan. This is normally continuous Company service in respect of which you have contributed to the Plan, but some members are granted extra Pensionable Service in exchange for a transfer payment from another scheme.

If you work part time, your Pensionable Service during your period of part-time working is rated down proportionately, but for benefit purposes your Final Pensionable Pay and Pensionable Pay are calculated as if you were working full time. For contribution purposes your Pensionable Pay is calculated as what it would have been if you were working full time and is then rated down proportionately.

Principal Company

Millbrook Proving Ground Limited.

Qualifying Service

Your service as a member of the Plan. This may also include other categories of service. For example, benefits may have been transferred to the Plan from another employer's plan.

Spouse

The person to whom you are married.

State Pension Age (SPA)

- For a woman born before 5 April 1950, your SPA is 60.
- For a woman born between 6 April 1950 and 5 April 1955, your SPA will be between 60 and 65.
- For a woman born between 6 April 1955 and 5 April 1959 or a man born before 6 April 1959, your SPA is 65.
- For a woman or a man born after 5 April 1959 and before 6 April 1978, your SPA will be between 65 and 68.
- For a man or a woman born on or after 6 April 1978, your SPA will be 68.

The Plan

The Millbrook Pension Plan.

Trustee

Millbrook Pension Management Limited.