

Second (and final) update for active members of the ALSTOM Ltd Group Personal Pension Plan who also have benefits in the Alstom Defined Contribution Plan

As you will be aware, the Trustee of the Alstom Defined Contribution Plan has confirmed that it intends to wind up the Plan before the end of the year. This means that the funds that all members have built up in their Individual Accounts will need to be moved out of the Plan.

The information pack that the Plan administrators, dc-Link sent to you in early August contained detailed information about your pension options.

This document includes the frequently asked questions that the Trustee covered in its first update (dated August 2012), and addresses the issues that members have raised since then.

**If you have not yet decided what you want to do with your Individual Account, please be aware that the final decision deadline of 28 September 2012 is approaching fast.**

**Remember, if dc-Link do not receive your completed Options Form by the deadline, the default option for this exercise will apply and your Individual Account will be transferred to the Section 32 policy with BlackRock.**

**For more details, please see the guide called 'Your pension options'.**

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**NEW** ▶ This option is no longer available (the deadline for selecting this option was 31 August 2012)

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– the value of your Individual Account in the Plan (and other pension arrangements) is less than **£18,000**; or

– the value of your Individual Account is less than **£2,000**

6.1. If I take the full amount of my Individual Account in the Plan as a cash sum, can contributions still be paid into my Individual Account in the Alstom GPP?

## General questions about your pension options

**1. I have an Individual Account in the Plan, but I haven't received a 'pension options' pack.**

**Who should I contact?**

Please contact the Plan administrators, dc-Link, as soon as possible. The guide dc-Link will send you (called 'Your pension options') contains detailed information about the default option and the other choices you have for your Individual Account.

If dc-Link do not receive your Options Form by 28 September 2012, the default option for this exercise will apply. Under the default option, your Individual Account will remain in the Plan and the Trustee will transfer it to the Section 32 policy that it has established with BlackRock.

**2. I have a question about some of the information on the statement I received with my 'pension options' pack. Who do I need to speak to?**

Please contact the Plan administrators, dc-Link.

**3. Why is the Trustee winding up the Plan?**

The Company made clear its intentions for the Plan to be wound up during the 90-day consultation that it carried out with members earlier this year. This is because it is an inefficient use of valuable business resources to continue supporting the Plan when it is closed to future contributions – especially when members have access to alternative pension options that could offer an equally effective all-round service.

Following the end of the consultation and confirmation of the decision to close the Plan to future contributions, the Company approached the Trustee to discuss winding up the Plan. This discussion addressed the options that members would be able to choose from, and the information and support that would be available to help members make their decision.

The Trustee and its professional advisers considered the Company's request carefully and agreed to wind up the Plan.

**4. What happens if I don't return my Options Form by the deadline?**

If dc-Link do not receive your Options Form by 28 September 2012, the default option for this exercise will apply. Under the default option, your Individual Account will remain in the Plan and the Trustee will transfer it to the Section 32 policy that it has established with BlackRock.

For more details, please see the guide called 'Your pension options'.

## 5. **Are there any costs involved in transferring my funds out of the Plan?**

There is no administration charge if you decide to transfer your Individual Account out of the Plan as part of this exercise, whether this is to:

- the Alstom GPP;
- the Section 32 policy with BlackRock; or
- another pension arrangement of your choosing.

If you are transferring your Individual Account from the Plan to the Alstom GPP or the Section 32 policy with BlackRock, you also need to be aware of the following:

- There is likely to be a short period of time when your Individual Account will not be invested. This is the period when your Individual Account has been disinvested from the Plan, but before it has been reinvested in either the Alstom GPP or the Section 32 policy and is known as being 'out of market'. The providers of the Alstom GPP and the Section 32 policy (Aviva and BlackRock respectively) have made arrangements to protect you against this risk.
- Once the transfer has taken place, the only charges that will apply are the annual management charges associated with the fund (or funds) you have chosen to invest in.

If you are transferring your Individual Account from the Plan to another pension arrangement of your choosing, you also need to be aware of the following:

- There is likely to be a short period of time when your Individual Account will not be invested. This is the period when your Individual Account has been disinvested from the Plan, but before it has been reinvested in your chosen pension arrangement and is known as being 'out of market'. If investment markets rise during this period, you may miss out on an element of investment growth.
- The provider of your chosen pension arrangement will confirm the charges that will apply once the transfer has taken place.

## 6. **Can the final decision deadline of 28 September 2012 be extended?**

No.

If dc-Link do not receive your completed Options Form by this date, the default option for this exercise will apply and your Individual Account will be transferred to the Section 32 policy with BlackRock.

For more details, please see the guide called 'Your pension options'.

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## Option 1: Transfer your Individual Account from the Plan to the Alstom GPP

### 1.1. If I select this option, when would my Individual Account be transferred to the Alstom GPP?

The bulk-transfer process is expected to take place in November 2012.

### 1.2. When would I be able to use my Individual Account to provide retirement benefits?

In the Alstom GPP, you can use your Individual Account to provide benefits at any time from age 55 (but no later than age 75).

### 1.3. If I transfer my Individual Account to the Alstom GPP, do the nominations I have made through the Plan in relation to death benefits also transfer across?

No. You should be aware that there are two Expression of Wish Forms that you need to fill in under the new arrangements.

- On joining the Alstom GPP, you were automatically enrolled as a member of the ALSTOM Ltd Group Life Assurance Scheme (the 'Alstom GLAS'). This scheme provides cover whilst you are an active member of the Alstom GPP so that your dependants and beneficiaries receive financial support if you die in service. For more details, please see the leaflet about the Alstom GLAS that the Company sent to your home address in July. This leaflet is also available on the Alstom Pensions website at [www.pensions.uk.alstom.com](http://www.pensions.uk.alstom.com).

If you have not already done so, please fill in and return the Alstom GLAS Expression of Wish Form that the Company enclosed in that mailing as soon as possible.

- Remember that, in addition to any benefits payable under the Alstom GLAS, Aviva would also pay to your dependants and beneficiaries the value of the individual account you have built up in the Alstom GPP if you die before you have used it to provide benefits.

Please ensure you fill in the separate Aviva Expression of Wish form that will be included with your Alstom GPP policy documents and return it to Aviva.

Remember to keep a copy of your Expression of Wish nominations and review this information from time to time. You should complete new forms if your circumstances – and your wishes – change.

### 1.4. Can I transfer non-Alstom pension benefits into the Alstom GPP?

Yes. This includes any contracted-out benefits you might have built up.

## **Option 2 (the default): Leave your Individual Account in the Plan and the Trustee will transfer it into the Section 32 policy with BlackRock**

### **2.1. If you selected Aviva to run the new ALSTOM Ltd Group Personal Pension Plan, why have you chosen BlackRock to provide the Section 32 policy?**

Just to confirm: Alstom Ltd appointed Aviva to run the ALSTOM Ltd Group Personal Pension Plan (the 'Alstom GPP'), while the decision to appoint BlackRock to provide the new Section 32 policy was taken by the Trustee of the Plan.

The Alstom GPP and the Section 32 policy are different types of pension arrangement, and the decisions that the Company and the Trustee reached reflect the fact that Aviva and BlackRock were identified as having different strengths in these different areas.

### **2.2. How did you select BlackRock to provide the new Section 32 policy?**

Working with its advisers, Hymans Robertson, the Trustee invited a number of companies to tender to be the provider for the new Section 32 policy.

The Trustee and Hymans Robertson assessed the responses they received against the key criteria identified for this project:

- annual management charges;
- the quality and flexibility of their investment proposition;
- the quality of administration and the 'member experience'; and
- the quality of answers given to a detailed tender questionnaire.

Following advice given by Hymans Robertson, and subsequent presentations from the providers to a selection panel that included the Trustee of the Alstom Defined Contribution Plan, it was agreed that BlackRock were the best firm to move forward with.

### **2.3. If I select this option, when would my Investment Account be transferred to the Section 32 policy?**

The process of transferring all remaining funds from the Plan into the Section 32 policy with BlackRock is expected to take place in December 2012.

### **2.4. Would I be able to pay contributions to help build up the fund in my Section 32 policy?**

No. It is a characteristic of Section 32 policies that you cannot pay in to it any further contributions or transfer in any further benefits.

### **2.5. When would I be able to use my Section 32 policy to provide benefits?**

Your normal retirement age in the Section 32 policy will be the same as it is in the Plan. This will be age 65, unless you have selected a different target retirement age, in which case BlackRock will use the latter as your retirement age.

However, you can use your Section 32 policy to provide benefits at any time from age 55.

**2.6. Would I have to buy an annuity from BlackRock when I retire?**

No. You will be able to choose the company you buy your annuity from.

If you are still investing your fund in the Section 32 policy at the date you retire, BlackRock will write to you as you approach retirement to explain your options. If you wish, BlackRock can also help you with the process of choosing the company you buy your annuity from.

**2.7. If I select this option, can I then transfer my funds out of the Section 32 policy?**

Yes. The BlackRock documents that dc-Link sent you contain more information about how to make changes to your Section 32 policy.

**2.8. If I transfer my Individual Account to the Section 32 policy, do the nominations I have made through the Plan in relation to death benefits also transfer across?**

No. You should be aware that there are two Expression of Wish Forms that you need to fill in under the new arrangements.

- On joining the Alstom GPP, you were automatically enrolled as a member of the ALSTOM Ltd Group Life Assurance Scheme (the 'Alstom GLAS'). This scheme provides cover whilst you are an active member of the Alstom GPP so that your dependants and beneficiaries receive financial support if you die in service. For more details, please see the leaflet about the Alstom GLAS that the Company sent to your home address in July. This leaflet is also available on the Alstom Pensions website at [www.pensions.uk.alstom.com](http://www.pensions.uk.alstom.com).

If you have not already done so, please fill in and return the Alstom GLAS Expression of Wish Form that the Company enclosed in that mailing as soon as possible.

- Remember that, in addition to any benefits payable under the Alstom GLAS, BlackRock would also pay to your dependants and beneficiaries the value of the individual account you have built up in the Section 32 policy if you die before you have used it to provide benefits.

Please ensure you fill in the separate BlackRock Expression of Wish form that will be included with your policy documents and return it to BlackRock.

Remember to keep a copy of your Expression of Wish nominations and review this information from time to time. You should complete new forms if your circumstances – and your wishes – change.

**2.9. Can I transfer non-Alstom pension benefits into the Section 32 policy?**

No. Only the Individual Account you have built up in the Plan can be transferred into the Section 32 policy.



### **Option 3: Transfer your Individual Account from the Plan to another pension arrangement of your choosing**

#### **3.1. What is 'out of market' risk?**

During the period when your Individual Account has been disinvested from the Plan, but before it has been reinvested in your chosen pension arrangement, there is likely to be a short period of time when your Individual Account will not be invested. This is known as being 'out of market'.

The risk involved in being 'out of market' is that if investment markets rise during this period, you may miss out on an element of investment growth.

### **Option 4: If you were an active member of the Plan for less than two years and did not transfer benefits into the Plan, you can take a refund of the part of your Individual Account that relates to your own contributions**

#### **4.1. I have less than two years' pensionable service in the Plan, but why can't I take a refund of the full value of my Individual Account as a cash sum?**

As set out in the Alstom Defined Contribution Plan member booklet, this is one of the options that are available to employees who leave the Plan with less than two years' membership.

Remember that you also have the opportunity to transfer the full value of your Individual Account, including the matching contributions that the Company has paid and the investment returns that these contributions have achieved.

#### **4.2. Does tax apply to this refund?**

Yes. You will pay tax on any refund you receive. Please contact dc-Link for further information.

### **Option 5: If you were an active member of the Plan for two years or more or transferred benefits into the Plan and are age 55 or over, you can use your Individual Account to provide immediate benefits**

**NEW** ▶ This option is no longer available (the deadline for selecting this option was 31 August 2012)

#### **5.1. If I use my Individual Account in the Plan to provide immediate benefits, can contributions still be paid into my Individual Account in the Alstom GPP?**

Yes.

Please remember that if you want to use your Individual Account to provide immediate benefits, the deadline for selecting this option is 31 August 2012.

Your pension must start before 31 October 2012.

**Option 6: You may be able to take your Individual Account as a cash sum if you are age 60 or over and:**

- the value of your Individual Account in the Plan (and other pension arrangements) is less than £18,000; or**
- the value of your Individual Account is less than £2,000**

**6.1. If I take the full amount of my Individual Account in the Plan as a cash sum, can contributions still be paid into my Individual Account in the Alstom GPP?**

Yes.

Please remember that if you want to select this option, please let the Trustee know by completing the relevant section of the Options Form and returning it by 28 September 2012 at the latest.

You must also return the Triviality Options Form by the same date.