

ALSTOM PENSION SCHEME

LEAVING SERVICE & RETIREMENT

June 2016



JLT

- Independent Employee Benefit Advisers
- Providers of administration, accounting & payroll services
- Largest provider of administration services to the UK private sector

JLT & Alstom

- Supply services to the Trustees of the Alstom Pension Scheme
- Provided services to the Trustees since 2009

Neither Alstom, nor JLT are able to provide financial advice

Deferred Pension (the default)

- Statement of deferred benefits issued approximately 4 weeks after leaving
- Details pension to date of leaving
- Includes spouse's and death benefits
- Annual benefit statements thereafter
- AVC statements will be provided separately
- JLT will contact you approximately 4 months before NPA (65)

Transfer Value to another registered pension scheme

- Consult an Independent Financial Advisor first
- Beware of Pensions Liberation Fraud
 - Be suspicious if you receive a text or email out of the blue offering to “unlock” your pension before age 55!
 - For more information visit: www.pensionsadvisoryservice.org.uk
- Not available within 1 year of NPA

Early Retirement

- Available from age 55
- Request an estimate of benefits from JLT
- Estimate will show:
 - Full pension
 - Tax-free cash sum and reduced pension
 - Spouse's pension and death benefits
 - How your pension will increase
 - Will include any AVCs / ABS you have paid

Your estimate will include all your benefits from:

- 2006 Section
- Main (former GEC Plan) Section
- ABB Section
- Cegelec Section
- Any Service Credits
- Retirement Capital Plan

EXAMPLES



Example 1

Member Age 65 with £10,000 total pension & £5,000 AVC's

Early Retirement Factor = £10,000 x 100% = **£10,000**

$$\text{PCLS} = \frac{(20 \times \text{£}10,000 - (3 \times \text{£}5,000)) \times 18.98}{(20 + 3 \times 18.98)} + \text{£}5,000 = \text{£}50,636.86$$

$$\text{Residual} = \text{£}10,000 - \frac{(\text{£}55,815.59 - \text{£}5,000)}{18.98} = \text{£}10,000 - \text{£}2,404.47 = \text{£}7,595.53$$

Example 2

Member Age 60 with £10,000 total pension & £5,000 AVC's

Early Retirement Factor = £10,000 x 76.7% = **£7,670**

$$\text{PCLS} = \frac{(20 \times \text{£}7,670 - (3 \times \text{£}5,000)) \times 22.23}{(20 + 3 \times 22.23)} + \text{£}5,000 = \text{£}40,490.04$$

$$\text{Residual} = \text{£}7,670 - \frac{(\text{£}43,755.54 - \text{£}5,000)}{22.23} = \text{£}7,670 - \text{£}1,596.49 = \text{£}6,073.51$$

Please note: the early retirement and cash commutation factors are not guaranteed are subject to review following each actuarial valuation

WHAT TO EXPECT



Your Pension in Payment

- Is paid monthly in advance on the first business day of the month unless the first falls on a weekend.
- Is paid for the life of the pensioner. Upon death, a spouses pension may be payable.
- Is paid by BACS.
- Can be paid into a bank or building society.
- Is taxable as earned income.
- Increased on annual basis.

PAYING TAXABLE REDUNDANCY MONEY INTO THE PENSION SCHEME



Paying taxable redundancy money into the pension scheme

- It may be tax advantageous to pay some or all of that part of your redundancy payment that would otherwise be subject to income tax (typically the excess over £30,000) into the Alstom Pension Scheme
- Employees wishing to pay some of their taxable redundancy payment into the Scheme can do so by making a lump sum Additional Voluntary Contribution (AVC) payment. You can find more information about AVCs and the form you need to complete (Form APS14) on the pensions website at:
www.pensions.uk.alstom.com/html/groups/member/fs/avc_APS.htm

Please read the following information before submitting Form APS14:

- You should input the “gross” amount of lump sum AVC you wish to make and return the completed form to Alstom Pensions in Rugby before the end of the month prior to month of leaving.
- The maximum lump sum AVC you can make is 25% of your “tax year to date” Pensionable Earnings (subject to a maximum of £25,000) less any AVCs you have already made in the tax year. Pensionable Earnings are your basic salary plus certain fixed allowances.
- Refer to the letter dated 3 June which explains this process and where to find the form and information on AVCs.

PAYING TAXABLE REDUNDANCY MONEY INTO THE PENSION SCHEME



Check your Annual Allowance

- This is the maximum amount of tax relievable pension savings that can be made in a tax year. This is currently £40,000 a year (with a tapered reduction to as low as £10,000 a year for high earners). Click the following link for further details: www.pensions.uk.alstom.com/pdf/aaltaoverview.pdf
- This is a complex area, particularly for high earners, and if you are unsure whether or not to make a lump sum AVC then you will need to take financial advice. **Neither Alstom nor JLT can advise you.**
- When the Payroll team process your lump sum AVC, they will do so on the assumption that you understand your tax position and have taken appropriate financial advice. Payroll are under no obligation (and indeed are not equipped) to check that such a payment is in your best interests.

Refer to the letter dated 3 June for the link to the AA/LTA information.

The Trustee and GE are close to finalising the 2015 actuarial valuation

- will include a review of the Company guarantee (GE guarantee stronger than Alstom Holdings guarantee), funding and level of deficit and how this is going to be met going forward

GE are committed to supporting the Scheme which remains in deficit (and has been since 2003)

- 2012 valuation > 73% funded (i.e. deficit of £530m)

Trustee expects to communicate the valuation outcome to members in the next newsletter

A recorded version of this presentation is available to view from 27 June using the following link:

<http://www.pensions.uk.alstom.com/> under the “Alstom Pension Scheme” pages

Whilst all reasonable care has been taken in the preparation of this presentation no liability is accepted under any circumstances by Jardine Lloyd Thompson for any loss or damage occurring as a result of reliance on any statement, opinion, or any error or omission contained herein. Any statement or opinion unless otherwise states should not be construed as independent research and reflects our understanding of current or proposed legislation and regulation which may change without notice. The content of this document should not be regarded as specific advice in relation to the matters addressed.

JLT Benefit Solutions Limited. Authorised and regulated by the Financial Conduct Authority. A member of the Jardine Lloyd Thompson Group. Registered office: The St Botolph Building, 138 Houndsditch, London EC3A 7AW. Registered in England No. 02240496. VAT No. 244 2321 96.



Before retirement:

Tel: 01372 200363

Email: alstom_pensions@jltgroup.com

After retirement:

Tel: 01372 200333

Email: payroll_team2@jltgroup.com