THE GEC PLAN BOOKLET
AUGUST 2015 EDITION
STANHOPE PENSION TRUST LIMITED

SPT
Introduction
The GEC Plan was closed to future accrual on 5 April 2010. This meant that members of the Plan could no longer contribute or build up additional pension or other benefits for future service but that their entitlement to pension and benefits earned up to the Plan closure was retained.

This booklet is intended to help members whose benefits are retained within the Plan understand their pension and the options available to them.

The GEC Plan
Benefits overview
The benefits include:

- a pension for life when you retire (the normal retirement age under the Plan is 65 but under current legislation, and subject to Trustee consent, you may do so at any time after your 55th birthday)
- a lump sum for your dependants if you die before you retire (there is no surviving spouse or dependant’s pension payable if you die before age 65 and before starting to draw your pension)
- a pension if you have to retire before age 65 due to ill-health
- under current legislation, the choice of taking part of your pension as a tax-free lump sum
- a pension for your surviving spouse or other dependant on death after retirement
- a lump sum payment if you die within five years of your retirement
- the option to transfer your benefits to your new employer’s scheme or to a personal pension arrangement
- if you paid Additional Voluntary Contributions (AVCs) whilst you were contributing to the Plan these will remain invested until you chose to transfer them to an alternative arrangement or use them to purchase an annuity

How was your pension calculated?
The annual Plan pension, which is payable in addition to State benefits, is the highest of three separate calculations:

Basis 1
2% of your final pensionable earnings multiplied by your pensionable service, less
2% of the average of the Basic State Pension in force at the beginning of the last three Plan years you contributed to the Plan multiplied by your pensionable service, and also less
0.9% multiplied by your pensionable service up to a maximum of 20 years after 5 April 1978 and beginning in the Plan year in which you reach age 65 multiplied by the lesser of 6 times the average Basic State Pension in force at the beginning of the last three Plan years in which you contributed to the Plan and
your final pensionable earnings minus the same average
This amount is scaled down if you stopped contributing before your 65th birthday.
**Basis 2**  
50% of your own total contributions, which you personally contributed, to the Plan.

**Basis 3**  
17.5% of your own total contributions, which you personally contributed, to the Plan plus credited interest.

The values of each of the above were calculated and communicated to you when you left contributory membership. If you are not yet receiving your pension, the figures calculated at your date of leaving, known as your deferred pension, will be increased as follows:

Basis 1: annually on 1 May by the lesser of 5% or the increase in General Index of Retail Prices (RPI) as published in February each year.

Basis 2: no increase

Basis 3: interest credited monthly at a rate determined by the Trustee by reference to the rate of return on the assets of the Plan but not by less than 2.5% per annum

At the point that you draw or transfer your benefit from the Plan the increased values will be reviewed and you will be given the highest basis at that time. It is possible for the highest basis to change between your date of leaving and your date of retirement or transfer depending on the rates of increase applied.

**Security**

The assets of the Plan are invested by the Trustee and are entirely separate from the assets of the company or the employers.
Benefits

If you cannot find the section you need, please refer to the Contents page which shows the headings of all the benefits covered in this section.

On retirement at age 65

Shortly before your 65th birthday the Pensions Office will contact you about your pension.

To calculate your retirement pension, your Basis 1, Basis 2 and Basis 3 deferred pensions will be increased (except Basis 2) to your 65th birthday.

Your pension will be the highest of the Basis 1, Basis 2 or Basis 3 figures.

If you wish, you may give up part of your pension to receive a lump sum payment which is currently tax-free. Please see below for further details.

On retirement before age 65

Under current legislation if you retire between ages 55 and 65 you may, subject to Trustee discretion, qualify for an immediate pension.

To calculate your retirement pension, your Basis 1, Basis 2 and Basis 3 deferred pensions will be increased (except Basis 2) to your chosen date of retirement then these amounts will be reduced to allow for the longer period for which your pension is expected to be paid.

Your early retirement pension will be the highest of the reduced Basis 1, Basis 2 or Basis 3 figures.

Reduction rates for early retirement pensions are determined by the Trustee, after consulting the actuary, and with the agreement of the Company. Rates are typically reviewed at least once every three years.

If you are over age 55, a quotation of your options can be obtained from the Pensions Office (see page 13 for contact details).

Pension reductions on early retirement

An indicative list of the factors to be applied to pensions paid before the Plan’s normal retirement age (65) is as follows:

<table>
<thead>
<tr>
<th>Age at Retirement</th>
<th>Basis 1 factors</th>
<th>Basis 2 factors</th>
<th>Basis 3 factors</th>
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<tbody>
<tr>
<td>55</td>
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<td>0.944</td>
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</table>

The actual rate applied is calculated on the basis of a member's age in complete years and months at the time of retirement.

Pensions transferred in to the GEC Plan from previous arrangements will be increased and reduced by the same factors that are applied to Basis 1 pensions.
Cash sum instead of pension

Since 6 April 2006, when you take your retirement benefits, you have been able to receive approximately 25% of the capital value of your pension, including AVCs, as a tax-free lump sum from the Plan.

If you have AVCs the rules allow you to take cash from your AVC fund up to this limit before using them to purchase additional pension benefits i.e. an annuity.

The reduction in your pension, if you decide to take a tax-free lump sum and it is not taken wholly from your AVC fund, depends on conversion rates in force when you retire.

Additional Voluntary Contributions (AVCs)

Additional information about AVCs can be found in the AVC section of the website, www.telentpensions.co.uk.

Benefits arising from AVCs depend on the performance of the fund in which they are invested.

They are payable in addition to your Plan pension.

At any time prior to your taking your Plan pension, your AVCs may be transferred to an alternative arrangement separate from your Plan benefits.

When you retire your AVCs can be used as follows:

- To increase your tax-free cash sum. Please see above for further details.
- To purchase an annuity with an insurer to provide additional pension benefits.

In 2014 HM Government introduced legislation to enable the payment of taxable lump sums or flexible withdrawals from money purchase arrangements. While AVCs are money purchase arrangements, the Plan Rules do not allow this so if you wish to do either of these things you will need to transfer your AVCs to an alternative arrangement.

Balancing your income in retirement

If you chose to take your pension from the Plan before you reach the date when your State Pension becomes payable, your income in retirement will be lower up to the date when your State Pension becomes payable then increase by the amount of your State Pension for the rest of your life.

There is a facility within the Plan, if you retire for reasons other than ill health, to help smooth your income in retirement by taking extra income up to your State Pension Age with a reduction thereafter.

If your State Pension Age is currently 65 then your Plan pension would decrease when you reach 65 as your State Pension becomes payable thus giving you a more consistent level of income, from all sources, during your retirement.

Should you choose this option; any surviving spouse’s pension payable in the event of your death would be unaffected.

Please contact the Pensions Office if you require further details of the early retirement options available (see page 13 for contact details).

Transfer to an alternative pension arrangement

As an alternative to your deferred pension, you may ask the Trustee to transfer a cash equivalent to another employer’s approved pension scheme or to a personal pension arrangement at any point before you put your pension into payment. The cash equivalent represents the expected cost, taking account of likely future pension increases and investment yields, of providing your deferred benefits in the Plan, together with the value of your AVC benefits.

The cash equivalent available will not be less than the sum of your Plan contributions plus credited interest and the value of your AVC funds.
You may obtain a quotation of the cash equivalent, which will be guaranteed for three months, by contacting the Pensions Office (see page 13 for contact details).

It is possible to transfer only part of your benefit away from the Plan leaving the remainder unaffected. All members should seek independent financial advice before committing to any pension transfer. You should, however, make your financial adviser aware that this facility is available.

If your transfer value is more than £30,000, you must obtain financial advice before transferring to an alternative arrangement.

Ill health

If you are under age 65 and have not started to receive your pension and you retire on the grounds of ill health or disablement such that you are no longer capable of carrying out the duties of your last employment while contributing to the Plan, the Trustee may arrange for your pension to begin on the basis that it will not be subject to the normal reduction for early payment.

Additionally if the Trustee has received evidence from a registered medical practitioner that your life expectancy is less than a year, you may be paid a lump sum in lieu of a pension.

If you think you may qualify for ill health retirement, please contact the Pensions Office in the first instance (see page 13 for contact details).

On death before retirement before age 65

If you are entitled to a deferred pension and you die before it goes into payment, the following benefits become payable:

- a lump sum equal to 150% of the total Plan contributions, that you personally contributed, plus credited interest
- your AVC fund (if any) would be payable as an additional lump sum

Please note there is no surviving spouse’s or dependant’s pension in these circumstances.

On death after retirement

If you die after you have begun to receive your pension, the following additional benefits may be payable:

- **Pension for surviving spouse:**

  If you die while receiving a pension under the Plan and leave a surviving spouse to whom you were married when, and have been continually married to since, you retired a pension will be payable for life to your spouse.

  The amount of pension (excluding any additional pension purchased – see below) will be one half of your Plan pension (as it would have been had you not taken cash, or adjusted your pension to provide additional spouse’s or dependant’s pension).

  Any adjustment chosen by you to apply between retirement date and State Pension Age will also be disregarded for this purpose.

- **Pension for specified dependant**

  If you do not have a spouse, you may ask the Trustee to provide a corresponding benefit (50% of the value of your pension as determined by the Plan actuary) to some other specified dependant. Only unmarried members may nominate a specified dependant. A married member will not be able to make a nomination even if he or she is no longer living with his or her spouse on a permanent basis.

  It is possible to make a nomination up to six months after the date of your retirement.

  Any person nominated must be financially dependent on the member both at the date of the nomination and at death (and must be accepted by the Trustee). However, the definition of financial dependency includes, for example, people who live together where
the two are contributing towards shared household expenses (i.e. they are financially interdependent).

Nomination forms may be obtained from www.telentpensions.co.uk or the Pensions Office (see page 13 for contact details).

- **Additional pension for dependants**

  You may give up part of your pension to provide a pension for your **surviving spouse** or other **dependant** additional to that described above. Application should be made via the Pensions Office shortly before your pension commences, or you attain age 65, whichever is the earlier. Such provision cannot be revoked after your pension commences, even if the nominee dies.

  Any spouse’s or dependant’s pension begins on the first day of the month after your death.

  If you choose to exchange part or all of your pension increases for a higher non-increasing pension, any surviving spouse or dependant’s pension would be similarly amended.

- **Five year guarantee**

  If you die within a period of five years after the commencement of your pension, a cash sum will be calculated equal to the sum of your remaining instalments which would have been paid if you had lived until the end of the five year period.

  This benefit is payable in addition to any pensions described above.

**On death before retirement after age 65**

If you defer payment of your pension beyond your 65th birthday and die during this period of post age 65 deferment, it will be assumed that you had retired immediately before your death and the following benefits would become payable:

- A lump sum, currently 25% of the value of your pension, payable free of tax (provided this has not already been paid to you)

- A lump sum equal to five times the annual amount of the remaining pension

- Any surviving spouse’s or dependant’s pensions

**Divorce**

Courts may take account of pension arrangements when deciding the financial settlements in divorce cases.

If you are asked to provide details you should contact the Pensions Office (see page 13 for contact details) and ensure you make them aware that you are requesting the details for divorce purposes as they will need to provide additional information in these circumstances.
Payment of benefits

Payment of your pension

Your pension begins, if you retire on the first day of the month, on that day, and in any other case on the first day of the month following that in which retirement takes place.

Pensions are payable on the last working day of the month, in advance. This means the pension you receive on 31 May is that due to you for June.

Your pension can be paid into a bank or building society.

Pensions are treated as earned income for tax purposes and tax is deducted under the PAYE system.

If you are not resident in the UK when you retire, you may elect to have your pension denominated in a currency other than sterling.

Your pension ends with the instalment payable for the month of your death.

Increases to pensions in payment

Eligible Plan pensions, whether to members or dependants, are increased on 1 May each year.

The Plan Rules provide for increases of the lesser of 5% per annum and the increase in the General Index of Retail Prices (RPI) published in February each year. If RPI is less than 0% your pension will not be reduced.

Increases above these rates, having regard to changes in the RPI and the resources of the Plan, are at the discretion of the Trustee and are subject to the approval of the Company.

After your pension begins, you will be advised yearly of the rate of increase applicable.

Payment of lump sum death benefits

Lump sum death benefits are held by the Trustee under a discretionary trust.

This means that lump sums paid as a result of a member’s death are not subject to Inheritance Tax.

However, this means that the Trustee must decide to whom such benefits are paid. The Trustee will consider your wishes when exercising its discretionary powers in this regard but you must keep them informed of your wishes for them to be able to do this effectively.

To guide the Trustee, you are invited to complete form P7 entitled ‘DISPOSAL OF DEATH BENEFITS’ and return it to the Pensions Office (see page 13 for contact details). You should complete a new form P7 if and when your personal circumstances change.

Form P7 can be downloaded from http://www.telentpensions.co.uk or obtained from the Pensions Office.

State benefits

State pensions are payable in addition to any benefits under the Plan or any personal pensions you may have.

A quotation of your Social Security pension may be obtained from www.gov.uk/state-pension-statement.

The age at which people may take their State pensions is going up depending on the individual’s date of birth. Details of your likely State Pension Age (which may be subject to further change) can be found on www.gov.uk/calculate-state-pension.
General information about the GEC Plan

Actuarial review
An independent actuary, appointed by the Trustee, reviews the finances of the Plan at intervals of not more than three years.

The purpose of this review is to determine whether the Plan has sufficient assets to pay benefits in full when they fall due and, if not, to agree a plan to correct the deficit.

Annual Report & Accounts
A summary of the annual report of the Trustee and the audited annual accounts is available to all members.

Copies of the full Report and Accounts of the Plan are available on request from the Pensions Office or are available on the website www.telentpensions.co.uk.

Benefits on special terms for service before joining the Plan
Some members of the Plan have benefits transferred from other group pension schemes and are entitled to benefits from the Plan relating to service prior to the date of transfer.

Benefits for such prior service are included in members' individual benefit statements.

Individual benefit statements
If you have a deferred pension in the Plan you will, periodically, receive a statement showing your deferred benefits.

Current practice is for these to be issued every two years.

To receive these statements you must keep the Pensions Office informed of your current address.

Plan constitution
The Plan is constituted by a deed dated 13 April 1972, and a definitive deed dated 4 March 1982, as amended. The consolidated Trust Deed & Rules is dated 5 November 2008.

The Plan is registered with HMRC under chapter 2 Part 4 of the Finance Act 2004.

The Trustee is registered with the Information Commissioner under the Data Protection Act 1998.

The information given in this booklet is intended as a summary of the main features of the Rules of the Plan applicable to members who retain benefits in the Plan and does not override the Trust Deed and Rules which prevail at all times. Copies of the latter are available for inspection on request.
Internal Dispute Resolution Procedure

There is a two-stage procedure for resolving disputes, which may be used by any member, or other person with a relevant interest in the Plan.

Stage 1

You should write with your full details (or those of the member in respect of whom you are raising the matter) to the Pensions Office in the first instance (see page 13 for contact details). The matter will be considered by the Administration Committee, which is a committee of the Board of Directors of the Trustee, and you will receive a reply within two months.

Stage 2

If you are not satisfied by the answers that have been given, you may apply in writing within six months of the date of the response to the Secretary to the Board of Directors of the Trustee (see page 13 for contact details) asking for the dispute to be reconsidered and giving your reasons. This application will be referred to the Board of Directors of the Trustee and its decision will be communicated within one month.

If you still require further consideration of the matter, you may then approach TPAS or the Pensions Ombudsman (see below for contact and further details).

HM Revenue and Customs limits

On 6 April 2006 all previous benefit limits were removed and one new overall fund allowance, known as the Lifetime Allowance (LTA) was introduced. The LTA was £1.5m in 2013/14, falling to £1.25m in 2014/2015. It is due to fall to £1m from the 2016/17 tax year.

The combined capital value of your pension benefits will be compared against the LTA at retirement (or upon your prior death). We will need to confirm that the benefits paid out from all your UK registered pension schemes are within the LTA.

If the value of your benefits is over the LTA you will be taxed on the excess amount. This is called a recovery charge. A recovery charge will be applied on any excess above the LTA at 55%.

Retirement and death benefits under the Plan will be adjusted as may be necessary to comply with legislation.

The Pensions Advisory Service/Pensions Ombudsman

The Pensions Advisory Service (TPAS) is available to assist members and beneficiaries of the Plan both generally and in connection with any difficulties which they have been unable to resolve with the Trustee of the Plan.

The Pensions Ombudsman may investigate and determine complaints or disputes of fact or law concerning occupational pension schemes made or referred to him.

TPAS and the Pensions Ombudsman can both be contacted at:

11 Belgrave Road
London
SW1V 1RB

Telephone: 0845 601 2923

Further details can be found on the following websites:

www.pensionsadvisoryservice.org.uk
www.pensions-ombudsman.org.uk
**Pension Consultative Committee**

The Pension Consultative Committee is made up of individual Plan members who have volunteered to join. When a vacancy, or vacancies, occur nominations will be requested via the Plan Newsletter. This will occur every four years or as and when a vacancy occurs in the meantime.

If there are more nominees than places an election may take place which will be presided over by the Pensions Office.

PCC membership is unpaid.

The functions of the PCC are as follows:

- assist the **Trustee** and management in the communication of information to members
- represent the views of pension scheme members as to matters affecting their interests
- nominate representatives for appointment by telent as Directors of Stanhope Pension Trust Limited.

**Registrar of Occupational and Personal Pension Schemes**

The Registrar of Occupational and Personal Pension Schemes has been provided with all the information required concerning the Plan, including the name and address of the **Trustee**.

If you were a member of another pension scheme, and you subsequently have difficulty in contacting its trustees or administrators, the Registrar may be able to help.

The website is [www.gov.uk/find-lost-pension](http://www.gov.uk/find-lost-pension)

Telephone: 0845 6002 537

The address is:

- The Pension Service
- Tyneview Park
- Whitley Road
- Newcastle upon Tyne
- NE98 1BA

**Further information**

If you need advice on pensions in general you should consult an independent financial adviser. Hand him a copy of this booklet and ensure that any quotations you receive compare like for like.

If you wish to find out more about the Plan and your benefits, please contact the Pensions Office (see page 13 for contact details).

Members may contact Pension Consultative Committee representatives through the Pensions Office or via the website [www.telentpensions.co.uk](http://www.telentpensions.co.uk)
Contact details

**telent Pensions Office**

telent Pensions Office  
Equiniti Paymaster  
Sutherland House  
Russell Way  
Crawley  
West Sussex  
RH10 1UH

telephone:  
01785 785400

Email:  
talent@equiniti.com

Please always quote your National Insurance number.

**telent**

Director of Pensions: Peter Harris  
Pensions Administration Manager: Dawn Taylor

talent  
Point 3  
Haywood Road  
Warwick  
CV34 5AH

telephone:  
01926 693400

Email:  
Dawn.taylor@telent.com or Peter.harris@telent.com

**The Trustee**

Secretary to the Trustee: Peter Harris

Stanhope Pension Trust Limited  
c/o talent  
Point 3  
Haywood Road  
Warwick  
CV34 5AH
Glossary of terms

**Basic State Pension**
A regular payment received from the government if you have paid or been credited with National Insurance contributions.

**Company**
telent Limited.

**Credited interest**
Interest credited monthly on your contributions at a rate determined by the Trustee, by reference to the rate of return on the assets of the Plan, but not less than 2.5% per annum.

**Dependant**
In relation to a member, a spouse, ancestor or descendent (however remote); a spouse of such an ancestor or descendent; a brother, sister, uncle or aunt (whether of whole or half-blood) and a spouse or descendent of such a person; the same relatives of a spouse; an individual entitled to any interest in a member's estate under his will; and an individual towards whose maintenance or support a member has contributed.

**Employer**
The Company, and those of its subsidiary and associated companies which, with the consent of the Company, participate in the Plan.

**Final Pensionable Earnings**
The three highest consecutive pensionable earnings figures in the ten years before you ceased to be a contributory member of the Plan.

**Pensionable Earnings**
Your earnings in a complete Plan year.

**Pensionable service**
Your service with your employer, whilst a contributing member of the Plan. Pensionable service is reckoned in complete years and months.

**Plan year**
Any twelve months beginning on a 6 April and ending on the next 5 April.

**Specified dependant**
In relation to a member or pensioner who dies without leaving a surviving spouse, a person nominated by him/her before attaining 65 and before his/her pension commences, who was financially dependent on him/her at the time of nomination and remained so at his/her death, and who was accepted as such by the Trustee.

Only an unmarried member may nominate a specified dependant before commencement of pension or at age 65 (whichever is earlier).

**Surviving spouse**
In relation to a pensioner or deferred pensioner, the person to whom the member was married when pension commenced or when at age 65 (whichever was earlier) and remained the member’s legal spouse until the member’s death.

**Trustee**
The Trustee of the Plan is Stanhope Pension Trust Limited. Its directors include independent professionals, nominees of the Company and of the Pension Consultative Committee. All directors are elected to represent all members of the Plan.