

Airbus Group UK Pension Scheme

Schedule 2

AIRBUS GROUP UK PENSION SCHEME

SCHEDULE 2

Contents

Introduction	3
A guide to your benefits.....	4
How much does it cost me?	4
What protection do I get while still working?	6
What happens if I leave the Scheme?	7
What happens when I retire from the Scheme?	8
Tax and your pension.....	9
Is there anything else I should know?.....	10
Useful Contact Information	12
Glossary of terms	14

AIRBUS GROUP UK PENSION SCHEME

SCHEDULE 2

Introduction

This guide contains an overview of the benefits available to members of Schedule 2 of the Airbus Group UK Pension Scheme and their dependants.

While we have tried to ensure this guide is an accurate summary of the Scheme benefits, should there be any discrepancy between the Scheme Rules and this guide, the Scheme Rules will prevail.

Schedule 2 is closed to new entrants and was originally set up to replace the BAE Systems 2000 Pension Plan which employees of Airbus Group had to cease membership of following changes in Company ownership. New employees may join Schedule 4.

Although we hope this guide is simple to understand, there are some occasions where 'pensions jargon' has had to be used. These terms are in *italics* and are defined in the Glossary at the end of the guide.

AIRBUS GROUP UK PENSION SCHEME

SCHEDULE 2

A guide to your benefits

While you are in the employment of a *Participating Employer* and continue to pay contributions to Schedule 2 you will be building up a pension which will be payable to you from your *Normal Scheme Pension Age*.

How much will my pension be?

As a member of Schedule 2 your pension is calculated using the best of three calculation methods:

- **Basis 1** – 2% of your *Final Pensionable Earnings* for each year of *Pensionable Service* less the *Relevant Basic Deduction* and the *Relevant Earnings Related Deduction*.
- **Basis 2** – 1.5% of your cumulative *Pensionable Earnings* over your total *Pensionable Service*.
- **Basis 3** – 17.5% of 3% contributions since joining the Scheme, plus *Credited Interest*.

When can I retire?

You can retire any time after your *Minimum Pension Age*, provided the Trustee and Principal Employer approve and you cease to be employed by your Employer from the date you retire. Consent is not required if your retirement date is on or after *Normal Scheme Pension Age*.

If you retire early, your pension will be reduced for early payment on a basis determined by the Scheme Actuary.

How much does it cost me?

Membership of Schedule 2 currently costs 8% of your *Pensionable Earnings*.

Your contributions will be made under a salary sacrifice arrangement known as SMART Pensions. Further details on SMART Pensions can be found in a separate guide on our website:

www.airbusgroup.com/pensions

AIRBUS GROUP UK PENSION SCHEME

SCHEDULE 2

Can I pay more?

You can top up your retirement benefits by paying *Additional Voluntary Contributions (AVCs)*. AVCs are invested with Legal & General and a selection of funds is available to choose from. The total that you pay into the Scheme (your core contributions plus any AVCs) are not allowed to exceed 19% of your gross earnings. You can find out more about the investment options available in the Investment Guide and find the forms to start paying extra on the Scheme website www.airbusgroup.com/pensions

When you retire, your AVCs can be taken as either cash, subject to the maximum cash allowance or converted to extra pension. You will also have the option to transfer this pot to another provider to purchase a retirement product on the open market.

The value of your AVCs will depend on several factors including the amount paid in contributions and the performance of investments.

What does my Employer pay?

Your Employer will pay the balance of the cost of providing you with the final salary benefits (currently 30.67% of *Pensionable Earnings*). The level of contributions is set by the Principal Employer, in consultation with the Trustee and the Scheme Actuary.

What happens if I am absent from work?

If you are absent due to maternity, paternity, adoption or family leave, you may be able to continue to build up pension benefits during your absence. If you would like further information on the benefits available during periods of absence, please contact the Airbus Pensions Team at ukpensions@airbus.com

Can I transfer benefits from another scheme?

We do not currently accept transfers into Schedule 2.

AIRBUS GROUP UK PENSION SCHEME

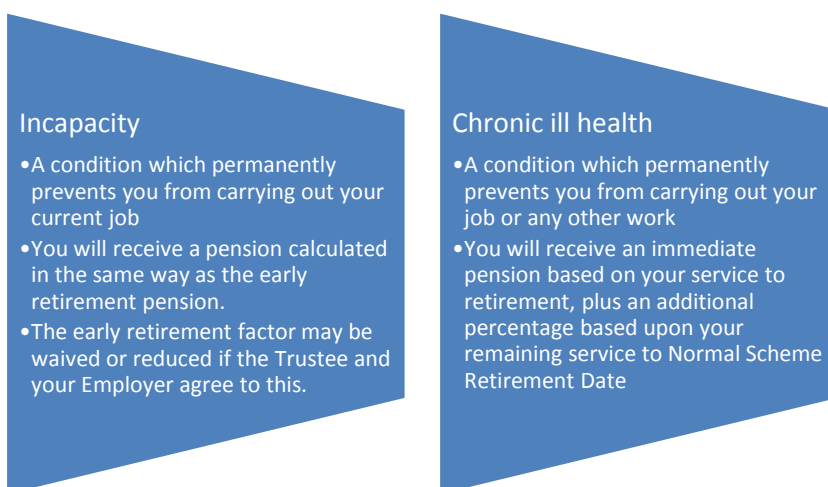
SCHEDULE 2

What protection do I get while still working?

Membership of Schedule 2 provides financial protection for you and your dependants throughout your working life. The following sections give a brief outline of these benefits. More detailed information can be found on our [website](#) or is available from the [Airbus Group UK Pensions Team](#).

Retirement on ill health grounds with immediate payment of benefits

If you cannot work due to ill health, you may retire from active service at any age, with an immediate pension, subject to certain conditions and with the agreement of the Trustee and your *Participating Employer*. The level of benefit payable will depend on the severity of your illness:

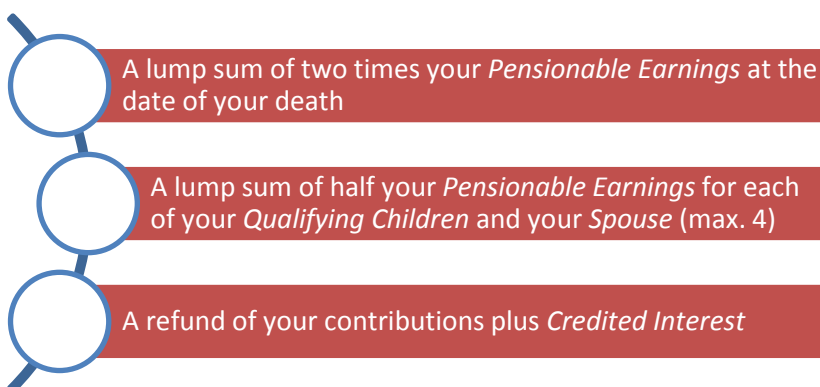


The Trustee, having taken medical advice, will decide which of these criteria has been met. The Trustee may also require you to undergo medical reviews from time to time if you retire on ill health grounds.

If you wish to apply to retire on medical grounds, please contact your HRBP who will advise you further.

What happens if I die while in service?

If you die while you are still a contributing member of Schedule 2, the following benefits will become payable:



AIRBUS GROUP UK PENSION SCHEME

SCHEDULE 2

The lump sum benefits due are paid at the Trustee's discretion. You can help the Trustee decide who receives any death benefits by completing an Expression of Wish form online via [ePA](#).

What happens if I leave the Scheme?

There are a number of reasons why you may leave the Scheme. You may leave the service of your *Participating Employer* or choose to opt-out of the Scheme.

When you leave the Scheme, you will become a deferred member and will be entitled to a deferred pension, payable from *Normal Scheme Pension Age*.

Your deferred pension will be calculated using the same formula set out on page 4. The pension will then be revalued from your date of leaving to the date you draw your pension in line with statutory increases.

You also have the option of transferring your pension to another registered scheme. If the transfer value of your benefits is over £30,000 you will be required to take Independent Financial Advice at our own cost before any transfer of benefits. There is no other charge to transfer your benefits.

Early retirement is also possible from your *Minimum Pension Age*, provided the Principal Employer and Trustee both consent. Your pension will be reduced to take account of the fact it will be paid for a longer period.

How can I opt out of the Scheme?

You can opt out of the Scheme at any time, but you will need to give notice by completing an opt-out form. You can obtain an opt out form from the Airbus Pensions Team at ukpensions@airbus.com

If you chose to opt out, you will no longer be covered by the Scheme's death in service or ill health benefits. You will not be permitted to rejoin Schedule 2 at any time.

The decision to opt-out is yours alone but you should give careful consideration before doing this and you may wish to consult an Independent Financial Adviser.

What happens if I die as a deferred member?

If you die before your pension starts and before your *Normal Scheme Pension Age*, a cash amount of 1.5 times your contributions plus credited interest will be payable. A refund of the value of any AVCs will also become payable.

If you die before your pension starts and after your *Normal Scheme Pension Age*, the following benefits will become payable:

- a spouse's or dependant's pension
- a cash lump sum equal to the maximum lump sum if you had taken your pension on the date of your death
- a cash lump equal to 5 times the residual pension (after the maximum cash lump sum had been calculated) if you had taken your pension on the date of your death
- A refund of the value of any AVCs will also become payable

AIRBUS GROUP UK PENSION SCHEME

SCHEDULE 2

What happens when I retire from the Scheme?

Whether you retire from active service or as a deferred member, you should receive a letter setting out your options about six months before your *Normal Scheme Pension Age*. You will usually have the option to take your full pension or to take a tax-free cash sum and a reduced pension. Under current legislation, the maximum tax-free cash sum will broadly equal 25% of the capital value of your pension. You will be able to take your AVCs as cash if the value is under 25% of the total value of your benefits.

Your pension will be payable for life and will be subject to income tax in the same way as earnings from employment.

How will my pension be increased?

Pensions in payment are reviewed on 1 April every year. Proportionate increases are given in the first year of payment to anyone whose pension started after 6 April.

Your pension will increase in line with the rise in the Retail Price Index (RPI) to September of the previous year. Pensions built up before 6 April 2006, are subject to a maximum increase of 5% and pensions built up after 6 April 2006 are subject to a maximum increase of 2.5%.

What benefits are paid if I die after retiring?

If you die in receipt of a pension from the Scheme and are survived by a Spouse or Dependant, they will be entitled to a pension of 50% of your pension, ignoring any reduction if you chose to take a tax-free cash sum.

In addition, if you die within the first five years of your retirement, a lump sum equal to the unpaid balance of five years pension payments will become payable.

Any lump sum death benefits are paid at the discretion of the Trustee. We strongly advise that all pensioners complete a dependant's details form so the Trustee is aware of anyone who may qualify for a Spouses or Dependant's pension on your death.

AIRBUS GROUP UK PENSION SCHEME

SCHEDULE 2

Tax and your pension

The Airbus Scheme is what's known as a registered pension scheme. This means there are a number of advantages to being a member:

- Your AVC investments build up mostly free from tax
- You receive income tax relief on your contributions (even if you aren't a SMART member)
- There is a tax free lump sum available at retirement.

When you do take your pension, it will be taxed under Pay As You Earn (PAYE).

Is there a limit on how much I can pay into the Scheme and still get tax relief?

The simple answer is yes. As Schedule 2 is a final salary pension scheme, there is a complicated calculation carried out each year to work out how much your pension has increased by. This amount is then added to any AVCs you pay and compared to the Annual Allowance. If you breach the Annual Allowance in any *Scheme Year* you may be liable to a tax charge.

For the tax year 2018/19 the Annual Allowance has been set at £40,000. If you do exceed the Annual Allowance in any tax year, you are able to offset the potential tax liability against any unused Annual Allowance from the previous three tax years.

If you do exceed the Annual Allowance, you will receive a statement from the pension administrators Towers Watson which has all the information you will need.

What is the Lifetime Allowance?

When you retire from the Scheme, your benefits will be tested against the Lifetime Allowance (£1,03 million for tax year 2018/19). The current Lifetime Allowance is broadly equal to a pension of £51,500 per year. Any benefits in the Scheme or any other registered pension scheme you are a member of that exceed the Lifetime Allowance will be taxed at a special rate.

If you are concerned about exceeding either of these limits, please contact the Airbus Pensions Team.

Are there any other limits I should know about?

The Scheme has a cap on the maximum pension you can receive which is equal to 75% of your *Final Pensionable Earnings*. AVCs are not included for the purpose of this test. *Final Basic Salary* is also capped at £160,800 for tax year 2018/19 (also known as an *Earnings Cap*).

AIRBUS GROUP UK PENSION SCHEME

SCHEDULE 2

Is there anything else I should know?

Here is some useful further information about the Scheme. If you have any further queries, just contact the team who will be happy to assist you.

Who looks after the Scheme?

The Scheme is run by a Trustee; Airbus Group Pension Scheme Trustees Limited. There are seven Directors, three appointed by the Company, three selected by members through the Pension Consultative Committee and an independent Chairman. The Trustee Board is responsible for looking after the running of the Scheme with the assistance of its advisers where appropriate. Scheme benefits are provided by investments which are professionally managed on behalf of the Trustee. All the Scheme assets are held separately from those of the Company.

What about State Pension benefits?

The government is changing the age which the State Pension is payable from for some people. You can find out when your State Pension will be payable from and also get an estimate of how much will be payable by contacting the Pensions Service via www.gov.uk/state-pension

I am in the process of getting a divorce, how will this affect my benefits?

If you get divorced, or your civil partnership is dissolved, the court may take account of your Schedule 2 benefits in your settlement in one of the following ways:

- Offsetting the value of your pension against other assets
- Attach an order for future payments to your ex-spouse or former registered civil partner (known as an earmarking order)
- Share pension rights at the time of divorce/dissolution by means of a pension sharing order

You should request information from Willis Towers Watson on the value of your Schedule 2 benefits when proceedings begin. Certain charges may be payable in order to comply with any Court order regarding your pension. Further information is available from WillisTowers Watson.

What if I have a complaint?

Should you have a complaint or issue that has not been resolved to your satisfaction, there is a formal internal dispute resolution (IDR) procedure in place. If you have a complaint, please write to:

The Pensions Manager
Airbus Group UK Pension Scheme
Gunnels Wood Road
Stevenage
SG1 2AS

You can also obtain full details of the IDR procedure from the same address.

What happens if I'm not happy after using the IDR procedure?

The procedure has two stages. If after both stages you are still not satisfied, the following organisations are available to look into your complaint.

The Pensions Advisory Service (TPAS)

TPAS is an independent non-profit organisation that provides free information, advice and guidance on company, personal and stakeholder schemes. TPAS is available to assist scheme members and beneficiaries with any pension query they may have or any difficulty which they have failed to resolve with the scheme trustees or administrators. TPAS may refer complaints to the Pensions Ombudsman.

AIRBUS GROUP UK PENSION SCHEME

SCHEDULE 2

The Pensions Ombudsman

The Pensions Ombudsman is able to investigate and determine any complaint of maladministration and dispute of fact or law in relation to an occupational pension scheme. The Ombudsman will usually only consider complaints which have been through the IDR procedure first.

The Pensions Regulator

The Pensions Regulator is the regulator of work based pension schemes in the UK. The Regulator is able to intervene where trustees, employers or advisers have failed in their duties. Although the Regulator cannot deal with individual member complaints, if you have concerns about the way any pension scheme is run you should report this to them.

What information will I get as a member of the Scheme?

While you are an active member, you will receive an annual benefit statement and a separate statement detailing your AVCs if you have them.

You can view your record online and run retirement quotes using the Towers Watson ePA website at <https://epa.watsonwyatt.com/doc/AST/login.htm>

Additionally, you can find out the value of your AVCs at any time via the Legal & General Manage Your Account website at <http://www.legalandgeneral.com/workplacebenefits/employees/plan-for-your-future/manage-your-account/>

You are able to request an estimate of the cash equivalent of your benefits once every twelve months.

The Trustee produces a report each year which details the Scheme's accounts, a statement from the actuary and a review of the Scheme investments. You will receive a summary of this report but can request the full version from the Pensions Manager.

Is my personal data held by the Trustee protected?

The Trustees are registered with the Information Commissioners Office for the processing of your personal data for purposes connected with their trusteeship of the Scheme. In order to administer the Scheme, personal data about you and your relatives and dependants will be processed by the Trustees and the Scheme's administrators, which includes third parties who provide ancillary services such as printing and storing of your personal data, and advisers.

By joining the Scheme you consent that your personal and sensitive personal data may be processed, where required by law or under contract, to other third parties including, but not limited to insurance companies, the Company, any possible purchaser of the Company or its business and any trustees, administrators or advisers of any other pension arrangement where a transfer of your pension rights is being made or considered.

In certain circumstances it may be necessary to transfer your personal/sensitive personal data to third parties located outside of the European Economic Area. Should this occur the Trustees will ensure that this is done under contract with the necessary safeguards in place to guarantee you the same rights as you would be afforded within your own country of residence.

Where can I go to find out about an old pension scheme I have?

If you are having difficulty in tracing pensions you have earned in the past, you can ask the Pension Tracing Service to help you. They can be contacted at:

The Pension Service 9
Mail Handling Site A
Wolverhampton
WV98 1LU

Telephone: 0345 6002 537 Website: <https://www.gov.uk/find-lost-pension>

AIRBUS GROUP UK PENSION SCHEME

SCHEDULE 2

Useful Contact Information

The Pensions Advisory Service (TPAS)

An independent organisation whose services are free to use. Pension advisers will liaise with a scheme on behalf of a member or beneficiary in connection with any pension query they may have or any difficulties which they have failed to resolve with the administrator or trustees of their scheme.

The Pensions Advisory Service
11 Belgrave Road
London
SW1V 1RB

Telephone: 0345 601 2923
www.pensionsadvisoryservice.org.uk

The Pensions Ombudsman

The Pensions Ombudsman may investigate and determine any complaint or dispute of fact or law in connection with occupational pension schemes. It is normally expected that the member will have tried to resolve any problem through the internal dispute resolution procedure before it is referred to the Ombudsman.

The Office of the Pensions Ombudsman
11 Belgrave Road
London
SW1V 1RB

Telephone: 020 7630 220
www.pensions-ombudsman.org.uk

The Pension Protection Fund

The Pension Protection Fund was set up by the government to assist eligible defined benefit occupational pension schemes where the employer has become insolvent and there are insufficient assets to pay full benefits. In certain circumstances it can provide compensation to members.

The Pension Protection Fund
Renaissance
12 Dingwall Road
Croydon
CR0 2NA

Telephone: 0845 600 2541
www.pensionprotectionfund.org.uk

AIRBUS GROUP UK PENSION SCHEME

SCHEDULE 2

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. It aims to protect the benefits of members of work-based pension schemes, promote good administration of work-based pension schemes, and reduce the risk of situations arising that may lead to claims for compensation from the Pension Protection Fund. We have registered information about the Scheme with the Pensions Regulator.

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW

Telephone: 0845 600 0707
www.thepensionsregulator.gov.uk

Keeping in touch

You can get in touch with us by using the details below.



Airbus Group UK Pension Scheme
Gunnels Wood Road
Stevenage
SG1 2AS



01438 773071 (for current employees)



ukpensions@airbus.com



01707 607618 (for former employees and those in receipt of a pension)



airbuspensions@willistowerswatson.com



www.airbusgroup.com/pensions

Please quote your full name, date of birth, National Insurance number and a contact number in all written and mailed correspondence.

AIRBUS GROUP UK PENSION SCHEME

SCHEDULE 2

Glossary of terms

Additional Voluntary Contributions (AVCs) – voluntary payments made in addition to your normal contributions to the Scheme. They are invested to provide you with extra benefits at retirement. AVCs currently qualify for income tax relief at your highest rate

Credited Interest - Interest credited monthly on your contributions at a rate determined by the Trustee with the agreement of the Company, on advice from the Scheme's actuary

Earnings Cap – the maximum earnings used in any calculation of your contributions and benefits. As at April 2018 the figure is £160,800 and it will normally be increased each year

Final Basic Salary – your *Basic Salary* averaged over the 12 months ending on the last day of the calendar month in which you leave service or die (whichever occurs first). This is subject to not exceeding the *Earnings Cap*

Final Pensionable Earnings – One third of your total *Pensionable Earnings* for the best three consecutive years in the last 10 that produce the highest value

Minimum Pension Age – this is 10 years before your State Pension Age

Normal Scheme Pension Age – your 65th birthday

Pensionable Earnings - Your gross PAYE earnings, in a complete *Scheme Year* before deduction of pension contributions, but normally excluding the value of any benefits in kind, non-pensionable bonuses, allowances and other payments and benefits. Special arrangements apply for determining pensionable earnings in any *Scheme Year* during which you were absent from work

Pensionable Service – The number of years and complete months which you have contributed to Schedule 2

Participating Employer – Airbus Defence and Space Limited and any other employer who participates in the Scheme

Qualifying Children – Your natural or adopted children who are under age 18 or under age 23 and in full-time education

Relevant Basic Deduction – 2% of the *Relevant Social Security Pension* for each year of *Pensionable Service*

Relevant Earnings Related Deduction – 0.9% of the smaller of *Final Pensionable Earnings* less the *Relevant Social Security Pension* and 6 times the *Relevant Social Security Pension*, for each year of *Pensionable Service*

Relevant Social Security Pension - The annual single person's basic State Pension averaged over the 3 years prior to leaving

Scheme Year - 6 April to the following 5 April

Spouse – The person to whom you were married or in a civil partnership with at your date of death, or a person who you were in a relationship and living with at your date of death that the Trustee at its discretion deems to treat as your Spouse