

Early Retirement, Late Retirement and Cash Commutation Factor Changes with effect from 1 April 2013

Former members of the Racal Group Pension Schemes

Some factors used in the calculation of certain retirement benefit options are changing. The changes apply from 1 April 2013. The basic pension formula is unchanged and remains as set out in the current Members' Booklet.

Any benefit illustration provided on or after 1 March 2013 will allow for these changes where applicable.

If you received an illustration prepared before 1 March 2013 in respect of retirement on or after 1 April 2013, it did not allow for these changes but, if the illustrated benefits are brought into payment, they will adjusted to reflect the changes.

Benefits in respect of service after 31 December 2007

These benefits are built up on a career average revalued earnings (CARE) basis. The factors used for CARE benefits are not changing, being set out in the Scheme Rules.

Benefits in respect of service before 1 January 2008

The factors applied on **early retirement** are not changing.

The factors applied on **late retirement** to the pension are changing. Examples of the new factors (compared to the current factors) are set out below:

Years Late	New Factor (Increase) Pension & defined cash benefit	Current Factor (Increase) Pension benefit	Current Factor (Increase) Defined cash benefit
1	7.50%	8.1%	6.2%
2	15.56%	16.9%	12.8%
3	24.23%	26.3%	19.8%
4	33.55%	36.6%	27.2%
5	43.56%	47.6%	35.1%

The **commutation factors** used to convert pension to cash where members choose to take part of their retirement pension as a tax free cash lump sum are changing. Examples of the new factors (compared to the current factors) are set out below:

Age at Retirement	Commutation Factor (Cash per £1 p.a. of Pension given up)	
	New	Current
55	19.10	17.00
56	18.62	16.52
57	18.14	16.04
58	17.66	15.56
59	17.18	15.08
60	16.70	14.60
61	16.22	14.12
62	15.74	13.64
63	15.26	13.16
64	14.78	12.68
65	14.30	12.20

The above factors are not guaranteed and are potentially subject to review and amendment by the Trustee from time to time and without notice.