

TRANSFER OUT GUIDE



This leaflet accompanies your Personal Statement that tells you about the pension you could receive from the Scheme under the different options available.

The two documents should be read together.

What is a Transfer Value?

Your transfer value represents the Trustees' best estimate of the cost of providing your benefits from the Aircelle Pension Scheme (the Scheme).

You have the option to transfer this transfer value to another pension plan.

Although your Scheme pension gives you a regular income for life, it's not completely flexible. In the Scheme you have some options to shape your pension to suit your needs, but the choices are limited.

A transfer value is now included in all retirement packs as standard – see Option 3 in your Personal Statement included in this pack – this may allow you to access greater flexibilities.

If you do plan to transfer out, be aware that scammers operate in these markets. You can find out more by following the link on page 4.

If you transfer out, you will no longer receive any benefits or pension from the Scheme. You will give up your Scheme benefits in exchange for a pot of money (transfer value) to use on a range of flexible options that could better meet your personal needs. The options available will depend on the pension plan you transfer your benefits into.

Once your transfer has been completed, you cannot change your mind and return to the Scheme.

This guide is not intended to be advice from the Trustees or Safran Nacelles Limited. The Trustees encourage you to seek independent financial advice.

There are two types of arrangements that you can transfer your benefits into:

1. Insurance Company/Annuity Provider

You can choose to buy a pension from an insurance company, known as an annuity. The Scheme pays your transfer value to an insurance company who, in return, agrees to pay you a regular income (pension) for the rest of your life.

You will be able to choose the benefits that you find most valuable. For example, if you are not married or in a long term relationship, you may want to buy an annuity that does not continue after your death (single life annuity) or you may choose an annuity that increases annually. There are many different types of annuity you can choose from.

The insurer will take into account your health when determining your pension. If you have a lower life expectancy due to your lifestyle, health or family history, you may be able to receive a higher pension under an annuity than from the Scheme.

Risks under this option

- The risks depend on what benefits you choose. For example, you may choose a single life annuity because you are not currently in a relationship. If this changes in the future, it would then be too late to change your mind.
- If you choose a higher pension that does not increase in the future, there is a risk that your pension will not keep up with increases in the cost of living.
- The insurance company will apply a premium to the cost of providing your benefits which will reduce the pension available.

2. Alternative Pension Arrangement

You can choose to transfer the value of your pension to another arrangement such as a personal pension plan and access your money directly.

Depending on the rules of the arrangement, you may be able to take the full value of your pension as a single cash lump sum. 25% of that lump sum would be tax-free and the rest would be taxable as income.

Alternatively, you may be able to choose to take some as a lump sum and draw down an amount each year (taxable as income) in a way that suits your income requirements and leave the rest invested.

Risks under this option

- By opting for the flexibility of choosing when and how much to take from your pension benefits, you will not have the security of a guaranteed income for life.
- You may also face higher tax bills depending on how and when you take your benefits.
- Under this option, you may be taking on investment risks which you would not face if you remain in the Scheme or buy an annuity.
- There may be additional charges for transferring your pension to an alternative arrangement and higher ongoing charges.
- Taking cash withdrawals from your pension arrangement may have an impact on any means-tested benefits you have.
- Under this option, the amount of future tax-free pension savings that you will be able to make may be affected.

Do I need to take advice?

If you would like to transfer the value of your Scheme benefits, and your Transfer Value is greater than £30,000, the law requires that you first take advice from a Financial Conduct Authority (FCA) authorised financial advisor (who is authorised to advise on pension transfers) to agree whether this option is right for you or not. You should find your own advisor.

The transfer cannot take place until the Trustees receive evidence that appropriate advice has been taken.

How is my Transfer Value worked out?

Your Transfer Value is worked out using assumptions determined by the Trustees and is a best estimate of the cost of providing your benefits from the Scheme.

Please note that a Transfer Value is not the same as the cost of buying your exact Scheme benefits from an insurance company via an annuity. If you were to buy an annuity that provided exactly the same benefits as the Scheme, the cost would usually be higher than your Transfer Value. However, if you are in poor health, or don't want some of the benefits provided by the Scheme, such as a spouse's pension or annual increases, then you may be able to buy a higher initial pension from an insurance company than you would get from the Scheme.

If you have paid AVCs to the Scheme, you also have the option to transfer your AVCs to another pension plan while keeping your main pension in the Scheme.

The enclosed Transfer Value makes allowance for the impact equalising your Guaranteed Minimum Pension (GMP) following the outcome of a legal case in 2018. This typically results in a small increase to the transfer value calculated. Broadstone will be able to explain more about this to you.

Does this affect my other benefits from the Scheme?

If you transfer out all of your benefits, you will no longer receive any benefits from the Scheme and the benefits you receive from your new pension arrangement will be calculated in a different way to benefits under the Scheme. They could be higher or lower, depending on the options you choose and how long you live.

Cash Lump Sum

(see green Cash Lump Sum Guide)

If you transfer your benefits, you should be able to take up to 25% of the transfer value as a cash lump sum. However, that lump sum is payable from the arrangement you transfer to, not the Scheme, and will be **different** from the maximum lump sum you could take from the Scheme because it will be calculated in a slightly different way.

Spouse's pension

If you remain in the Scheme, following your death a pension will be paid to your spouse or dependants.

If you transfer to another pension arrangement, the amount of benefit paid after your death will **depend on the type of arrangement you choose**. For example, if you are not currently in a relationship or your spouse has their own pension you may decide to buy an annuity that does not include a spouse's pension. However, if you later get married or find a partner, you would not be able to change that decision.

If you choose an arrangement where you access your money by draw-down, any remaining funds should be available to your survivors after your death.

Pension increases

If you remain in the Scheme, your pension will increase each year in line with the Rules of the Scheme. See the table included in your Personal Statement for more details.

If you transfer your benefits, you may be able to choose how any pension you set up increases in the future. You may prefer a pension that gives you a higher income when you first retire, but does not increase each year. You may choose to link your pension to inflation, or choose it to increase at a fixed rate each year.





What are the key things I should think about if considering a transfer out?

Below are a few key aspects that you should think about before making this decision.

There are a lot of factors to consider and the list below isn't exhaustive. You should consider your personal circumstances and the need for financial advice.

Consideration	Reasons to consider a transfer out	Reasons not to choose a transfer out
What are the level of benefits offered by the Scheme?	The benefits provided by the Scheme do not meet your needs (e.g. spouse pension, future pension increases), and you want to select benefits more suited to you.	You are happy with the benefits provided by the Scheme.
What is your lifestyle?	You are in poor health due to your lifestyle, health or family history, you may be able to receive a higher pension under an annuity than from the Scheme.	You are in good health, and the insurance company's terms are not favorable compared to your Scheme benefits.
Are you willing to take on additional risk to gain additional flexibility?	<p>You want to take advantage of the wider range of options available on transfer.</p> <p>You may want access to your pension money but don't want to retire yet so don't need a regular income from your pension.</p> <p>Maybe you are prepared to take some investment risk with your pension during retirement.</p>	<p>You wish to defer receiving your pension but without taking any investment risk (and so choose to remain in the Scheme and defer retirement).</p> <p>You wish to access some of the other options available in the Scheme – see the various other Guides included in this retirement pack.</p>

Important Information



The transfer value included on your Personal Statement is based on the information currently held by the Scheme Administrators and is produced for information only. It is not proof of entitlement and confers no right or entitlement to benefits. All benefits must be calculated and paid only in accordance with the trust deed and rules of the Scheme and legislation and are therefore subject to review before payment.

Pension Scams



If you plan to transfer out, be aware that scammers may operate in these markets. You can find out more about how to identify scams here:

<http://www.thepensionsregulator.gov.uk/pension-scams.aspx>