# ESSAR OIL (UK) PENSION SCHEME

## A guide to your Scheme
## Spring 2024 FAQs

**The Essar Oil (UK) Pension Scheme (the Scheme) pays retirement, ill-health, and death benefits, which can provide important financial support for you and your family.**

We have provided these Frequently Asked Questions (FAQs) to read alongside your Guide to the Scheme, Spring 2024.

The FAQs focus is on questions we know are important to you.

ESSAR OIL (UK)
**PENSION SCHEME**

# Frequently Asked Questions relating to your Guide to the Scheme

I. How does my pension increase if I was Employed Deferred when the Scheme closed on 31 December 2021 but left employment at the Company and became deferred before I retire?

Your pension will increase in line with the greater of RPI (capped at 7% p.a for a pre-2009 member or 5% p.a. for a post-2009 member) or a broadly equivalent index at the Trustee's discretion, and increases in Pensionable Salary over the period between 31 December 2021 and the date you become a Deferred member.
This works in the same way as example 2b described earlier. For the period between your date of leaving and when you retire, your pension will increase in line with (capped) RPI (i.e. there is no salary-link as you will no longer be in employment at the Company).
This works in the same way as example 2a described earlier.

II. How does part-time service from before the Scheme closed affect my pension?

If you worked part-time in the period before 31 December 2021, this was taken into account when your pension was calculated for your closure statement (or for your leaver statement if you left before 31 December 2021).
For example, if you worked 50% of your full-time equivalent hours for 1 year, this would contribute 6 months' worth of Pensionable Service into your pension calculation.

III. Suppose I moved from a full-time role to a part-time role after Scheme closure. How will this affect my pension?

If you work part-time at any point after 31 December 2021, this will not affect your pension. This is because you are no longer building up new service in the Scheme. Your pension received on retirement will be based on the higher of increases in your full-time equivalent salary since closure or RPI (capped at 7% p.a. for pre-2009 or 5% p.a. for post-2009 members) or a broadly equivalent index at the Trustee's discretion.

However, other benefits in the Scheme that are linked to service might be affected. For example, the allowance for prospective service within the death in service or ill health/incapacity benefits provided in the Scheme would be reduced to reflect your current working hours.

IV. What happens if my pensionable salary falls after 31 December 2021?

If you are an Employed Deferred member your pension will increase in line with the greater of (capped) RPI and increases in Pensionable Salary over the period between 31 December 2021 and your normal pension date. This means that even if your Pensionable Salary falls after 31 December 2021, your pension will continue to increase in line with (capped) RPI or a broadly equivalent index at the Trustee's discretion.

V. What happens if I choose to retire before my normal pension age?

If you are a Deferred member, your pension will increase between the date you became deferred and your early retirement date in line with RPI (capped at 7% p.a for a pre-2009 member or 5% p.a. for a post-2009 member) or a broadly equivalent index at the Trustee's discretion. If you are an Employed Deferred member your pension will increase in line with the greater of (capped) RPI and increases in pensionable salary over the period between 31 December 2021 and your early retirement date. This pension calculated at your early retirement date will then be reduced to reflect that it is expected to be paid over a longer period than if you retired at normal.

You can choose to retire in the Scheme from any age on or above 55.

### VI. I am over 55. Am I able to take my pension from the Scheme and continue working?

Yes, once you have reached age 55 you can start taking your pension from the Scheme even if you are still working. You can either continue working at the Company or work elsewhere. However, there may be tax limits on how much can be paid into another pension arrangement whilst receiving a pension from elsewhere and you should speak to a financial adviser about this before taking your pension.

### VII. What happens if I choose to retire after my normal pension age?

If you are a Deferred member, your pension will increase between the date you became deferred and your normal pension date in line with RPI (capped at 7% p.a for a pre-2009 member or 5% p.a. for a post-2009 member) or a broadly equivalent index at the Trustee's discretion. Your pension calculated at your normal pension date will then also be increased by a "late retirement factor" to reflect that it is expected to be paid over a shorter period than if you retired at normal pension age.

If you are an Employed Deferred member your pension will increase in line with the greater of (capped) RPI and increases in pensionable salary over the period between 31 December 2021 and your normal pension date. This pension calculated at your normal pension date will then be increased by the greater of:

a. Any further increases in your Pensionable Salary between your normal pension date and late retirement date; **and**

b. The same "late retirement factor" applicable for Deferred members.

### VIII. What will happen to my pension if the Company goes bankrupt / ceases trading?

For cases where a company goes out of business and doesn't have the money to pay the benefits promised to its pension scheme members, the Government has set up the Pension Protection Fund (PPF) which can pay compensation to members. The PPF is not intended to replicate each member's originally promised pension benefits, but to ensure that members receive most of their pension. There is an overall cap on pensions, which may apply, and any increases to pensions once in the PPF are less generous than the increases that this Scheme will provide. The pensions of any employed-deferred members will no longer be linked to their salary increases and the minimum pension payable will be 90% of current value. You can find out more about the PPF on its website: **www.ppf.co.uk**

### IX. Will my pension continue to allow for Shift Pay after closure of the Scheme?

Yes, the Final Pensionable Salary definition is unchanged from the closure of the Scheme and still incorporates an allowance for pensionable shift pay.

As illustrated in the earlier examples, your deferred pension upon leaving the Company (or at retirement if earlier) will be based on the higher of:

a. Your Final Pensionable Salary at the date of leaving the Company (or retirement if earlier); **or**

b. Your Final Pensionable Salary at the date of Scheme closure on 31 December 2021, increased by RPI between this date and the date of leaving the Company (capped at 7% per year for a pre-2009 member or 5% per year for a post-2009 member).

For pre-2009 members, Final Pensionable Salary is based on current basic salary plus an allowance for shift pay being the greater of:

a. The shift pay allowance for the last 12 months; **or**

b. The shift pay allowance averaged over the best consecutive 36 months during the last 13 years.

For post-2009 members, Final Pensionable Salary is based on basic salary plus an allowance for shift pay, both averaged over the best consecutive 36 months during the last 5 years.

**Therefore, a post-2009 Employed Deferred member who has not built up any shift premium during the last 5 years would not have allowance for this within their current Final Pensionable Salary. If as a result, increases to their Pensionable Salary (under option 1 above) have been lower than increases in RPI (subject to the cap under option 2 above), then option 2 will apply.**

## Member example

For illustration purposes, consider Sarah, a post-2009 Employed Deferred member of the Scheme who chooses to retire on her 65th birthday on 1 December 2027. Sarah had an allowance for shift pay within her Pensionable Salary until the end of 2021, which resulted in a Final Pensionable Salary of £45,000 at 31 December 2021 (based on Sarah's Pensionable Salary in the best consecutive 36 months in the 5 years to 31 December 2021).

Sarah stopped working shifts in 2022 and as a result her Pensionable Salary in each of the most recent 5 years before her retirement included no allowance for shift pay. As a result, her Final Pensionable Salary on her retirement on 1 December 2027 was £42,000.

The increases in RPI over the period between 31 December 2021 and 1 December 2027 (subject to the annual cap of 5% per year, as a post-2009 member) totalled 20%.

Sarah's pension on retirement is therefore based on the higher of:

a. Her Final Pensionable Salary on retirement of £42,000.

b. Her Final Pensionable Salary on 31 December 2021 of £45,000, increased by 20%. This gives £54,000.

**Her pension will therefore be based on a salary of £54,000 and option 2 will apply in this scenario.**

### Administrator contact details:

If you require any more detailed information about how this might impact your own pension benefits then please contact the Scheme administrators.

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