Essar Oil UK Pension Scheme

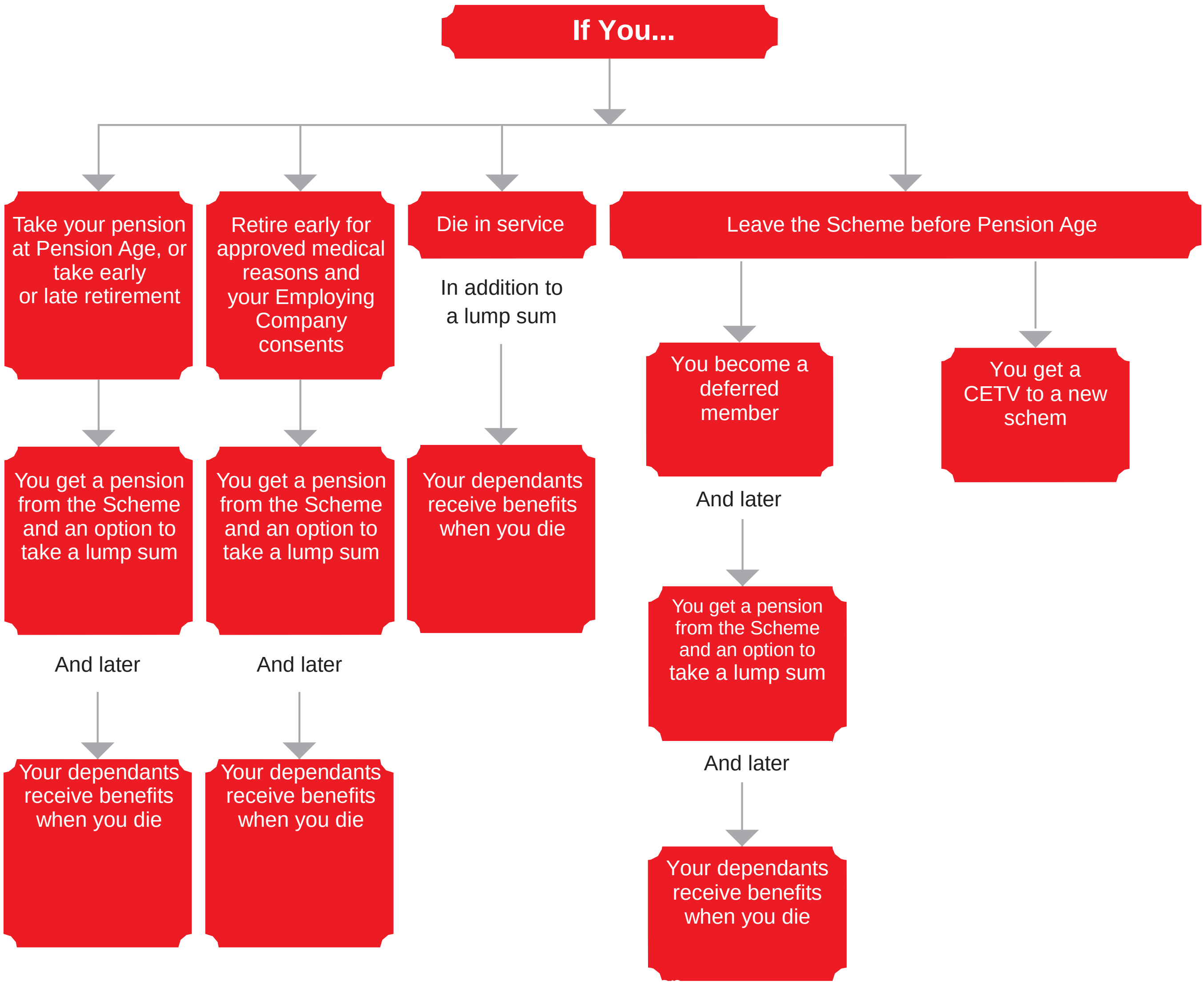
Explanatory booklet

April 2015

Quick Guide to the Scheme

This diagram helps you see at a glance the advantages of being a member of the Essar Oil UK Pension Scheme (the Scheme). There are two different sections of the Scheme but this summary applies to both. More detailed information on Scheme benefits is contained in this booklet.

You can check any technical terms used below in the Jargon buster on pages 2-4.



Jargon Buster

Accrual Rate is the fraction of Final Pensionable Salary that you will receive for each year of Pensionable Service in a Defined Benefit Scheme.

Adult Dependant is a person over age 18 who, in the opinion of your Employing Company, is financially dependent on or interdependent with you.

Additional Voluntary Contributions (AVCs) are extra contributions members can make to a money purchase arrangement.

Annual Allowance is the maximum value of pension benefits that Her Majesty's Revenue and Customs (HMRC) allows you to accrue in any year without incurring a tax charge. This was reduced to £40,000 with effect from 6 April 2014 from the previous limit of £50,000.

Capital Value of your pension benefits is the figure on which your lump sum entitlement and Lifetime Allowance is based. This is calculated by multiplying your annual pension by 20 then adding the value of any lump sum which you have received in commutation of part of your pension.

Cash Equivalent Transfer Value (CETV) is the amount available for transfer to another pension arrangement at a given time.

Child is any one of your unmarried children (legitimate, legitimated, illegitimate, lawfully adopted, or step) who has not yet reached 18 years, or is under 23 years and in full-time education, or has a disability that means they are dependent on you. Children is used throughout this booklet accordingly.

Commutation is exchanging some of your pension for a lump sum. Under current legislation, this cash sum is paid tax free.

Contracted-out is the status of the Scheme in relation to the State Second Pension (S2P). This means that as a member the benefits you would have received from this are replaced by benefits from the Scheme.

Deferred Member is someone who has left the service of an Employing Company or opted out of the Scheme, not started to receive a pension and retains benefits in the Scheme.

Defined Benefit Scheme is sometimes called a 'final salary pension scheme' and is a pension scheme, like the Scheme, where the value or amount of pension a member will receive at retirement is defined by a formula based in part on Final Pensionable Salary.

Employing Company is a participating company that currently employs a member, or in the case of a Deferred Member, was the last participating company to employ a member. They are admitted to membership of the Scheme by the Trustee with the consent of the Founding

Company.

Employed Member is a member of the Scheme, currently employed by one of the Employing Companies.

Final Pensionable Salary is the salary on which your pension is calculated at the date you leave your Employing Company's service, leave the Scheme or die, whichever is the earliest.

Founding Company is Essar Oil UK Ltd. Some discretionary powers under the Scheme are vested in this company.

HMRC is Her Majesty's Revenue and Customs.

Lifetime Allowance (LTA) is the maximum value of pension benefits that Her Majesty's Revenue and Customs (HMRC) allows you to accrue up to retirement without incurring an extra tax charge. This was reduced to £1.25m with effect from 6 April 2014 from the previous limit of £1.5m. The government has announced that with effect from 5 April 2016 this will be reduced further to £1m (with inflation linking applying from 2018).

Normal Minimum Pension Age (NMPA) is the earliest age that a pension can be paid other than for medical reasons (currently age 55). The NMPA will increase to age 57 in 2028. Going forward the NMPA will increase in line with the State Pension Age.

Pension Age is the age you can take your pension without Company consent, or without having your pension reduced. There are two sections of the Scheme, see page 6 for more information. For the Post-2009 Section of the Scheme, this is age 65. For the Pre-2009 Section of the Scheme, this is normally age 60, although some members of this Section may have a different Pension Age for historic reasons.

Pensionable Salary is your basic salary plus any pensionable shift allowance (excluding overtime, bonuses and non-pensionable allowances) on which your Scheme contributions are based. Pensionable Salary is calculated before any deductions that may apply in relation to PSS or any other salary sacrifice arrangements.

Pensionable Service is the total of your years and months of Scheme membership whilst in the service of the Company. Any part month of service will be rounded up or down to the nearest month.

Pension Commencement Lump Sum (PCLS) is a lump sum benefit paid to a member of a Registered Pension Scheme in connection with his or her pension and is paid in commutation of part of the pension. The amount by which your pension is reduced for each £1 of lump sum depends on your sex and your age when your pension starts to be paid.

Pension Salary Sacrifice (PSS) is an efficient way of making contributions to the Scheme as it allows you to benefit from savings on National Insurance contributions. When you take part in PSS, you stop paying your normal pension contributions to the Scheme. Instead, you agree to exchange a corresponding amount of your salary for a contribution that your employer will pay to the Scheme on your behalf. In other words, the same contribution is paid towards your pension as before – it's just that your employer has paid it for you.

Prospective Pensionable Service is the amount of service you can build up until Pension Age.

Qualifying Spouse is someone you are legally married to or in a civil partnership with at the time of your death.

Retail Prices Index (RPI) is the official Government index, which is the basis for annual increases to pensions.

Retired Member is someone who is receiving a pension from the Scheme.

Registered Pension Scheme is a pension scheme which has either been registered by HMRC or has acquired registered status automatically by being an approved pension scheme on 5 April 2006.

Scheme is the Essar Oil UK Pension Scheme.

SCPF is the Shell Contributory Pension Fund.

SCPF Service is the total of your years and months of Shell Contributory Pension Fund membership.

Shell Employees are employees of Shell who were on a on a regular or fixed-term contract at 30 June 2011.

Trustee is the company set up to administer the Scheme according to the Scheme's Trust Deed and Rules and the law.

Contents

Chapter 1
Introduction

One of the most significant benefits offered by the Company is the Essar Oil UK Pension Scheme (Scheme). This is a valuable benefit with many features in addition to a pension, not only for you, but also for your dependants.

The Trust Deed and Rules of the Scheme is the definitive document determining pension benefits available to members. You can request a copy of the Scheme's Trust Deed and Rules from the Trustee.

This booklet is only a summary of the benefits provided by the Scheme and does not override the terms and conditions in the Scheme Trust Deed and Rules, which is the definitive document governing the Scheme and the benefits it provides. If there are any discrepancies between this booklet and the Trust Deed and Rules, the latter shall override the provisions set out in this booklet.

The benefits under the Scheme are also subject to the requirements of overriding legislation.

Please be aware that there are two different sections of the Scheme:

The Pre-2009 Section, applies to:

- Former Shell employees;
  - who were members of the Shell Contributory Pension Fund, and joined prior to 1 January 2009;
  - who transferred to Essar UK employment as at 1 July 2011;
  - who chose to join the Essar Oil UK Pension Scheme, Pre-2009 Section at the time of transfer.

The Post-2009 Section, applies to:

- Former Shell employees;
  - who were members of the Shell Contributory Pension Fund, and joined on or after 1 January 2009;
  - who transferred to Essar UK employment as at 1 July 2011;
  - who chose to join the Essar Oil UK Pension Scheme, Post-2009 Section at the time of transfer.

This chapter outlines general information which applies to all members. Chapters 2 and 3 offer detailed information on the Pre-2009 and Post-2009 Sections respectively.

How the Scheme works

The Scheme is a Defined Benefit Scheme. This means that your pension calculation is defined and is based on the Accrual Rate that applies to you and your Final Pensionable Salary and Pensionable Service when you leave. Your pension is not related to the performance of investments or to the value of contributions made to the Scheme.

Contributions made to the Scheme by you and your Employing Company are invested to pay for benefits. The Scheme is administered by the Trustee. The trustees are responsible for administering the Scheme according to the Scheme's Trust Deed and Rules and the law.

Pension Salary Sacrifice (PSS) is an efficient way of making contributions to the Scheme as it allows you to benefit from savings on National Insurance contributions. When you take part in PSS, you stop paying your normal pension contributions to the Scheme. Instead, you agree to exchange a corresponding amount of your salary for a contribution that your employer will pay to the Scheme on your behalf. In other words, the same contribution is paid towards your pension as before – it's just that your employer has paid it for you.

As PSS is a good thing, from 1 April 2015 your 'regular' contributions to the Scheme (including regular Additional Voluntary Contributions (AVCs)) will automatically be made on a PSS basis. However, you will need to tell your employer if you want 'one off' AVCs to be paid through PSS. ***Further details are included in the AVC booklet dated February 2015.***

Where we reference 'your' or 'member' contributions through this booklet, under PSS these would be contributions paid by your employer on your behalf.

Please note that PSS only changes the way your contributions are paid to the Scheme. PSS does not change the way your pension benefits are calculated, or any other aspect of the Scheme or your membership.

Please refer to your PSS guide for more details on how PSS works and the benefits of making pension contributions in this way.

New retirement options following the Budget 2014

The Chancellor of the Exchequer announced significant changes to pension savings as part of his 2014 Budget. With effect from April 2015, these include:

- Increasing the minimum age at which you can take pension benefits (other than ill-health), from 55 to 57 with effect from 2028. This minimum age would continue to rise in line with planned increases in state pension ages.
- Allowing members of defined contribution pension schemes to take their entire pension benefits as cash without the need to buy an annuity, as quickly or as slowly as they wish (25% of which would be tax free with the balance taxed at the member's marginal rate of income tax).
- Ensuring that members of defined contribution pension schemes receive free, impartial guidance at the point of retirement; and
- Reducing the minimum age at which you can take a trivial commutation of your benefits from age 60 to the NMPA

The Scheme is a defined benefit pension scheme. Whilst the majority of the changes affect members of defined contribution pension schemes (rather than defined benefit pension schemes), there may still be consequences for you as a member of the Scheme:

- The limits at which members over age 55 can take their entire benefits as cash on retirement have increased significantly. More detail on this is on pages 20 and 39.

- The AVC arrangement works in a similar way to a defined contribution pension scheme because any AVC contributions that you make go into your personal AVC fund, which is invested on your behalf. At retirement you can use your AVC fund to go towards your tax free pension commencement lump sum and/or to purchase an additional retirement income. You can also transfer your AVC fund to a separate Registered Pension Scheme (you do not have to transfer your Scheme pension at the same time) should you wish to benefit from the full flexibilities introduced through the 2014 Budget. Please refer to your AVC booklet for more details.

- The Trustees will allow you to transfer out all of your Scheme benefits (i.e. the defined benefit and any AVCs) when you reach retirement age, as an alternative to taking your Scheme benefits (including any AVC's) as a pension and / or cash. Please note that the Trustees reserve the right to revoke this option and to set the method and assumptions for determining transfer values at any time. Transferring defined benefit pension benefits is a highly complex area and members should always seek financial advice before considering doing so.

Chapter 2
The Pre-2009 Section of the Scheme

The Pre-2009 Section applies to people who are members of the SCPF, Pre-2009 Section, who chose to join the Scheme at the time of their transfer of employment to their Employing Company.

Your benefits in the Pre-2009 Section at a glance

Who can be a member?	You are eligible for membership if you were a transferring Shell employee on a regular or fixed-term who was a member of the SCPF and joined prior to 1 January 2009. Eligible employees must have completed and returned a joining form indicating their wish to join the Pre-2009 Section of the Scheme at the time of their transfer of employment to their Employing Company.
What does it cost me?	Currently, your contributions are 2% p.a. of your Pensionable Salary up to £30,000 and 6% p.a. of your Pensionable Salary over £30,000. Your contributions cease when you leave the Scheme, retire or after 36 years' Pensionable Service (including your SCPF Pensionable Service, Pre-2009 Section). With effect from 1 April 2015, unless you opt out, your regular contributions (including regular AVC's) to the Scheme, will automatically be paid through Pension Salary Sacrifice.
How is my pension calculated?	Your pension is based on a formula: 1/54th Accrual Rate x Pensionable Service x Final Pensionable Salary.
What is my Pensionable Salary?	The salary on which your pension contributions are based, i.e. your basic salary plus an element of pensionable shift allowance (as determined by your Employing Company), but excluding bonuses, overtime and non-pensionable allowances. Pension Salary Sacrifice arrangements do not count towards this assessment.
How is my Final Pensionable Salary calculated?	This will be calculated as your Pensionable Salary at the date you leave your Employing Company's service, leave the Scheme or die, whichever is the earliest.
At what age can I retire?	For most Pre-2009 members this will be from age 60. Some members have a lower Pension Age, such as those with Fleet, Aircrew or Overseas B service before 1 January 1986 in the SCPF. You may retire at age 55 without the consent of your Employing Company but your pension will be reduced for early payment by 4%, subject to review, for each year you retire before your Pension Age. Certain members who joined the SCPF before 1 March 1974 (known as Barber employees) will retain additional rights (see page 13).

What if I'm too ill to work and leave my Employing Company's service as a result?

There are three levels of pension that can be paid at the discretion of your Employing Company, based on its opinion of your medical condition:

· **Total Incapacity* –** a pension for life based on your Final Pensionable Salary and Prospective Pensionable Service (or Pensionable Service to date of leaving your Employing Company's service if later than Pension Age), plus a temporary pension based on your previous Pensionable Service in the SCPF which will cease at your Pension Age. The total of your life and temporary pension will be subject to a minimum of two-thirds of your Final Pensionable Salary. No reduction will be applied for early retirement.

· **Partial Incapacity* –** a pension for life based on your Final Pensionable Salary and completed Pensionable Service to date of leaving your Employing Company's service, plus a temporary pension based on your previous Pensionable Service in the SCPF which will cease at your Pension Age. The total of your life and temporary pensions will be subject to a minimum of one-third of your Final Pensionable Salary. No reduction will be applied for early retirement.

· **Ill Health Pension –** if you do not qualify for an Incapacity Pension, you may be eligible to receive a pension based on your Pensionable Salary and Pensionable Service when you leave your Employing Company's service, reduced for early payment if payable immediately on leaving your Employing Company service on or after Normal Minimum Pension Age (NMPA).

If you have a serious illness it may be possible for you to exchange 100% of your pension for a lump sum.

*Incapacity pension will be reduced from your Pension Age by the amount of your deferred SCPF pension benefits (the pension you can expect to receive at retirement from the SCPF, with statutory increases applied each year to protect against inflation).

What if I die?

If you die in service, the benefits for your dependants are:

· A lump sum of three times your Pensionable Salary, paid at the direction of your Employing Company by the Trustee under a discretionary trust (subject to the Lifetime Allowance); and
· Pensions to a Qualifying Spouse (or to a dependant if there is no spouse at the discretion of your Employing Company) and Children, based on a percentage of the pension you would have been entitled to at your Pension Age (based on your Pensionable Salary when you died).

Benefits are also payable to dependants if you die in retirement, or before you take your pension. More information can be found on pages 15 & 16.

What about pension increases?

Your Scheme pension increases by the movement in the RPI up to 7% each year. The Founding Company may ask the Trustee to approve RPI increases over 7%.

Your benefits in the Pre-2009 Section in detail

Membership

If you were employed by Shell on a regular or a fixed-term contract and are a member of the SCPF, Pre-2009 Section, you were invited to join the Scheme, Pre-2009 Section, when you transferred employment to your Employing Company at 1 July 2011. This chapter aims to give you information about the Scheme to use as a reference throughout your membership.

Joining

The Pre-2009 Section of the Scheme is only open to previous members of SCPF who joined those arrangements prior to 1 January 2009. At the time of transfer to your Employing Company, 1 July 2011, you were invited to join the Pre-2009 Section of the Scheme, which has been specifically set up to mirror your previous SCPF pension arrangements.

Joining at a later date

If you decided not to join the Scheme when first invited, you cannot join the Scheme at a later date.

Terminating your membership

You may opt out of membership of the Scheme at any time by giving notice in writing to the Trustee through your Employing Company. Membership will terminate on the last day of the month following that in which your Employing Company receives the notice. You cannot re-apply to join at a later date.

Contributions

Contributions made to the Scheme by you and your Employing Company are invested to pay for benefits.

Employing Company contributions
Your Employing Company pays the balance of the cost of providing Scheme benefits after taking into account member contributions and investment returns.

Your contributions
As a Scheme member, you are (or your Employing Company on your behalf) required to contribute a proportion of your Pensionable Salary to the Scheme. These contributions will be made under PSS.

Member contribution rates are currently:

Pensionable Salary up to £30,000 a year	2% p.a.
Pensionable Salary over £30,000 a year	6% p.a.

The Founding Company reserves the right to amend the contribution rates.

Tax relief is automatically given on your contributions (within the Annual Allowance) at the highest rate of tax you pay. This means that the cost of your contribution to the Scheme is less than you might think.

Example

Tom is a member of the Scheme and his Pensionable Salary is £48,000 a year.
On Tom's behalf, through PSS,Tom's Employing Company will pay 2% on the first £30,000 of his Pensionable Salary and 6% on the balance.

Tom's contributions for the year will be:
£30,000 x 2% = £ 600
£18,000 x 6% = £1,080

Tom's contribution = £1,680

Tom’s Pensionable Salary after PSS would remain unchanged at £48,000 a year. However, for National Insurance purposes, the salary would reduce by the £1,680 of employee contribution sacrificed under PSS to £46,320. Tom pays National Insurance contributions at 2% on earnings above £42,380 (based on 2015/16 limits). By electing to make contributions via PSS, Tom can expect to pay £33.60 (i.e. 2% of £1,686) per year lower National Insurance contributions. Tom’s take home pay will increase by a corresponding amount.

Tom pays tax at 40%, so the actual cost to Tom of his contributions is £1,008 (i.e. £1,680 – [40% x £1,680]).

Member contributions are subject to the Annual Allowance. The contribution rates and tax rates may change in the future.

National Insurance

The Scheme is currently contracted-out of the State Second Pension (S2P). As a member of the Scheme, you will therefore pay National Insurance contributions at a lower rate in return for reduced entitlement to S2P for the period you are contributing to the Scheme. With effect from 6 April 2016, the Government will be introducing a new State pension and Schemes will no longer be able to contract-out of the S2P. This will mean that both you and your Employing Company will no longer be able to benefit from paying the lower rate of National Insurance Contributions.

Additional Voluntary Contributions

You can obtain additional pension benefits to those provided from the Scheme by paying extra contributions known as Additional Voluntary Contributions (AVCs). You can make AVCs via a money purchase arrangement provided by your Employing Company. You will get the same tax advantages as you would for normal contributions to the Scheme, subject to the Annual Allowance.

Regular AVCs will automatically be made under PSS but should you wish to make one off AVC payments you would need to notify your Employing Company if you wish for these to be made under PSS. Employing Company contributions are not paid to any AVC arrangements.
When you take your pension, AVC benefits are paid in addition to your benefits from the Scheme and you are able to take part of the value of your benefits, including AVCs, as cash, see page 12 for more information.

You can also make AVCs to a freestanding AVC Arrangement from a provider of your choice.

Further details on AVCs can be found in the AVC booklet dated February 2015.

Retirement Benefits

The main aim of the Scheme is to provide you with a pension. These pages look at the pension you can expect to receive from the Scheme as a member of the Pre-2009 Section. Please note that this booklet does not cover any additional benefits that you may be eligible for from the State.

Your Pension Age is the age at which you can take your pension from the Scheme unreduced without your Employing Company's consent. For most Pre-2009 members this will be age 60.

Some members with Fleet, Aircrew or Overseas B service before 1 January 1986 in the SCPF have a lower Pension Age, and if this applies to you then you will have been advised of your individual Pension Age.

How is my pension calculated at my Pension Age?
The pension you receive at your Pension Age is calculated using a formula that is based on your Pensionable Service and your Final Pensionable Salary. The formula is:

Accrual Rate x Pensionable Service x Final Pensionable Salary

As a member of the Pre-2009 Section, your Accrual Rate is 1/54th.

How is my Final Pensionable Salary calculated?

Your Final Pensionable Salary is your Pensionable Salary at the date you leave your Employing Company's service, leave the Scheme or die, whichever is the earliest.

Pension Salary Sacrifice does not affect your Final Pensionable Salary.

The Employing Companies currently exercise their discretion to include the pensionable shift allowance when calculating pension benefits. This may change in future. At present:

· If you have been receiving pensionable shift allowance for the whole of the three years immediately before the date you leave your Employing Company's service, leave the Scheme or die, whichever is the earliest, the amount used in respect of pensionable shift allowance in the pension calculation is based on whichever is the highest of:

a) The pensionable shift allowance you received in the 12 months before you left
b) The average of the last three years' pensionable shift allowance you received
c) The average of the best three years' pensionable shift allowance you received in the last 13 years (at the same date in the same month as your date of leaving) adjusted by the movement in the Retail Prices Index (RPI) over this period.

· If you have not been in receipt of pensionable shift allowance for the whole of the three years prior to leaving, but have received pensionable shift allowance at some point in the last 13 years, then the amount of pensionable shift allowance that is used in the pension calculation is based on whichever is the higher of:

a) The average of the last three years' pensionable shift allowance received
b) The average of the best three years' pensionable shift allowance received in the last 13 years (at the same date in the same month as your date of leaving) adjusted by the movement in the RPI.

· Your Final Pensionable Salary is calculated using your historic Pensionable Salary and pensionable shift allowance for your service in the SCPF, if this results in a higher amount.

Example

Charles is a member of the Pre-2009 Section of the Scheme and retires at age 60 with 30 years' Pensionable Service and a Final Pensionable Salary of £59,400.

Charles' pension at retirement is calculated as follows:

Accrual Rate x Pensionable Service x Final Pensionable Salary

1/54th x 30 x £59,400 = £33,000

Charles' pension is £33,000 a year and is paid (with annual increases when granted) for the rest of Charles' life.

Lump sum

At retirement, you can commute some of your pension for a Pension Commencement Lump Sum (PCLS). You will be given details of the maximum amount of tax-free PCLS available as you approach retirement. Under current tax law this is, broadly speaking, 25% of the total Capital Value of your pension benefits, including AVCs, but subject always to the Lifetime Allowance (LTA).

The maximum PCLS you may receive will be checked against the LTA at the date you retire. Any benefits you receive at retirement which are in excess of the LTA will be taxed.

If you take a PCLS, your pension will be reduced.

$$\frac{20 \text{ x (Scheme pension x commutation factor + AVC fund)}}{\text{(Commutation factor x 3) + 20}} = \text{Maximum PCLS}$$

The commutation factor is based on age and gender and is subject to review. For example, at age 60, the commutation factors are currently:

Male 17.944

Female 18.849

The reduction in the annual pension is calculated as follows:

$$\frac{\text{PCLS}}{\text{Commutation factor}} = \text{Reduction to annual pension (commutation)}$$

Example

Charles is able to take a pension of £33,000 a year when he retires at age 60. He has made no AVCs. To calculate his maximum PCLS and the reduction to his annual pension:

$$\frac{20 \text{ x (£33,000 x 17.944)}}{\text{(17.944 x 3) + 20}} = \text{Charles' maximum PCLS, £160,405}$$

The reduction in his pension for the commutation is:

$$\frac{\text{PCLS}}{\text{Commutation factor}} = \text{Reduction to annual pension}$$

$$\frac{\text{£160,405}}{17.944} = \text{£8,93}$$

This means that Charles can choose to take a PCLS of up to £160,405 and a reduced pension of £24,060 (£33,000 - £8,939).

Charles can also choose to take a lower PCLS, which will result in a lesser reduction to his annual pension, or no PCLS at all.

Barber employees
If you joined the SCPF before 1 March 1974, maintained continuous Pensionable Service and joined the Pre-2009 Section of the Scheme, you can access your pension at any time up to five years before Pension Age. You do not need permission from your Employing Company to do so, but you must have left service. No reduction to your pension for early retirement will be made. If you think this applies to you and you are interested in more information, please contact the Pensions Administration Team.

Early retirement
If you decide to leave service you can take your pension early, without Employing Company consent, after the age of 55. Your pension will be calculated in the same way as at Pension Age (see page 11), based on your Pensionable Service to the date of your early retirement.

However, as your pension will be paid for a longer period of time, it will be reduced (by an early retirement factor) and paid at a lower rate for the full term of your pension. This will affect any Qualifying Spouse's or dependant(s') benefits arising from your death after early retirement because these pensions are calculated as a percentage of your pension. The early retirement factor is set by the Founding Company (after consulting the Actuary) at 4% for each year, but this can be reviewed and may change in future.

Retirement at or after Pension Age
For most Pre-2009 Section members, Pension Age is age 60. At this age you may choose to:

- Continue to work in pensionable employment but not draw your pension from the Scheme and accrue further Scheme pension to age 65; or

- Continue to work but leave the Scheme and draw your pension.

If you continue to work and accrue further Scheme pension, you will remain a member of the Scheme at the same accrual and contribution rate as before and you will be entitled to the same benefits such as death in service and incapacity pensions.

If you continue to work and draw your Scheme pension, which you can do at any time after you have reached Pension Age, and if you die whilst employed, you will be treated as a Retired Member for death benefits. For more details see page 15.

You may want to take independent financial advice before making a decision. Details of how to find an Independent Financial Adviser (IFA) are on page 46.

All benefits from the Scheme are subject to the Annual and Lifetime Allowances.

Pension increases in payment
In retirement, your Scheme pension increases by the movement in the RPI up to 7% each year. The Founding Company may ask the Trustee to approve RPI increases over 7%.

Your questions answered

What if I work part-time?

If you work part-time, or have worked part-time for some of your Pensionable Service, your pension will be adjusted to take this into account. If you die in Pensionable Service any lump sum that is paid would be based on your Pensionable Salary at the date of your death.

What if I take part in a Pension Salary Sacrifice arrangement?

Pension Salary Sacrifice does not affect the way your pension is calculated.

What if I am absent from work?

Absence from work, including maternity, paternity and adoption leave, may have an effect on your pension. For further details contact the Pensions Administration Team.

Death in Retirement

If you die in retirement having left service, the Scheme provides benefits for your dependants.

Pension for Qualifying Spouse

Your Qualifying Spouse will be entitled to a Scheme pension from the first day of the month following your death. The pension varies depending on the terms of your retirement. See the table below for details:

If…	Then…
Your pension was paid from Pension Age and you died after Pension Age…	Your surviving Qualifying Spouse will be entitled to 60% of the pension you received when you took your pension, but before adjustment for any PCLS taken and allowing for increases to the pension between the member's retirement and death.
You took an option to receive a reduced early pension from age 55…	Your surviving Qualifying Spouse will be entitled to 60% of your pension after the reduction for early payment and before any adjustment for taking a PCLS and allowing for increases to the pension up to the date of death.
You left with Employing Company consent to early pension payment and your pension was paid immediately with reduction and was not an incapacity pension…	Your surviving Qualifying Spouse will be entitled to 60% of your pension before the reduction for early payment and before any adjustment for taking a PCLS and allowing for increases to the pension up to the date of death.
Your Qualifying Spouse's / dependant's pension is in payment…	The pension increases by the movement in the RPI up to 7% each year. If RPI exceeds 7% then the Founding Company can ask the Trustee to approve an increase over 7% up to RPI.
Your pension is already being paid and is not an incapacity pension…	A bereavement grant equal to two months of your pension (within certain limits) may be paid to your Qualifying Spouse on your death before age 75. The discretion as to whether this is paid and the amount payable lies with your Employing Company.

Pensions for dependants

The Scheme also provides benefits for your dependants. For example, if you do not have a Qualifying Spouse, an Adult Dependant's pension may be payable, at the discretion of your Employing Company, to someone who is financially dependent on or interdependent with you. The pension payable to an Adult dependant will not exceed 100% of your pension, less the total pensions being paid to your Children.

Pensions for Children

Children's pensions are payable on the death of a member. Legitimate, legitimated and lawfully adopted Children who are unmarried and under 18 are entitled to a pension on your death, payable up to age 18 or marriage whichever comes first. Other unmarried Children may be granted a pension on your death in certain circumstances:

- Illegitimate Children and stepchildren under 18 may be paid a pension if, in the Trustee's opinion, they are dependent on you when you die. This would be payable up to age 18.
- Children over 18 who are in full-time education or vocational training may be granted a pension at the discretion of your Employing Company, payable up to age 23.
- Children over 18 who have a disability that existed at the age of 18 may be granted a pension at the discretion of your Employing Company.

The table below gives details of Children's pensions payable:

If you die and a pension is being paid to a Qualifying Spouse	· One Child will receive 20% of your pension. · Two or more Children will share 40% of your pension.
If you die and there is no Qualifying Spouse	· One Child will receive 40% of your pension. · Two Children will receive 40% of your pension each. · Three or more Children will share 100% of your pension.

Lump sum benefit

If you were to die within five years of taking your pension from the Scheme, your estate would be paid a lump sum equal to the pension you would have received from the Scheme during the remainder of the five-year period. This would be payable at the discretion of the Trustee to your personal representative(s) to be dealt with as if it were part of your estate. This cannot exceed a maximum of three times your Final Pensionable Salary (adjusted for inflation by up to 7% a year or such higher amount as the Trustee and your Employing Company may have agreed).

Leaving

There are a number of reasons why you may leave the Scheme. You may resign from or be dismissed by your Employing Company, or you may choose to opt out of the Scheme at any time.

If you leave the Scheme (regardless of whether you leave the service of your Employing Company at the same time), your benefits depend on how much Pensionable Service you have in the Scheme at the date of leaving.

If you leave with two or more years' Pensionable Service (including previous Pensionable Service with SCPF)

If you have at least two years' Pensionable Service when you leave the Scheme, you will be a Deferred Member and will be entitled to a deferred pension. This is payable from your Pension Age.

Your deferred pension will be calculated using the same formula as for normal retirement (see page 11) using your Final Pensionable Salary and your Pensionable Service at your date of eaving. Your pension will be paid at Pension Age, unless you decide to take it earlier (from age 55 onwards).

The deferred pension is revalued from the date of leaving. The pension increases by the movement in the RPI up to 7% each year. If RPI exceeds 7% then the Founding Company can ask the Trustee to approve an increase over 7% up to RPI.

Early access to pension

Whatever your Pension Age, you can receive your pension from age 55 if you leave, or have left service. Your pension will be calculated in the same way as at Pension Age (see the example on page 12). As your pension will be paid for a longer period of time, it will be reduced (by an early retirement factor) and paid at a lower rate than you would have received if you had retired at Pension Age, for the full term of your pension. This will affect any Qualifying Spouse's or dependant(s') benefits arising from your death after early retirement because these pensions are calculated as a percentage of your pension. The early retirement factor is set by the Founding Company (after consulting the Actuary) at 4% a year, but this can be reviewed and may change in future.

Once your pension becomes payable, it will be treated in the same way as normal retirement. For example, you will be able to take a PCLS (see page 12).

Example

James is a member of the Pre-2009 Section of the Scheme and his Pension Age is 60. He resigns from service at age 49 and his Scheme pension when he leaves service is £39,000. The pension increases each year and by the time he has reached age 55 it amounts to £46,000. He decides to take his pension early from age 55, i.e. five years before his Pension Age. The current early retirement factor is 4% a year at the time James wishes to draw his pension and so, a reduction of 20% (£9,200) is made to James' pension and he receives £36,800 a year from age 55.

Your questions answered

What happens if I become ill or die before my pension is paid?

Serious ill-health commutation

If you are diagnosed with a medical condition that means that you are expected to die within one year, it may be possible for you to commute 100% of your future pension for a lump sum before Pension Age. This applies to both Deferred and Employed Members of the Scheme, but certain conditions must be satisfied, and your Employing Company and Trustee approval must be obtained. The commutation factor used will be as decided by your Employing Company after consulting the Actuary. Pensions will be provided for your Qualifying Spouse/dependants in the event of your death based on your reduced early retirement pension.

If you think this may apply to you please contact the Pensions Administration Team.

If you die as a Deferred Member

In the event of your death, your Qualifying Spouse and Child(ren) will be entitled to Scheme pensions from the first day of the month following your death.

Pension for your Qualifying Spouse

If you die before your pension has started being paid, your surviving Qualifying Spouse will be entitled to a Scheme pension from the first day of the month following your death. The pension will be based on 60% of your deferred pension at the date you left service, allowing for increases to the pension between the date you left service and your death.

The Scheme also provides benefits for any dependants. For example, if you do not have a Qualifying Spouse, an Adult Dependant's pension may be payable, at the discretion of your Employing Company, to someone who is financially dependent on or interdependent with you.

Your questions answered

If you die as a Deferred Member (continued)

Pensions for Children

Children's pensions are payable on the death of a member. Legitimate, legitimated and lawfully adopted Children who are unmarried and under 18 are entitled to a pension on your death, payable up to age 18 or marriage whichever comes first. Other unmarried Children may be granted a pension on your death in certain circumstances:

- Illegitimate Children and stepchildren under 18 may be paid a pension if, in the Trustee's opinion, they are dependent on you when you die. This would be payable up to age 18.
- Children over 18 who are in full-time education or vocational training may be granted a pension at the discretion of your Employing Company, payable up to age 23.
- Children over 18 who have a disability that existed at the age of 18 may be granted a pension at the discretion of your Employing Company.

The table below gives details of Children's pensions payable:

If you die and a pension is being paid to a Qualifying Spouse	· One Child will receive 20% of your pension. · Two or more Children will share 40% of your pension.
If you die and there is no Qualifying Spouse	· One Child will receive 40% of your pension. · Two Children will receive 40% of your pension each. · Three or more Children will share 100% of your pension.

If you die before your pension is paid and have no dependants, a refund of the contributions you have made to the Scheme (or that your Employing Company has made to the Scheme on your behalf through Pension Salary Sacrifice) will be paid to the personal representative(s) dealing with your estate. Interest of 3% a year will be added to this refund. Any discretionary lump sum paid (see page 24) is in addition to this refund of contributions.

Can I transfer my deferred benefits?

If you are entitled to a deferred pension from the Scheme, it is possible for you to transfer it to another Registered Pension Scheme provided that:

- the benefits are not yet in payment; and
- the new scheme will accept the transfer.

Your right to take a Cash Equivalent Transfer Value (CETV) must be exercised on or before the later of the following dates:

- one year before you reach Pension Age; and
- six months after you leave Scheme Pensionable Service with your Employing Company

(providing that the pension has not already started being paid).

In addition, you are able to transfer your benefits to another Registered Pension Scheme when you reach retirement age, as an alternative to taking your Scheme benefits as a pension and/or a cash lump sum. However the Trustees reserve the right to revoke this option in the future if they so wish and to set the method and assumptions for determining all transfer values.

Taking a transfer value of your defined benefits is a complex and significant financial decision. It is, therefore, highly recommended that you get independent financial advice if you wish to consider taking such an option. If you do not already use a financial adviser, IFA Promotion Limited's website www.unbiased.co.uk will give you a list of independent financial advisers in your area

Small lump sums and trivial commutation

Small Lump Sums

If your total benefits from the Scheme are valued at less than £10,000, you can take the entire amount as cash (even if you have more benefits in other pension arrangements). The first 25% is tax free and the balance is taxed at your marginal rate of income tax.

Trivial commutation

If your total benefits from the Scheme are valued at more than £10,000 but less than £30,000, you can still take the entire amount as cash, so long as the total of all pension savings that you have (including other pension arrangements) is less than £30,000. The first 25% is tax free and the balance is taxed at your marginal rate of income tax.

Death in Service

In the event of your death in Pensionable Service, your Qualifying Spouse and Child(ren) will be entitled to Scheme pensions from the first day of the month following your death. In addition, a lump sum may be payable.

Lump sum benefit

A lump sum, equal to three times your Pensionable Salary at your death, is payable to your beneficiaries if you die in Pensionable Service. This is paid at the discretion of your Employing Company, which, under current legislation, ensures that the lump sum does not carry any liability to Inheritance Tax.

You should complete a nomination form to tell your Employing Company your wishes in respect of your lump sum benefit. However, your Employing Company is not bound by your wishes. For example, if your personal circumstances have changed since you completed the nomination form, your Employing Company may decide not to follow the wishes stated on your form.

It is important to keep your nomination form up to date. You can request a form from the Pensions Administration Team.

Pension

If you die in Pensionable Service before Pension Age, pensions for your dependants are based on a percentage of the pension you would have received at Pension Age. For example, your Qualifying Spouse would receive 60% of the pension you would have received at Pension Age. This pension is based on your Final Pensionable Salary at the date of your death and your full Pensionable Service including Prospective Pensionable Service to your Pension Age.

If you die in Pensionable Service after your Pension Age, pensions for your dependants are based on a percentage of the pension calculated at the date of your death, based on your Final Pensionable Salary at the date of your death.

Example

Bob dies in Pensionable Service, aged 45 with Pensionable Service of five years and a Final Pensionable Salary of £54,000.

Bob's notional pension would be:

Accrual Rate x Pensionable Service (to death + prospective) x Final Pensionable Salary

1/54th x (5 + 15 = 20) x £54,000 = £20,000

Bob's wife, Margaret, will be entitled to 60% of Bob's notional pension, so she will receive £12,000 a year from the month after Bob's death. The pension increases by the movement in the RPI up to 7% each year. If RPI exceeds 7% then the Founding Company can ask the Trustee to approve an increase over 7% up to RPI.

The Scheme also provides benefits for any dependants. For example, if you do not have a Qualifying Spouse, an Adult Dependant's pension may be payable, at the discretion of your Employing Company, to someone who is financially dependent on or interdependent with you.

Pensions for Children

Children's pensions are payable on the death of a member. Legitimate, legitimated and lawfully adopted Children who are unmarried and under 18 are entitled to a pension on your death, payable up to age 18 or marriage whichever comes first. Other unmarried Children may be granted a pension on your death in certain circumstances:

- Illegitimate Children and stepchildren under 18 may be paid a pension if, in the Trustee's opinion, they are dependent on you when you die. This would be payable up to age 18.
- Children over 18 who are in full-time education or vocational training may be granted a pension at the discretion of your Employing Company, payable up to age 23.
- Children over 18 who have a disability that existed at the age of 18 may be granted a pension at the discretion of your Employing Company.

The table below gives details of Children's pensions payable:

If you die and a pension is being paid to a Qualifying Spouse	· One Child will receive 20% of your pension. · Two or more Children will share 40% of your pension.
If you die and there is no Qualifying Spouse	· One Child will receive 40% of your pension. · Two Children will receive 40% of your pension each. · Three or more Children will share 100% of your pension.

If you die before your pension is paid and have no dependants, a refund of the contributions you have made to the Scheme (or that your Employing Company has made to the Scheme on your behalf through Pension Salary Sacrifice) will be paid to the personal representative(s) dealing with your estate. Interest of 3% a year will be added to this refund. Any discretionary lump sum paid (see above) is in addition to this refund of contributions.

Serious Illness (Incapacity)

If you are unable to continue working because of a serious medical condition or disability, you may be granted an immediate pension on medical grounds. These pensions are granted at the discretion of your Employing Company after taking medical advice on the level of your incapacity.

Total Incapacity

A physical or mental impairment and deterioration which, in the opinion of your Employing Company (acting on medical advice), makes it unlikely that you will ever again obtain employment. If your Employing Company decides to grant you a Total Incapacity Pension this will comprise of:

(i) a life pension based on your Pensionable Salary and your Prospective Pensionable Service to Pension Age; and
(ii) a temporary pension based on your deferred pension entitlements in the SCPF at the date your active service in the SCPF ceased. The temporary pension will cease at your Pension Age.

No reduction will apply for early retirement.

The pension will not be less than two thirds of your Pensionable Salary at your date of leaving. A Total Incapacity Pension can be reviewed periodically and may be adjusted if there is a change to your medical condition.

If you die before Pension Age in receipt of a Total Incapacity Pension

A lump sum will be payable to your dependants at the discretion of your Employing Company. This will be equal to three times your Pensionable Salary at the date your employment ceased, adjusted for inflation (up to 7% a year or such higher amount as the Trustee and Founding Company may have agreed from the date you took your pension), less any lump sum paid when you took your Total Incapacity Pension. Your dependants will also receive pensions. For example, your Qualifying Spouse will be entitled to a pension based on 60% of your pension as if you had remained in employment until Pension Age and as though you had died in service. The temporary pension will cease. The pension will not reflect your previous SCPF Pensionable Service. The percentage payable to your dependants will be applied to the pension to which you would have been entitled at Pension Age based on your Final Pensionable Salary at the time you ceased employment. The pension will also be inclusive of the same percentage of cost of living increases made to your Total Incapacity Pension between the date of leaving and the date of death.

If you die after Pension Age in receipt of a Total Incapacity Pension

If you die within five years of the pension commencing, a lump sum equal to the pension you would have received from the Scheme during the remainder of the five-year period will be payable, at the Trustee's discretion, to your personal representative(s) (to be dealt with as if it were part of your estate). This is up to a maximum of three times your Pensionable Salary at the date your employment ceased adjusted for inflation (up to 7% a year or such higher amount as the Trustee and Founding Company may have agreed, from the date you took your pension). Your dependants will also receive pensions. For example, your Qualifying Spouse will be entitled to 60% of your pension before any reduction in respect of any PCLS paid to you.

Partial Incapacity

A physical or mental impairment and deterioration which, in the opinion of your Employing Company (acting on medical advice), prevents you from following your current occupation (and will continue to do so) and which seriously impairs your earning capacity. If your Employing Company decides to grant you a Partial Incapacity Pension this will comprise of:

(I) a life pension based on your Pensionable Salary and the Pensionable Service you have completed up to the date your employment ceases; and
(ii) a temporary pension based on your deferred pension entitlements in the SCPF at the date your active service in the SCPF ceased. The temporary pension will cease at your Pension Age.

No reduction will apply for early retirement.

The pension be subject to a minimum of:

a) one third of your Pensionable Salary at your date of leaving;
b) a pension based on your Final Pensionable Salary and Pensionable Service to your Pension Age

A Partial Incapacity Pension can be reviewed periodically and may be adjusted if there is a change to your medical condition.

If you die before Pension Age in receipt of a Partial Incapacity Pension

If you die within five years of the pension commencing, a lump sum equal to the pension you would have received from the Scheme during the remainder of the five-year period would be payable, at the Trustee's discretion, to your personal representative(s) (to be dealt with as if it were part of your estate). This is up to a maximum of three times your Pensionable Salary at the date your employment ceased (adjusted by inflation up to 7% a year or such higher amount as the Trustee and Founding Company may have agreed), from the date you took your pension. Pensions will also be paid to your dependants. For example, your Qualifying Spouse will be entitled to a pension which is the lesser of:

a) 60% of the Partial Incapacity Pension you were receiving at the date of your death, ignoring any reductions made for any commutation you elected to take; and
b) 60% of the pension you would have received if you had remained in service until Pension Age based on your Final Pensionable Salary when you left employment and adjusted by the same percentage of cost of living increases made to your Partial Incapacity Pension between the date of leaving and date of death.

The temporary pension will cease.

If you die after Pension Age in receipt of a Partial Incapacity Pension

If you die within five years of the pension commencing, a lump sum equal to the pension you would have received from the Scheme during the remainder of the five-year period would be payable, at the Trustee's discretion, to your personal representative(s) (to be dealt with as if it were part of your estate). This is up to a maximum of three times your Pensionable Salary at the date your employment ceased (adjusted by inflation up to 7% a year or such higher amount as the Trustee and Founding Company may have agreed), from the date you took your pension. Pensions will also be paid to your dependants. For example, your Qualifying Spouse will be entitled to a pension of 60% of your Partial Incapacity Pension before any reduction for any PCLS paid to you.

Ill Health Pension

This is a third category of benefit. If you fail to meet the criteria for Total Incapacity or Partial Incapacity, you might be granted an Ill Health Pension. This may be payable if you have a physical or mental condition preventing you from remaining in service with your Employing Company. If you fall into this category and you are aged 55 or over, with at least two years' Pensionable Service, your Employing Company may grant you an Ill Health Pension. This will be based on your Pensionable Salary and your Pensionable Service at the date your employment ceased, but will be reduced by a factor set by the Founding Company after consulting the Actuary. This factor is currently 3% for each year the pension is taken before your Pension Age, but can be reviewed and may be changed in the future.

If you die after Pension Age in receipt of an Ill Health Pension
If you died within five years, a lump sum equal to the pension you would have received from the Scheme during the remainder of the five-year period would be payable at the Trustee's discretion, to your personal representative(s) (to be dealt with as if it were part of your estate). This is up to a maximum of three times your Pensionable Salary at the date your employment ceased adjusted for inflation (up to 7% a year or such higher amount as the Trustee and your Employing Company may have agreed), from the date you took your pension. Pensions will also be paid to your dependants. For example, your Qualifying Spouse will be entitled to 60% of your pension before any reduction for early payment and any PCLS paid when you took your Ill Health Pension.

Serious ill-health commutation
If you are diagnosed with a medical condition that means that you are expected to die within one year, it may be possible for you to receive a lump sum before Pension Age in exchange for 100% of your future pension. This applies to both Deferred and Employed Members of the Scheme, but there are certain conditions which must be satisfied, and Trustee and Employing Company approval must be obtained. Pensions will be provided for your Qualifying Spouse/dependants in the event of your death based on your reduced early retirement pension. If this applies to you, please contact the Pensions Administration Team (see page 46 for contact details).

Chapter 3
The Post-2009 Section of the Scheme

The Post-2009 Section applies to people who are members of the SCPF, Post-2009 Section, who chose to join the Scheme at the time of their transfer of employment to their Employing Company.

Your benefits in the Post-2009 Section at a glance

Who can be a member?	You are eligible for membership if you were a transferring Shell employee on a regular or fixed-term who was a member of the SCPF with continuous membership which commenced on or after 1 January 2009. Eligible employees must have completed and returned a joining form indicating their wish to join the Post-2009 Section of the Scheme at the time of their transfer of employment to their Employing Company.
What does it cost me?	Currently, your contributions are 2% p.a. of your Pensionable Salary up to £30,000 and 6% p.a. of your Pensionable Salary over £30,000. With effect from 1 April 2015, unless you opt out, your regular contributions (including regular AVC's) to the Scheme, will automatically be paid through Pension Salary Sacrifice.
How is my pension calculated?	Your pension is based on a formula: 1/60th Accrual Rate x Pensionable Service x Final Pensionable Salary.
What is my Pensionable Salary?	The salary on which your pension contributions are based, i.e. your basic salary plus an element of pensionable shift allowance (as determined by your Employing Company), but excluding bonuses, overtime and non-pensionable allowances. Pension Salary Sacrifice arrangements do not count towards this assessment.
How is my Final Pensionable Salary calculated?	The highest average annual Pensionable Salary during any 36 consecutive months in the last five years' Pensionable Service immediately before you leave your Employing Company's service, leave the Scheme or die, whichever is the earliest. If you have not completed three years' Pensionable Service, the average annual Pensionable Salary for that shorter period.
At what age can I retire?	From age 65. You may retire at age 55 without the consent of your Employing Company but your pension will be reduced for early payment by 4%, subject to review, for each year you retire before the age of 65.

What if I'm too ill to work and leave my Employing Company's service as a result?

There are two levels of pension that can be paid at the discretion of your Employing Company, based on its opinion of your medical condition:

- **Total Incapacity –** a pension for life based on your Final Pensionable Salary and Prospective Pensionable Service (or Pensionable Service to date of leaving your Employing Company's service if later than Pension Age), plus a temporary pension based on your previous Pensionable Service in the SCPF which will cease at your Pension Age. The total of your life and temporary pension will be subject to a minimum of two-thirds of your Final Pensionable Salary. No reduction will be applied for early retirement.

- **Partial Incapacity –** a pension for life based on your Final Pensionable Salary and your Pensionable Service to date of incapacity, plus a temporary pension based on your previous Pensionable Service with SCPF which will cease at your Pension Age. The total of your life and temporary pension will be subject to a minimum of the lower of:

  - one-third of Final Pensionable Salary
  - pension based on your Final Pensionable Salary and Pensionable Service to Pension Age.

No reduction will be applied for early retirement.

Incapacity pension will be reduced from age 65 by the amount of your deferred SCPF pension benefits (the pension you can expect to receive at retirement from the SCPF, with statutory increases applied each year to protect against inflation).

If you have a serious illness it may be possible for you to exchange 100% of your pension for a lump sum.

What if I die?

If you die in service, the benefits for your dependants are:

- A lump sum of three times your Pensionable Salary, paid at the discretion of your Employing Company (subject to the Lifetime Allowance); and

- Pensions to a Qualifying Spouse (or to a dependant if there is no spouse at the discretion of your Employing Company) and Children, based on a percentage of the pension you would have been entitled to at your Pension Age (based on your Pensionable Salary when you died).

Benefits are also payable to dependants if you die in retirement, or before you take your pension. More information can be found on pages 34 & 35.

What about pension increases?

Your Scheme pension increases by the movement in the Retail Prices Index (RPI) up to 5% each year. The Founding Company can ask the Trustees to approve RPI increases over 5%.

Your benefits in the Post-2009 Section in detail

Membership

If you were employed by Shell on a regular or a fixed-term contract and are a member of the SCPF, Post-2009 Section, you were invited to join the Scheme, Post-2009 Section, when you transferred employment to your Employing Company at 1 July 2011. This chapter aims to give you Information about the Scheme to use as a reference throughout your membership.

Joining

The Post-2009 Section of the Scheme is only open to previous members of SCPF who joined those arrangements on or after 1 January 2009. At the time of transfer to your Employing Company, 1 July 2011, members had an opportunity to join the Post-2009 Section of the Scheme, which has been specifically set up to mirror your previous Shell arrangements.

Joining at a later date

If you decided not to join the Scheme when first invited, you cannot join the Scheme at a later date.

Terminating your membership

You may opt out of membership of the Scheme at any time by giving notice in writing to the Trustee through your Employing Company. Membership will terminate on the last day of the month following that in which your Employing Company receives the notice. You cannot re-apply to join at a later date.

Contributions

Contributions made to the Scheme by you and your Employing Company are invested to pay for benefits.

Employing Company contributions
Your Employing Company pays the balance of the cost of providing Scheme benefits after taking into account member contributions and investment returns.

Your contributions
As a Scheme member, you are (or your Employing Company on your behalf) required to contribute a proportion of your Pensionable Salary to the Scheme. These contributions will be made under PSS.

Member contribution rates are currently:

Pensionable Salary up to £30,000 a year	2% p.a.
Pensionable Salary over £30,000 a year	6% p.a.

The Founding Company reserves the right to amend the contribution rates.

Tax relief is automatically given on your contributions (within the Annual Allowance) at the highest rate of tax you pay. This means that the cost of your contribution to the Scheme is less than you might think.

Example

Chris is a member of the Scheme and his Pensionable Salary is £48,000 a year. On Chris's behalf, through Pension Salary Sacrifice, Chris's Employing Company will pay 2% on the first £30,000 of his Pensionable Salary and 6% on the balance.

Chris' contributions for the year will be:
£30,000 x 2% = £ 600
£18,000 x 6% = £1,080

Chris' contribution = £1,680

Chris' Pensionable Salary after PSS would remain unchanged at £48,000 a year. However, for National Insurance purposes, the salary would reduce by the £1,680 of employee contribution sacrificed under PSS to £46,320. Chris pays National Insurance contributions at 2% on earnings above £42,380 (based on 2015/16 limits). By electing to make contributions via PSS, Chris can expect to pay £33.60 (i.e. 2% of £1,686) per year lower National Insurance contributions. Tom's take home pay will increase by a corresponding amount.

Chris pays tax at 40%, so the actual cost to Chris of his contributions is £1,008 (i.e. £1,680 – [40% x £1,680]).

Member contributions are subject to the Annual Allowance. The contribution rates and tax rates may change in the future.

National Insurance

The Scheme is currently contracted-out of the State Second Pension (S2P). As a member of the Scheme, you will therefore pay National Insurance contributions at a lower rate in return for giving up your entitlement to S2P for the period you are contributing to the Scheme. With effect from 6 April 2016, the Government will be introducing a new State pension and Schemes will no longer be able to contract-out of the S2P. This will mean that both you and your Employing Company will no longer be able to benefit from paying the lower rate of National Insurance Contributions.

Additional Voluntary Contributions

You can obtain additional pension benefits to those provided from the Scheme by paying extra contributions known as Additional Voluntary Contributions (AVCs). You can make AVCs via a money purchase arrangement provided by your Employing Company. You will get the same tax advantages as you would for normal contributions to the Scheme, subject to the Annual Allowance.

Regular AVCs will automatically be made under PSS but should you wish to make one off AVC payments you would need to notify your Employing Company if you wish for these to be made under PSS. Employing Company contributions are not paid to any AVC arrangements. When you take your pension, AVC benefits are paid in addition to your benefits from the Scheme and you are able to take part of the value of your benefits, including AVCs, as cash, see page 31 for more information.

You can also make AVCs to a freestanding AVC Arrangement from a provider of your choice.

Further details on AVCs can be found in the AVC booklet dated February 2015.

Retirement Benefits

The main aim of the Scheme is to provide you with a pension. These pages look at the pension you can expect to receive from the Scheme as a member of the Post-2009 Section. Please note that this booklet does not cover any additional benefits that you may be eligible for from the State.

Your Pension Age is the age at which you can take your pension from the Scheme unreduced without your Employing Company's consent. For Post-2009 members this will be age 65.

How is my pension calculated at my Pension Age?
The pension you receive at your Pension Age is calculated using a formula that is based on your Pensionable Service and your Final Pensionable Salary. Pension Salary Sacrifice does not affect your Final Pensionable Salary. The formula is:

Accrual Rate x Pensionable Service x Final Pensionable Salary

As a member of the Post-2009 Section, your Accrual Rate is 1/60th.

How is my Final Pensionable Salary calculated?

Your Final Pensionable Salary is your highest average annual Pensionable Salary in any 36 consecutive months in your last five years' Pensionable Service immediately before you leave your Employing Company's service, leave the Scheme or die, whichever is the earlier. If, when you leave, you have not completed three years' Pensionable Service, your Final Pensionable Salary will be your average annual Pensionable Salary for that shorter period.

Your Employing Company will exercise its discretion to include the pensionable shift allowance, shift rundown allowance and shift disturbance allowance when calculating pension benefits. This may change in future.

Your Final Pensionable Salary will be calculated using your historic Pensionable Salary and historic allowances in the SCPF, if this results in a higher amount.

Example

Andrew is a member of the Post-2009 Section of the Scheme and retires at age 65 with 35 years' Pensionable Service and a Final Pensionable Salary of £65,000.

Andrew's pension at retirement is calculated as follows:

Accrual Rate x Pensionable Service x Final Pensionable Salary
1/60th x 35 x £65,000 = £37,917
Andrew's pension is £37,917 a year and is paid (with annual increases when granted) for the rest of Andrew's life.

Lump sum

At retirement, you are able to commute some of your pension for a Pension Commencement Lump Sum (PCLS). You will be given details of the maximum amount of tax-free PCLS available as you approach retirement. Under current tax law this is, broadly speaking, up to a maximum of 25% of the total Capital Value of your pension benefits, including AVCs, but subject always to the Lifetime Allowance (LTA).

The maximum PCLS you may receive will be checked against the LTA at the date you retire. Any benefits you receive at retirement which are in excess of the LTA will be taxed.

If you take a PCLS, your pension will be reduced.

The PCLS is calculated as follows:

$$\frac{20 \times (\text{Scheme pension} \times \text{commutation factor} + \text{AVC fund})}{(\text{Commutation factor} \times 3) + 20} = \text{Maximum PCLS}$$

The commutation factor is based on age and gender and is subject to review. For example, at age 60, the commutation factors are currently:

Male 15.728

Female 16.260

The reduction in the annual pension is calculated as follows:

$$\frac{\text{PCLS}}{\text{Commutation factor}} = \text{Reduction to annual pension (commutation)}$$

Example

Andrew is able take a pension of £37,917 a year when he retires at age 65. He has made no AVCs. To calculate his maximum PCLS and the reduction to his annual pension:

$$\frac{20 \times (£37{,}917 \times 15.728)}{(15.728 \times 3) + 20} = \text{Charles' maximum PCLS, } £177{,}530$$

The reduction in his pension for the commutation is:

$$\frac{\text{PCLS}}{\text{Commutation factor}} = \text{Reduction to annual pension}$$

$$\frac{£177{,}530}{15.728} = £11{,}288$$

This means that Charles can choose to take a PCLS of up to £177,530 and a reduced pension of £26,629 (£37,917 - £11,288).

Charles can also choose to take a lower PCLS, which will result in a lesser reduction to his annual pension, or no PCLS at all.

Early retirement

If you decide to leave service, you can take your pension, without Employing Company consent, after the age of 55. Your pension will be calculated in the same way as at Pension Age (see page 30), based on your Pensionable Service to the date of your early retirement.

However, as your pension will be paid for a longer period of time, it will be reduced (by an early retirement factor) and paid at a lower rate for the full term of your pension. This will affect any Qualifying Spouse's or dependant(s') benefits arising from your death after early retirement because these pensions are calculated as a percentage of your pension. The early retirement factor is set by the Founding Company (after consulting the Actuary) at 4% a year, but this can be reviewed and may change in future.

Retirement at or after Pension Age

For Post-2009 Section members, Pension Age is age 65. At this age you may choose to:

- Continue to work in pensionable employment but not draw your pension from the Scheme and accrue further Scheme pension after age 65; or
- Continue to work but leave the Scheme and draw your pension.

If you continue to work and accrue further Scheme pension, you will remain a member of the Scheme at the same accrual and contribution rate as before and you will be entitled to the same benefits such as death in service and incapacity pensions.

If you continue to work and draw your Scheme pension, which you can do at any time after you have reached Pension Age, and if you die whilst employed, you will be treated as a Retired Member for death benefits.

You may want to take independent financial advice before making a decision. Details of how to find an Independent Financial Adviser (IFA) are on page 46.

All benefits from the Scheme are subject to the Annual and Lifetime Allowances.

Pension increases in payment

In retirement, your Scheme pension increases by the movement in the RPI up to 5% each year. The Founding Company may ask the Trustee to approve RPI increases over 5%.

Your questions answered

What if I work part-time?

If you work part-time, or have worked part-time for some of your Pensionable Service, your pension will be adjusted to take this into account. If you die in Pensionable Service any lump sum that is paid would be based on your Pensionable Salary at the date of your death.

What if I take part in a Pension Salary Sacrifice arrangement?

Pension Salary Sacrifice does not affect the way your pension is calculated.

What if I am absent from work?

Absence from work, including maternity, paternity and adoption leave, may have an effect on your pension. If you are interested in further details, please contact the Pension Administration Team.

Death in Retirement

If you die in retirement having left service, the Scheme provides benefits for your dependants.

Pension for Qualifying Spouse
Your Qualifying Spouse will be entitled to a Scheme pension from the first day of the month following your death. The pension varies depending on the terms of your retirement. See the table below for details:

If…	Then…
Your pension was paid from Pension Age and you died after Pension Age…	Your surviving Qualifying Spouse will be entitled to 60% of the pension you received when you took your pension, but before adjustment for any PCLS taken and allowing for increases to the pension between the member's retirement and death.
Your pension was paid early with reduction under the early access arrangements...	Your surviving Qualifying Spouse will be entitled to 60% of your pension after the adjustment for early payment, but before adjustment for taking a PCLS and allowing for increases to the pension between the member's retirement and death.
Your Qualifying Spouse's/ dependant's pension is in payment…	The pension increases by the movement in the RPI up to 5% each year. If RPI exceeds 5% then the Founding Company can ask the Trustee to approve an increase over 5% up to RPI.

Pensions for dependants

The Scheme also provides benefits for your dependants. For example, if you do not have a Qualifying Spouse, an Adult Dependant's pension may be payable, at the discretion of your Employing Company, to someone who is financially dependent on or interdependent with you. The pension payable to an Adult dependant will not exceed 100% of your pension, less the total pensions being paid to your Children.

Pensions for Children

Children's pensions are payable on the death of a member. Legitimate, legitimated and lawfully adopted Children who are unmarried and under 18 are entitled to a pension on your death, payable up to age 18 or marriage whichever comes first. Other unmarried Children may be granted a pension on your death in certain circumstances:

- Illegitimate Children and stepchildren under 18 may be paid a pension if, in the Trustee's opinion, they are dependent on you when you die. This would be payable up to age 18.
- Children over 18 who are in full-time education or vocational training may be granted a pension at the discretion of your Employing Company, payable up to age 23.
- Children over 18 who have a disability that existed at the age of 18 may be granted a pension at the discretion of your Employing Company.

The table below gives details of Children's pensions payable:

If you die and a pension is being paid to a Qualifying Spouse	· One Child will receive 20% of your pension. · Two or more Children will share 40% of your pension.
If you die and there is no Qualifying Spouse	· One Child will receive 40% of your pension. · Two Children will receive 40% of your pension each. · Three or more Children will share 100% of your pension.

Lump sum benefit

If you were to die within five years of taking your pension from the Scheme, your estate would be paid a lump sum equal to the pension you would have received from the Scheme during the remainder of the five-year period. This would be payable at the discretion of the Trustee to your personal representative(s) to be dealt with as if it were part of your estate. This cannot exceed a maximum of three times your Final Pensionable Salary (adjusted for inflation by up to 5% a year or such higher amount as the Trustee and Employing Company may have agreed).

Leaving

There are a number of reasons why you may leave the Scheme. You may resign from or be dismissed by your Employing Company, or you may choose to opt out of the Scheme at any time.

If you leave the Scheme (regardless of whether you leave the service of your Employing Company at the same time), your benefits depend on how much Pensionable Service you have in the Scheme at the date of leaving.

if you leave with two or more years' Pensionable Service (including previous Pensionable Service with SCPF) If you have at least two years' Pensionable Service when you leave, you will be a Deferred Member and will be entitled to a deferred pension, payable from your Pension Age.

Your pension will be calculated using the same formula as for normal retirement (see page 30) using your Final Pensionable Salary and your Pensionable Service at your date of leaving. Your pension will be paid at Pension Age, unless you decide to take it earlier (from age 55 onwards).

The deferred pension is revalued from the date of leaving. This pension increases by the movement in the RPI up to 5% each year. If RPI exceeds 5% then the Founding Company can ask the Trustee to approve an increase over 5% up to RPI.

Early access to pension

Whatever your Pension Age, you can receive your pension from age 55 if you leave, or have left, the service of your Employing Company. Your pension will be calculated in the same way as at Pension Age (see the example on page 30). As your pension will be paid for a longer period of time, it will be reduced (by an early retirement factor) and paid at a lower rate than you would have received if you had retired at Pension Age for the full term of your pension. This will affect any Qualifying Spouse's or dependant(s') benefits arising from your death after early retirement because these pensions are calculated as a percentage of your pension. The early retirement factor has been set by the Founding Company (after consulting the Actuary) at 4% a year, but this can be reviewed and may change in future.

Once your pension becomes payable, it will be treated in the same way as on normal retirement (see page 30). For example, you will be able to commute some of your pension for a PCLS.

Example

John is a member of the Post-2009 Section of the Scheme and his Pension Age is 65. He resigns from service at age 49 and his Scheme pension when he leaves service is £52,000. The pension increases each year and by the time he has reached age 55 it amounts to £62,000. He decides to take his pension early from age 55, i.e. 10 years before his Pension Age. The current early retirement factor is 4% a year at the time John wishes to draw his pension and so, a reduction of 40% (£24,800) is made to John's pension and he receives £37,200 a year from age 55.

Your questions answered

What happens if I become ill or die before my pension is paid?

Serious ill-health commutation

If you are diagnosed with a medical condition that means that you are expected to die within one year, it may be possible for you to commute 100% of your future pension for a lump sum before Pension Age. This applies to both Deferred and Employed Members of the Scheme, but certain conditions must be satisfied, and your Employing Company and Trustee approval must be obtained. The commutation factor used will be as decided by your Employing Company after consulting the Actuary. Pensions will be provided for your Qualifying Spouse/dependants in the event of your death based on your reduced early retirement pension.
If you think this may apply to you please contact the Pensions Administration Team.

If you die as a Deferred Member

In the event of your death, your Qualifying Spouse and Child(ren) will be entitled to Scheme pensions from the first day of the month following your death.

Pension for your Qualifying Spouse

If you die before your pension has started being paid, your surviving Qualifying Spouse will be entitled to a Scheme pension from the first day of the month following your death. The pension will be based on 60% of your deferred pension at the date you left service, allowing for increases to the pension between the date you left service and your death.

The Scheme also provides benefits for any dependants. For example, if you do not have a Qualifying Spouse, an Adult Dependant's pension may be payable, at the discretion of your Employing Company, to someone who is financially dependent on or interdependent with you.

Your questions answered
If you die as a Deferred Member (continued)
Pensions for Children

Children's pensions are payable on the death of a member. Legitimate, legitimated and lawfully adopted Children who are unmarried and under 18 are entitled to a pension on your death, payable up to age 18 or marriage whichever comes first. Other unmarried Children may be granted a pension on your death in certain circumstances:

- Illegitimate Children and stepchildren under 18 may be paid a pension if, in the Trustee's opinion, they are dependent on you when you die. This would be payable up to age 18.
- Children over 18 who are in full-time education or vocational training may be granted a pension at the discretion of your Employing Company, payable up to age 23.
- Children over 18 who have a disability that existed at the age of 18 may be granted a pension at the discretion of your Employing Company.

The table below gives details of Children's pensions payable:

If you die and a pension is being paid to a Qualifying Spouse	· One Child will receive 20% of your pension. · Two or more Children will share 40% of your pension.
If you die and there is no Qualifying Spouse	· One Child will receive 40% of your pension. · Two Children will receive 40% of your pension each. · Three or more Children will share 100% of your pension.

If you die before your pension is paid and have no dependants, a refund of the contributions you have made to the Scheme (or that your Employing Company has made to the Scheme on your behalf through Pension Salary Sacrifice) will be paid to the personal representative(s) dealing with your estate. Interest of 3% a year will be added to this refund. Any discretionary lump sum paid (see page 43) is in addition to this refund of contributions.

Can I transfer my deferred benefits?

If you are entitled to a deferred pension from the Scheme, it is possible for you to transfer it to another Registered Pension Scheme provided that:

- the benefits are not yet in payment; and
- the new scheme will accept the transfer.

Your right to take a Cash Equivalent Transfer Value (CETV) must be exercised on or before the later of the following dates:
- one year before you reach Pension Age; and
- six months after you leave Scheme Pensionable Service with your Employing Company (providing that the pension has not already started being paid).

To exercise your right to the CETV, you must make a formal written application to the Trustee on or before the later of the two dates above.

In addition, you are able to transfer your benefits to another Registered Pension Scheme when you reach retirement age, as an alternative to taking your Scheme benefits as a pension and/or a cash lump sum. However the Trustees reserve the right to revoke this option in the future if they so wish and to set the method and assumptions for determining all transfer values.

Taking a transfer value of your defined benefits is a complex and significant financial decision. It is, therefore, highly recommended that you get independent financial advice if you wish to consider taking such an option. If you do not already use a financial adviser, IFA Promotion Limited's website www.unbiased.co.uk will give you a list of independent financial advisers in your area.

Small lump sums and trivial commutation

Small Lump Sums

If your total benefits from the Scheme are valued at less than £10,000, you can take the entire amount as cash (even if you have more benefits in other pension arrangements). The first 25% is tax free and the balance is taxed at your marginal rate of income tax.

Trivial commutation

If your total benefits from the Scheme are valued at more than £10,000 but less than £30,000, you can still take the entire amount as cash, so long as the total of all pension savings that you have (including other pension arrangements) is less than £30,000. The first 25% is tax free and the balance is taxed at your marginal rate of income tax.

Death in Service

In the event of your death in Pensionable Service, your Qualifying Spouse and Child(ren) will be entitled to Scheme pensions from the first day of the month following your death. In addition, a lump sum may be payable.

Lump sum benefit

A lump sum, equal to three times your Pensionable Salary at your death, is payable to your beneficiaries if you die in Pensionable Service. This is paid at the discretion of your Employing Company, which, under current legislation, ensures that the lump sum does not carry any liability to Inheritance Tax.

You should complete a nomination form to tell your Employing Company your wishes in respect of your lump sum benefit. However, your Employing Company is not bound by your wishes. For example, if your personal circumstances have changed since you completed the nomination form, your Employing Company may decide not to follow the wishes stated on your form.

It is important to keep your nomination form up to date. You can request a form from the Pensions Administration Team.

Pension

If you die in Pensionable Service before Pension Age, pensions for your dependants are based on a percentage of the pension you would have received at Pension Age. For example, your Qualifying Spouse would receive 60% of the pension you would have received at Pension Age. This pension is based on your Final Pensionable Salary at the date of your death and your full Pensionable Service including Prospective Pensionable Service to your Pension Age.

If you die in Pensionable Service after your Pension Age, pensions for your dependants are based on a percentage of the pension calculated at the date of your death, based on your Final Pensionable Salary at the date of your death.

Example

Nigel is a member of the Post-2009 Section and dies in Pensionable Service, aged 45, with Pensionable Service of five years and a Final Pensionable Salary of £54,000.

Nigel's notional pension would be:

Accrual Rate x Pensionable Service (to death + prospective) x Final Pensionable Salary

1/60th x (5 + 20 = 25) x £54,000 = £22,500

Bob's wife, Margaret, will be entitled to 60% of Bob's notional pension, so she will receive £13,500 a year from the month after Nigel's death. Her pension increases by the movement in the RPI up to 5% each year. If RPI exceeds 5% then the Founding Company can ask the Trustee to approve an increase over 5% up to RPI.

The Scheme also provides benefits for any dependants. For example, if you do not have a Qualifying Spouse, an Adult Dependant's pension may be payable, at the discretion of your Employing Company, to someone who is financially dependent on or interdependent with you.

Pensions for Children

Children's pensions are payable on the death of a member. Legitimate, legitimated and lawfully adopted Children who are unmarried and under 18 are entitled to a pension on your death, payable up to age 18 or marriage whichever comes first. Other unmarried Children may be granted a pension on your death in certain circumstances:

- Illegitimate Children and stepchildren under 18 may be paid a pension if, in the Trustee's opinion, they are dependent on you when you die. This would be payable up to age 18.
- Children over 18 who are in full-time education or vocational training may be granted a pension at the discretion of your Employing Company, payable up to age 23.
- Children over 18 who have a disability that existed at the age of 18 may be granted a pension at the discretion of your Employing Company.

The table below gives details of Children's pensions payable:

If you die and a pension is being paid to a Qualifying Spouse	· One Child will receive 20% of your pension. · Two or more Children will share 40% of your pension.
If you die and there is no Qualifying Spouse	· One Child will receive 40% of your pension. · Two Children will receive 40% of your pension each. · Three or more Children will share 100% of your pension.

If you die before your pension is paid and have no dependants, a refund of the contributions you have made to the Scheme (or that your Employing Company has made to the Scheme on your behalf through Pension Salary Sacrifice) will be paid to the personal representative(s) dealing with your estate. Interest of 3% a year will be added to this refund. Any discretionary lump sum paid (see Page 35) is in addition to this refund of contributions.

Serious Illness (Incapacity)

If you are unable to continue working because of a serious medical condition or disability, you may be granted an immediate pension on medical grounds. These pensions are granted at the discretion of your Employing Company after taking medical advice on the level of your incapacity.

Total Incapacity

A physical or mental impairment and deterioration which, in the opinion of your Employing Company (acting on medical advice), makes it unlikely that you will ever again obtain employment. If your Employing Company decides to grant you a Total Incapacity Pension this will comprise of:

(i) a life pension based on your Pensionable Salary and your Prospective Pensionable Service to Pension Age; and
(ii) a temporary pension based on your deferred pension entitlements in the SCPF at the date your active service in the SCPF ceased. The temporary pension will cease at your Pension Age.

No reduction will apply for early retirement.

The pension will not be less than two thirds of your Pensionable Salary at your date of leaving. A Total Incapacity Pension can be reviewed periodically and may be adjusted if there is a change to your medical condition.

If you die before Pension Age in receipt of a Total Incapacity Pension

A lump sum will be payable to your dependants at the discretion of your Employing Company. This will be equal to three times your Pensionable Salary at the date your employment ceased, adjusted for inflation (up to 7% a year or such higher amount as the Trustee and Founding Company may have agreed from the date you took your pension), less any lump sum paid when you took your Total Incapacity Pension. Your dependants will also receive pensions. For example, your Qualifying Spouse will be entitled to a pension based on 60% of your pension as if you had remained in employment until Pension Age and as though you had died in service. The temporary pension will cease. The pension will not reflect your previous SCPF Pensionable Service. The percentage payable to your dependants will be applied to the pension to which you would have been entitled at Pension Age based on your Final Pensionable Salary at the time you ceased employment. The pension will also be inclusive of the same percentage of cost of living increases made to your Total Incapacity Pension between the date of leaving and the date of death.

If you die after Pension Age in receipt of a Total Incapacity Pension

If you die within five years of the pension commencing, a lump sum equal to the pension you would have received from the Scheme during the remainder of the five-year period will be payable, at the Trustee's discretion, to your personal representative(s) (to be dealt with as if it were part of your estate). This is up to a maximum of three times your Pensionable Salary at the date your employment ceased adjusted for inflation (up to 7% a year or such higher amount as the Trustee and Founding Company may have agreed, from the date you took your pension). Your dependants will also receive pensions. For example, your Qualifying Spouse will be entitled to 60% of your pension before any reduction in respect of any PCLS paid to you.

Partial Incapacity

A physical or mental impairment and deterioration which, in the opinion of your Employing Company (acting on medical advice), prevents you from following your current occupation (and will continue to do so) and which seriously impairs your earning capacity. If your Employing Company decides to grant you a Partial Incapacity Pension this will comprise of:

(I) a life pension based on your Pensionable Salary and the Pensionable Service you have completed up to the date your employment ceases; and
(ii) a temporary pension based on your deferred pension entitlements in the SCPF at the date your active service in the SCPF ceased. The temporary pension will cease at your Pension Age.

No reduction will apply for early retirement.

The pension be subject to a minimum of:

a) one third of your Pensionable Salary at your date of leaving;
b) a pension based on your Final Pensionable Salary and Pensionable Service to your Pension Age

A Partial Incapacity Pension can be reviewed periodically and may be adjusted if there is a change to your medical condition.

If you die before Pension Age in receipt of a Partial Incapacity Pension

If you die within five years of the pension commencing, a lump sum equal to the pension you would have received from the Scheme during the remainder of the five-year period would be payable, at the Trustee's discretion, to your personal representative(s) (to be dealt with as if it were part of your estate). This is up to a maximum of three times your Pensionable Salary at the date your employment ceased (adjusted by inflation up to 7% a year or such higher amount as the Trustee and Founding Company may have agreed), from the date you took your pension. Pensions will also be paid to your dependants. For example, your Qualifying Spouse will be entitled to a pension which is the lesser of:

a) 60% of the Partial Incapacity Pension you were receiving at the date of your death, ignoring any reductions made for any commutation you elected to take; and
b) 60% of the pension you would have received if you had remained in service until Pension Age based on your Final Pensionable Salary when you left employment and adjusted by the same percentage of cost of living increases made to your Partial Incapacity Pension between the date of leaving and date of death.

The temporary pension will cease.

If you die after Pension Age in receipt of a Partial Incapacity Pension

If you die within five years of the pension commencing, a lump sum equal to the pension you would have received from the Scheme during the remainder of the five-year period would be payable, at the Trustee's discretion, to your personal representative(s) (to be dealt with as if it were part of your estate). This is up to a maximum of three times your Pensionable Salary at the date your employment ceased (adjusted by inflation up to 7% a year or such higher amount as the Trustee and Founding Company may have agreed), from the date you took your pension. Pensions will also be paid to your dependants. For example, your Qualifying Spouse will be entitled to a pension of 60% of your Partial Incapacity Pension before any reduction for any PCLS paid to you.

Serious ill-health commutation

If you are diagnosed with a medical condition that means that you are expected to die within one year, it may be possible for you to commute 100% of your future pension for a lump sum before Pension Age. This applies to both Deferred and Employed Members of the Scheme but there are certain conditions which must be satisfied, and your Employing Company and Trustee approval must be obtained. The commutation factor used will be as decided by your Employing Company after consulting the Actuary. Pensions will be provided for your Qualifying Spouse/ dependants in the event of your death based on your reduced early retirement pension.
If this applies to you, please contact the Pensions Administration Team.

Chapter 4
Other information

Trust Deed and Rules

This booklet is only a summary of the benefits provided by the Scheme and does not override the terms and conditions in the Scheme Trust Deed and Rules, which is the definitive document governing the Scheme and the benefits it provides. If there are any discrepancies between this booklet and the Trust Deed and Rules, the latter shall override the provisions set out in this booklet.

The benefits under the Scheme are also subject to the requirements of overriding legislation.

You should be aware that members' benefits are subject to review by the Employing Companies. Changes to members' benefits can only be made by the Trustee and if requested by a majority of the Employing Companies. No change can be made which alters the main purpose of the Scheme or reduces the value of benefits already earned or of pensions in payment.

Trustee directors

There will be six trustee directors that make up the Trustee. Half are appointed on behalf of the Employing Companies and half elected by members. One of the directors appointed by the Employing Companies will be an independent trustee and the Chairman of the directors will also be appointed by the Employing Companies.

Tax status of the Scheme

The Scheme is a Registered Pension Scheme for HMRC purposes. This status confers several financial advantages. Members and the Employing Company benefit from tax relief on their contributions and the Scheme does not pay tax on its investment earnings or capital gains. These tax privileges substantially reduce the cost of your Scheme membership and, for the Employing Company, the cost of providing the benefits. HMRC registration also means that certain lump sum benefits can be paid free of tax. In exchange for the tax advantages, HMRC has laid down limits on the benefits that can be paid to members of the Scheme in a tax-advantaged manner, known as the Lifetime Allowance.

Contracted-out status of the Scheme

The Scheme is contracted-out of the State Second Pension (S2P) on a reference scheme basis under section 9(2) of the Pension Schemes Act 1993.

Data protection

The Trustee is a data controller under the Data Protection Act 1998 and complies with the obligations of a data controller under that Act. It holds personal information about members in order to administer the Scheme. This can include passing on such data to third parties, for example the Scheme Actuary, the Auditor and the Employing Companies.

Assignment of benefits

You may not assign or charge your benefits under the Scheme.

Divorce

The Court will take account of pension rights when deciding divorce settlements. The three options available are offsetting, earmarking and pension sharing. A combination of the options may also be applied. Each affects your Scheme pension in different ways. You should consult a solicitor experienced in dealing with pension matters. You can also contact the Pensions Administration Team for more information.

What happens if my pension is to be offset?
Offsetting is a means of sharing marital assets at the time of divorce. If your Scheme pension is offset, then you will keep your pension and your ex-Qualifying Spouse will receive other assets of a similar value as compensation.

What happens if my pension is to be earmarked?
Earmarking is a means of deferring the sharing of pension rights. If your pension is earmarked, then your pension rights will be shared with your ex-Qualifying Spouse when you retire. A Scheme pension can only be earmarked as a result of a Court order.

What is pension sharing?
Pension sharing follows the 'clean break' principle and pension rights are shared at the time of divorce. If your pension is shared, then your ex-Qualifying Spouse is awarded a one-off 'pension credit' which enables him/her to acquire a benefit in his/her own right. He/she can either choose to keep their 'pension credit' as an entitlement in the Scheme or transfer it to another Registered Pension Scheme. Your entitlement from the Scheme receives a corresponding 'pension debit'. A Scheme pension can only be shared as a result of a Court order.

Evidence of age
Before any benefits are paid, evidence of age (normally a birth certificate) will be required by the Trustee.

Making an enquiry or complaint
If you have any enquiries about your individual benefits, in the first instance, please refer to the administration team.

If you wish to make a formal complaint about a matter for which the Trustees are directly responsible, you can begin this process by writing to the Trustees.

If you are dissatisfied with the decision of the Committee of the Trustees, you can pursue your complaint with The Pensions Advisory Service (TPAS).

If TPAS is unable to resolve the issue, the Pensions Ombudsman may investigate and determines any complaint or injustice through maladministration or any dispute of fact or law in relation to the Scheme. The Pensions Ombudsman will not normally investigate a complaint unless it has already been considered under the complaints procedure explained above.

This procedure relates only to matters for which the Trustees are responsible, so matters which depend on the Employing Company's discretion must be referred to the Employing Company. Examples of the types of benefit which depend on the Employing Company's discretion are the granting of incapacity pensions or death in service lump sums.

All contact details can be found below.

For general queries about the Scheme, copies of documents, forms or general feedback on this newsletter, please contact the Administration Team. The Administration Team can be contacted at:

essaroil@hymans.co.uk
Phone: 0121 210 4333
Fax: 0121 210 4343
Essar Oil (UK) Pension Scheme Administration, Hymans Robertson LLP, 45 Church Street, Birmingham, B3 2RT

External contact addresses:

The Pensions Advisory Service (TPAS)

TPAS is available at any time to help members and beneficiaries of occupational pension schemes with any pension query they may have, or any difficulty they have failed to resolve with the Trustee or administrators of the Scheme. They can be contacted either through your local Citizens Advice Bureau or by writing to:

The Pensions Advisory Service, 11 Belgrave Road, London SW1V 1RB

Pensions Ombudsman

If you are still not satisfied, you can refer your complaint to the Pensions Ombudsman. The Pensions Ombudsman, appointed under Section 145(2) of the Pension Schemes Act 1993, may investigate and determine any complaint or dispute of fact or law in relation to an occupational pension scheme made or referred in accordance with that Act. Normally the Ombudsman will ask TPAS to consider the complaint first. The Pensions Ombudsman can be contacted at the same address as TPAS:

The Pensions Ombudsman, 11 Belgrave Road, London SW1V 1RB

The Pensions Regulator

The Pensions Regulator regulates the running of occupational pension schemes like the Scheme and can intervene if trustees, employers or professional advisers have failed in their duties. The Pensions Regulator can be contacted by writing to:

The Pensions Regulator, Napier House, Trafalgar Place, Brighton BN1 4DW

Tracing pensions – the Pension Tracing Service

You may no longer have the contact details of previous employers, with whom you may have pension benefits. All company pension schemes are registered with the Pension Tracing Service. You can trace your pension by writing to:

Pension Tracing Service, Tyneview Park, Whitley Road, Newcastle upon Tyne NE98 1BA

Independent Financial Adviser (IFA)

The Trustee, the Employing Company and their advisers cannot give you financial advice. It is, therefore, recommended that you get independent financial advice. If you do not already use a financial adviser, IFA Promotion Limited's website www.unbiased.co.uk will give you a list of independent financial advisers in your area.

The Financial Services Authority (the regulator for the industry) provides information for consumers about all aspects of financial planning, including how to find an adviser and what questions to ask. The website is www.moneymadeclear.fsa.gov.uk