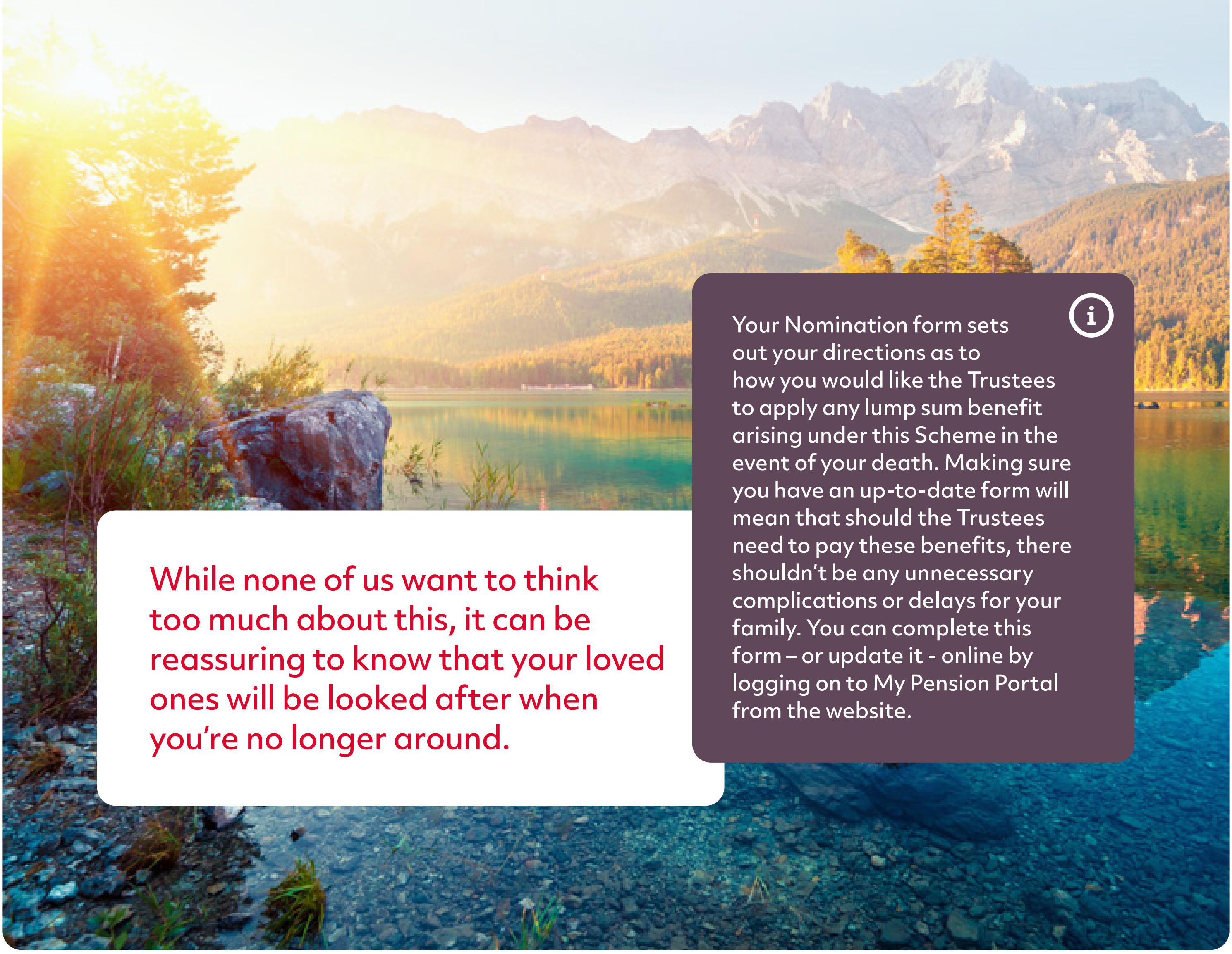
Raytheon UK

Raytheon Systems Limited
Pension Scheme

What happens if you die?

Raytheon Superannuation Fund



While none of us want to think too much about this, it can be reassuring to know that your loved ones will be looked after when you're no longer around.

Your Nomination form sets out your directions as to how you would like the Trustees to apply any lump sum benefit arising under this Scheme in the event of your death. Making sure you have an up-to-date form will mean that should the Trustees need to pay these benefits, there shouldn't be any unnecessary complications or delays for your family. You can complete this form – or update it - online by logging on to My Pension Portal from the website.

What your loved ones receive from the Scheme when you die

1. If you die while contributing to the Scheme

The benefits paid would be:

Lump sum

- A lump sum of three times your basic annual salary (including any yearly shift allowance) at the 1 December before your death.
- A refund of your contributions to the Scheme (including any paid by your employer on your behalf) and the value of any Additional Voluntary Contributions (AVCs) you have.

Pension

A pension for your spouse or civil partner (or other dependant if the Trustee agrees) of 40% of the pension you would have received if you retired at Normal Retirement Date, but based on your **Final Pensionable Salary** at the time of your death. (This would be increased to 50% if you stop paying into the Scheme on or after age 65 but continue working for the Company, having not drawn your pension.)

If you die before age 65, a pension for up to two dependent children aged under 18 (or under 21 and in full-time education) of 30% of the pension you would have received if you retired at age 65 but based on your **Final Pensionable Salary** at the time of your death. If no spouse's pension is payable, then up to three children can receive a pension, and the amount paid to the youngest will be increased by one third.

2. If you die after leaving the Scheme but before retiring

The benefits paid would be:

Lump sum

- The value of your **Personal Pension Account**, minus the value of the spouse's pension. The amount paid will not be less than the value of your own contributions to the Scheme.
- The value of any Additional Voluntary Contributions (AVCs) you have paid.

Pension

A pension for your spouse or civil partner (or other dependant if the Trustee agrees) of half your pension, revalued in line with inflation to your date of death. You can find full details of how revaluation works in the leaflet 'What happens if you leave?' on the **'Documents'** page.

3. If you die in retirement

Your pension guarantee

If you die within five years of retiring, a lump sum would be payable that's equal to the amount you would have received in pension over the rest of those five years (ignoring future pension increases).

For example, if your pension was £10,000 a year and you died after one year, a lump sum of £40,000 would be paid.

If you die within five years of retiring but after age 75 (i.e. you retire after age 70), instead of a lump sum as described above, your dependants will continue to receive a pension until the end of the guarantee period, as if you were receiving it.

Spouse's pensions

A pension for your spouse or civil partner (or other dependant if the Trustee agrees) that's half of your full pension at retirement – so before any exchange of pension for a cash lump sum, or extra dependant's pension - plus any pension increases since you retired.

Spouse's pensions increase each year to help them keep their value against inflation, in the same way as your pension does.

Jargon buster

Final Pensionable Salary

This is the yearly average of your highest three consecutive Pensionable Salaries in the ten years before you retire, leave service or die.

Pensionable Salary

This is set each year on 1 December and is your basic salary minus an amount equal to the Basic State Pension for that year and rounded up to the nearest £10. For salaries from 1 December 2011, a cap was introduced. This means that your Pensionable Salary can't increase by more than 1% a year. There's also an overall cap on your Pensionable Salary – this increases each year and for the 2021/22 tax year is £172,800.

Personal Pension Account

The Trustees add your contributions each year to an account for you, plus interest at a rate of at least 4% a year. The Trustees will also add bonuses based on advice from their actuary (an independent pensions professional). When you come to retire, the Scheme will provide benefits at least as good as you would receive from this Account.

Case study

Eric retires at age 65 with a pension of £20,000 a year from the Scheme, taking a tax-free cash lump sum of £100,000. His pension increases by 1.2% in the first year of his retirement , so his pension is then worth £20,240. When he dies just 18 months into retirement, his wife Jenny receives:

A lump sum of £70,840:

Eric was entitled to receive 5 years' worth of pension payments, but in fact received only 1.5 years' payments.

So Jenny is entitled to receive a lump sum payment for the remaining 3.5 years' worth of payments:

£20,240 x 3.5 = **£70,840**

+

A pension for life of £12,687.50:

This is based on half of the pension Eric would have received if he hadn't taken a tax-free cash lump sum at retirement.

This pension would have been:

£25,000 and with an annual increase of 1.2% would have been worth **£25,375** at the time he died.

So Jenny's pension is:

£25,375 / 2 = **£12,687.50** a year for the rest of her life.

Notes

Occasionally, evidence as to your state of health may be required for benefits to be paid and/or restrictions may be put on death benefits – you'll be told if you're affected by this.