

General Dynamics UK Retirement and Death Benefit Scheme

Benefit Statement Notes 2019



Your 2019 Benefit Statement outlines the benefits provided by the Scheme.

More detailed information can be found in the Scheme Booklet. If there is a conflict between your Benefit Statement and the provisions of the governing documents of the Scheme, the latter will prevail.

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Personal Details

Your personal details are important as your benefits are affected by them. If any of your details are incorrect, please contact us at the address shown on page 6.

Glide Paths

If you are invested in one of the four glide paths, once you are within 5 or 10 years (depending on the glide path you are in) of your Target Retirement Date, part of your investments in the Growth Fund will be switched monthly into either or a combination of the Diversified Growth Fund, Secure Fund or Cash Fund. These switches will continue automatically unless you decide to change the arrangements.

The glide paths available are the Flexible Glide Path 10 (the new default for those who had not started the process of automatically switching from the Growth Fund into the 'pre-retirement' funds before August 2018), Flexible Glide Path 5, Annuity Glide Path 10 and Annuity Glide Path 5.

If you invest in a glide path arrangement, please ensure that you advise us if you wish to change your Target Retirement Date from that shown. Your Target Retirement Date is important as it affects the way in which your Account is invested now and in the future.

If you are invested in the Freestyle funds within the Scheme no changes will be made without your instruction via Benpal.

If you wish to either, make a change, or require further information you should login to Benpal or contact Mercer at the address shown on page 6.

Employee Contributions

You are entitled to change the rate of your contributions. To arrange this, please log onto Benpal.

Switching

You are entitled to switch your investment without charge. To manage your investments please log onto Benpal to switch or redirect your investments accordingly.

Retirement Benefits

When you come to retire you will have a choice regarding what you can do with your pension savings. This includes using them to buy a guaranteed income (by purchasing an annuity), take small cash sums (you can take up to five separate cash sums from the Scheme), take the whole amount as cash, or transfer your funds to a drawdown arrangement.

Whilst you have an option, for many people, an annuity is an appropriate method of securing an income in retirement. In this situation the accumulated value of your Account will be used to purchase a pension. The level of pension will depend on the amount of contributions invested on your behalf, the investment return received, the type of pension purchased and the cost of purchasing the pension at the time of retirement. The cost will be determined by the annuity rates when you retire. Annuity rates vary depending on economic conditions prevailing at the time of your retirement. For example, if interest rates are low then the cost of purchasing a pension is high.

If you purchase an annuity at retirement, you will have various options available to you, allowing you to make decisions depending on your personal circumstances.

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Annuity Options

Dependant's Pension

You may be able to choose if you would like to purchase a pension for your spouse or dependants and in what proportion to your own pension.

Pension Increases

You may be able to choose a pension that increases in payment each year, or you may prefer a level, non-increasing pension.

Pension Guarantees

You may elect to secure an annuity which is guaranteed for a certain period, say 5 years. This means that if you die within 5 years of your retirement your pension could continue to be paid until the end of that 5-year period. Alternatively, a lump sum could be payable equal in value to the pension payments you would have received for the remainder of the guarantee period (known as an Annuity Protection Lump Sum Death Benefit), any such lump sum is not usually subject to a tax charge if the date of death is before age 75. It is recommended that you take financial advice when considering the options available to you.

Transfer Value

Your Transfer Value is equal to the Value of Your Pension Savings. The current value is not guaranteed. You cannot personally receive a transfer value as cash; it must be invested in another appropriate registered pension scheme. This may include another company pension scheme, a stakeholder scheme, a personal pension or a section 32 buyout. A 'Pension Scam Booklet', produced by the Pensions Regulator is enclosed which provides further information to consider before transferring.

Death Benefits

A lump sum may be paid at the Trustees' discretion. You should update your Expression of Wish form to reflect any changes in your personal circumstances.

Charges

Any members who joined the scheme from April 2019 onwards will have Annual Management Charges deducted from their investment returns. The Company pays all other charges associated with the cost of administering the Scheme (including paying the AMCs for members who joined the scheme prior to April 2019).



Pension Wise, Pension Decision Service & Financial Advice

The Government has set up a free and impartial guidance service called Pension Wise. The service is to give individuals information to help them make a decision on how to take their pension savings. This can be accessed via the Pension Wise online service www.pensionwise.gov.uk/en or calling **0800 138 3944**.

You will also be able to access Mercer's (our administrators) free Pension Decision Service – more information on this is available on Bepal and details are also included on your Benefit Statement.

General Dynamics will also pay £500 (one time only) towards any independent financial advice you might decide to receive. More information on this, including how to claim this, is on Bepal and will also be provided to you with any retirement quotations.

Illustration Statement Notes



Legal Requirement

The Scheme is required by law to provide your 2019 illustration and it has been prepared on the statutory basis. You will not receive an illustration when you are within two years of your Normal Retirement Date although you will of course be quoted your pension options shortly before you retire.

Illustration Assumptions

The illustrative incomes at retirement are expressed in today's prices (assuming future inflation is 2.5% pa) so that you can more easily assess the real purchasing power of your projected fund value (which is expressed at your NRD or TRD if you've set one).

The illustration has been prepared based on the following assumptions:

- Future contributions will continue to be paid at the rates that are in force at 6 April 2019. If you pay Additional Voluntary Contributions as a percentage of salary these will increase in line with your Pensionable Salary each year. If you pay Additional Voluntary Contributions as a fixed amount and these will not increase between now and your Normal Retirement Date.

- Your Account remains invested in the funds held at 6 April 2019 (it does take into account investment switches if you are in a glide path strategy).
- Tax relief applicable to your contributions and pension fund arrangements remains unaltered.
- The Spouse's pension on death after retirement will be 50% of your pension. Wives have been assumed to be 3 years younger than their husbands.
- The assumed return on your investments up to your NRD (or TRD) will be as follows for the different types of investments.

	% per annum
Emerging Market Equities	7.3
Global Equities	6.5
Gilts	1.5
Corporate Bonds	2.6
Property	5.2
Multi Asset	5.1
Cash based investments	1.4

These general assumptions have been made regarding the investments and their likely performance, which may not correspond to their actual performance.

The actual amount of any pension payable to you or your beneficiaries will depend on considerations such as the actual performance of investments, the cost of buying an annuity at the time the pension becomes payable and the amount of spouse's, civil partner's and/or dependant's pension purchased. These may be different from the assumptions made for the purpose of providing the illustration.

Illustration 1 is based on you receiving a pension that increases in payment each year in line with inflation, with a Spouse's/partner's pension on death after retirement which will be 50% of your pension and will also increase each year in line with inflation.

Illustration 2 is based on you receiving a pension that is fixed and does not increase, with a Spouse's/partner's pension on death after retirement which will be 50% of your pension and will also be fixed.

Important notes



Normal Retirement Date (NRD)

This is age 65.

Target Retirement Date (TRD)

You can choose a different age, known as the Target Retirement Age (TRD).

If you are invested in the glide path this is so your chosen glide path strategy begins switching your funds at the right time.

Options at retirement

Although we have projected what annual pension you could buy with your pension savings, this is only one of the options available to you when you choose to retire from the Scheme.

The option that suits you best will depend entirely on your circumstances when you come to retire, and we would recommend that you speak to Pension Wise to get free and impartial guidance on your options. You can also speak to an independent financial adviser (IFA) to get fully personalised advice, however an IFA will charge for their services.

General Dynamics will pay £500 (one time only) towards any professional finance advice you might decide to receive. More information on this, including how to claim this, is on Benpal and will also be provided to you with any retirement quotations.

Annual Allowance

There is no limit to the amount of contributions which can be made to a Registered pension scheme each year. However, there is a limit to the amount of contributions which receive tax relief. This limit is called the Annual Allowance (AA). The AA for the 2019/2020 tax year is £40,000.

However, if your income is greater than £110,000 your AA may be lower, please contact your tax or financial advisor if you have any concerns on your contributions.

If you have not used your whole annual allowance for the three previous tax years, it may be possible to carry forward your remaining allowance and receive tax relief on contributions above the allowance.

If you have already accessed some pension savings flexibility (either from this scheme or another arrangement), then you will be subject to the **Money Purchase Annual Allowance** of £4,000 instead of the AA.

Lifetime allowance

The lifetime allowance is the limit on what you can save in all your pension schemes (excluding the State Pension) before being subject to any tax charges. The lifetime allowance for 2019/20 is £1.055 million and is set to increase in line with inflation each year.

State Pension

Your 2019 statement includes the full amount of State Pension that is currently available, however this is for illustration purposes and this may not be the amount you receive. To receive the full State Pension, you must have at least 35 years of National Insurance contributions (NICs). If you have less than 35 years of NICs, you will receive a pro-rata amount based on what you have paid.

To find out what State Pension you may receive, visit www.gov.uk/new-state-pension.

Contact us



You can find more information about your pension savings by logging in to your Benpal account at

<https://login.Benpal.com/>

If you have any queries about your pension or your 2019 statement, you can contact the Scheme administrators, Mercer, at the following address:

✉ General Dynamics UK Retirement
and Death Benefit Scheme
Post Handling Centre
Mercer Limited
St James's Tower
7 Charlotte Street
Manchester
M1 4DZ

Please quote your full name and National Insurance number in any correspondence.

Important Note

In preparing your 2019 Benefit Statement, care has been taken to reflect the most accurate and up to date information available at the time of preparation. The final benefits payable will always be subject to the Trust Deed and Rules of the pension arrangement, any discretion exercisable by the Trustees, all prevailing legislation, up to date earnings information and, where relevant, any restrictions necessary to comply with State pension requirements (such as the amount of lump sum).

Importantly, if any part of the benefits is dependent on financial conditions at the time benefits are actually payable (such as investment market conditions and annuity rates), it should be recognised that the final benefits could be reduced from those shown. If irrevocable financial decisions are to be made on the basis of your 2019 illustration you should seek clarification as to the extent to which the details shown could change.