AFU OFFICERS' 1986

PENSION SCHEME

EXPLANATORY BOOKLET

JULY 1993
CONTENTS

1. Definitions ........................................... 1
2. Benefits .............................................. 3
3. Leaving Service Benefits ........................... 9
4. How to Join ........................................... 12
5. Additional Voluntary Contributions ................ 13
6. The State Pension Scheme ......................... 14
7. Further Information .................................. 15
AEU OFFICERS' 1986 PENSION SCHEME

INTRODUCTION

The AEU Officers' 1986 Pension Scheme (the Scheme for short) provides a wide range of benefits including:

* An income in retirement
* Lump sum and pension benefits for your family in the event of your death before or after retirement.

The aim of this booklet is to provide details of the financial provisions made jointly by the Union and yourself under the Scheme and to do so in a reasonable way. Some technicalities are unavoidable but we have tried to keep them to a minimum. The booklet does not cover every possible situation as it is a general guide and not a legal document - the formal documents governing your rights and obligations are the Trust Deed and Rules which may be inspected at the Union's offices at 110 Peckham Road, London SE15 5EL. The provisions of the Trust Deed and Rules will prevail in the event of any dispute.

Your pension is related to salaries in the period leading up to retirement which ensures that you do not lose out if there is a period of inflation before you retire. Benefits on death are similarly related to salary prior to the date of death.

In order to ensure that the finances are available for these benefits the funding of the Scheme is reviewed every three years.

We hope you will find this booklet helpful but if you cannot find the answers to all your questions, do not hesitate to contact the General Secretary at 110 Peckham Road, London, SE15 5EL.

The General Secretary is the Administrator of the Scheme.
1. DEFINITIONS

1.1 Normal Retirement Date

With effect from 1st August 1992 means your 63rd birthday.  
(see notice APPENDIX I)

1.2 Pensionable Salary

Is your gross annual basic salary at the preceding 6th April.

1.3 Final Pensionable Salary

Means the best of your last 3 Pensionable Salaries prior to 
your retirement, or earlier date of withdrawal or death.

1.4 Inland Revenue Maximum Benefit Limits

Are limits on your total pension entitlement at retirement. 
This includes:

- Your benefits from the Scheme.

- Pensions referring to previous employment.

- Additional benefits secured by Additional Voluntary 
  Contributions.

- Additional benefits secured by a transfer payment made to 
  the Scheme on your behalf.

1.5 Qualifying Service

Is service which ranks as qualifying service for the purpose 
of the Social Security Act 1973 and broadly means your 
Pensionable Service, but may include other categories of 
service.  e.g.; if your benefits under another pension scheme 
have been transferred to the Scheme then service while a 
member of the former scheme will also count.

1.6 SERPS

SERPS is the State Earnings Related Pension Scheme. 
The Officers' Scheme is contracted-out of SERPS.

1.7 Your Contribution Rate

Your contribution towards the cost of the benefits is:

6% p.a. of Pensionable Salary    8%  w/ 63 yr 96%  

Your contributions will be deducted from your salary or 
wages by the Union, and paid to the Trustees, and will cease 
at Normal Retirement Date.

The Union's contribution rate if fixed with the intention of 
providing the balance of the cost of securing the benefits. 
The balance of the cost is measured periodically (generally 
every 3 years) by the Scheme's actuary.
1.8 Tax Relief

Your contributions currently qualify for full tax relief and are deducted from your salary before your tax liability is calculated.

1.9 National Insurance Contributions

Since, as a member of the Scheme, you are contracted-out of SERPS, your National Insurance Contributions are reduced, thus in turn reducing the effective cost of your Scheme membership.

Example

Pensionable Salary £22,463
Annual Contribution 6% x £22,463 = £1,347.78
Standard Rate Tax Relief* 25% x £1,347.78 = £336.95
Actual Contribution = £1,010.83
Which is £19.44 a week
Reduction in National Insurance Contributions* £6.55 a week
Effective cost of Scheme £12.89 a week

* Based on figures for Tax Year 1993/4
2. BENEFITS

2.1 Pension on Normal Retirement Date

Your retirement pension will be a percentage of your Final Pensionable Salary, depending upon the years and months of service you have completed when you retire. The percentage will be determined from the following table:

<table>
<thead>
<tr>
<th>Service to NRD (Years)</th>
<th>Pre 17.3.87 Pension Fraction</th>
<th>17.3.87 to 31.7.92 Pension Fraction</th>
<th>Post 1.8.92 Pension Fraction</th>
<th>Service to NRD (Years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1.67%</td>
<td>3.33%</td>
<td>1.60%</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>3.33%</td>
<td>6.40%</td>
<td>3.20%</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>5.00%</td>
<td>8.00%</td>
<td>4.80%</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>8.89%</td>
<td>13.00%</td>
<td>6.40%</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>19.05%</td>
<td>16.67%</td>
<td>8.00%</td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td>30.00%</td>
<td>20.00%</td>
<td>13.00%</td>
<td>6</td>
</tr>
<tr>
<td>7</td>
<td>39.00%</td>
<td>23.33%</td>
<td>23.33%</td>
<td>7</td>
</tr>
<tr>
<td>8</td>
<td>40.00%</td>
<td>26.67%</td>
<td>26.66%</td>
<td>8</td>
</tr>
<tr>
<td>9</td>
<td>42.00%</td>
<td>30.00%</td>
<td>30.00%</td>
<td>9</td>
</tr>
<tr>
<td>10</td>
<td>43.00%</td>
<td>33.33%</td>
<td>33.33%</td>
<td>10</td>
</tr>
<tr>
<td>11</td>
<td>44.50%</td>
<td>36.67%</td>
<td>36.66%</td>
<td>11</td>
</tr>
<tr>
<td>12</td>
<td>46.00%</td>
<td>40.00%</td>
<td>40.00%</td>
<td>12</td>
</tr>
<tr>
<td>13</td>
<td>47.00%</td>
<td>43.33%</td>
<td>43.33%</td>
<td>13</td>
</tr>
<tr>
<td>14</td>
<td>49.00%</td>
<td>46.67%</td>
<td>46.00%</td>
<td>14</td>
</tr>
<tr>
<td>15</td>
<td>50.00%</td>
<td>50.00%</td>
<td>47.00%</td>
<td>15</td>
</tr>
<tr>
<td>16</td>
<td>51.00%</td>
<td>51.00%</td>
<td>49.00%</td>
<td>16</td>
</tr>
<tr>
<td>17</td>
<td>52.00%</td>
<td>52.00%</td>
<td>50.00%</td>
<td>17</td>
</tr>
<tr>
<td>18</td>
<td>53.00%</td>
<td>53.00%</td>
<td>51.00%</td>
<td>18</td>
</tr>
<tr>
<td>19</td>
<td>54.00%</td>
<td>54.00%</td>
<td>52.00%</td>
<td>19</td>
</tr>
<tr>
<td>20</td>
<td>55.00%</td>
<td>55.00%</td>
<td>53.00%</td>
<td>20</td>
</tr>
<tr>
<td>21</td>
<td>56.00%</td>
<td>56.00%</td>
<td>54.00%</td>
<td>21</td>
</tr>
<tr>
<td>22</td>
<td>57.00%</td>
<td>57.00%</td>
<td>55.00%</td>
<td>22</td>
</tr>
<tr>
<td>23</td>
<td>58.00%</td>
<td>58.00%</td>
<td>56.00%</td>
<td>23</td>
</tr>
<tr>
<td>24</td>
<td>60.00%</td>
<td>60.00%</td>
<td>57.00%</td>
<td>24</td>
</tr>
<tr>
<td>25</td>
<td>62.00%</td>
<td>62.00%</td>
<td>58.00%</td>
<td>25</td>
</tr>
<tr>
<td>26</td>
<td>64.00%</td>
<td>64.00%</td>
<td>60.00%</td>
<td>26</td>
</tr>
<tr>
<td>27</td>
<td>66.00%</td>
<td>66.00%</td>
<td>62.00%</td>
<td>27</td>
</tr>
<tr>
<td>28</td>
<td>66.66%</td>
<td>66.66%</td>
<td>64.00%</td>
<td>28</td>
</tr>
<tr>
<td>29</td>
<td>66.66%</td>
<td>66.66%</td>
<td>66.00%</td>
<td>29</td>
</tr>
<tr>
<td>30</td>
<td>66.66%</td>
<td>66.66%</td>
<td>66.66%</td>
<td>30</td>
</tr>
<tr>
<td>or more</td>
<td></td>
<td>or more</td>
<td>or more</td>
<td></td>
</tr>
</tbody>
</table>

For each additional complete month of service, the percentage of Final Pensionable Salary will be increased by 1/12th of the increase of the percentage appropriate for the next complete year.
On 17th March 1987 the limits on the maximum pension approvable by the Inland Revenue for shorter periods of Pensionable Service were reduced. Two scales become necessary as the change need only affect members joining on & after the stated Budget day.

The scale for pre 17/3/87 members could not be improved in cases where the completed service was 5,6 or 7 years because the percentages were already at the maximum level approvable by the Inland Revenue.

When Normal Retirement Date reduced to age 63 on 1 August 1992, scales were changed to comply with Inland Revenue requirements.

If you joined the Scheme prior to 1st June 1989 the pension provided on either scale (together with the pension rights retained from previous employment and additional benefits secured by AVCs) must not exceed 2/3rds of your Final Pensionable Salary. If you joined the Scheme on or after 1st June 1989 the pension provided (together with the pension rights retained from previous employment and additional benefits secured by AVCs) must not exceed £50,000, or such higher figure as advised by the Inland Revenue from time to time. You will be notified if these restrictions apply to you.

In no circumstances will your total pension be less than that given up under the State Pension Scheme as a result of contracting out.

A benefit statement is produced each year for each member, showing the benefits being provided for that member and that member’s dependants calculated on Pensionable Salary in that year.
2.2 Cash Sum at Normal Retirement Date

You may immediately prior to taking your pension, by notice in writing to the Trustees, elect to give up part of your pension as calculated in 2.1 above in order to receive a tax free cash sum.

The maximum amount of cash sum you can receive will be determined from the following table:-

<table>
<thead>
<tr>
<th>Service to NRD (Years)</th>
<th>Pre 17.3.87 Pension Fraction</th>
<th>17.3.87 to 31.7.92 Pension Fraction</th>
<th>Post 1.8.92 Pension Fraction</th>
<th>Service to NRD (Years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>3.75%</td>
<td>3.75%</td>
<td>3.75%</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>7.50%</td>
<td>7.50%</td>
<td>7.50%</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>11.25%</td>
<td>11.25%</td>
<td>11.25%</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>15.00%</td>
<td>15.00%</td>
<td>15.00%</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>18.75%</td>
<td>18.75%</td>
<td>18.75%</td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td>22.50%</td>
<td>22.50%</td>
<td>22.50%</td>
<td>6</td>
</tr>
<tr>
<td>7</td>
<td>29.17%</td>
<td>29.17%</td>
<td>26.25%</td>
<td>7</td>
</tr>
<tr>
<td>8</td>
<td>36.00%</td>
<td>36.00%</td>
<td>30.00%</td>
<td>8</td>
</tr>
<tr>
<td>9</td>
<td>42.95%</td>
<td>42.95%</td>
<td>37.50%</td>
<td>9</td>
</tr>
<tr>
<td>10</td>
<td>50.00%</td>
<td>50.00%</td>
<td>45.00%</td>
<td>10</td>
</tr>
<tr>
<td>11</td>
<td>57.12%</td>
<td>57.12%</td>
<td>52.50%</td>
<td>11</td>
</tr>
<tr>
<td>12</td>
<td>67.50%</td>
<td>67.50%</td>
<td>60.00%</td>
<td>12</td>
</tr>
<tr>
<td>13</td>
<td>78.00%</td>
<td>78.00%</td>
<td>67.50%</td>
<td>13</td>
</tr>
<tr>
<td>14</td>
<td>88.59%</td>
<td>85.44%</td>
<td>78.00%</td>
<td>14</td>
</tr>
<tr>
<td>15</td>
<td>99.26%</td>
<td>92.18%</td>
<td>85.90%</td>
<td>15</td>
</tr>
<tr>
<td>16</td>
<td>110.00%</td>
<td>98.33%</td>
<td>94.30%</td>
<td>16</td>
</tr>
<tr>
<td>17</td>
<td>120.79%</td>
<td>104.47%</td>
<td>101.00%</td>
<td>17</td>
</tr>
<tr>
<td>18</td>
<td>135.00%</td>
<td>111.38%</td>
<td>106.80%</td>
<td>18</td>
</tr>
<tr>
<td>19</td>
<td>135.71%</td>
<td>116.21%</td>
<td>112.10%</td>
<td>19</td>
</tr>
<tr>
<td>20</td>
<td>150.00%</td>
<td>123.70%</td>
<td>119.20%</td>
<td>20</td>
</tr>
<tr>
<td>21</td>
<td>150.00%</td>
<td>126.00%</td>
<td>121.50%</td>
<td>21</td>
</tr>
<tr>
<td>22</td>
<td>150.00%</td>
<td>128.20%</td>
<td>123.70%</td>
<td>22</td>
</tr>
<tr>
<td>23</td>
<td>150.00%</td>
<td>130.50%</td>
<td>126.00%</td>
<td>23</td>
</tr>
<tr>
<td>24</td>
<td>150.00%</td>
<td>135.00%</td>
<td>128.20%</td>
<td>24</td>
</tr>
<tr>
<td>25</td>
<td>150.00%</td>
<td>139.50%</td>
<td>130.50%</td>
<td>25</td>
</tr>
<tr>
<td>26</td>
<td>150.00%</td>
<td>144.00%</td>
<td>135.00%</td>
<td>26</td>
</tr>
<tr>
<td>27</td>
<td>150.00%</td>
<td>148.50%</td>
<td>139.50%</td>
<td>27</td>
</tr>
<tr>
<td>28</td>
<td>150.00%</td>
<td>150.00%</td>
<td>144.00%</td>
<td>28</td>
</tr>
<tr>
<td>29</td>
<td>150.00%</td>
<td>150.00%</td>
<td>148.50%</td>
<td>29</td>
</tr>
<tr>
<td>30</td>
<td>150.00%</td>
<td>150.00%</td>
<td>150.00%</td>
<td>30</td>
</tr>
<tr>
<td>or more</td>
<td></td>
<td>or more</td>
<td>or more</td>
<td>or more</td>
</tr>
</tbody>
</table>

For each additional complete month of service, the percentage of Final Pensionable Salary will be increased by 1/12th of the percentage appropriate for the next complete year.
On 17th March 1987 the limits on the maximum cash sum approvable by the Inland Revenue were reduced. Thus two scales become necessary as the change need only affect members joining on or after the 17th March 1987. The scale for post 17th March 1987 members in cases where the completed service is 14 or more years has therefore had to be restricted.

When Normal Retirement Date reduced to age 63 on 1 August 1992, scales were changed to comply with Inland Revenue requirements.

If you joined the Scheme between 17th March 1987 and 31st May 1989 the maximum amount of cash you can receive is £150,000. If you joined the Scheme on or after 1st June 1989 the maximum amount of cash you can receive is £112,500 or such higher figures as the Inland Revenue advises from time to time.

The cash sum will also not exceed 1½ times your final remuneration (as defined by the Inland Revenue).

You may take a smaller cash sum if you wish.

Any retained cash sum benefits from previous employment will be taken into account in determining the maximum amount of cash you may receive, and only that part of the Scheme pension which exceeds the Guaranteed Minimum Pension may be given up.

At current rates, you will give up £1 of pension for each £9.48 of cash received at age 63. This figure will change for retirement at other ages. The Trustees reserve the right to change these rates in accordance with advice from the Actuary.

2.3 Calculation of Pension and Cash

A sample calculation is detailed below.

Final Pensionable Salary: £22,463

Years of service: 20 years

Joined Scheme prior to 17th March 1987

The member’s pension at age 63 will be:-

55% x £22,463 = £12,354.65 p.a.

Alternatively the member may take a tax free cash sum of:

150% x £22,463 = £33,694.50

Together with a reduced pension (at current rates) of:

£12,354.65 - (£33,694.50 / 9.48) = £8,800.38 p.a.

The spouse’s pension payable on death immediately after retirement, whether tax free cash is taken or not, will be £6,177.33 p.a.
2.4 Early Retirement

If you cease to be in service through incapacity, or being 60 years of age or more you fail to secure re-election to full-time service as an Officer of the Union, you may elect to receive an immediate pension for life.

In addition, if you are entitled under your terms of service with the Union to retire early, you may, if being aged 60 or more, elect to so retire and receive an immediate pension.

This pension will be calculated in accordance with section 2.1, but will be reduced where this is required by the Inland Revenue and/or the provisions of the Rules. Details in individual cases will be provided on request.

Upon reaching State Pension Age (age 65 (men), 60 (women) your pension will be increased, if necessary, to the Guaranteed Minimum Pension at early retirement, revalued at 7.0% for each complete tax year between the date of early retirement and your 65th or 60th birthday as appropriate.

On early retirement you may also take advantage of the option to exchange part of the pension for tax free cash, subject to the provision that the pension is not reduced below the minimum described in the paragraph above. The commutation allowed on early retirement to comply with Inland Revenue limits will be advised in individual cases.

NOTE:

If you retire before State Pension Age you will not receive the State pension until then. You may also need to make up National Insurance contributions to ensure that you will receive the full basic State pension. You would be notified by the DSS if this were the case.

2.5 Death before Normal Retirement Date (whilst in service)

If you were to die whilst in service with the Union and before Normal Retirement Date, you would receive:

a) A widow’s or widower’s pension of 50% of the pension you would have received had you continued in service until your Normal Retirement Date.

plus

b) A lump sum equal to 4 times your Pensionable Salary on the date of death.

plus

c) A return of the total contributions you have made increased by interest at 2.5% p.a. compound to the date of death.
2.6 Death after Normal Retirement Date

If you were to die after Normal Retirement Date then you would receive:

a) A widow's or widower's pension of 50% of your annual pension (or the annual pension you would have been receiving had you not exercised the option to take a tax free lump sum at retirement).

b) a cash sum representing the excess (if any) of the value of the contributions you paid to the Scheme, (with interest at 2.5% p.a. compound), over the pension paid to the date of your death. This benefit will not apply for members joining on or after 1 October 1991.

c) if you had been receiving pension for less than 2 years you will in addition to a) and b), receive a lump sum equal to your monthly pension at death multiplied by the difference between the number of monthly instalments received and 24.

2.7 Death in Early Retirement

If you die whilst in receipt of a pension prior to Normal Retirement Date, the benefits described in section 2.6 will be payable.

The lump sum death benefit outlined in Section 2.5 (b) will also be payable on death before your Normal Retirement Date, provided you retired under the provisions of Rule 6 of the Definitive Trust Deed and Rules. The benefit will be fixed at four times Final Salary at the time of retirement (three times for members retiring before 1st January 1990).

This benefit is not available to members joining on or after 1st October 1991, (other than for members retiring on the grounds of ill-health).

NOTES:

1. The Rules of the Scheme will ensure that if you are a male member and you die leaving a widow, she will be paid a pension of at least one-half of the pension you have given up under the State Pension Scheme as a result of contracting-out.

2. A pension of at least half of that part of the member's Guaranteed Minimum Pension which is attributable to earnings for the tax year 1988/89 and subsequent tax years will always be paid to the widower of a married female member who dies on or after 6th April 1989.

3. The spouse's pension will be calculated on your full pension entitlement including any pension which you surrendered in order to take a cash sum at retirement, and will be paid monthly for life.
4. Proof of marriage will be required before benefit is paid.

5. Subject to Notes 1 and 2 above, if your spouse was more than 10 years younger than you, the spouses pension will be reduced by 2% for each year in excess of 10 that he or she is younger than you.

6. The cash sum benefit is paid as set out in Section 7.8.

3. LEAVING SERVICE BENEFITS

3.1 Leavers with at Least 2 Years Qualifying Service.

If you leave service on or after the 6th April 1988 having completed at least 2 years Qualifying Service at the date of leaving, you will receive a deferred pension payable from Normal Retirement Date.

Your deferred pension will normally be calculated as set out below. (you should read this in conjunction with the notes overleaf):

The amount determined from the following formula:

\[ N/NS \times P, \text{ where} \]

N is your years and months of service completed up to the date of leaving, NS is the years and months of service you would have completed had you remained in service up to Normal Retirement Date, P is the pension you would have received at Normal Retirement Date had you remained in service until then, based on your Final Pensionable Salary at the date you leave service;

Plus

All pension benefits deriving from a transfer value payment to the Scheme made on your behalf.

3.2 Increases up to Normal Retirement Date

Increases of 7.0% p.a. (7.5% if you left between 6.4.88 and 5.4.93, and 8.5% if you left before 6.4.88) will apply on that part of your pension which represents your Guaranteed Minimum Pension for each tax year in the period from your date of leaving to State Pensionable Age.

If you leave service at least one year before Normal Retirement Date, the part of your pension which is regarded as having been earned from 1st January 1985 which exceeds the Guaranteed Minimum Pension (GMP) for the same period will be increased in the period between the date of leaving service and Normal Retirement Date by 5% per annum compound, or in line with increases in prices over the same period if this is less.

This revaluation will apply on the entire pension in excess of GMP for leavers on or after 1st January 1991.
3.3 Early Retirement

In lieu of the above you may elect to draw your deferred pension at any time from age 50 onwards.

The early retirement pension will be reduced to take account of its early payment, and further details can be obtained on request to the Trustees.

No lump sum death benefits as described in Section 2.5 (b) will be payable on death before Normal Retirement Date if you take early retirement under this Section.

3.4 Transfer Payments

It may be possible for you to transfer your pension benefits to the pension scheme of your new employer, or to an approved insurance policy or to a personal pension scheme.

3.5 Leavers with Less than 2 Years Qualifying Service

If you leave service and have not completed 2 years Qualifying Service at the date you leave, you may still choose to receive a deferred pension, based on your own contributions to the Scheme.

Alternatively, you may take a refund of contributions you paid to the Scheme (with interest at 2.5% per annum compound). This will be subject to deductions in order to reinstate your SERPS benefits for the period of your membership.

Please note that tax (currently at the rate of 20%) will be deducted from a refund of your contributions.

NOTES:

1. If you leave with an entitlement to a pension, the following notes apply:
   
a) A spouse’s pension of one-half of your annual pension is payable on your death after retirement. “Annual Pension” in this instance includes any pension which you surrendered in order to take a cash sum at retirement.

b) On death before retirement, a spouse’s pension is payable of one-half the pension you would have received from Normal Retirement Date. This pension is payable until the earlier of, (i) your spouse’s death or (ii) if before attaining age 60, your spouse’s remarriage.
c) Subject to (d) and (e) below, if in either case your spouse was more than 10 years younger than you, the spouses pension will be reduced by 2% for each year in excess of 10 that he or she is younger than you.

d) A pension of at least half the member’s Guaranteed Minimum Pension will always be paid to the widow of a married male member.

e) A pension of at least half of that part of the member’s Guaranteed Minimum Pension which is attributable to earnings for the tax year 1988/89 and subsequent tax years will always be paid to the widower of a married female member who dies on or after 6th April 1989.

2. If you were contracted-out of the old State Graduated Pension Scheme "equivalent pension benefits" must be preserved in respect of any period of such contracted-out service and a deduction will be made from a refund of contributions to be used towards securing this pension.

3.6 Life Assurance Benefit

Cover for the death in service lump sum benefit ceases when you leave service.

The leaving service regulations are very complicated, largely because of Government legislation, and your own position on leaving will be explained to you at that time.
4. **HOW TO JOIN**

If you were a member of the Amalgamated Union of Engineering Workers (Engineering Section) Officers’ Pension Fund, (Old Fund for short), and you elected to transfer your benefit from the Old Fund you will automatically have become a member of the Scheme at its commencement (1st February 1987).

Any General Officer of the Union who on his or her first election is not more than 60 years old will be eligible to become a member of the Scheme upon such election.

When you join the Scheme you will be required to complete an entry form which will be provided to you, and you should also produce your birth certificate and, if you are a married woman, your marriage certificate. The certificates are needed purely to record that we have evidence of age for the purposes of providing benefit and will be returned to you promptly.

**IF YOU HAVE NOT ALREADY DONE SO UNDER THIS SCHEME, YOU ARE REQUESTED TO COMPLETE AND RETURN THE EXPRESSION OF WISH FORM WHICH APPEARS AT THE BACK OF THIS BOOKLET. YOU MAY RETURN IT IN A LABELLED AND SEALED ENVELOPE IF YOU PREFER.**

All these documents should be sent to the General Secretary at 110 Peckham Road, London, SE15 5EL.
5. ADDITIONAL VOLUNTARY CONTRIBUTIONS - (AVCS)

In addition to your normal contributions of 6%, it may be possible for you to pay Additional Voluntary Contributions (AVCs) so as to increase your retirement benefits.

AVCs are deducted from gross salary before payment of Income Tax. You may use your AVC fund to:

* increase your own pension
* increase your spouse’s pension
* provide a pension after your death for a person other than your spouse, who was dependent on you during your lifetime.

Returns on your AVC investments are also tax free and are a tax efficient method of saving for retirement.

Inland Revenue maximum benefit limits as described in Section 1.4 may well restrict your ability to pay AVCs, and any member who wishes to alter his or her payments or commence such payments should contact the General Secretary.

You may use the following investment vehicles for AVCs, further details are available upon request to the General Secretary.

5.1 Union Sponsored Arrangement

The Union sponsors an arrangement with the Abbey National.

5.2 Free Standing AVCs (FSAVC)

You may also make contributions to any approved FSAVC provider of your choice. The Trustees would advise you to obtain independent financial advice in such matters.
6. **STATE PENSION SCHEME**

In its present form, the State Pension Scheme provides a pension at State Pensionable Age (65 for men, 60 for women).

This pension comprises:

(i) a basic flat rate pension which normally increases each year in line with prices, and

(ii) an additional earnings related pension which also increases in line with prices.

On joining the Scheme you will be "contracted out" of (ii) above. The Scheme must provide you with a Guaranteed Minimum Pension instead.

Because you are contracted out you pay lower National Insurance Contributions.

If you leave service and become entitled to a pension payable from your Normal Retirement Date, your Guaranteed Minimum Pension at the date of leaving will be revalued (currently at a rate of 7.0% p.a.) between the date of leaving service and the State Pensionable Age.

When you retire at your Normal Retirement Date your total pension from the Union and the State will be:

a) Scheme Pension (including the revalued Guaranteed Minimum Pension).

b) Basic State Pension.

c) Any State graduated pension earned up to April 1975.

The Union Scheme will provide annual increases on your Guaranteed Minimum Pension once you have attained State Pensionable Age, (or in the event of your death on any widow’s or widower’s Guaranteed Minimum Pension which may be payable). The increases each year will be in line with any increase in the general level of prices, subject to a maximum of 3%, and will be applied to that part of the Guaranteed Minimum Pension which is attributable to earnings in the tax year 1988/89 and subsequent tax years.

Where the increase in the general level of prices is higher than 3% the State will undertake to provide the necessary inflation proofing in excess of 3% on the Guaranteed Minimum Pension.

The State will inflation proof in full that part of your Guaranteed Minimum Pension accrued prior to the 6th April 1988.
7. FURTHER INFORMATION

7.1 How the Scheme Works

The Scheme is governed by Trust Deed and Rules and is administered by Trustees appointed in accordance with the provisions of the Trust Deed. The Trustees' duties, powers and responsibilities and those of the Union are defined in the Trust Deed and Rules. It is the job of the Trustees to administer the Scheme according to the Trust Deed and Rules.

The administration of the Scheme is carried out by the Union. Actuarial and consultancy services are provided by W F Corroon.

Contributions paid to the Scheme by the members and the Union are invested with James Capel Fund Managers Ltd and the accumulated fund is used to provide pension benefits as they become due. The Trustees must ensure that the investments yield the maximum return consistent with security.

The Scheme's assets are kept totally separate from the assets of the Union, which has no control over their use.

7.2 Notification to the Trustees

You should advise the Trustees of any change of address, name or marital status, or any change of nominated beneficiary in respect of death benefits.

Before benefits can be paid you must produce your birth and (if a married woman) marriage certificates.

7.3 Evidence of Health

You will not normally need to produce evidence of good health.

7.4 Benefit Rights and Divorce

The treatment of those benefits which are payable on your death may be affected by your divorce. If you are in the process of becoming divorced you should raise this question with your legal adviser.

7.5 Termination or Amendment

Whilst it is expected that the Scheme will continue indefinitely, the Union reserves the right to terminate the Scheme at any time in accordance with the Trust Deed and Rules. The Trustees, with the consent of the Executive Council and the Rules Revision Meeting of the Union, reserve the right to amend the Scheme at any time.
7.6 Actuarial Valuations

The Scheme's assets and liabilities are valued at least once every three years by an Actuary, to ensure that the Scheme is adequately funded.

7.7 Approval of the Scheme

The Scheme has been submitted to the Inland Revenue for approval as an exempt approved scheme under the Income and Corporation Taxes Act 1988. As a result the Scheme enjoys substantial tax advantages on both contributions and investments.

7.8 Payment of Death Benefit

Any lump sum death benefit under the Scheme will be paid by the Trustees to, or applied by them for the benefit of, any one or more of the Beneficiaries described below.

The Beneficiaries are defined in the Rules and include your widow or widower, your relatives and dependants. Payment would be made as soon as practicable and certainly within two years of your death, but if no possible beneficiary can be traced by the Trustees and the benefit would otherwise be payable to the Crown, the Duchy of Lancaster or the Duke of Cornwall, they will use the lump sum as part of the fund to provide benefits for other members.

For tax reasons the Trustees have absolute discretion in making this decision. You may, if you wish, indicate to the Trustees the person or persons who you would like to receive the benefit. While this cannot be binding on the Trustees it is helpful to them and will normally result in your wishes being observed.

A form is attached for this purpose, and further copies are available from the General Secretary.

7.9 Payment of Pension

Your pension will be paid monthly in advance commencing on the date you retire.

7.10 Loans

You are not allowed to use your benefits under the Scheme to obtain a loan or in any other way assign them. Any attempt to do so will result in your benefits being forfeited.
7.11 Pension Scheme Registry

The Trustees have given details of the Scheme to the Registrar of Occupational and Personal Pension Schemes. The registry was set up by the government to assist members and others in tracing the people responsible for paying benefits under pension schemes with which contact has been lost.

The Registrar holds details of the names of schemes, participating employers, and addresses at which they may be contacted.

If you need to contact the Registrar, the address is Registrar of Pension Schemes, Occupational Pensions Board, P O Box 1NN, Newcastle upon Tyne, NE99 1NN. The telephone number is 091-225 6393.

7.12 Solving disputes

If you have any complaint or dispute in connection with the running of the Scheme, you should try to sort it out first by contacting the General Secretary (the Scheme’s Administrator).

However, you should be aware that the Occupational Pensions Advisory Service Limited (OPAS) is available to assist Scheme members and beneficiaries in connection with difficulties which they are unable to resolve in this way. OPAS may be contacted via your local Citizens Advice Bureau or else you can contact OPAS headquarters at 11 Belgrave Road, London, SW1V 1RB. The telephone number is 071-233 8080.

Ultimately, the Pensions Ombudsman has power to investigate and make judgments on complaints of injustice or disputes of fact or law in connection with the Scheme. Normally, the Ombudsman would only be involved after OPAS had tried to resolve a dispute. His decision is final and binding, subject only to appeal on a point of law. The Ombudsman’s address is also 11 Belgrave Road, London, SW1V 1RB. His telephone number is 071 834 9144.
The Rules governing the disposal of lump sum death benefits may be summarised briefly as providing for these benefits to be paid to one or more of your beneficiaries as the Trustees may select.

To assist the Trustees in making this selection, you are asked to indicate your wishes by completing this form and returning it in a sealed envelope to the General Secretary at 110 Peckham Road, London, SE15 5EL.

If you wish to preserve confidentiality you should mark the envelope "only to be opened in the event of my death", ensuring that your name also appears in block capitals on the envelope.

If more than one person is named, the proportion of the total benefit which you wish each person to receive must be indicated in the appropriate column alongside the details relating to that person.

It is my wish that in the event of my death, benefit should be paid to or for the benefit of:-

<table>
<thead>
<tr>
<th>FULL NAME(S) AND ADDRESS(ES) (please use block capitals)</th>
<th>RELATIONSHIP</th>
<th>PROPORTION (if more than one person named)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

I understand in expressing this wish that it is in no way binding upon the Trustees of the Scheme.

Date ____________________ Member’s Signature ____________________

Member’s Full Name (block capitals) ____________________
APPLICATION FOR MEMBERSHIP OF:

AEU OFFICERS
PENSION SCHEME

Surname ____________________________ Mr/Mrs/Miss*
Full Christian Name(s) ______________ Marital Status ___
Date of Birth ___________ Spouse’s Date of Birth _________

1. I apply to become a member of the above Scheme and accept that a contribution towards the cost of my participation in the Scheme will be deducted as described in the Pension Scheme Booklet.

2. I enclose a copy of my birth certificate/and marriage certificate/and my spouse’s birth certificate.*

3. If it is possible to transfer pension rights from my previous employer’s scheme, I should like to do so.

   Tick box if applicable   [   ]

Name of previous employer ________________________________
Address ____________________________________________

Please enclose any correspondence relating to benefits

4. I already have a right to pension from a previous employer or a self-employed pension arrangement.

   Tick box if applicable   [   ]

Signature ____________________________ Date ______________

* Please delete as appropriate.