

# Invensys Pension Scheme Members' Booklet

For all employees who joined the Invensys Pension Scheme between 6 April 2000 and 31 October 2004.  
Please keep this booklet in a safe place for future reference.

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# Objectives of the Invensys Pension Scheme

The Scheme has three main objectives:

- to provide you with a good pension in your retirement;
- to provide life assurance cover and support for your family if you die early; and
- to give financial help if you have to give up work through ill health or incapacity.

It is becoming increasingly important that you understand the benefits available to you when you choose to retire. This booklet gives you details on the benefits you will receive from the *Scheme* and includes details of the State pension benefits you will also be entitled to receive (subject to future changes in Government legislation). When you are planning your retirement, you should consider both your *Scheme* and State pension benefits before making any decisions.

Until 31 October 2004 the *Scheme* was open to any eligible employee of an Invensys participating company. On 1 November 2004 Invensys plc ('Invensys' or the 'Company') closed the *Scheme* to new entrants. However, Invensys plc and the *Trustee* kept the discretionary right to allow employees to be admitted after this date.

**If you opt-out of the Scheme**, you will give up all death in service benefits from the *Scheme* and will have to rely on State pensions or make your own alternative pension arrangements.

If you have any questions, either about the *Scheme* generally or about your own *Scheme* benefits, please contact your Human Resources Department.

## Notes:

The formal Trust Deed and Rules of the *Scheme* govern how the *Scheme* is run and how pension benefits are worked out. This booklet is only intended to be a basic guide to the *Scheme* and does not cover all issues in the same level of detail. If a situation arises where the booklet may differ from the Trust Deed and Rules, then the information in the Trust Deed and Rules will always apply. Copies of the Trust Deed and Rules are available to you if you want them.

This booklet describes benefits only for members who are Invensys employees in the United Kingdom ('UK') and who joined the *Scheme* on or after 6 April 2000.

If you who joined the BTR Group Pension Scheme or the Siebe Pension Scheme before 6 April 2000 you should refer to booklets and announcements previously supplied to you and the 'Changes to the Invensys Pension Scheme' leaflet dated February 2006.

If you joined this section of the *Scheme* following a merger you should also refer to the merger announcements and the 'Changes to the Invensys Pension Scheme' leaflet dated February 2006.

If you transferred from the Eurotherm Pension Scheme on 1 June 2001 you should refer to the Member's Explanatory Booklet dated October 2001 and the 'Changes to the Invensys Pension Scheme' leaflet dated February 2006.

# State pension benefits and contracting-out

The State provides two pensions and other benefits in certain cases.

**The first** pension is the *Basic State Pension*. This is a continuation of the previous 'old age pension' and, subject to a satisfactory National Insurance contribution history, you will receive this as well as your *Scheme* pension when you reach *State Pension age*. Married pensioners may receive an extra pension.

**The second** pension comes from the *State Second Pension (S2P)*. As a member of the *Scheme*, you are 'contracted-out' of this arrangement. In simple terms this means that whilst you are paying contributions into the Invensys Pension Scheme you will pay lower National Insurance contributions than you would have done if you had not joined the *Scheme*. Because of this, you do not build up benefits in S2P. However, the *Scheme* will give you a pension that meets a 'reference test' set down by the Government as a condition of being contracted-out.

Therefore, when you reach *State Pension age* you will receive at least two pensions – a *Scheme* pension and, unless the Government of the day changes pensions regulations, a *Basic State Pension*. Of course, you may previously have built up benefits in S2P or other occupational or personal pension arrangements through previous employment outside the Company. In this case, some of your retirement income will come from these sources.

In 2003, the Government also introduced Pension Credit to help retired people on low incomes. When you retire you should contact the Department for Work and Pensions to discuss whether you qualify for further benefits like Pension Credit.

## Retirement benefits

On retirement you will receive your *Scheme* pension paid monthly in advance for the rest of your life and you may choose to take a tax-free cash sum, subject to limits set by HM Revenue & Customs.

Your pension will be worked out from your own *final pensionable pay* and your own *retirement percentage* which is related to your *pensionable service*.

After you retire, your pension will increase on 1 April each year by an amount that takes into account the rise in the Retail Prices Index (RPI) over a 12 month period. Pension earned up to 5 April 2006 is limited to a maximum of 5% in any year. Pension earned after this date is limited to a maximum of 3% in any year.

In addition to the basic retirement benefits there are also options for:

- Providing an extra pension for a spouse or dependant
- Early retirement;
- Ill-health retirement;
- Flexible retirement; and
- Late retirement.

Full details of the options available to you will be provided nearer your retirement date.

However, for more information on your retirement options please contact your Human Resources Department.

# Contributions

## How much do you pay?

You pay: 13% of *pensionable pay*  
and *pensionable pay* is: *gross earnings less the lower earnings limit*

Please see the 'Useful Terms' on page 11 for a more precise description of *gross earnings*. An important aspect of it is that it includes overtime and commissions. This means that, while you will pay slightly higher contributions, these elements of your pay are pensionable. No contributions will be deducted from earnings in excess of the *Scheme Earnings Cap*.

If you take part in the SMART Pensions arrangement run by the *Company* you should refer to the explanatory booklet available from your Human Resources Department.

The actual cost to you of your contributions will be reduced by tax relief which is provided automatically through the payroll in your net pay calculation.

Also, as a member of the *Scheme* you will be contracted-out of S2P. This means you will also pay lower National Insurance contributions than if you were contributing to S2P.

If you are a part-time employee, the calculation of your contribution is different from that mentioned above. Please discuss your situation with your Human Resources Department.

## How much does the Company pay?

The *Company* pays whatever amount is necessary to make sure that the fund can continue to meet the promised benefits. Therefore, the amount paid by the *Company* will vary from time to time depending on the *Scheme's* funding position.

## What happens if you are absent through illness?

Contributions based on the calculation above will still be deducted from any pay, including sick pay, you receive. If you are not being paid, or your earnings are below the *lower earnings limit*, you will not pay contributions. However, if the *Company* approves, your period of sickness will still count as membership of the *Scheme* for the purpose of working out pensionable service.

## Additional Voluntary Contributions (AVCs)

If you started paying AVCs to the *Scheme* before 6 April 2006 this existing arrangement is still open and you can continue to make contributions in the normal way.

From 6 April 2006, the *Scheme* stopped offering an in-house AVC arrangement. If you are interested in starting an AVC arrangement to help boost your retirement income we suggest that you contact an independent financial advisor to find out what schemes / arrangements are available to you.

# Membership

## What happens when you go on family leave?

During your working life there may be times when you are absent due to maternity, adoption, paternity or other parental leave ("family leave").

If you go on family leave but intend to return to work, you will continue to pay contributions. These will be based on your statutory maternity, adoption, paternity or parental leave pay. During your family leave, you will keep life assurance cover based on a notional earnings figure taking into account your earnings immediately before your period of leave began.

If any part of your maternity, adoption, paternity or parental leave is unpaid, you will not need to make any contributions during that period. The period of time where no contributions are paid will not count towards your final pension benefits. However, you will continue to be covered for life assurance based on a notional earnings figure.

If you decide not to return to work, you will be treated as having left the *Scheme* when your contributions ceased.

## Can you transfer benefits from a previous scheme?

Unfortunately the answer is no, the *Trustee* does not currently allow this option.

## Divorce

Pension sharing provisions came into effect on divorce proceedings commencing on or after 1 December 2000. Your pension is a valuable asset and as such its cash equivalent or transfer value may be taken into account along with your other assets.

The aim of pension sharing is to separate your ex-spouse's benefit entitlement from your own, so there is a 'clean break' settlement. Courts can order the pension rights of either spouse, up to the time of the divorce, to be shared between the two parties. In Scotland, only benefits earned during the marriage can be shared.

If you enter into a registered civil partnership after 4 December 2005 and the partnership is subsequently annulled or dissolved, then your ex-civil partner will be able to seek a pension sharing order as part of their settlement. The pension sharing order will work in the same way as for an ex-spouse.

A pension sharing order will result in a percentage of your cash equivalent being shared with your ex-spouse (although in Scotland the order can specify an amount instead of a percentage).

If you ask for a cash equivalent in connection with possible divorce proceedings, you should be aware of the following:

- The cash equivalent will be worked out in accordance with instructions from the *Scheme Actuary*.
- The *Trustee* will not provide the cash equivalent to your ex-spouse unless you or the Court has asked them to.
- If your ex-spouse is awarded any entitlement through a pension sharing order, it will be used to buy benefits in any approved pension arrangement of his or her choice. This might be a personal pension plan, a buy out contract, your ex-spouse's own occupational scheme or a Stakeholder Pension. Except in exceptional circumstances the entitlement will not be retained in the *Scheme*.
- There will be an administration charge for providing anything other than the initial cash equivalent value, and this will be clearly stated on correspondence from the *Trustee*. The pension sharing order will normally include details of which of the parties to the divorce is to meet the cost of the pension share.

# Leaving pensionable employment before retirement

## Deferred pension

If you stop being a *Scheme* member before you reach retirement you will be entitled to a deferred pension payable from the *Scheme's normal retirement age*. The pension benefits from increases each year to protect it from the effect of inflation. You may also take a part of your pension as a tax-free cash sum, provided that pension legislation continues to allow this.

Please make sure that you keep *Invensys Pensions* up to date with your home address so that they can keep in contact with you about your pension whilst it is deferred. Please quote your membership number when contacting *Invensys Pensions*.

You may apply to start receiving your pension before your *normal retirement age* if you are at least age 50 (and have ceased significant gainful employment). If you are allowed to receive an early pension it will be reduced to take account of it being paid earlier and therefore probably for longer.

Should you suffer serious health problems, the *Trustee* may pay a pension at any age, at a reduced rate.

If you should die before you are able to claim your pension, pensions may be payable to a surviving spouse or civil partner as well as children and other dependants. A lump sum death benefit would also be payable equal to five times the yearly amount of your deferred pension revalued to date of death, plus any additional voluntary contribution you may have paid.

# Death benefits

The *Scheme* provides a death benefit lump sum and pensions for your surviving dependants when you die.

The amount of the lump sum payable changes depending on your personal circumstances. For example:

Your personal circumstance	Lump sum payable
Still in service	four times your annual rate of <i>gross earnings</i> (restricted to the <i>Scheme Earnings Cap</i> )
Left service but not yet retired	five times the annual amount of your deferred pension revalued to date of death, including any increases that have been awarded since you left service, plus any AVCs
Retired within 5 years of retirement	a lump sum equal to five times the value of your annual pension when you retired less all pension and tax-free cash received since you retired.

In addition to any death benefit lump sum which may be payable pensions are payable to your dependants.

You can get more information on how the death benefits are worked out either from the website, [www.invensyspensions.co.uk](http://www.invensyspensions.co.uk) or by phoning Invensys Pensions 0191 206 1035.

## **Important note about paying the lump sum benefit**

The lump sum is paid out by the *Trustee* who has to decide who will receive the money. To help the *Trustee*, you should fill in a Nomination Form to tell them who you would like to receive the lump sum benefit. Also, if your circumstances change and you want to change your wishes you should fill in a supplementary Nomination Form. These forms are available from Human Resources Department.

# General information about the Scheme

## Actuarial review

At least every three years, the *Trustee* must carry out a full review of the Scheme's financial situation, known as a valuation, to make sure that enough money is being paid into the *Scheme* to pay current and future pension benefits. The *Trustee* appoints an Actuary to carry out this work.

When the valuation is complete, the *Trustee* and the *Company* consider the report and must decide what action, if any, needs to be taken to deal with the report's findings.

The general areas for consideration are:

Contribution levels – The *Scheme Actuary* will have worked out whether the current contribution rates need to change to make sure that the *Scheme* continues to meet its future liabilities.

Surplus or deficit – If the report identifies a surplus then pension benefits may be improved or contributions may be reduced. If a deficit is identified, the *Trustee* and the *Company* would have to agree actions to correct the situation, for example increase contributions.

## Annual Trustee Report and Accounts

Copies of the full document are available on request from *Invensys Pensions*.

## Constitution of the Scheme

The *Scheme* is treated as a registered scheme by HM Revenue & Customs.

The information in this booklet is a summary of the main features of the Rules of the *Scheme* applicable to members who began pensionable service on and after 6 April 2000. It does not override the Trust Deed and Rules which apply at all times. Copies of the Trust Deed and Rules are available from *Invensys Pensions*.

The *Company* has power to close or, with the *Trustee's* agreement, modify the *Scheme* in whole or in part. In the event of closure, appropriate benefits will be provided out of the fund available and there will be no further liability for contributions from you or, subject to statutory requirements, from the employers.

## Registration

The *Trustee* is registered under the Data Protection Act 1998, entry number C1235058.

The *Scheme* registration number at the Pensions Regulator's office is 10143856.

# General information about the scheme (cont.)

## Queries and the dispute resolution procedure

If you are a contributing member of the *Scheme* please discuss any questions you may have with your Human Resources Department. If they are unable to help you they will contact *Invensys Pensions* for an answer.

We operate a two stage process for resolving disputes, which is open to any member, or other person with a relevant interest in the *Scheme*.

The first stage requires you to write to the Pensions Manager of *Invensys Pensions* with full details of your dispute. The Pensions Manager will consider the matter and reply to you with their decision within two months of receiving your letter.

If you are not satisfied with the reply, you may appeal by letter within six months of the date of the reply you received. You should send your appeal letter to the Secretary to the *Trustee*, asking for the original decision to be reconsidered and giving your reasons why you are unhappy with the decision. Your appeal will be referred to the *Trustee* and you will receive a reply from the Secretary as soon as the *Trustee* has made its decision.

If you feel that you would like some assistance to help you deal with your dispute you can contact The Pensions Advisory Service. If you are still dissatisfied with the decision from the *Trustee* and would like your dispute to be considered further, you can contact the Pensions Ombudsman (see below).

## Individual benefits statements

*Invensys Pensions* automatically issue annual statements to contributing members showing estimated pensions payable at *normal retirement age*, based on recent earnings.

Deferred members may ask for an annual statement showing their up to date pension benefits.

## HM Revenue & Customs and Scheme limits

### Statutory limits

In April 2006, the Finance Act 2004 replaced the old Inland Revenue limits which previously applied to contributions and benefits under exempt approved pension schemes with two new restrictions:

1. Annual Allowance – This is a new maximum amount which can be paid tax free into all your pension arrangements each year.

This has been set at the greater of £3,600 or 100% of your earnings subject to a maximum limit which for the tax year 2008/2009 is £235,000 (as this is a cash limit, the legislation sets out special factors to apply to final salary pensions to work out whether the increase in their value over the course of a year exceeds this limit). For most people this means that they now have the option to choose how much they want to save in order to provide a pension at retirement.

2. Lifetime Allowance – This is a new limit on the amount of money that can be used to provide retirement and death benefits. It has been set at £1.65 million for the tax year 2008/2009. So with the exception of people on high incomes this limit is unlikely ever to be encroached.

If either the Annual Allowance or the Lifetime Allowance limits are exceeded, you will incur tax charges. Any such tax charges arising in relation to pensions from this *Scheme* will normally be deducted from your benefits before payment. However, these limits have been set high enough so that most people can continue to make retirement provision as they do now (or even make additional provision) without having to pay any additional tax.

### ***Scheme limits***

In addition, the *Scheme* sets its own pension benefit limits. The most important of these allows for a maximum pension of two-thirds *gross earnings* (see Useful Terms) plus some benefits in kind (averaged over the same period as *final pensionable pay*), for each year of scheme membership up to your retirement date. *Gross earnings* are subject to a *Scheme Earnings Cap*, which in the 2008/2009 tax year is £117,600.

State pensions are not included in any of the above calculations.

### **Investments**

The *Trustee* has appointed a selection of investment managers to invest the funds which, ultimately, will provide the pension and other benefits described in this booklet. These funds are held by the *Trustee* and do not form part of the assets of *the Company*. They are audited annually by the *Scheme Auditor* and their value relative to the liabilities of the *Scheme*, is looked at every three years by the *Scheme Actuary*.

The *Trustee* allocates their financial assets to each investment manager. How this is done is recorded in a document called the Statement of Investment Principles. If you would like a copy of this document you can ask for one from *Invensys Pensions*.

### **TPAS/Pensions Ombudsman**

The Pensions Advisory Service (TPAS) is available at any time to assist you and beneficiaries of the *Scheme* in connection with any:

- pension queries you may have; or
- difficulty which you have failed to resolve with the *Trustee* or *Invensys Pensions*.

The Pensions Ombudsman may investigate and resolve complaints or disputes of fact or law concerning occupational pension schemes made or referred to him. TPAS and The Pensions Ombudsman may both be contacted at:

11 Belgrave Road  
London  
SW1V 1RB

Tel: 0845 6012 923 (TPAS)  
Tel: 020 7834 9144 (Ombudsman)

### **The Pensions Regulator**

The Pensions Regulator is the statutory regulator of work-based pension schemes in the UK. The Regulator's main objectives of are:

- to protect the benefits of members of work-based pension schemes;
- to promote and improve understanding of the good administration of work-based pension schemes; and
- to reduce the risk of situations arising which may lead to claims for compensation from the Pension Protection Fund.

The Pensions Regulator aims to support schemes and help trustees to get things right. It provides education and information to those running schemes to help reduce the likelihood of problems occurring. However, if things go wrong it will use its powers to ensure that matters are put right.

Further information on The Pensions Regulator is available at [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)

# General information about the scheme (cont.)

## Consultation

There is a national United Kingdom Pensions Consultative Committee ('UKPCC'). If you are a contributing member of the *Invensys Pension Scheme* and an employee, you can be considered for a post in which you would represent Scheme members employed by *Invensys* in your area. If you are interested in this interesting and valuable role, you should, initially, contact your Human Resources Department. Nominations are normally considered when vacancies arise. Members must resign when they stop being an employee of the *Company*. The functions of the UKPCC are:

- to consult with *Invensys Pensions* on matters relating to pensions;
- to assist *Invensys Pensions*, the *Trustee* and *Company* in communicating information to members;
- to represent the views of members as to matters affecting their interests;
- for the UKPCC to nominate four members' Directors to the Trustee Board of Directors.

## Invensys Pensions

Administration of the *Scheme* is carried out for the *Trustee* by *Invensys Pensions* located at:

Higham House  
New Bridge Street West  
Newcastle upon Tyne  
NE1 8AN

Tel: 0191 206 1035 (general enquiries)  
Fax: 0191 206 1011 (general enquiries)  
Email: [enquiries@invensyspensions.co.uk](mailto:enquiries@invensyspensions.co.uk)

## Changes to an individual's pension benefits

The *Scheme* is designed to give you retirement benefits related to your pay at or near retirement. If the *Trustee* and the *Company* believe your benefits are not in keeping with this principle, they have the power, acting together, to change your benefits accordingly.

# Useful Terms

Throughout this booklet there are certain terms which have special meanings and an explanation is given below.

**Basic State Pension** is a flat-rate pension. The amount depends on your National Insurance contribution record.

**Company** is Invensys plc.

**Employer** is any company which participates in the Scheme.

**Final pensionable pay** is the average of the best three consecutive tax years of your *pensionable pay* during your last ten years as a contributing member of the *Scheme* before you retire, reach *normal retirement age*, leave or die (whichever happens first). This will normally be the last three complete tax years of that period. *Final pensionable pay* is restricted by the *Scheme Earnings Cap*.

**Gross earnings** are your total taxable earnings excluding benefits in kind, payments in lieu of holiday pay, profit-related bonuses, severance pay, share option benefits or cash payments in lieu of benefits in kind, up to the *Scheme Earnings Cap*.

**Invensys Pensions** is the administrator of the *Scheme*.

**Lower earnings limit** is the minimum amount which must be earned before becoming entitled to receive an S2P benefit for that tax year. The amount is set by the Government each year and is broadly the same as the *Basic State Pension* for a single person. The figure for the 2008/2009 tax year is £4,680 a year.

**Normal retirement age** is age 65 for men and women.

**Pensionable pay** is your *gross earnings* less the *lower earnings limit*, up to the *Scheme Earnings Cap*.

**Pensionable service** is the number of years and days of continuous service from the date you joined the *Scheme* up to the earliest of the date of your retirement, *normal retirement age*, leaving or death for which contributions have been paid. If you have had a period of absence during which you did not pay any contributions, your pensionable service may be reduced accordingly.

**Retirement percentage.** The *Scheme* is a "one-sixtieth" scheme which means that for each year of *pensionable service* you build up 1/60th of 100% i.e. 1.6666% as a retirement percentage. For each day of a part year, 1/365th of 1.6666% is calculated.

**Scheme** is the *Invensys Pension Scheme*, formerly known as the BTR Group Pension Scheme, administered in accordance with a Third Definitive Trust Deed and Rules dated 28 March 2006.

**Scheme Actuary:** SM Leake of Punter Southall Ltd.

**Scheme Auditor:** Ernst & Young LLP.

**Scheme Earnings Cap:** Members are not able to accrue benefits in the *Scheme* on a salary in excess of the Cap, set at £117,600 from 6 April 2008 and rising in line with figures published by the Government. In addition, employee contributions will only be paid on salary up to the Cap.

## Useful Terms (cont.)

**State Second Pension (S2P)** provides a pension linked to your earnings between two earnings limits – the *lower earnings limit* and the *upper earnings limit*. The *Scheme* is contracted-out of S2P on a reference scheme test basis (at April 2005) and members do not acquire benefits from it during *pensionable service*.

**State Pension age** is 65 for men and women. However, women born before 6 April 1950 will continue to receive any state retirement pension from age 60. For women born from that date until 5 April 1955, transitional arrangements arise as a result of which entitlement is put back to age 65 on a month-for-month basis.

**Trustee** is Invensys Pension Trustee Limited (formerly BTR Group Pension Trustee Limited).

**Upper earnings limit** is the maximum amount on which you pay National Insurance contributions to the state pension scheme. The figure for the 2008/2009 tax year is £40,040 a year.

## Summary of the principal Scheme benefits

- life assurance cover for death in service of four times the annual rate of *gross earnings* paid by the *Trustee* under discretionary trust;
- a pension from age 65 or a reduced pension at an earlier date if you are retiring;
- a spouse's pension following your death of one-half of your pension;
- children's and dependants' allowances in certain circumstances; and
- guaranteed increases to pensions being paid.

Find out more about your  
pension scheme by visiting:  
[www.invensyspensions.co.uk](http://www.invensyspensions.co.uk)

Invensys Pension Trustee Limited is the Data Controller for the purposes of the Data Protection Act 1998 and is registered under that Act.

Invensys Pension Trustee Limited will hold and use personal information about Scheme members as reasonably necessary in connection with the administration of the Scheme. This information may be transferred to, or accessible from, those countries from time to time in which the principal employer to the Scheme and its group companies operate.