

Invensys Pension Scheme Members' Booklet

For all employees who join the Invensys Pension Scheme Defined Contribution (DC) Section from 1 April 2007. Please keep this booklet safe for future reference.

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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.

Introduction

Your membership of the Invensys Pension Scheme (“the *Scheme*”) is an important and valuable part of the package of benefits you receive as an employee. The *Scheme* aims to give you a tax efficient way of saving for your future, whilst providing financial protection for your family in the event of you suffering from ill-health or death.

As a member of the Defined Contribution (DC) Section of the *Scheme*, your contributions, along with those paid by the Company on your behalf (after deductions) are allocated to your *Benefit Account*. These contributions are invested up to your retirement date and can then be used to buy benefits for you and your dependants.

The level of benefits available to you when you retire will depend on:

- the contributions paid in;
- the investment returns achieved on those contributions; and
- the cost of buying benefits when you retire.

For more information about your overall scheme benefits you should refer to the *Scheme’s* Defined Benefit Section members’ booklet. For historic reasons, all members have built up *DB Section* benefits and an associated retirement age within the *Scheme* that are different to those described in this booklet. Where this is the case, these will remain unchanged.

This booklet is intended to be a basic guide to the *DC Section* of the *Scheme*. In the event of any difference, the formal Trust Deed and Rules of the *Scheme* shall apply. You can ask for copies of these documents from Invensys Pensions at Higham House, New Bridge Street West, Newcastle upon Tyne, NE1 8AN if required.

Eligibility and joining

You can join the *DC Section* as long as you were a member of the *DB Section* on 31 March 2007 and have not chosen to opt-out of the *Scheme*.

If you would like to join the *DC Section* you will need to fill in an Application & Investment Choices Form, which you can get from your Human Resources Department or Invensys Pensions. Please send the completed form to your Payroll Administrator.

Your membership should start on the first day of the month after your application has been dealt with.

Opting-out

If you choose to opt-out of the *DC Section* after you have joined you will be subject to the conditions shown on page 7. You will be covered outside the *Scheme* for a reduced level of lump sum death benefit equal to one-times your annual salary at the date of your death, provided you are still employed by the Company at that date.

Please note that if you choose to leave the *DB Section* to join the *DC Section* you are unable to rejoin the *DB Section* at any time.

Contributions

Contributions made by you and the Company are allocated to your *Benefit Account*. These are invested to provide you and your dependants with retirement benefits when you retire.

You contribute at least 5% of your *Pensionable Pay* and the Company will pay in 10% of your *Pensionable Pay* less the cost of providing death in service benefits and ill-health pensions.

You have the option to increase the amount you pay into your *Benefit Account*, up to a maximum of 10% of your *Pensionable Pay* to give yourself a larger fund at retirement to buy your pension benefits.

The following table shows how as your contributions increase so do the Company contributions.

Your contribution as % of <i>Pensionable Pay</i>	The Company's contribution as % of <i>Pensionable Pay</i>
5%	10%
6%	11%
7%	11%
8%	12%
9%	12%
10%	13%

Note: All amounts shown are before deductions equal to the cost of death in service benefits, ill-health pensions and the Contracted-out Rebate.

If you wish to change the amount you contribute to the *DC Section* you can do this on 1 April each year and the Company's contributions will change accordingly. If you want to do this you should write to the Company to let them know before 15 March of that year. Please note that you cannot reduce your pensionable contribution below the 5% minimum level.

Additional Voluntary Contributions

If you were paying Additional Voluntary Contributions (AVCs) into the *DB Section* before joining the *DC Section*, you can continue this if you wish.

However, if you decide at a later date to boost your benefits from the Invensys Pension Scheme you can increase your contributions to the *DC Section* up to the 10% limit.

Tax relief

Contributions are taken from your pre-tax pay so you receive immediate tax relief at your highest rate of tax. If you are a basic rate tax payer (20% in 2009/2010) every £10 you pay in contributions to the *Scheme* reduces your take home pay by just £8.00.

SMART Pensions

If you have previously taken advantage of SMART pensions in any *DB Section* of the *Scheme* before you joined the *DC Section*, SMART will automatically apply to contributions you make to your *Benefit Account*.

If you have not previously taken advantage of SMART pensions you can choose to take advantage of SMART on joining the *DC Section*. Please ask your Human Resources or Payroll Department for details.

Investments

Investment of contributions

The *Trustee* has appointed professional investment managers to manage the investments on its behalf to secure benefits for your future.

The contributions paid into your *Benefit Account* each month are adjusted in line with the performance of your investment options, its value will be increased or decreased accordingly.

Choice of funds

The *Trustee* has agreed that the following investment options will be made available:

Investment funds	UK Equity
	Global Equity
Pension Protection funds	Corporate Bonds
	Index Linked Gilts
Cash	Cash Fund

Currently the Investment funds and Pension Protection funds are “passively” invested, which means they are invested to track an index. Annual management charges are currently in the region of 0.1% to 0.165% of the fund value, depending on the fund.

You can decide how your contributions are invested across these five funds. In the future, the *Trustee* may decide to offer additional investment options.

Lifestyle option

Like many people you may prefer not to manage your own allocation of assets. Therefore, the *Trustee* offers a “Lifestyle” option where funds will be invested dependent on your age and situation. For example at younger ages the funds are invested wholly in equities. As you near your *normal retirement date* your funds start to switch from Investment Funds into Pension Protection Funds and/or cash to help you in your future opportunities. You do not need to do anything as this process is handled by the *Trustee* on your behalf.

If you want to manage your own *Benefit Account* investments please fill in an Investment Choices Form. If you do not want to manage your own investments, your contributions will be invested in the Lifestyle option.

Investment managers

We choose our investment managers on the basis of performance and successes in order to get the best for your future. The *Trustee* decides who will manage the *Scheme's* investments and may change investment managers from time to time. You will be advised of any changes.

The current investment manager is Legal & General Investment Management.

Investment choices

Neither the *Trustee* nor the Company can give you any financial advice about your investment choices. Therefore you may want to seek independent financial advice. To find an independent financial advisor visit the Financial Services Authority website, www.fsa.gov.uk

You will need to pay the costs of any advice you receive.

Investments (cont.)

Costs and expenses

The Company is responsible for paying all the administration costs associated with the *DC Section* of the *Scheme*.

Your investments within the *DC Section* incur charges from the investment managers each year. These charges are deducted from your *Benefit Account* each year.

Next step

When you join the *DC Section* you need to fill in an **Application & Investment Choices Form**, available from your Human Resources Department or Invensys Pensions.

You can switch your existing funds and/or choose to switch future contributions into other available investment funds at any time. There is no charge for this, however we do ask that you limit the changes to three per year. Wherever possible, changes will take place at the end of the month after you have asked us to make the change.

Further information

Descriptions of the funds listed on page 4 are contained in Legal & General Investment Management information sheets which you can get from your Human Resources Department or Invensys Pensions.

Retirement benefits

On retirement the value of your *Benefit Account* will be used to provide your pension benefits. You have the option of transferring the value of your *Benefit Account* into the *DB Section* to buy pension benefits under the terms of the *DB Section*; or use it to provide one or more of the following:

- a pension for you, for life;
- a pension for your spouse, civil partner or dependant(s) payable after your death;
- a tax-free cash sum; or
- annual pension increases.

You may be able to receive the whole of your *Benefit Account* as cash upon retirement, however this is subject to *Trustee* agreement and HM Revenue & Customs restrictions.

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

- Early retirement;
- Late retirement;
- Ill-health retirement; and
- Flexible retirement

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

Benefits on death

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
While in service	four times your annual rate of <i>gross earnings</i> (restricted to the <i>Scheme Earnings Cap</i>) at the date of death plus a lump sum equal to the realisable value of your <i>Benefit Account</i> at the date of death unless the <i>Trustee</i> decides to use it to provide an annuity.
In retirement	Any pension due will depend upon how your benefits were treated at retirement.
After you leave the <i>Scheme</i> but before you retire	The realisable value of your <i>Benefit Account</i> at the date of death unless the <i>Trustee</i> decides to use it to provide an annuity.

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

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 telling 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 new Nomination Form. These forms are available from your Human Resources Department or the Invensys Pensions website at www.invensyspensions.co.uk

Pension increases

If you use your DC Section Benefit Account to buy an annuity when you retire you will have to choose who will provide it. As part of making this choice you will have to decide what level of annual increases will be included (if any).

Leaving the Scheme

If you choose to leave the *Scheme* you will no longer be entitled to contribute to your *Benefit Account*. You will have the following options:

- leave the value of your *Benefit Account* in the *DC Section* and invested until you retire (or die), when it will be used to provide benefits as described on page 5; or
- transfer the value of your *Benefit Account* out of the *Scheme* to another suitably approved pension arrangement.

In addition, you have a benefit entitlement in the *DB Section*. This will be worked out under the terms of the *DB Section* and be based on your *Final Pensionable Pay* at your date of leaving and your pensionable service under the *DB Section*.

Leaving while you are still employed by the Company

If you choose to leave the *DC Section* whilst still employed by the Company you must give at least one month's written notice. Your choices, once you have left the *Scheme* are the same as those described above. If you opt-out of the *DC Section* you should be aware that:

- your *DB Section* benefits will be based on your *Final Pensionable Pay* at the date you opt-out (not your *Final Pensionable Pay* at your date of retirement) and will have statutory revaluation applied until retirement as per the *DB Section Rules*;
- no more contributions will be paid into your *Benefit Account*;
- you will be covered by the Company for the life assurance benefit outside the *Scheme* equal to one-times your annual salary at the date of death if you are still in service. For further details contact your Human Resources Department;
- you may only rejoin the *DC Section* in exceptional circumstances and this will be subject to the agreement of the Company who may require you to satisfy certain conditions, such as a medical examination; and
- you will not be allowed to rejoin the *DB Section* at any time.

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. The Company will also continue to pay contributions based on your normal salary before your leave started.

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.

Transfers-in

At present the *Trustee* does not allow you to transfer benefits from other pension schemes into this *Scheme*.

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).

General information

Annual Trustee Report and Accounts

A summary of the annual report and accounts is sent out to all members. 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. It is set up and administered under a Trust Deed and Rules. The corporate trustee is Invensys Pension Trustee Limited.

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 Z5463144.

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

General information (cont.)

Queries and the dispute resolution procedure

If you have a query or dispute, you should initially talk to 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. He will consider the matter and reply to you with his 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 that 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 page 10).

Individual benefit statements

If you are either a contributing member of the *Scheme*, or a deferred member, you will automatically receive an annual statement.

HM Revenue & Customs 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 the amount by which the value of your pension benefits may increase in any one year (disregarding the year that all your benefits become payable) without having to pay a tax charge. **The annual allowance for 2009/2010 is £245,000.**

2. Lifetime Allowance - this is the total capital value of your all your pension arrangements, but not your State pension, which you can build up without paying extra tax. **The lifetime allowance for 2009/2010 is £1.75 million.**

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)

General information (cont.)

The Pensions Regulator

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

Consultation

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 members in the United Kingdom Pensions Consultative Committee (UKPCC). If you are interested in this role you should initially contact your Human Resources Department where your application will be considered for nomination when a vacancy arises. If elected to the UKPCC, you will need to resign if you stop working for 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 members' Directors to the Trustee Board.

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

Useful terms

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

Base Salary Member is a member who joins the *DC Section* who was previously contributing to a *DB Section* where *Pensionable pay* is base salary only.

Basic State Pension is a flat-rate pension. The amount depends on your National Insurance contribution record. The full *Basic State Pension* for a single person for 2009/2010 is £4,953.00 a year.

Benefit Account is an account into which your own and the Company's contributions (after deductions) are allocated, along with investment returns. Your *Benefit Account* could increase or decrease depending upon the investment returns.

Contracted-In means that you receive an earnings related benefit at retirement from the State in addition to your Scheme benefits. Also, both you and the Company pay full rate National Insurance contributions. The *DC Section* is *Contracted-in*.

Contracted-Out means that the *Scheme* provides benefits in place of the earnings related benefits provided by the State. Also, both you and the Company pay lower National Insurance contributions. The *DB Section* is *Contracted-out*.

Contracted-Out Rebate is the difference between the full rate National Insurance contributions paid if you are *Contracted-in* under the *DC Section* and the reduced rates paid as a result of being *Contracted-out* on a defined contribution basis.

DB Section is the Defined Benefit Section of the *Scheme*. This Section was closed to new members from 1 November 2004.

DC Section the Defined Contribution Section of the *Scheme* with a start date of 1 April 2007.

Final Pensionable Pay is the same definition as would apply to you in the *DB Section*.

Gross Earnings is 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* in respect of members who joined (or are treated as joining) the *Scheme* on or after 1 June 1989).

Lower Earnings Limit is the minimum amount which must be earned before becoming entitled to receive a *S2P* benefit for that tax year. The amount is set by the Government each year and is similar to the *Basic State Pension* for a single person. The figure for 2009/2010 is £4,940 a year.

Normal Retirement Date is your 65th birthday (or your current *normal retirement date* under the *DB Section* if this is different).

Pensionable pay in to the *DC Section* means:

- (a) in respect of a *Base Salary Member*, your base salary during a given period unless, immediately before joining the *DC Section*, you were a member in Pensionable Service who was subject to a deduction from base salary under the Siebe Section Special Rules,
 - (i) based on the *Lower Earnings Limit*, in which event there will be a deduction from base salary of the amount of the then *Lower Earnings Limit* attributable to the length of that period; or

Useful terms (cont.)

(ii) based on the *State Scheme Allowance* as defined in the Rules of that section, in which event there shall be a deduction from base salary equal to the *State Scheme Allowance* attributable to the length of that period;

and

(b) in respect of any other member, your *Gross Earnings* (ignoring the proviso in that definition concerning the *Scheme Earnings Cap*) during a given period, less the amount of the then *Lower Earnings Limit* attributable to the length of that period;

Provided that:

(1) if you are a member who has effectively sacrificed part of your pay in exchange for reduced member contributions and increased contributions by the Employer under SMART pensions, base salary or *Gross Earnings* shall be the amount notified to the *Trustee* by the Employer, provided that it shall not be less than the amount had such sacrifice not been made; and

(2) if you joined the *Scheme* (or are treated as having joined the *Scheme* on or after 1 June 1989) it does not exceed the *Scheme Earnings Cap*.

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 is Steve Leake of Punter Southall Limited.

Scheme Auditor is Ernst & Young LLP.

Scheme Earnings Cap was introduced in April 2006 replacing the statutory earnings cap for members who joined (or are treated as having joined) the *Scheme* on or after 1 June 1989. These members are not able to accrue benefits in the *Scheme* on a salary in excess of this cap, set at £123,600 from 6 April 2009 and rising in line with figures published by the Government. In addition, employee and employer contributions will only be paid on salary up to this cap.

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 *DB Section* is *Contracted-out* of *S2P* and members do not acquire benefits from it in respect of pensionable service in the *DB Section*. The *DC Section* is *Contracted-in* and members will build up an entitlement to *S2P* whilst contributing to the *DC Section*.

State Pension Age is 65 for men and women. However, women born before 5 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.

State Scheme Allowance is three-quarters of the amount of the basic flat-rate State retirement pension for a single person under the National Insurance Scheme.

Trustee is Invensys 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 2009/2010 is £43,888 a year.

Find out more about your
pension scheme at
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.