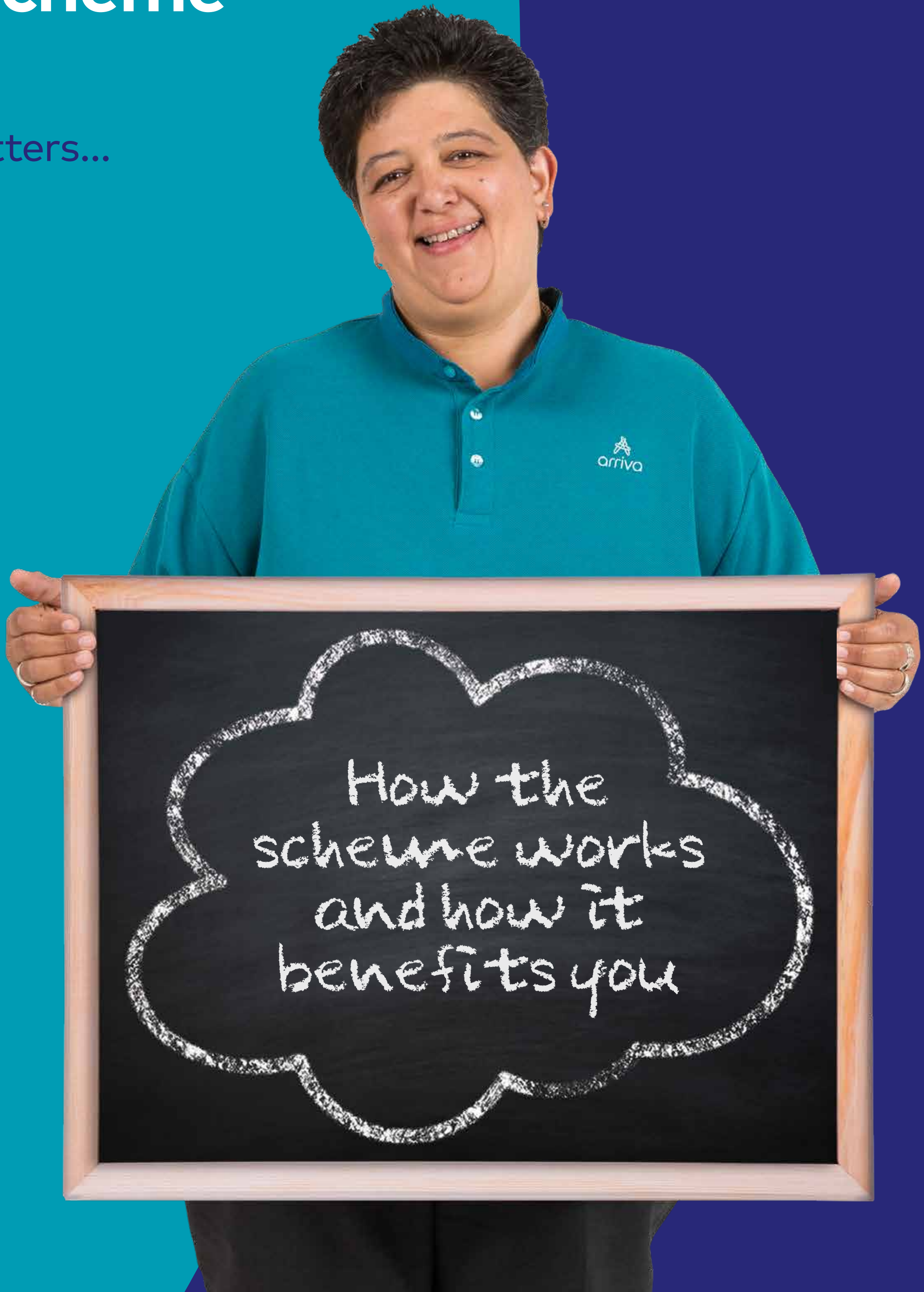
Arriva Passenger Services National Pension Scheme

Your pension matters...



a DB company

Contents

Updated Jan 2018

Introduction

Arriva Passenger Services National Pension Scheme (APSNPS) – the '**Scheme**'

This booklet is designed to inform and explain to you how the **Scheme** works and its benefits. We have tried to make the booklet as easy to understand as possible, recognising that pensions are a difficult subject, but a very important one.

The booklet is intended as a guide to members and will not override the deed and rules in the event of a conflict.

The **Trustee** has appointed a professional team of advisers to provide the best possible professional and financial advice for the **Scheme**.

The **Trustee's** role is to run the **Scheme** efficiently and effectively to provide the benefits which members have earned. The contributions made by you and by the **Company** go towards the cost of providing the **Scheme's** benefits.

If you would like further information about the Scheme you can contact:

- Your Payroll Manager
- The Scheme Administrators
  Arriva Passenger Services
  National Pension Scheme
  Aon Hewitt Scanning Division
  PO Box 196
  Huddersfield
  HD8 1 EG

Or by email:
arrivapensions@aon.co.uk
Or telephone via the Arriva Passenger Services National Pension Scheme helpline on 01252 768133 (option 1).

Access your member website
You can access details of your benefits at the member website using the following address: **www.mypensionline.com/arrivadbscheme**

Using the website allows you to undertake certain actions, for example view your personal details held on the administration system, amend your address online, amend your email address online, view your last benefit statement, view your pension payslip and P60, access **Scheme** documentation including **Scheme** newsletters and announcements.

Rewarded together

Definitions

Certain terms are used in this booklet which will always have a specific meaning. The meanings of these words are explained below.

Annual Allowance is an allowance used for pensions taxation set by HMRC and the Treasury. It means the maximum annual allowance limit on pension savings in a registered pension scheme without triggering a tax charge. The annual allowance for the tax year 2016/17 is £40,000 for most people, but can be lower for very high earners. There are complicated rules for calculating the value of pension savings in a final salary pension scheme like the **Scheme**. The value of your other pension scheme savings will also be taken into account in determining whether the annual allowance charge is triggered. Liability for the charge arises if your total savings in a tax year exceed the annual allowance. The charge is designed to recoup excess tax relief and so applies according to the rate at which income tax relief is available to you.

Cap means a limit based on old tax rules and only affects people who earn significantly more than £130,000 a year (the exact amount varying each year).

Child is a child of the member (including a child conceived before but born after the member's death), whether natural or adopted, who is under the age of 18 (or 23 if in full-time education).

Company means **Arriva plc** and where appropriate any subsidiary or associated company participating in the **Scheme** in accordance with the provisions of the Trust Deed.

Final Salary is used to calculate your pension entitlement at retirement. This is the highest average of **Scheme Pay** over any 3 consecutive years in the 10 years before the date you leave **Scheme Service**, die or retire*.

*If you were active on 1 February 2017, your **Final Salary** for service to 31 January 2017 is the annual average of: (a) your **Scheme Pay** over the best 5 tax years in the 13 tax years immediately before the date you leave **Scheme Service**, die or retire; or (b) if you have been an active member for less than 5 years as at 31 January 2017, your **Scheme Pay** throughout that period, subject to an overriding maximum of the **Scheme's Cap**.

Gross Earnings in respect of a member, his gross earnings in the previous tax year in the case of a complete tax year, and the annualised equivalent of his gross earnings in the case of a period less than a complete tax year.

Lifetime Allowance is an allowance used for pensions taxation set by HMRC and the Treasury. It means the maximum amount of pension savings that can enjoy tax relief in a fund during an individual's lifetime. For the tax year 2016/2017 the limit is £1 million. Any individual whose pension savings exceed this value will become subject to a lifetime allowance tax charge. This charge will be 25% of the value of benefits exceeding the lifetime allowance where benefits are paid in pension form or 55% if they are paid as a lump sum. If the value of your pension savings exceeds the lifetime allowance, your benefits will be reduced in order that the tax charge can be paid.

Normal Pension Date is the age at which the **Scheme** is designed for you to draw your pension and is set at your 65th birthday.

Partner means either your spouse, your registered civil partner, and any adult partner in a relationship similar to marriage (whether opposite sex or same sex) with the member who in the opinion of the **Trustee** is (or was at the date of the member's death) wholly or partially financially dependent on the member.

Qualifying Service is calculated if you leave the **Company's** employment, or opt out of the **Scheme**, and means your completed **Scheme Service** plus any earlier period of pensionable employment with the **Company** or with a previous employer for which a transfer payment has been paid into the **Scheme**.

Salary Sacrifice means an employee has chosen to forego part of their earnings in return for a corresponding contribution by the **Company** to the **Scheme**. Once you accept a **Salary Sacrifice**, your overall pay is lower, so you pay less tax and National Insurance.

Scheme means the Arriva Passenger Services National Pension Scheme. Where the word **fund** is used, it means the **Scheme's** pool of investments.

Scheme Pay means your basic pay excluding bonuses, commissions and any other enhancements at the start of the current **Scheme** year subject to a maximum of the Cap. From 1 February 2017 this will be your salary determined by your employer and increased each year by 1%.

Scheme Service is used to calculate your pension. This is the number of years and months** of continuous employment you complete with the **Company** from the day you join the **Scheme** to the day you retire or leave the **Scheme** as an active member.

**For service to 31 January 2017 this was calculated as the number of years and days of continuous employment you complete.

Scheme Year coincides with the tax year – it starts each 6 April and finishes on 5 April the following year.

Trustee means the **Scheme's** Trustee Company, Arriva Passenger Services Pension Trustees Limited.

About the Scheme

This booklet has been written to help you understand the main benefits of being a member of the **Scheme**. As such, this is a guide to the benefits available, but it does not override the formal Trust Deed and Rules which govern the **Scheme** and which may be varied from time to time by the **Company** with the consent of the **Trustee.** This booklet does not form part of a contract of employment.

The **Scheme** has been designed to take full advantage of the important tax advantages available under current legislation. Details of these advantages are described on page 11.

Each year, as an active member of the **Scheme**, you will receive a personal benefit statement. This gives you an estimate of the benefits you and your dependants can expect from the **Scheme**, based on your current **Final Salary**.

You will also receive a brief version of the **Scheme's** Annual Report and Accounts which gives up-to-date financial information about the **Scheme**. If you would like to obtain a full version of the Annual Report, please contact Aon Hewitt.

Instead of joining, or staying in the **Scheme**, you may choose instead to join the Arriva Workplace Pension Plan (AWPP), take out a personal pension, or opt out and do nothing. You should be aware that the **Scheme** provides benefits for both you and your dependants while you are in the **Company's** employment, and after you retire, and for which your employer contributes towards the cost. The **Company** will not generally contribute to a personal pension scheme for you.

If you would like more information about anything covered by this booklet or would like a copy of the Annual Report for the **Scheme** or wish to see the **Scheme** Trust Deed and Rules please contact Aon Hewitt.

State Pension

The basic State Pension is a flat rate pension paid to everyone who has paid sufficient National Insurance contributions during their working life. A lower amount may be paid if you have paid for some but not all of the years required. Membership of the **Scheme** will not affect your entitlement to the basic State Pension.

In April 2016, the basic State Pension was replaced by the new single-tier State Pension.

How does the Scheme work?

The **Scheme** has been set up as a trust fund. The fund is run by the **Trustee** for the benefit of the members. The **Trustee** administers the **Scheme** in accordance with the Trust Deed and Rules.

The assets of the **Scheme** are kept totally separate from the **Company**.

The **Trustee** has three main areas of responsibility:-

1. To collect contributions paid by the **Company** with those deducted from your pay, to ensure that they are paid on time and are properly invested.

2. To ensure that benefits are paid to members and their dependants as set out in the Trust Deed and Rules, and

3. To ensure the **Scheme** complies with relevant legislation.

The **Scheme** is a Registered Pension Scheme, in accordance with the Finance Act 2004. This ensures both you and the **Company** get the tax advantages described on page 11.

How does the Trustee seek advice?

Providing pensions and death benefits is often complicated. The **Trustee** therefore looks to its advisers for expert assistance. Government legislation and the **Scheme** Trust Deed and Rules indicate those areas where the **Trustee** should, and sometimes must, seek professional advice.

Expert advice will normally be sought from the following people:-

- **The actuary** monitors the financial state of the fund, carries out regular actuarial valuations and reports to the **Trustee** on the relationship between the assets (the fund) and the liabilities (the benefits) advising whether there will be sufficient funds to provide the promised benefits. The rate at which the **Company** pays contributions into the fund is decided after consultation with the actuary. In addition, the actuary also gives advice on such matters as pensions practice, regulatory changes and investment.

- **The legal adviser** prepares the Trust Deed and Rules for the **Scheme** and gives advice on legal issues.

- **The auditor** is required to audit annual fund accounts showing how fund money has been spent or invested in each **Scheme** year.

- **The investment managers** are specialists in pension fund investment management and are appointed by the **Trustee** to secure the best return on the **Scheme's** investments at an acceptable level of risk.

- **The administrators** ensure that each member's records are kept up to date, that benefits are correctly calculated and paid on time.

You are entitled to ask to see the actuary's report and the audited fund accounts. You will automatically be given a summary of the **Scheme's** Report and Accounts each year. The Annual Report will summarise the fund's financial state at a particular date and provide details of the directors of the **Trustee** and its advisers.

Whatever outside assistance is obtained, the final responsibility for any decisions taken rests with the **Trustee**.

When can I join the Scheme?

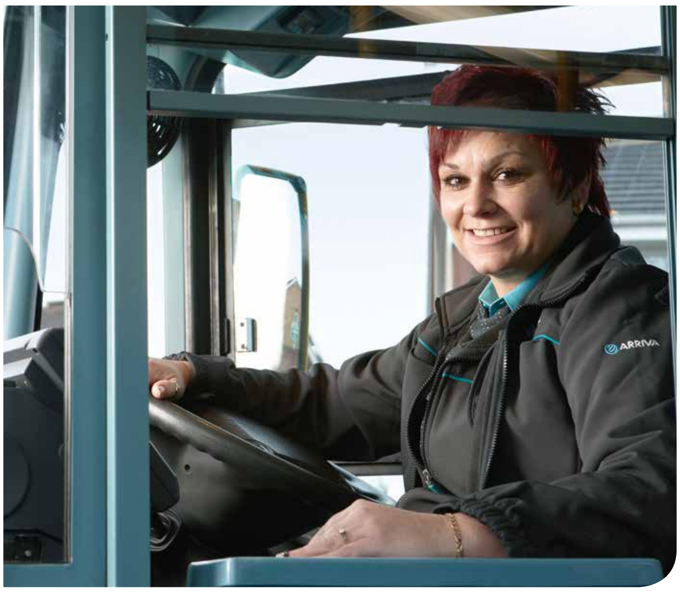
From 1 February 2017 new employees of UK Regional Bus, Arriva London, Arriva plc and selected other companies will have the chance to join the **Scheme** after completing 1 year of employment. After the completion of 1 years' employment you will be given a one-off 3 month window to join the **Scheme**.

If you do not join the **Scheme** at this opportunity, you will not be given any further opportunities to join.

If you decide to join the **Scheme** you will be asked to complete an **application form** which will give the **Company** authority to deduct your own contributions to the **Scheme** from your pay. You will also be given a **nomination form**. By completing this form you can indicate who you would like to receive the lump sum that will be paid if you die whilst in the **Company's** employment and, in some cases, after that. The **Trustee** strongly recommends that you complete this form and return it, with your application form and your birth certificate and if applicable, any marriage or civil partnership registration certificates, to your Payroll Manager.

Additionally, in certain circumstances you may be required to provide medical evidence of your good health before you can join the **Scheme**.

Before you decide to leave or not to join the **Scheme** please read page 11 of this booklet carefully.



Can I transfer benefits from a previous scheme into the Scheme?

Once you have joined the **Scheme** you may, if the **Trustee** agrees, bring a transfer value into the **Scheme** from a previous pension scheme or arrangement.

Any transfer value accepted and received will be used to provide you with additional benefits under the **Scheme**, on such basis as the **Trustee** decides. The amount received will be invested by the **Trustee** to provide benefits on a money purchase basis. That means the transfer value will be used to buy units in an investment fund, and the value of those units when you take your main benefits will be used to work out the additional benefit payable in respect of the transfer value.

You can obtain further details from the **Scheme** administrator.

Who pays for the Scheme benefits?

The **Scheme** benefits are financed jointly by you and the **Company**, unless you pay via **Salary Sacrifice** (in which case, please refer to the **Salary Sacrifice** booklet which provides further details).

As a member of the **Scheme**, your contribution towards the cost of your benefits is a certain percentage of your **Scheme Pay**, depending on your age at the start of the **Scheme Year**. The contribution rates are currently as follows:

Age band	Member contributions
Under 45	7.0% of **Scheme Pay**
45 to 54	9.1% of **Scheme Pay**
55 and over	10.4% of **Scheme Pay**

Under current legislation employee contributions will usually qualify for full tax relief.

If future actuarial valuations of the **Scheme** show that a change in the overall contribution rate is required, whether up or down, this will be shared equally between the **Company** and the contributing members.

Can I pay more than my normal contribution?

You may pay Additional Voluntary Contributions (AVCs) to increase your retirement pension. AVCs will receive the same beneficial tax treatment as your ordinary contributions and represent a simple and effective way of saving for your retirement. You may pay up to 100% of your taxable earnings as total pension contributions including additional AVCs (subject to the contribution Cap) into the **Scheme** or any other registered pension arrangement. However, tax relief is subject to an **Annual Allowance.** If you are interested in paying AVCs a separate pack is available on request from your Payroll Manager which gives full details.

How will my pension be calculated?

Your pension on retirement at your **Normal Pension Date** will depend on your **Scheme Service** and your **Final Salary.**

You will earn a pension at the rate of **1/80th** of your **Final Salary** for each complete year (and proportionately for additional days) of your **Scheme Service** to 31 January 2017*.

You will earn a pension at the rate of **1/75th** of your **Final Salary** for each complete year (and proportionately for additional complete months) of your **Scheme Service** from 1 February 2017, subject to a maximum of 2/3rds of your **Final Salary** for each complete year (and proportionately for each additional complete month).

The formula used to calculate your pension is:-

Your Final Salary divided by 80	X	Your **Scheme Service** to 31 January 2017*
+		
Your Final Salary divided by 75	X	Your **Scheme Service** from 1 February 2017

*if appropriate

To show how the formula works, say:-

Your **Scheme Service** to 31 January 2017	10 years
Your **Scheme Service** from 1 February 2017	30 years
Your **Final Salary**	£15,000

If we put these figures into the formula we get:-

£15K ÷ 80	X	**10**	=	**£1,875 per annum**
+				
£15K ÷ 75	X	**30**	=	**£6k per annum**

Therefore at your retirement date your annual pension will be £7,875 per annum.

Your annual benefit statement will show your prospective pension based on your current **Final Salary** based on the assumption that you continue in **Scheme Service** until Normal Pension Date (65).

It is important that you are aware of the following:-

- In April 2016, the basic State Pension was replaced by the new single-tier State Pension.
- The State Pension is a flat rate pension paid to everyone who has paid sufficient National Insurance contributions during their working life. A lower amount may be paid if you have paid for some but not all of the years required. Membership of the **Scheme** will not affect your entitlement to the basic State Pension.
- The amount you are entitled to is dependent on your National Insurance contribution record and if you were making pension contributions. A forecast may be obtained from the Department of Work and Pensions. Further information is available at:- www.gov.uk/state-pension
- Your pension will be paid to you monthly in advance, for the rest of your life. Tax will be deducted from your pension in the same way as from your earnings.

– The value of your pension benefits from all pension arrangements on which you will receive tax relief (except the State Pension) will be limited to the **Lifetime Allowance**. Any pension savings in excess of this will result in the benefit being charged tax at a rate of 25% or 55% depending on the method of payment. In the unlikely event that this affects you, the administrator will explain the implications to you.

Can I take cash instead of pension?

Whenever you retire you can opt to give up a part of your pension for a cash sum. Under present legislation this cash sum would be tax-free.

The maximum amount of cash you can have will be broadly 25% of the value of your retirement benefits. If you take a cash sum, your pension will be reduced. You will be advised of the amount of cash you can take and your residual pension when you retire.

Can I retire early?

A current employee or a deferred member may retire early from the **Scheme**. The earliest age you may apply to access your pension savings in the **Scheme** is 55 years old. This is set by legislation, not the **Trustee** or **Company**, and is scheduled to rise from 55 to 57 in 2028 and will then be linked 10 years below the State Pension age. There will be factors applied to any calculation to take into account accessing funds before the intended payment date. This is because it is going to be paid from an earlier date and over a potentially longer period than originally assumed.

Ill health retirement

The **Scheme** Rules allow a member to apply for ill health early retirement when he or she satisfies the criteria for ill health.

If, at any time, you cannot work through illness or incapacity and cannot continue in the service of the **Company** (for which you must produce satisfactory evidence to the **Trustee**) and you meet one of the definitions in one of the categories below, you may apply in writing to the **Trustee** to retire early and your pension will be calculated as detailed in the table below.

Ill health category	Definition	Benefits
Category 1	Serious ill health or incapacity, which reduces a member's life expectancy to less than 1 year.	A lump sum in lieu of the whole or any part of a member's pension, calculated on a basis certified as reasonable by the actuary or a pension under Category 2.
Category 2	Ill health or incapacity, which in the opinion of the **Trustee** is likely to permanently prevent a member from carrying out any employment.	Standard formula pension but with no actuarial reduction.
Category 3	Ill health or incapacity, which in the opinion of the **Trustee** is likely to permanently prevent a member from carrying out his normal employment or which seriously impairs his earning capacity.	Standard pension partially reduced for early payment on advice from the actuary.
Category 4	Standard early retirement on a voluntary basis.	Standard pension will be reduced by the **Trustee** on advice from the actuary.

Can I retire later?

The **Company** may allow you to remain in employment after your **Normal Pension Date**. If you do, your **Scheme Service** will usually end on your **Normal Pension Date** except where, with the agreement of the Lead Employer, the **Trustee** expressly permits you to continue as an active member of the **Scheme**.

If you do not continue as an active member of the **Scheme** you will take your pension from your **Normal Pension Date** unless you apply in writing to postpone the start of your pension until a later date. If you postpone the start of your pension it will then be increased by an amount the **Trustee** considers reasonable after obtaining the advice of the actuary.

Flexible retirement

With the agreement of the **Company** and **Trustee** you may draw your retirement pension from the **Scheme** on or after reaching 55 (subject to legal requirements), and continue to work for the **Company**.

In these circumstances, your pension will be equal to your preserved pension reduced by such amount as the actuary decides is reasonable. You will no longer continue to accrue **Scheme Service** and will count as a pensioner for the purpose of calculating your death benefits.

Do pensions increase in payment?

Pension in respect of **Scheme Service** to 31 January 2017 will increase in payment each April, in line with the rise in the increase in the Retail Prices Index subject to a maximum of 2.5% per annum.

Pension in respect of **Scheme Service** from 1 February 2017 will increase in payment each April, in line with the rise in the statutory minimum increases set by the Government (currently the Consumer Prices Index subject to a maximum of 2.5% per annum).

The first increase after you retire will be calculated on a pro rata basis based on how much of a year passed between your retirement date and the April increase date.

What happens if I leave employment?

Depending on your length of service you will have one of the following benefits if you leave the **Company's** employment before your **Normal Pension Date**.

- **A refund of your contributions**
  If when you leave you have less than two years' **Qualifying Service** to your credit, you can take a refund of your own contributions, including the value of your AVC Fund (subject to legislation). Tax will be deducted from your refund.

  If you have completed at least three months' service, you will also be given the opportunity to take a transfer value from the **Scheme**. Further details about transfer values are given on the next page.

  If you are making contributions through a **Salary Sacrifice** arrangement, you will not have made any contributions to the **Scheme** for the period in which you have been a member. In such circumstances the **Company** has agreed to make a payment in place of the refund of contributions which would have been provided by the **Scheme**. This payment is separate from any payments made by the **Scheme** and is a matter between **Salary Sacrifice** members and the **Company**.

- **A preserved pension**
  If you have two years' **Qualifying Service** or more, you will be entitled to a preserved pension, which will be paid to you from your **Normal Pension Date.** Your preserved pension will be calculated in the same way as pension is calculated for those who work to **Normal Pension Date** but will reflect your completed **Scheme Service** up to the date you leave and your **Final Salary** at that date. When you retire your preserved pension will carry the same options as a normal pension from the **Scheme**.

How a preserved pension works

The following formula is used to calculate your preserved pension:-

Your Final Salary divided by 80	X	Your **Scheme Service** to 31 January 2017*
+		
Your Final Salary divided by 75	X	Your **Scheme Service** from 1 February 2017

*if appropriate

To show how this works, say:-

Your **Scheme Service** to 31 January 2017	4 years
Your **Scheme Service** from 1 February 2017	6 years
Your **Final Salary** when you leave	£15,000

If we put these figures into the formula we get:-

£15K ÷ 80	X	**4**	=	**£750 per annum**
+				
£15K ÷ 75	X	**6**	=	**£1,200 per annum**

Therefore at your date of leaving your preserved pension will be £1,950 per annum.

Once calculated, your preserved pension will then be increased between the date you leave and your **Normal Pension Date** in line with statutory provisions, provided that you leave **Scheme Service** more than one year before your **Normal Pension Date**.

- **A transfer payment**
  If you are entitled to a preserved pension (or if you leave with at least three months' but less than two years' **Qualifying Service** – see page 8) you may ask the **Trustee** to pay a lump sum, called a **transfer payment**, in place of your preserved benefits.

  The transfer payment will be calculated by the **Scheme** actuary and must be paid into a registered pension scheme. A pension scheme operated by your new employer, an individual buy-out policy or a personal pension arrangement may count as a registered pension scheme. You will be asked to provide the **Trustee** with certain documentation regarding the arrangement to which the transfer payment is to be made.

  The transfer payment is calculated by assessing the present cash value of your benefits, including, where relevant, the value of all future increases, based on current investment conditions. Within three months of asking, you will be provided with a statement showing your entitlement. The amount of your transfer payment will be guaranteed for three months from the quotation date and, if accepted, will be paid within six months. If you do not take up the option, the **Trustee** will not normally provide you with a further statement until twelve months have passed since your last request.

  If your transfer value is above £30,000 and you are making the transfer to a defined contribution scheme, you will be required to obtain advice from a regulated independent financial adviser (IFA). You will need to provide the **Trustee** with written confirmation from your IFA on certain matters before a transfer can take place. The confirmation from the regulated IFA must be in a prescribed form.

- **Pension fraud**
  Pension liberation is a way of converting your pension savings into cash and/or pension payments before you retire. Members need to be aware of the implications of liberating their pension as pension scams are on the increase. We recommend you take a few minutes to read the leaflet "Scammed out of his retirement. Don't be next" with more information which is available from: www.thepensionsregulator.gov.uk as it contains important information about possible severe tax consequences that could apply in certain circumstances.

  If you are considering liberating your pension we suggest you seek advice from an independent financial adviser.

What benefits are paid when I die?

If you die in the Company's employment before your Normal Pension Date:

- A cash lump sum of three times your **Gross Earnings** in the tax year immediately preceding death (or the annual equivalent if you have not completed a full tax year).

  You should tell the **Trustee** who you would like to receive the lump sum payment by completing a nomination form. The **Trustee** will take account of your wishes, but in order to pay the sum tax-free, the **Trustee** will have the final decision as to who receives the payment.

If you die in retirement:

- A **Partner's** pension of one-half of your full pension (before any reduction if you took cash at retirement) starting from the date of your death and including allowance for pension increases awarded after your retirement. Additionally, if you die within five years of retirement, a lump sum will be paid, equivalent in value to the remaining instalments of your pension (including increases) to the end of the five year period, if aged under 75 at date of death.

  Or

- A **Child's** pension is payable upon death if there is no pension payable to a **Partner**. The amount of pension payable to each **Child** is the amount that would be paid to a **Partner** divided by the number of children. Payable to age 18 or 23 if in full time education.

If you die after leaving the Scheme and before taking a pension:

- If you left **Scheme Service** on or before 31 January 2017, a lump sum equal to one-half of your transfer value entitlement immediately prior to death.

- If you left **Scheme Service** on and from 1 February 2017 you will receive a refund of your contributions (without interest) made to the **Scheme**.

  Plus

- A **Partner's** pension of one-half of your full pension, increased between your date of leaving and your date of death, starting from the date of your death.

  Or

- A **Child's** pension is payable upon death if there is no pension payable to a **Partner**. The amount of pension payable to each **Child** is the amount that would be paid to a **Partner** divided by the number of children. Payable to age 18 or 23 if in full time education.

It is important that you are aware of the following:-

- **Partners'** pensions are paid for life and do not cease on remarriage or entering a subsequent civil partnership.

- If you are more than ten years older than your **Partner**, the **Partner's** pension must be reduced by the **Trustee** by such amount as it considers reasonable after taking the advice of the **Scheme** actuary.

What happens if I am away from work?

During any period of temporary absence up to your **Normal Pension Date** (if due to illness or injury or if you are granted leave of absence), you will usually be required to continue your contributions to the **Scheme**. The contributions you will pay will be based on your **Scheme Pay** immediately before the period of absence commenced unless, with **Trustee** consent, you elect to suspend your contributions. During such period of temporary absence your death in service benefits will be maintained at the level in force immediately before the period of absence commenced. Additionally, during a period of temporary absence your **Scheme Pay** will still increase by 1% each April.

If, with **Trustee** consent, you elect to suspend your contributions, the period of service during which your contributions are suspended will not rank as **Scheme Service** for the purpose of calculating pension or death benefits. If at the end of the approved period of absence you have not returned to work, you will be deemed to have left service.

If you return to work you will have the option of paying an amount equal to the amount of contributions you would have paid during your temporary absence. Following receipt of this payment and subject to **Trustee** consent, all or part of your period of temporary absence will count as **Scheme Service**.

If you are on paid Maternity Leave this will count as **Scheme Service** with your contributions to the **Scheme** being based on the earnings or Statutory Maternity Pay actually paid to you.

What are the tax advantages of the Scheme?

- As a member, you will usually receive full tax relief on your contributions and you will not be assessed for tax on the **Company's** contribution to the **Scheme** as a 'benefit in kind'.
- The fund's investment returns receive tax relief.
- You may be able to take a part of your retirement benefits as a tax-free cash sum.
- Cash lump sums paid if you die are normally free of tax.

Tax relief on your contributions are subject to government limits and may be changed by future government legislation.

Can the Scheme be changed or terminated?

The **Company** expects to continue the **Scheme** in the future. The **Company** has the right to change, at any time, (with the consent of the **Trustee**) any of the terms and provisions of the **Scheme** or to terminate the **Scheme** in accordance with the provisions of the Trust Deed and Rules. By law, it is not generally permissible for the **Company** or **Trustee** to amend a pension scheme so as to detrimentally affect any pension rights which a pension scheme member has accrued before the date of the amendment.

What if I decide to leave or not to join the Scheme?

As mentioned on page 5 you will have the chance to join the **Scheme** after completing 1 year of employment. After the completion of 1 years' employment you will be given a one-off 3 month window to join the **Scheme**.

If you do not join the **Scheme** at this opportunity, you will not be given any further opportunities to join.

If you decide not to join the **Scheme**, or if you leave the **Scheme**, the position as far as pension benefits are concerned will be as follows:

- Neither you nor your dependants will be entitled to receive benefits from the **Scheme**, except for any benefit earned up to the date of leaving the **Scheme**.
- You will not be entitled to the life cover of three times salary mentioned on page 10.
- The **Company** will not generally contribute to an employee's personal or Stakeholder Pension Scheme (subject to re-enrolment in AWPP up to three years later.)
- You would be required to meet the eligibility criteria as determined in the Rules.

If you withdraw from the **Scheme** while you are still employed by the **Company**, your retirement benefits will be calculated as though you were leaving the **Company's** service. You will be required to give one month's notice of this, using the appropriate form available from your Payroll Manager.

What happens if there is a dispute?

Complaints or disputes concerning the **Scheme** are rare and are generally resolved informally with the **Scheme's** administrators, Aon Hewitt.

If you are:
1. an active, deferred or pensioner member of the **Scheme**; or
2. the **Partner** of such a member who has died; or
3. a prospective member of the **Scheme**; or
4. claim to be such a person within 1, 2, or 3

and you have a disagreement about the **Scheme** which you are unable to resolve informally, you should follow the procedure below:

Stage 1 – The Secretary of the Trustee

Put your case in writing to the Secretary to the **Trustee** of the Arriva Passenger Services National Pension Scheme at Aon Hewitt who can be contacted at the following address:

Secretary to the Trustee
Arriva Passenger Services
National Pension Scheme
c/o Aon Hewitt
Briarcliff House
Kingsmead
Farnborough
Hampshire
GU14 7TE

Please include a statement about the disagreement with sufficient details to show why you are aggrieved and the following personal details:

- if you are an active, deferred or pensioner member or a prospective member or claim to be one – your full name, address, date of birth and National Insurance number.
- if you are or claim to be a widow(er) or dependant of a deceased **Scheme** member – your full name, address, date of birth and relationship to the member; and the member's full name, date of birth and National Insurance number.

You may, if you wish, nominate someone to represent you in making your complaint – for example, a union official, solicitor or colleague. Your representative should include their full name and address as well as the statement about the disagreement and your personal details referred to above. Any costs you incur in using advisers would be at your own expense.

You should expect a written decision within two months. If this is not possible, you will be notified as to why there is a delay and when a decision can be expected.

Stage 2 – The Trustee

If you disagree with the decision of the Secretary of the **Trustees**, you may write direct to the **Trustee** within six months of receiving that decision asking for the disagreement to be reconsidered by the **Trustee**. You should address your letter to the Chair of the **Trustee** at the following address:

The Chair of the Trustee
Arriva Passenger Services National Pension Scheme
c/o Arriva plc
Admiral Way
Doxford International Business Park
Sunderland
SR3 3XP

You should include a copy of the decision of the Secretary under Stage 1 and a statement of the reasons why you are dissatisfied with that decision; also include the same personal details as in Stage 1. As in Stage 1 you may nominate someone to represent you, in which case the same details of your representative should also be given.

You should expect a written decision from the **Trustee** within two months. If this is not possible you will be notified as to why there is a delay and when a decision can be expected.

Exclusions

If you transfer out of the **Scheme** then this procedure is only available to you for 6 months after you transfer out.

Please note that this procedure does not cover:

- Any dispute which has nothing to do with the **Trustee** (e.g. a dispute which is solely with your employer).

- A dispute which is already being investigated by the Pensions Ombudsman or where proceedings have started in a Court or Industrial Tribunal.

External Advisory Service

You can take your case to The Pensions Advisory Service. TPAS is available to assist members and beneficiaries of the **Scheme** in connection with difficulties which they have failed to resolve with the **Trustee** or administrator. It is a free and confidential service and you should put your case to them at:

The Pensions Advisory Service
11 Belgrave Road
London
SW1V 1RB

Tel: 0845 601 2923

You may also take your case to the Pensions Ombudsman who may investigate and determine any complaint or dispute of fact or law made or referred to him in accordance with the Pension Schemes Act 1993. He can be found at the same address as TPAS.

Miscellaneous

You may not assign, mortgage or dispose of your benefits under the **Scheme**.

Pension Tracing Service

All necessary details concerning the **Scheme** have been passed to the Pension Tracing Service (formally the Registrar of Occupational Pension Schemes).

The service has been set up to help individuals trace schemes of previous employers where they have lost contact with the company. If you wish to use the service, you should write to:

Pension Tracing Service
The Pension Service
Tyne View Park
Whitley Road
Newcastle upon Tyne
NE98 1BA

Regulation of Pension Schemes

The Pensions Regulator is able to intervene in the running of schemes where trustees, employers or professional advisers have failed in their duties. If you feel you need to contact the Pensions Regulator, the address to write to is:

Napier House
Trafalgar Place
Brighton
East Sussex
BN1 4DW

Any member has the right to inspect the Trust Deed and Rules.

If you require clarification of any of the provisions of the **Scheme**, or if you need further copies of the application form, nomination form, or transfer-in enquiry form, please contact your Payroll Manager.

To inspect the Trust Deed and Rules or to receive a copy of the **Scheme** Annual Report and Accounts please write to The Secretary of the **Trustee** at Aon Hewitt.

If you are an active member of the **Scheme** you may ask for a statement as to whether or not a transfer value would be available to you should you leave the **Scheme**. The **Trustee** will provide you with such a statement within three months of your request, and if a transfer value is available, an estimate will be provided. The **Trustee** is not obliged to provide you with a further statement until twelve months after the last date you asked.

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