plan your future

Land Rover Pension

Member Guide

April 2013

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WORDS WITH SPECIAL MEANINGS

We have tried to keep this guide as simple as possible. However you will come across some frequently used terms and technical pension words. Here is what they mean:

Active Member
A member currently employed by the Company and making contributions to the *Scheme* through their pay.

Actuary
An independent expert who advises the *Trustee Board.*

Administrators
The external provider of the *Scheme*'s administration. They are responsible for the day-to-day running of the *Scheme* including dealing with queries, providing you with figures and calculations and paying your pension once retired. The *Scheme*'s administrator is JLT Actuaries and Consultants Limited (see the section 'Who to contact for more information' on page 23 to obtain their contact details.)

Company
Jaguar Land Rover.

Deferred Pension
A pension payable to a former *Active Member* of the *Scheme* who has left the *Company*'s employment or has opted out of the *Scheme*, but has not yet retired. The pension is paid at retirement.

Final Pensionable Earnings
Whichever is the greater of:
(a) The annual average of your *Pensionable Earnings* in the 36 months before your 65th birthday or leaving *Pensionable Service*; or
(b) the annual average of your best three consecutive tax years' *Pensionable Earnings* in the 10 tax years before reaching your 65th birthday or leaving *Pensionable Service*; or
(c) The average of your Pensionable Earnings in each tax year from April 1991. The Pensionable Earnings in each tax year will be increased by the percentage increase in the appropriate index between that in April in each tax year and that issued immediately prior to the date of your 65th birthday or leaving Pensionable Service. The appropriate index is currently the retail prices index.

Life Assurance Earnings
Whichever is the greater of:
(a) Your highest *Pensionable Earnings* in any of the previous complete 10 tax years preceding the date of your death; or
(b) The average of your Pensionable Earnings in each tax year from April 1991. The Pensionable Earnings in each tax year will be increased by the percentage increase in the appropriate index between that in April in each tax year and that issued immediately prior to the date of your 65th birthday or leaving

Pensionable Service. The appropriate index is currently the retail prices index.

Final Pensionable Salary

Whichever is the greater of:

(a) the annual average of your *Pensionable Salary* in the 36 months before your 65th Birthday or leaving *Pensionable Service*; or

(b) the annual average of your best three consecutive tax years' *Pensionable Salary* in the 10 tax years before your 65th birthday or leaving *Pensionable Service*; or

(c) The average of your Pensionable Salary in each tax year from April 1991. The Pensionable Salary in each tax year will be increased by the percentage increase in the appropriate index between that in April in each tax year and that issued immediately prior to the date of your 65th birthday or leaving Pensionable Service. The appropriate index is currently the retail prices index

Guaranteed Minimum Pension (GMP)

The minimum pension which an occupational pension scheme has to provide for those employees who were contracted out of the State Earnings Related Pension Scheme (SERPS) between 6 April 1978 and 5 April 1997. See the section 'The State Pension' on page 21 for further information.

Pensionable Earnings/ Notional Pay

Your total monetary earnings each year, including any childcare vouchers and/or salary sacrifice arrangement, but excluding payments from bonus arrangements and such other payments notified to you as non-pensionable.

Pensionable Salary/ Notional Salary

Your basic pay, including any childcare vouchers and/or salary sacrifice arrangement and such other payments notified to you as non-pensionable.

Pensionable Service

The number of complete years and months you have been a member of the Land Rover Pension *Scheme*. Any service you completed in the Rover Group Pension *Scheme* will be taken into account.

Scheme

Land Rover Pension *Scheme*

State Pension Age

The age at which your State Pension benefits become payable.

Trustee Board

The board of Trustee Directors of Jaguar Land Rover Pension Trustees Limited. This is the corporate trustee set up to run the *Scheme* (see the section 'How the *Scheme* is run' on page 23.)

AN OVERVIEW OF THE SCHEME

What are the advantages of being a member of the *Scheme*?

You will receive
- Tax- relief on your contributions
- Retirement benefits
- Increases to your pension each year
- A good investment for the future
- Protection for you and your family for life

You can choose to
- Make extra payments to the *Scheme* to increase your benefits
- Retire early
- Exchange some of your pension for a tax-free cash sum when you retire

.
If the unexpected happens
- You may receive a pension if ill health forces you to give up work early.
- A cash sum will be made payable if you die while you are contributing to the *Scheme*.
- Your spouse/civil partner (or if the *Trustee Board* agree, another dependent if you do not have a spouse or civil partner) will receive a pension if they outlive you.
- Your children may receive a pension when you die.

The rest of the guide gives you more details about all of these benefits.

SCHEME MEMBERSHIP

Can I join the *Scheme* if I am not already a member?
No. The *Scheme* closed to new entrants on the 19th April 2010.

Can I choose to leave the *Scheme*?
You can choose to leave the *Scheme* if you wish. This is called opting out. To opt out you must give one month's notice by filling in an opt-out form. Please contact the *Administrators* if you would like a form.

If I leave, will I be able to join the *Scheme* again later?
No. If you decide to opt out you will **not** be able to re-join the *Scheme* at any time.

Can I transfer other pensions into the Land Rover Pension *Scheme*?
No. The *Trustee Board* have currently suspended transfers from any previous arrangements into the *Scheme*.

Can I continue to contribute to other pension arrangements?
You can pay into other pension arrangements as well as the *Scheme*. HMRC stipulates that you may contribute to as many pension schemes as you like as long as the combined contribution total does not exceed the total of your annual income. You may wish to take independent financial advice as other HMRC factors such as the Annual Allowance and the Lifetime Allowance may also limit the total amount you are able to contribute (please see the section 'HMRC limits' on page 22) . If you are paying into other pension schemes you will have to make your own arrangements for deductions as this cannot be done through *Company* payroll.

CONTRIBUTIONS

How much will it cost me to be a member of the *Scheme*?

This depends on whether you are a member of the lower tier or the upper tier of the *Scheme*:

- If you are a member of the lower tier, you will pay contributions at a rate of 5.75% of your *Pensionable Earnings/Notional Pay*.
- If you are a member of the upper tier, you will pay contributions at a rate of 7% of your *Pensionable Earnings/Notional Pay*.

You receive tax relief on the contributions you pay to the *Scheme*. Both you and the *Company* pay reduced National Insurance because the *Scheme* is contracted out of the *S2P* (see the section 'The State Pension' on page 21).

Can I change to a different tier?

You can move from the lower to the upper tier or the other way around. This can be done on the 6th April each year. If you wish to change tiers you should contact the *Administrators* for the appropriate form, fill this in and return it to them by early March to enable you to change tiers that April.

The range of benefits is the same whichever tier you choose. The only difference is that if you choose the upper tier and pay more, your pension and your dependants' pensions will build up at a higher rate.

I participate in the Pension Salary Sacrifice. How does this affect my contributions?

The Pensions Salary Sacrifice arrangement was introduced on the 1st September 2009. If you opt into the arrangement you do not pay your contributions from your earnings. Instead you agree to give up an amount of your earnings that is equivalent to the amount you would otherwise pay in pension contributions (5.75% of Pensionable Earnings if you are in the lower tier or 7% of Pensionable Earnings if you are in the upper tier.) The *Company* shall then pay this amount to the *Scheme* (in addition to its normal *Company* contributions described in the section 'What does the *Company* contribute to the *Scheme?*' on page 8 below).

Your original pay (*Pensionable Earnings)*, before the deduction of the Salary Sacrifice is called your *Notional Pay*. As it is this higher *Notional Pay* that is used to calculate your benefits rather than your earnings (after the deduction of the salary sacrifice), your benefits will remain the same and will be unaffected by the Salary Sacrifice arrangement.

The fact that your earnings have been reduced will mean that you pay less National Insurance contributions and will therefore have a higher net pay than colleagues with the same *Pensionable Earnings* who do not participate in the Salary Sacrifice arrangement.

The table below shows a typical example of the cost of membership based on the 2012-2013 tax year for a member of the upper tier. It shows the difference in cost between members of the Salary Sacrifice arrangement and members paying contributions from their earnings. This is for illustrative purposes only and is calculated on an annual basis.

	With Salary Sacrifice 7.00%	Without Salary Sacrifice 7.00%
Notional Pay	£25,837.24	N/A
Earnings	£24,028.68	£25,837.24
Member pension Contribution (£pa)	nil	£1,808.56
Estimated NI Contributions (£pa)	£1,747.20	£1930.76
Estimated income tax (£pa)	£3,309.80	£3,309.80
Net income (£pa)	£18,971.68	£18,788.12

For more information about the Pensions Salary Sacrifice arrangement, contact HR Customer Operations on 01217009955 (external) 8795 9955 (internal).

What does the *Company* contribute to the *Scheme*?

The benefits that you build up in the *Scheme* will probably cost a great deal more than the amount you pay in. The *Trustee Board* employs an *Actuary* who reviews the *Scheme*'s finances, usually every three years. The *Actuary* works out how much is needed to pay for the benefits, taking into account what the members pay. The *Company* then pays whatever is needed to make up the difference. This amount can vary from time to time and is agreed by the *Company* and the *Trustee Board* on the advice of the *Actuary*.

If you want to know how much the *Company* is paying at the moment, you should look in the Trustee's Annual Report and Accounts.

Can I pay extra into the *Scheme*?

You can continue making extra payments into a separate account to increase your *Scheme* benefits if you were doing so on a regular basis (monthly or weekly) before 6 April 2013. These are called Additional Voluntary Contributions (AVCs). When you retire you use your AVCs to buy extra pension benefits. AVCs are particularly useful if you are thinking of retiring early or if you need to make up for time when you were not paying into a pension scheme. You receive tax relief on any AVCs you pay.

The *Scheme* has appointed the Prudential Assurance Society and Legal and General as the investment providers for the *Scheme*'s AVCs. They offer a range of investment accounts and you should refer to the separate AVC booklet for details.

How much extra can I pay?

Your total payments to AVCs cannot come to more than 10% of your gross pay including any bonuses you may receive. You may also wish to take independent financial advice in connection with the HMRC Annual Allowance and Lifetime Allowance (please see the section 'HMRC limits' on page 22).

RETIRING

Retiring at age 65

When can I retire?
The normal retirement date is your 65th birthday. As soon as you retire from the *Company* at age 65 you will be able to receive your pension. You can however continue to accrue benefits in the *Scheme* if you continue to work past age 65 and continue to pay member contributions.

What will I get when I retire?
The *Scheme* will pay you a pension for the rest of your life. You will also be able to exchange part of your pension for a tax-free lump sum, leaving you a smaller pension (see the section 'Taking part of your pension as a tax-free lump sum' on page 14).

How is my Pension worked out?
Your pension is based on how long you have been in the *Scheme* (your *Pensionable Service*), your *Final Pensionable Earnings* and whether you are in the upper or lower Tier. Look at the section 'Words with Special Meanings' on page 3 to help you work out your *Final Pensionable Earnings* and *Pensionable Service*.

The Land Rover Pension Scheme was only set up in 2001. If you were employed by the Company before then, you may have been a member of the Rover Group Pension Scheme. The Pension that you earned as a member of the Rover Group Pension Scheme is worked out slightly differently. Below therefore, we show you how your pension is worked out for the different periods of service you have completed. Your approximate **total** pension is worked out by adding your pension for each of these different periods together.

1. Service in **Land Rover Pension Scheme** from **1 January 2001 onwards**

For any service you have completed since 1 January 2001, you will have been a member of the Land Rover Pension Scheme. Your pension for this period is worked out in the following way:

If you are a member of the **lower tier**:

1/70 x *Final Pensionable Earnings* x *Pensionable Service* from the 1st January 2001

If you are a member of the **upper tier**:

1/60 x *Final Pensionable Earnings* x *Pensionable Service* from the 1st January 2001

If you change tiers, your pension will be worked out by adding together pension you have earned in each tier.

2. Service in **Rover Group Pension Scheme** between **6 April 1996 and 31 December 2000**

For any service you completed between 6 April 1996 and 31 December 2000, you will have been a member of the Rover Group Pension Scheme. Your Pension for this period is worked out in the following way:

If you were a member of the **lower tier**:

1/70 x *Final Pensionable Earnings* x *Pensionable Service* between 6 April 1996 and 31 December 2000

If you were a member of the **upper tier**:

1/60 x *Final Pensionable Earnings* x *Pensionable Service* between 6 April 1996 and 31 December 2000

If you changed tiers at any point during this period, your pension will be worked out by adding together pension you have earned in each tier.

3. Service in **Rover Group Pension Scheme** between **6 April 1991 and 5 April 1996**

For any service you completed between 6 April 1991 and 5 April 1996, you will have been a member of the Rover Group Pension Scheme. Your pension for this period is worked out in the following way:

If you were a member of the **lower tier**:

1/64 x *Final Pensionable Earnings* x *Pensionable Service* between 6 April 1991 and 5 April 1996

If you were a member of the **upper tier**:

1/55 x *Final Pensionable Earnings* x *Pensionable Service* between 6 April 1991 and 5 April 1996

If you changed tiers at any point during this period, your pension will be worked out by adding together pension you have earned in each tier.

4. Service in the **Rover Group Pension Scheme** from **1975/76 to 1991**

For any Service you completed between 1975/76 and 1991, you will have either been in the Hourly Paid or Staff Rover Group Pension Scheme. Your pension for this period of service will be worked out in the following way:

If you were a member of the **Hourly Paid Scheme**:

1/70 x *Final Pensionable Earnings* x *Pensionable Service* in the Rover Group Hourly Paid Employees Pension Scheme

If you were a member of the **Staff Scheme**:

1/60 x *Final Pensionable Salary* x *Pensionable Service* in the Rover Group Staff Pension Scheme.

Please see the section ‘Words with Special Meanings’ on page 3 to help you work out your *Final Pensionable Salary* for the Staff Scheme.

5. Service **before 1975/1976**

If you were in service before 1975/76 and in a pension scheme, you will also have pre-scheme benefits. These are benefits that were accrued prior to 1975/76 when the Rover Group Pension Scheme started.

I work part time. Will I earn pension at the same rate?

Yes. When we work out your pension we do it as if you had worked full time. We take your *Pensionable Service* and convert it to its full time equivalent. We then do the same with your *Pensionable Earnings*.

Retiring before age 65

What will I receive if I retire before age 65?

This section applies to *Active Members* only. If you have a *Deferred Pension* please see the section 'Retiring with a deferred pension before age 65' on page 16. If you are an *Active Member*, there are two ways that you can retire before age 65:

1. Retiring with the *Company*'s consent

(Please be aware that this is not currently being granted**)**

If you retire with the *Company*'s consent your pension will be worked out in the same way as in the section 'Retiring at age 65' but using your *Final Pensionable Earnings* and *Pensionable Service* at the date you leave the *Scheme*.

If you are age 60 or older when you retire you will also receive a bridging pension. The bridging pension will stop when you reach age 65.

To retire with the *Company*'s consent you must have reached age 55. If you joined the *Scheme* after the 1st December 2006 however, you are unable to retire on this basis.

2. Retiring at the *Company*'s request

If the *Company* asks you to retire early (including voluntary redundancy), your pension is worked out in the same way as if you had retired with *Company* consent. However, the bridging pension becomes payable from age 55. The bridging pension will stop when you reach age 65.

To retire at the *Company*'s request you must have reached age 55. You must also have joined the *Scheme* before 1 December 2006 or be retiring as a result of redundancy.

In both cases the *Trustee Board* will also have to agree to your early retirement.

More information about the bridging pension

The amount of the bridging pension is currently £2,000 per annum. It will increase in the same way as the rest of your pension (see the section 'Will my pension be increased?' on page 15).

The bridging pension will stop when you reach age 65. This means your pension from the Land Rover Pension Scheme will be reduced by the amount of bridging pension currently being paid. This will include any increases on the bridging pension that you have received since you have retired. The *Administrators* will notify you of the amount of the deduction before you reach age 65.

If you die while you are still receiving the bridging pension, the bridging pension will die with you. So your dependants will not receive any part of the bridging pension.

Your bridging pension will not be taken into account in calculating your tax free sum (see page 14).

Retiring through ill health

What if I become too ill to work?

If you are an *Active Member* and you become too ill to work, you may be able to retire on the grounds of ill health or serious ill health however old you are.

Ill Health

If the *Company* and *Trustee Board* agree that your illness is sufficiently serious to prevent you from following the duties of your current employment or suitable alternative employment you may retire on an Ill Health Early Retirement Pension.

Your pension will be worked out in the same way as a pension taken with the *Company*'s consent (see the section on 'Retiring with the *Company*'s consent' on page 12.) However if you retire under age 55 on the grounds of ill health, your pension will be reduced to take into account the period between the date you retire and your 55th birthday.

The *Trustee Board* will require evidence of your ill health. If your health improves, the *Trustee Board* may reduce your pension or stop paying it.

Serious Ill Health

If the *Company* and the *Trustee Board* agree that you are unlikely to recover your earning ability before the age at which you would be expected to retire if you were not ill, you may retire with a Serious Ill Health Early Retirement Pension. This pension will be worked out in the same way as if you retired at age 65. Your *Final Pensionable Earnings* will be based on your *Pensionable Earnings* at the date you stop work. Your *Pensionable Service* will be the period of service you would have completed had you remained in service until age 65.

The *Trustee Board* will require evidence of your serious ill health. If your health improves so as to allow you to regain your earning ability, the *Trustee Board* may reduce your pension.

TAKING PART OF YOUR PENSION AS A TAX-FREE LUMP SUM

Can I take part of my pension as cash?
Yes. When you retire (for whatever reason and at any time) you can exchange some of your pension for a tax-free cash lump sum.

How much of my pension can I take as cash?
HMRC place limits on how much tax-free cash you can take.

Your lump sum may also be restricted if the amount of pension remaining would be less than your Guaranteed Minimum Pension (GMP). See the section 'Words with Special Meanings' on page 3 for a definition of the GMP.

How is my cash lump sum calculated?
The equation for calculating the lump sum is:

$$\boxed{20 \times P / (3+(20/CF))}$$

P = Pre-commuted pension. This is the total amount of your pension before any calculation is made for the lump sum.

CF = Commutation Factor. This determines how much cash lump sum you will receive for every £1 of pension that you give up. The commutation factor will change depending on your age when you retire. It is set by the *Trustee Board* on advice from the *Actuary*.

Below is an example calculation. It is based on a member retiring at age 65 with a pension of £8000 per annum.

Pension = £8,000: Commutation Factor at 65 = 11.39

20 x P: 20 x 8,000 = 160,000

(3+(20/CF)): (3+(20/11.39) = (3+1.756) = 4.756

160,000/4.756 = 33,641.71

In this example the member would be able to take a lump sum of £33,641.71. The member's remaining pension would be £5,046.38 per annum.

The *Administrators* will calculate your lump sum for you. The calculation will be different if you are retiring on the grounds of serious ill health (see page 13).

For those members that pay AVCs (see the section 'Can I pay extra into the Scheme?' on page 8) please refer to the AVC booklet regarding the ability to take a Tax Free cash Lump Sum from your AVC Fund.

PENSION PAYMENTS AND INCREASES

How will my pension be paid?

Your pension will be paid in advance at the beginning of each month, directly to your bank or building society account.

It will be taxed in the same way as your wages under the PAYE system. You will not pay National Insurance contributions on your pension.

You will receive a pension payslip each year or each time your pension increases by £5 or more. With your pension payslip you will receive an explanation of how we have worked out your pension increase and a P60.

Will my pension be increased?

Pensions are increased every year on the 1st May. You will receive an increase to your pension if you are already receiving your pension before that date. The amount of the increase will depend on whether you have reached *State Pension Age*.

If you are below *State Pension Age*:
Your whole pension will be increased by either 5% **or** the rate of inflation based on an appropriate index, whichever is lower.

If there happens to be negative inflation, your pension will not be reduced. Instead there will be neither an increase nor a decrease.

If you have reached *State Pension Age*:
Once you reach *State Pension Age*, different increases will be applied to different parts of your pension.

If you joined the *Scheme* before 6 April 1997, part of your pension will be your Guaranteed Minimum Pension (GMP). See the section 'Words with special meanings' on page 3 for a definition of the GMP. This part of your pension will increase in line with government announced increases.

The difference between your GMP and the rest of your pension is called the 'excess'. The excess will increase by 5% **or** the rate of inflation based on an appropriate index, whichever is lower.

If there happens to be negative inflation, your excess pension will not be reduced. Instead there will be neither an increase nor a decrease.

LEAVING THE SCHEME

What happens if I leave the Scheme before I retire?

You can leave the *Scheme* either by leaving the *Company*'s employment or by opting out. If you leave the Scheme before you retire, you may be able to choose between deferring your pension, retiring early or transferring your benefits into a new pension arrangement.

Deferring your pension

You can leave your pension in the *Scheme* until you retire. When you retire you will be paid a *Deferred Pension*. The amount of your *Deferred Pension* will depend on whether you retire at age 65 or retire before age 65.

1. Retiring with a *Deferred Pension* at age 65

Your pension will be worked out in the same way as in the section 'retiring at 65' on page 9, using your Pensionable Earnings and Pensionable Service at the date you leave the *Scheme*. However your pension will increase between the 1st May after the date of your retirement until the 1st May prior to the date you attain age 65. The increase will depend on your length of service in the *Scheme*. Any Pension accrued prior to 5th April 2009 will increase by 5% **or** the rate of inflation based on an appropriate index, whichever is lower. Any pension accrued after 6th April 2009 will increase by 2.5% **or** the rate of inflation based on an appropriate index, whichever is lower. (These increases are subject to any minimum required by legislation)

2. Retiring with a *Deferred Pension* before age 65

Your pension will be worked out in the same way as above ('Retiring with a deferred pension at age 65'). Because you are retiring early, your pension is likely to be paid over a longer period. Your pension will therefore be reduced to take into account early payment.

If you joined the *Scheme* before 6 April 2006 currently you will be able to draw your deferred pension from age 50. If you joined the *Scheme* after this date, you must be over 55.

3. Retiring with a *Deferred Pension* before age 65 on grounds of ill health.

The pension will be worked out in the same way as set out above in paragraph 2.

The Trustee may allow you to retire at any age if you provide satisfactory evidence of ill health (as described on page 13).

Transferring your benefits to another pension arrangement

You may be able to transfer the value of the benefits you have built up in the Land Rover Pension Scheme into a new pension arrangement if you have one. The *Administrators* will work out the value of the transfer on the advice of the *Actuary*.

DEATH BENEFITS

What happens if I die before I leave the *Scheme*?

If you die whilst still an *Active Member* of the *Scheme* it is known as death in service. The following benefits are payable in these circumstances:

<u>A lump sum payment</u>
A tax free cash lump sum of at least three times your *Life Assurance Earnings* will be paid. The *Trustee Board* will decide who this will be paid to and will take your Expression of Wish Form into consideration (see the section 'More information about the lump sum on death' on page 19).

<u>A dependant's pension</u>
This is equal to one half of the pension you would have received had you stayed in the *Scheme* until age 65. It is calculated using your *Life Assurance Earnings* at the date of your death.

See the section 'Who qualifies for a dependant's pension?' on page 19 to see who will be eligible.

<u>A children's pension</u>
If you have children they may be eligible to receive a children's pension. The amount paid for a children's pension depends on how many children you have and whether a dependant's pension is being paid. If there is a dependant's pension being paid the amount of children's pension will be as follows:

- If you have 1 child, they will receive 25% of the pension you would have received had you stayed in the *Scheme* until age 65.
- If you have 2 children, they will receive 40% of the pension you would have received had you stayed in the *Scheme* until age 65. This is split equally between the two children.
- If you have 3 or more children, they will receive 50% of the pension you would have received had you stayed in the *Scheme* until age *65*. This is split equally between the children.

If there is no *dependant*'s pension being paid, the children's pension are approximately calculated as if percentages are doubled.

The *Trustee Board* has discretion to vary the proportionate share of pension that each child receives.

See the section 'Who qualifies for a children's pension?' on page 19 to find out whether your children will be eligible.

What about if I die after I have retired?

If you die after you retire the following benefits will be paid:

<u>A lump sum payment</u>
A tax free lump sum of at least £1,500 will be paid.

If you die within 5 years of retiring, the lump sum may be more. The *Trustee Board* will pay the remaining pension payments, which would have been paid over the rest of the 5 year period, if this is greater than £1,500. For example if a member dies 3 years into his retirement, there will be 2 years of pension payments remaining. If his pension was £700 per month the total amount of pension remaining would be 24 months x £700 = £16,800. As this sum is greater than £1,500 this higher sum will be paid as a lump sum.

The *Trustee Board* will decide who to pay the lump sum to, taking your Expression of Wish form into consideration (see the section ‘More information about the lump sum on death’ on page 19).

An additional lump sum payment

If you die before your 65th birthday you may qualify for an extra lump sum on top of the lump sum described above.

You will only qualify for this extra sum if:

- You were a member of the Rover Group Pension Scheme before 1 October 1991 **and** retired early with *Company* consent or at *Company* request from active status including on grounds of ill health or serious ill health.
- You joined the *Scheme* or the Rover Group Pension Scheme on or after 1 October 1991 **and** retired early on the grounds of ill health or serious ill health from active status.

If you qualify, the amount of the extra lump sum will be at least twice the amount of your *Life Assurance Earnings* at retirement.

This extra lump sum can only be paid to your spouse or your estate if you retire on grounds other than ill health or serious ill health.

A dependant's pension

This is equal to one half of the pension you would have received on your date of death if there had been no reduction for a lump sum or early payment.

Look at the question ‘Who qualifies for a dependant’s pension?’ on page 19 to see who will be eligible.

A children's pension

If you have children they may be eligible to receive a children’s pension. The amount paid for a children’s pension depends on how many children you have and whether a dependant's pension is being paid. If there is a dependant's pension being paid the amount of children’s pension will be as follows:

- If you have 1 child, they will receive 50% of the dependants’ pension.
- If you have 2 children, they will receive 80% of the dependants’ pension. This is split equally between the two children.
- If you have 3 or more children, they will receive 100% of the dependants’ pension. This is split equally between the children.

If there is no *dependant*'s pension being paid, the childrens’ pensions are approximately calculates as if the percentages are doubled.

The *Trustee Board* has discretion to vary the proportionate share of pension that each child receives.

Please see the section ‘Who qualifies for a children’s pension?’ on page 19 to find out whether your children will be eligible.

What if I die after leaving the *Scheme* but before retiring?

If you have a *Deferred Pension* in the *Scheme* and die before you start taking it, the following benefits will be provided:

A dependant's pension
This is equal to one half of the pension you would have received had you retired at the date of your death without any reduction for early payment.

See the section 'Who qualifies for a dependant's pension?' on page 19 to see who will be eligible.

If you do not leave a dependant, a refund of your contributions with interest will be paid instead.

A children's pension
If you have children they may be eligible to receive a children's pension. The amount paid for a children's pension depends on how many children you have and whether a dependant's pension is being paid. If there is a dependant's pension being paid the amount of children's pension will be as follows:

- If you have 1 child, they will receive 50% of the dependant's pension.
- If you have 2 children, they will receive 80% of the dependant's pension. This is split equally between the two children.
- If you have 3 or more children, they will receive 100% of the dependant's pension. This is split equally between the children.

If there is no dependant's pension being paid, the childrens pensions are approximately calculated as if the percentages are doubled.

The *Trustee Board* has discretion to vary the proportionate share of pension that each child receives.

See the section "Who qualifies for a children's pension?" on page 19 to find out whether your children will be eligible.

Who qualifies for a dependant's pension?

If you are living with a spouse or a civil partner when you die, the whole of the dependant's pension will be paid to him or her.

If you are not married, or if you are permanently living apart from your spouse or civil partner, the *Trustee Board* can pay a pension to anybody else who may depend on you financially at the time. This can include an unmarried partner of the same or opposite sex but does not include a child eligible to receive the children's pension. The *Trustee Board* will look at your personal circumstances when you die to decide who will qualify, and will require evidence that they were financially dependent on you.

If you have a spouse or civil partner that you are no longer living with, by law the *Trustee Board* must pay a minimum pension to him or her, regardless of any other dependants you may have. This minimum pension is deducted from the pension we pay to your dependants.

Who qualifies for a children's pension?

Your children must be below age 18, or age 23 if in full time education (not given in the course of employment). They must be your own biological children, adopted children, step-children, or any other children who in the *Trustee Board*'s opinion were financially dependent on you.

More information about the lump sum on death

The *Trustee Board* will decide who the lump sum will be paid to when you die. This is to ensure that the lump sum is not considered part of your estate and is not therefore made subject to inheritance tax. When deciding who to pay the lump sum to, the *Trustee Board* will take your Expression of Wish form (EOW) into consideration. Your EOW lets the *Trustee*

Board know who you would like the money to go to if you die. The *Trustee Board* will normally follow your wishes but it is not obliged to do so. It is important to keep your EOW up to date. Your benefit statement will show you when you last submitted an EOW. If your circumstances have changed since this date please contact the *Administrators* to obtain a new form.

THE STATE PENSION

The State Pension is made up of the Basic State Pension and the Second State Pension (S2P):

Will I get the Basic State Pension?

You will receive the Basic State Pension when you reach *State Pension Age*, provided you have paid sufficient National Insurance contributions.

Your Basic State Pension is not affected by being in the Land Rover Pension Scheme.

Will I get the Second State Pension (S2P)?

S2P is an additional State Pension that is earnings related. Before 6 April 2002, there was a similar arrangement called the State Earnings Related Pension (SERPS). The Land Rover Pension Scheme has contracted out of S2P and SERPS. You will not therefore qualify for these while you are in the *Scheme*. In return, you and the Company will pay a lower rate of National Insurance Contributions, and the *Scheme* undertakes to provide benefits that are at least as good as the 'missing' S2P.

How will the *Scheme* provide benefits that are at least as good as the missing S2P?

If you were in the Rover Group Pension *Scheme* before 6 April 1997, part of your Rover Group Pension will be your Guaranteed Minimum Pension (GMP). This provides roughly the same benefits as those you would have received from SERPS. This has changed for service completed after 5 April 1997.

The *Scheme* must now provide benefits at least as good as a 'sample scheme' defined by the government. This is called the Reference Scheme Test and ensures that the benefits you receive from the *Scheme* will be at least as good as those you would have received from S2P.

TAX AND NATIONAL INSURANCE

What tax will I pay?

When you retire you will pay income tax on your pension. However you will stop paying National Insurance contributions.

What tax relief will I get?

If you take part of your pension as a cash lump sum on retirement, this lump sum will be tax free (see the section 'Taking part of your pension as a tax-free lump sum' on page 14.) Cash lump sums paid on your death are also tax free because they do not form part of your estate (see the section 'More information about the lump sum on death' on page 18).

You do not pay tax on the contributions you pay to the *Scheme*.

Both you and the *Company* pay reduced National Insurance because the *Scheme* is contracted out of the *S2P* (see the section 'The State Pension' on page 21).

There are also tax concessions on the *Scheme*'s investments.

HMRC limits

HMRC applies two allowances to your benefits: the Lifetime Allowance (for the value of the benefits you build up over your whole career to retirement) and an Annual Allowance (for the increase in value to your benefits in any year). You can build up benefits above these allowances, but if you do, you will pay a tax charge on the excess.

The lifetime allowance is currently £1.5 million, which means that you would need to retire on an income of more than £75,000 to go over it. However, the lifetime allowance is reducing to £1.2m for tax year 2014 -15 onwards. The annual allowance is £50,000 which equates to building up pension of just over £3,000 a year. The annual allowance will also be reduced, to £40,000, for tax year 2014-15 onwards.

These allowances apply to benefits from all sources (apart from the State). So if you have a number of pension arrangements, you must check that the combined benefits do not exceed the allowances. If you are close to the annual allowance, you may wish to obtain independent financial advice. It may be possible for you to carry forward unused allowance from previous years to maximise your contributions in the current year.

EXTRA INFORMATION

Full details and further information

This is only a general guide to your benefits. It is not a legal document. Full details of the *Scheme* are set out in the *Scheme*'s Trust Deed and Rules which are complex legal documents setting out your rights and obligations under the *Scheme*. If there is any difference between the Trust Deed and Rules and this guide, the Trust Deed and Rules will preside. Nothing in this booklet shall be taken to be an indication as to how any exercise of discretion shall operate under the Scheme.

You can also get information about the *Scheme* from the Trustee's Annual Report and Accounts. This includes information about the *Scheme*'s investments.

To obtain a copy of either the Trust Deed and Rules or the Trustee's Annual Report and Accounts, please contact the *Administrators*.

How the *Scheme* is run

The *Scheme* is managed by a corporate trustee, Jaguar Land Rover Pension Trustees Limited. This corporate trustee is entirely separate from Land Rover and has Trustee Directors who sit on the *Trustee Board*. Half of the Trustee Directors are selected by the *Company* whilst half are selected by the members. The *Trustee Board* is responsible for running the *Scheme* and must act in the best interest of you and your dependants.

The *Trustee Board* meets regularly to look at the investment performance of the *Scheme*'s assets, to check that the administration of the *Scheme* is running smoothly and to address any other issues that present themselves. The *Trustee Board* takes specialist advice from the *Scheme*'s *Actuary*, auditor, investment consultant and solicitor.

Data Protection

The *Trustee Board* and the *Company* hold certain personal information about you so that they can run the *Scheme* properly. This includes your name, address, age, marital status, and any other details needed to work out your benefits. Under the Data Protection Act, the *Trustee Board* can use this information (or pass it on to their advisers) provided it is only used for the purposes of running the *Scheme*. As a *Scheme* member, you agree to this.

Who to contact for more information

If you have any questions regarding this guide, would like any further information about the *Scheme*, or would like to see any official *Scheme* documents, please contact the *Scheme Administrators*, JLT Actuaries and Consultants Limited. The *Administrators* are responsible for administering the *Scheme* on behalf of the *Trustee Board*.

Land Rover Pension Scheme Administration Team
JLT Benefit Solutions
St James House
7 Charlotte Street
Manchester
M1 4DZ
Helpline: 0845 300 2967 (8am-5.00pm-Monday to Friday)
email landrover@jltgroup.com

Problems or Complaints

Problems or complaints can usually be resolved informally with the *Administrators*. However if you have an issue you cannot resolve in this way, please follow the internal disputes resolution procedure detailed below.

Stage 1 – Pensions Manager

You should submit full details of your case in writing (including your payroll number and National Insurance number, if known) to the Pensions Manager at the following address:

Jaguar Land Rover Pension Trustees Limited
Pensions Department
Block 17
Lode Lane
Solihull
West Midlands
B92 8NW

You should expect a written reply within 20 working days. In the event that a full reply cannot be given within the time limit an interim reply will be sent explaining the delay and the date a full reply can be expected.

Stage 2 – Trustee Board

If you are not satisfied with the reply from the Pensions Manager, you may write direct to the Chair of the Trustees at:

Jaguar Land Rover Pension Trustees Limited
Block 17
Lode Lane
Solihull
West Midlands
B92 8NW

You should expect a written reply within 30 working days. In the event that a full reply cannot be given within the time limit an interim reply will be sent explaining the delay and the date a full reply can be expected.

You may also be asked to explain your grievance or dispute in person at a Trustee meeting. If so, you will be informed of the date and a colleague or representative may attend with you.

If you are still not satisfied with the outcome, you may wish to contact the Pensions Advisory Service as your next step (see the section 'Other Organisations' immediately below)

Other Organisations

You may find the following organisations useful:

The Pensions Advisory Service (TPAS)

TPAS is an independent non-profit organisation that provides free information, advice and guidance on the whole spectrum of pensions, including state, *Company*, personal and stakeholder schemes. You may wish to contact TPAS if you have a complaint that has not been adequately resolved by following the internal dispute resolution procedure described above.

TPAS, 11 Belgrave Road, London, SW1V 1RB
0845 601 2923 or visit their website, where you can submit an online enquiry.
www.pensionsadvisoryservice.org.uk
enquiries@pensionsadvisoryservice.org.uk

Pensions Ombudsman
If TPAS cannot resolve your problem, you can contact the Pensions Ombudsman who investigates and determines disputes. The Ombudsman will normally expect you to have tried resolving the dispute using the *Scheme*'s internal dispute resolution procedure first.

Pensions Ombudsman, 11 Belgrave Road, London, SW1V 1RB
020 7630 2200
www.pensions-ombudsman.org.uk
enquiries@pensions-ombudsman.org.uk

The Pensions Regulator
The Pensions Regulator oversees the running of pension schemes to ensure Trustees, employers and advisers are fulfilling their duties.

Napier House, Trafalgar Place, Brighton, BN1 4DW
0870 6063636
www.thepensionsregulator.gov.uk

The Pension Tracing Service
The Pension Tracing Service can help you to find any 'old' schemes you are no longer in contact with, but that may be due to pay your benefits. If you want to use this service you can complete an online form through the Pension Tracing Service at www.direct.gov.uk. Alternatively you can contact them on the details below:

Pension Tracing Service, The Pension Service, Tyneview Park,
Whitley Road, Newcastle Upon Tyne, NE98 1BA
0845 6002 537