BG PENSION SCHEME
A guide to your benefits

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Contents

INTRODUCTION	**3**
YOUR PENSION	**4**
BENEFITS PAYABLE ON DEATH	**9**
GENERAL INFORMATION	**13**
DISPUTES	**18**
GLOSSARY OF TERMS	**20**

Introduction

This guide describes the benefits for deferred and retired members of the BG Pension Scheme ('the Scheme'). It should give you a clear idea of what benefits are due to you and your dependants and when. More details are available from the Scheme administrator (see below).

Throughout this guide, certain terms have defined meanings. An explanation of these terms is set out in the Glossary of Terms on page 20. It is important that you refer to these descriptions where relevant.

The Trust Deed and Rules of the Scheme is the definitive document determining pension benefits available to members. You can request a copy from the Scheme administrator.

This guide has been kept as simple as possible. If there is any difference between the Trust Deed and Rules and this guide or any other member communication then the Trust Deed and Rules will prevail.

This guide includes some information in relation to the UK tax treatment of benefits. The taxation in other jurisdictions that may apply is not considered. This information is based on our understanding of how the relevant UK legislation applies to the Scheme's benefits. It is possible that the underlying tax legislation may change and/or that HM Revenue & Customs' interpretation of existing legislation may differ from what is contained in this guide.

You are recommended to seek independent professional financial and tax advice before making decisions relating to your pension benefits.

If you have a question about the benefits provided by the Scheme, or if you want specific information about your own personal circumstances, then you should contact the Scheme administrator:

BG Pension Scheme
Barnett Waddingham LLP
Decimal Place
Chiltern Avenue
Amersham, Buckinghamshire
HP6 5FG
Tel (UK): 0800 004 2009
Email: bgps@barnett-waddingham.co.uk

Please make sure you quote your full name and National Insurance or Payroll number in all correspondence.

The team at Barnett Waddingham are there to help you. Please do not hesitate to ask for their assistance. Your enquiry will be treated in the strictest confidence.

Your Pension

Q When can I retire?

A Although the Scheme has a retirement age of 65 years, you can draw your pension before or after this age.

Until your pension comes into payment, it is classed as a deferred pension.

Under current legislation, you can retire at any age from 55 if you are in good health. Pensions from the Scheme that are paid before the age of 60 are reduced to reflect the fact that, all else being equal, they are expected to be paid for longer than pensions that start to be paid at a higher age.

Similarly, pensions that start to be paid after the age of 60 are uplifted to reflect the fact that, all else being equal, they are expected to be paid for a shorter period than pensions that start to be paid earlier.

If you take your pension at 60, there is no adjustment for early or late payment.

Most benefits provided by the Scheme are not affected directly by when or why you leave your current or future employment. For example, if you satisfy the above criteria and want to start receiving your retirement benefits from the Scheme, you can elect to do this, even if you are still working. However, currently some components of pensionable service relating to added years and transfers-in from other pension arrangements maintain a link to Pensionable Salary while you remain an Employee. The letter you received after the Scheme closed to future accrual of benefits on 31 December 2013 will indicate if this is the case. There are no special arrangements in the event of redundancy. However, if you previously left BG Group and the BGPS through redundancy, you may be able to retire from age 50. Your BGPS leaver letter would have informed you if this applies.

You may be able to retire at any age, i.e. including before the age of 55, if you are suffering from incapacity (see page 5).

Q How is the pension calculated?

A The formula is 1/60th of Pensionable Salary for each year of Pensionable Service, with days counting proportionately.

For example, if you have 17 years and 182 days Pensionable Service and your Pensionable Salary is £48,000, your pension will be:

(1/60 x £48,000 x 17 years 182 days) = £13,998.90 pa.

It has not been possible to build up Pensionable Service in the Scheme since 31 December 2013.

The Scheme administrator will provide you with an illustration of your retirement options on request. Please note that current Trustee practice is to provide one such quotation per year and only in respect of prospective retirement dates that are no more than a year after the date of request (because there are various factors that could render advance quotations completely inaccurate).

Q Can I take a lump sum?

A Yes.

Under current HM Revenue & Customs (HMRC) rules, you can exchange some of the value of your benefits including any Money Purchase Additional Contribution (AC) funds you may have, for a cash lump sum. This is known as the Pension Commencement Lump Sum (PCLS). The total of your PCLS from all Registered Pension Schemes cannot exceed one quarter of your available Lifetime Allowance, and broadly a PCLS from the Scheme cannot exceed one quarter of the total value of your Scheme benefits. Under current legislation, the PCLS is paid tax–free.

Your ACs will provide the first part of your total tax-free lump sum. Taking a lump sum that is higher than the value of your ACs, subject to HMRC limits, will result in a reduction to your pension.

If you have a Scheme pension in excess of the Lifetime Allowance, you may be able (with the consent of the Trustees) to exchange up to 100% of this excess for a cash lump sum, although it will be subject to the Lifetime Allowance Charge, currently 55%.

The amount of cash you receive for each pound of pension you give up depends on factors related to your sex, your age at retirement and whether the pension being exchanged is above or below the Lifetime Allowance. These factors are reviewed from time to time, for example when new data about life expectancy become available.

If you give up some of your own pension in order to receive a lump sum, the pension payable to your adult dependant if you die will not be reduced if the value of your benefits is below the Lifetime Allowance.

However, if the value exceeds the Lifetime Allowance, the pension payable to your adult dependant if you die will be reduced if you give up some of your own pension in order to receive a lump sum.

Any increases to your pension, as described on page 6, will be applied to the reduced pension, both above and below the Lifetime Allowance.

Q What if I have to retire due to Incapacity?

A You may be able to retire at any age with an immediate pension.

The Trustees will decide if you meet the requirements under the Rules of the BGPS to receive an Incapacity early retirement pension. As part of this process, the Trustees will need to consider evidence from a registered medical practitioner. Under the Rules of the BGPS, no actuarial reduction applies if the Trustees agree to pay you an Incapacity early retirement pension.

However, any benefits you have in respect of transfers-in from another pension scheme made after 4 November 2003 may be reduced for early payment. This reduction will not apply to any benefits in respect of transfers-in up to 4 November 2003 or to the benefits you earned whilst working for BG Group (including the special transfers from the Ballylumford Power Pension Scheme and for the ex-BP members who joined the Scheme in 2009 as part of the North Sea asset swap).

Under the Trust Deed & Rules, the Trustees may review your continued eligibility for an Incapacity early retirement pension until you reach age 55, and may suspend, revoke or reduce your pension following such a review.

In the case of serious ill health (broadly, where life expectancy is less than one year), it may be possible to take a one-off lump sum in lieu of your pension benefits subject to statutory requirements. This does not affect any pension that may be payable to your dependants when you die.

Q Are pensions and deferred pensions increased?

A Pensions in payment and deferred pensions are reviewed every 6th April and are normally increased to reflect movements in the Retail Prices Index (RPI), subject to statutory increases.

Deferred pensions that come into payment after the age of 60 will be uplifted to reflect the fact that, all else being equal, they are expected to be paid for a shorter period than those coming into payment at 60. This uplift is in addition to any deferred pension increases described above.

Deferred pension benefits that retain a link to an Employee's Pensionable Salary are calculated by reference to the greater of the Scheme's normal deferred pension increases and the increase in the Employee's Pensionable Salary.

Members who have elected for Fixed Protection in respect of the Lifetime Allowance will have their deferred pensions revalued by reference to the Consumer Prices Index (CPI).

Q What is the Levelling Option?

A If you retire before your State Pension Age (except on grounds of incapacity), you can opt to receive a larger Scheme pension up to your State Pension Age and a smaller one afterwards.

The Levelling Option aims to give you a broadly constant level of income throughout your retirement, by increasing your pension when you first take it and then reducing it when your State Pension comes into payment.

You should think carefully about the following points concerning the Levelling Option:

a) It is difficult accurately to predict the value of the State pension in future years. If it increases at a different rate to the BGPS pension (from April 2011, State pension increases use the Consumer Price Index as the measure of prices), or if your State Pension Age changes, then the income you receive when the Levelling Option ceases could differ;

b) If the law changes so that your State Pension Age is later than currently expected, the additional pension will continue to be paid until that later State Pension Age, but the reduction in your pension at that later State Pension Age will be greater (as more additional pension will have been paid than was expected);

c) If you do not qualify for a full State pension or are already receiving some form of State benefit (e.g. incapacity benefit) which you exchange for a basic State pension then your total income when the Levelling Option ceases might actually go down;

d) Increasing your pension under the Levelling Option could reduce certain allowances you may have i.e. Job Seekers' Allowance; and

e) If you choose the Levelling Option, HM Revenue & Customs may treat this as an increase in the value of your pension for Annual Allowance purposes. You will need to consider whether this could trigger an Annual Allowance charge. It will increase your pension savings assessed against the Lifetime Allowance and thus may increase the amount of tax you pay.

Further information on the Levelling Option is available from the Scheme administrator (see page 3).

Q Can I transfer pensions between different schemes?

A You can transfer the value of your Scheme pension to another arrangement, but the Scheme does not accept transfers-in.

The Scheme can make a Transfer Payment to another HM Revenue & Customs tax-registered pension arrangement or to a Qualifying Recognised Overseas Pension Scheme. If you have Additional Contributions, you can transfer these with your Scheme pension, or transfer them separately (whether or not you transfer your Scheme pension).

You should seek professional financial advice if you are considering a transfer of your pension benefits. Please note that the Trustees are legally required to check that an independent financial adviser has given you advice in relation to a transfer of your

Scheme pension where the value is greater than £30,000. The Trustees recommend that regardless of the value of any transfer of your Scheme pension that you take professional financial advice before making this decision.

Pension transfer quotations are available on request by contacting the Scheme administrator. If you are more than one year from age 60, there is a requirement for the Trustees to provide one quotation in a twelve-month period to you on request. If additional quotations are requested within this timescale, the request must be approved by the Trustees. If they agree, any associated costs may be charged to you.

Cold called about your pension?

Unsolicited phone calls, texts or emails about your pension are nearly always scams. Scammers will often claim they are from Pension Wise or other government-backed bodies. These organisations would never phone or text to offer a pension review.

Beware of unregulated investments offering 'guaranteed returns'. These include exotic sounding investments like hotels, vineyards or other overseas ventures, and deals where your money is all in one place – and therefore more at risk. Visit the FCA's ScamSmart website to see if the deal you are being offered is a known scam, or has the hallmarks of a scam.

Do not be rushed into making a decision about transferring your pension benefits. Scammers will try to pressure you with 'time limited offers' or send a courier to your door to wait while you sign documents. Take your time to make all the checks you need – even if this means turning down an 'amazing deal'.

Benefits Payable on Death

Q What benefits are payable on my death?

A Lump sum and pension benefits may be paid. The amounts depend on whether you die before or after you start to take your pension.

Q When is the lump sum paid?

A The lump sum is paid if you die before your pension starts, or within five years after it has started. In addition, a bereavement grant is paid if you die after your pension has started.

If you die before your pension starts, i.e. while you are a deferred pensioner, the lump sum is the greater of five times your deferred pension at date of death (including any increases, salary linkage and uplifts to reflect deferral beyond age 60), or a refund of your own contributions plus interest.

If you die within five years after your pension began, the lump sum will be calculated using your pension at the time you die and the remainder of a five-year period from your retirement. The amount used in this calculation will be the pension being paid when you died. Please note that if you chose to take the Levelling Option (see page 6), it will be the pension you would have been receiving had you not taken that option.

For example, if you died exactly two years after pension payments began and your annual pension was £11,000.00 pa when you died:

Pension at death (including increases since retirement)	£11,000 pa
Multiplied by the balance of 5 years	x 3
Lump sum	£33,000

If you chose the Levelling Option when you retired (see page 6), the calculations for the lump sum would be made as if the pension had not been levelled.

If you die five or more years after retiring, the only lump sum is the bereavement grant.

Q How much is the bereavement grant?

A The bereavement grant is currently £1,000.

This is paid on the death of a pensioner who was previously an Employee. It is not paid on the death of an Adult Dependant or Children, or when the pensioner was only in receipt of a pension replacing state benefits.

The grant is paid to one person only and will not be split between beneficiaries. The primary purpose of the grant is to contribute towards funeral expenses. Wherever possible, the grant will be paid to the funeral director.

In the event that the grant is more than sufficient to meet funeral expenses, payment will be made to the person responsible for funeral costs. If the funeral expenses are being met from financial arrangements established for this purpose prior to your death, the benefit will be paid to a beneficiary as selected by the Trustees.

Q Who receives the lump sum and bereavement grant?

A Any lump sum death benefit and/or bereavement grant due will be paid through the Trustees of the Scheme. Normally this means there is no liability for inheritance tax under current legislation.

The Trustees are able to pay to a range of beneficiaries. In order for them to distribute the money they will request information from your next of kin or personal representatives, but it is useful for them to know how you would wish the money to be distributed.

You can nominate one or more beneficiaries by completing a Letter of Wishes. In order that the lump sum can be paid free of inheritance tax, the letter cannot be legally binding, but the Trustees will consider your wishes when reaching their decision. You can change your nominated beneficiaries at any time. Letters of Wishes are available on the Scheme website and are available to all members.

Although lump sums are paid free of inheritance tax, other taxes may be payable – see page 9.

Q How much is the Adult Dependant's pension?

A The adult dependant's pension is based on a formula that takes account of your Pensionable Salary and Pensionable Service.

It is calculated as 1/90 x Pensionable Salary x Pensionable Service, for example:

Pensionable salary	£48,000
Pensionable service	17 years 182 days

In this example, the Adult Dependant's pension would be:

(1/90 x £48,000 x 17 years 182 days) = £9,332.60 per annum

The calculation uses full-time equivalent salary for those who have worked part-time, with pensionable service pro-rated to reflect periods worked part-time. It has not been possible to build up Pensionable Service in the Scheme after 31 December 2013.

Any increases awarded to your pension or deferred pension are included when calculating the Adult Dependant's pension. If you had benefits that continued to attract salary linkage, the Adult Dependant's pension will be calculated including the effect of that salary linkage up to the time you ceased to be an Employee.

If you start to receive your pension and decide to exchange part of it at retirement for a lump sum, the pension payable to your Adult Dependant is not affected. It is based on your original pension entitlement. If you chose the Levelling Option at retirement, this will be ignored when calculating the Adult Dependant's pension. Any early retirement reductions and late retirement uplifts to your own pension will also not affect the calculation of the Adult Dependant's pension.

The Adult Dependant's pension is payable from the day after death and is paid throughout the adult dependant's life.

Q Can an Adult Dependant exchange their pension for an additional lump sum?

A Yes.

With the agreement of the Trustees, an Adult Dependant may choose to exchange some or all of their entire pension for a cash lump sum. The amount of pension that can be exchanged may be restricted to ensure that the total lump sums payable on the member's death (i.e. including any lump sums already payable) does not exceed the Lifetime Allowance.

Q Who receives the Adult Dependant's pension?

A Please see the definition of Adult Dependant in the Glossary on page 21.

If you are not married or have no civil partner and you wish to nominate an adult dependant, you should complete an Adult Dependant's Pension Nomination Form. These are available from the Scheme administrator (see page 3).

Q Can I provide for someone other than the Adult Dependant to receive a pension?

A You may be able to give up part of your pension to provide a pension after you die for somebody who is financially dependent on you. Further information is available from the Scheme administrator (see page 3).

Q Are Adult Dependant's pensions increased?

A Adult Dependant's pensions increase on the same basis as retirees' pensions (see page 6).

If an Adult Dependant exchanges pension for a cash lump sum, any increases will apply to the reduced pension.

Q What is the Children's benefit?

A A pension paid to your children if they were born before you ceased to be an Employee. The pension is paid until they reach age 18 and may be extended at the Trustees' discretion, for example if they remain in full-time education.

The current amount is £5,661.72 pa for each qualifying child. In the event that there are no surviving parents and no Adult Dependant's pension is payable, an Orphan's pension of £8,492.52 pa is paid. These amounts are reviewed annually and are current for 2017/2018. Further details are available from the Scheme administrator (see page 3).

If your child has a disability and is unable to support himself or herself, and if you are not married and do not have a civil partner, you may nominate the child to receive the Adult Dependant's pension which will be considered by the Trustees in the event of your death.

Q Are there any restrictions on the Scheme's death benefits?

A Potentially. In addition, some lump sum payments may be subject to tax.

The total of the Adult Dependant's pension and the Children's pensions cannot exceed the pension to which you were entitled at your date of death, including any increases awarded on your pension up to that date. The Trustees will decide how to apply any restrictions to ensure this condition is met.

If you die before age 75, the lump sum death benefits payable from the Scheme are tested against your available Lifetime Allowance and any excess benefits will be subject to the Lifetime Allowance Charge. HM Revenue & Customs requires that the recipient(s) of the lump sum meet the Lifetime Allowance Charge.

If you die aged 75 or over, the Scheme's lump sum death benefits will be taxed at 55% under current legislation, but they are not tested against your available Lifetime Allowance. The Scheme administrator will settle this tax liability by withholding the tax from the lump sum before it is paid.

General Information

Q Who runs the Scheme?

A Overall responsibility for running the Scheme rests with the Directors of BG Group Pension Trustees Ltd. Throughout this guide, they are referred to as 'the Trustees'.

Day-to-day administration of the Scheme is the responsibility of Barnett Waddingham LLP (see page 3 for contact details).

Q Who decides the Scheme's Trust Deed & Rules?

A The Trust Deed & Rules can only be changed by BG Group Limited after approval by the Trustees.

There are certain restrictions on the type of rule change that can be made.

The Scheme's Trust Deed & Rules form the legal basis of the Scheme and contain the detailed provisions of the Scheme, including those governing entitlements to benefits and the operation of the Scheme. The Trust Deed & Rules may be amended from time to time.

This guide has been kept as simple as possible. If there is any difference between the Trust Deed & Rules and this guide or any other member communication then the Trust Deed & Rules will prevail.

Q Who decides the Scheme's investment strategy?

A The Trustees are responsible for deciding the investment policy and overall asset allocation strategy, in consultation with BG Group.

In accordance with the Pensions Act 1995, the Trustees have produced and keep under review a written Statement of Investment Principles (SIP), setting out their investment strategy, investment management arrangements and how the investment requirements of the Pensions Act 1995 are met.

The SIP is available on request from the Scheme administrator (see page 3).

Q What is the relationship between the Scheme and the State Pension?

A The Scheme was contracted-out of the State Second Pension up until 31 December 2013.

The flat rate basic State Pension and the earnings-related State Second Pension (S2P) were replaced by a single tier State Pension from 6 April 2016. To find out more about this and how much you might be entitled to, please follow this link; https://www.gov.uk/new-state-pension/what-youll-get.

The Scheme was contracted-out of S2P until 31 December 2013. This means that while you were building up Scheme pension as an Employee, you paid reduced rate National Insurance Contributions and earned reduced S2P benefits. This ceased to be the case when you stopped accruing Scheme pension.

In relation to the period that it was contracted-out of S2P, the Scheme provides benefits that are at least equal to those set down in a statutory 'reference scheme'. In addition, if you were a member of a predecessor scheme before 6 April 1997, the Scheme provides at least a Guaranteed Minimum Pension in respect of your service before that date.

Q Are there any restrictions on my benefits and are they taxable?

A There are some restrictions on the maximum tax-privileged benefits you can receive.

The Scheme is registered with HM Revenue & Customs, which means that you have built up your pension in a tax-effective manner. In addition, you can choose to exchange some of the value of your pension for a lump sum, which is tax-free under current legislation. However, pensions are taxed in the same way as earned income once they come into payment.

HM Revenue & Customs imposes the Annual Allowance and Lifetime Allowance, which limit the amount of tax-relieved benefits you can build up.

Although it has not been possible to build up further pensionable service in the Scheme after 31 December 2013, deferred pensioners may still need to consider their Scheme benefits in assessing their position against the Annual Allowance. See the definition of Annual Allowance in the Glossary on page 21.

It is important that you monitor the level of your Scheme benefits and your savings in any other pension arrangements that you may have against these allowances.

The Scheme's Pension Scheme Tax Reference (PSTR) number is 00558352RW.

Q Can my pension be paid to a third party?

A Under the Rules of the Scheme, your pension cannot be assigned to another person.

However, if you become ill and are unable to manage your own finances, you may apply to the Trustees to have your pension paid to a third party, such as a nursing home or a legally appointed representative.

Further details can be obtained from the Scheme administrator (see page 3).

Q How would divorce affect my benefits?

A If you are a member of a pension scheme and are getting divorced, your solicitor will need to take account of any pension benefits you and your spouse may have when arranging your divorce settlement.

The following benefits may be affected:

- Lump sum death benefits before retirement.
- Lump sums at retirement.
- Lump sum death benefits after retirement.
- Your pension and any pensions payable after your death.

Your benefits could be affected in three ways:

- Offsetting: they can be offset against other financial assets, such as the family home.
- Earmarking: they can be earmarked for direct payment to your ex-spouse when they come into payment.
- Pensions sharing: benefits can be shared with your ex-spouse at the time of divorce. Your pension would reduce to create a benefit for your ex-spouse in his or her own right, creating a clean break settlement. Alternatively, you could receive a pension credit from your ex-spouse's pension arrangement under a Pensions Sharing Order. You would need to identify a suitable pensions arrangement to receive the pension credit, as the Scheme does not accept transfers-in.

If you need more information, please contact the Scheme administrator (see page 3).

Q How can I find out more about my benefits?

A Deferred pensioners of the Scheme will receive a statement every year showing how their benefits are building up, while pensioners will receive an annual letter informing them of the outcome of the Trustees' review of pensions in payment (see page 6).

In addition, if you have ACs that have not yet been used to provide benefits, you will receive a statement each year showing the value of those ACs and an illustrative projection of the pension they might provide. These statements are known as Statutory Money Purchase Illustrations (SMPI).

You can also contact the Scheme administrator (see page 3) at any time for information about your benefits.

Q What is the Pension Tracing Service?

A The Pension Tracing Service maintains a register of all UK pension schemes.

The Scheme is included on the register, which means that information has been provided about the Scheme's Trustees and who you should contact if you wish to find out about your benefits. The service also enables you to trace your benefit entitlements if you leave the Scheme and lose contact with the Trustees. The Scheme's registration number is 10254985.

Contact details are as follows:

The Pension Service 9
Mail Handling Site A
Wolverhampton
WV98 1LU

Phone: 0845 600 2537 or +44 (0)191 215 4491 from outside the UK

Website: https://www.gov.uk/find-lost-pension

The form to trace a pension is at https://www2.dwp.gov.uk/tps-directgov/en/contact-tps/pension-tracing-form.asp

Q What is the Data Protection Act?

A Data Protection legislation is there to prevent the misuse of personal data, to protect individuals for whom such data is being retained, and to ensure that the data held is accurate. The Data Protection Act 1998 covers personal data held on computers and some manual data. From May 2018, the General Data Protection Regulations come into force and this requires even stricter control of personal data.

The Trustees of the Scheme are registered under the Data Protection Act for the purposes of pensions administration to allow processing of data for the calculation and payment of benefits in accordance with the Scheme rules.

It is important that the data held about you are kept up to date. You should notify the Scheme administrator (see page 3) of any changes in your personal circumstances, such as a change in address or marital status.

You are entitled to make a written request to be informed of any personal data being held about you by the Scheme administrator and any information as to the source of the data. Such requests should be forwarded to the Scheme administrator at the address shown on page 3. A small fee may be charged for the provision of this information.

For the purposes of the Data Protection Act the Trustees are the Data Controllers and the Scheme administrator is the Data Processor.

Q Who monitors the running of the Scheme?

A The Pensions Regulator is responsible for monitoring the running of occupational pension schemes.

The Pensions Regulator is able to intervene in the running of schemes where Trustees, managers, employers or professional advisers have failed in their duties. The Pensions Regulator's objectives include protecting the benefits of members of work-based pension schemes, promoting good administration and reducing the risk of situations arising that may lead to claims for compensation from the Pension Protection Fund.

It has wide powers to investigate pension schemes, to put things right where it identifies problems and to prevent employers from sidestepping their pension obligations.

Contact details are as follows:

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW

Phone: 0870 606 3636
Email: customersupport@thepensionsregulator.gov.uk
Website: www.thepensionsregulator.gov.uk

Q Are there any other documents available to me?

A Copies of the following documents are available on request from the Scheme administrator (see page 3):

- Resolution establishing the Scheme as an irrevocable trust
- The Scheme's Trust Deed & Rules
- Any amending deeds that are not incorporated in the above documents
- Statement of Investment Principles
- Trustees' Annual Report & Accounts
- Actuarial Valuation Report
- Statement of funding principles
- Recovery Plan
- Schedule of contributions

In addition, you will receive a Summary Funding Statement each year, setting out the financial position of the Scheme.

Disputes

Q If I have a complaint is there a disputes procedure?

A The Trustees have established an Internal Disputes Resolution Procedure (IDRP) that you should follow if you have a complaint about the Scheme.

The Pensions Advisory Service (TPAS – see below) is also available at any time to assist you with any difficulties you may have in relation to the Scheme, including at any stage of the Internal Disputes Resolution Procedure.

During the procedure, complaints are split into two categories and dealt with as follows:

Disputes Concerning Decisions of the Trustees

These will be considered by the full Trustee board.

If you disagree with the Trustees' decision, you can refer the matter to TPAS, if you have not already done so and ultimately to the Pensions Ombudsman (see page 19).

Disputes Concerning Administration Matters

These will be considered by the Scheme Secretary and the Trustees.

If you disagree with the decision, you can refer the matter to TPAS if you have not already done so, and ultimately to the Pensions Ombudsman.

Time Limits

At each stage of the procedure, the Trustees and the Scheme Secretary must ensure responses to the complainant are made within strict timescales. Details are contained in the procedure document.

Exemptions

If you have begun Court proceedings or the Pensions Ombudsman is already investigating your complaint, this procedure will not apply to you.

Further Information

If you want to bring a complaint or you want more information about the procedure, you should write to the Scheme administrator at the address given on page 3.

Q What is The Pensions Advisory Service?

A The Pensions Advisory Service (TPAS) is an independent non-profit organisation that provides information and guidance on the whole range of pension schemes covering occupational, state, personal and stakeholder ones.

It is available to assist members and beneficiaries of the Scheme in connection with any pensions query they may have or any difficulty which they have failed to resolve with the Trustees or administrators of the Scheme. TPAS does not charge for its services.

You can find out the name and address of your nearest local adviser from your local Citizens Advice Bureau, or you can contact TPAS as follows:

The Pensions Advisory Service
11 Belgrave Road
London
SW1V 1RB
Phone: 0845 601 2923

Website: www.pensionsadvisoryservice.org.uk (includes an online enquiry form and live web chat)

Q What is the role of the Pensions Ombudsman?

A The Pensions Ombudsman investigates and determines complaints and disputes about pensions. The Pensions Ombudsman is completely independent and there is no charge for its services.

Contact details are as follows:

The Office of the Pensions Ombudsman
11 Belgrave Road
London
SW1V 1RB
Phone: +44 (0) 20 7630 2200
Email: enquiries@pensions-ombudsman.org.uk
Website: www.pensions-ombudsman.org.uk

External contact addresses

Pension Wise

Pension Wise is a guidance service, established by the Government, to help you understand the options available at retirement for any defined contribution pension benefits that you may have. It is free and impartial. You can access the pensions guidance via the website:

www.pensionwise.gov.uk

Telephone: 0300 330 1001

Independent Financial Adviser (IFA)

The Trustees, the Company and their advisers cannot give you financial advice. It is therefore, recommended that you get independent financial advice.

If you do not already use a financial adviser, IFA Promotion's website www.unbiased.co.uk will give you a list of independent financial advisers in your area.

The Financial Conduct Authority (the regulator for the industry) provides information for consumers about all aspects of financial planning, including how to find an adviser and what questions to ask.

[A list of participating employers is also missing.]

Glossary of Terms

Adult Dependant

Your spouse or civil partner at the date of your death. If you are not married or do not have a civil partner, the Trustees may treat some other person as your dependant so long as there was financial interdependency at the date of death. Potential adult dependants include a partner, an aged parent or a disabled child unable to support themselves financially.

Annual Allowance

The maximum value of tax-relieved pension saving you can make across all pension arrangements in a tax year. The Annual Allowance is set by HM Revenue & Customs and is currently £40,000 but since the start of the 2016/17 tax year this has been reduced for high earners in certain circumstances.

Pension savings are called Pension Input Amounts (PIAs). PIAs are measured over a Pension Input Period (PIP) and count towards the tax year in which that PIP ends. Other pension arrangements may have different PIPs and you should ensure you are familiar with these.

The method for calculating PIAs is explained at www.hmrc.gov.uk/pensionschemes/annual-allowance/pension-input.htm. HMRC has published guidance to help you work out what your annual allowance is. This can be found at www.gov.uk/guidance/pension-schemes-work-out-your-tapered-annual-allowance.

If you are a deferred pensioner of the Scheme, any increase to your deferred pension in excess of the growth in the Consumer Prices Index will create a PIA. Once in payment, any increases in your pension do not create a PIA. Late retirement uplifts are not included in the PIA calculation.

Any contribution paid to a defined contribution/money purchase pension arrangement (such as a personal or stakeholder pension plan) creates a PIA, which is assessed at its face value. Investment growth on defined contribution funds does not count towards the Annual Allowance.

You can read the HM Revenue & Customs guidance at;

www.hmrc.gov.uk/pensionschemes/aa-ps.htm

Children

This includes all of your children, stepchildren and adopted children who are under the age of 18; or, normally, who are in full-time education under the age of 23; or who are incapable of self-support. Only children born before you ceased to be an Employee are eligible.

Employee

An employee of a company that is now part of the Shell group.

Incapacity

Ill health or infirmity which, in the opinion of the Trustees, means you are likely to be permanently incapable of carrying out the duties applicable to the job you were doing when you ceased to be an Employee. The Trustees will seek professional advice from a registered medical practitioner when considering applications for early payment of a deferred pension on the grounds of Incapacity.

Lifetime Allowance

The maximum amount of tax-relieved pension saving you may have in all registered pension schemes. The Lifetime Allowance is set by HM Revenue & Customs and annually increases in line with the Consumer Prices Index. It is currently £1.0 million [£1,030,000 from 6 April 2018].

Defined Benefit/Final Salary pensions are valued at 20:1 while tax-free lump sums are measured at their face value. For example, if you are due to retire with a pension of £15,000 per annum and a tax-free lump sum of £60,000, this is valued at £360,000 (20x£15,000 + £60,000) for Lifetime Allowance purposes.

Defined Contribution/Money Purchase pension funds (including ACs) are assessed at their face value. If you have pensions which were in payment before 6 April 2006, special valuation rules apply.

You may build up more than the Lifetime Allowance in registered pension schemes, but any amounts in excess of the Lifetime Allowance will be subject to the Lifetime Allowance Charge, unless you have a form of Lifetime Allowance protection.

You can read the HM Revenue & Customs guidance at;

www.hmrc.gov.uk/pensionschemes/lifetime-allowance.htm

Lifetime Allowance Charge

A tax applied to pension savings in excess of the Lifetime Allowance following a 'crystallisation' event (such as retirement).

Pension savings drawn as a pension or retained in the scheme are currently subject to a charge of 25% of the excess over the Lifetime Allowance. The pension is then taxed at your marginal income tax rate. At a marginal rate of 40%, the effective overall charge is approximately 55%.

Pension savings drawn as lump sums are currently subject to a charge of 55% of the excess over the Lifetime Allowance.

Lifetime Allowance Protection

The Government has made available a range of protections when it introduced or subsequently reduced the Lifetime Allowance, namely:

- Primary Protection: this was available if the value of your retirement benefits exceeded £1.5m on 6 April 2006.

- Enhanced Protection: this was available if you elected to cease all forms of registered pension benefit accrual before 6 April 2006 because you expected to exceed the Lifetime Allowance in the future.
- Fixed Protection 2012: this was available if you elected to cease all forms of registered pension benefit accrual before 6 April 2012. The Lifetime Allowance is maintained at £1.8m.
- Fixed Protection 2014: this was available if you elected to cease all forms of registered pension benefit accrual before 6 April 2014. The Lifetime Allowance is maintained at £1.5m.
- Fixed Protection 2016: this was available if you elected to cease all forms of registered pension benefit accrual before 6 April 2016. The Lifetime Allowance is maintained at £1.25m.
- Individual Protection 2014: this maintains the Lifetime Allowance at the lower of £1.5m or the value of benefits at 5 April 2014.
- Individual Protection 2016: this maintains the Lifetime Allowance at the lower of £1.25m or the value of benefits at 5 April 2016.

The protections above only apply if you register for protection with HM Revenue and Customs. With the exception of Fixed Protection 2016 and Individual Protection 2016 (where no deadlines apply) the deadlines for obtaining the other forms of protection above have passed.

You will only be able to rely on each form of protection whilst you continue to satisfy any conditions stipulated for that protection.

If you have successfully applied for protection but have not notified the administrator, your pension will have been increased each year by the change in the Retail Prices Index (RPI). Increases at this rate may have already invalidated your protection.

You can read the relevant HM Revenue & Customs guidance at:

http://www.hmrc.gov.uk/pensionschemes/pension-savings-la.htm#1

Money Purchase Additional Contributions

Unlike your main Scheme benefits, which are 'Final Salary' or 'Defined Benefit', the benefits you receive from money purchase investments depend on how much you pay in, the investment returns that are achieved on that money and the cost of converting your fund into an income at retirement. They are also known as 'Defined Contribution' benefits. Examples of money purchase benefits include the Scheme's Additional Contribution funds, personal pensions and stakeholder pensions.

Pensionable Salary

This is usually the 12 months' salary you received up to the date you ceased to build up benefits in the Scheme.

For part-time Employees, pensionable salary is increased to the full-time equivalent and pensionable service is scaled down based on part-time hours for the period in which you worked part-time.

Some components of pensionable service relating to added years and transfers-in from other pension arrangements currently maintain a link to pensionable salary while you remain an Employee. In some cases, this pensionable salary will be subject to a cap. The letter sent to Employees after the Scheme closed to future accrual of benefits on 31 December 2013 contained details of this, where applicable.

Pensionable Service

This is used in conjunction with pensionable salary to work out your benefits.

It is the number of years and days during which you paid contributions, plus any periods credited in respect of a transfer-in from another pension arrangement, or that you purchased by paying added years Additional Contributions.

For any periods in which you worked part-time, pensionable service is reduced by dividing your contractual hours by the full-time equivalent, for example:

> If you worked full-time for 5 years and part-time at 20 hours per week for 8 years, your pensionable service would be 5 + [(20 ÷ 37) x 8] = 9 years 118 days

It has not been possible to build up further pensionable service in the Scheme after 31 December 2013.

Registered Pension Scheme

A pension scheme registered with HM Revenue & Customs, which attracts favourable tax treatment in respect of benefits and contributions up to the Lifetime Allowance and Annual Allowance.

Salary

Salary and wages paid to you as an Employee by the Employer, but not payments for special duties nor payments for overtime (including bonuses earned in respect of overtime) nor any emoluments in kind plus such regular fixed or other payments as may be determined by the Company.

Transfer Payment

The transfer of a cash amount, representing the value of your Scheme benefits, to another pension arrangement.

The transfer value is based on assumptions, such as investment returns and price inflation, which are set by the Trustees, after consulting the Scheme Actuary. These assumptions make full allowance for the Scheme's pension increase policy, both in deferment and in payment. The transfer value also reflects investment market conditions at the time of calculation.

You may request a transfer value quotation if you are a deferred pensioner of the Scheme. The transfer value will (other than in exceptional circumstances) be valid until the 'guarantee date', which is three months from the date it is calculated. If you wish to take a transfer payment of the guaranteed amount, you will need to apply to the Trustees in writing by the guarantee date.

If you are considering making a transfer, you should first discuss this with the Scheme administrator (see page 3), as they will be able to explain the issues that need to be considered. They are not authorised to give you advice on whether or not to transfer your benefits elsewhere. If you wish to receive any advice on this matter, you should contact a professional financial adviser.