

BRITISH STEEL PENSION SCHEME

Members' Handbook
June 2007

Benefits for Members joining the
Scheme on or after 1 December 2006



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INTRODUCTION

About This Handbook

This handbook is not a definitive statement of the **rules** of the British Steel Pension Scheme. In the case of any confusion or dispute, the **scheme's** Trust Deed and Rules will be binding. Copies of the Trust Deed and Rules are available on request from the Pensions Office.

Welcome to the British Steel Pension Scheme (the scheme).

The **scheme** is sponsored by Corus UK Limited (the **principal company**) and exists to provide **members** with pension benefits on retirement. It also provides benefits on **incapacity** and death, ensuring comprehensive cover for you and your family.

The **scheme** is administered by B.S. Pension Fund Trustee Limited, in accordance with the Trust Deed and Rules. The **scheme** assets are held by the **trustee** to provide security for your benefits. They are separate from the assets of your **employer**. The fund is invested by the **scheme's** in-house investment team, Pension Services Limited (PSL), and the day-to-day administration is carried out by the Pensions Office.

SUMMARY OF PENSION TERMS

The following pension terms appear in blue throughout this handbook. They have the meanings described below.

Annual Allowance

Is a cap on the amount of pension savings from all sources that can be built up tax efficiently each year. The Annual Allowance is 100% of earnings, (or £3,600 if greater) or, if lower, £225,000 for the 2007/08 tax year, increasing in steps to £255,000 by 2010/11 and is subject to Government review thereafter.

The scheme specific “earnings cap” applies to new entrants who joined the scheme on or after 1 June 1989.

For 2007/08, this ceiling on Earnings is £113,200, which will be reviewed annually by the Principal Company in April.

Civil Partner

A party to a registered Civil Partnership as defined in the Civil Partnership Act 2004.

Employer

The “Principal Company”, Corus UK Limited, and every Participating Company in the Scheme.

Dependants

As defined on page 38

Final Pensionable Earnings

Generally your highest Pensionable Earnings for any one scheme year during your last five years of Scheme Membership. (Pensionable Earnings are currently Earnings less an offset of £3,328, until 2009, when this offset will increase annually in line with price inflation).

Earnings

Generally, your gross earnings (i.e. before tax and any other deductions) for any scheme year. **Abnormally wide variations in non-basic pay elements such as bonus and overtime will be averaged over 3 years.** One-off payments (such as outstanding holiday pay) are generally excluded.

Incapacity

This means that a Member or former Member is unable to carry out any gainful employment due to physical or mental Incapacity and is likely to remain permanently unable to do so. This form of retirement is subject to medical assessment.

Lifetime Allowance

Is the maximum capitalised value of benefits that may be provided from pension schemes on a tax privileged basis. For this purpose, pensions are given a capitalised value using a standard formula laid down in legislation which may not reflect the real value of the pension. Once the Lifetime Allowance has been used up, further benefits paid are subject to additional tax.

This allowance is £1.6 million for the 2007/08 tax year, increasing in steps to £1.8 million by 2010/11 and is subject to Government review thereafter.

Member

A person who has joined the Scheme and who is continuing to contribute to it.

Normal Pension Age

Age 65 for men and women.

Pensionable Earnings

Generally, your gross earnings in any Scheme Year less an offset, at present, equal to £3,328 per annum. See also pension term "Earnings" for reference to the "earnings cap". From 2009, the offset will increase annually in line with price inflation.

Pensionable Service

The number of years, months and days that you have been a **member**.

Principal Company

Corus UK Limited

Qualifying Service

The aggregate of all your service in the Scheme and any other period of service that may count for pension purposes.

Rules

These govern the administration of the Scheme, and are set out in the Trust Deed.

Scheme

British Steel Pension Scheme

Scheme Actuary

The professional adviser appointed by the Trustee to advise on the funding of the Scheme and associated financial costings.

Scheme year

From 1 April to 31 March

Survivors

Widow/widower/civil partner

Trustee

B.S. Pension Fund Trustee Limited is the trustee and administers the Scheme as per the terms of the Scheme's Trust Deed and Rules.

Widow/Widower

The surviving legal spouse



MEMBERSHIP

Who can join the scheme?

Scheme membership is open to all employees who are 16 years of age or over.

You must decide whether to join the **scheme** on first being employed by your **employer**. You normally have no further opportunity to join during the rest of that period of employment. However, if your employment is temporary, you will have another opportunity to join the **scheme** if you are later offered a regular contract of employment.

How do I join?

New eligible employees automatically become **scheme members**. You will be asked to complete a “New Member application form” on or before starting employment. You will also be asked to provide evidence of your date of birth. If you think you may not want to join the **scheme**, please read carefully the section entitled “Can I decide not to join?” on page 7.

How much do I contribute to the scheme?

You pay 6% of your **pensionable earnings**.

But the real cost to you is considerably less overall because:

- **You get tax relief on your contributions;**
- **You pay a lower rate of National Insurance contributions.**

Contributions are payable until age 65, or earlier if you leave **scheme** membership.

No contributions are due if:

- **You are absent without pay** or
- **You earn less than £3,328 per annum** (from 1 April 2009, this amount will increase annually in line with price inflation).

(See also maternity/adoption/paternity leave on page 7).

However, these periods still count towards your **pensionable service** when your pension is calculated.

How much does my employer pay?

The **trustee** and the **principal company** agree the **employer's** contributions necessary to cover the expected cost of benefits payable under the **scheme rules**, after allowing for **members' contributions**. In any **scheme year**, these cannot be less than the **members' normal contributions**.

What are the maternity/adoption/paternity leave arrangements?

Maternity leave/Adoption leave

If you are on maternity/adoption leave your **scheme** membership continues.

Scheme contributions will continue to be deducted from contractual and statutory pay in accordance with normal procedures.

You will continue to build up **pensionable service** on the same basis that you were receiving before going on maternity/adoption leave.

The full range of **scheme** benefits cover will continue to apply during maternity/adoption leave.

Paternity leave

If you are on paternity leave your membership continues but you only need to make contributions relative to pay received.

Can I buy additional pension benefits in the scheme?

No, the **scheme's** Additional Voluntary Contribution (AVC) facility closed from 6 April 2006.

However, you can pay tax deductible contributions out of your **earnings** to other pension arrangements, subject to the **annual allowance**.

The value of benefits above the **lifetime allowance** will normally be subject to additional tax.

Can I transfer-in benefits from external arrangements?

No, individual transfers into the **scheme** from other arrangements are not permitted.

Can I decide not to join?

New eligible employees automatically become **scheme members** unless they tell their **employer** that they do not wish to join. This handbook describes the comprehensive **scheme** benefits available. However, if you are considering not joining please note:

You and your dependants will have no benefit entitlement under the scheme;

You will need to rely on the State for your pension income, or make other arrangements;

Your employer will not contribute to any other pension arrangement other than the minimum which may be required by legislation;

National Insurance contributions will normally be deducted from your earnings at the full rate and not the lower contracted out rate;

You will normally have no further right to join the scheme during your current period of employment.

Please consider these points carefully before you decide. They concern your family's future security as well as your own.

If you decide not to join, please complete a "Non-joiner's declaration" form on or before the first day of employment, to ensure pension deductions are *not* made from your **earnings**.

If you do decide to join you are free to opt out at any time

What happens if I opt out of the scheme?

You can opt out of the **scheme** at any time, provided you give appropriate notice to your **employer**. The benefits you will be entitled to are described in "Members leaving the Scheme prior to retirement (without an immediate pension)" on pages 27 to 31.

You must complete a "Member's withdrawal declaration" form to opt out of the **scheme**.

Please note you will not normally be entitled to rejoin the scheme during your current period of employment.



ADMINISTRATION MATTERS

The Trustee

The **scheme** is administered by B.S. Pension Fund Trustee Limited. This is a corporate **trustee** with directors appointed by the **principal company**, half of whom are nominated by the trades unions.

Responsibility for day-to-day investment of **scheme** assets is delegated to the Investment Committee. This Committee consists equally of the **principal company's** appointed directors and the trades unions' nominated directors. The Investment Committee is supported by the Trust Fund's in-house Chief Investment Officer and three independent external advisers.

Scheme funding

All contributions are paid into the **scheme's** Trust Fund. The Fund uses these contributions, plus returns from assets, to pay the benefits outlined in the **rules**.

The **scheme actuary** makes a formal valuation every 3 years to check whether the assets in the Fund are expected to be enough to pay the **scheme's** benefits. (see also "How much does my employer pay?" on page 6).

HM Revenue & Customs registration

The **scheme** is a Registered Pension Scheme under Section 153(9) of the Finance Act 2004. This means it enjoys important tax concessions.

Amendment and discontinuance

The **scheme** provisions may be amended from time to time under the terms of the Trust Deed and Rules and any relevant legislation. The Pensions Office will notify you of any changes which may affect your benefits.

The **principal company** reserves the right to discontinue the **scheme** at any time under the **scheme's** Trust Deed and any relevant legislation.

Benefits not assignable

Scheme benefits cannot be assigned to a third party unless, in the **trustee's** opinion, this is appropriate for the support or maintenance of the original recipient.

Divorce/dissolution of a civil partnership

Refer to page 33.

Quality of service

The Pensions Office is committed to providing the good standard of service you have a right to expect both during your employment and after you leave or retire.

As an active scheme member:

- The Pensions Office will provide you with an annual statement of your accrued benefits in the **scheme**;
- You can ask for the estimated value of your **scheme** benefits;
- You can ask for other information about your pension rights;
- You can get in touch at any time. The Pensions Office will deal with your enquiries quickly, accurately and politely;
- If the Pensions Office needs to get more information before it can give a full reply, it will let you know.

If you leave the scheme the Pensions Office will:

- Calculate your benefits accurately;
- Tell you about your options;
- If you wish to consider transferring your **scheme** benefits, deal with its part of the application as quickly as possible;
- Update you on the value of your pension benefits in the 5 years leading up to **normal pension age**.

When you retire the Pensions Office will:

- Calculate your benefits accurately;
- Let you know your pension and lump sum options;
- Pay your lump sum and first pension payment as soon as possible after the date of your retirement;
- Pay all other pension payments, less any tax due, so as to reach you on the due date.

Scheme Tracing Service

The Department for Work and Pensions (DWP) is responsible for pension scheme tracing. This service enables individuals to get in touch with pension schemes which may have changed name or address or have been merged into another scheme.

Enquiries may be addressed to:

Pension Tracing Service

The Pension Service

Tyneview Park

Whitley Road

NEWCASTLE UPON TYNE

NE98 1BA

Telephone: 0845 600 2537

www.thepensionservice.gov.uk

Data Protection

The Data Protection Act 1998 imposes various obligations on organisations which process personal information. This includes an obligation to notify you that information is held about you. The **trustee** of the British Steel Pension Scheme holds personal data about you to administer the **scheme** membership and benefits. The **trustee** may disclose this information to your **employer**, professional advisers, insurers, and others who assist them in administering the **scheme**.

The Pensions Office has notified the Information Commissioner that it needs to process (as defined under the Act) membership data to administer the **scheme**. You have the right to see any of the data held in respect of your membership, provided that responding to a request to see it would not mean revealing any other **member's** information. A small fee may be required for this service. If you wish to take up this right, or have any questions regarding the Act, you should contact the Data Controller at the Pensions Office's address shown on page 37.

Disclosure of Information

Under the Occupational Pension Scheme (Disclosure of Information) Regulations, pension schemes must provide **members** with certain information. This handbook includes the general information which the Pensions Office must provide, but you are also entitled to ask for further information. For example, you could ask for copies of:

- *actuarial valuation reports;*
- *schedule of contributions;*
- *Statement of Investment Principles;*
- *Statement of Funding Principles;*
- **scheme** *annual report including audited accounts.*

You can also ask for further information about your own circumstances. For example:

*Details of what your **scheme** benefits are likely to be when you retire (this information is provided automatically by means of the annual benefit forecast sent to your home address);*

*The rights and options available to you if you decide to end your pensionable employment before **normal pension age**;*

*An estimate of the amount of the transfer value which could be paid to another registered pension arrangement on leaving the **scheme**.*

Publications

The Pensions Office has a wide range of pensions literature designed to explain **scheme** benefits as clearly as possible. Full details of this literature are on page 36.



MEMBERS RETIRING WITH AN IMMEDIATE PENSION



INTRODUCTION

This section explains the benefits available to you on retiring with an immediate entitlement to a pension. It is not however, a definitive statement of the **rules of the scheme**.

The Pensions Office recognises that when you retire you will want a clear explanation of your pension benefits.

You can get a personal illustration of your benefits before leaving your **employer**. Final **scheme** benefits are calculated according to the **rules** of the **scheme**.

It is important to note that due to the Finance Act 2004 the minimum early retirement age will be raised from 50 to 55 for retirement on or after 6 April 2010. This excludes early retirement due to **incapacity**, which is unaffected by the change.

SETTING THE SCENE

Standard benefits on retirement

This section covers the provisions that apply to every **member** retiring from employment. You should read this section before the retirement section that applies to your specific circumstances.

What do I get if I retire?

You receive a pension payable for life.

How is my pension calculated?

There is a standard basis for calculating **scheme** pension benefits. You are entitled to a pension of 1/60th of your **final pensionable earnings** for every year of **pensionable service**. Months and days are included as part-years of **pensionable service**.

Example – a member retires with final pensionable earnings of £20,000 and pensionable service of 30 years: 30/60ths of £20,000 gives an annual pension of £10,000.

Please note that abnormally wide variations in non-basic pay elements such as overtime and bonus will be averaged over 3 years.

Your pension may be reduced to take account of early payment. Please refer to the individual section which applies to your circumstances.

Can I exchange pension for a tax-free lump sum?

You may exchange part of your pension for a tax-free cash lump sum. The lump sum will depend on your pension and age at retirement and the Pensions Office will advise you of your options.

What would be the effect on my pension after taking a lump sum?

Taking a lump sum reduces your pension. The amount of the reduction depends on your age at retirement, and the value of the lump sum itself.

You may wish to take independent financial advice before deciding what option is best for you. Please refer to page 32 for more details.

What would be the effect on my survivor's pension after taking a lump sum?

If you exchange pension for a lump sum it does not affect the amount of pension payable to your **survivor**.

Can I give up some of my pension for a dependant?

Yes. On retirement you may give up part of your pension to provide an additional pension on your death for:

- **your widow or widower; or**
- **civil partner; or**
- **any person dependent on you**

You must make this choice within one month before your retirement date. If either you or your nominated dependant die before you retire, your election would automatically be cancelled. However, if after you retire your dependant dies before you, your pension election will not be changed.

Will my pension be increased?

Your pension is increased on 1 April in accordance with the **rules** of the **scheme**, in line with the percentage rise in the Retail Prices Index over the previous January to January, subject to a maximum of 4% each year.

How is my pension paid?

Pensions are paid monthly in advance, no later than the first day of each calendar month, direct to the bank or building society you choose (excluding Post Office accounts).

Is my pension taxed?

Pensions are subject to income tax, and enquiries about tax should normally be made to:

HM Revenue & Customs
Centre 1
East Kilbride
GLASGOW
G79 1AA
Telephone: 0845 070 3703

OTHER FEATURES

What is the “high/low” pension option on early retirement?

The **scheme** allows a **member** to use this option, except in the case of **incapacity** retirement. It aims to provide a steady level of income throughout retirement, taking broadly into account the State benefits which would normally become payable at age 65. You must make this choice before your pension payments are due to start.

Further details are available under “High/low pension option explained”, on pages 19 to 21



RETIRING AT YOUR EMPLOYER'S REQUEST (REDUNDANCY)

Retiring at your employer's request (redundancy) **before** 6 April 2010

If I am retiring between ages **55** to **64**, will my pension be reduced?

Your pension is based on your **pensionable service** and **final pensionable earnings** at the date of retirement and is not reduced for early payment.

If I am retiring between ages **50** and **54**, will my pension be reduced?

Your pension is reduced for each complete year and complete month that your age is less than 55 at the date of your retirement.

Retiring at your employer's request (redundancy) **on or after** 6 April 2010

If I am retiring between ages **60** to **64**, will my pension be reduced?

Your pension is based on your **pensionable service** and **final pensionable earnings** at the date of retirement and is not reduced for early payment.

If I am retiring between ages **55** to **59**, will my pension be reduced?

Your pension is reduced for each complete year and complete month that your age is less than 60 at the date of your retirement. **This reduction applies only to pension earned after 6 April 2010.**



RETIRING WITH YOUR EMPLOYER'S CONSENT BETWEEN THE AGES OF 55 AND 64

If I am retiring between ages 55 and 64 is my pension reduced?

Your pension is reduced for each complete year and complete month that your age is less than 65 at the date of your retirement.



INCAPACITY

What if I am permanently unable to work due to Incapacity?

If you are unable to carry out any gainful employment due to physical or mental **incapacity**, and you are likely to remain permanently unable to do so, you may qualify for an early pension on **incapacity** grounds. You should apply to your **employer** for **incapacity** retirement. This form of early retirement is subject to medical assessment and your application must be supported by medical evidence.

Are there any age restrictions?

No. The benefit is payable at any age, provided the **incapacity** criteria are met.

How is my pension calculated if I have 20 or more years of pensionable service?

Your pension is based on your **pensionable service** at the date of retirement and is not reduced for early payment.

How is my pension calculated if I have less than 20 years of pensionable service?

Your pension will be enhanced. The increased benefits will be the **lesser** of:

*- a pension of 2/60ths of your **final pensionable earnings** for every year of **pensionable service**, with a minimum entitlement of 10/60ths and a maximum of 20/60ths;*

or

*- a pension of 1/60th of your **final pensionable earnings** for every year of **potential pensionable service** through to **normal pension age**.*

If at any later date the **trustee** decides that the **scheme's** criteria for **incapacity** has ceased to apply, the **trustee** can decide that the pension shall cease to be payable until, in the opinion of the **trustee**, this criteria is again met, or, if earlier, **normal pension age**.



LATE RETIREMENT

How is my pension calculated if I retire after normal pension age?

If you retire after **normal pension age** your pension will be increased on the advice of the **scheme actuary**. The increase takes account of each extra 3-month period of service you completed after reaching age 65, plus any annual increase in the pension.

Will I still have to pay pension contributions?

No, you will not have to pay pension contributions after **normal pension age**. Neither will you gain any further **pensionable service** from this time.



“HIGH/LOW” PENSION OPTION EXPLAINED

This explains the “high/low” pension option, which is provided under the rules of the scheme.



WHAT IS THE “HIGH/LOW” PENSION OPTION?

This option aims to provide a steady level of income throughout retirement, taking broadly into account the State retirement pension rate for a single person. In short, your **scheme pension would be increased through to age 65, then reduced for the remainder of your retirement.**

When is the option available?

If you are age 50 or over before 5 April 2010 (age 55 with effect from 6 April 2010) and retire with an immediate entitlement to a pension – other than on **incapacity** grounds – you may be able to use this option. It does not apply to deferred pensions or if you take your pension at or after **normal pension age**.

When should I apply for the option?

You should apply for the “high/low” pension option, in writing, shortly before your retirement.

Will I automatically qualify for the option?

Not necessarily. For you to qualify for the high/low pension option, the Pensions Office needs to be able to predict that your pension at **normal pension age** will be sufficient to allow for the pension reduction to take place.

What effect will taking the option have on my other pension benefits?

The high/low pension option may change your ability to take the full tax-free lump sum but not your **widow’s/widower’s/civil partner’s** pension. It does impact on any 5-year guarantee of your pension payable on death.

Who benefits from taking the option?

No-one can accurately predict who will benefit from taking the option. Your consideration of the option should depend on your own circumstances and include your expectations about the State benefits you will receive.

Based on the **scheme actuary's** assessment of the broad range of **members** who elect for this option, the **scheme** should neither gain nor lose financially from providing the option, as it will be based on average life expectancy. Of course, no-one can predict whether an individual will gain/lose financially from taking the option, as it will depend on individual lifespans. Pensioners who have shorter lives than the **scheme** average receive proportionately more benefit from the option than pensioners who live longer than average.

How will taking the option affect my State benefits?

You should check with your local Jobcentre Plus office about how the high/low option may affect your entitlement to State benefits.

You should think carefully about whether the high/low option is appropriate for you.

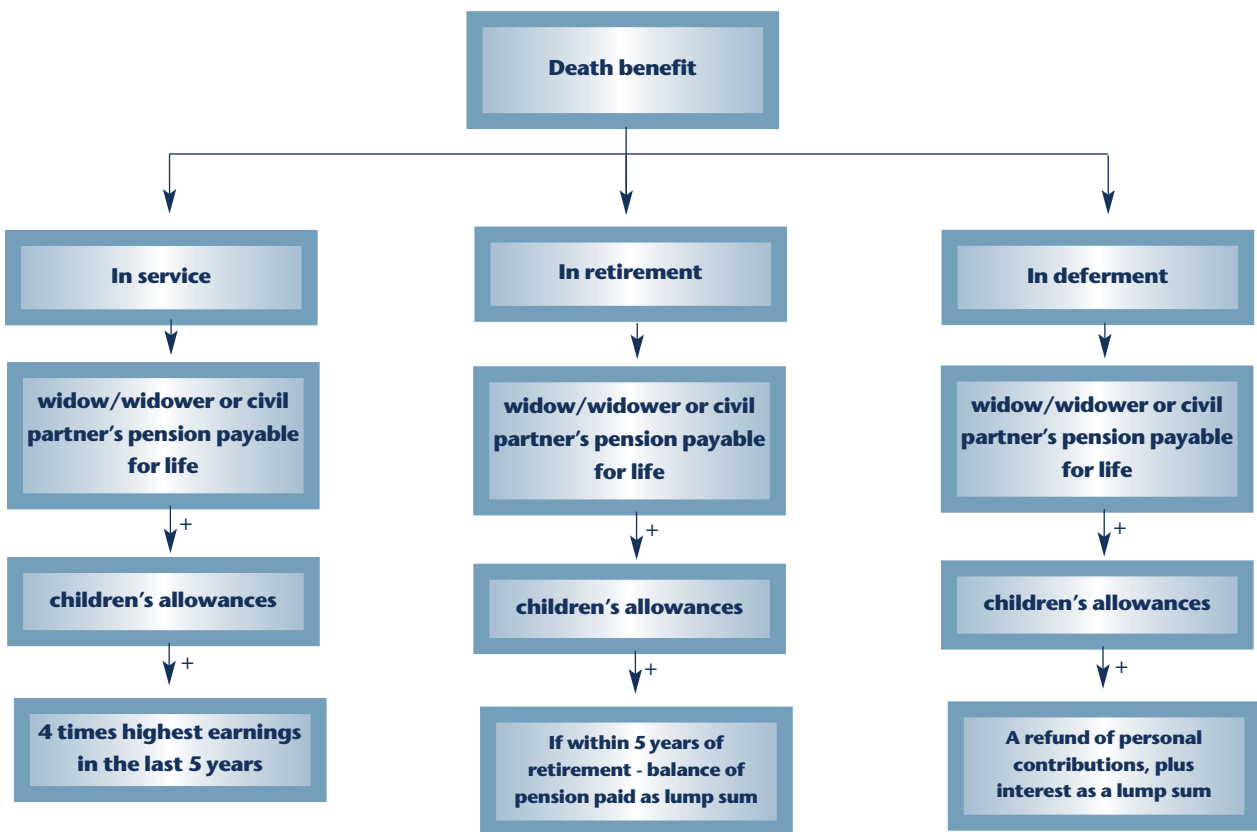


DEATH BENEFITS

SUMMARY OF DEATH BENEFITS

What benefits are payable upon death?

The **scheme** provides benefits on death. These will apply automatically from the day you join. The benefits payable will depend on your category of **scheme** membership when you die.



Who gets any lump sum?

You can tell the **trustee** who you would like to receive any lump sum death benefits when you die. Please complete a nomination form (one comes with this handbook on page 39) and return it, in confidence, to the Pensions Office. It is important that you keep your nomination form up to date, so please inform the Pensions Office if you want to change your nomination.

Please note that the **trustee** will consider any nomination form but the forms are not legally binding on it. This means that the lump sum death benefit will not generally be subject to Inheritance Tax.



STANDARD BENEFITS PAYABLE ON DEATH IN SERVICE

What pension will be payable to my widow/widower/civil partner?

Your **widow/widower/civil partner** receives a pension equal to half your pension based on what your entitlement would be to an **incapacity** pension with a minimum of 10 years service. This is payable for life and subject to annual increases in accordance with the **rules** of the **scheme**.

Where applicable, children's allowances are also payable.

What is the lump sum payable?

On death in service, there is a lump sum equal to 4 times highest **earnings** in the last 5 years payable to **dependants** and/or personal representatives under a discretionary trust.

To have your wishes taken into account, it is helpful for you to have completed a nomination form (see "Who gets any lump sum?" on page 23) or, if appropriate, a Will.

STANDARD BENEFITS PAYABLE ON DEATH IN RETIREMENT

What pension will be payable to my widow / widower or civil partner?

Your **widow/widower/civil partner** receives a pension equal to one-half of your full pension (which would have been payable before any exchange for a lump sum) taking into account any increases between the date you left the **scheme** and death. This is payable for life and subject to the same annual pension increases as your pension.

Where applicable, children's allowances are also payable.

What is the lump sum payable?

When in payment, your pension is guaranteed for 5 years. If you die during this guarantee period, a lump sum is paid to your **dependants** or personal representatives. This lump sum is the balance of the pension instalments which would have been paid over the guarantee period. The lump sum would be based on the value of the pension in payment at date of death.

To have your wishes taken into account it is helpful for you to have completed a nomination form (see "Who gets any lump sum?" on page 23) or, if appropriate, a Will.

STANDARD BENEFITS PAYABLE ON DEATH AFTER NORMAL PENSION AGE BUT BEFORE RETIREMENT

What pension would be payable to my widow/widower or civil partner?

Your **widow/widower/civil partner** receives a pension based on the assumption that you retired at date of death. It will be equal to half of your full pension, increased to take account of each extra 3-month period of service you completed after reaching age 65. This is payable for life and subject to the same annual pension increases as your pension.

Where applicable, children's allowances are also payable.

*- 6 times the annual pension (excluding any part of your pension you may have given up to provide an additional pension on your death for your **widow/widower or civil partner** or any person dependent on you) you would have been entitled to had you retired at date of death*

OR

- 4 times your final earnings at normal pension age

To have your wishes taken into account it is helpful for you to have completed a nomination form (see "Who gets any lump sum?" on page 23) or, if appropriate, a Will.

What is the lump sum payable?

A lump sum is paid to your **dependants** or personal representatives based on the **greater** of the following:



STANDARD BENEFITS PAYABLE ON THE DEATH OF A DEFERRED MEMBER

What pension will be payable to my widow / widower or civil partner?

Your **widow/widower/civil partner** receives a pension equal to one-half of your full pension (which would have been payable before any exchange for a lump sum) taking into account any increases between the date you left the **scheme** and death. This is payable for life and subject to the same annual pension increases as your pension.

Where applicable, children's allowances are also payable.

What is the lump sum payable?

If you die before payment of your pension, your **dependants** or personal representatives receive a refund of your contributions to the **scheme** plus interest.

To have your wishes taken into account it is helpful for you to have completed a nomination form (see "Who gets any lump sum?" on page 23) or, if appropriate, a Will.

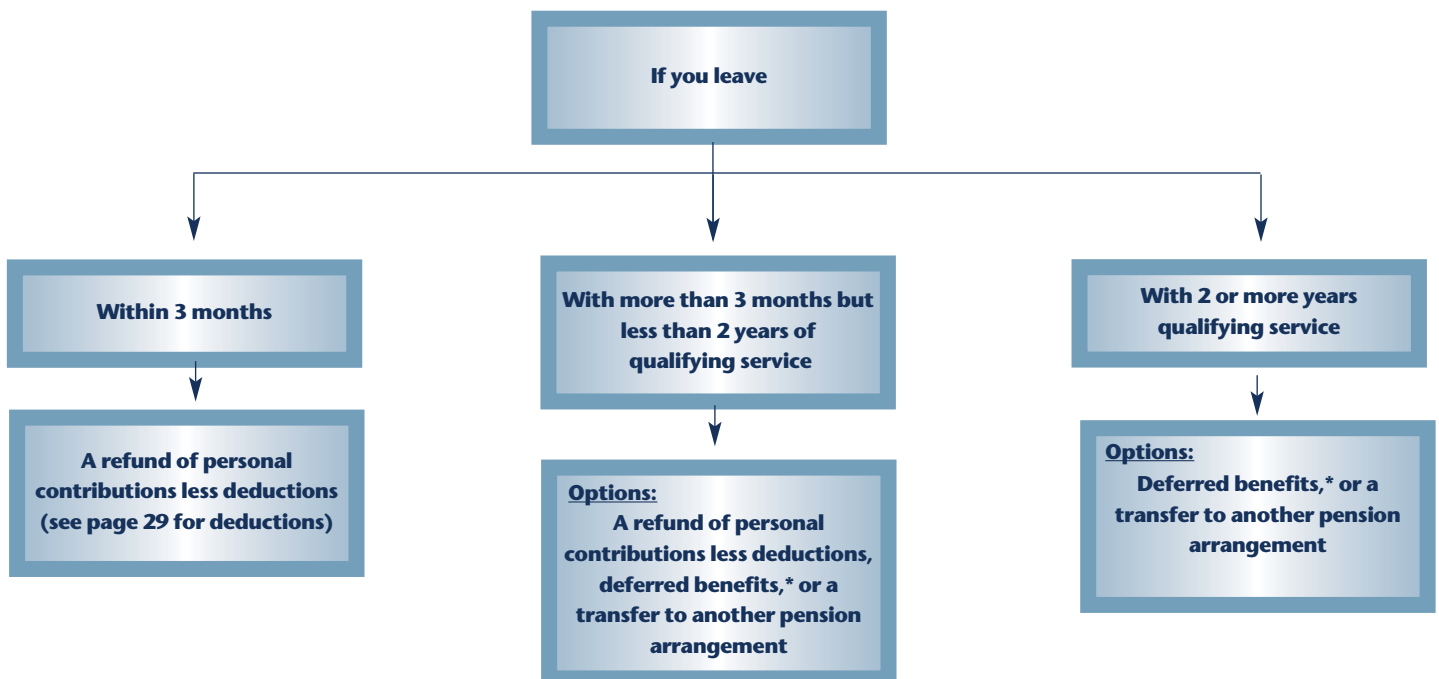


MEMBERS LEAVING THE SCHEME PRIOR TO RETIREMENT (WITHOUT AN IMMEDIATE PENSION)

INTRODUCTION

This section explains the options available to you on leaving active membership of the **scheme** before retirement without receiving an immediate pension. If you leave employment, the Pensions Office recognises that you will want a clear explanation of the options regarding your pension benefits.

What are your options on leaving **pensionable service** prior to retirement (without an immediate pension)?



Deferred Benefits may be retained in the **scheme until **normal pension age**, or paid early due to **incapacity** or paid early with reduction. You can elect to transfer the cash value of your deferred benefits at any point until one year prior to **normal pension age**.*

HOW DO I OPT OUT OF THE SCHEME?

You can stop paying contributions to the **scheme** while still employed by "opting out". You can opt out of the **scheme** at any time, as long as you give appropriate notice to your **employer**. In these circumstances, you must complete an "Opt out" form.

*Please note if you opt out you will not be entitled to rejoin the **scheme** during your current period of employment.*

*Please refer also to "Can I decide not to join?" on page 7, before opting out of the **scheme**.*

You can either leave your benefits in the **scheme** or you can decide to transfer them to another registered pension arrangement.

The option of a refund of your personal contributions is available if you have less than 2 years of **qualifying service** in the **scheme**, and is paid automatically if you have less than 3 months of **qualifying service**.

You should think carefully before deciding to opt out. The **scheme provides a comprehensive package of benefits involving your family's future security as well as your own. See also page 7, "Can I decide not to join?"**

How is the refund of scheme contributions calculated?

If you choose a refund of your own contributions to the **scheme**, two statutory deductions will be made from the total amount:

- the appropriate part of the cost of buying back your rights in the State Second Pension (S2P) for the period you have been contracted out as a **member** of the BPS and;
- tax (currently 20% on the first £10,800 and 40% on the rest) on the remaining balance, payable to the HM Revenue & Customs (HMRC)

A breakdown of the calculation of the refund will be sent out in the letter provided by the Pensions Office.

WHAT IS A DEFERRED PENSION?

A deferred pension is a pension payable from the **scheme** at **normal pension age** to an individual who had been a **member** but who left **pensionable service** prior to **normal pension age**. It can normally be drawn earlier under the following circumstances:

*- at any time over age 50 before 6 April 2010, you can request payment of your pension. From 6 April 2010, you can request payment of your pension at any time after age 55. The pension, including increases from date of leaving, will be reduced, on the advice of the **scheme actuary**, to take account of early payment before age 65;*

*- if you qualify as unable to carry out any gainful employment due to **incapacity**, your deferred pension can be paid from the date that qualification is established. Your pension, including increases from date of leaving, is paid without reduction.*

How will I know the value of my benefits in the scheme?

Soon after you leave the **scheme**, the Pensions Office will write to you setting out the deferred pension which you have accrued in respect of your **scheme** membership, together with details of the transfer value available if you wish to consider this option (see page 31).

How is my pension calculated?

You are entitled to a pension of 1/60th of your **final pensionable earnings** for every year of **pensionable service**. Months and days are included as part-years in **pensionable service**.

*Example - a **member** leaves the **scheme** with **final pensionable earnings** of £21,000 and **pensionable service** of 20 years:*

*20/60ths of £21,000 gives an annual deferred pension of £7,000 payable from **normal pension age**.*

Please note that abnormally wide variations in non-basic pay elements such as bonus and overtime will be averaged over 3 years.

Will my deferred pension be increased?

Your deferred pension is increased on 1 April each year in line with the percentage rise in the Retail Prices Index over the previous January to January, subject to a maximum of 5% per annum. Once in payment, your pension will be increased like any other pension in payment (see page 14).



CAN I TRANSFER MY PENSION RIGHTS?

If you leave **pensionable service** you do not need to leave your pension benefits in the **scheme**. You can ask that your pension rights be transferred at any time, up to age 64, to:

- *your new employer's registered pension scheme; or*
- *your personal pension or stakeholder provider; or*
- *an insurance company to buy a pension annuity; or*
- *another pension arrangement registered for this purpose.*

You can request a quotation of the transfer value of your pension rights from the Pensions Office, which will provide this quote within 3 months of receiving the request. The transfer value quoted will be guaranteed for a 3-month period, starting from the date it was calculated. Only one quote is normally provided in any **scheme year**.

The transfer value will be decided using factors supplied by the **scheme actuary**. It will reflect any legal requirements.



INDEPENDENT FINANCIAL ADVICE

Where can I get independent financial advice?

Under the Financial Services & Markets Act 2000, staff at the Pensions Office are not authorised to give financial advice.

If you are not sure which pension arrangement is best for you, you should seek independent financial advice. All Financial Advisers must be registered with the Financial Services Authority in order to give financial advice. If you need independent advice, you can get details of advisers near you from:

IFA Promotion Ltd
2nd Floor
117 Farringdon Road
LONDON
EC1R 3BX

Telephone: 0800 085 3250
www.unbiased.co.uk

Remember that you may be charged for financial advice.



YOUR PENSION ON DIVORCE

The position of the British Steel Pension Scheme

Pension benefits must normally be taken into account when agreeing a split of matrimonial assets on divorce. Your pension benefits can be dealt with in a number of different ways.

Pension Attachment Orders

A Pension Attachment Order (sometimes known as “earmarking”) is a requirement that you will pay a portion of your pension to your ex-spouse each month once your pension comes into payment. The Pensions Office will normally administer such an arrangement on your behalf and send the correct monthly amount to each party.

Pension Sharing Orders

A Pension Sharing Order calculates the value of your pension rights at the date of your divorce and pays an agreed portion of that value to a pension arrangement in the name of your ex-spouse. The **rules** of the **scheme** do not permit the ex-spouses of **members** to retain their pension sharing benefits in the **scheme**. Such benefits must always, therefore, be transferred to a registered pension provider and ex-spouses are encouraged to nominate their preferred provider.

Does the trustee charge for this?

The **scheme** does not charge administration costs in relation to Pension Sharing or Pension Attachment Orders.

Who can assist?

Dealing with the allocation of pension benefits on divorce is complex and **members** are encouraged to seek personal legal advice from the outset. The law applying in Scotland is different from the law applying to the rest of the UK.

In this section any reference to divorce applies equally to the dissolution of a registered Civil Partnership.



THE INTERNAL DISPUTE PROCEDURE

Most complaints can be dealt with informally. However, if you wish to make a formal complaint (i.e. a specific complaint about your rights, benefits or entitlement from the **scheme**) you should follow the procedure outlined in the Internal Dispute Procedure leaflet, which is available on request from the Pensions Office.

EXTERNAL ENQUIRIES

The Pensions Advisory Service(TPAS)

TPAS is an independent voluntary organisation with a network of local pension experts. They assist pension scheme members who consider that they may want to make an external complaint against the Trustees or employer in relation to their pension scheme.

You can raise a complaint directly with TPAS rather than going through the scheme's internal dispute procedure. However, it is generally better to raise the matter with the scheme administrators first.

You may complain to TPAS by contacting them at:

The Pensions Advisory Service

11 Belgrave Road

LONDON

SW1V 1RB

Telephone: 0845 601 2923

www.pensionsadvisoryservice.org.uk



Pensions Ombudsman

The Ombudsman can investigate maladministration complaints or disputes of fact of law. Before coming to him the Ombudsman would usually expect you to go through the internal disputes procedures and/or TPAS first, but you do not have to.

His contact details are:

The Pensions Ombudsman

11 Belgrave Road

LONDON

SW1V 1RB

Telephone: 0207 834 9144

www.pensions-ombudsman.org.uk



THE PENSIONS REGULATOR

The Pensions Regulator is the regulatory body for occupational pension schemes in the UK.

The role of the Regulator is to protect the interests of the members of schemes. The Regulator can investigate suspected breaches of pensions legislation and has the powers to prohibit or disqualify a trustee and/or impose a civil penalty.

The Pensions Regulator:

- *has a defined set of statutory objectives;*
- *has wide powers to investigate schemes and take action where necessary;*
- *takes a proactive, risk-focused approach to regulation; and*
- *provides practical support.*

The address of the Pensions Regulator is:

**The Pensions Regulator
Napier House
Trafalgar Place
BRIGHTON
BN1 4DW**

Telephone: 0870 606 3636
www.thepensionsregulator.gov.uk

STATE PENSION ARRANGEMENTS

Important changes are being made to State pensions.

The **scheme** interacts with State Pension arrangements and it is therefore important to understand what benefits are payable by the State. Information about your State Pension is given on your annual Benefit Forecast, unless you inform the Pensions Office that you do not want this information included, or the Department for Work and Pensions (DWP) is currently unable to provide it.

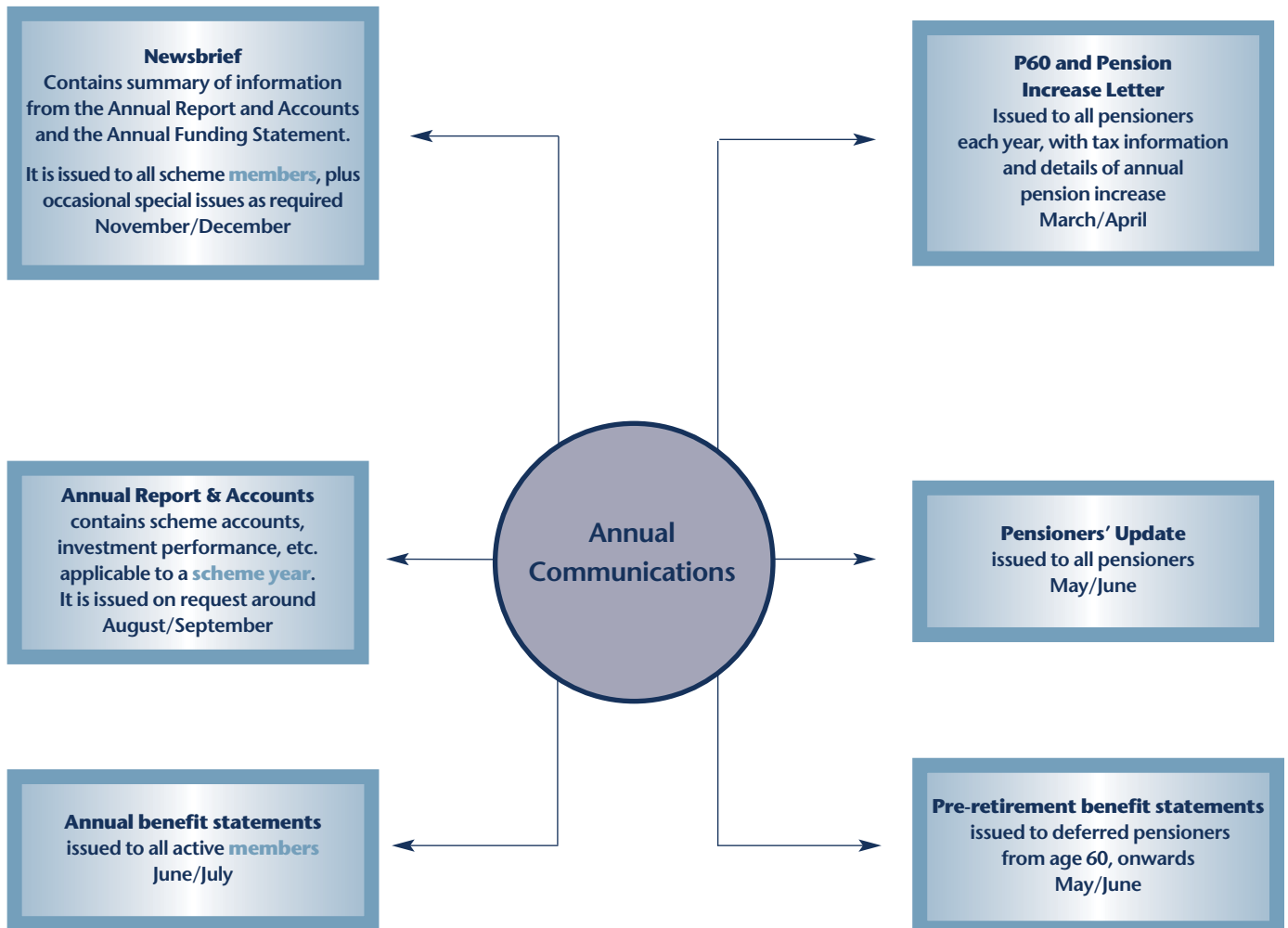
For further information about your State entitlements you can contact:

**State Pension Forecasting Team
The Pension Service
Tyneview Park
Whitley Road
NEWCASTLE UPON TYNE
NE98 1BA**

Telephone: 0845 3000 168

HOW AM I KEPT INFORMED?

There is a wide range of literature to ensure you are kept informed of **scheme** and general pensions news.





HOW TO CONTACT THE PENSIONS OFFICE

If you need more information, please write to the Pensions Office (no need for a stamp) at:

British Steel Pension Scheme
Freepost RLXS-ZXKT-AUER
6th Floor
Sentinel
105 Waterloo Street
Glasgow
G2 7BW

You can phone the Pensions Office from anywhere in the UK at the cost of a local rate call.

If your surname begins **A through to K**,

Telephone 0845 274 0900

If your surname begins **L through to Z**,

Telephone 0845 274 0901

The lines are open **Monday to Friday, from 8.45am to 4.45pm.**

Outside these times, and during statutory holidays, there is a telephone answering service.

Alternatively you can also fax the Pensions Office on **0141 248 5299** or visit the website at **www.bspensions.com**



NOMINATION FORM

Lump sum death benefits

The person (s) nominated must be your “**dependant(s)**”. These may be any of the following:

- your **widow/widower/civil partner**;
- your children or grandchildren;
- your grandparents and the grandparents of your **widow/widower/civil partner**, and the grandparents of any previous or deceased wife or husband of yours;
- your parents, uncles, aunts and cousins, and the parents, uncles, aunts and cousins of your **widow/widower/civil partner**, and the parents, uncles, aunts and cousins of any previous or deceased wife or husband of yours, and the spouses of any such uncles, aunts and cousins;
- any person (whether they are 18 or not) to whom you have at any time put yourself in the role of a parent or their children, and any person who held you in role of a parent of their children.

Any person who the **trustee** consider was wholly or partly dependent on or financially inter-dependent with your **earnings** at the time of your death – such as a ‘common law’ partner, fiancé or fiancée, living at the same address – may also qualify in these circumstances. But please note that no spouse’s pension would be payable.

If you wish to nominate someone not covered by these categories, the Pensions Office recommends that you have a Will drawn up which gives clear instructions similar to this Nomination Form. The **trustee** can, where appropriate, make payment to your legal representative.

THE NOMINATION

To be completed by the **member**. Please use block capitals, and complete in black ink.

In the event of my death, I would like the **trustee** to consider paying any lump sum payable under the **scheme rules** to the following:

Full name	Address	Relationship to you	Share*

I understand that my wishes are not binding on the **trustee** and I may, at any time, cancel or amend this nomination by submitting another Nomination Form.

I understand that the **trustee** and its advisers and administrators (as detailed in the Annual Report & Accounts) will need to process certain data about me. I further understand that this may include items categorised under the Data Protection Act 1998 as "sensitive data". I accept that the **trustee**, and its advisers and administrators, need this data to pay benefits. I agree to this processing taking place.

* a fraction (1/2, 1/4 etc.) or a percentage (%) The shares must add up to 1 or 100%

Your information:

Surname

Title Mr Mrs Ms Miss Dr

Please delete as appropriate

Forenames

Other

Date of birth

National Insurance number

Place of employment

Home address

Signature

Date

Please return the completed form to:

British Steel Pensions Office

Freepost RLXS-ZXKT-AUER

6th Floor

Sentinel

105 Waterloo Street

Glasgow

G2 7BW

Telephone: Coten 7 380 266 (internal)

0845 274 0902 (external)

The Pensions Office will acknowledge its receipt.

