

# Early Retirement, Late Retirement and Cash Commutation Factor Changes with effect from 1 April 2013

## Former members of the Thales Optronics Pension Scheme

Some factors used in the calculation of certain retirement benefit options are changing. The changes apply from 1 April 2013. The basic pension formula is unchanged and remains as set out in the current Members' Booklet.

Any benefit illustration provided on or after 1 March 2013 will allow for these changes where applicable.

If you received an illustration prepared before 1 March 2013 in respect of retirement on or after 1 April 2013, it did not allow for these changes but, if the illustrated benefits are brought into payment, they will adjusted to reflect the changes.

### **Benefits in respect of service after 31 December 2007**

These benefits are built up on a career average revalued earnings (CARE) basis. The factors used for CARE benefits are not changing, being set out in the Scheme Rules.

### **Benefits in respect of service before 1 January 2008**

The factors applied on **early retirement** are not changing.

The factors applied on **late retirement** to the pension are changing. Examples of the new factors (compared to the current factors) are set out below:

Years Late	New Factor (Increase)	Current Factor (Increase)
1	<b>7.50%</b>	8.50%
2	<b>15.56%</b>	17.72%
3	<b>24.23%</b>	27.73%
4	<b>33.55%</b>	38.59%
5	<b>43.56%</b>	50.37%

The **commutation factors** used to convert pension to cash where members choose to take part of their retirement pension as a tax free cash lump sum are not changing, being set out in the Scheme Rules.

**The above factors are not guaranteed and are potentially subject to review and amendment by the Trustee from time to time and without notice.**