Willis Pension Scheme
Member's Booklet

1. Introduction

This booklet helps you to explore how the Willis Pension Scheme works.

Your pension may well be the most important employment benefit that the Group provides and, in the long run, it could become your most valuable asset, worth more than your house.

The Willis Pension Scheme provides a range of benefits for Willis associates in the UK, including:

- a retirement pension which is linked to your salary and builds up with each month of service you complete
- an option to exchange part of the pension for a cash sum at retirement
- financial protection for your dependants if you die
- guaranteed pension benefits on leaving service once you have completed two years as a member of the Scheme
- an option to pay Additional Voluntary Contributions (AVCs) to increase benefits in a tax efficient way.

The Scheme has a long history and the benefits it provides have changed from time to time. In particular there are two main classes of member:

- **Post'95 Members** joined the Scheme on or after 1 January 1995.
- **Pre'95 Members** joined before 1 January 1995.

In addition there are also some special arrangements for **Long-standing Members** who joined the Scheme prior to 6 April 1988 as well as for **Senior Members**.

The Scheme is governed by a legal document, the Trust Deed and Rules, which specify the way it must be operated. This Booklet is a summary of the main features of the Scheme and is designed to answer the questions usually raised by members. The Booklet has been simplified and is less technical than the Scheme's legal documents. If there are differences between the Booklet (or any other information issued to you) and the legal documents, the terms and conditions set out in the legal documents take precedence.

More information about the Pension Scheme can be found within the Human Resources pages of the Group's intranet site. A copy of the Trust Deed and Rules can also be found on this site. Alternatively if you have any questions which are not answered in this Booklet you can contact the Scheme helpline on 01473 223836 or e mail pensions@willistowerswatson.com.

The contact address is:

Willis Pension Scheme
Friars Street
Ipswich
IP1 1TA.

2. Terms with special meanings

A number of terms used in this Booklet have specific meanings and these are set out below. For ease of reference the special terms are shown in bold text throughout the Booklet.

Term	**Explanation**
Base Salary	This is your basic annual salary in force at any time, before any adjustment that you have agreed to as part of the Willis Salary Plus Scheme or the Childcare Voucher Scheme. The base salary used to calculate the death-in-service lump sum is subject to the **Scheme Cap**.
Final Pensionable Salary	This is your average annual **Pensionable Salary** when your **Pensionable Service** ends. The average is taken over two years for a **Post'95 Member** and over one year for a **Pre'95 Member**.
Individual Salary Cap	This is the maximum that will apply to your Pensionable Salary and was introduced on 1 December 2013. Your **Individual Salary Cap** was calculated as your Pensionable Salary at 1 December 2013. The **Individual Salary Cap** is increased on 1 April each year by price inflation. Special arrangements will apply if a period of Deflation occurs that will ensure the **Individual Salary Cap** will not fall.
Long-standing Member	A member who joined the Scheme prior to 6 April 1988.
Normal Pension Date	This is your 65th birthday.
Pensionable Salary	This is your **Base Salary** less a deduction for the single person's basic State pension restricted to your **Individual Salary Cap**. The basic State pension from April 2016 is £6,203.60 per annum. It is expected to rise broadly in line with the Retail Prices Index. If you are employed part time the deduction is calculated on a pro rata basis. The pensionable salary used to determine your contributions to the Scheme will not exceed your **Individual Salary Cap**. Your **Pensionable Salary** will not reduce if the basic State pension increases but your **Base Salary** does not.
Pensionable Service	This is the period of your continuous service as a member of the Scheme up to the date of leaving, date of death or **Normal Pension Date.**
Pre'95 Member	A member who joined the Scheme before 1 January 1995.
Post'95 Member	A member who joined the Scheme on or after 1 January 1995.
Scheme Cap	This is the limit on the earnings that are used to calculate the death in service lump sum benefit under the Scheme. It reflects the Earnings Cap which was introduced under the Finance Act 1989. It affects members who joined the Scheme on or after 1 June 1989 unless their contract of employment explicitly states otherwise. The Scheme Cap is £151,200 for the 2016/2017 tax year.
Senior Member	A member who attained grade 11 before 1 July 2001 or who attained grade 13 on or after 1 July 2001 and before 1 April 2008. No further associates are being granted Senior Membership after 31 March 2008.

Target Percentage	This is the percentage of **Final Pensionable Salary** you would receive if you remain a member of the Scheme until your **Normal Pension Date.**

You may also wish to note that references to the Group mean Willis Group Limited and references to the Trustees mean Willis Pension Trustees Limited (or their successors).

3. **Contents**

Pension schemes have a reputation for being difficult to understand. This is largely because of the complex tax and social security legislation with which schemes have to comply and which give rise to a lot of jargon.

To help you understand how the Willis Pension Scheme works this Booklet has been broken down into sections with the key issues dealt with mainly in question and answer format. You can use the table below to find your way around the Booklet.

4. **Membership**

4.1 Who can join the Scheme?

The Scheme closed to new entrants on 1 January 2006. A small number of Associates who joined in early 2006 were also allowed to join if they had already been promised membership on the date the Scheme closed.

If you are not already a member of the Scheme, you cannot now join.

4.2 Do I have to remain in the Scheme?

You do not have to remain in the Scheme. If you decide to opt-out you may do so by completing an Opt Out form which is available from the Pensions Team. However before making any final decision to opt out it is recommended that you seek Independent Financial Advice and bear in mind the following points:

- If you have completed more than two years pensionable service, you will not be entitled to a refund of contributions. You would instead be entitled to a deferred benefit on leaving actual employment based on your pensionable service up to the date of opting out, as set out in the Trust Deed and Rules of the Scheme.

- The monthly pension deduction shown on your payslip is gross. After allowing for reduced National Insurance contributions as a member of a contracted-out pension scheme and the tax relief that is automatically applied to your contributions, the actual net cost of membership is far less.

- You will lose the valuable death-in-service benefits provided for members of the Scheme.

- You will not be able to re-join the Scheme at a later date.

5. **Contributions to the scheme**

5.1 How much will membership of the Scheme cost?

Members of the Scheme are required to pay contributions at the rate of 10 per cent of their **Pensionable Salary**.

It is worth noting, however, that the actual cost of Scheme membership is reduced by the following factors:

- tax relief is applied automatically to your contributions at your highest rate of tax; and
- because the Scheme is contracted out of the State Earnings Related Pension Scheme you will pay a reduced rate of National Insurance contributions whilst you are a member of the Scheme.

Some examples of how these pension contributions affect take home pay are given in section 18.

5.2 How much does the Group pay?

Contributions from members' alone would not be enough to pay for all the benefits the Scheme provides.

The Group meets the balance of the cost of the benefits. It also meets all of the Scheme's administration and management costs. The amount the Group pays is regularly assessed by a qualified actuary appointed by the Trustees. Whilst the level of the Group's contribution may vary from time to time, the Group expects, in the long-run, to pay substantially more than the members.

5.3 Can I make additional contributions to increase my pension?

You may pay AVCs to increase your benefits under the Scheme. Current tax rules would enable you to contribute all of your earnings into the Scheme. Normally you would receive tax relief on such contributions, as long as you do not exceed the Annual Allowance, (see Section 13).

The main features of the Scheme's AVC facility are:

- AVCs are deducted from pay before income tax, so that you benefit from tax relief at your highest rate of tax
- AVCs are invested separately from the Scheme's main assets in individual accounts
- there is a range of investment options
- investment returns under the AVC facility are broadly free of tax
- you choose when to start paying AVCs and you can increase, reduce or stop payments any time, subject to certain limits
- your accumulated AVCs would be used to provide extra benefits when you retire.

Further details of the Scheme's AVC facility are provided in section 19.

6. Retirement benefits

This section describes the benefits you will receive from the Scheme if you stay in the Group’s employment until you retire. The actual benefits will depend on whether you stay with the Group until your **Normal Pension Date** or retire early.

6.1 What will my pension be at **Normal Pension Date**?

If you work for the Group until your **Normal Pension Date**, you will be entitled to an annual pension which is linked to your salary and service. The rate at which the pension grows depends on whether you are a **Pre’95 Member** or a **Post’95 Member**.

The first of two steps in calculating your pension is:

Target Percentage	=	**Pensionable Service**	÷	**50**	or	**60**
				For **Pre’95 Member**s		For **Post’95 Member**s

Please note that complete months of service in a part year count towards your **Target Percentage**.

The second step in calculating the pension is then:

Retirement pension	=	**Target Percentage**	×	**Final Pensionable Salary**

The maximum pension payable at **Normal Pension Date** is 2/3rds x **Final Pensionable Salary (subject to the Individual Scheme Cap)**.

You can find an example of how this formula works and how **Final Pensionable Salary** is calculated in section 22 together with a table to allow you to estimate your own retirement pension. You can also obtain an estimate of your retirement benefits by using the online tools within the Human Resources pages of the Groups Intranet site.

If you are a **Long Standing Member** please refer to Section 20 for details of how your benefits are calculated.

6.2 Can I retire early?

You may seek early retirement subject to the consent of the Group and the Trustees and draw an immediate pension however currently you must be aged 55 to take early retirement under government legislation

The pension will be the **Target Percentage** of your **Final Pensionable Salary** at your date of retirement reduced to take account of the increased costs of paying the pension early. This reduction normally takes two forms:

- a factor to reflect the reduced number of completed years of **Pensionable Service** compared to the total potential years to **Normal Pension Date**.
- a factor supplied by the Scheme Actuary reflecting the increased cost of providing your pension from an earlier date. Currently the factor is based on 6% compound for each year of early payment.

The factors to reflect the increased cost of providing your pension are summarised in the table below:

Years before **Normal Pension Date**	Proportion of accrued pension paid	Years before **Normal Pension Date**	Proportion of accrued pension paid
0 years	100.0%	6 years	69.0%
1 year	94.0%	7 years	64.8%
2 years	88.4%	8 years	61.0%
3 years	83.1%	9 years	57.3%
4 years	78.1%	10 years	53.9%
5 years	73.4%		

Please note that these factors can be altered at any time without notice.

Please note that these factors apply only to members who are retiring immediately on leaving service. Different factors may apply to members who have left service some time ago and are now early retiring from deferment.

6.3 What if I am too ill to continue working?

If you are in serious ill-health so that you are unable to continue your job, you may seek early retirement at any time subject to the consent of the Group and the Trustees. The amount of your ill-health early retirement pension would depend on the severity of your illness. The Trustees will decide when a member is suffering from serious ill health and will take independent medical advice for this purpose when necessary.

If you do retire early due to serious ill-health and subsequently recover sufficiently to return to work, your pension may be adjusted to take account of any increase in your earnings.

6.4 If I continue to work for the Group after **Normal Pension Date**, will I continue to earn pension?

You can continue working beyond your **Normal Pension Date**. In this situation you can either draw your pension and continue working or defer taking your pension which will then be subject to late retirement increases and earn accrue additional pension rights in late retirement at 1/60th of each year of service for which you would have to maintain your contributions.

6.5 Can I draw my pension before **Normal Pension Date** and continue working?

Yes, but again this is subject to the consent of the Group and the Trustees In addition you would have to opt out of the Willis Pension Scheme losing valuable death benefits. It is not possible to accrue additional pension in the Willis Pension Scheme if you opt out to draw your pension early.

7. Cash sum at retirement

You are able to surrender part of your own pension for a cash sum up to the maximum allowed by the Inland Revenue. Under current Inland Revenue rules, this lump sum is paid tax free. The maximum amount of cash that you can take in this way is calculated in a very complicated manner, but broadly speaking it is based on one quarter of the value of all your pension benefits (including any AVCs you have made).

The rates at which pension is exchanged for cash are set by the Trustees, after taking the advice of the Scheme Actuary, and may vary from time to time. The amount of pension you will have to give up to take a cash sum will also depend on your age at retirement. Examples of the current factors can be obtained from the Group Pensions team, Friars Street, Ipswich.

Key notes:

a. Your pension from the Scheme cannot be less than your contracted out rights (see section 17 for further details). Therefore, the amount of cash you can take may have to be restricted to ensure that your pension does not fall below this level.

b. If you take cash, you will only be surrendering part of your own pension. The pension paid to your widow/widower on your death after retirement will not be affected by any cash taken.

8. Death-in-service benefits

As well as providing retirement benefits the Pension Scheme also provides valuable life assurance benefits to help protect your dependants. This section describes these benefits.

8.1 What happens if I die while I am employed by the Group?

If you are a full member of the Scheme and die in service before your **Normal Pension Date**, the benefits will be as follows:

A lump sum payment of four times your **Base Salary** (subject to the **Scheme Cap**) at the date of your death.	plus	A spouse's pension of one half of the pension you would have received if you had remained a member of the Scheme until your **Normal Pension Date**, but calculated using your **Final Pensionable Salary** (subject to the **Individual Salary Cap**) at the date of your death.	Plus	A refund of any contributions you have made to the Scheme, including your accumulated additional voluntary contributions.

8.2 What benefits are payable if I die in service after **Normal Pension Date**?

If you die having continued working after your **Normal Pension Date** and are not in receipt of a pension, the benefits payable will be calculated as if you had retired on the date of death and taken the maximum cash sum as described in section 7.

If you die having continued working after your Normal Pension Date and you are already in receipt of a pension then the rules under section 10 will apply.

8.3 Are pensions payable to Civil Partners?

Yes, but only automatically on part of your benefits. Following the introduction of The Civil Partnership Act 2004 which became effective on 5 December 2005, a Civil Partner is entitled to the same benefits as a spouse. However this entitlement only relates to benefits accrued since the Act became effective (ie. 5 December 2005). The trustees are not required to treat a Civil Partner as a spouse in respect of benefits accrued before that date, however the trustees do have discretion to pay benefits to dependants (see section 8.4 below).

8.4 Are dependants pensions payable?

Yes, dependants pensions are payable at the discretion of the trustees to long term partners who are financially interdependent but only where there is no spouse. The amount payable is also at the discretion of the trustees but must not be more than the equivalent spouses pension.

8.5 Are childrens pensions payable?

Yes, but only if there is no spouse. To be eligible for a childrens allowance they must be either your own children, adopted children or financially dependant on you and they must be under age 18 (or under 23 if in full-time education). The amount of childrens allowance payable is equal to the spouses pension and will be split equally between any qualifying children.

Key notes:

a. If your spouse is more than 15 years younger than you, the spouse’s pension will be reduced.

b. Your spouse would be entitled to a spouse’s pension provided that you have been married for at least six months at the date of your death. If you have been married for less than six months, payment of the spouse’s pension would be at the discretion of the Trustees. Proof of marriage will be required before the spouse’s pension is paid.

c. Your spouse’s pension will continue to be paid until his/her death, even if he/she remarries, and will receive guaranteed annual increases on the same basis as other pensions in payment.

d. The Trustees have absolute discretion as to who will receive any lump sum payable from the Scheme on your death. You may, however, nominate your preferred beneficiaries by completing a “Wishes Letter”. More information about this is given in section 12.3.

e. The **Base Salary** used to calculate the lump sum death benefit cannot exceed the **Scheme Cap** if you joined on or after 1 June 1989 and the **Final Pensionable Salary** used to calculate the spouse’s pension cannot exceed the **Individual Salary Cap**.

9. Death in Deferment

If you leave the scheme on or after 1 January 2002 and then die before your pension comes into payment your spouse will receive a pension equal to 50% of your deferred pension increased between your date of leaving and the date of death.

If you left the scheme before 1 January 2002 your spouse will receive a pension equal to 50% of the element of your deferred pension which represents your rights from contract-out employment.

In addition to the pensions set out above any personal contributions to the Scheme, including AVCs, will be paid as a lump sum.

9.1 Are pensions payable to Civil Partners?

Yes, but only automatically on part of your benefits. Following the introduction of The Civil Partnership Act 2004 which became effective on 5 December 2005, a Civil Partner is entitled to the same benefits as a spouse. However this entitlement only relates to benefits accrued since the Act became effective (ie. 5 December 2005). The trustees are not required to treat a Civil Partner as a spouse in respect of benefits accrued before that date, however the trustees do have discretion to pay benefits to dependants (see section 9.2 below).

9.2 Are dependants pensions payable?

Yes, dependants pensions are payable at the discretion of the trustees to long term partners who are financially interdependent but only where there is no spouse. The amount payable is also at the discretion of the trustees but must not be more that the equivalent spouses pension.

9.3 Are childrens pensions payable?

Yes, but only if there is no spouse. To be eligible for a childrens allowance they must be either your own children, adopted children or financially dependant on you and they must be under age 18 (or under 23 if in full-time education). The amount of childrens allowance payable is equal to the spouses pension and will be split equally between any qualifying children.

Key notes:

a. If your spouse is more than 15 years younger than you, the spouse's pension will be reduced.
b. Your spouse's pension will continue to be paid until his/her death, even if he/she remarries.
c. If you marry, or remarry, after retirement your spouse will qualify for a pension provided that you have been married for at least six months before your death.
d. Proof of marriage will be required before the spouse's pension is paid.

10. Death after retirement

If you die after your pension has started, the following benefits will be payable:

A spouse's pension of one half of your own pension at the date of your death (or if you took tax free cash at retirement, one half of the pension you would have been receiving had you not taken any cash).	plus	If you die between the age of 60 & 75 and within five years of the date of your first pension payment, your spouse or beneficiaries will receive a cash sum equal in value to the unpaid instalments of your pension for the balance of the five year period. If you die over 75 the trustee will pay the remaining instalments as additional pension to the dependants.

10.1 Are pensions payable to Civil Partners?

Yes, but only automatically on part of your benefits. Following the introduction of The Civil Partnership Act 2004 which became effective on 5 December 2005, a Civil Partner is entitled to the same benefits as a spouse. However this entitlement only relates to benefits accrued since the Act became effective (ie. 5 December 2005). The trustees are not required to treat a Civil Partner as a spouse in respect of benefits accrued before that date, however the trustees do have discretion to pay benefits to dependants (see section 10.2 below).

10.2 Are dependants pensions payable?

Yes, dependants pensions are payable at the discretion of the trustees to long term partners who are financially interdependent but only where there is no spouse. The amount payable is also at the discretion of the trustees but must not be more that the equivalent spouses pension.

10.3 Are childrens pensions payable?

Yes, but only if there is no spouse. To be eligible for a childrens allowance they must be either your own children, adopted children or financially dependant on you and they must be under age 18 (or under 23 if in full-time education). The amount of childrens allowance payable is equal to the spouses pension and will be split equally between any qualifying children.

Key notes:

e. If your spouse is more than 15 years younger than you, the spouse's pension will be reduced.
f. Your spouse's pension will continue to be paid until his/her death, even if he/she remarries.
g. If you marry, or remarry, after retirement your spouse will qualify for a pension provided that you have been married for at least six months before your death.
h. Proof of marriage will be required before the spouse's pension is paid.

11. Leaving the Scheme early

Your membership of the Scheme will cease automatically if you leave the Group's employment. If you wish to leave the Scheme whilst you are still employed by the Group, you may do so, but you must give the Group Pensions team one month's notice of your decision, so that the necessary arrangements can be made. On leaving the Scheme, the benefits payable depend on the **Pensionable Service** you have completed when you leave and you will cease to be eligible for life assurance.

11.1 What happens if I leave the Scheme?

If you leave the Scheme, you will be entitled to a deferred pension payable from your **Normal Pension Date**. You cannot take a refund of your own contributions.

The pension will be the **Target Percentage** of your **Final Pensionable Salary** (subject to the **Individual Salary Cap**) at your date of leaving reduced by a factor to reflect the reduced number of completed years of **Pensionable Service** compared to the total potential years to **Normal Pension Date**.

This deferred pension will then be increased between your date of leaving and your **Normal Pension Date** as follows:

- The main part of your pension will increase for each complete year from the date of leaving to your **Normal Pension Date** in line with rates set out by the Government. These are currently based on the Consumer Prices Index, up to a maximum of 5 per cent per annum compound (or up to a maximum of 2.5% per annum compound for pension earned after 1 April 2009).
- Your pension may also include a Guaranteed Minimum Pension as a result of contracted-out service up to 6 April 1997 (as described in section 17). This element will be increased in line with statutory regulations. The rate of increase is 4.75% per annum for leavers after 6 April 2012 for each complete tax year between date of leaving and your State pension age.

11.2 Would I be entitled to transfer my benefits to another pension arrangement?

Yes, if you have a right to a deferred pension under the Scheme, you will have the right to request that its "cash equivalent" is transferred to your new employer's tax approved pension scheme, to an insurance company buy-out policy, or to a personal pension plan at any time up to within a year of your Normal Pension Date.

Transfer values are calculated on a basis which is set by the Scheme Actuary which complies with the provisions of the Pensions Schemes Act 1993 and guidance notes issued by the Institute of Actuaries. The Trustees have directed that the Scheme Actuary should not allow in the calculation for discretionary increases that might have been made to your deferred pension after the date of transfer.

You may write to the Group Pensions team to request a "guaranteed statement of entitlement". This will show your transfer value at a given date and you must make your decision to transfer within three months of that date. If you do not proceed with the transfer, you are able to request a further statement twelve months after your last request.

Please also note you may request an estimate of the transfer value that would be available to you on leaving whilst you are still a current member of the Scheme. These requests must be made in writing to the Group Pensions team, specifying your assumed date of leaving. Further estimates will not normally be provided within 12 months of your last request.

11.5 Can my deferred pension be paid early?

Yes, you can ask for your deferred pension to be paid early subject to the consent of the Group and the Trustees however under current legislation you must be age 55 to take early retirement. However the amount due will be reduced to reflect the fact that the pension is being paid before **Normal Pension Date.**

Key notes:

a. Any benefits secured by AVCs will be payable in addition to the benefits outlined above.
b. A spouse's pension of one half of your pension would be payable on your death after retirement.
c. If you leave the Scheme on or after 1 January 2002 and then die before your pension comes into payment, your spouse will receive a pension equal to 50 per cent of your deferred pension increased between your date of leaving and the date of death as shown above. If you left the Scheme before that date your spouse will receive a pension equal to 50 per cent of the element in your deferred pension which represents your rights from contracted-out employment. In addition, any personal contributions to the Scheme, including AVCs, will be paid as a lump sum.
d. If you leave the Scheme, you are no longer covered for the death-in-service benefits outlined in section 8 with immediate effect.
e. If you leave the Group and then have difficulty tracing the Scheme when you are approaching retirement, you should contact the Pensions Tracing Service (see section 16.4 for further details).

12. Payment of benefits

12.1 When will my pension be paid?

Your pension, and any spouse's or children's pensions, will be paid by instalments as the Trustees decide. Currently they are paid monthly in advance starting from the 1st of the month immediately following retirement. Pensions are paid directly to the nominated UK bank account.

You should note that all pension payments from the Scheme are treated as taxable income, and are subject to the deduction of tax at source. You should also note that pensions from the State Pension System are also taxable. However, State pensions are not taxed at source and it is possible that any tax due in respect of this element of your retirement income will have to be deducted from your Scheme pension.

12.2 Will my pension increase after I retire?

Pensions are guaranteed to increase annually. Different parts of your pension may increase at different rates, depending on when the pension was earned. The rates also depend on whether you are a **Pre'95 Member or a Post'95 Member.** The rates of increase are set out in the attached table:

Pre'95 Member

Period	Increase rate
Pension earned before 6 April 1997	3% per annum
Pension earned between 6 April 1997 and 31 December 2005	Retail Price Inflation up to a maximum of 5% per annum, with a minimum of 3% per annum
Pension earned after 31 December 2005	The minimum increase stipulated by the government. Currently this is Consumer Price Inflation up to a maximum of 2.5% per annum

Post'95 Member

Period	Increase rate
Pension earned before 6 April 1997	Retail Price inflation up to a maximum of 3% per annum
Pension earned between 6 April 1997 and 31 December 2005	Retail Price inflation up to a maximum of 5% per annum
Pension earned after 31 December 2005	The minimum increase stipulated by the government. Currently this is Consumer Price Inflation up to a maximum of 2.5% per annum

Currently the review date is 1 December each year with a proportionate increase being granted to those who have been retired for less than 12 months.

These rates apply to any spouses and childrens pensions that become payable, as well as your own pension.

You should also note that the Group has discretion to award increases to pensions-in-payment in excess of these rates. There have been no discretionary increases over the last ten years.

12.3 Can I choose who should receive the lump sums payable if I die?

Although your wishes will be taken into account, the Trustees have complete discretion in choosing the recipients of the lump sum death benefits under the Scheme. This should ensure that the payments are not subject to UK inheritance tax.

You may nominate the recipients to whom you would like the lump sum death benefits paid by completing a Wishes Letter. This form will have been given to you when you first joined the Group and further copies can be obtained from the Human Resources pages of the Group Intranet site should you wish to change your nomination at any time. Your Wishes Letter should be updated whenever your personal circumstances change.

13. Taxation of Pensions

13.1 Which pension benefits are always taxable?

Some benefits from the pension scheme are always taxable. For example:

- Pensions in payment, whether they are paid to you as a member or to your spouse or dependants, are always taxable at your marginal rate.
- Refunds of contributions if you leave with short service are taxable at, currently, 20 per cent on the first £10,800 and 40 per cent thereafter.

Some benefits are not normally taxable. For example:

- Pension Commencement Lump Sum on retirement
- Lump sum benefits payable on death are not normally taxable,
- Transfers of scheme benefits do not normally trigger tax payments

However, there are other taxes, in addition to the above, that might become payable by you as an individual if your pension benefits are significant.

13.2 Is there an annual check on the total benefits I can earn without incurring additional taxes?

There is no absolute limit but you will pay additional taxes if you exceed the Annual Allowance. Each tax year you are liable to declare to the Inland Revenue if you have earned pension which exceeds the Annual Allowance in value. The Annual Allowance is usually £40,000. but the rules have now become excessively complex. If you have taken advantage of any of the 2015 "pension freedoms", or if you have income (including pension and benefits in kind) of over £150,000 then different rates may well apply.

13.3 Is there a maximum check on the total benefits I can be given without incurring additional taxes?

There is no absolute limit but you will pay additional taxes if you exceed the Life Time Allowance. If you draw a pension or a lump sum at retirement, or if you die and a lump sum benefit becomes payable, or in one or two other unusual situations, this counts as a "benefit crystallisation event".

Each benefit crystallisation has a value. When it is a lump sum payment the value is simply the amount of the lump sum. When it is a pension it is normally 20 times the initial amount of the pension although different rules can apply to pensions bought from AVCs.

There is a maximum total amount of benefit crystallisation that you can ever have from UK pension schemes without triggering additional taxes. This maximum amount is known as the Life Time Allowance. The Life Time Allowance is currently £1,250,000 but it is expected to fall to £1,000,000 from 6 April 2016.

If you ever exceed the Life Time Allowance, you will incur additional taxes of 25% on the excess benefits when they are drawn. The pension scheme administrators will be obliged to deduct this tax. In addition, all subsequent benefits that you draw from any UK pension scheme will incur the additional taxes at the point you draw them.

Whenever a benefit crystallises for you, you will be told what percentage of the Life Time Allowance this accounts for and what percentage you have left. You will need to provide this information to the administrators of any other pension schemes you have where you have not already drawn all your benefits before they can put your benefits into payment.

13.4 Can I protect myself against the tax on benefits over the Life Time Allowance?

There have been various ways of protecting yourself against the Life Time Allowance and against reductions in the amount of the Allowance. If you do not already have such protection then the approaches available in 2006 and 2012 are no longer available.

It is still possible to apply for individual protection against the fall in the Life Time Allowance from £1,500,000 to £1,250,000 at 6 April 2014 but you must apply to HMRC before 5 April 2017.

It is anticipated that some form of protection will be available when the Life Time Allowance falls to £1,000,000 on 6 April 2016, but the details are not yet available.

This is a very complicated area and if you think it might apply to you, you should seek Independent Financial Advice.

13.5 I have already protected myself against the new taxes – what should I do?

You should contact the Pensions Team to register your protection with the Scheme.

13.6 I believe I already have enough pension benefits to reach the Life Time Allowance. What should I do?

You may be able to opt out of the Scheme and receive alternative benefits. Contact the Pensions Team for more details.

14. Important features of the Scheme

14.1 What is the Scheme's tax status?

The Scheme has been approved by the Inland Revenue as an exempt approved scheme under the Income and Corporation Taxes Act 1988. As a result, it qualifies for substantial tax advantages on its contributions and investments.

However, as a condition of approval, the Inland Revenue imposes restrictions on the benefits you and your dependants may receive. Therefore, there may be occasions when your benefits will have to be restricted in order to comply with these Inland Revenue restrictions.

14.2 What if I am absent from work?

Your membership of the Scheme will continue provided that:

- you are receiving sick pay, or you are a potential claimant under the separate Long Term Disability Benefit Plan. Once you are in receipt of Long Term Disability Benefit, separate arrangements would apply which would be advised to you at that time.
- you are on maternity absence. Contributions will be based on maternity pay only during this period and membership will continue until your latest date of return stated by Human Resources.
- you have been advised by the Group that your period of absence will count towards your pension and you comply with any conditions imposed. Please note that you will not generally be eligible for death in service benefits during this form of absence.

You will be notified in writing if your membership of the Scheme is being discontinued for any reason.

14.3 What if my working hours change?

If your contractual working hours change a special formula will apply to the calculation of your benefits so that each period of service counts towards your pension on a pro rata basis. For example, if you worked for six years on a half time (17.5 hours per week) contract of employment and then transferred to a full time (35 hours per week) contract, your previous **Pensionable Service** would be worth three years based on the new full time **Pensionable Salary.** Further information is available from the Group Pensions team.

14.4 Will I have a second opportunity to join the Scheme?

If you decided not to join the Scheme, or have joined the Scheme but then later opted out, you will not have a second opportunity to join.

14.5 Can I use my benefits to obtain a loan?

You cannot use your benefits for this purpose nor assign them to another person. Your benefits would be forfeited if you attempted to use them in this way.

14.6 Can I transfer other pension benefits into the Scheme?

No, the Scheme does not offer this facility.

14.7 What if my personal circumstances change?

If your personal circumstances change it is advisable to review your Wishes Letter – for example if your marital status changes or you become financially responsible for any children. This will ensure that the Trustees of the Pension Scheme are fully aware of your circumstances and preferences if they are required to exercise their discretion in relation to lump sum death benefits following your death.

15. Scheme governance

15.1 Who runs the Scheme?

The Scheme is established under what is known as an "irrevocable trust", governed by legal documents, the Trust Deed and Rules, which specify the way in which the Scheme must be operated. It is the duty of the Trustees to ensure that the Scheme operates according to these legal documents. This arrangement ensures that the Scheme's assets are kept separate from those of the Group and are used specifically for the benefit of members and their dependants.

The day to day administration of the Scheme is undertaken by the Group Pensions team of Human Resources on behalf of the Trustees. Therefore, if you have any queries regarding the Scheme, you should contact Group Pensions at Friars Street, Ipswich.

15.2 Who are the Trustees?

The Trustees, Willis Pension Trustees Limited, are a limited company which has been established to hold the assets of the Pension Scheme on behalf of the members. This company is run by the Trustee Board which has nine directors. Of these directors six are nominated by the Group of whom at least two are external directors who have no other involvement with the Group and who can only be replaced by the Group with 12 months notice. The remaining three directors are nominated by the members through the Advisory Committee (two directors) and the Pensioners' Association (one director).

Currently the directors are:

External appointees:	Graham Allen (Chairman) Kevin Abbott Keith Greenfield
Company appointees:	Sarah Turvill Ian Warner Pamela Thomson-Hall
Member nominees:	Tina Walton Richard Close-Smith
Pensioner nominee:	Alan MacDonald

15.3 How are the Scheme's assets invested?

The Trustees are responsible for the investment of the Scheme's assets and new contributions to the Scheme. Specific day-to-day investment decisions have been delegated to specialist investment managers. The Trustees have appointed these managers after receiving advice and after considering past performance and reputation.

It is the duty of the Trustees to ensure that the Scheme's investments yield the best possible returns with an acceptable level of risk. The performance of the investment managers is, therefore, reviewed regularly, and if this is not satisfactory in the long-term, the Trustees have the power to remove and to appoint new investment managers if they feel it would be appropriate. The Scheme's assets are kept totally separate from the Group.

15.4 How are the Group’s contributions to the Scheme calculated?

The Group’s contribution rate is based on the advice of the Scheme Actuary (who is professionally qualified to provide advice on such matters) following regular valuations of the Scheme’s assets and liabilities.

15.5 Can the Scheme be altered?

The Trustees have the power with the consent of the Group to alter the Scheme at any time in accordance with the Trust Deed and Rules. If an amendment is made that affects your benefits, you will be informed in writing.

15.6 Can the Scheme be discontinued?

The Group reserves the right to withdraw from the Scheme at any time without providing a replacement. The Trustees would then use the Scheme’s assets to provide the benefits earned by the members up to the date of discontinuance. In the unlikely event that the Scheme’s assets are insufficient to pay for all of the benefits, the Group has not entered into any obligation to pay the benefits. However, the shortfall, as calculated by the Scheme Actuary, would be treated as a debt on the Group.

15.7 Are my pension records protected?

The Trustee of the Pension Scheme is a registered data controller under the Data Protection legislation and holds personal information provided by you for the purpose of administering your pension benefits. For this purpose the information may be passed to other companies in the Willis Group, the Scheme’s professional advisors, relevant government departments and the Scheme’s AVC provider. You have the right to ask for details of the personal data held about you and to have any inaccuracies corrected.

16. **Communications**

16.1 Which communications will I receive?

Day-to-day enquiries about the Scheme can be referred to the Group Pensions team at Friars Street, Ipswich by ringing extension 23836 or emailing “pensions”. You can also find more information about the Scheme within the Human Resources pages of the Group’s intranet site. In addition you will normally receive two annual documents to give you information about the management of the Scheme and your own benefit entitlements. These two documents are:

Trustee’s Report. Each year, the Trustees produce an annual report on the progress of the Scheme including a copy of the audited accounts. A summary of this report is then issued to all members of the Scheme. Please contact Group Pensions if you would like to see a copy of the latest version or a copy of the full report.

A copy of the full report and accounts is available on the Group intranet site. The full report outlines amongst other things:

- the accounting policies adopted by the Scheme;
- the financial statements for the Scheme showing the Scheme’s assets at the beginning and the end of the year;
- details of the Scheme’s investments by type, location and major holdings;
- a statement by the Scheme Actuary covering the security of the benefits under the Scheme and
- a list of the Directors of the Trustee Board during the Scheme year.

Benefits Statement. We aim to provide regular Benefits Statements which illustrate the benefits payable to you and your dependants from the Scheme. When you are about to retire or if you leave the Scheme, you will automatically receive a statement setting out the benefits and options available to you. This will include information about your accrued benefits over the year known as the Pension Input Amount (see section 13 Taxation of Pensions).

Summary Funding Statement. We are now required to issue a separate annual Summary Funding Statement to all active, deferred and retired members of the scheme, detailing the current funding position of the pension scheme in accordance with the most recent actuarial valuation. This is incorporated into the Summary Report & Accounts issued to all members.

16.2 What is the Advisory Committee?

The Advisory Committee is made up of representatives of Pension Scheme members. Its purpose is to provide a forum for communication and discussion, and to deal with suggestions, enquiries and questions about the Scheme. All recommendations are directed to the Group or the Trustees as appropriate. The Advisory Committee normally meets four times a year.

The Committee consists of 12 current and two retired associates of the Group who are appointed through a nomination process. Members serve on the Committee for a maximum of two terms of four years each. Appointments are staggered so that half of the Committee is renewed every two years. Employee representatives are drawn from the different business units of the Group.

16.3 What do I do if I have a complaint or grievance about the Scheme?

All members of the Scheme are encouraged to make any complaints or grievances known initially on an informal basis to any member of the Group Pensions team.
Most matters are resolved at this stage but if you are dissatisfied with the outcome, you should ask for the matter to be dealt with formally through the Scheme's own Internal Disputes Resolution Procedure. To initiate this procedure, you should complete a formal complaints form which will be sent to you within 5 working days of making such a request. Complaints forms (and further information on the procedure) are available from the Pensions Director, Richard Bostock. He will investigate your complaint and notify you of his decision in writing within 2 months of receipt of the details of your complaint. You will be notified if it is likely to take longer than 2 months for the decision to be prepared.

If you are not satisfied with the Pensions Director’s decision, you have six months to apply to the Trustees for your complaint to be reconsidered by them. Your application should be in writing and should be addressed to the Chairman of the Trustees, Group Pensions, Friars Street, Ipswich.

Your application must set out the same information contained in your complaint to the Pensions Director and should give the reasons why you are dissatisfied with his decision. A copy of the Pensions Director’s decision should also accompany your applications. There is a standard form for making application to the Trustees which can be obtained from the Pensions Director.

You should expect a written decision from the Trustees within 2 months of the receipt of the application. You will be notified if it is likely to take longer than 2 months for the Trustees to prepare that decision.

You have a right to be represented by someone on your behalf at any stage of this procedure.

You can seek help at any stage from the Pensions Advisory Service who are available to assist you with free advice on unresolved pensions queries or difficulties. They can be contacted at The Pensions Advisory Service, 11 Belgrave Road, London SW1V 1RB, by telephone on 0300 123 1047 or online at www.pensionsadvisoryservice.org.uk

You can also refer to the Pensions Ombudsman who is able to investigate complaints or disputes of fact or law relating to pension schemes. He can be contacted at the same address as The Pensions Advisory Service. He will not normally consider a case unless it has been through the internal disputes procedure and will also expect The Pensions Advisory Service to have had an opportunity to consider it.

16.4 If I leave the Group, will I be able to trace my benefits?

The Trustees have given details of the Scheme to the Pension Tracing Service. This service helps people trace the whereabouts of their pension benefits if they lose contact with a previous employer. The Tracing Service holds details of the names of the schemes, participating employers and the addresses at which they can be contacted. Schemes are required to update their registration on a regular basis.

This tracing service is free. If you have been unable to get in touch with a previous scheme and want to use the tracing service, you should contact the Pension Tracing Service, The Pension Service 9, Mail Handling Site A, Wolverhampton
WV98 1LU or by telephone on 0845 6002 537.

16.5 Who regulates the Pension Scheme?

The Pensions Regulator monitors the running of occupational pension schemes. They can intervene in the running of schemes where trustees, employers or professional advisers have failed in their duties.

17. State pensions and contracting-out

There are two parts to the state pension – the basic state pension, which almost everyone gets, and the Additional State Pension, which is only for employees. You qualify for the basic state pension by reaching state pension age and making 30 years' worth of National Insurance contributions.

Basic State Pension

The basic State Pension is worth £115.95 a week for a single person in 2015/16 (or £6,029.40 a year).

If you're married, and both you and your partner have built up state pension, you'll get double this amount – so £226.20 a week. But if your partner has not built up their own State Pension, they'll still be able to claim a state pension based on your record.

If your income is below a certain level, you can currently boost it by claiming pension credit although this is changing in April 2016. This will take your income up to £148.35 a week for a single person and £226.50 a week for a couple.

Topping up the State Pension

In April 2014, it was announced that those retiring before the flat-rate State Pension is due to start in April 2016 will be able to gain additional State Pension by paying so-called Class 3A voluntary National Insurance contributions between October 2015 and April 2017.

To increase your state pension by £1 per week will cost £890 if you are 65 years old. The maximum you can top up your pension by is £25 per week, which would cost £22,250 at age 65. The cost of topping up falls as your age increases, so for a 70 year old an extra £1 per week costs £779, for a 75 year old it's £674 and for someone aged 80 it costs £544.

Additional State Pension (S2P)

You may also qualify for some additional state pension, also known as State Earnings Related Pension Scheme (Serps) or state second pension (S2P). However please note this is being abolished in April 2016.

This additional pension is based on your earnings. The maximum you could claim in 2013/14 was £163 a week on top of your basic State Pension - taking your total to £273.15 a week.

Most people opted, or 'contracted', out of the additional state pension at some point in their working lives.

It is important to note that as a member of the Willis Pension Scheme, you are "contracted out" of S2P. This means that you are only likely to receive S2P pension if your earnings are relatively low. However you will pay a lower rate of National Insurance contributions. S2P replaced a similar scheme know as the State Earnings Related Pension Scheme (SERPS) from 6 April 2002.

To be allowed to contract-out the Scheme has to satisfy certain tests which are intended to ensure that the pension you will receive will be as good as the alternative State benefits. Up until 6 April 1997 the Scheme had to provide a specific minimum quantity of pension for each individual member, known as the "Guaranteed Minimum Pension".

After 6 April 1997 the Scheme has to meet a quality test by providing benefits that are broadly equivalent to or better than those in the “Reference Scheme” which is set out in the Pensions Act 1995. The Scheme Actuary has to certify that this requirement is met every three years. Your entitlement to the basic State Pension and other State benefits is not affected by contracting out.

State Pension Reforms

The amount of state pension you get will change in April 2016. The basic and additional State Pensions are going to be replaced by one flat-rateState Pension, worth £144 a week in today's money.

The additional pension and 'contracting out' will be abolished, and so will part of pension credit. Qualifying National Insurance years will also increase from 30 to 35 years.

State Pension Age

You can claim state pension when you reach state pension age. For men this is currently 65. For women, state pension pension age has started to rise, from 60 in 2010 to 65 in November 2018.From December 2018 state pension age will rise for both men and women, until it reaches 66 in April 2020 and 67 between 2026 and 2028. After this, the state pension age will be linked to longevity, and will be reviewed every five years.

18. **Alternatives to membership**

All Scheme members are required to contribute at the rate of eight per cent of **Pensionable Salary.** However it is important to recognise that on joining the Scheme the cost is reduced by tax relief on your contributions and because of the lower National Insurance contributions payable.
A further alternative to membership is to pay for your pension entirely by yourself using a Personal Pension plan. If you are considering this option you should note that:

the Group will not contribute towards your Personal Pension.
you will pay higher National Insurance contributions than as a member of the Pension Scheme.
you will lose the valuable death-in-service benefits that are provided for members of the Pension Scheme.
the benefits from the pension will be based on the “money purchase” principle and not on the service and final salary formula used by the Pension Scheme. Broadly, this means that the pension provided depends on the contributions paid in, the investment returns achieved on those contributions and the cost of buying a pension when you retire. The only factor that would be under your control would be the contributions paid in. Everything else would be uncertain.
you will have to meet all of the administration and investment charges for the Personal Pension plan yourself. For the Pension Scheme these costs are met by the Group.

Following a change in legislation, it is now possible to be a member of the Willis Pension Scheme and be a member of pension arrangements outside of Willis concurrently. There is no limit on the amount of pension arrangements to which you can be a member.

If you decide not to remain a member of the Pension Scheme you will be asked to sign a disclaimer form to confirm that you absolve the Trustees from any further responsibility to provide benefits for you, your spouse and your dependants. In view of the valuable death benefits being given up, your spouse will also be asked to sign this form.

19. **Additional Voluntary Contributions**

As a member of the Willis Pension Scheme, you will build up a pension during your membership based on your final pensionable salary at your date of leaving or retirement from the Group. However, you may not have enough time to build up the pension you would like if you leave or retire early, or if you have joined the Scheme in your later working years. You may also have other benefits in your remuneration from the Group which are not covered by the Scheme.

The Scheme therefore provides a facility for members to make extra contributions, in a tax efficient way, to enhance your pension subject to limits imposed by the Inland Revenue. These contributions are known as Additional Voluntary Contributions or "AVCs" for short. This facility is provided via a Group AVC policy with Prudential.

You can access further information on AVCs via the Prudential Group AVC website at www.pru.co.uk/retire/retirement_zone_gavc/home/

The website includes information on:

- How AVCs work
- How much you can pay
- How to choose your investments
- Investment fund information and performance

To begin paying AVCs please contact the Pensions Team for an AVC application form by emailing pensions@willistowerswatson.com

If you already have AVCs invested with the Prudential you can access information about your AVC account online via the website above. This will give you access to:

- The very latest valuation of your fund values
- The option to change where your future contributions are invested
- The option to switch your existing Prudential AVCs between different Prudential Funds

If you wish to take advantage of this online facility please email pensions@willistowerswatson.com and we will provide you with a User ID & Password.

Please note that you will not be able to make changes to the amount you pay in AVCs online. If you wish make such a change please email the Pensions Team at pension@willistowerswaton.com

20. Special benefits for Long-standing Members

The Pension Scheme has a long history during which the benefits structure has changed from time to time. In particular a major change took place on 6 April 1988 with the consolidation of the following schemes:

- Willis Faber Pension and Life Assurance Scheme
- Willis Faber Senior Pension Scheme
- Stewart Wrightson Pension Fund

Members of these Schemes were automatically transferred to the Willis Pension Scheme. However certain special benefits apply under the Scheme to reflect the pension rights accrued by service prior to 6 April 1988 provided by the former schemes. There are three differences for former Willis Faber members, two differences for former Stewart Wrightson members as described in this section and one difference in relation to a change in **Normal Pension Date** which may apply to both groups.

Benefits for former Willis Faber members.

Difference One – **SERPS Offset**

Section 17 of this Booklet describes how the Scheme is contracted-out of the second tier of State pension. By contrast the former Willis Faber schemes were contracted-in from 6 April 1978 until 5 April 1988 (during which period the second tier was known as the State Earnings Related Pension Scheme or SERPS).

To take account of the additional National Insurance contributions paid by the Company to secure the additional State benefit, a SERPS Offset will be deducted from your pension in respect of this period of service.

The Offset is calculated as an amount equal to 0.5 per cent of your **Base Salary** between the Lower and Upper Earnings Limits (LEL and UEL) for National Insurance Contributions at the date of leaving service, for each complete year of **Pensionable Service** between 6 April 1978 and 5 April 1988.

For the 2013/2014 year LEL is £5,668 and UEL is £41,450. Therefore the maximum **SERPS Offset** is £1,789.10 calculated as 0.5 per cent × 10 (maximum service) × (£41,450 (UEL) - £5,668 (LEL)).

Difference Two – **Accelerated Units**

In the former Willis Faber schemes a special form of Additional Voluntary Contribution facility was made available known as **Accelerated Units**. This facility allowed members to increase their **Target Percentage** by entering into a long-term agreement to pay an additional contribution. Members using this facility have been advised individually of the **Accelerated Units** that are being purchased and any changes required on the grounds of equal treatment. The facility was closed to new entrants with effect from 31 December 1989 alongside the introduction of the current AVC.

Difference Three – **Pre-consolidation Benefits**

Prior to 6 April 1988 the former Willis Faber pension schemes provided benefits at the rate of 60ths for each year of service. Accordingly for a **Pre'95 Member** who was also a member of the former Willis Faber pension schemes the **Target Percentage** is calculated in two steps as follows:

Target Percentage =	1 ÷ 60 × **Pensionable Service** prior to 6 April 1988	Plus	1 ÷ 50 × **Pensionable Service** after 6 April 1988

In addition a special calculation applies on leaving the Scheme early to protect the pension earned by service prior to the consolidation. Section 11.2 explains how the **Target Percentage** is reduced by the ratio of completed to total potential **Pensionable Service**. For a Willis Faber member the ratio is based on actual and potential service after 6 April 1988 and it will only apply to the benefit (including any Accelerated Units) earned by service after 6 April 1988.

Benefits for former Stewart Wrightson members

Difference One – **Percentage Table**

Prior to 1 April 1984 the Stewart Wrightson Pension Fund calculated the **Target Percentage** on the basis of a Percentage Table. This was designed to provide extra benefits for those who joined the Group late in their career and may have given up pensions with previous employers. A former Stewart Wrightson member who joined prior to 1 April 1984 and can complete more than 20 years of **Pensionable Service** at **Normal Pension Date,** has a **Target Percentage** of 60% or the 50ths basis if greater.

Members have been advised individually of any changes to their **Target Percentage** in relation to the table which arise from the equalisation of retirement ages.

Difference Two – **Special Early Retirement**

If the Willis consents, former Stewart Wrightson members may retire early without the application of any reduction factors once they have completed 40 years **Pensionable Service**. Under this option you must give at least 12 months' notice of your intention to retire. Females can retire from age 55 under this option. Males can also retire from age 55 in line with their female counterparts, however if they are retiring before age 60, then the proportion of their benefits earned by service before 17 May 1990 (from when equal treatment is required) will be reduced for early payment.

Benefits in relation to equal retirement ages

Prior to 6 April 1988 the Pension Scheme had a **Normal Pension Date** of 65 for men and 60 for women. **Normal Pension Date** has been equalised since then in two stages:

- From 6 April 1988 the **Normal Pension Date** was set at 65 for those who joined the Group after that date.
- From 1 May 1992 **Normal Pension Date** was increased to 65 for all members of the Scheme irrespective of their joining date.

After 1 May 1992 enhanced early retirement terms were granted to some **Long Standing Member**s at the discretion of the Group. These allowed those who stayed with Willis through to age 60 to retire on a pension which was broadly “no worse” than the amount payable before the increase in **Normal Pension Date**.

With effect from 1 January 2002 this discretionary concession has been replaced by a right under the Rules of the Pension Scheme to receive a proportion of the benefits from age 60 without a reduction for early payment. The benefits concerned are:

- for female members, those earned by pensionable service prior to 1 May 1992
- for male members, those earned by pensionable service between 17 May 1990 and 1 May 1992.

For example a female member aged 58 with 20 years service split evenly before and after 1 May 1992 would have half the pension reduced for two years early payment and the other half reduced for seven years early payment. If the member were male pension earned by one year and 11 months service (17 May 1990 to 1 May 1992) would be reduced for two years early payment with the balance (pension earned by 18 years 1 month service) reduced for seven years early payment.

The significance of 17 May 1990 is that this was the date of a leading judgement of the European Court of Justice (known as the Barber case) from when **Normal Pension Date** is to be equalised. It applies only to male members because the benefits earned by female members up to the effective date of the changes are protected.

Please note that these rights in relation to equal retirement ages do not apply to Senior Members for whom the Normal Pension Date has always been equal between men and women.

21. Special benefits for Senior Members

A **Senior Member** is defined as someone who attained grade 11 before 1 July 2001 or who attained grade 13 on or after 1 July 2001 and before 1 April 2008. No further associates are being granted Senior Membership after 31 March 2008.

Senior Members appointed on or after 1 July 2001 have one additional benefit which is the right to draw the portion of their benefits that accrued between the date they became a **Senior Member** and 1 July 2011 from their 60th birthday without an actuarial reduction. The reduction by a factor to reflect the reduced amount of **Pensionable Service** (as described in section 6.2) still applies.

Senior Members appointed prior to 1 July 2001 receive three benefits:

a. **Normal Pension Date** is the 60th birthday. Special arrangements applied to those over age 55 when they became Senior Members.

However, benefits that accrued after 1 July 2011 will be subject to an adjustment factor if they come into payment at age 60, that adjusts the benefit to the amount it would have been if the Normal Retirement age for this portion of benefit was age 65.

b. A Special Service Credit applies for members below grade 11 on joining the Group. On promotion potential service reduced in line with the reduction in Normal **Pension Date** and this lower service would normally be reflected in a lower pension. To avoid this, a Special Service Credit was granted equal to the period between the old and the new **Normal Pension Date**. This had the effect of maintaining **Target Percentage** at the same rate as applied before the promotion. Special Service Credit is earned evenly over **Pensionable Service**. On leaving or retiring early, the credit would be reduced by the ratio of actual to total potential service. The credit applies only to those who become **Senior Member**s by promotion. It does not apply to those employed at grade 11 or above on entry to the Scheme.

c. **Senior Member**s receive a temporary Bridging Pension in addition to the standard benefits on retirement prior to State pension age. The Bridging Pension is designed to compensate for some of the inequalities that exist under the State pension system. The Bridging Pension is payable until State pension age or earlier death.

The Bridging Pension is calculated at the date of retirement or leaving according to the following formula:

For those who became **Senior Member**s on or after 17 May 1990:	Single person's basic State pension × Pre 1 July 2011 **Pensionable Service** ÷ 44.
For those who became **Senior Member**s before 17 May 1990:	Single person's basic State pension × Pre 1 July 2011 **Pensionable Service** ÷ potential service.

On retirement before **Normal Pension Date** the Bridging Pension will be reduced by a factor to reflect early payment.

Key notes:

a. Special Service Credit does not count towards the calculation of Bridging Pension.
b. State pension age is explained in section 17.
c. The single person's basic State pension for the 2012/2013 tax year is £5727.80 per annum. It is expected that the basic State pension will increase in line with the Retail Prices Index in future years.
d. Once in payment, Bridging Pension will increase in line with the increase in the basic State pension.
e. Bridging Pension ends on death prior to State pension age.
f. **Senior Member**s who are also former Willis Faber Members will receive an addition to the Bridging Pension of an amount equivalent to the SERPS Offset.