



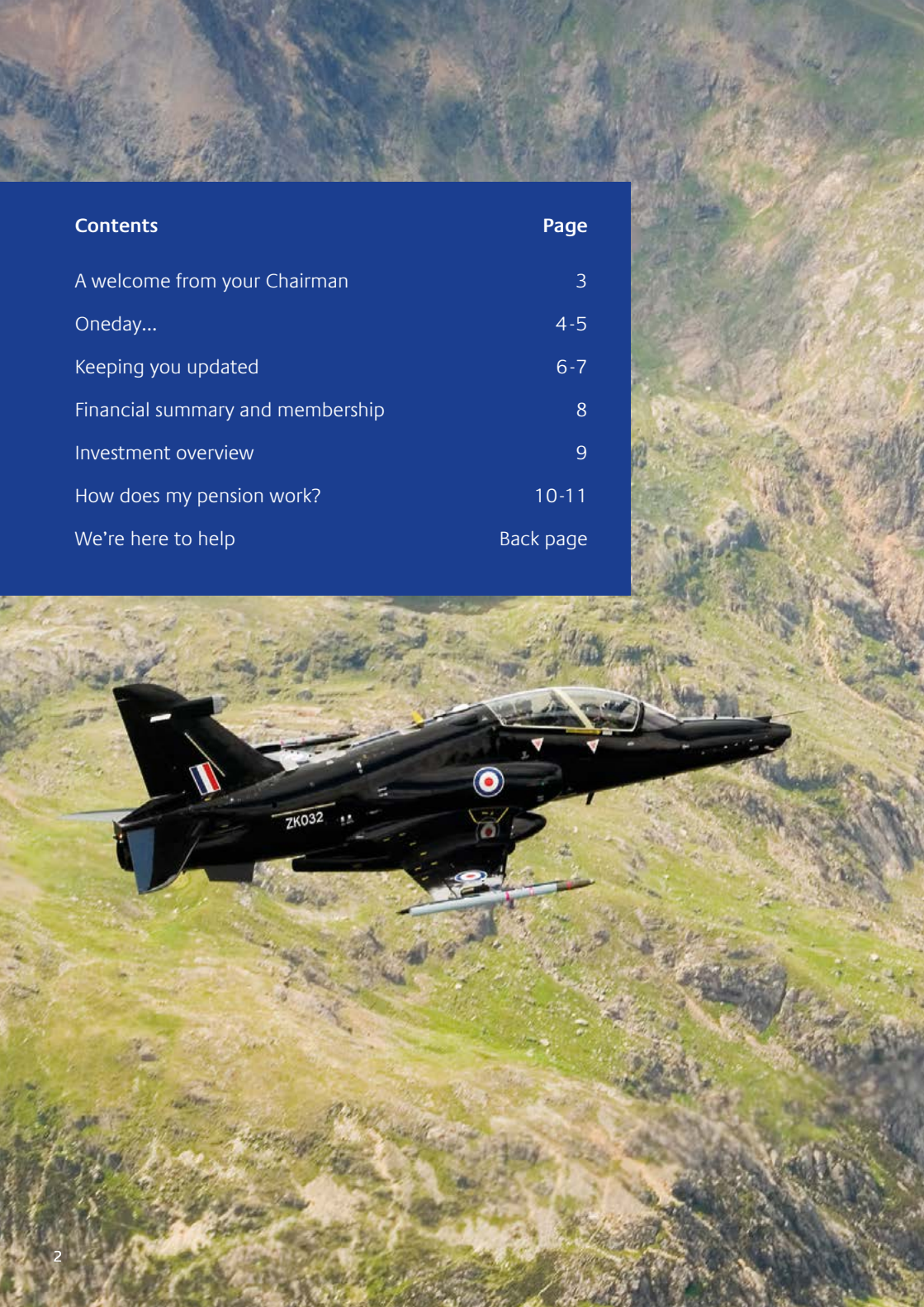
babcock



Babcock Retirement Savings Scheme

Keeping you informed
Winter 2017

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A welcome from your Chairman

Hello and welcome to the latest update regarding the Scheme.

Included in this year's newsletter are details of a new website which the Company has developed in partnership with the Trustee. By registering, you will be able to use the site to get access to your online record with Aviva. Your pension benefits and the Scheme have not changed but Aviva acquired Friends Life in 2015 and a rebranding exercise has now been completed.

The Trustee would like to provide more communications electronically and, in time, newsletters such as this will be either emailed to you, made available on the website or both.

You do have the option to continue to receive paper communications and, some of you have already told us that you'd prefer this. If you would prefer to continue to receive communications this way then please write to us. Contact details are on the back page.

I would like to thank Colin Patterson and Mike Helliwell who stepped down as Trustee Directors during the year. Colin has provided support to the Trustee over many years, most recently as Chair of the Defined Contribution committee, and he has, with Mike's support, brought real focus to managing the Scheme in the best interests of members. Both will be missed as Trustee Directors, but in their place we welcome Karena Caskie and Phil Burrell.

As always, we appreciate your feedback – you can get in touch with us via the Pensions Team, so please let us know if you have any comments or questions. Contact details are provided on the back page. I hope you find this newsletter useful and informative.

Max Graesser
November 2017

oneday...

How do you want to spend your retirement?

No matter how far away it may seem, it's never too soon to start planning where your income will come from when you're no longer working.

That's why the Company has developed **oneday...**

oneday... is all about helping you to achieve the retirement lifestyle you want.

www.myoneday.co.uk >



How to register

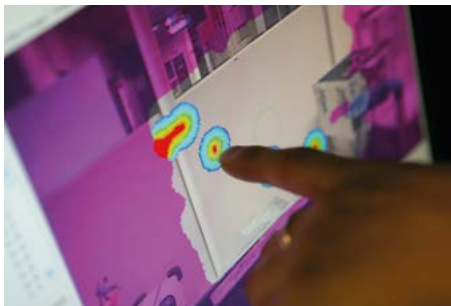
You will either have received an email or a letter from us letting you know all about **oneday...** and how you can access the new website. If you've received an email, simply follow the link to register. If you've received a letter, just visit the site, choose 'Register' and enter your details. You'll need the unique access code on your letter. If you haven't received your **oneday...** communication, please email oneday@babcockinternational.com

Sign up now to have access to:

- > Online courses
- > Workshops and financial advice clinics as you approach retirement
- > Information about your options at retirement
- > Your personal record with Aviva

Through **oneday...** you can also access the Your Scheme area. This area is managed by the Trustee and contains information about your pension, including:

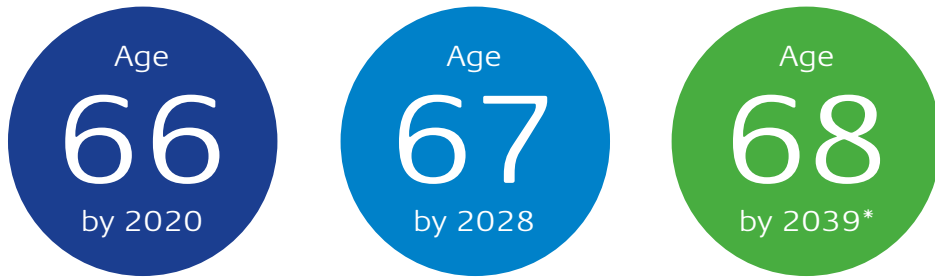
- > Information about how your Scheme works
- > Who the Trustee Directors are
- > Important documents such as Scheme booklets, forms, newsletters and annual accounts
- > Contact details



Keeping you updated

State Pension Age changes

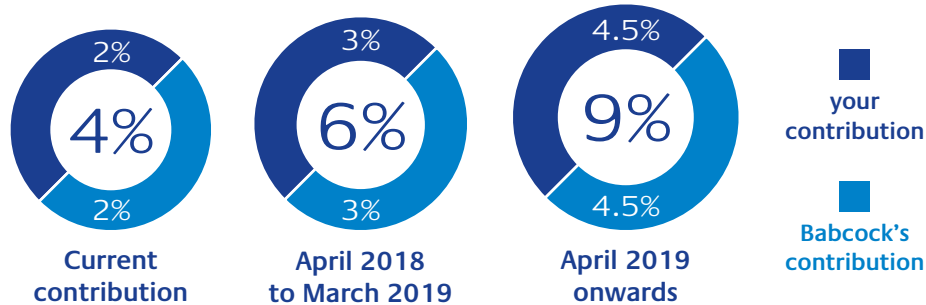
The State Pension Age is changing as follows:



*The planned rise to age 68 has been brought forward, meaning that anyone born between 6 April 1970 and 5 April 1978 will now have a State Pension Age of 68 rather than 67.

Don't forget

As part of the Government's Automatic Enrolment legislation, the minimum amount that you have to pay into an Automatic Enrolment Scheme will rise to 3% of pay from April 2018. At the same time, your employer will also increase their contribution to 3%. If you're already paying more than this there will be no change to what you or your employer pay. Further increases are due by April 2019, as detailed in the graphic below.



How does the Trustee use my data?

The Trustee stores data about you in order to manage your benefits in the Scheme effectively and communicate with you about your pension. This data can include basic items such as your name and address, but also more sensitive information such as your salary or details of your dependants. The Trustee would like to reassure you that your data is held securely in accordance with the Data Protection Act 1998 (the Act). The Act states that data must be:

Obtained and processed fairly and lawfully

Accurate, up to date, safe and secure

Kept for no longer than required

The Trustee takes its responsibilities under the Act very seriously. We will never share your data with third parties, unless it is necessary for the safe and secure running of the Scheme. We ensure that all our partners and administrators also comply with the Act.

Savings allowances reminder

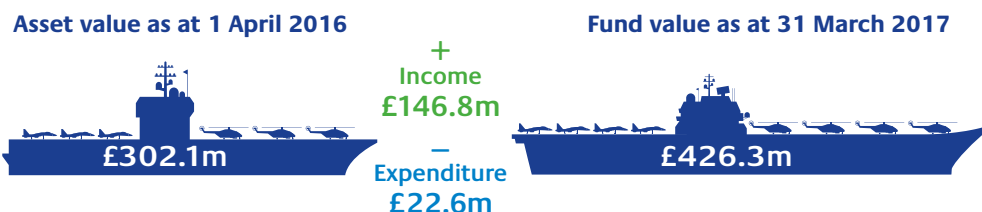
The Annual Allowance is the total amount that you can save into your pension(s) each year before being subject to extra tax. This is currently £40,000, but may be less if you earn over £150,000 a year.

The Lifetime Allowance limits the amount that you can receive from all your pension arrangements at retirement, without incurring a tax charge. This is currently £1 million.

The Money Purchase Annual Allowance is the total amount that you can save into your pension(s) each year if you've already taken benefits from a defined contribution scheme, before being subject to additional tax. This is currently £10,000 but is expected to reduce to £4,000 (subject to government approval).

Financial summary and membership

On 31 March 2017 the overall value of the Scheme's assets was £426million. Full copies of the Scheme accounts for each year from 2012 are available online in the Your Scheme area at www.myoneday.co.uk



Income	2017 £m
Contributions and transfers in	£64.5m
Net returns on investments	£82.3m
Income total	£146.8m

Expenditure	2017 £m
Benefits, transfers out and expenses	£22.6m
Expenditure total	£22.6m

Membership on 31 March 2017



Investment overview

The table below shows the investment performance (after deduction of fees) of the individual funds available to members in the 12 months to 30 June 2017. Depending on when you joined the Scheme and how your contributions are invested, your own performance may differ. You can access information about your personal account by visiting your personal record held with Aviva which is accessible through www.myoneday.co.uk

The Trustee has negotiated a further reduction in the management charges incurred by members which reduced by 0.02% from 1 September 2017. The new Annual Management Charge (AMC) for each fund is shown below.

Fund*	% change 12 months to 30 June 2017	% performance of benchmark index	Fund % Performance v Benchmark Index	Annual Management Charge
Growth Funds				
Emerging Market Equity Fund	31.78%	31.13%	0.65%	0.48%
Global Equity Fund	23.67%	23.96%	-0.29%	0.28%
Stewardship Fund	24.21%	18.12%	6.09%	0.31%
Diversified Growth Fund	15.00%	14.94%	0.06%	0.42%
Approaching Retirement Funds				
Target Increasing Annuity	6.67%	7.12%	-0.45%	0.24%
Target Level Annuity	4.16%	-1.3%	5.46%	0.32%
Money Market Fund	0.03%	0.14%	-0.11%	0.24%

*Target Lifestyle funds (such as Target Lump Sum) are constructed from a combination of the above funds so the charges will differ depending on your age and where your money is invested.

How does my pension work?

As an active member of the Scheme, you contribute a percentage of your salary into the Scheme, and Babcock contributes too. This pot of money is invested, with the aim that in the long term its value will increase more than if you'd left the money uninvested. If you have left Babcock or opted out of the Scheme, your contributions remain invested, even though you're not contributing any more.

When you choose to retire, you can access this pot of money – and you have a number of options for what you do with it.



1. Use your fund to buy an annuity from an insurance company, which will give you a regular income for life.



2. Take all your fund as cash (the first 25% will be tax free and the rest taxed at your marginal rate).



3. Leave your fund invested and take lump sums from it whenever you like (the first 25% of each payment is tax free and the rest is taxed at your marginal rate).



4. Take 25% of your fund as a tax-free lump sum and leave the rest invested, taking lump sums whenever you like (the lump sums are taxed at your marginal rate).*



*This option is only available if you transfer your fund to another provider

We're here to help

If you have any questions about your pension benefits you can contact the Pensions Team in one of the following ways:



Call us:
0345 604 4463

The helpline is open from 8:30 to 17:30, Monday to Friday.



Alternatively you can send an email to:
babcock@aviva.co.uk



Or you can write to us:
NGP Customer Operations
Babcock Retirement Savings Scheme
Aviva
Pixham End
Dorking
Surrey
RH4 1QA



Visit your new Babcock pensions website:
www.myoneday.co.uk



For help with oneday... please email:
oneday@babcockinternational.com

Additional information

This report summarises the Scheme developments. More detailed information (such as the Trust Deed and Rules, the last Actuarial Valuation Report, the Trustee's Annual Report and Accounts and the Statement of Investment Principles) is available on request from the Pensions Team.