

PENSION matters

May 2024



Hello & welcome

As we have raced through the first few months of 2024, I have reflected on the last 12 months – it is fair to say it has been a busy time for us, the Trustees of the Raytheon Systems Limited Pension Scheme (the Scheme). Following Raytheon’s decision to close the Scheme and with no members building up any new benefits, we turned our attention to increasing the security of your benefits for the long term.

Securing your benefits

Towards the end of 2023, with the support of Raytheon, we bought an insurance policy that will cover all of your Scheme benefits. This transaction is known as a buy-in and it increases the security of your benefits because they are now covered by an insurance company. The fully regulated UK insurance company we chose is called Just Group and you can read more about them on **page 4**.

We want to reassure you that nothing will change from your point of view – the Scheme is still responsible for paying your benefits and your options are still the same.

Scheme funding

The actuary provided an update on the Scheme’s funding position as at 5 April 2023, and I am pleased to report that the Scheme was in a strong position with a funding level of 116%. This strong position meant that we were able to take the steps that we have taken to increase the security of your benefits.

We have included the usual financial updates on **pages 6-9**.

Steve Southern

Independent Chair of the Trustees



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Get answers to your questions

We have recently updated the website and it contains lots of information to help with your retirement planning and answers questions you might have about your benefits.

You will find two main sections.

Your pension

What is your pension?
How does it work?
What to expect from it
What happens if...

Your future

What you can do with your pension and the choices you have from 55
How the retirement process works – with timings to help you plan ahead
Things to consider like working part-time and taking your pension, retiring early or late
What financial advice is and how to get it

There are also sections on:

- Who to contact and how
- Other websites that can help you with your pension
- Information about how the Scheme is run and useful documents

Securing your pension benefits

We wrote to you towards the end of 2023 to let you know that we have taken a step to increase the security of your benefits in the Scheme, through a transaction known as a buy-in.

With the support of Raytheon, we have bought an insurance policy that will cover all your Scheme benefits. We have done this with a fully regulated UK insurance company called Just Group.

Nothing will change from your point of view – your benefits and your options in the Scheme remain as before, and our Scheme administrator (Buck) is still responsible for answering your queries and paying your pensions.

Since purchasing the insurance policy, we have been working closely with both Just Group and Buck to put in place updated procedures for preparing member quotations and are aware this has led to some delays in our administration services, impacting a small number of members. We thank you for your patience while we have been working through this, and are confident our service is now back on track.

About Just Group

As a reminder, Just Group is a leading and established provider of retirement income products and services. Its award-winning Defined Benefit Solutions team has provided insurance for trustees of more than 200 pension schemes and has an excellent track record.

To find out more, visit wearejust.co.uk/definedbenefit

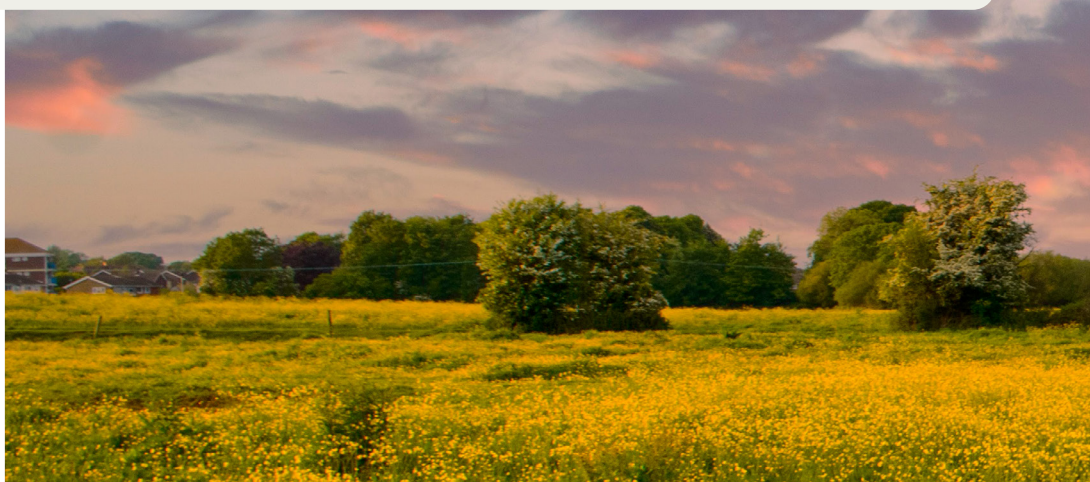
Just Group is authorised by the Prudential Regulation Authority (PRA) and regulated by the PRA and the Financial Conduct Authority.



Investment update - all change

As we have now bought an insurance policy to cover all of your Scheme benefits, this makes our investment strategy very simple – the Scheme's main investment is now the insurance policy with Just Group.

The Scheme also holds a small balance in investments that are expected to pay money to the Scheme over the next few years.



Pension news

Changes to the Lifetime Allowance

From 6 April 2024, there are some changes to tax-free allowances that may impact you if you are a high earner.

The Lifetime Allowance – the amount of pension benefits you can build up over your lifetime before additional tax is deducted – has been abolished completely from 6 April 2024 and some new lump sum rules have come into force instead.

There will be two new tax-free allowances to restrict the value of lump sums that you or your dependants can receive without paying tax:

- The Lump Sum Allowance
- The Lump Sum and Death Benefit Allowance

You will still be able to exchange part of your pension benefits for a tax-free cash sum when you retire, but if you exceed the Lump Sum Allowance, you will pay income tax on the excess at your marginal rate.

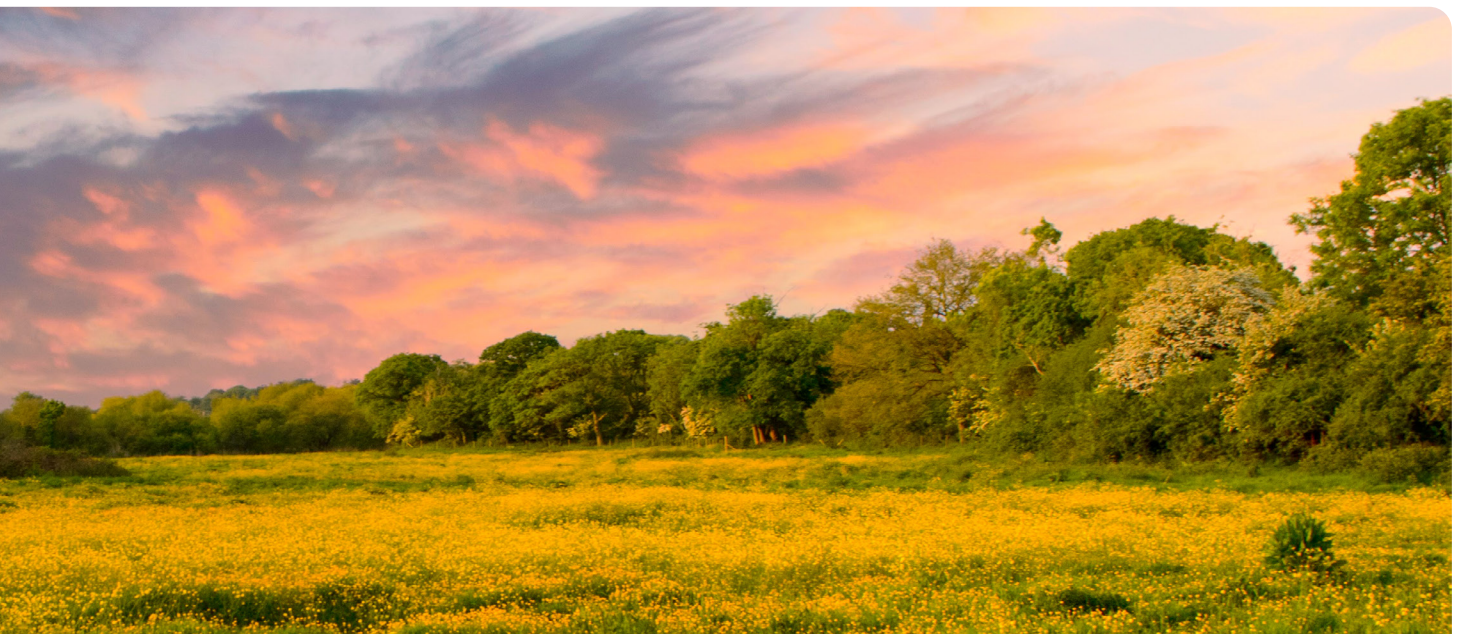
You can find out more about the abolition of the Lifetime Allowance at www.gov.uk/government/publications/abolition-of-the-lifetime-allowance-from-6-april-2024

If you are concerned about how these changes might affect you, then it is worth speaking to an independent financial adviser. If you are age 55 or over, you qualify for free financial advice, paid for by Raytheon, with WPS Advisory Limited (WPSA). WPSA is an independent financial advice firm that Raytheon has appointed to give you support and advice as you look at your retirement options.

Find out more at www.raytheonpensions.co.uk/how-to-get-financial-advice

Alternatively, you can find independent financial advisers who specialise in retirement and pensions through the Government website MoneyHelper.

Go to www.moneyhelper.org.uk and search for 'Find a retirement adviser'.



Summary funding statement

The following information gives you an overview of the Scheme's financial health.

The Scheme must have a full financial check (called a valuation) from an independent expert (called an actuary) at least every three years. Our most recent valuation was carried out as at 5 April 2021. The actuary also has to carry out annual updates. The next valuation is due as at 5 April 2024.

The next valuation is due as at 5 April 2024.

Below is a reminder of the funding level in 2021, the funding level in 2022 (when we last wrote to you) and the figures from the most recent 2023 annual update.

How is the Scheme doing?

Assets	Liabilities	Shortfall / Surplus	Funding level
<p>The money the Scheme has now</p>	<p>The estimated costs of providing members' benefits now and in the future</p>	<p>The difference between the assets and the liabilities</p>	<p>The assets as a percentage of the liabilities</p>
<p>2021 valuation £649m</p>	<p>2021 valuation £588m</p>	<p>2021 valuation £61m surplus</p>	<p>2021 valuation 110%</p>
<p>2022 update £633m</p>	<p>2022 update £552m</p>	<p>2022 update £81m surplus</p>	<p>2022 update 115%</p>
<p>2023 update £473m*</p>	<p>2023 update £409m</p>	<p>2023 update £64m surplus</p>	<p>2023 update 116%</p>
<p>The Scheme's assets have decreased since the 2021 valuation and 2022 update.</p>	<p>The liabilities have also significantly reduced, primarily due to the increase in interest rates.</p>	<p>Since we last wrote to you, the value of the assets has reduced (in £ terms) by more than the liabilities. This means the Scheme's surplus reduced as at 5 April 2023, however the funding level improved slightly.</p>	<p>As the Scheme had a surplus at the 2021 valuation, the Company is not currently required to pay any additional contributions to remove a deficit.</p>

*This differs from the 'Value at the end of the year' shown on page 10 because some of the figures used to calculate this update were dated as at 31 March 2023 instead of as at 5 April 2023.

Are my pension benefits secure?

Our aim is to have enough money in the Scheme to pay pensions and other benefits to members. As the Scheme now has an insurance policy with Just Group, your pension benefits are secure and it is very unlikely that the Scheme will need to ask Raytheon for additional cash contributions.

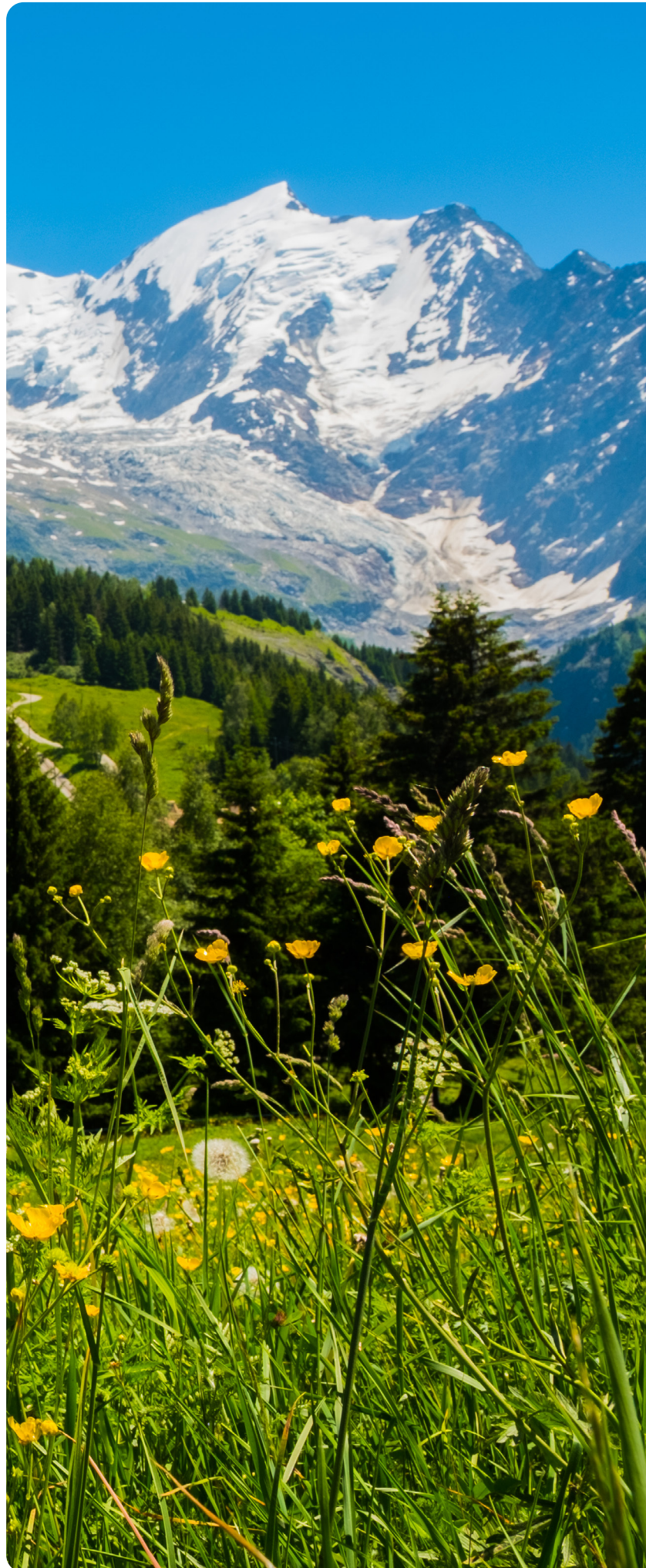
As part of the valuation, the actuary is also required to work out how much money the Scheme would need if Raytheon were to become insolvent and the Scheme needed to be wound up.

At the 2021 valuation, this cost was estimated to be £735m, giving a 'solvency' funding level of 88%. An up-to-date cost will be calculated as part of the 2024 valuation.

We are required by law to give you this information about the Scheme and it does not mean we expect Raytheon to become insolvent.

And finally

Legally, we have to confirm that the company has not taken any surplus payments out of the Scheme in the last 12 months. We can confirm that that is the case. We can also confirm that The Pensions Regulator has not intervened to change the way that benefits build up, the way valuations are calculated, or the way the funding shortfall is met.





Opening up the finances

Here is our regular summary from the Report and Accounts showing the income and outgoings for the Scheme during the financial year to 5 April 2023.

Year ending	5 April 2022 £s	5 April 2023 £s
Value at the start of the year	651,430,231	633,330,351
Income		
Employer contributions	2,915,160	1,623,660
Employee contributions	142,652	103,039
Other income	156,544	419,565
Total income	3,214,356	2,146,264
Outgoings		
Retirement and death benefits	(18,278,625)	(20,181,049)
Transfers out to other pension schemes	(7,378,103)	(5,358,308)
Premiums for life assurance	(1,320,957)	(322,630)
Scheme expenses	(1,537,727)	(1,734,430)
Total outgoings	(28,515,412)	(27,596,417)
Investment returns (net of expenses)	7,201,176	(125,756,462)
Value at the end of the year	633,330,351	482,141,736

The figures in brackets are negative figures.

The people behind your pension

The Scheme is managed on your behalf by us, your Trustees. We work with a range of professional advisers through the year to ensure that the investments, administration of your benefits, communication and financials are all well run.

To ensure we have a good team and in keeping with the requirements of the Trust Deed and Rules, we make sure that we have regular training so that we maintain a good understanding and grounding in pensions and keep up to date with any changes in legislation that may impact you or the Scheme.

Your Trustees are:

Vidett Pension Services Limited
(formerly 20-20 Pension Services Limited) (represented by Steve Southern)

INDEPENDENT TRUSTEE CHAIR
Company appointed

Andrew Hosier

COMPANY APPOINTED
Director of Contracts

Sharon Richards

COMPANY APPOINTED
Tax and Financial Reporting Manager

Nigel Deeks

MEMBER NOMINATED TRUSTEE
Lead Engineer, Mechanical Systems Design

John Norbury

MEMBER NOMINATED TRUSTEE
Retired Configuration Data Controller

Secretary to the Trustees

David Pert

Head of Benefits, Compensations and Pensions





Who to contact and when

If you have a question about your pension benefits in the Scheme, you have changed address or you need to update your Nomination Form:

Log on to My pension portal by clicking on the red button at www.raytheonpensions.co.uk

If you want to register on the portal but have lost your letter with your Unique Employer ID, or you want to speak directly to the administrators, please:

Email: raytheonpensions@buck.com

or call the Helpline: **0330 123 0355**

If you have a complaint about the Scheme that cannot be resolved by Buck (the Scheme administrator), the Trustees or Raytheon, contact the Pensions Ombudsman:

Tel: **0800 917 4487**

Email: enquiries@pensions-ombudsman.org.uk

Website: www.pensions-ombudsman.org.uk