BAE SYSTEMS



BAE Systems Pension Scheme – 2000 Plan:
a new option for your pension

Your PIE guide

2000 PLAN

November 2026

Welcome to your Pension Increase Exchange (PIE) guide

A PIE gives you the option to receive a one-off permanent increase to your current pension income, in exchange for lower (or no) annual increases in the future. The PIE option only applies to pension built up before 6 April 1997 – pension built up after this will retain future annual increases.

Your decision is a personal one – whether the PIE option is right for you will depend on your circumstances and lifestyle needs. Chase de Vere, a regulated financial adviser separate from the Scheme or Company, is set up and ready to help you understand the option and make a decision. We strongly recommend contacting them to understand the impact of the PIE option on your benefits. The cost of their financial advice (or guidance) will be met by the Scheme, so you do not have to pay.

This guide includes many of the topics you can discuss with Chase de Vere, including how the PIE option works and the things to consider when making your decision. You can also find tips on how to prepare for your Chase de Vere session.

What's inside

KNOW

If you take the PIE option, it would be a permanent change to your future pension, so you need to consider how this might affect you, your lifestyle and, where relevant, your eligible spouse or Specified Dependant.

We've also included answers to some of the questions you may have on pages 10 to 12. You can find others and anything more recent that members are asking at **www.baesystems.com/pie**

TALK

The Trustee and BAE Systems have arranged for regulated UK financial advisers, Chase de Vere, to give you tailored, impartial advice (or guidance) at no cost to you.

This guide includes more information about Chase de Vere, the support they can provide, what to expect from your financial advice (or guidance) session and how to get in touch with them.

DECIDE

If you decide to take the PIE option, you will need to speak with Chase de Vere before **29 January 2027** and complete and return the Acceptance Form by **12 February 2027**. Where relevant, Chase de Vere will provide you with this form following your financial advice (or guidance) session.

If you choose not to take the PIE option, your pension will continue to receive future annual increases in the usual way.

Watch the short video to see how a PIE works at **baesystems.com/pie**



How the PIE option works

Your 2000 Plan pension increases each year to provide some protection against the rising cost of living. How it increases depends on when it was built up.

The PIE option allows you to receive a one-off permanent increase to your pension income now, in exchange for lower (or no) annual increases in the future.

We say 'lower (or no)' future increases because not everyone's pension is affected in the same way if they take the PIE option – it depends on when your pension built up.

Annual increases that are set out in law ('statutory' increases) can't be changed. Annual increases that aren't set out in law but are prescribed in the Scheme Rules ('non-statutory' increases), can potentially be changed.

The increases for pension benefits built up:

- after 5 April 1997 closely follow those set out in law and so are not included in the PIE option and will continue to increase as usual, whatever you decide to do.
- before 6 April 1997 are prescribed in the Scheme Rules but are not set out in law, so can be changed. These are included in the PIE option.

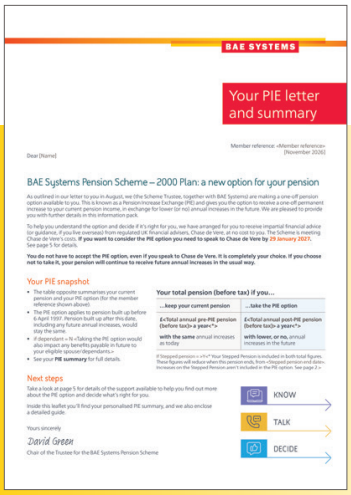
This means that for some members, taking the PIE option would mean their pension will not increase at all in future, as the option applies to their whole 2000 Plan pension. For others, their pension will still increase in future, but by less than it would have done, as the PIE option applies to only part of their 2000 Plan pension.

How the change would work in practice

Your PIE summary shows your PIE pension at 1 November 2026. If you accept this option, your pension:

- **Will change to the PIE pension from 1 July 2027***. Your first payment would include a back payment covering the difference between your PIE pension and the pension you received between 1 November 2026 and June 2027.
- **Your 2027 annual increase will be paid from July instead of May**. You won't lose out as in July 2027 we will apply 2027 annual increases to any part of your pension that still receives annual increases (including a back payment for May and June, with interest).

* If you accept the PIE option but sadly die before 1 July 2027, the change to your pension will not take effect.


BAE SYSTEMS

Your PIE letter and summary

BAE Systems Pension Scheme – 2000 Plan: a new option for your pension

Your PIE snapshot

Your total pension (before tax) if you...

...keep your current pension

...take the PIE option

with the same annual increases as today

with lower, or no, annual increases in the future

Next steps

KNOW

TALK

DECIDE

See your PIE letter and summary for details of what taking this option would mean for your pension and any benefits payable in future to your eligible spouse/dependants (read more on page 9).

Speak to Chase de Vere, at no cost to you.

The Trustee and BAE Systems have arranged for you to receive paid-for impartial financial advice (or guidance if you live overseas) from an independent financial adviser, Chase de Vere.

Overview

- Chase de Vere is one of the UK's longest established firms of financial advisers, authorised and regulated by the Financial Conduct Authority.
- They are independent from the Scheme and BAE Systems, and their fee doesn't depend on the number of members who choose the PIE option – so you will get impartial, unbiased support.
- They are familiar with the Scheme's benefits and PIE option terms and will help you understand if it's right for you and your personal circumstances.
- They have previously supported our members, with positive feedback.
- The Scheme will meet Chase de Vere's costs, so their support is available at no cost to you regardless of your decision.
- Speaking to Chase de Vere doesn't mean that you must take the PIE option, but you will need to complete financial advice (or guidance) with them if you want to accept the PIE option.
- Any information you provide will be treated confidentially and won't be passed to the Trustee or BAE Systems.

How to get in touch with Chase de Vere

Call **0800 088 3479 or +44 203 474 6539** between 9am and 5pm Monday to Friday (excluding bank holidays). See the steps opposite before you get in touch.

Email them at **baes@chasedevere.co.uk** or

Use their online booking system at: **https://cdvpieoptions.co.uk/baes**

You have until 29 January 2027 to speak with Chase de Vere.

Advice vs guidance

Chase de Vere will tailor your session depending on whether they are providing you with financial advice or guidance. Where it is available, we strongly recommend taking advice to understand the impact of the PIE option on your future pension.

In both cases, there is no cost to you and speaking to an adviser at Chase de Vere does not commit you to taking the PIE option.

Step-by-step: your Chase de Vere session

Chase de Vere offers a straightforward financial advice (or guidance) service. It's easy to use, with no paperwork to complete and no need to book in advance if you'd prefer not to.

Here's what you can expect.

Get ready

There's a few things that you can do to prepare, see the tips below. But don't worry, Chase de Vere will take you through everything during your session.

Make the call

When you're ready and have time to chat, call Chase de Vere (see page 4). Have your date of birth and member reference (shown in your PIE letter) ready so they can identify you.

You'll typically be connected to a regulated financial adviser and can have your session there and then if you want to. If an adviser isn't available or if you'd prefer to book in advance, you can arrange a time and an adviser will call you. You can also book online or by email (see page 4).

During your session

It usually takes around 45 minutes to an hour to discuss your overall situation, explain the PIE option and cover the key considerations. You can have a trusted person with you, such as a family member or your own adviser.

If you're receiving financial advice, your adviser will ask some extra personal and financial questions, and you'll usually receive a verbal recommendation at the end of the call.

After your session

If you've had a:

- financial advice call, you'll receive a written recommendation and, if it's recommended that you take the PIE option, an Acceptance Form. Your adviser will arrange to speak with you again (within 10 working days).
- guidance call, you'll receive a written summary of your conversation, together with an Acceptance Form.

You can call Chase de Vere as many times as you need to.

Make your decision

If you choose to go ahead and take the PIE option, you'll need to return your completed Acceptance Form by **12 February 2027**.

Remember: you do not have to accept the PIE option – it is completely your choice. If you choose not to take it, your pension will continue to receive future annual increases in the usual way.

Tips to prepare

- Read your PIE summary and this guide.
- If easy to find, collect any outgoings and other income (like State pension and benefits) details or bank statements.
- Think about your plans and priorities.
- Note down any questions.

See page 10 for more about the financial advice process. You can find out more about the support Chase de Vere provides at: **https://cdvpieoptions.co.uk/baes**

Why we are providing a PIE option

There are benefits for members and the Scheme:



For you:

A new choice about how you receive your future pension. We recognise that every member has different personal circumstances, including their financial situation and state of health. We want to give members the option to select an income that may better suit their circumstances.



For the Scheme:

If members take the PIE option:

- **Finances are more certain.** BAE Systems is responsible for and fully committed to funding the Scheme. The cost of this funding can go up and down. The PIE option makes it easier to predict how much money will be needed in future, improving the security of benefits for all members.
- **Long-term costs may reduce.** If members choose this option, it is expected to reduce the overall cost of paying pensions over time (see below for more information).



TALK

Chase de Vere will help you to understand if the PIE option represents good value to you – based on your personal circumstances and financial priorities.

How your PIE option is worked out

The 'balanced deal percentage' (BDP) is a way of estimating the value of the PIE option to you and the potential savings for the Scheme. It's defined in the Code of Good Practice (see 'Pensions industry standard' below).

The BDP for this option is 70%. This means that 70% of the value of the annual increases you would give up is used to provide a higher starting pension under the PIE option. The balance (i.e. 30% of the value of the annual increases you would give up) would be kept by the Scheme, reducing the expected cost and risks associated with funding Scheme benefits.

The BDP and your PIE pension have been calculated using best estimates about the future, including inflation (the increase in the cost of living) and life expectancy (how long members may live) – these are consistent with the assumptions the Trustee uses to calculate transfer values for members who want to take their benefits out of the Scheme before retirement.

Pensions industry standard

There is a voluntary Code of Good Practice that covers PIE options, which is supported by the Pensions Regulator. The Code sets out what it expects good practice to be, and we are following its principles.

More information about the Code can be found on the Pensions Regulator's website. Find the code at **bit.ly/tprcode**



What should I consider before deciding?

Taking the PIE option may or may not suit your circumstances and lifestyle needs. We strongly recommend that you talk to Chase de Vere who can run you through these factors and how they may affect your future pension and your decision. Here's an overview of the key things to consider.

Inflation

Inflation is the rise in the cost of living. When there is inflation, there is an increase in the price of goods and services. The annual pension increases that are included in the PIE option are linked to the Retail Prices Index (RPI) and are subject to an annual cap, as set out in your PIE summary. This is a different measure of inflation to the one typically talked about in the news headlines.

Why it matters

- **If there is inflation, a fixed amount of money buys less over time.** If you take up the PIE option, you will initially be able to buy more with your higher pension. However, as prices rise (and potentially offset the increase from the higher PIE pension) the amount you'll be able to buy in the future could reduce as your pension will have less protection against inflation. Depending on how long you live, you may receive more or less pension overall than you would have received if you had not taken the PIE option.

  To consider whether the PIE option is right for you, you should consider your estimated 'cross-over' and 'break-even' ages (shown in your PIE summary sent to you with this guide) compared to how long you may expect to live.

- **We don't know exactly what inflation will be.** News headlines often focus on short-term changes in inflation, and, as mentioned above, typically refer to other measures of inflation. However, these short-term movements may not be a reliable guide to inflation over the longer term. We don't know now what these future inflation increases will be, but to help you decide, the cross-over and break-even ages estimated in your PIE summary included with this guide assume three different long-term rates of RPI inflation. (These rates are a guide only, not our opinion, of what might happen in the future.)

  It's worth remembering that the annual Scheme increases are capped. This means your pension won't always go up by the full amount of inflation. For example, if the cap on your increase is 5% a year, and inflation (RPI) is higher than 5%, your Scheme pension increase that year would be limited to 5%..

Life expectancy

It's impossible to know how long you might live, but having a rough idea will put your estimated cross-over and break-even ages (see your PIE summary) into context. To help, we've included an average Scheme member life-expectancy figure in your PIE summary. You can consider this with your own health and medical circumstances in mind. You can also explore typical UK life expectancy ranges on a Government website at **wtw.bz/UK-Life-Expectancy**

Why it matters

- **It gives context to your break-even ages.** The longer you live, the more likely it is that your current pension would provide you with more money (in total), compared to the PIE option.
- **Your health may affect when and how you want to use your pension.** Consider if your health has an impact on whether a higher pension now or more protection against future rising costs is preferable to you.

Remember to also consider the life expectancy of an eligible spouse or Specified Dependant who may be entitled to receive a pension from the Scheme in the event of your death; their benefits will also be affected if you choose the PIE option.

Current and future income (including State benefits)

This PIE option applies only to your 2000 Plan benefits held under the member reference number shown on your PIE Summary. For many members, these benefits make up only part of their pension income. You may also have other sources of income.

Why it matters

- **Your overall financial position will influence whether the PIE option is right for you.** If your pension included in the PIE option is:
  - your main household income, you might be more concerned about the effects of inflation and take comfort in the annual pension increases the Scheme provides.
  - not your main household income (i.e. it's smaller than your other income sources) or you have inflation protection elsewhere (i.e. from any pension not included in the PIE option or other sources), you may be less concerned about the effects of future inflation and may prefer the higher pension now from the PIE option.
- **Means-tested benefits may be affected.** Your eligibility for means-tested benefits will be based on your increased pension if you take the PIE option. If you're currently receiving means-tested benefits, you'll need to consider if the PIE option might affect your eligibility for these benefits. Your State Pension is not affected by taking the PIE option.

Your tax position

Your Scheme pension is taxable, based on your personal tax rate. If you take the PIE option, the change may mean that you pay more income tax, but you may pay less income tax later on (after your cross-over age).

Why it matters

- **Taking the PIE option and receiving a back payment will change the amount of income you pay tax on.**

  There may be other tax implications to consider in certain situations. We strongly recommend speaking with Chase de Vere who will help you consider your personal circumstances.

  If you have applied for enhanced protection after 15 April 2023, you should also notify Aptia, the Scheme's administrator, so that this can be considered separately.

Your lifestyle and personal circumstances

You may prefer a higher pension income now in return for giving up some, or all, of the future annual increases on your pension. The idea of more money now may be attractive, but there's a trade-off between more now and potentially less later in life. So, as well as thinking about what you could spend the extra money on today, consider how your outgoings and plans may change in the future.

Why it matters

- **Your choice should reflect the plans you need your Scheme pension to support.** A higher income now may better suit your current needs or plans. However, this would usually mean a lower income later in life (see the inflation and life expectancy sections on pages 7 and 8).
- **The pattern of your future outgoings will influence your decision.** For example, you may have a loan outstanding or be supporting your children or grandchildren. How will this change over time?
  - If you expect to have lower future outgoings, extra money now by taking the PIE option may suit your lifestyle and personal circumstances better.
  - If your future outgoings will be at about the same level as now or possibly even higher, for example to cover care costs, you may prefer to retain the annual increases provided by the Scheme so that your income continues to rise with inflation.

This section doesn't apply if you're already receiving a spouse's/dependant's pension.

Spouse/dependant benefits payable on your death

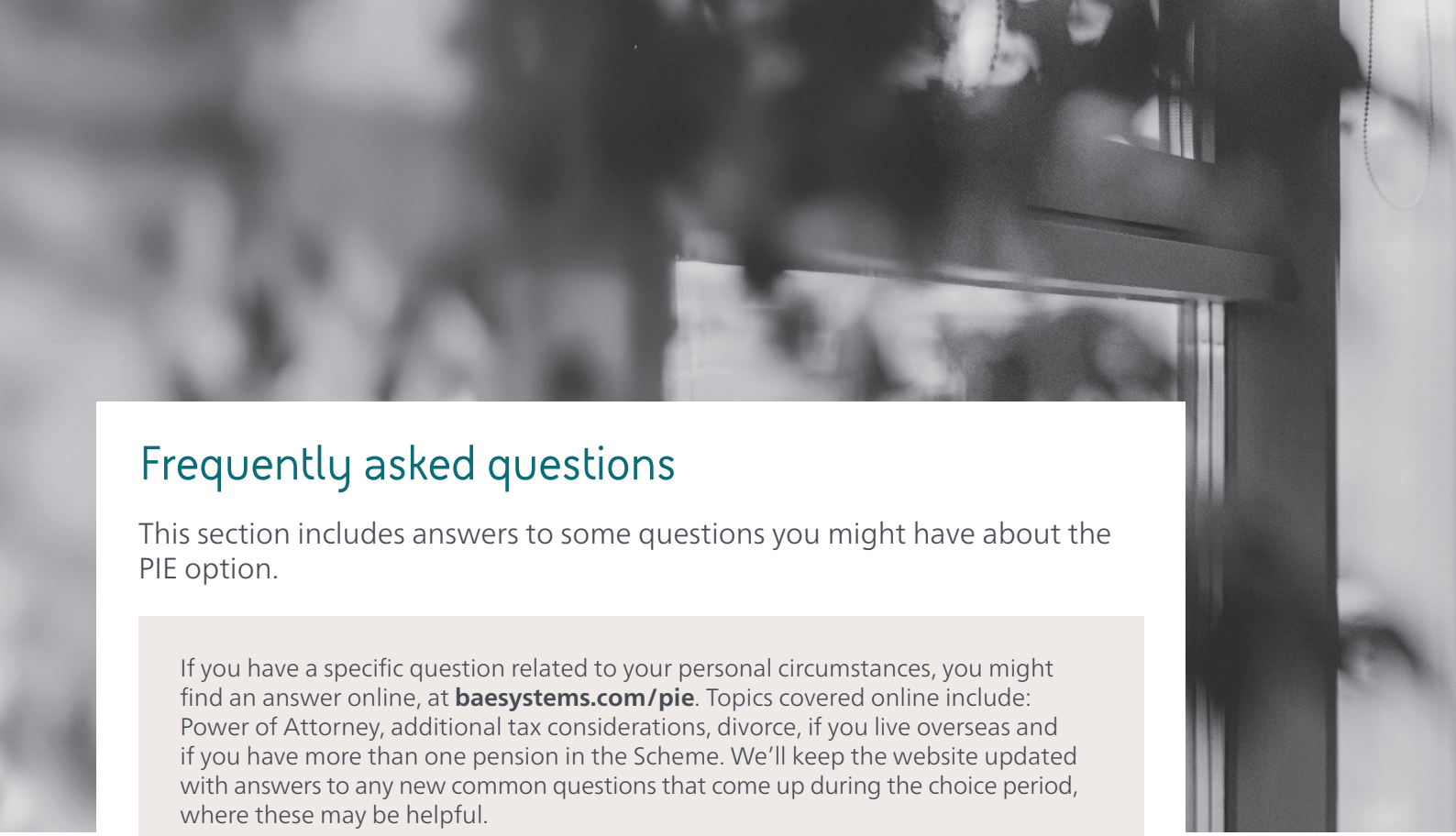
If you have an eligible spouse (including a civil partner) or Specified Dependant who will be entitled to receive a pension from the Scheme when you die (a 'spouse/dependant'), their pension (and any pension payable to an eligible child) will also be adjusted if you take the PIE option.

Specified Dependants are…

…one or more people you nominated as financially dependent on you before you retired (and accepted by the Trustee). There is a formal process under the Rules for a Specified Dependant to become eligible for benefits, including that the Trustee is satisfied that they remained financially dependent on you at the time that benefits become payable.

Why it matters

- **The PIE option will affect any pension paid to your spouse/dependant after your death.** Depending on when you die, the pension paid will initially be higher than it would've been if you didn't take the option. Their pension would also have lower, or no, future annual increases, so it would provide less protection from inflation. As their pension may not start for some time, losing future inflation protection could affect them more.
  - If your spouse/dependant will rely on their Scheme pension to help protect against inflation, the PIE option may not be right for you.
  - If they wouldn't need to rely on it in this way, or you don't have a spouse/dependant, you may prefer the PIE option.
- **You should discuss the PIE option with your spouse/dependant** so they are aware of the impact on their future pension. If you decide to take the PIE option, you'll need to confirm that you have spoken to your spouse/dependant in your Acceptance Form.
- **The PIE option will affect any lump sum payable if you were to die within five years of your retirement date.** If you decide to take the PIE option, any lump sum will also reflect the increase from the PIE option as it would be based on your actual pension in payment at the date of death.



Frequently asked questions

This section includes answers to some questions you might have about the PIE option.

If you have a specific question related to your personal circumstances, you might find an answer online, at **baesystems.com/pie**. Topics covered online include: Power of Attorney, additional tax considerations, divorce, if you live overseas and if you have more than one pension in the Scheme. We'll keep the website updated with answers to any new common questions that come up during the choice period, where these may be helpful.

About getting financial advice

Do I have to take financial advice?

No – but you must at least take guidance from Chase de Vere to accept the PIE option. Taking the PIE option is an important decision as it would mean a permanent change to your future income (and, if relevant, for your eligible spouse or Specified Dependant on your death). Where possible, we strongly recommend that you take financial advice from Chase de Vere before making any decision.

Can I use my own financial adviser?

Yes, although you will need to pay for this yourself. If you want to take the PIE option, you'll still need to take guidance from Chase de Vere. They are best placed to make sure you fully understand this option, as they are familiar with the Scheme's benefits and our particular PIE option terms.

If you decide to use your own adviser, please allow sufficient time to do this and then speak to Chase de Vere before 29 January 2027.

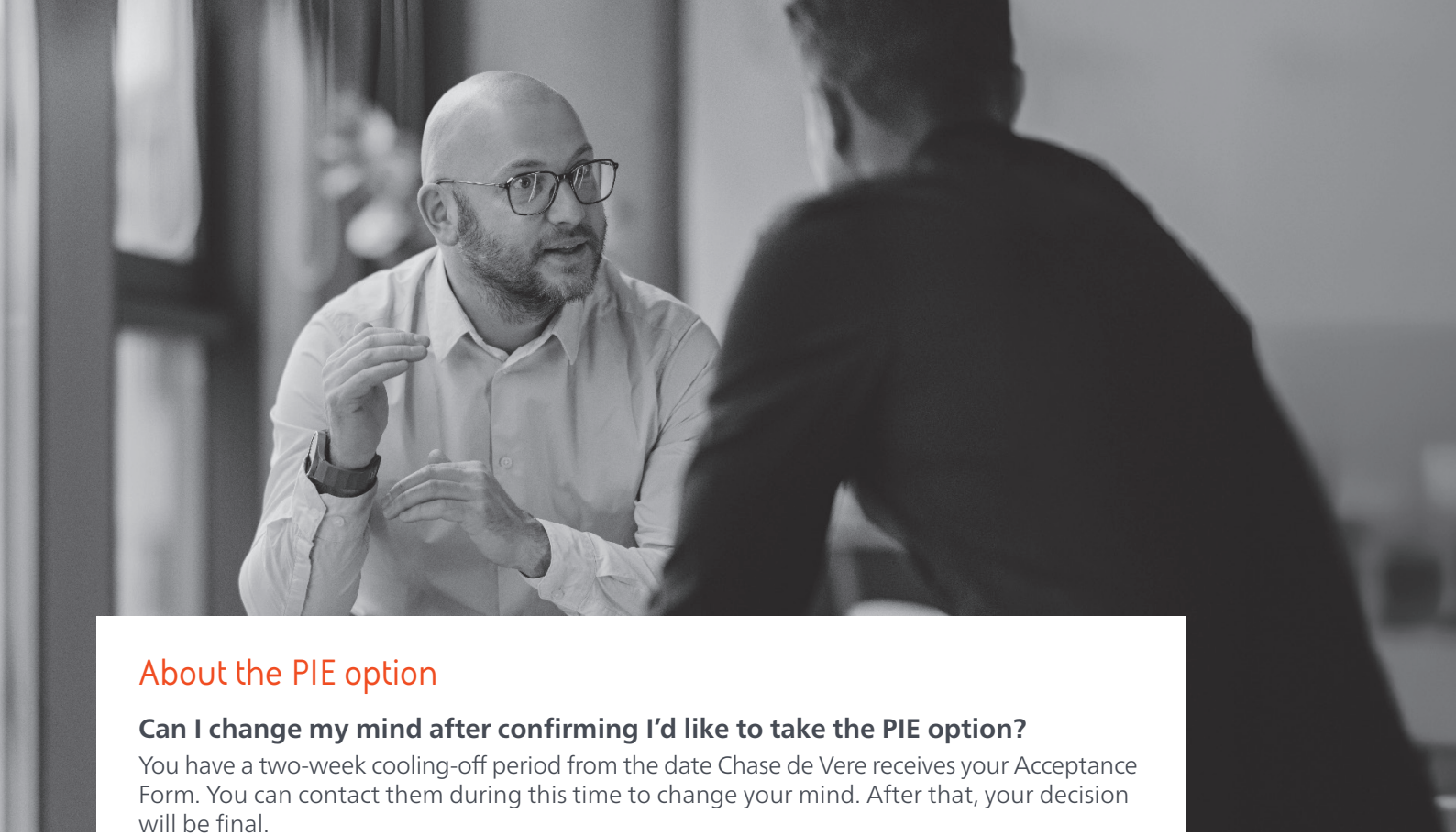
Will I have to follow Chase de Vere's financial advice?

If you take financial advice from Chase de Vere, they will give you a recommendation based on your personal circumstances. It's then completely up to you to decide what is best for you.

You should think carefully before taking the PIE option if Chase de Vere has advised it is not in your interests to do so. Please discuss this with them, so that they can ensure you understand the potential risks you are taking by not following their financial advice.

What if I have difficulty using the phone?

Chase de Vere can arrange alternative ways for you to receive financial advice, including video calls or face-to-face meetings in their 18 offices across the UK. If you need help, please contact them by email at **baes@chasedevere.co.uk** or by post: PIE Administration Team, 17/18 Eastway Business Village, Oliver's Place, Preston, PR2 9WT.



About the PIE option

Can I change my mind after confirming I'd like to take the PIE option?

You have a two-week cooling-off period from the date Chase de Vere receives your Acceptance Form. You can contact them during this time to change your mind. After that, your decision will be final.

Will the PIE option for 2000 Plan members be repeated?

The Trustees and BAE Systems have no plans to make the option available again to 2000 Plan members that are currently eligible for the PIE (although we cannot rule out the possibility in the future).

What happens in the event of my death after I accept the PIE option but before it is put into payment?

If this happens, the PIE option would not take effect.

Can you decide to withdraw this PIE option?

In exceptional circumstances, the Trustee and BAE Systems may retract the PIE option; we will let you know if this happens. If the PIE option was retracted, any Acceptance Forms received would not be valid, but any financial advice (or guidance) already taken from Chase de Vere would still be paid for by the Scheme.

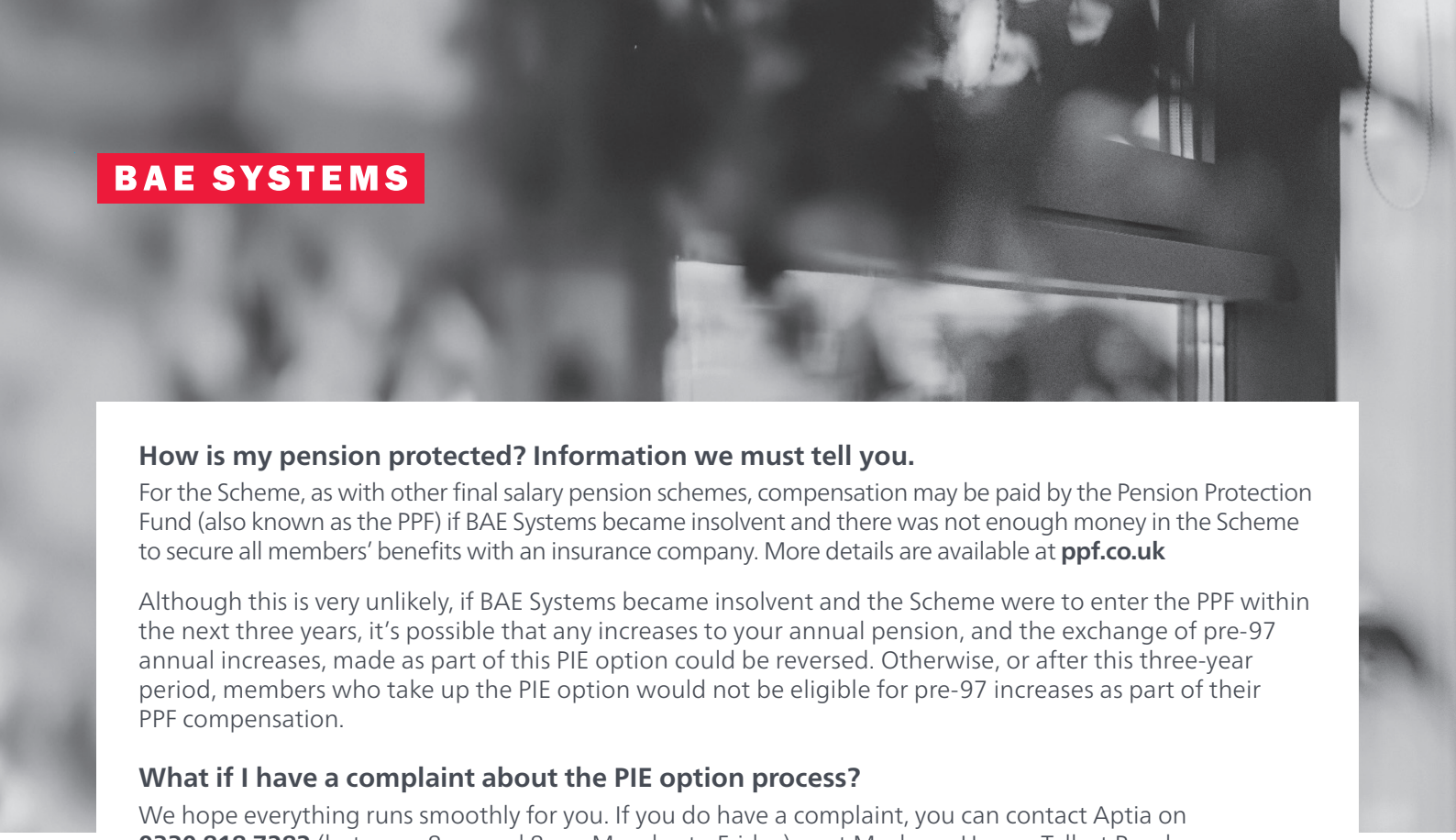
Who is involved and what protections are there

What's the role of the Pensions Regulator?

The Pensions Regulator is the supervisory body for UK company pension schemes. It is responsible for monitoring the running of these schemes to ensure members' benefits are protected. The Regulator has issued a statement on exercises like this one. You can visit their website at **thepensionsregulator.gov.uk**

What is the role of the Financial Conduct Authority (FCA)?

The FCA is the organisation that regulates financial advisers in the UK. It sets the rules they must follow to help make sure the financial advice you receive is appropriate and fair. You can find out more on the FCA's website at **fca.org.uk**. Chase de Vere is authorised and regulated by the FCA, which means they must meet these standards.



How is my pension protected? Information we must tell you.

For the Scheme, as with other final salary pension schemes, compensation may be paid by the Pension Protection Fund (also known as the PPF) if BAE Systems became insolvent and there was not enough money in the Scheme to secure all members' benefits with an insurance company. More details are available at **ppf.co.uk**

Although this is very unlikely, if BAE Systems became insolvent and the Scheme were to enter the PPF within the next three years, it's possible that any increases to your annual pension, and the exchange of pre-97 annual increases, made as part of this PIE option could be reversed. Otherwise, or after this three-year period, members who take up the PIE option would not be eligible for pre-97 increases as part of their PPF compensation.

What if I have a complaint about the PIE option process?

We hope everything runs smoothly for you. If you do have a complaint, you can contact Aptia on **0330 818 7282** (between 8am and 8pm, Monday to Friday) or at Maclaren House, Talbot Road, Stretford, Manchester M32 0FP and they'll let you know what to do next.

If you're still not satisfied with the outcome, you can also refer your concern to the Pensions Ombudsman, who looks into and helps resolve complaints about pension schemes. You can find more information at **pensions-ombudsman.org.uk** or by calling **0800 917 4487**.

Where to find out more

If you have a question or something isn't clear during the PIE process, Chase de Vere will usually be able to help (their details are on page 4). If you have a question about:

- **Your benefits in the Scheme**
  For general questions about the Scheme, your individual benefits or to update your personal information, please contact Aptia, the Scheme's administrator, on **0330 818 7282** (between 8am and 8pm, Monday to Friday) or via their Contact website at **contactpensionsadmin.com/BAES**
- **Pensions in general**
  For general questions about pensions and retirement, you can find lots of useful information about pensions and planning for retirement on the Government's MoneyHelper website: **moneyhelper.org.uk/en/pensions-and-retirement** or by calling **0800 011 3797**.

  MoneyHelper brings together the support and services of three former government-backed financial guidance providers: the Money Advice Service, The Pensions Advisory Service and Pension Wise.

Small print

Care has been made to ensure this guide is accurate. If there is any conflict between it and the Rules of the Scheme, then the Rules take precedence. References to external websites not related to BAE Systems or the Scheme are given for information only. No responsibility is accepted for the content or accuracy of the information provided through these external sites.