

Section C Addendum

This addendum is to be read in conjunction with the BT Pension Scheme (BTPS) Section C Booklet (Issue no 4, dated June 1999) and relates to members joining the BTPS, subject to the Section C rules, on or after 1 June 2004.

Smart Pensions

You may choose to participate in Smart Pensions, a facility designed to improve the take home pay of BT People, by reducing National Insurance contributions without affecting pension benefits. Further information and a booklet called "Smart Pensions for the BT Pension Scheme" explaining how Smart Pensions works can be found on the website <http://hr.intra.bt.com/smartpensions> or can be requested from Peopleline on 0800 731 4747.

General (Pages 1, 2 and 5):

Section C of the BTPS was closed to new members on 1 April 2001, which means it normally does not accept new members. Exceptionally, however, you have been allowed to join. Please be aware that, should you opt out of the BTPS, either when you are first admitted or subsequently, you will not be eligible to re-enter the BTPS at a future date.

The BT Retirement Plan (BTRP) – a defined contribution plan – was set up for all new BT employees following the closure of Section C of the BTPS.

The earnings "cap" for 2005/06 is £105,600.

The State 2nd Pension (S2P) replaced SERPS with effect from 6 April 2002.

Summary of Scheme Benefits (Page 3):

On leaving the Scheme, you will be entitled to a deferred pension regardless of the length of your service. A refund of contributions will not be paid.

If you have been employed by BT under an acquisition or a Transfer of Undertakings Protection of Employment (TUPE) agreement, you will have been advised separately where benefits differ from those set out in this booklet. This addendum does not override the differences identified to you in any such advice.

Membership (Page 6):

Section C of the BTPS is closed to new members. Joining is only allowed in special circumstances as indicated above

Contributions (Page 7)

Unless you decide to participate in Smart Pensions, your contributions are deducted directly from your pay and, under current legislation, qualify for full tax relief.

Maternity/Paternity/Adoption (Page 7)

Where a member is on paid maternity, paternity, or adoption leave, the period will be pensionable and contributions paid. On return to work, the member has the option of paying contributions to cover any period of unpaid leave.

Normal Retirement (Page 8)

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If you have completed less than 2 years' Qualifying Service, you will be entitled to an annual pension from the Scheme based on your Pensionable Service and Pensionable Scheme Salary as described on page 8.

III Health Benefits (Page 11)

If you have completed less than 2 years' Qualifying Service, you may still be eligible for an immediate pension from the Scheme. Subject to satisfying the Company's medical retirement procedures, you will receive an immediate ill health pension equal to:

$$1/60 \times \text{Pensionable Scheme Salary} \times \text{Pensionable Service}$$

An ill health pension may be suspended or reduced, at the Trustees' absolute discretion, until Normal Retirement Age if you recover sufficiently and begin paid work again.

Leaving the Scheme (Pages 11 & 12)

If you have completed less than 2 years' Qualifying Service, you will receive a benefit as described on Page 11 under "If you have completed 2 or more years of Qualifying Service, or you transferred benefits to the Scheme from a personal pension". You will not be entitled to the refund of contributions described on page 12.

Pension Increases – (Page 17)

- Pension Increases from 2000 – 2005

Date	Increase	RPI
2000	1.8%	1.8%
2001	2.9%	2.9%
2002	0.7%	0.7%
2003	2.9%	2.9%
2004	2.8%	2.8%
2005	3.5%	3.5%

Other Information (State Pensions) (Page 18):

The State Pension Age for women has been altered to 65 for women born on or after 6 April 1955. A sliding scale applies for women born between 6 April 1950 and 5 April 1955. The State Pension Age for women born on or before 5 April 1950 continues to be 60.

Extra Pension Benefits (Page 20):

AVC investments may now be made with the following companies:

- Hermes Assured Limited
- Barclays Global Investors
- The Abbey
- The Standard Life Assurance Company

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Any Questions or Problems (Pages 21 - 22)

The Occupational Pensions Advisory Service (OPAS) has changed its name to The Pensions Advisory Service (TPAS).

The Department of Work and Pensions (DWP) Pension Tracing Service has replaced the Registrar of Occupational and Personal Pension Schemes.

- The Pension Tracing Service's address is:
Pension Tracing Service
The Pension Service
Whitley Road
Newcastle upon Tyne
NE89 1BA

www.thepensionservice.gov.uk

The Pensions Regulator has replaced the Occupational Pension Regulatory Authority (OPRA).

- The Pensions Regulator's address is:
Napier House
Trafalgar Place
Brighton
BN1 4DW

www.thepensionsregulator.gov.uk

The Trustees of the BT Pension Scheme can be contacted through:

- The Secretary
BT Pension Scheme Secretariat
Lloyds Chambers
1 Portsoken Street
London
E1 8HZ

Data Protection Act 1998

The Data Protection Act 1998 imposes various obligations on organisations that process personal data relating to you. One of these obligations is to let you know the purpose(s) for which the data is being processed. The Trustees of the BT Pension Scheme (BTPS) will hold and process personal data relating to you, if a member, in order to administer the Scheme. In doing so, the Trustees are the "data controller" under the Act i.e. they determine the purpose for which, and the manner in which, the data is to be processed. The Trustees may disclose this data to professional advisers and others who assist them in administration.