

# **Rolls-Royce Retirement Savings Trust (RRRST)**

## **For Active Members**

You will all have seen the reward announcement regarding potential impacts from COVID-19 on pay and other related benefits. As a reminder the impact as regards defined contribution pension benefits is as follows: -

### **Contributions**

#### **How will the deferral affect pension contributions?**

Pension contributions will be unaffected by the pay deferral, as it operates as a salary sacrifice arrangement (termed PaySave). If you have opted out of PaySave, your pension contributions will remain based on your unreduced pensionable pay for the time being.

#### **What happens to Death-in-Service and Ill Health cover?**

Both Life Assurance cover and Permanent Health Insurance benefits will be unaffected by the changes.

#### **Can a member voluntarily choose to reduce pension contributions?**

Yes, providing you are not already paying the minimum employee contribution rate of 3%, it may be possible to reduce your contributions for a temporary period via the TotalReward portal. You should note, however, that this will also result in a corresponding reduction in the employer contribution, where the minimum payable is 6%. If you are currently paying Additional Voluntary Contributions (AVCs), you may wish to review these first, as there is no employer element to these contributions.

#### **Can I change my AVCs when I know the impact of these changes on me?**

Yes, AVCs are totally flexible. Members can amend, cease and recommence these contributions via the TotalReward portal on a monthly basis.

There is a monthly window for employees to make any adjustments to their AVCs on TotalReward. The window is structured around payroll deadline; unfortunately, there is no additional flexibility to extend the monthly window. If you are concerned that any current AVCs may no longer be affordable, please log on and adjust prudently through the available window each month.

#### **Can a member opt out of the Company pension arrangement?**

Yes, but you should be aware that you will no longer be covered for both Life Assurance or Permanent Health Insurance, and that your contribution rates will revert back to the minimum of 3% (with 6% paid by the Company) if you subsequently decide to re-join. There may also be medical underwriting applicable when you re-join the Trust.

### **What happens to pension if you leave or retire whilst these measures are in place?**

Although the contributions will be maintained at the same levels, you may wish to review both your current fund value and your expected retirement date due to the recent impact of Covid-19 on global investment markets. This is particularly relevant to members who have self-selected their investments. Please read the Trustee communication regarding the long-term nature of investments and retirement saving.

### **What actions are the Trustee Directors taking currently?**

The Trustee Directors are continuing with Business as Usual (BaU) during this difficult period. The Trustee Board held its March quarterly meeting by conference call. Since then the Board has agreed on fortnightly calls to keep up-to-date with developments and discuss the following: -

Operational – the Trustee has received updates from Aviva, who are the third-party administrator and the in-house pensions team in Derby;

Investment – the Trustee has received input from Mercer, the Trustee’s investment adviser;

Business – the Trustee continues to receive updates from the Company.

**May 2020**