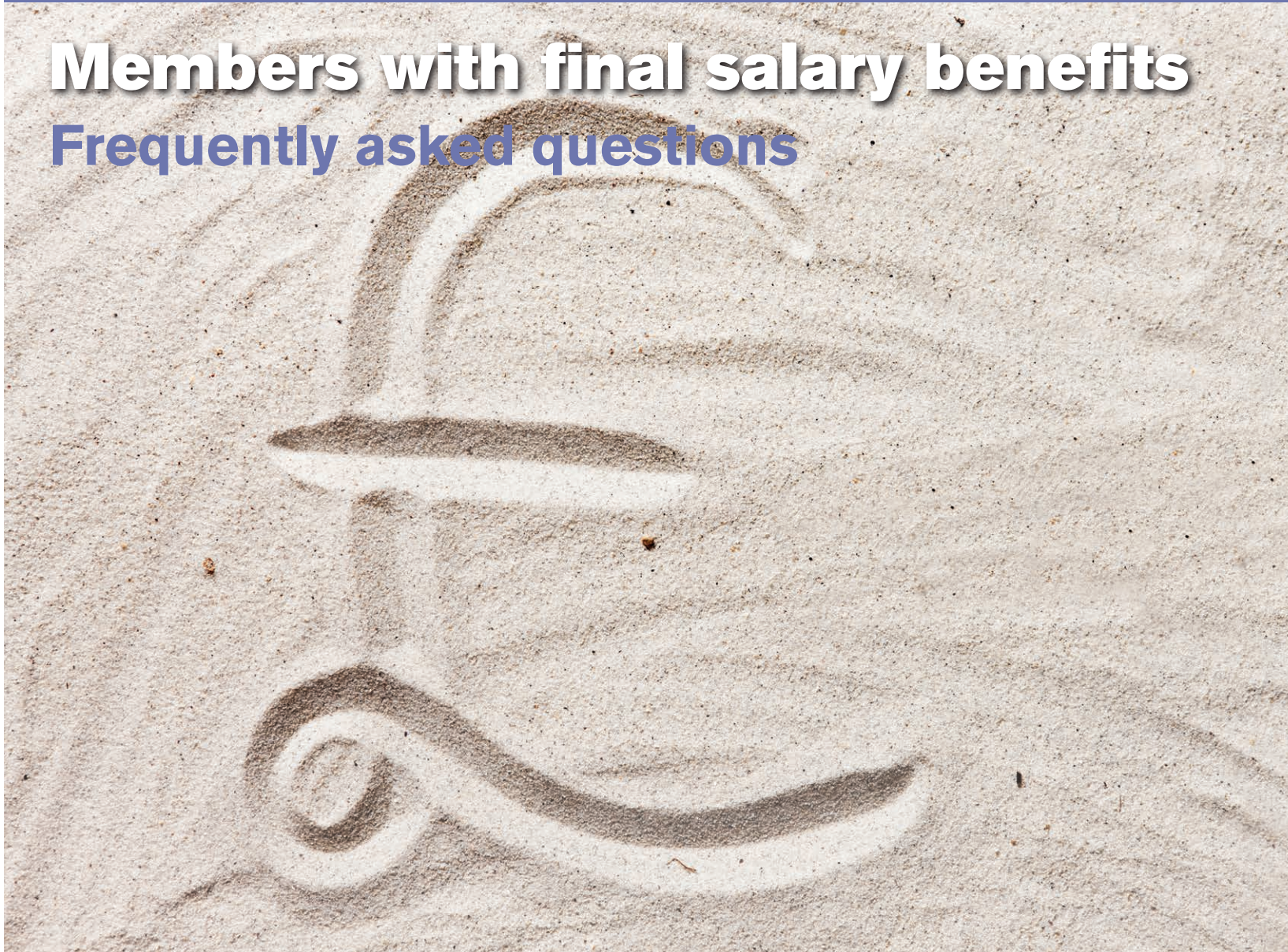


# Members with final salary benefits

## Frequently asked questions



This information is relevant to you if you accrued final salary benefits under the Hanson Industrial Pension Scheme. If you have final salary benefits under either the Castle Pension Scheme or the Castle Supplementary Pension Scheme, please refer to the information that has been issued to you by the Trustee of those schemes. Members of the HIPS Defined Contribution (DC) section should refer to the DC section members' guide for details of their benefits.

**Q What is happening to my final salary benefits?**

A They have been retained in the scheme and will be paid to you when you retire.

**Q How will my benefits be calculated when I retire?**

A It depends on whether you elected to have your benefits calculated by reference to: **(1)** your salary as it stood on 30 September 2010; or **(2)** your salary when you leave service with Hanson (assuming this is later).

**1)** If you did **not** choose to have your final salary benefits calculated by reference to your salary when you leave Hanson employment, your benefits will be calculated by reference to your pensionable service up to 30 September 2010 and your "final pensionable salary" at that date (this is the highest annual average of your pensionable salary over the three years up to 30 September 2010). This amount will then be increased in the period between 30 September 2010 and your "normal retirement date" to take account of inflation over that period (subject to certain caps).

**2)** If you chose to have your final salary benefits calculated by reference to your salary when you leave Hanson employment, they will be calculated as the higher of the basis set out in **(1)** above, or calculated by reference to your pensionable service at 30 September 2010, your final pensionable salary as at the date you leave Hanson employment, plus any revaluation increases due in respect of the period between leaving employment with Hanson and reaching your "normal retirement date" (if any).

**Q What benefits would I receive if I retired due to ill-health?**

A You would receive the final salary benefits you built up under the scheme before 1 October 2010. The level of those benefits

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would depend on the section of the scheme to which you belonged, your age at date of retirement, the length of your service and whether or not you were still in Hanson employment. Payment will usually be subject to a medical review, the consent of the company and, in some cases, the Trustees.

**Q What benefits would be payable on my death?**

A Benefits would be payable in respect of your pensionable service before 1 October 2010. These would usually take the form of a pension payable to your spouse or civil partner (or, if the Trustees decide, to another dependant if you are not survived by a spouse or civil partner). A lump sum may also be payable, depending on your circumstances.

The exact benefits payable would depend on the section of the scheme under which you built up benefits before 1 October 2010, your age at date of death and whether or not you had left Hanson employment. The benefits payable would also depend on whether or not you had already retired before your death and, if so, how long ago.

**Q Will my final salary benefits receive increases when they are in payment?**

A Some or all of your final salary benefits will receive increases whilst they are in payment. The level of increase to which you are entitled will depend on the section of the scheme under which you built up final salary benefits before 1 October 2010.

**Q I want to retire early. How will this affect the level of final salary benefits I receive?**

A An actuarial reduction will usually be applied to your final salary benefits to reflect the fact that they are being taken earlier and are likely to be paid for longer. Depending on the circumstances, the consent of the company and/or the Trustees may be required before you are permitted to take early retirement. Note that you are not permitted to retire before age 55 unless you are suffering from ill health.

**Q I plan to continue working beyond age 65 and want to postpone taking my pension until a later date. What impact will this have on the level of final salary benefits I receive?**

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- A An uplift will usually be applied to your final salary benefits to reflect the fact that they are being paid after age 65. Postponing payment of your pension in this way will require the consent of the Trustees.

**Q Can I transfer some or all of my benefits to another arrangement?**

- A Yes. You have a right to transfer all of your final salary benefits to another arrangement provided you are more than a year away from reaching normal pension age. Other types of transfer (for example, a transfer of part of your benefits) may be permitted but only if the Trustees agree.

**Q Can I exchange my final salary benefits for a cash sum?**

- A When your benefits come into payment, you can choose to commute some of them for a tax-free lump sum. Broadly, the maximum payable as a tax-free cash sum is an amount equal to 25 per cent of the total value of your final salary benefits plus any additional voluntary contributions you made when you were accruing final salary benefits.

If you are terminally ill and are expected to live for less than one year, you may be permitted to take all your benefits in the form of a lump sum (this is not currently subject to income tax if it is paid before your 75th birthday). You may also be able to exchange some or all of your benefits for a cash lump sum if they fall within certain trivial limits, although this may depend on benefits you have in other pension arrangements.

**Q Do I have to take my final salary benefits at the same time as my benefits from the DC section?**

- A No. You can choose to take your final salary benefits at a different time, but you must normally have left employment with the company before you can take any of your benefits.

**Q How will my final salary benefits be paid?**

- A They will be paid in monthly instalments, in advance.
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