



DEPARTMENT OF THE AIR FORCE
HEADQUARTERS 100TH AIR REFUELING WING (USAFE)
ROYAL AIR FORCE MILDENHALL, ENGLAND

07 March 2016

MEMORANDUM FOR LOCAL NATIONAL DIRECT HIRE (LNDH) EMPLOYEES

FROM: 100FSS/FSMC (LNDH-UKL)

SUBJECT: Announcement to LNDH Employees (Pension Scheme Members)

Dear Pension Member

1. With effect from 06 April 2016 the UK government are introducing reforms to State Pensions and introducing a new "flat rate" State Pension system. Consequently there will be a few changes to the way we operate our defined benefit and defined contribution pension schemes due to these changes in UK Government legislation.

2. Active members of our former defined benefit plan - USAFE Pension & Life Assurance Scheme (closed to new entrants on 07 May 2003), will no longer be contracted out of the State Second Pension (formerly referred to as the State Earnings Related Pension Scheme or "SERPS"). Employees who are active members of this pension plan are paying reduced National Insurance Contributions rates. As a result of the changes to State Pensions, contracting out will cease with effect from 06 April 2016 and all employees who are active members of this scheme will now be required to pay full rates of National Insurance Contributions. All effected members were notified of this change by post on 17 February 2016.

3. For the majority of active USAF Legal and General Stakeholder Pension Scheme members (current employees hired after 07 Mar 2004) the new UK legislation will result in a change to the way your pension contributions are deducted from your pay check. Effective 06 Apr 2016 your contributions will be deducted from your "net" pay (versus your "gross" pay).

4. For those whose contributions were deducted from their "Gross" pay, there will be a change in the amount of your personal pension contribution. If you were saving 2% of your pay check, 2% will continue to go to your pension pot. However, your personal contribution will now include the 20% tax relief. Tax relief means some of the money that has gone to the government from your pay in the form of income tax goes to your pension pot instead. Additionally, there will be a subsequent increase in your Income tax (PAYE) and National Insurance contributions because your pension contribution will be deducted from your "net" pay and not your "gross". We've included some examples of how this might affect you.

Employee Elects to Contribute 2%

Your contribution:	1.6% of your pensionable earnings
Tax relief (20%):	0.4% of your pensionable earnings
Total Employee contribution:	2.0% of your pensionable earnings
Your Employer's contribution:	4.00% of your pensionable earnings
Total:	6.0% of your pensionable earnings

"Square-D Away"

5. For your future planning purposes from 01 October 2017 and 01 October 2018 the minimum amount you contribute to your pension will increase. On 1 October 2017 your minimum pension contribution will increase from 1% to 3%, and from 01 Oct 2018 from 3% to 5%. There will also be increases to the contribution rates from your employer. From 01 Oct 17 the minimum pension contribution from your employer will increase from 1% to 2% and from 01 Oct 18 from 2% to 3%.

6. Please visit <https://www.gov.uk/state-pension-age> to find out more about these changes to your pension.

7. If you have any questions please contact Michele Hortenstine, at DSN 238-4994.

Yours sincerely

NISPEROS.NICOLE.R,
1235027603

Digitally signed by
NISPEROS.NICOLE.R.1235027603
DN: c=US, o=U.S. Government, ou=DoD, ou=PKI,
ou=OSAF, cn=NISPEROS.NICOLE.R.1235027603
Date: 2016.09.10 06:53:10 Z

NICOLE R NISPEROS, GS-13
Employer Representative
Civilian Personnel Officer

Reference Note on Pay slips PP26

“Square-D Away”