



AVX Limited

Pension Scheme

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AVX Limited
Tantalum Division
Long Road
PAIGNTON
TQ4 7ER

April 1999

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INTRODUCTION

The Pension Scheme is one of the most important and valuable benefits that the Company offers to employees. The AVX Limited Pension Scheme provides members with a regular income in retirement, and provides protection for their family or other dependants on the member's death.

The Pensions Act 1995 applies to all occupational pension schemes and provides important safeguards for members of such schemes. Most of the Pensions Act's provisions and requirements came into effect from 6 April 1997.

The AVX Limited Pension Scheme has been reviewed to ensure that it complies with the requirements of the Pensions Act 1995 and this booklet incorporates amendments made following this review.

Further information

This booklet gives only a summary of the benefits provided by the Scheme. It does not cover everything in the formal trust deed and rules (see page 23).

Further information about the Scheme may be obtained from the Personnel Department at the address below.

**AVX Limited
Tantalum Division
Long Road
Paignton
Devon
TQ4 7ER**

April 1999

DEFINITIONS

Additional Voluntary Contributions (AVCs)

AVCs are extra contributions that a member may choose to pay to increase his/her benefits. AVCs will be paid into an Account that the Trustees will set up and maintain on the member's behalf.

Final Pensionable Pay

Final Pensionable Pay is calculated by taking Pensionable Pay in the final tax year of employment, adding Pensionable Pay over the previous complete tax year and a balancing proportion of the prior tax year obtaining a total period of two years. The resulting amount is then divided by two.

The yearly average of Pensionable Pay in the best two consecutive tax years out of the last ten will be used if it is more advantageous.

Guaranteed Minimum Pension or GMP

The Guaranteed Minimum Pension is the minimum level of pension which until 5 April 1997 the Scheme must provide in order to contract-out of the State Earnings Related Pension Scheme (SERPS). It is roughly equal to the SERPS pension that a member would have received if they had stayed in SERPS.

Gross Earnings

A member's annual salary including, where appropriate shift allowances, overtime payments, bonuses and benefits in kind.

Lower Earnings Limit

The Lower Earnings Limit is the level of annual earnings at which National Insurance Contributions start to be paid. The limit is adjusted at the 6 April each year.

Member

An eligible employee who has joined the AVX Limited Pension Scheme.

Normal Pension Date

A member's 65th birthday.

Pensionable Pay

Pensionable pay is basic annual shift salary or the pay for the hours members are contracted to work, with no deduction incorporated in respect of the Lower Earnings Limit. It is calculated on the Scheme joining date and on the 6 April each year thereafter.

This specifically excludes overtime, special allowances, bonuses, commission, and accrued holiday pay.

Pensionable Service

This is the number of years and months (expressed as a fraction of a year) of continuous service that must be completed from the date of joining the Scheme up to Normal Pension Date. Pensionable Service is subject to a maximum of 40 years.

Scheme

The AVX Limited Pension Scheme.

State Basic Pension

The pension that everyone who has paid sufficient National Insurance Contributions receives from the State at the State Pension age.

State Earnings Related Pension Scheme (SERPS)

This provides a pension based on an employee's earnings between the Lower and Upper Earnings Limits throughout his/her working life. Scheme members are contracted-out of SERPS and will receive a pension under the Scheme instead.

State Pension Age

This is currently the 65th birthday for men, and the 60th birthday for women. However, with effect from 6 April 1997, changes have been made to the State Pension Age for women. There is no change for women born before 6 April 1950 and State Pension Age will remain as their 60th birthday. The State Pension Age for women born after 5 April 1955 will be their 65th birthday. For women born between these two dates, State Pension Age will be a date between their 60th and 65th birthdays. The exact date is laid down in legislation but in broad terms is calculated as the date of 60th birthday plus one month for each month that the date of birth falls after 6 April 1950. The age at which the Guaranteed Minimum Pension becomes payable has not changed and is age 65 for men and age 60 for women.

Upper Earnings Limit

This is the level of annual earnings at which National Insurance Contributions are no longer paid. The limit is adjusted at the 6 April each year.

Widow's or Widower's GMP

The widow's GMP is a pension of not less than one half of the male member's GMP. The widower's GMP is a pension of not less than one-half of the female member's GMP earned in respect of tax year 1988/89 and subsequent tax years.

OUTLINE OF THE SCHEME

Benefits

On retirement, the member will receive a pension, which is a regular income normally based on earnings close to retirement, that is paid for life.

At the time of retirement a member may be able to exchange part of the Scheme Pension for a tax-free cash sum.

A member may retire from age 50 onwards albeit with a smaller pension or in exceptional circumstances, after normal retirement age with a larger pension.

On a member's death either during his/her employment or after retirement, provision is made for any dependants.

A member leaving the Scheme before retirement will have the following options:

- a preserved pension left in the Scheme
- a transfer of benefits to a new employer's scheme
- a transfer of benefits to a personal pension or to an individual policy

Annual statement

Members will receive an annual statement detailing their benefits.

Contributions

Member and Company Contributions are paid into a special fund that is invested so that it grows in value. The fund is used to provide benefits when they become payable. In addition to the normal contributions paid into to the Scheme, a member may pay additional voluntary contributions to increase his/her benefits.

Tax advantages

The Scheme is approved under the Income and Corporation Taxes Act 1988. This means that:

- a member obtains full tax relief on contributions to the Scheme
- a member may take part of his/her pension as a tax-free cash sum
- any lump sum death benefit paid to dependants is normally tax-free

The benefits provided by the Scheme are, however, subject to certain limits laid down by the Inland Revenue. Members will be advised if they are likely to be effected by any such limitations.

The Scheme's investments take full advantage of current taxation legislation.

THE SCHEME AND THE STATE PENSION SCHEME

The State Pension Scheme

The State Pension Scheme is in two parts:

- the State Basic Pension Scheme
- the State Earnings Related Pension Scheme (SERPS)

State pensions are paid from State Pension Age.

Contracting-out

Members in Pensionable Service are contracted-out of SERPS and therefore pay lower National Insurance Contributions on their earnings between the Lower and Upper Earnings Limits. The reduction is allowed because of the benefits that the Scheme provides in place of SERPS.

In order to be contracted-out of SERPS the Scheme has to meet certain conditions of the Pensions Act 1995, the most important being:

- the Scheme has to comply with an overall test of scheme quality in terms of the benefits it provides in respect of Pensionable Service from 6 April 1997. This is known as the 'reference scheme' test and means that Scheme benefits for that Pensionable Service must generally be equivalent to or better than benefits in the 'reference scheme' as set out in the Act.
- any pension earned in the Scheme after 5 April 1997 will have to be increased each year in line with price rises or by 5%, whichever is less;
- there are restrictions on the Scheme holding investments in AVX and associated Companies.
- the Scheme must have adequate resources, which satisfy the minimum funding requirement of the Act, which is designed to make sure that benefits are protected whatever happens to the Company.

Reference scheme test

The reference scheme test sets a statutory standard for members' benefits and for widows' and widowers' benefits, which must be at least 50% of the member's pension.

The Scheme actuary will compare the Scheme provisions and membership against the reference scheme and must confirm that, when looked at as a whole, the Scheme satisfies the reference scheme test. The actuary will normally have to do this every three years. The actuary must follow the guidelines prepared by the Institute of Actuaries and the Faculty of Actuaries.

The Scheme is examined as a whole so there is no guarantee that every member will get a pension exactly at or above the statutory standard. The actuary will not, however, be able to confirm that the Scheme passes the quality test where, in his or her professional judgement, more than 10% of members would get a pension below the standard.

Although members are contracted-out of SERPS, they will receive the Basic State Pension in addition to their Scheme pension, subject to satisfying the National Insurance Contribution conditions.

Contracting-out prior to 6 April 1997

Members contracted-out of SERPS under the Scheme before 6 April 1997 would have a Scheme pension at State Pension Age would have been at least equal to their GMP. From 6 April 1997, a GMP will no longer be provided but any GMP built up before that date would be paid as if the contracting-out conditions had not changed.

JOINING THE SCHEME

Eligibility

Admission to the Scheme ceased on 6 April, 1997. Prior to that date a permanent employee of the of AVX Limited Tantalum Division could join the Scheme subject to being at least 18 but under age 60 and not contributing to a Personal Pension Plan.

Tantalum Division employees who elected not to be members of the Scheme are not covered for any benefits provided by the Scheme.

Application form

All members should have completed an Application and Expression of Wish form (example at the back of this booklet) and have produced his/her birth certificate and if appropriate, a marriage certificate.

Personal information

All the information that members are required to provide is necessary and will be treated as confidential by Personnel Staff, Trustees and by the Scheme Administrators.

Information is only disclosed to third parties in limited circumstances such as for example:

- insurance companies to arrange particular benefits
- actuaries to arrange and administer benefits a
- government or regulatory organisations if the Trustees are legally obliged to do so.

Information may be used to conduct statistical analysis in connection with both the Scheme and surveys of similar schemes but, should this happen, members would not be identified personally.

It is important that the Personnel Department is advised of any changes to a member's personal details, particularly marital status and address.

Pension from a previous employer

It may be possible to transfer into the Scheme the value of any pension earned with a previous employer. The Personnel Department will provide more information.

The Trustees and Company decide whether or not transfers may be accepted. Each case is considered on its merits and there may be circumstances where a transfer value cannot be accepted, for example where it is considered that the previous employer's scheme would not provide the same level of statutory benefits as those of the AVX Scheme.

The Personnel Department should be advised of any benefit entitlement from previous pension arrangements irrespective of whether or not a transfer is required.

COST OF MEMBERSHIP

Member's Contribution

Members' contributions are deducted from their monthly salary and amount to 5% of Pensionable Pay. Contributions cease in the calendar month prior to retirement or on completion of 40 years contributory pensionable service.

National Insurance and tax relief

Members pay lower National Insurance Contributions as a result of being contracted-out of SERPS.

Members receive tax relief on all contributions to the Scheme which is currently equivalent to just under one quarter of the contributions for a basic rate taxpayer. The PAYE system automatically provides this tax relief and no action is required by the member.

Company contributions

Professional advisers to the Trustees calculate the cost of providing the benefits under the Scheme. The Company pays the balance of the cost of providing benefits after deducting the members' contributions.

Example:

The example below shows the contributions payable by a member who has Pensionable Pay of £13,000.

Pensionable Pay	£13,000.00
Gross yearly contribution at 5%	£650.00
Less tax relief at 23%	£149.50
Net yearly contribution	£500.50
Less National Insurance saving (1.6% on earnings between £3,328 and £25,220 a year, 1998/99 tax year)	£154.75
Net cost per year	£345.75
Net monthly cost	£28.81

ADDITIONAL VOLUNTARY CONTRIBUTIONS

In addition to the normal contributions a member makes to the Scheme, additional voluntary contributions (AVCs) may be made increase the amount of benefit at retirement.

Contributions to an AVC account are made directly from monthly salary in the same way as normal pension contributions. Members must commit to the deduction of a fixed amount or percentage of their salary for a twelve-month period. The monthly amount may be varied or suspended in April every year.

Members with AVC accounts opened before April 1987 may take part of the value as a tax free cash sum (see page 12). Retirement benefits provided from AVC account opened after April 1987 must be taken in the form of pension.

Amount of AVCs

Members may choose how much they wish to pay into their account provided that the total of all their contributions to the Scheme does not exceed 15% of gross earnings. The limit is set by the Inland Revenue and a reduction in contributions may be necessary if at any time it appears that the benefits at retirement will exceed Inland Revenue limits.

Tax relief

AVCs are currently eligible for full tax relief at the highest rate to which the member is liable. Investment returns on AVCs are also largely free of income and capital gains taxes.

Benefits and annual statements

On retirement or death, the total amount in a member's AVC Account will be available to increase his/her benefits. Options for how the benefits from the AVC account are taken will be explained at retirement. Members will receive an annual AVC statement showing their contributions and total amount in the account.

More information

Full details of the Scheme's AVC arrangements are available from the Personnel Department.

RETIREMENT PENSIONS

Pension

The Scheme is designed to provide a guaranteed pension related to a member's earnings immediately prior to retirement.

Pension formula

The annual amount of pension to be paid is calculated as follows:-

$(\text{Pensionable Service} \div 60) \times \text{Final Pensionable Pay}$

Annual Pension is limited to a maximum of 2/3rds of Final Pensionable Pay.

Example: The example below shows the pension payable to a member retiring after 28 years' membership with a Final Pensionable Salary of £13,000.

$$(28 \div 60) \times £13,000 = £6,067$$

The part of pension in respect of Pensionable Service up to 5 April 1997 will not be less than the member's GMP.

The member will also receive the State Basic Pension from State Pension Age onwards.

Payment of pension

Pension will be paid from the date of retirement, usually Normal Pension Date, and continue to be paid for the rest of the Member's life

Inflation

When a member retires at Normal Pension Date that part of his/her pension earned for Pensionable Service from 6 April 1997 will be increased each April.

The increase (which does not apply to that portion of pension provided from AVCs) will be the percentage increase in the retail prices index (RPI) for the 12 month period ending on the preceding 31 December or 5% if that is less.

The balance of pension earned for Pensionable Service before 6 April 1997 will be increased by 3% or RPI whichever is the lower.

GMP is increased each year in line with inflation funded partly by the Scheme and partly by the State.

If pension has been paid for less than 12 months when the increase is first due, a proportionate increase will be made based on the number of complete months since the pension came into payment.

Provision for Dependants

On retirement a member has the option of taking a lower pension in exchange for providing a higher level of pension for a spouse or dependant who the member believes is likely to outlive them. Advice should be sought before making such a decision, as a number of factors need to be considered before committing to such a course of action.

TAX-FREE CASH ON RETIREMENT

SEE NOTE ON FRONT COVER RE TRS. QUALIFIED SUCCE

On retirement a member may elect to take a tax-free cash lump sum in place of the part of the Scheme pension which is in excess of his/her Guaranteed Minimum Pension.

If this option is taken the member's own pension will be reduced accordingly although this will not affect the amount of dependants' pensions.

The maximum cash allowed is 3/80ths of Final Pensionable Pay for each year or part year of Pensionable Service, subject to a maximum payment of one and a half times Final Pensionable Pay.

The amount of pension surrendered at Normal Retirement Age is calculated by dividing the amount of the cash by nine. If retirement occurs before Normal Retirement Age the cash sum would be divided by a factor in excess of nine, as detailed below:

Age	Factor	Age	Factor	Age	Factor	Age	Factor
65	9.00	61	10.60	57	11.72	53	12.68
64	9.40	60	11.00	56	11.96	52	12.92
63	9.80	59	11.24	55	12.20	51	13.16
62	10.20	58	11.48	54	12.44	50	13.40

Restrictions

The maximum tax-free cash sum that can be taken may have to be restricted in order to comply with Inland Revenue limits. No part of GMP may be exchanged for a cash sum. Members approaching retirement will be notified if either of these restrictions applies to them.

EARLY RETIREMENT

Before Normal Retirement Age

Provided the member leaves, or has already left service, he/she may, at any time after age 50 choose to receive an immediate payment of pension. The pension payable will be reduced not only because of the shortened service period but also because of the potentially longer payment term. If a member leaves over age 50, and at the request of the Company, the early payment reduction will be limited to 3% per annum for each year early and in proportion for complete months.

In considering the possibility of early retirement, members should remember that the State pension is not payable until state retirement age. Restrictions may therefore apply as the reduced Scheme pension cannot be less than the Guaranteed Minimum Pension payable at Normal Retirement Age. In the event of early retirement, members will receive appropriate advice.

Early retirement on grounds of ill-health

If in the opinion of the Trustees, based on independent medical advice, a member is suffering from disability or ill-health which seriously impairs his/her earning capacity a member may be allowed to retire early on the grounds of ill-health.

The amount that the member receives will equal the normal retirement pension that would have been received from the Scheme if he/she had continued in service up to Normal Retirement Age, at his/her Pensionable Pay just prior to becoming disabled. In addition, whilst in receipt of such disability pension the member will continue to be covered for the lump sum death in service benefit (See page 15).

If the disability is caused by an accident arising out of and in the course of the members work for the Company, the minimum income benefit will be 50% of 12 months Pensionable Pay prior to the disability.

The Trustees will require medical examinations at regular intervals during payment of disability benefit. If the member recovers sufficiently enough to be capable of working, the disability benefit will be discontinued. The Company will endeavour but cannot guarantee to provide suitable employment. Such cases would be reviewed individually.

If a member is still receiving disability benefit when Normal Retirement Age is reached, benefit will be regarded as a pension which will be paid for the rest of his/her life. In the event of the member's death while in receipt of a disability benefit, the member's spouse and dependant children will receive benefits calculated as if the member was in receipt of a retirement pension of an amount equal to the disability benefit.

If the disability benefit is discontinued because of recovery, a deferred pension will be awarded as if service had ceased on the date that the disability pension was originally awarded.

Options at retirement

A member still has the option at early retirement of giving up part of his/her pension for a tax-free cash sum (see page 12) or to provide extra pension for a dependant (see page 12).

At State Pension Age however that part of pension in respect of Pensionable Service up to 5 April 1997 must not be less than a member's GMP. Therefore it may be necessary to restrict the early retirement options.

Inflation protection

Pension payable on early retirement will be increased each year in the same way as pension payable at Normal Pension Date (see page 11).

LATE RETIREMENT

With the Company's consent, a member may continue working after his/her Normal Pension Date. Ordinary contributions to the Scheme will normally cease however payments may continue to be made to an AVC Account,

Late retirement benefits

If retirement is delayed, benefits will not normally be received from the Scheme until actual retirement at which time an increased pension will be paid.

Options at retirement

The same options regarding a tax-free cash sum (see page 12) and providing extra cash for a dependant (see page 12) apply as if retirement had taken place at normal pension age.

Death

If death occurs while employed by the Company after Normal Pension Date, benefits will be calculated as if retirement had occurred the day before death.

Inflation protection

Pensions payable on late retirement will be increased each year in the same way as they would have been had they become payable at Normal Pension Date (see page 11).

DEATH BEFORE RETIREMENT

If death occurs whilst in the Company's service before Normal Pension Date the following benefits will be payable.

Lump sum death benefit

A lump sum of 4 times Pensionable Pay at the date of death will be paid to the member's beneficiaries or his/her estate. Beneficiaries include family members, any person dependent on the member because of disability and any person with whom the member is financially interdependent i.e. a person reliant on the member's income, to maintain a standard of living, which had depended on joint incomes before the member's death.

A further sum equal to the member's total contributions made to the Scheme will also be paid.

Tax-free

Normally, any lump sums payable on death will be tax-free. The Trustees must decide who receives the money but generally they will follow the instructions in the member's Expression of Wish Form.

A new Expression of Wish Form should be completed and returned to the Personnel Department whenever there is a change in a member's circumstances particularly those relating to marital status.

Surviving Spouse's Pension

If a member is married at the date of death, a pension equal to 30% of the member's Pensionable Pay, less an amount equal to one half of any personal state basic pension in receipt, will be paid immediately to the surviving spouse. That part of the pension payable to the surviving spouse in respect of Pensionable Service up to 5 April 1997 will not be less than his/her GMP. This pension will be paid for the rest of the surviving spouse's life.

Children's Pensions

Children's pensions equal to 25% of the spouse's scheme pension are paid for each dependent child. Up to a maximum of 4 dependent children will be eligible for pension at any one time. If the children are orphaned, the pension for each dependant child will be doubled.

Children are regarded as dependent if they are the natural children of and largely supported by a member. Other dependent children, for whom the member is responsible, may also qualify subject to the Trustee's discretion. A child's pension will cease at the earliest of marriage of the child, attainment of age 18 (or, later age of ceasing full time education, but not beyond age 25), or death of the child.

The Trustees will decide how the pension is paid.

Inflation protection

A surviving spouse's pension and any pension paid for the benefit of children will be increased each year in the same way as would have the member's own pension (see page 11). A surviving spouse's GMP will be increased each year in line with inflation. These increases will be provided partly by the Scheme and partly by the State.

Restrictions

Under normal circumstances the full lump sum death benefit and widow's or widower's pension will be provided automatically without any enquiry into the member's state of health. In certain circumstances restrictions are placed on these death benefits and in such cases beneficiaries will be notified accordingly.

Insured benefits

The lump sum death benefit and dependants' pensions described on pages 15 -16 are insured under a policy specifically to provide these benefits. Payment of these benefits is subject to acceptance of the claim and subject to any terms and conditions imposed by the insurer.

DEATH AFTER RETIREMENT

On death in retirement, the following benefits are payable to the member's beneficiaries.

Lump sum

A lump sum equal to 4 times the member's monthly pension will be paid to the surviving spouse or for the benefit of dependent children. If there is no surviving spouse and there are no dependent children, a lump sum equal to the excess, if any, of the member's own contributions over the total amount already paid in benefits from the Scheme will normally be paid to the member's estate.

Surviving Spouse's Pension

A surviving spouse will receive a pension equal to one-half of the member's pension including any increases since the member's retirement and any pension given up to provide other benefits such as a tax-free cash sum (see page 12).

That part of the pension payable to the surviving spouse in respect of the member's Pensionable Service up to 5 April 1997 will not be less than his/her GMP.

The surviving spouse's pension will be paid for the rest of his/her life.

Inflation protection

A surviving spouse's pension and any pension paid for the benefit of children will be increased each year in the same way as the member's own pension (see page 11). A surviving spouse's GMP will be increased each year in line with inflation. These increases will be provided partly by the Scheme and partly by the State.

LEAVING THE SCHEME

Pensionable Service of less than 2 years

If a member leaves the Company with less than 2 years' Pensionable Service, he/she will receive a refund of contributions to the Scheme and no longer be entitled to any further benefits from the Scheme.

A leaver shall have a reinstatement payment made from the Scheme into SERPS and the leaver's share of this payment will be deducted from the refund of contributions. The amount refunded will be subject to tax (currently at the rate of 20%).

Pensionable Service of 2 or more years

If a member leaves the Company before Normal Pension Date after completing at least two years' Pensionable Service, he/she will be entitled to a preserved pension payable from Normal Pension Date. The preserved pension will represent the pension earned up until the date of leaving and calculated in the usual way (see page 11) using Final Pensionable Salary and completed Pensionable Service at the date of leaving. If 40 or more years of Pensionable Service would have been completed by Normal Pension Date, the preserved pension will be a proportion of the amount that would have been received at Normal Pension Date depending on the Pensionable Service completed.

That part of preserved pension in respect of Pensionable Service up to 5 April 1997 will not be less than a member's GMP.

Inflation protection

The GMP at the date a member leaves the Scheme will be increased at a rate set by the Government, currently 6.25% compound, for each tax year up to State Pension Age. The balance of preserved pension will be increased in line with the percentage increase in the retail prices index up to a maximum of 5% a year compound between the date of leaving the Scheme and the date of retirement.

Retirement options

A member leaving benefits in the Scheme will still have the normal options of retiring early (see page 13), taking part of his/her pension in exchange for a tax-free cash sum (see page 14) and providing extra pension for a dependant (see page 14). The pension will be payable and increased each year in the same way as if the member had remained in Pensionable Service until Normal Pension Date (see page 11).

Death before retirement

If death occurs before preserved benefits become payable, a refund of the member's contributions to the Scheme will be made to his/her estate.

A surviving spouse will receive a pension equal to half of the member's preserved pension, including any increases made up to the date of the member's death. That part of the pension payable to the surviving spouse in respect of the member's Pensionable Service up to 5 April 1997 will be not less than his/her GMP.

Death after retirement

On a member's death after retirement, benefits based on preserved pension will be paid as described on page 17.

Inflation protection

A widow's or widower's pension (and any pension paid for the benefit of children, either before or after retirement, will be increased each year in the same way as would the member's own pension (see page 11). Any widow's or widower's GMP will be increased each year in line with inflation. These increases will be provided partly by the Scheme and partly by the State.

Leaving the Scheme but not the Company

A Member deciding to leave the Scheme while continuing to work for the Company, must complete a "Waiver Form", available from the Personnel Department, giving three months' prior notice.

The benefits of a member leaving the Scheme in this way will be treated in the same way as if he/she had left the Company. Other benefits under the Scheme will also cease.

Rejoining the Scheme

A former member will only be able to rejoin the Scheme at a later date if the Company and the Trustees agree. Membership rights may then be limited and any death benefits may be subject to medical evidence of good health.

TRANSFER OF BENEFITS

If a member leaves Pensionable Service at least one year before Normal Pension Date, as an alternative to leaving his/her preserved benefits in the Scheme (see page 18), it may be possible to transfer a cash equivalent of the benefits to the new employer's scheme.

The new employer's pension scheme administrators will advise on whether or not a transfer is feasible and what benefits can be provided with the cash equivalent under their scheme. An alternative option is to transfer the cash equivalent of the preserved benefits into a personal pension scheme or to an individual insurance policy (known as a 'buy-out' policy).

A member may at any time ask the Trustees for an estimate of the cash equivalent of their benefits available on a particular date. If the estimate is needed because of a divorce settlement the Trustees should be advised, as they may need further information. A written statement of entitlement will be provided within three months of the request. The statement will show the cash equivalent, which is guaranteed for three months from the date on which it has been calculated (the 'guarantee date'). The statement will normally be provided within ten days of the guarantee date.

If a transfer is required it must be applied for in writing to the Personnel Department within three months from the guarantee date shown on the statement of entitlement.

A further request for statement of entitlement may not be made within 12 months of the date of the previous request.

Calculation of the cash equivalent

The preserved benefits to which a member is entitled are calculated at the Normal Pension Date, allowing for any guaranteed and statutory increases to be applied between the date of leaving Pensionable Service and the Normal Pension Date.

Calculations are made by the Scheme actuary to determine the lump sum which, if invested at the date of calculation in a pension scheme, would be sufficient to provide preserved benefits when they become payable at Normal Pension Date. This lump sum is the cash equivalent. To make these calculations, the actuary has to make assumptions about future investment returns, mortality rates etc. and the calculations allow for the value of certain available options to be included. The actuary must carry out the calculation in accordance with professional guidelines.

The cash equivalent is at least equal to the sum of the member's contributions paid to the Scheme and any transfer value previously paid into the Scheme on behalf of the member. Cash equivalents do not take account of discretionary pension increases, as the Trustees do not have a policy of paying such increases.

The Personnel Department will arrange for further details to be provided to a member leaving the Scheme.

ABSENCE FROM WORK

Temporary absence

Lengthy periods of absence will have the following effects on membership of the Scheme.

Illness or injury

Membership of the Scheme will be continued, with the Company's consent, for as long as the Company continues to pay the member's salary and the member continues to pay contributions. Lump sum death benefit cover will continue to be provided for a period of 12 months from the start of absence dependent on the member remaining an AVX employee.

An employee no longer qualifying for Company Sickness Benefit will normally be treated as having left employment and the Pension Benefits will be as described on page 18.

A member may however, with the Company's consent, continue to pay contributions in whole or in part to the scheme during a lengthy period of absence. The Company will determine the effects on benefits of such an arrangement.

Other absences

In the event of absence from work for any reason other than illness, injury or maternity leave, the decision as to whether employment/membership should continue and the effects on benefits, other than a member's pension rights, will be determined by the Company.

MATERNITY LEAVE

The membership and benefits of a member on maternity leave will continue for all or part of her leave - depending on whether or not salary continues to be paid.

A member qualifying for statutory maternity pay from the Company during her maternity leave will continue membership of the Scheme on the same basis as if she had worked during the period. The time on maternity leave will also contribute to her Pensionable Service.

A member not qualifying for statutory maternity pay from the Company during her maternity leave will continue membership of the Scheme for the basic statutory maternity pay period of 14 weeks on the same basis as if she had worked during the period. The time on maternity leave will also contribute to her Pensionable Service.

In either case, benefits during maternity leave will be based on the Pensionable Salary ("notional" Pensionable Pay) which would have applied to the member had she been working normally.

For the purposes of the Scheme, notional Pensionable Pay for each week of absence during unpaid statutory maternity leave will not be more than the pay which, under employment protection law, counts as a week's pay.

Contributions

During paid maternity leave, a member will continue to contribute to the Scheme at the same percentage rate as described on page 9. Contributions will be based on the pay actually received during maternity leave rather than on Pensionable Pay.

Contributions will not be required from a member on unpaid statutory maternity leave.

The Company will continue to pay its contributions, based on notional Pensionable Pay, for both paid and unpaid statutory maternity leave. The Company will not compensate a member unable to continue payments to an AVC account during maternity leave.

Non-return to work

A member deciding not to return to work following maternity leave will be treated in the same way as a member leaving the Company. The date of leaving will be taken as the later of either the date when statutory maternity pay stops or when any unpaid statutory maternity leave ends. In either case, benefits will then be dealt with as described on pages 18-19.

TAX AND LEGAL NOTES

Inland Revenue limits

The Scheme is approved as a tax approved pension scheme by the Inland Revenue under the Income and Corporation Taxes Act 1988. This brings important tax advantages for the Scheme but the benefits provided are subject to certain limits laid down by the Inland Revenue (see page 27). Members will be advised of limitations if applicable.

Trustees

The Scheme's benefits are paid from a special fund which is built up by investing the Company's and the members' contributions. The Scheme's assets are entirely separate from those of the Company.

The Trustees of the Scheme are responsible for its administration and for the investment of the money in the fund. It is their duty to ensure that members' interests under the Scheme are protected. Details of the Trustees and their advisers are published annually in the Trustees' Annual Report.

The Trustees are selected under arrangements devised by the Trustees. The members must elect one-third of the Trustees and the Company the remainder. The selection arrangements, which cover various matters including the removal of the Trustees and the filling of unforeseen vacancies, are reviewed when statutorily required.

Details of the current selection arrangements and a copy of the Trustees' Annual Report are available on request from the Personnel Department.

Formal trust deed and rules

Rights to benefit under the Scheme arise from the formal trust deed and rules. They are designed to meet the requirements of the Inland Revenue and other Government authorities.

This booklet does not provide full details of all benefits under the Scheme. Further clarification can be obtained by contacting the Personnel Department. Fuller details of benefits under the Scheme may be obtained from the Trust Deed & Rules, a copy of which is available for inspection in the Personnel Department.

Income tax

Scheme pension payments are subject to income tax.

Inheritance tax

Under present legislation lump sum death benefits are not normally subject to Inheritance Tax. To avoid this possible tax liability and the delays that can occur when payments are made through an estate, the Scheme is arranged so that the Trustees have discretion to decide who receives the death benefits.

The Trustees will normally follow the instructions set out in the Member's Expression of Wish Form, see page 30.

Assignment of benefits

Members are not allowed to give up, cash in, forfeit or use benefits as security for a loan except in the limited circumstances allowed by law and by the formal trust deed and rules.

Divorce

In the event of a member becoming divorced or having his/her marriage annulled, the Trustees are required to comply with any court order instructing them to pay Scheme retirement or death benefits to the member's former spouse.

Amendment or discontinuance

The Company fully intends to keep the Scheme in force for existing members but reserves the right to amend or discontinue the Scheme. If members' rights and/or benefits are affected written notice will be given. If the Scheme is discontinued, the Trustees will use the assets of the Scheme in the way set out in the trust deed and rules.

Annual statements

Members will receive an annual individual statement calculated as at 31 March each year.

HELP AND ADVICE

Queries and Problems

Most queries and problems stem from a misunderstanding of information and normally can be quickly and informally sorted out without the need for the formal procedures to come into play and the first point of contact should be the Personnel Manager.

If the Personnel Manager cannot answer a query regarding the Scheme he will seek further advice or information and a reply will usually be obtained within two working days

A member with a problem unable to be satisfactorily resolved by the Personnel Manager has a right to make a formal complaint through the internal dispute resolution procedures.

Internal dispute resolution procedure

A two-stage internal dispute resolution procedure exists for members dissatisfied about a matter relating to membership of the Scheme.

In the first instance the issue should be raised with the Personnel Manger who will consider the matter and make a decision. If the member is dissatisfied with the Personnel Manager's decision they may appeal directly to the Trustees. A decision under either stage must normally be made within two months.

Complaints and appeals must be made formally by means of a form available from the Personnel Department. If a member is unable to make the complaint or appeal directly they may nominate a representative.

The internal dispute resolution procedure is restricted to members, prospective members and others who claim to have a beneficial interest in the Scheme or who were in any of these categories in the six months before making a complaint.

The procedure does not apply to complaints and disputes between employees and the Company, between the Company and the Trustees or to complaints/disputes where court proceedings have started or which are being investigated by the Pensions Ombudsman (see page 26).

OPAS (The Occupational Pensions Advisory Service)

OPAS is available to help members and other beneficiaries under the Scheme with any difficulties that may have in connection with the Scheme. OPAS may also be of use by a member unable to resolve a problem through the Internal Dispute Resolution Procedure.

The OPAS address is 11 Belgrave Road, London, SW1V 1RB.

Pensions Ombudsman

The Pensions Ombudsman may investigate and decide upon any complaint or dispute made or referred to him. Complaints or disputes may be referred directly to the Pensions Ombudsman (although it is usual to raise them initially with OPAS).

The Pensions Ombudsman's address is 11 Belgrave Road, London, SW1V 1RB.

Occupational Pensions Regulatory Authority

The Occupational Pensions Regulatory Authority (OPRA) is a new regulatory body which oversees the running of occupational pension schemes. OPRA is able to intervene in the running of pension schemes if trustees, employers or professional advisers fail in their duties.

The previous Occupational Pensions Board no longer exists. Some of this Board's responsibilities have been taken over by OPRA while contracting-out responsibilities have been taken over by the Contributions Agency of the Department of Social Security.

OPRA's address is Invicta House, Trafalgar Place, Brighton, East Sussex, BN1 4DW.

Pensions Registry and Tracing Service

The Trustees have to register the Scheme and certain information about it with the Registrar of Occupational and Personal Pensions Schemes, appointed in accordance with the Pension Schemes Act 1993. The information is held in a register of pension schemes. The Scheme has been registered and relevant information, including details of how the Trustees may be contacted, has been given to the Registrar.

A tracing service run by the Registrar may be of help to anyone having difficulty in contacting the trustees of a previous employer's pension scheme.

The Registrar's address is Registrar of Occupational and Personal Pension Schemes, OPRA, PO Box 1NN, Newcastle Upon Tyne, NE99 1NN.

INLAND REVENUE LIMITS

Earnings limit

The Inland Revenue sets an upper limit on the amount of earnings to be used for calculating contributions and benefits from employers' pension schemes. This limit increases each year in line with prices and members will be notified if contributions or benefits are affected.

Pension

The maximum pension is two-thirds of annual earnings near retirement or two-thirds of the earnings limit, whichever is less, provided 20 or more years of service have been completed.

Tax-free cash sum

The maximum tax-free cash sum is the greater of 2¼ times annual pension at retirement or 3/80ths of Final Pensionable Pay for each year or part year of Pensionable Service completed.

Lump sum death benefit

The maximum lump sum benefit payable on death before retirement is 4 times annual earnings up to a maximum of 4 times the earnings limit plus a refund of the member's contributions to the Scheme.

Contributions

A member's total contributions to the Scheme including any AVCs must not exceed 15% of gross earnings in any single year. Contributions are also subject to the overall maximum of 15% of the earnings limit.

If at retirement a member's AVC benefits are found to exceed Inland Revenue limits the excess amount, less tax, will be refunded to the member. The amount of tax deducted will reflect the tax relief received when AVCs were paid.

Note: For members who joined the Scheme before 1 June 1989 the earnings limit does not apply and some of the limits may be higher than those outlined above.

Members will be notified if they are affected by Inland Revenue limits.

AVX LIMITED PENSION SCHEME

APPLICATION FORM

Please complete using BLOCK CAPITALS

* delete as appropriate

Surname

Mr / Mrs / Miss / Ms / Dr*

First Name(s)

National Insurance Number

--	--	--	--	--	--	--	--	--	--

Marital Status

--

Date of Birth

Day	Month	Year

Spouse

First Name(s)

Day Month Year

Day	Month	Year

Do you have any benefits from a previous pension scheme?

YES / NO*

If YES please give the name of the scheme and a contact name and address

Do you wish to consider transferring these benefits to the AVX Limited Pension Scheme?

YES / NO*

I wish to join the AVX Limited Pension Scheme. I agree that the contributions required from me under the Scheme's Rules may be deducted from my salary. I understand that I cannot contribute to a personal pension while I am a member of the Scheme.

Signed:		Date:	
---------	--	-------	--

The completed form should be taken to the Personnel Department along with your Birth Certificate and if appropriate your marriage certificate and Spouse's Birth Certificate

The use of the personal information you give is registered under the Data Protection Act 1984.

Personnel Department Use

Employee No.

* delete as appropriate

--	--	--	--	--	--

Surname

First Name(s)

--	--

Date of joining Company

Date Joined Scheme

Date First Contracted Out

Day	Month	Year

Day	Month	Year

Day	Month	Year

The employee is joining the Scheme:

- (a) at the first opportunity
(i.e. strictly in accordance with the eligibility conditions)
- (b) before fulfilling the eligibility conditions
- (c) after the first opportunity
(i.e. joining late)

If the employee is a woman, does she pay Table E National Insurance Contributions?

YES/NO *

Birth Certificate checked by

Marriage Certificate checked by

Spouse's Birth Certificate checked by

To the best of my knowledge I confirm that the information given by the employee and on behalf of the Company is correct.

Signed:		Date:	
---------	--	-------	--

On behalf of AVX Limited

AVX LIMITED PENSION SCHEME

EXPRESSION OF WISH FORM

PLEASE READ the notes on the back of the form before completion.

Surname

Mr / Mrs / Miss / Ms / Dr*

First Name(s)

I understand that any lump sum benefit arising from my death is subject to certain limits laid down by the Inland Revenue and the Scheme Rules.

If the absence of an Expression of Wish Form or the death of any of person listed below, benefits will be paid to your Estate.

I understand that this request is not binding on the Scheme Trustees but in the event of my death while a member of the Scheme I would like the Trustees to consider making payment of the lump sum death benefit to the person(s) listed below

	Full Name and Address	Relationship	%
1)	_____ _____ _____	_____	_____
2)	_____ _____ _____	_____	_____
3)	_____ _____ _____	_____	_____
			<u>100%</u>

This cancels any previously submitted declaration of my wishes in connection with the disposal of lump sum death benefit. Any future changes in circumstances or above details will be submitted to the Personnel Department on a new Declaration of Wishes form.

Signed: _____

Date: _____

Full Name _____

Employee No. _____

SPECIAL NOTES

1. Under present law, a member's lump sum death benefits can be paid at Trustees discretion, direct to his/her beneficiaries without tax liability. Beneficiaries include:
 - family members
 - any person dependent on the member because of disability
 - any person nominated in your will or in writing to the trustees
 - any person with whom the member is financially interdependent i.e. a person reliant on the member's income, to maintain a standard of living, which had depended on joint incomes before the member's death
2. The member should advise the Trustees of his/her intended beneficiary(ies) by completion of this form. The Trustees will give every consideration to a member's wishes before paying any lump sums but a member's expression of wishes is not legally binding on them.
3. Members should regularly review their beneficiaries and complete a new Expression of Wish Form if appropriate.
4. Although the form allows space for up to 3 nominations, there is no restriction on the number of people that may be nominated. If the form is not appropriate, a letter to the Trustees may be used as an alternative. The proportions allocated to each beneficiary must total 100%
5. Expression of Wishes will be treated confidentially however the completed form may be placed in a sealed envelope, which will only be opened on a member's death. Any such envelope should be addressed to the Trustees marked clearly "AVX LIMITED PENSION SCHEME - Expression of Wish Form" and show the member's full name and the date.