



AXA UNION NEWSLETTER

July 2008

Pension Scheme Changes



Members of the AXA Defined Contribution (Money Purchase) Pension Scheme should have now received letters about forthcoming changes to the scheme. Unite have been actively involved in consultation over these changes and are pleased that the overall impact is positive and should result in better pensions for members than under the existing scheme.

There has been no discussion about any changes to the AXA Defined Benefit (Final Salary) Pension Scheme and members of this scheme are not affected. If you are a Defined Contribution pension scheme member that has a future entitlement to join the Defined Benefit scheme, then this entitlement will still be honoured.

If you are a member of the Defined Contribution pension scheme and you have not received a letter you should contact Bob Newcomb: **Bob.Newcomb@axa-uk.co.uk**

In a defined contribution scheme the amount of pension received by a member depends on the amount of money in their fund at retirement. In simple terms, the more money that is invested, the larger the pension that will be paid out.

With effect from October 2008 there will be two fundamental changes to the defined contribution pension scheme:

- **An improved range of investment funds**
- **A new contribution structure including a greater level of employer contributions**

Further details will be provided to impacted members in August, however one clear improvement is that AXA will be putting more money into the scheme, in particular for those members that take full advantage and pay above the minimum levels of contribution.

So What's The Catch?

Everyone that pays the full level of contributions should be better off following the changes. However, Unite have raised concerns about a category of scheme members that currently do not pay any contributions into the scheme, so their pension is only based on contributions paid by AXA. The company has taken the decision that they will no longer allow this category to continue, so anyone who is unwilling or unable to pay contributions into the scheme will no longer be a scheme member, will receive no contribution from AXA and will therefore build up no further pension.

Although members in this category that do start paying contributions following the changes should receive a significantly improved pension, Unite are concerned that if someone finds it too difficult to pay any contributions at this time they could end up not being in the scheme at all. Unite are disappointed that the company has decided not to keep this category open as an option for any members who literally cannot afford to pay at this time.

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