

Hewlett-Packard Limited Retirement Benefits Plan – Digital Section

Summary of benefit arrangements and member choices for active members.

This guide is only a summary of the Plan’s Trust Deed & Rules. If there is any difference between this summary and the Trust Deed & Rules, the Trust Deed & Rules will prevail. This summary is based on the 2008 rules, as amended. Benefits for members who left service prior to 1 September 2008 will be based on the rules applicable at date of leaving. The benefits of the Plan may be changed in the future.

Definitions	
Final Pensionable Salary	The highest amount of Pensionable Salary received by you during any 12 consecutive months in the 5 years before you leave Pensionable Service.
Pensionable Salary	Annual rate of basic salary, less an amount equal to 1.5 times the annual basic state pension for a single person (calculated as at 1 July).
Normal Pension Date	Your 65 th birthday Note: Although your Normal Retirement Date is age 65 you have a right to retire at age 60 with an unreduced pension.
Part time work	If you work or have worked part time your benefits will be adjusted accordingly.
Pensionable Service	Complete continuous years and months of Company service as a member of the Plan (including service credited to you in respect of your service in the Digital Pension Plan prior to 1 October 2006).

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<p>Flexible retirement</p>	<p>With the consent of HP and the Trustees, once you have reached age 55 you may be able to opt for 'flexible retirement'. Flexible retirement means that only a proportion of your DB Plan pension comes into payment, leaving you free to choose when the remainder of your DB Plan pension comes into payment.</p> <p>To take advantage of flexible retirement there are a number of conditions which must apply:</p> <ul style="list-style-type: none"> • You must have left pensionable service • The cash equivalent transfer value of your DB Plan pension must be at least £30,000 • The remaining DB Plan pension that does not come into payment must be sufficient to cover your Guaranteed Minimum Pension (GMP) • When you decide that you would like your remaining DB Plan pension to come into payment, it must all come into payment at that time. Alternatively the Trustees may allow you to transfer the cash equivalent transfer value of your remaining DB Plan pension to another pension arrangement. <p>Flexible retirement includes the option of taking your DC AVCs as a lump sum before or after your DB Plan pension comes into payment. As you can use AVCs to fund your pension commencement lump sum, you should consider taking independent financial advice before making such as decision.</p> <p>Further information on Retirement Flexibilities in the Plan can be found on the Plan website.</p>
<p>Partial transfer</p>	<p>You are entitled to transfer out your DC Cash Equivalent Transfer Value (CETV) without transferring out your DB CETV.</p> <p>In addition, subject to the consent of the Trustees you can request to transfer a portion of your DB CETV. This is known as a 'partial transfer'.</p> <p>To be eligible for a partial transfer certain conditions must apply. You must have left pensionable service in the Plan. Your CETV must be at least £30,000 and you must agree to transfer out your Guaranteed Minimum Pensions (GMP). When you decide to take your remaining benefit, it must come into payment at the same time.</p>

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<p>Contracting out</p>	<p>Up to 6 April 2016 the Plan contracted out of the State Earnings-Related Pension Scheme (SERPS) and the State Second Pensions (S2P), providing up to 6 April 1997 a minimum amount of benefit (Guaranteed minimum Pension (GMP)) and after that a benefit meeting at least a reference scheme test minimum. During this time you paid National Insurance contributions at a reduced rate.</p> <p>With effect from 6 April 2016 the State Pension Scheme simply comprises of a flat rate pension and contracting out ceased from that date. You now pay full rate National Insurance contributions.</p> <p>Note that the benefits built up prior to the abolition of contracting out are still subject to the contracting out laws, for example in relation to GMPs.</p>
<p>Guaranteed Minimum Pension (GMP)</p>	<p>GMP is the minimum pension which the Plan must provide as one of the conditions of contracting-out of the State Earning Related Pension Scheme (SERPS) for service prior to April 1997. The GMP replaces the Additional State Pension (ASP) you would have received from the State had you not been contracted-out.</p> <p>Legislation governs how schemes deal with the GMP and the Plan complied with those requirements. If you have a GMP your GMP benefits may be treated differently to the rest of your benefits. We have not set out those differences in this summary due to the complexity.</p>
<p>Plan amendments</p>	<p>The Plan may be amended or terminated at any time by agreement between the Company and the Trustees.</p>
<p>Joining</p>	
	<p>The Digital Section is closed to new joiners.</p>

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Member contributions and Accrual Rates	
Accrual Rates	The rate at which your pension accrues is dependant on the contribution levels you have paid during your Pensionable Service. Over the course of your membership you may have several different accrual rates depending on the choices you have made. Details of how to work out your Accrual Rates are set out below:
	<p>Pensionable Service prior to 1 July 1988</p> <p>1/50th of Final Pensionable Salary for each complete year of Pensionable Service prior to 1 July 1988 (plus 1/600th for each additional complete month). NB: If you were not a member of the Digital Pension Plan on 1 July 1988 but subsequently joined and were provided with a service credit then your Accrual Rate is 1/60th for each complete year of Pensionable Service plus 1/720th each additional complete month for benefits attributable to pre 1 July 1988 service.</p>
	<p>Pensionable Service between 1 July 1988 and 31 January 2007</p> <p>1/60th of Final Pensionable Salary for each complete year of Pensionable Service in this period (plus 1/720th for each additional complete month).</p>
	<p>Pensionable Service between 1 February 2007 and 31 January 2008</p> <p>Such rate as has been notified to you although it will typically be as follows:</p> <p style="padding-left: 40px;">If your basic contribution rate continued at 3% of Pensionable Salary - 1/72nd of Final Pensionable Salary for each complete year of Pensionable Service in this period at this contribution level (plus 1/864th for each additional complete month).</p> <p style="padding-left: 40px;">If you increased your basic contribution rate to 6% of Pensionable Salary - 1/60th of Final Pensionable Salary for each complete year of Pensionable Service in this period at this contribution level (plus 1/720th per each additional complete month).</p>

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Pensionable Service between 1 February 2008 and 31 March 2010

CONTRIBUTION RATE	ACCRUAL RATE
9% of Pensionable Salary “basic contribution level”	1/60 th of Final Pensionable Salary for each complete year of Pensionable Service in this period at this contribution level (plus 1/720 th per each additional complete month)
3% of Pensionable Salary “lower contribution level”	1/72 nd of Final Pensionable Salary for each complete year of Pensionable Service in this period at this contribution level (plus 1/864 th for each additional complete month)

Pensionable Service from 1 April 2010 to 5 April 2016

CONTRIBUTION RATE	ACCRUAL RATE
12% of Pensionable Salary “basic contribution level”	1/60 th of Final Pensionable Salary for each complete year of Pensionable Service in this period at this contribution level (plus 1/720 th for each additional complete month)
9% of Pensionable Salary “middle contribution level”	1/67 th of Final Pensionable Salary for each complete year of Pensionable Service in this period at this contribution level (plus 1/804 th for each additional complete month)
6% of Pensionable Salary “lower contribution level”	1/72 nd of Final Pensionable Salary for each complete year of Pensionable Service in this period at this contribution level (plus 1/864 th for each additional complete month)
3% of Pensionable Salary “tier 4 contribution level”	1/84 th of Final Pensionable Salary for each complete year of Pensionable Service in this period at this contribution level (plus 1/1008 th for each additional complete month)

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	<p>Note 1: Members who participate through salary sacrifice will have an agreed deduction to their salary in return for membership of the Plan (such deduction is equal to the “contribution rate” required for the various Accrual Rates described above).</p> <p>Note 2: You may have chosen to pay an additional 2.5% of Pensionable Salary (in addition to your basic contribution rate) in order to maintain 5% LPI pension increases. Please note that this will not change the Accrual Rate as described above.</p>
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Pensionable Service from 6 April 2016 (pension increases in payment capped at 2.5% pa)	
CONTRIBUTION RATE	ACCRUAL RATE
14% of Pensionable Salary “basic contribution level”	1/60 th of Final Pensionable Salary for each complete year of Pensionable Service in this period at the basic contribution level (plus 1/720 th for each additional complete month)
11% of Pensionable Salary “middle contribution level”	1/67 th of Final Pensionable Salary for each complete year of Pensionable Service in this period at the middle contribution level (plus 1/804 th for each additional complete month)
8% of Pensionable Salary “lower contribution level”	1/72 nd of Final Pensionable Salary for each complete year of Pensionable Service in this period at the lower contribution level (plus 1/864 th for each additional complete month)
5% of Pensionable Salary “tier 4 contribution level”	1/84 th of Final Pensionable Salary for each complete year of Pensionable Service in this period at the tier 4 contribution level (plus 1/1008 th for each additional complete month)
2% of Pensionable Salary “tier 5 contribution level”	1/96 th of Final Pensionable Salary for each complete year of Pensionable Service in this period at the tier 5 contribution level (plus 1/1152 nd for each additional complete month)
<p>Note 1: Members who participate through salary sacrifice will have an agreed deduction to their salary in return for membership of the Plan (such deduction is equal to the “contribution rate” required for the various Accrual Rates described above).</p> <p>Note 2: You may have chosen to pay an additional 2.5% of Pensionable Salary (in addition to your basic contribution rate) in order to maintain 5% LPI pension increases. Please note that this will not change the Accrual Rate as described above.</p>	

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Additional Voluntary Contributions (AVCs)	
AVCs	<p>You may choose to pay additional voluntary contributions in order to purchase additional benefits. You can choose (within certain limits) to contribute either money purchase AVCs or Final Salary AVCs. Different terms apply to each.</p> <p>Note: Before making AVCs, you should consider whether such extra contributions could affect any HMRC protection previously applied for, or trigger an annual allowance or lifetime allowance tax charge.</p>
Pension benefits for active members	
Normal retirement Pension	<p>If you retire at Normal Pension Date you will receive a pension for life equal to:</p> <p>Accrual Rate (as described above) x Final Pensionable Salary x Pensionable Service</p> <p>Your pension calculation will depend upon the contribution choices you have made because the contribution rate determines the Accrual Rate (see above). If your Accrual Rate has changed over the course of your Pensionable Service then each tranche will need to be calculated separately to work out your overall pension.</p>
Early retirement	<p>If you are over 55 and leave service before Normal Pension Date, you may choose to receive an immediate pension, however, the consent of the Company is required if you are younger than age 60.</p> <p>The pension is calculated as for retirement at Normal Pension Date but is based on Final Pensionable Salary at, and Pensionable Service to, your actual date of retirement. It is then reduced for early payment. If you are aged 60 or over when you retire there will be no reduction.</p>
Late retirement	<p>If you remain in Pensionable Service after reaching Normal Pension Date you will receive a pension on leaving service (or age 75 if earlier). The pension will be calculated in the same way as for retirement at Normal Pension Date but based on Pensionable Service up to date of leaving service. As you will have benefited from additional Pensionable Service after Normal Pension Date, your pension will not be increased further to reflect that fact that it comes into payment late.</p>

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<p>Ill-health early retirement</p>	<p>If you leave service due to “Incapacity” you may, with the consent of the Company, choose to receive an immediate ill health pension. The ill health pension will be calculated as for Normal Retirement Pension but as if Pensionable Service included the period between your leaving and Normal Pension Date. Final Pensionable Salary will be calculated as at your actual retirement. The pension may then be reduced for early payment.</p> <p>“Incapacity” means physical or mental impairment that prevents (and will continue to prevent) you from following your normal occupation or seriously impairs your earning capacity.</p> <p>Before any pension is paid, evidence of “Incapacity” will be required.</p>
<p>Pension benefits for members who leave service (“deferred members”)</p>	
<p>Deferred pension</p>	<p>If you leave Pensionable Service your pension benefits will be held by the Plan until you retire. Your pension will be calculated in the same way as a Normal Retirement Pension as at date of leaving (see above). It will then be revalued in accordance with legislation.</p> <p>NB: Your GMP and any pension you have in excess of GMP will revalue at different rates since legislation treats them differently.</p>
<p>Early retirement</p>	<p>If you are over 55 or are incapacitated, you may choose to start receiving your pension early. Trustee and Company consent is needed unless you are over age 60. If you do take early retirement, your pension will be calculated broadly as above (Deferred Pension) and then reduced for early payment. If you are over age 60 when you retire there will be no reduction – there may be an increase depending on your age at retirement and your age when you left pensionable service.</p>
<p>Late retirement</p>	<p>You may, with Trustee consent, choose to start receiving your pension after your Normal Pension Date (but no later than reaching age 75). If you do, your pension will be increased from age 60 (or the date of leaving Pensionable Service if later) to reflect the fact it comes into payment late.</p>

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Tax free lump sum (Commutation)	
	When you retire (either from active service or in deferment) you can exchange part of your pension for a tax free lump sum - up to a maximum amount set by HMRC. This lump sum is known as a “pension commencement lump sum” (pcls).
Increases to pensions in payment	
Increases to pensions in payment	<p>Increases are applied annually in April each year. Different rates are applied to different elements.</p> <p>Pension in excess of the GMP for Pensionable Service prior to 6 April 1997:-Only increased at the discretion of the Company.</p> <p>Pension for Pensionable Service between 6 April 1997 and 1 July 2005:-Increased in line with the increase in the Retail Price Index (RPI) up to a maximum of 5%.</p> <p>Pension for Pensionable Service on and from 1 July 2005:-Increased in line with the increase in the Retail Price Index (RPI) up to a maximum of 2.5% (except for those members who opted to pay additional contributions to maintain the 5% cap).</p> <p>Note 1: Your GMP is increased differently in accordance with legislation but please note: - no increases are applied by the Plan on any pre 1988 GMP. - Post 1988 is increased by the plan in line with inflation (as determined by the Government) up to a 3% cap.</p> <p>Note 2: These increases do not apply to benefits in respect of additional voluntary contributions, transfers in or discretionary benefits.</p> <p>Note 3: From state pension age the state checks whether your GMP in payment is at least as high as a notional amount of additional state pension. This notional pension increases fully in line with inflation. If the GMP is lower than this notional pension, you will be paid an additional amount from the state together with your basic state pension. However, your GMP at state pension age may be higher than this notional pension and you may not receive any additional amount until many years after your state pension age – if ever.</p>

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Death benefits	
Death in service	<p>Spouse’s pension</p> <p>If you die whilst in Pensionable Service your spouse or registered civil partner will be entitled to a pension for life equal to:</p> <ul style="list-style-type: none"> • If you die before Normal Pension Age: 60% of the pension you would have received had you stayed in Pensionable Service to Normal Retirement Date but based on your Pensionable Salary at the date of your death. • If you die after Normal Pension Age: 60% of the pension you would have received if you had retired immediately before your death (ignoring any commutation). • If you die without leaving a legal spouse or registered civil partner, a dependant’s pension may become payable at the discretion of the Trustees. <p>Children’s pensions</p> <p>The Plan will also provide pensions for your children. The children’s pension in total will be equal to 20% of the spouse or registered civil partner’s pension multiplied by the number of children, up to a maximum of three. This pension will be distributed between pensionable children in accordance with the Plan rules.</p> <p>These pensions are payable for so long as the children are a) under age 18, or b) under age 23 but in full-time education or training approved by the Trustees, or c) suffering from mental or physical disability which renders him or her, in the opinion of the Trustees, dependent upon you.</p> <p>The children’s pension will be doubled if there is no spouse’s pension/registered civil partner/dependant’s pension or if the spouse’s/registered civil partner/dependant’s pension ceases to be payable.</p>

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	<p>Lump sum</p> <p>Additionally, a lump sum is payable as follows:</p> <ul style="list-style-type: none"> • An amount equal to the total basic contributions paid by you or credited to you as well as any contributions paid by or credited to you in relation to Final Salary AVCs (without interest), plus • An amount equal to the value of any money purchase AVCs attributable to you as at the date of death. <p>The lump sum is payable by the Trustees on discretionary trust. The Trustees decide who will receive the benefit but they will take account of your wishes so we recommend that you complete an expression of wish form.</p> <p>Note: On death in service a lump sum equal to 3 times your basic Salary (or 4 times basic salary if chosen) through salary sacrifice is usually payable from a separate trust, although it may be paid from the Plan if you applied for Enhanced Protection.</p>
<p>Death in deferment</p>	<p>Spouse’s pension</p> <ul style="list-style-type: none"> • If you die before Normal Pension Date with an entitlement to a deferred pension - but before the pension comes into payment, your spouse or registered civil partner will receive a pension for life equal to 60% of your deferred pension, increased to the date of your death. • If you die without leaving a legal spouse or registered civil partner, a dependant’s pension may become payable at the discretion of the Trustees. • If you die after your Normal Pension Date having left Pensionable Service with an entitlement to a deferred pension but before the pension comes into payment, your spouse or registered civil partner will receive a pension for life equal to 60% of the pension you would have received if you had retired the day before your death.

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	<p>Lump sum</p> <p>Additionally, a lump sum is payable as follows:</p> <ul style="list-style-type: none">• An amount equal to the total basic contributions paid by you or credited to you as well as any contributions paid by or credited to you in relation to Final Salary AVCs (without interest); <p>plus</p> <ul style="list-style-type: none">• An amount equal to the value of any money purchase AVCs attributable to you as at the date of death. <p>The lump sum is payable by the Trustees on discretionary trust. The Trustees decide who will receive the benefit but they will take account of your wishes so we recommend that you complete an expression of wish form.</p>
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<p>Death of a pensioner</p>	<p>Spouse’s pension</p> <p>If you die whilst receiving a pension your spouse or registered civil partner will receive a pension equal to of 60% of the pension payable to you at the date of death (but calculated as if there had been no commutation). If you die without leaving a legal spouse or registered civil partner, a dependant’s pension may become payable at the discretion of the Trustees.</p> <p>Children’s pensions</p> <p>The Plan will also provide pensions for your children. The children’s pensions in total will be equal to 20% of the spouse or registered civil partner’s pension multiplied by the number of children, up to a maximum of three. These pensions will be distributed between pensionable children in accordance with the Plan rules. These pensions are payable for so long as they are a) under age 18, or b) under age 23 but in full-time education or training approved by the Trustees, or c) suffering from mental or physical disability which renders him or her, in the opinion of the Trustees, dependent upon you.</p> <p>The children’s pension will be doubled if there is no spouse’s pension/registered civil partner/dependant’s pension or if the spouse’s/registered civil partner/dependant’s pension ceases to be payable.</p> <p>Lump sum</p> <p>In addition, if you die within 5 years of retiring, a lump sum equal to the pension payments which would have been made during the remainder of the 5-year period will also be payable (disregarding future increases) less any spouse’s pension payable over the same period.</p> <p>This is payable by the trustees on discretionary trust. The Trustees decide who will receive the benefit but they will take account of your wishes so we recommend that you complete an expression of wish form.</p>
<p>Additional dependant’s pension</p>	<p>You have the option before you retire to exchange part of your pension for an additional amount of pension to be payable to a nominated dependant following your death.</p>

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Transfers Out	
	Deferred Members have the option to take a Cash Equivalent Transfer Value (CETV) of their deferred benefits to another registered scheme at any time. Before making such a decision it is recommended that you first seek independent financial advice.

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If you want further information on your particular circumstances and benefits in the Plan please contact the Plan Administrators:

Write to: The Administrators of the Hewlett-Packard Limited Retirement Benefits Plan
Equiniti
Sutherland House
Russell Way
Crawley
West Sussex, RH10 1UH

Email: digital@Equiniti.com