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# **Chevron UK Pension Plan: the New Section**

**for Employees Who Joined the Plan on or After  
1 January 2012**

**Effective July 2024**

## HOW TO USE THIS BOOKLET

This booklet explains the main benefits and terms and conditions of the **New Section** of the Chevron UK Pension Plan (the **Plan**). It contains an introduction to the **Plan** and a few key points that are useful to know at the outset, followed by explanations of specific provisions and terms and conditions. If you are looking to understand a specific provision or term in more detail, please check the Contents table for the specific page to refer to.

Please note that, although care has been taken in preparing this booklet, the governing document of the **Plan** is the formal Trust Deed & Rules (as amended from time to time) and, in the event of any conflict with this booklet, the Trust Deed & Rules will prevail. The **Company** and the **Trustee** are not authorised to, nor will either of them, give you financial advice. Nothing in this booklet is intended as, nor should you understand it to be, financial advice.

This booklet summarises the rules applicable to the **New Section** and applicable law as at July 2024.

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# 1 INTRODUCTION

New employees are automatically enrolled into the **New Section** of the Chevron UK Pension Plan (the **Plan**). The **Plan** provides a level of financial security for you in retirement and for your dependants after your death. The **Plan** is a **Defined Benefit (DB)** arrangement, with an attaching **Defined Contribution (DC)** Element.

The **New Section** of the **Plan** provides different types of benefits. Here is an overview of what they are, how they work, and the benefits they provide. Reference to State pension is included for completeness.

	<b>DB Element (a Defined Benefit (DB) pension)</b>	<b>DC Element (a Defined Contribution (DC) Section top-up)</b>	<b>Additional Voluntary Contributions (AVCs)</b>
Who receives this Element?	Everyone in the <b>Plan</b>	Eligible <b>New Section</b> members, e.g. those who exceed the <b>DB Earnings Cap</b>	Optional for everyone, if you choose to contribute extra
Who administers this Element?	Barnett Waddingham	<b>Fidelity</b>	
Who pays money (contributes) into this Element?	The <b>Company</b> and you	The <b>Company</b>	You
How are contributions calculated?	Monthly % of your salary up to the <b>DB Earnings Cap</b>	Monthly % based on your age	Monthly or one-off payments – it's up to you
Where is the money held?	In a shared pot with other <b>Plan</b> members	In an individual account (Additional benefits fund)*	
How is the money invested?	In funds managed by the <b>Trustee</b>	In funds chosen by you, from a range available	
What do you get when you retire?	A regular income (pension) for life from the <b>Plan</b> with the option to receive a portion of this as tax-free cash	Savings to use as regular income or tax-free cash	
<b>On your death, your Dependants may be entitled to receive benefits from the Plan</b>			

\*If you build up a **DC** Element (also referred to as a **DC** Section top-up) and also make AVCs, the money from both goes into one account (called your Additional benefits fund). You will be able to invest the combined money in the account and you will need to access it as a combined amount in retirement.

Your benefits from the **Plan** will be paid to you from your **Normal Pension Age**. It is possible to receive your benefits earlier than your **Normal Pension Age** – they will be discounted to take account of the longer period of payment. Should you suffer from qualifying ill health, or need life assurance cover, benefits are also provided through the **Plan**. Specific details about qualifying for these benefits and how they are paid are explained in the relevant sections of this booklet. Before you navigate to these sections, please take note of the following:

- 1. Interpreting the information in this booklet.** This booklet explains the main benefits and terms and conditions of the **New Section** of the **Plan**. It does not, by definition, apply to membership of any of the other sections of the **Plan**, which are closed to new members. Although care has been taken in preparing this summary information, the governing document of the **Plan** is the formal Trust Deed & Rules (as

amended from time to time) and, in the event of any conflict with this booklet, the Trust Deed & Rules will prevail.

- 2. Taking financial decisions.** Certain options under the **Plan** will involve you taking financial and investment decisions; the Company and the Trustee are not authorised to, nor will either of them, give you financial advice. For financial advice please consult a financial adviser (refer to Section 17: External Advice and Information for how to find an adviser). Nothing in this booklet is intended as, nor should you understand it to be, financial advice. Communications to members are available on the **Plan** website ([www.chevronukpension.co.uk](http://www.chevronukpension.co.uk)). You should ensure that you have consulted the current terms before making any decisions based upon them.

## 2 DEFINITIONS

**Annual Allowance** or **AA** is the maximum amount you can build up in a UK-registered pension arrangement each year without paying tax on the money that is building up. See Section 12: Taxation for more information.

**Child** is your natural, adopted or step child provided the child is –

- (a) under age 18; or
- (b) at the discretion of the **Trustee**, under age 23, if in full time education; or
- (c) at the discretion of the **Trustee**, under age 23, and the **Trustee** is satisfied that he or she is severely disabled and incapable of self-sustaining employment.

**Company** means Chevron Energy Limited.

**Defined Benefit** or **DB** refers to pension provided under the **New Section** using a formula which is linked to your **Pensionable Service** and salary (**Pensionable Pay** as defined in the rules).

**DB Earnings Cap** means the maximum earnings which count towards your contributions and benefits. As at 1<sup>st</sup> January 2012 it was £70,000. This maximum figure is indexed on 1<sup>st</sup> April each year in line with the Consumer Price Index for the year ending the previous September. The Consumer Price Index is a measure of economic inflation. From 1 April 2024, the **DB Earnings Cap** is £103,152.

**Defined Contribution** or **DC** refers to the benefits provided under the **New Section** as a result of a **Company** contribution, as a percentage of **Pensionable Pay**, after investment in fund(s) of your choice.

**Dependant** means any person who is neither your **Partner** nor your **Child** and who, in the **Trustee's** opinion, is (or was) wholly or mainly financially dependent or interdependent on you at the date of your death.

**Final Pensionable Pay** is the annual average of your **Pensionable Pay** for the purpose of the **DB** element of the **New Section** in the last 24 months of your **Pensionable Service**, subject to the **DB Earnings Cap**.

**Final Uncapped Pensionable Pay** is the annual average of the aggregate of your **Pensionable Pay** for the purpose of both the **DB** and **DC** elements of the **New Section** in the last 24 months of your **Pensionable Service**.

**Lump Sum Allowance** or **LSA** is one of the limits that applies to the amount of tax-free cash you can take from all UK-registered pension schemes during your lifetime. See Section 12: Taxation for more information.

**Lump Sum and Death Benefit Allowance** or **LSDBA** is one of the limits that applies to the amount of tax-free cash you can take from all UK-registered pension schemes during your lifetime and cash lump sums in relation to your death. See Section 12: Taxation for more information.

**New Section** means the **New Section** of the **Plan**. The **New Section** became effective on 1 January 2012.

**Normal Pension Age** is 65. Pension build-up (for active members of the **Plan** i.e. those in **Pensionable Service**) may continue after **Normal Pension Age**.

**Partner** means the person to whom you are legally married (including a same sex marriage) or with whom you are in a civil partnership at your date of death (unless the marriage or civil partnership took place within 3 months prior your death in which case the **Trustee** has discretion as to whether or not to class the person as your partner).

**Pensionable Pay** means:

- for the purpose of the **DB** Element of the **New Section**, your base salary subject to a maximum of the **DB Earnings Cap** (and will include other elements of your pay if notified by the Company);

- for the purpose of the **DC** Element of the **New Section**, insofar as you receive them, 100% of any regular shift allowance and 40% of any regular offshore allowance and any base salary in excess of **Pensionable Pay** for the purpose of the **DB** Element of the **New Section**.

**Pensionable Service** is your active membership of the **New Section** of the **Plan** while you are in continuous service with the **Company** and paying member contributions (including periods when you participate in **Salary Exchange**). **Pensionable Service** is calculated in years and months.

**Plan** means the Chevron UK Pension Plan.

**Prospective Pension** is the pension you would have received had you remained an active member of the **Plan** (i.e. in **Pensionable Service**) until **Normal Pension Age**, based on your **Final Uncapped Pensionable Pay** at your actual leaving date.

**Salary Exchange** refers to the facility offered by the **Company**, as an alternative to member contributions to the **Plan**. Members of the **New Section** exchange pay equal to 6% of **Pensionable Pay** for the purpose of the **DB** Element of the **New Section**. The **Company** increases its contribution to the **New Section** to include this amount. See Appendix 1 for further details.

**Trustee** means the trustee or trustees from time to time and is currently Chevron UK Pension Trustee Limited.

### 3 MEMBERSHIP

#### Joining the Plan

Employees of the **Company** who are eligible to join the **Plan** under their employment contracts (or due to meeting statutory conditions) will join the **New Section** of the **Plan** which is open to new members.

On joining the **Company**, you will be included automatically under your contract of employment as a member of the **Plan**. Your membership of the **Plan** will start from the 1<sup>st</sup> of the month at or after your contract of employment says you will be eligible. This may mean that your automatic enrolment date is a few days or weeks after you join the **Company**.

The **New Section** contains two elements, and you may end up building up benefits in one or both elements:

- The **DB** Element which you will automatically begin building up when you join the **Plan**.
- The **DC** Element (**DC** Section top-up) which you will begin building up if your **Pensionable Pay** exceeds the **DB Earnings Cap** or if you are entitled to Onshore Shift Allowance or Offshore Allowance.

If you build up a **DC** Element (**DC** Section top-up), this works like a money purchase (**DC**) benefit. The contributions are held in an individual account for you called an Additional benefits fund (any AVCs you make are also held in the same account). The **DC** Element – and your Additional benefits fund – is administered by Fidelity and you may receive communications about your Additional benefits fund from Fidelity from time to time. For more information about how the **DC** Element builds up, please see Section 4: Contributions. Note that you can choose how your benefits in the **DC** Element (i.e., in your Additional benefits fund) are invested from a range of investment options available – Section 5: Investing the **DC** Element explains this in more detail.

#### Opting Out

You may choose not to be a member of the **Plan**. You may opt out of membership at any time by giving at least one month's notice, in writing, to your Human Resources department. You will then only be allowed to rejoin the **Plan** with the consent of the **Company** and on such terms as the **Trustee** decides.

You will usually have to provide evidence of your good health and, if you are unable to do so, you may have no (or restricted) life assurance cover and/or ill health retirement benefits. This is not a restriction on joining the **Plan** for other benefits and is simply in relation to the provision of the life cover and ill health benefits.

However, if the statutory automatic enrolment obligations apply to you, even though you have opted out, you will usually be automatically re-enrolled into the **Plan**. Under current legislation, re-enrolment typically occurs every three years.

#### Re-enrolment

If re-enrolment in the **Plan** via the statutory procedure applies you will still be able to opt out of re-enrolment provided you do so in a specific opt-out window. The **Company** will let you know if and when this applies to you and give you the relevant information on what you need to do at that time if you wish to opt out.

#### Transfers In

The **Plan** does not accept transfers of pensions from other pension schemes into the **Plan**.

## 4 CONTRIBUTIONS

### Member (Employee) Contributions

To build up benefits in the **New Section** of the **Plan**, you have to make monthly payments known as contributions. A contribution of 6% of your **Pensionable Pay** is paid towards the **DB** Element of the **New Section**, unless the **Company** offers and you participate in **Salary Exchange** (see Appendix 1 for how **Salary Exchange** adjusts the way your contribution is made). However:

- As announced by the **Company** to active members in June 2024, for a 3-year period from 1 July 2024 to 30 June 2027, this changes to a contribution of 3% of your **Pensionable Pay** for employees participating in Salary Exchange (i.e., a 50% reduction). From 1 July 2027, the rate will return to the full rate outlined in the **Plan's** rules as confirmed in the **Company** announcement in June 2024. You can find a copy of this announcement on the **Plan** website ([www.chevronukpension.co.uk](http://www.chevronukpension.co.uk))
- If the **Company** has told you that a different contribution percentage is required, that percentage will apply instead.

No other contribution to the **Plan** is required from you.

### Company Contributions to the DB Element

The **Company** funds the balance of the cost of the **DB** Element of the **New Section**.

### Company Contributions to the DC Element

If your **Pensionable Pay** exceeds the **DB Earnings Cap** or if you are entitled to Onshore Shift Allowance or Offshore Allowance, you will build up benefits in the **DC** Element alongside the **DB** Element. If this is the case, the **Company** pays a contribution to the **DC** Element on your behalf (known as a **DC** Section top-up). The entire cost of the contribution to the **DC** Element is funded by the **Company** at the following rates applicable to your age in the month of earning the relevant pay (as defined in **Pensionable Pay** applicable to the **DC** Element):

Age	Percentage of Pensionable Pay for the purposes of the DC Element
Under 30	10%
30 – 39	15%
40 – 49	20%
50 & over	25%

These **Company** contributions to your **DC** Element are held in an individual account for you called an Additional benefits fund (any AVCs you make are also held in the same account). The **DC** Element – and your Additional benefits fund – is administered Fidelity. You can choose how the money in your Additional benefits fund is invested from a range of investment options available (in contrast, the **DB** Element is invested by the **Trustee**). See Section 5: Investing the **DC** Element for details on how your **DC** Element can be invested and what to think about when selecting your investment option.

### Additional Voluntary Contributions (AVCs)

As an active member of the **New Section** (i.e., in **Pensionable Service**), you may, if you wish, pay additional contributions to build up additional retirement benefits. These are paid into an individual account for you called an Additional benefits fund (any **DC** Element you build up is also held in the same account). The account is administered by Fidelity and you can choose how the money in your Additional benefits fund is invested from a range of investment options available. Please see more information in Section 18: Additional Voluntary Contributions (AVCs) and also see the AVC Booklet which you can access on the **Plan** website ([www.chevronukpension.co.uk](http://www.chevronukpension.co.uk)).

### Tax Relief on Contributions

Contributions to the **Plan** currently receive tax relief at your highest marginal rate of income tax (for UK taxpayers). You do not need to claim UK tax relief for any pension contributions to the **Plan** deducted from your salary, as relief is given automatically.

**Salary Exchange** reduces your salary, so that (in effect) you receive relief from tax and National Insurance at your highest marginal rate of income tax (for UK taxpayers).



See also the next topic in this section.

### **Excessive Member Contributions**

The **Company** does not permit members to increase the level of core contributions made directly to the **New Section**. However, it is possible to pay up to 100% of your UK gross earnings in a tax year to registered pension schemes by making AVCs to the **Plan** and/or by participating in other tax registered pension schemes. To the extent that these lead to pension savings exceeding the **Annual Allowance (AA)** in any tax year, an **AA** tax charge will apply. The **AA** tax charge applies at your highest marginal rate of income tax and effectively reclaims the tax relief received on any excess contributions.

See Section 12: Taxation for fuller details.

## 5 INVESTING THE DC ELEMENT

If your **Pensionable Pay** exceeds the **DB Earnings Cap** or if you are entitled to Onshore Shift Allowance or Offshore Allowance, you will build up benefits in the **DC Element** alongside the **DB Element**. If this is the case, the **Company** pays a contribution to the **DC Element** on your behalf (known as a **DC Section top-up**) – see Section 4: Contributions for details on how the contribution is calculated.

The contributions are held in an individual account for you called an Additional benefits fund (any AVCs you make are also held in the same account). The **DC Element** – and your Additional benefits fund – is administered Fidelity.

The contributions are a **DC** (or money purchase) benefit which means you can choose how the contributions in your Additional benefits fund are invested (in contrast, the **DB Element** is invested by the **Trustee**).

There are options for how you can invest the contributions in Additional benefits fund. This helps you to influence how the money in your Additional benefits fund changes over time – ideally, growing in value over time although note that investments can go down as well as up. Your options are generally organised into two categories: Target Date Funds and self-select funds.

When selecting your investment option, consider your objectives such as:

- Any retirement goals you are working towards
- How you plan to access your money when you retire (e.g., cash, income drawdown or to buy an annuity (regular monthly income))
- Your appetite for risk.

If you do not select an investment option, you will be defaulted into the Target Date Fund which most closely matches your Normal Retirement Date.

It is recommended that you review your Additional benefits fund, how it is building up and how your investments are performing, on a regular basis. You can do this on Fidelity's PlanViewer ([planviewer.fidelity.co.uk](https://planviewer.fidelity.co.uk)).

To learn more about your investment options and what to consider when investing pension contributions, please refer to the 'Your investment options' section of the AVC Booklet and the separate DC Fund Range Information Leaflet on the **Plan** website ([www.chevronukpension.co.uk](https://www.chevronukpension.co.uk)). The following Fidelity resource also has helpful resources for learning more about investing pension contributions: [retirement.fidelity.co.uk/growand-manage-your-pension/investing-basics](https://retirement.fidelity.co.uk/growand-manage-your-pension/investing-basics)

## 6 RETIREMENT PENSION

Your pension is payable from **Normal Pension Age** and is calculated as follows

**DB Element:**  $1\frac{2}{3}\%$  × **Final Pensionable Pay** × **Pensionable Service**

Plus, if applicable

**DC Element:** the money in your Additional benefits fund resulting from investment of which will be made up of one or both of any **DC** Section top-up which you receive and any AVCs you may have made towards your Additional benefits fund.

### **DC Element**

You may use your Additional benefits fund to provide a regular income for life (in the form of an annuity purchased on the open annuity market), a cash lump sum from the **Plan** or a combination of the two. You can also transfer it out to another registered pension arrangement. See Sections 8 and 18 for more details. Also note that tax charges may apply when drawing your benefits as cash. See Section 12: Taxation for fuller details.

## 7 EARLY RETIREMENT

### Early Retirement directly from Pensionable Service

If you have completed 5 years' membership of the **Plan** and retire from **Pensionable Service**, you will be able to take your pension immediately provided you have reached the minimum age for taking your pension.

#### *Your pension under the **DB** Element*

This will be calculated in the same way as explained in Section 6: Retirement Pension, but based on your **Final Pensionable Pay** and **Pensionable Service** at your actual retirement date. The annual pension amount is then reduced according to the table below, which is set out in the **Plan** rules and forms part of the **Company's** desired benefit design. The exact reduction is determined by interpolation using your age, in complete years (and 1/3rds for each complete month within a year), at retirement.

Years before Normal Pension Age at Retirement	Early Retirement Discount (where you retire immediately on leaving the Company)
0	0%
1	4%
2	8%
3	12%
4	16%
5	20%
6	24%
7	28%
8	32%
9	36%
10	40%

#### *Your benefits in the **DC** Element*

The above reduction does not apply to any of your **DC** Element (i.e., the money held in your Additional benefits fund) you have built up. If you have a **DC** Element, it will be payable at the same time as your pension under the **DB** Element. The amount payable will be based on the value of your Additional benefits fund relating to your **DC** Element (**DC** Section top-up) on the date of payment.

If you are eligible to retire immediately when you leave the **Company** but choose not to, your benefits will become deferred and treated as described in Section 11: Leaving the Plan. It is worth noting that in these circumstances a larger reduction may be applied should you subsequently decide to retire before **Normal Pension Age** (see an illustration of the pension payable if a member were to start receiving their pension earlier than **Normal Pension Age** after leaving the **Plan** in Appendix 2) and, from 6 April 2028, you may have to wait until you are aged 57 to take your pension (see *Minimum age for taking your pension* below for more information).

### Minimum age for taking your pension

From 6 April 2028 the minimum age for taking pension benefits (known as the normal minimum pension age) is increasing from age 55 to age 57 (unless you are retiring on grounds of qualifying ill health). This is because of a change in the tax rules and legislation made by the Government.

However, the legislation in this area is complicated, and you may still be able to take your pension from age 55 even after 6 April 2028. This is because of the way the **Plan's** Trust

Deed & Rules are drafted and will largely depend on your status in the Plan on 3 November 2021 (a date determined by the Government when it published the legislation) as follows:

- If you joined the **Plan** for the first time after 3 November 2021, your minimum age for receiving your pension from the **Plan** will increase to age 57 on 6 April 2028;
- If you joined the **Plan** for the first time on or before 3 November 2021 and you retire from **Pensionable Service** from the **New Section**, you will still be able to take your pension from age 55 even after 6 April 2028.
- If you joined the **Plan** for the first time on or before 3 November 2021 and your benefits become deferred and treated (as described in Section 11: Leaving The Plan), your minimum age for taking pension from the **Plan** will increase to age 57 from 6 April 2028. However, if you were still in **Pensionable Service** under the **Plan** on 3 November 2021 (i.e., you were an active member on that date), you will still be able to take your pension as a deferred member from age 55 even after 6 April 2028 (this practice has been mentioned by HMRC but at the date of writing this guide is not in HMRC's Pensions Tax Manual).

If you have benefits that are now in either the Texaco Heritage or Chevron Heritage Sections of the **Plan** and were earned prior to your current benefits in the **New Section**, the legislation might apply slightly differently to you. If this is the case, please contact the **Plan** administrator at [Chevron@Barnett-Waddingham.co.uk](mailto:Chevron@Barnett-Waddingham.co.uk).

## 8 TAKING PART OF YOUR BENEFITS AS A LUMP SUM

### Pension Commencement Lump Sum

At retirement, you will be given the option to give up part of your pension for a tax-free cash lump sum, known as a pension commencement lump sum. The maximum amount of pension commencement lump sum you may take is determined by the nature of your benefit:

- Whether your benefit includes a **DC** Element or is entirely **DB**
- HM Revenue & Customs rules, and
- If you receive a **DC** Element (i.e., a **DC** Section top-up held in an Additional benefits fund), whether you choose to use these benefits to provide your pension commencement lump sum instead of using part of your **DB** pension for your pension commencement lump sum.

Any pension commencement lump sum you take will be tested against the **Lump Sum Allowance (LSA)** and the **Lump Sum and Death Benefit Allowance (LSDBA)** and will only be paid tax-free to the extent that you have sufficient **LSA** and **LSDBA** to cover it. See Section 12: Taxation for further details on tax treatment.

The formulae below show the maximum pension commencement lump sum currently available to you. You can choose to take a lesser amount.

#### *If you have benefits in an Additional benefits fund*

Assuming that you elect to take the pension commencement lump sum first from your Additional benefits fund, the maximum tax-free cash is calculated using the applicable formula from the following:

1. If your Additional benefits fund is greater than  $6.667 \times$  your **DB** annual pension (determine your **DB** annual pension using the calculation in Section 6: Retirement Pension):

Maximum pension commencement lump sum =

$$0.25 \times [\text{Additional benefits fund} + 20 \times \text{your DB annual pension}]$$

In these circumstances, the value of your Additional benefits fund is greater than the maximum tax-free cash you can take. Therefore, not all of your Additional benefits fund will be used up by taking a pension commencement lump sum. You can use the remaining part of your Additional benefits fund to provide you with benefits in an alternative way – see the **DC** Element description in Section 6: Retirement Pension for the options available to you.

2. If your Additional benefits fund is less than  $6.667 \times$  your **DB** annual pension:

Maximum pension commencement lump sum =

$$\frac{[\text{your DB annual pension} \times \text{Commutation Factor} + \text{Additional benefits fund}]}{[0.15 \times \text{Commutation Factor} + 1]}$$

The **Commutation Factor** is the factor(s) determined by the **Trustee** after consulting the **Company** and certified as reasonable by the **Plan** actuary to convert **DB** annual pension into a lump sum. If you choose to take the maximum tax-free cash you are entitled to receive from the **Plan**, your full Additional benefits fund will be used and so will part of your **DB** annual pension. This is because the value of your Additional benefits fund covers only part of the maximum pension commencement lump sum that you are able to take. However, you can choose to take a smaller amount of tax-free cash as a pension commencement lump sum compared to the maximum you are entitled to receive.

#### *If you do not have benefits in the DC Element*

If you only have benefits in the **DB** Element, the formula for calculating the maximum pension commencement lump sum is as follows:

$$\frac{\text{your DB annual Pension} \times \text{Commutation Factor}}{[0.15 \times \text{Commutation Factor} + 1]}$$

If you have an Additional benefits fund and choose to give up part of your **DB** annual pension to provide a pension commencement lump sum instead of using your Additional benefits fund for this first, the calculation of your maximum pension commencement lump sum is more complicated and will result in a different figure from that obtained using the formula above. Calculations of your options can be provided on request by contacting the Plan administrator at [Chevron@Barnett-Waddingham.co.uk](mailto:Chevron@Barnett-Waddingham.co.uk)

#### **Uncrystallised funds pension lump sum**

The **Trustee** may allow you to take your full Additional benefits fund (including AVCs) as an uncrystallised funds pension lump sum on retirement. This is subject to HMRC rules and the **Trustee's** policy at the time. Under the current tax rules, part of an uncrystallised funds pension lump sum may be paid free of tax with the remainder taxed at your highest marginal rate of income tax. If you take your Additional benefits fund in this way, it will be excluded from the calculation of the maximum pension commencement lump sum you can take from the balance of your **Plan** benefits. However, the tax-free part of the uncrystallised funds pension lump sum will be tested against the **LSA** and the **LSDBA** and will only be paid tax-free to the extent that you have sufficient **LSA** and **LSDBA** to cover it. See Section 12: Taxation for further details on tax treatment.

#### **Trivial commutation**

If the total value of your pension rights across all pension schemes is £30,000 or less, or if the cash value of your **Plan** benefits is £10,000 or less, you may be able to exchange your benefits in the **Plan** for a cash lump sum.

Note: the option to take a cash sum on retirement is an important financial decision. Neither the **Company** nor the **Trustee** are authorised to, nor will either of them, give you financial advice. For financial advice, please consult a financial adviser. Nothing in this booklet is intended as, nor should you understand it to be, financial advice. See Section 17: External Advice and Information for how to find an adviser.

## 9 LONG TERM DISABILITY (LTD)/ILL HEALTH RETIREMENT

### Total Disability pension

If the **Company** is satisfied that permanent ill health prevents you from following your normal occupation and any other occupation for which you are suited through qualification, training or experience (and that the Finance Act 2004 test of incapacity is also met) and you leave the **Company's** service in consequence, you will be eligible to receive a Long Term Disability (LTD) total disability pension.

The pension is calculated by:

1. converting any Additional benefits fund which you have built up in respect of the **DC** Element into an equivalent **DB** pension (using factors approved by the **Trustee** on the advice of the **Plan** actuary); and adding this to
2. the amount of pension which would be calculated by applying the **DB** formula (shown in Section 6: Retirement Pension) to your **Final Uncapped Pensionable Pay** at the date you left service, and using your **Pensionable Service** as if you remained in **Pensionable Service** until your **Normal Pension Age** (subject to a cap of a maximum of 35 years (or, if greater, actual completed years) of **Pensionable Service**).

### Partial Disability pension

If the **Company** is satisfied that permanent ill health prevents you from following your normal occupation and there is no suitable alternative position with the **Company** and you leave the **Company's** service in consequence (and that the Finance Act 2004 test of incapacity is also met), you will be eligible to receive an LTD partial disability pension.

The pension is calculated by:

1. converting any Additional benefits fund which you have built up in respect of the **DC** Element into an equivalent **DB** pension (using factors approved by the **Trustee** on the advice of the **Plan** actuary); and adding this to
2. the amount of pension which would be calculated by applying the **DB** formula (shown in Section 6: Retirement Pension) to your **Final Uncapped Pensionable Pay** at the date you left service, and using your **Pensionable Service** as if you remained in **Pensionable Service** until your **Normal Pension Age** (subject to a cap of a maximum of 17.5 years (or, if greater, actual completed years) of **Pensionable Service**).

### Important notes if you draw an LTD partial or total disability pension

- You will not be able to give up part of your pension for a cash lump sum on retirement.
- Your pension is subject to review from time to time to confirm continuing entitlement, see more information below under *Review of your health and continuing pension payments*.
- If you meet the definition of serious ill health in the legislation (currently in the Finance Act 2004) you may be able to exchange your entire pension for cash (except for any pension payable in respect of you following your death, which will be retained as a separate arrangement under the **Plan**).

### Review of your health and continuing pension payments

The continued payment of any partial or total disability pension is subject to review by the **Company**. For this purpose, the **Company** may require you to undergo an examination by a qualified medical practitioner.

If, before **Normal Pension Age**, your health improves to the extent that, in the **Company's** opinion you recover (wholly or partly) from the disability which led to your LTD partial or total disability pension, the **Company** may reduce, suspend or terminate your pension until your **Normal Pension Age**. If this applies to you, you will be immediately advised of the amount and timing of the benefits which will become payable to you at **Normal Pension Age**.



## 10 DEATH BENEFITS

On your death, the benefits set out below will become payable.

	<u>LUMP SUM</u>		<u>PARTNER's PENSION</u>
<b>DEATH:</b>			
While earning benefits in the Plan (known as death in service).	3.5 times your <b>Pensionable Pay</b> for the purposes of both the <b>DB</b> and <b>DC</b> elements of the <b>New Section</b> .	Plus	50% of your <b>Prospective Pension</b> .
OR			
Within 5 years of retirement (this also applies if you leave the <b>Plan</b> and die on or after reaching <b>Normal Pension Age</b> but your pension hasn't started to be paid to you)	3 months' pension payments (minimum lump sum £1,000, maximum lump sum £2,500); or If no <b>Partner</b> or <b>Dependant's</b> pension is payable, the greater of the above amount and the unpaid balance of five years' pension payments (at the rate paid at death) will be paid as a lump sum.  Note: where a pensioner dies over 75, the <b>Trustee</b> may pay the cash sum but is not obliged to.	Plus	50% of the pension you were receiving when you died adjusted to the level it would have been had you not taken any tax-free cash at retirement.
OR			
5 years or more after retirement.	3 months' pension payments (minimum lump sum £1,000, maximum lump sum £2,500).  Note: where a pensioner dies over 75, the <b>Trustee</b> may pay the cash sum but is not obliged to.	Plus	50% of the pension you were receiving when you died adjusted to the level it would have been had you not taken any tax-free cash at retirement.
OR			
After leaving the <b>Plan</b> but before your pension starts to be paid to you (if you die before reaching <b>Normal Pension Age</b> )	Unless reduced or extinguished to take account of any survivors' pensions payable, a cash sum equal to the minimum of:  (a) The amount of contributions you made to the <b>Plan</b> (or, if you participated in <b>Salary Exchange</b> , an	Or	50% of the pension you built up before leaving, increased in deferment to the date of your death but as if you had reached <b>Normal Pension Age</b> at the date of your death.

	<p>amount in respect of contributions you would have paid but for that participation) plus interest; or</p> <p>(b) £1,000.</p> <p>Plus the return of the <b>DC</b> Element (i.e. <b>DC</b> Section top-up portion) of your Additional benefits fund (if applicable).</p>		
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The value of any AVCs you have remaining in your Additional benefits fund at the date of your death will also be returned.

Any lump sum payable on your death will be paid at the discretion of the **Trustee**. You can make your wishes known to the **Trustee** by completing an Expression of Wish form on the Plan website ([www.chevronukpension.co.uk](http://www.chevronukpension.co.uk)). The **Trustee** will take your wishes into account but will not be bound by them.

The Partner's pension payable on your death will be paid to your **Partner**. If you do not have a **Partner**, the Trustee can decide to pay a pension to a **Dependant** instead.

If you are more than ten years older than your **Partner** (or **Dependant**) the pension paid to them will be reduced by 1.5% for each year (proportionately for months) in excess of ten years by which your age exceeds theirs.

If you die leaving **Children**, a pension will usually be paid to them. The pension is calculated as a proportion of your pension (or **Prospective Pension**, if you are in **Pensionable Service**). The proportion depends on the number of **Children** (this is usually 20% if there is one Child, 30% if there are two, 40% if there are three and 50% if there are four or more). The **Trustee** can decide how to distribute the overall amount of the pension between the **Children**. If there is no pension payable to a **Partner/Dependant**, the amount payable for each **Child** is doubled.

## 11 LEAVING THE PLAN

Leaving the **Plan** means that you are no longer building up benefits in the **Plan**.

There are different ways in which a member can leave the **Plan** (which means the member is no longer in **Pensionable Service** as an active member of the **Plan**):

1. **Automatically on leaving Pensionable Service**  
If you leave the **Company**, you will no longer be an active member of the **Plan**.
2. **Plan opt out**  
You may decide to leave the **Plan** at any time while continuing to work for the **Company**. If you wish to do this, you will need to give the **Trustee** one complete months' notice in writing of your intention to opt-out.
3. **Statutory opt out**  
If, for any reason, you are automatically enrolled or re-enrolled in the **Plan** (which will be limited in relation to the **Plan** where contractual enrolment will mainly be used for all employees) in accordance with legislation, you will have a special statutory right to opt out of the **Plan** within a short period after being automatically enrolled and re-enrolled. This right is available to you for the period of one month starting from the later of the date of enrolment and the date the **Company** provides you with information about your enrolment.

Members who opt out within this period will be treated as if they had never been a member of the **Plan** and will receive a refund of any contributions paid during the period they were enrolled. Once this opt out period has passed, members will only be able to opt out under the **Plan** by using route 2 above and will be bound by the notice period described above,

### Benefits payable on leaving the Plan

#### *Within Three Months after Joining*

If you have completed less than three months' continuous membership of the **Plan**, you will receive a refund of your contributions. This would include the gross amount of contributions you have paid or would have paid had you not participated in **Salary Exchange**, plus interest, and taxed at your marginal rate of income tax.

Once the refund has been paid, you will not be entitled to any further benefits from the **Plan**.

#### *Between Three Months and Two Years after Joining*

If you leave the **Plan** having completed more than three months' and less than two years' continuous membership of the **Plan**, there are two options:

1. You can take a refund as described in *Within Three Months after Joining* above; or
2. You can transfer the capital value of your benefits to another qualifying pension arrangement of your choice. You can request a transfer value on the **Plan** website ([www.chevronukpension.co.uk](http://www.chevronukpension.co.uk)) and decide if this is right for you. If you wish to proceed, all the administration requirements must be completed within six months of leaving the **Company** (or **Plan**). If you do not inform the **Plan** administrator of your decision, or if all the requirements to transfer the value are not completed within six months of leaving the **Company** (or **Plan**), you will receive a refund of your contributions as described in *Within Three Months after Joining* above.

Once the refund or the transfer value has been processed, you will not be entitled to any further benefits from the **Plan**.

#### *Having Completed Two Years or More*

If you leave having completed two or more years' continuous membership of the **Plan**, you will become a deferred member entitled to a deferred pension from your **Normal Pension Age**. This will be calculated using your **Pensionable Service** and **Final Pensionable Pay** at the date you left the **Plan**.

If you have an Additional benefits fund, any benefits within your Additional benefits fund will also remain invested until your **Normal Pension Age** and made available to you from that

date. Even if you leave the **Plan**, you should still monitor and take decisions about the investment of the money in your Additional benefits fund up to the point of taking your benefits.

Your deferred pension will increase before payment at **Normal Pension Age** at the rate required by law.

You can apply for early payment of your deferred pension if you have reached the minimum age for taking pension (see *Minimum age for taking your pension* below), provided you have five or more years of **Pensionable Service**. If you choose to take your deferred pension before your **Normal Pension Age**, the annual amount of pension will be reduced to take account of it being paid for a longer period. The reduction is determined by the **Trustee**, having consulted the **Company** and taken advice from the **Plan** actuary. The reduction is set so that the **Trustee** is reasonably satisfied that the value of the early retirement pension is equivalent to the value of the deferred pension and is reviewed from time to time to take account of, for example, changes in investment market conditions and views on life expectancy. An illustration of the pension payable if a member were to start receiving their pension earlier than **Normal Pension Age** can be found in Appendix 2.

If you request early payment of your deferred pension, you must take the money in your Additional benefits fund in respect of your **DC** Element (**DC** Section top-up) at the same time.

At retirement you will usually have the option to take:

- (i) Part of your benefits under the **Plan** as a pension commencement lump sum;
- (ii) The whole of your benefits under the **Plan** as a lump sum if they are below the legislative limit (currently when your total benefits across all pension schemes are less than £30,000, or when your total benefits within the **Plan** are less than £10,000);  
or
- (iii) The whole of your Additional benefits fund as an uncrystallised funds pension lump sum.

See Section 8: Taking Part of your Benefits as a Lump Sum for more information on the lump sum options.

The benefits payable in the event of your death are set out in Section 10: Death Benefits.

### **Minimum age for taking your pension**

From 6 April 2028 the minimum age for taking pension benefits (known as the normal minimum pension age) is increasing from age 55 to age 57 (unless retiring on grounds of qualifying ill health). This is a change made by the Government to the tax legislation on minimum pension age, which is currently set to increase in line with increases in State Pension Age.

However, the legislation in this area is complicated and you may still be able to take your pension from age 55 even after 6 April 2028. This is because of the way the **Plan's** Trust Deed & Rules are drafted and will largely depend on your status in the **Plan** on 3 November 2021 (a date determined by the Government when it published the legislation) as follows:

- If you joined the **Plan** for the first time after 3 November 2021, your minimum age for receiving your pension from the **Plan** will increase to age 57 on 6 April 2028.
- If you joined the **Plan** for the first time on or before 3 November 2021 and became a deferred member entitled to a deferred pension from the **Plan** before that date, your minimum age for taking pension from the **Plan** will increase to age 57 on 6 April 2028. However, if you were still in **Pensionable Service** under the **Plan** on 3 November 2021 (i.e., you were an active member on that date), you will still be able to take your pension as a deferred member from age 55 even after 6 April 2028 (this practice is based on current guidance from HMRC).

If you have benefits that are now in either the Texaco Heritage or Chevron Heritage Sections of the **Plan** and were earned prior to your current benefits in the **New Section**, the legislation

might apply slightly differently to you. If this is the case, please contact the **Plan** administrator at [Chevron@Barnett-Waddingham.co.uk](mailto:Chevron@Barnett-Waddingham.co.uk)

### **Transfer values**

You can choose to transfer the capital value of your benefits to another qualifying pension arrangement such as a new employer's scheme, a personal pension scheme or an approved insurance contract. You can exercise this option in relation to the whole of your benefits, or just your Additional benefits fund, at any time before you take your benefits. If you wish to transfer just your benefits in respect of the **DB** Element, you can do this at any time before your pension comes into payment and up to one year before your **Normal Pension Age** (unless the **Trustee** consents to a later date).

Transfer values represent the current capital value of your deferred pension and are determined by the **Trustee** on the advice of the **Plan's** actuary. Your transfer value is calculated by reference to a number of factors, including age, life expectancy and long-term interest rates. The calculation is in accordance with statutory requirements. Transfer values do not include discretionary benefits.

If you request a transfer value, the **Trustee** will provide you with a statement outlining your **DB** transfer value. The value quoted is guaranteed for three months. If your statement includes a value for your Additional benefits fund, this amount is not guaranteed. This is because the value of your Additional benefits fund changes in line with changes in investment returns based on the way your Additional benefits fund is invested. The amount payable should you request payment will be based on the value of your Additional benefits fund on the actual transfer day.

Transferring your benefits out of the **Plan** or opting for your benefits to be paid as a lump sum may result in a charge being applied. Further information about your options is available on request. Please request your transfer quote via the **Plan** website ([www.chevronukpension.co.uk](http://www.chevronukpension.co.uk)) and make use of the publicly available resources outlined in Section 17: External Advice and Information when considering your options.

Please note that you will be required to take and pay for independent advice if you wish to transfer benefits in respect of the **DB** Element worth £30,000 or more to another scheme with a view to acquiring a right or entitlement to flexible benefits (flexible benefits are broadly money purchase or cash balance benefits).

Where you are requesting an estimate of your transfer value in connection with a divorce settlement or dissolution of a civil partnership, you should tell the **Plan** administrator this when asking for the estimate as further information may be needed from you and certain information provided to you as a result.

## 12 TAXATION

### Important note

This information in this booklet is based on our understanding of the current tax law and HMRC practice, which may change in future.

In particular, the abolition of the Lifetime Allowance and introduction of the Lump Sum Allowances were announced in the 2023 Spring Budget and full legislation to implement these changes was not yet published before Parliament was dissolved for the 2024 General Election. As such, this area of the booklet could be subject to future changes if the incoming Government decides to revisit the abolition of the Lifetime Allowance.

### Taxation of Benefits and Contributions

Your pension and/or any pension payable to your **Dependant(s)** count as taxable income under Pay As You Earn (PAYE). If you live permanently overseas, tax will be payable in accordance with the requirements of the tax authorities in your country of residence and any tax treaties between them and the UK.

### Annual Allowance

The **Annual Allowance** or **AA** is the maximum amount you can build up in a UK-registered pension arrangement each year without paying tax on the money that is building up. The **AA** value of your **DB** pension savings in the **New Section** and/or any contributions (from the Company or you) to the **DC** Element of the **New Section** will count towards your **AA** each tax year.

For the 2024/2025 tax year, the standard **AA** is £60,000. However, it is tapered for high earners from £60,000 down to £10,000 depending on the amount of 'adjusted income' a person has, as explained below.

The taper will apply for individuals with taxable income from all sources (including the value of pension contributions and **DB** pension savings) (known as adjusted income) in a tax year of £260,000 per year or more. Such individuals will lose £1 of their **AA** for every £2 of 'adjusted income' above £260,000. This tapering will apply until the **AA** reaches a minimum level of £10,000, which will apply for those with 'adjusted income' of at least £360,000. The taper only applies, however, if an individual's total taxable income from all sources, excluding the value of pension contributions and **DB** pension savings, is at least £200,000 (known as threshold income).

Adjusted income will broadly include all sources of taxable employment income, non-employment income and the value of pension savings. Individuals with taxable income excluding the value of pension savings of £200,000 or less will not be affected by the tapering of the **AA** and will have an **AA** of £60,000 for the 2024/2025 tax year.

Contributions or benefits above the **AA** will usually attract a tax charge in line with current income tax rates.

The **AA** takes into account all of your UK pension benefits, including those built up with other employers or in other pension schemes, so it is important that you keep track of all the benefits you may be building up, not just those in the **Plan**.

The **Plan** rules restrict the annual pension build-up for each member in the **Plan** by reference to the **AA** in each tax year. This is intended to result in members not having an **AA** tax charge arise in relation to their **Plan** benefits. However, the restriction is based on the build-up of **Plan** benefits only so it may not prevent an **AA** tax charge arising for every member. For the 2024/2025 tax year, for those in **Pensionable Service** at the end of the tax year, this restriction is based on your tapered **AA** calculated by reference to your Chevron earnings only.

Ultimately you are responsible for checking the entirety of the pension benefits you build up in all tax registered pension schemes against the **AA** and any **AA** tax charge which may arise. As this is a complicated area, we recommend that you consider taking financial advice. See Section 17: External Advice and Information for how to find an adviser.

### **The Lump Sum Allowances**

Until 6 April 2023, the Lifetime Allowance (LTA) was a limit on the value of pension that you could build up across all UK-registered pension arrangements and take over your lifetime without paying an additional tax charge. From 6 April 2023 the additional tax charge was removed and, from 6 April 2024, the LTA was abolished entirely. This means that, any pension you take after 6 April 2023 will not be tested against the LTA for tax charges. Instead, there are now lump sum allowances in place that limit the amount of tax-free cash (and overseas transfers) you can take, as explained below.

These lump sum allowances apply per person across all UK-registered pension schemes, not per pension scheme. So, if you have benefits other UK-registered pension schemes, you will need to check your position against the lump sum allowances across your schemes, not just by checking against your benefits in the **Plan**.

You may be entitled to higher lump sum allowances if you have successfully applied to HMRC for a protected or enhanced Lifetime Allowance.

### **Lump Sum Allowance**

The **Lump Sum Allowance (LSA)** works by limiting the amount of tax-free cash you can take from all registered pension schemes during your lifetime.

The standard LSA is £268,275.

The standard LSA is the same amount as the previous limit of taking 25% of your maximum Lifetime Allowance for the tax year 2023/2024.

This is the total amount you can take tax-free in your lifetime as:

- cash at retirement (pension commencement lump sum);
- standalone lump sums; and
- the tax-free element of any uncrystallised funds pension lump sum.

Each time a tax-free lump sum is taken, it reduces the LSA available to you to take further tax-free lump sums in the future. If you exceed the LSA, a charge at your highest marginal rate of income tax will apply to the portion of cash that in excess of the LSA.

### **Lump Sum and Death Benefit Allowance**

The **Lump Sum and Death Benefit Allowance (LSDBA)** works by limiting the amount of tax-free cash that can be paid from your benefits in all UK-registered pension schemes during your lifetime and cash lump sums in relation to your death.

The standard LSDBA is £1,073,100.

The standard LSDBA is the same amount as the previous Lifetime Allowance for the 2023/2024 tax year.

This is the total amount you can take tax-free in your lifetime or that can be paid as cash lump sums after your death as:

- cash at retirement (pension commencement lump sum);
- standalone lump sums;
- the tax-free element of any uncrystallised funds pension lump sum;
- serious ill-health lump sums; and
- lump sum death benefits.

Any lump sum death benefits payable to your beneficiaries that exceed the LSDBA will be subject to income tax paid at your beneficiary's highest marginal rate of income tax (although such lump sums will not count towards their 'threshold income' or 'adjusted income' for tapered annual allowance purposes (see *Annual Allowance* section above)).

### ***How are the Lump Sum Allowances applied?***

When you take lump sum benefits from the **Plan**, they will be tested against your LSA and LSDBA and the **Plan** will confirm the amount you have used. Note that you will need to consider the benefits you are drawing as lump sums from all UK-registered arrangements, not just the **Plan**.

### ***What if I have already taken some lump sum benefits?***

Generally, any benefits that used some of the Lifetime Allowance before 6 April 2024 (excluding small pots and trivial commutation) are included in the test against your LSA and LSDBA and will reduce the amount of the new Lump Sum Allowances you have open to use.

The default assumption made is that the Lump Sum Allowances will be reduced by 25% of any Lifetime Allowance used up before 6 April 2024 and the LSDBA is reduced by 100% of any serious-ill health lump sum or lump sum paid on your death under age 75. However, if you took less than 25% tax-free cash on benefits that counted towards the Lifetime Allowance or reach age 75 but have not yet taken any benefits before 6 April 2024, you may apply for a transitional tax-free amount certificate which will confirm the actual amounts taken before 6 April 2024 and the amount of the LSA and LSDBA remaining. You must apply for this certificate before you take any lump sums on or after 6 April 2024.

Which option is right for you in selecting how to take your benefits depends on your own circumstances. If you believe that you may benefit from applying for a transitional tax-free certificate, we recommend you seek financial advice. See Section 17: External Advice and Information for details on how to find a financial adviser.

### **Taxation of death benefits**

If you die prior to age 75, any lump sum benefits paid on your death will be tested against the LSDBA and will usually be payable tax-free if there is sufficient LSDBA to cover it. Any pension income payable (for example, a **Plan** pension payable to your **Partner** or **Dependant**) will be subject to income tax at your beneficiary's highest marginal rate.

On death after age 75, all death benefits (whether paid as a lump sum or pension income) are subject to income tax at your beneficiary's highest marginal rate of income tax.

Any lump sum payable on your death is distributed at **Trustee** discretion. It is currently understood (but not guaranteed) that lump sums paid in this way would not form part of your estate and as such are not subject to inheritance tax.



## 13 PAYMENT OF PENSION

Payment of any pension (or associated benefits) is subject to any requirements the **Trustee** may have regarding evidence of identity, age, marital (or civil partnership) status, relationship and dependency.

### **Pension Payment Arrangements**

Your pension is usually paid monthly direct into your bank/building society account. Whilst efforts will be made to assist retired members who wish for their pension to be paid overseas, this is not always possible and the **Plan** is not responsible for any bank (or other) charges or exchange rate losses.

### **Increases in Pensions in Payment**

Your pension, once in payment, will be increased in line with applicable law: this is currently the annual increase in the Consumer Prices Index up to a maximum of 2.5% a year.

The increases are normally applied on the 1<sup>st</sup> April each year.

## 14 TEMPORARY ABSENCE AND PART-TIME EMPLOYMENT

### Temporary Absence

If you are absent due to sickness (other than long term disability) or maternity/paternity/family/parental/shared parental leave (in accordance with **Company** policy) you will remain a member of the **Plan** and continue to build up benefits (and **Pensionable Service**) for as long as you continue to receive some pay from the **Company**. On your return to work you will have the option to pay the unpaid contributions to maintain your **Pensionable Service**. Your life assurance cover will be continued during your absence.

With the **Company's** agreement, absence for any other reason may be treated as **Pensionable Service** provided the unpaid contributions are paid on your return to work. Your life assurance cover will be maintained for absence of up to one year.

### Part-Time Employment

Part-time employees will be automatically enrolled in the **Plan** on commencing **Company** employment in the same manner as full-time employees. If full-time employees transfer to part-time employment, they will remain members of the **Plan**. The pension received in retirement will be pro-rated for benefit build-up purposes during periods of part-time employment by reducing **Pensionable Service** and applying a full-time equivalent **Pensionable Pay**. Where the full-time equivalent **Pensionable Pay** exceeds the **DB** Element maximum, the **Company** will make a pro-rated contribution to the **DC** Element (this is to say that the pro-rated contribution is paid into the member's Additional benefits fund – also known as a **DC** Section top-up).

Any death or long term disability benefits will be based on **Pensionable Pay** at death or retirement, as the case may be.

## 15 MANAGEMENT OF THE PLAN

### The Trustee

The **Trustee** of the **Plan** is Chevron UK Pension Trustee Limited, a limited liability company, which is an affiliate of the **Company**.

It has a Board of Directors of nine: six appointed by the **Company** and (in accordance with the Pensions Act 2004) three selected through a member nomination process.

Contributions to the **Plan** are held in trust by the **Trustee**.

### Funding of the Plan

The **DB** Element of the **New Section** (and other defined benefits under the **Plan**) is funded by **Company** contributions, members' contributions and investment returns. The funding of defined benefits under the **Plan** is tested at least every three years through an actuarial valuation in accordance with the Pensions Act 2004 (and associated regulations). The **Plan** is also subject to a scheme specific funding requirement, which, should **Plan** assets be insufficient to meet its liabilities, includes a **Company** requirement to take remedial action.

The **DC** Element of the **New Section** is funded by **Company** contributions and investment returns. Unlike the **DB** Element of the **New Section**, **DC** contributions and investment returns are held for your individual account (Additional benefits fund) and the **DC** Element of the **New Section** does not require actuarial valuation of associated liabilities. The **Company** may decide that attributable costs of administration and changes of investment instructions may be charged to your **DC** Element account.

### Termination or Amendment of the Plan

Whilst it is intended that the **Plan** should continue indefinitely, the **Company** has the right to terminate or change the **Plan** at any time. If the **Plan** is discontinued the **Trustee** will use the assets of the **Plan** in the way set out in the Trust Deed and Rules and applicable legislation.

### Plan tax registration and qualification for automatic enrolment

The **Plan** is a tax registered pension scheme.

The **Company**, as your employer, needs to comply with its automatic enrolment duties in respect of eligible jobholders (under the Pensions Act 2008). The **Plan** is a qualifying scheme under the legislation and has been certified as such by the **Plan** actuary. By offering the **Plan** to employees the **Company** meets its obligations to potential eligible jobholders and other persons the **Company** may have a duty to auto enroll into a qualifying scheme.

## 16 CONTACT DETAILS AND FURTHER INFORMATION

Further information on the **Plan** can be obtained via the website:

[www.chevronukpension.co.uk](http://www.chevronukpension.co.uk)

This website has been designed to provide members with as much information as possible, including checking/updating personal details, obtaining retirement illustrations and providing frequently asked questions and documentation, such as this **Plan** Summary and the following:

- Trust Deed & Rules
- Annual Report & Accounts
- Actuarial valuation report
- Statement of Investment Principles
- Internal Dispute Resolution Procedure.

These documents will also be given on request when contacting us using the details set out below.

Members will be expected to access the **Plan** website for all their pension related queries in the first instance. Failing an answer, requests for any other information or queries about benefits should be sent to the following contacts.

*If you are a new hire:*

- Please email [totalremunerationeur@chevron.com](mailto:totalremunerationeur@chevron.com) and address your email to the Pensions Manager
- Alternatively, you can reach out them via the following address

Pensions Manager  
Chevron Energy Limited  
1 Westferry Circus  
London, E14 4HA

*If you are not a new hire:*

Please get in touch with the **Plan** administrator.

- Website: [www.chevronukpension.co.uk](http://www.chevronukpension.co.uk)
- Email: [Chevron@Barnett-Waddingham.co.uk](mailto:Chevron@Barnett-Waddingham.co.uk)
- Freephone: 0344 264 3587
- Address:

Barnett Waddingham  
St James's House  
St James' Square  
Cheltenham,  
Gloucestershire, GL50 3PR

### Internal Dispute Resolution Procedure (IDRP)

The Internal Dispute Resolution Procedure is designed to assist members and potential beneficiaries who have a complaint or dispute with the **Trustee** which cannot be resolved through informal means.

Use of the IDRP does not bar you from referring a dispute to the Pensions Advisory Service or from approaching the Pensions Ombudsman (see Section 17: External Advice and Information). However, if proceedings have been started in any court or tribunal in respect of the dispute, or if the Pensions Ombudsman has begun an investigation, the IDRP must be suspended.

Further information concerning the IDRP is available from the Pensions Manager using the details above.

## 17 EXTERNAL ADVICE AND INFORMATION

### MoneyHelper

MoneyHelper is available at any time to help members (and beneficiaries) and anyone else who is due to receive benefits from a pension scheme with:

- (i) pensions questions; and
- (ii) issues they have been unable to resolve with the trustees or managers of a pension scheme.

MoneyHelper can be contacted by:

- Completing an online form at [moneyhelper.org.uk/en/contact-us/pensions-guidance/pensions-guidance-enquiry-form](https://moneyhelper.org.uk/en/contact-us/pensions-guidance/pensions-guidance-enquiry-form)
- Accessing their website at [moneyhelper.org.uk/en/pensions-and-retirement/tax-and-pensions](https://moneyhelper.org.uk/en/pensions-and-retirement/tax-and-pensions)
- Writing to their address

Money and Pensions Service  
120 Holborn  
London EC1N 2TD

### Pensions Ombudsman

The Pensions Ombudsman may investigate and determine certain complaints or disputes about pensions that are referred to the Ombudsman in accordance with the Pension Schemes Act 1993.

The Ombudsman can be contacted by:

- Accessing their website at [pensions-ombudsman.org.uk](https://pensions-ombudsman.org.uk)
- Emailing them at [enquiries@pensions-ombudsman.org.uk](mailto:enquiries@pensions-ombudsman.org.uk)
- Phoning them on 0800 917 4487
- Writing to their address

10 South Colonnade  
Canary Wharf  
London E14 4PU

### The Pensions Regulator

The Pensions Regulator (TPR) may intervene in the running of pension schemes where trustees, managers, employers or professional advisers have failed in their duties.

Website: [thepensionsregulator.gov.uk/en/contact-us/scheme-members-who-to-contact](https://thepensionsregulator.gov.uk/en/contact-us/scheme-members-who-to-contact)

The Pensions Regulator does not deal with queries about individuals' pension benefits – these should be directed to the Money and Pensions Service using the contact details listed under MoneyHelper.

### Independent financial advice

Nothing in this booklet is intended as, nor should you understand it to be, financial advice. If making decisions about your pension benefits, you may wish to consult a financial adviser. To find a financial adviser in your area visit [unbiased.co.uk](https://unbiased.co.uk)

## **Registrar of Pensions Schemes – the Pension Tracing Service**

The **Plan** is registered with the Pension Tracing Service. The service exists to enable pension scheme beneficiaries to trace schemes with which they have lost contact.

The Pension Tracing Service can be contacted by:

- Accessing their website at [www.gov.uk/find-pension-contact-details](http://www.gov.uk/find-pension-contact-details)
- Phoning them on 0800 731 0193
- Writing to their address

The Pension Service 9  
Mail Handling Site A  
Wolverhampton  
WV98 1LU

## 18 ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVCs)

If you are in **Pensionable Service** (i.e., you are an active member of the **Plan**), you may, if you wish, pay additional contributions to build up additional retirement benefits. These are known as AVCs.

If you make AVCs, they will be paid into an individual account for you, known as an Additional benefits fund. Note that if you receive **Company** contributions to the **DC Element** as well (also known as a **DC Section top-up**), your AVCs and **DC Element** are held in the same Additional benefits fund. Your account is administered by Fidelity.

You can choose how to invest the money in your Additional benefits fund based on the investment options provided. This means that any AVCs you pay are invested separately from the other assets of the **Plan**.

**For full details on making AVCs and the investment options available, please refer to the AVC Booklet and DC Fund Range Information Leaflet on the Plan website ([www.chevronukpension.co.uk](http://www.chevronukpension.co.uk)).**

### AVCs – Retirement

At retirement the money in your Additional benefits fund can, subject to HMRC rules, be paid to you as a cash sum (see Section 8: Taking Part of your Benefits as a Lump Sum). If you cannot, or choose not to, take your Additional benefits fund as cash, either it (i) can be transferred to another arrangement, or (ii) may be payable as a pension secured by means of an annuity purchased on the open annuity market. If your Additional benefits fund is made up of AVCs only (i.e., you do not receive a **DC Element**), you can, if you wish, defer payment of your Additional benefits fund even if your main benefits from the **Plan** have come into payment

### AVCs – Leaving Service

If you leave service before completing three months' **Pensionable Service**, or complete more than three months and less than two years' **Pensionable Service** and elect to take a refund, the AVCs in your Additional benefits fund will be refunded less tax. If you leave with an entitlement to a deferred pension, the AVCs in your Additional benefits fund will remain invested until you retire or transfer your benefits – see Section 11: Leaving The **Plan** for fuller details. If you choose to transfer your main **Plan** benefits, your Additional benefits fund may be transferred at the same time, otherwise you may choose to take a partial transfer of your **DB** benefits only and leave the money in your Additional benefits fund invested. You cannot continue to make AVCs towards your Additional benefits fund once you leave the **Plan** (that is to say, you are no longer an active member of the **Plan**).

### AVCs – Death

If you die before retirement, the AVCs in your Additional benefits fund will be paid out under the discretionary trusts rule in the **Plan**.

Note 1: Making and taking AVCs will involve you taking important financial decisions. The **Company** and the **Trustee** are not authorised to, nor will either of them, give you financial advice. For financial advice please consult a financial adviser. Nothing in this booklet is intended as, nor should you understand it to be, financial advice. See Section 17: External Advice and Information for how to find an adviser.

Note 2: AVCs are money purchase (or **DC**) benefits. The value of the pension (annuity) you can buy using money purchase benefits will depend on several factors including the amount of contributions paid, any cost of exercising any right to transfer the benefits, any charges payable, the age at which you access the benefits, the performance of investments and any cost of converting the benefits into an annuity.

Please refer to Section 12: Taxation for information on how tax charges work for money purchase benefits.

## 19 THE STATE PENSION SCHEME

State retirement pensions are payable by the Government from State Pension Age. Your State pension builds up differently to your **Plan** pension. Payment of your State pension to you is also separate from payment to you of your **Plan** pension.

### **State pension system (flat rate) – applicable from 6 April 2016**

A revised State pension system has been in place since 6 April 2016. This applies to individuals who reach State Pension Age on or after 6 April 2016.

The revised State pension is based on your National Insurance record. For the 2024/2025 tax year, the full weekly rate is £221.20. The amount of State pension you receive under this system may be higher or lower than the standard amount depending on your National Insurance record and your history of contracting out of the State pension. You can find an estimate of your State pension and more information about the revised State pension in general, at [gov.uk/new-state-pension](https://gov.uk/new-state-pension)



## APPENDIX 1

### NEW SECTION – PENSION SALARY EXCHANGE

Your contributions to the **Plan** (excluding any AVCs you make) are paid by Pension **Salary Exchange**, unless (i) you choose to opt out of Pension **Salary Exchange**, or (ii) if, by participating in Pension **Salary Exchange**, your earnings will fall below the National Minimum Wage.

#### Pension Salary Exchange

Pension **Salary Exchange** is a way of arranging for pension contributions to be paid that will increase your take home pay. Instead of having an "employee" pension contribution deduction from your salary, you give up or 'exchange' the amount of your salary equal to your normal pension contribution. In return, Chevron will pay this amount into the **Plan** as an additional employer contribution.

In summary, with Pension **Salary Exchange**:

- There is no change to the amount contributed to the **Plan**.
- There is no change to the amount of pension you build up.
- As your salary is lower due to the exchange having taken place, you and Chevron pay less National Insurance (NI) contributions, so your take home pay increases compared to if you did not participate in Pension **Salary Exchange**.
- Whilst your salary is reduced, none of your other pay or salary-related benefits (for example, overtime, shift premiums, allowances, sick pay, life assurance cover) are affected as they continue to be based on your salary before **Pension Salary Exchange**.

#### How does it work?

The following examples are based on a gross salary (before deductions) of £20,000 and employee contributions (excluding AVCs) of 3% of **Pensionable Pay** (i.e., the temporary rate in place for employees participating in **Salary Exchange** from 1 July 2024).

#### *If you do not participate in Pension Salary Exchange*

Salary	£	Deductions	£	Take Home Pay
<b>Base Salary</b> (before deductions)	£20,000.00			
		Pension Contribution	£600.00	
		Income Tax	£1,366.00	
		National Insurance (NI) Contributions	£593.28	
<b>Contractual Salary</b>	£20,000.00	Total Deductions	£2,559.28	£17,440.72
<b>Contribution towards your Plan pension*</b>				
Your normal contribution – paid as employee contribution (3% of <b>Pensionable Pay</b> )				£600.00

#### *If you participate in Pension Salary Exchange*

Salary	£	Deductions	£	Take Home Pay
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<b>Base Salary</b> (before deductions)	£20,000.00				This will be known as your Reference Salary
<b>Pension Salary Exchange</b> reduction	£600.00				
		Income Tax	£1,366.00		
		NI Contributions	£545.28		You pay less NI
<b>Contractual Salary</b>	£19,400.00	Total Deductions	£1,911.28	£17,488.72	
<b>Contribution towards your Plan pension*</b>					
Your normal contribution – paid as employee contribution (3% of Pensionable Pay)				£600.00	

\*In addition to these amounts, Chevron's obligations to contribute to the **Plan** in order to fund the benefits payable from the **DB** Element of the **Plan** continue. If you are eligible to receive a **DC** Element (also known as a **DC** Section top-up), Chevron will fund the cost of the **DC** Element (**DC** Section top-up) as well.

**What does this mean for me?**

If you do not participate in Pension **Salary Exchange**, your pension contributions are deducted from your pay before income tax is paid. Therefore, you save income tax on your pension contributions.

Through Pension **Salary Exchange**, you save NI as well as income tax on your pension contributions, which results in an increase to your take home pay compared to if you did not participate in Pension **Salary Exchange**.

**How much will I save?**

The increase to your take home pay is based on the amount of NI saved. This depends on the amount you earn (including bonuses, commission and overtime) and the amount you pay as a normal contribution.

In the 2024/2025 tax year you will save 8% on any reduction in earnings below £50,270 and 2% on any reduction in earnings over £50,270.

The following table gives examples of NI savings based on a range of salaries.

<b>Base salary before Pension Salary Exchange</b> (known as your Reference Salary)	<b>£20,000</b>	<b>£30,000</b>	<b>£40,000</b>	<b>£50,000</b>	<b>£60,000</b>	<b>£70,000</b>
<b>3% annual contribution</b> (Pension <b>Salary Exchange</b> reduction in pay)	£600	£900	1,200.00	£1,500	£1,800	£2,100
<b>Your annual NI saving</b> Increase to your take home pay	£48.00	£72.00	£96.00	£120.00	£36.00	£42.00

If your gross pay is less than the primary threshold for National Insurance (£242 per week/£1,048 per month in the 2024/2025 tax year), or you are under age 16, or over State Pension Age, you do not pay NI so there are no available NI savings.

***The actual saving you make will depend on the rate of income tax and NI you pay.***

#### **What do I need to do?**

You do not need to do anything. If you wish to participate in Pension **Salary Exchange** your contributions will be made automatically by Pension **Salary Exchange** from the date you join the **Plan**, unless you opt out of Pension **Salary Exchange**.

#### **How do I opt-out of Pension Salary Exchange?**

You can opt out of Pension **Salary Exchange** by contacting the Chevron Total Reward Team ([totalremunerationeur@chevron.com](mailto:totalremunerationeur@chevron.com)). If you opt out you will not benefit from the NI savings or the temporary reduced member contribution rate described in Section 4: Contributions. Your opt-out must be received by the last day of your first calendar month of employment to be effective for your first month's contribution. At any other time your opt-out will be processed in the month after it is received.

#### **Do I still benefit from income tax relief on pension contributions paid through Pension Salary Exchange?**

With Pension **Salary Exchange**, your normal contributions are instead paid as employer contributions. As you don't pay income tax on pension contributions (whether made by you or your employer) the net income tax effect is the same.

#### **Are the other pay (e.g. overtime) and the salary-related benefits provided by Chevron (e.g. life assurance) based on my reduced salary following Pension Salary Exchange contributions, or my original contractual salary?**

There is no impact on your other pay (e.g. overtime, shift allowances or bonuses), or your salary-related benefits (e.g. your life assurance and your **Pensionable Pay**) as a result of Pension **Salary Exchange**. Your contractual salary before Pension **Salary Exchange** (which is known as your reference salary) is used to calculate salary-related benefits and other pay.

#### **Can I pay Additional Voluntary Contributions (AVCs) by Pension Salary Exchange?**

No. If you pay AVCs these will be deducted from your pay and paid as an employee pension contribution.

#### **Is Pension Salary Exchange beneficial to Chevron?**

Yes. Chevron also currently makes NI savings.

#### **Will my terms and conditions of employment change?**

Yes, your terms and conditions of employment will change automatically to reflect that you are 'giving up' part of your salary in exchange for Chevron paying your pension contributions, unless you choose to opt out of Pension **Salary Exchange**. Chevron reserves the right to withdraw or amend Pension **Salary Exchange** at any time.

**Will my State pension benefits or other State benefits be reduced as a result of contributing through Pension Salary Exchange?**

In the rare situation where your earnings do reduce to less than the Lower Earnings Limit (£6,396 in the 2024/2025 tax year), this could reduce your State pension entitlement.

There will be no impact on your entitlement to any other State benefits in all or almost all cases.

Chevron will make up any reduction in statutory maternity pay, paternity pay, sick pay or redundancy pay, so these payments are not affected by contributing through Pension **Salary Exchange**.

However, if your salary is reduced to less than the Lower Earnings Limit (£6,396 in the 2024/2025 tax year) your entitlement to certain State benefits (such as Incapacity Benefit and Jobseekers Allowance) may reduce. Your entitlement to tax credits such as Working Tax Credit or Child's Tax Credit will not normally reduce.

**What happens if I go on maternity leave or other family leave?**

Your pay during maternity leave will be unaffected by Pension **Salary Exchange**. Statutory maternity pay is based on your actual earnings in the run up to maternity leave. However, Chevron will make up any reduction so that your maternity pay is unaffected by contributing through Pension **Salary Exchange**. Currently, you continue to pay employee contributions while you are receiving maternity pay. However, these are a percentage of your maternity pay. Following the introduction of Pension **Salary Exchange**, while you will continue to build up **Pensionable Service** during paid maternity leave, Chevron will not be able to reduce your Statutory Maternity Pay to reflect the amount of your contribution.

**As my contractual salary is reduced as a result of Pension Salary Exchange, will this affect the amount of mortgage or loan I could receive?**

Reference letters provided by Chevron for mortgage or loan purposes will refer to both your reference salary (i.e. your contractual salary before Pension **Salary Exchange**) and your contractual salary after Pension **Salary Exchange**. However, Pension **Salary Exchange** is a popular method of arranging pension contributions and accordingly, within the experience of many lenders.

**Will paying Pension Salary Exchange contributions affect my student loan repayments as they are based on my earnings?**

Yes. The amount you are required to pay in student loans will be lower as it is based on your pay after the Pension **Salary Exchange** reduction. Of course, if you pay off your loan at a lower rate, you will end up paying it back over a longer period.

**How long will Pension Salary Exchange be in place?**

The intention is for Pension **Salary Exchange** to remain in place indefinitely. However, as company circumstances and legislation may change, Chevron reserves the right to withdraw Pension **Salary Exchange** without notice or compensation, and reintroduce employee contributions. In this event, your base salary (which would be reduced as a result of Pension **Salary Exchange**) would then be increased by the amount of your Pension **Salary Exchange** which would then be deducted from your earnings and paid as a normal employee contribution.

**Can Chevron change the level of contributions I am required to pay through Pension Salary Exchange?**

Yes. In accordance with the rules of the **Plan**, Chevron reserves the right to change the employee contribution formula for future service (regardless of whether the contribution is paid as an employee contribution or through Pension **Salary Exchange**). Any increases to contributions would also be paid through Pension **Salary Exchange**. However, Chevron currently has no plans to do so.

**In what circumstances will I not be automatically enrolled into the Pension Salary Exchange arrangement?**

Chevron is not permitted to automatically enroll you into the Pension **Salary Exchange** arrangement if this would mean that your earnings will fall below the National Minimum Wage threshold.

**What if I have any further questions?**

If you have any comments or questions regarding Pension **Salary Exchange** please contact a member of the Chevron Total Reward Team ([totalremunerationeur@chevron.com](mailto:totalremunerationeur@chevron.com)).

**Tax Credit Helpline**

For more information about whether **Pension Salary Exchange** would affect your tax credits, please call the Tax Credit Helpline on 0345 300 3900 between 8:00am and 8:00pm Monday to Friday, 8.00am to 4.00pm Saturday and 9.00am to 5.00pm on Sundays.

**State Pension Advice Helpline**

If you would like to find out more about the State pensions, visit [gov.uk/browse/working/state-pension](https://gov.uk/browse/working/state-pension)

If you wish to find out how much pension you will receive, you can obtain online State Pension forecasts at the above site. Alternatively, you can request a forecast by calling the Future Pension Centre helpline on 0800 731 0175, Monday to Friday 9.30am to 3.30pm.

**Financial advice**

If you need help locating a financial adviser in your area, visit [unbiased.co.uk](https://unbiased.co.uk)

## APPENDIX 2

### NEW SECTION – DEFERRED EARLY RETIRMENT TERMS

On the retirement of a deferred pensioner prior to **Normal Pension Age** the process for establishing the pension payable is essentially the following three steps:

**Step 1** – Apply the known increases applicable for the period from date of leaving **Pensionable Service** to the date of retirement.

**Step 2** – Apply the increases that would be anticipated to be applicable to the deferred pension from the chosen date of retirement to **Normal Pension Age**. These assumed rates of increase are set by the **Trustee** having considered the advice of the **Plan's** actuary.

**Step 3** – Apply an early retirement discount to reflect payment of pension for longer and the investment return that will be lost as **Plan** assets will be paid out earlier than otherwise would be the case.

The early retirement discounts that are currently applicable are shown in the table below. In the normal course of events the **Trustee** reviews the factors in conjunction with or shortly after the **Plan's** formal three-yearly actuarial valuation. This was as at 31 December 2022 with advice on the actuarial factors taken in June 2023. The latest actuarial factors came into effect on 1 January 2024. The early retirement discounts depend on the duration (in years and months) between the date of retirement and the date **Normal Pension Age** is attained. **Normal Pension Age** is 65.

Duration from date of retirement to date attains Normal Pension Age (years)	Early retirement reduction (%)
0	0.0
1	7.5
2	14.4
3	20.9
4	26.8
5	32.3
6	37.4
7	42.1
8	46.4
9	50.4
10	54.1

For example, on leaving **Pensionable Service** Jane became entitled to a deferred pension of £10,000 per year, payable from her **Normal Pension Age** of 65. From the date of leaving, Jane's deferred pension increases (broadly) in line with price inflation. Jane left at age 50; she is now 55 and wishes to retire.

#### Step 1

Jane has been a deferred pensioner for 5 years. With inflation over that period being 10% her deferred pension will have increased from £10,000 pa at the date of leaving (age 50) to £11,000 pa at age 55.

#### Step 2

For the 10 years between age 55 and 65, Jane's deferred pension would continue to increase with inflation. Assuming inflation averages 2.5% each year, Jane's deferred pension at age 65 is anticipated to have increased to £14,081 per year.

#### Step 3

The early retirement reduction for retiring 10 years early is 54.1%. Jane's early retirement pension is therefore calculated as  $(100\% - 54.1\%) \times 14,081 = £6,463$  per year.