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**THIS LETTER IS INTENDED FOR BT EMPLOYEES  
WHO ARE EXISTING MEMBERS OF THE BT  
RETIREMENT PLAN (BTRP) ONLY**

Tel: 0800 066 5432

Dear BT Employee

### *The BT Retirement Saving Scheme*

Recently, you received a letter from BT informing you that a new contract based defined contribution pension arrangement would be set up with us, Standard Life. This new scheme is the BT Retirement Saving Scheme (BTRSS). The BTRSS is what is known as a Group Flexible Retirement Plan. This is a product provided by Standard Life on behalf of BT. Each BT employee who joins the BTRSS becomes a member of this group arrangement.

As you are eligible to join, please take time to read through this letter and the other documents in the "I have received the BT communication email" section of the "I am a member of BTRP or SLFPP" page, on the BTRSS website set up by Standard Life, ([www.btretirementsavingscheme.com](http://www.btretirementsavingscheme.com)). This website outlines how the scheme works, the choices you have and the benefits of joining. Please make sure that you read all of this information, especially the Key Features Document which explains the risks and commitment involved.

### **Payment levels**

Your employer sets the payment levels into the plan. The rates are shown below and are expressed as a percentage of your Pensionable Salary. If you are not sure what your Pensionable Salary is or if you would like more information about the payment levels, please ask your employer for details.

If you pay:	BT will pay:	
	from 1 <sup>st</sup> April 2009	from 1 <sup>st</sup> April 2010
4%	5%	6%
5%	7%	8%
6%	7.5%	8.5%
7% and above	8%	9%

You will need to pay at least 4% to qualify for a payment from your employer. BT have advised us that, for current members of the BT Retirement Plan (BTRP) who join the BTRSS, from 1 April 2009 BT will continue to make payments to your pension savings at the same rate as they pay to your current scheme, unless under the new structure you are entitled to a higher employer payment from BT. You can change your payment levels, however if you reduce the amount you pay your matching payment from BT may also be reduced.

A Key Features Illustration of estimated benefits at retirement is included on the BTRSS website. This gives you an indication of what you might receive when you retire.

### **Minimum employer payment guarantee**

If you pay at least 5% of your Pensionable Salary into the BTRSS, BT guarantees a minimum employer payment of £1,250 each year from 1<sup>st</sup> April 2009, rising to £1,500 on 1<sup>st</sup> April 2010. These minimum payments will be applied pro-rata for part-time employees or people who leave during the year.

Please see the Key Features Document on the BTRSS website for information about the minimum and maximum amounts that can be paid to the plan.

### **Payment method**

You have the option to make your employee payments through salary deduction or through an arrangement between you and BT, called salary sacrifice (known within BT as SMART Pensions). With SMART Pensions, BT pays an agreed amount of your salary into the pension fund. SMART Pensions effectively provides immediate full tax relief and also National Insurance savings as your payment is replaced by an employer payment.

This salary sacrifice alters your contract of employment, is deemed (by HM Revenue & Customs) to be a permanent change and reduces your salary. It may affect other statutory / state benefits, transactions and borrowing levels that are based on salary. Please refer to the BTRSS guide or view the SMART Pensions page on the BTRSS website for details. You should obtain advice if you are unsure how this may affect you.

### **Investments**

You can select your own funds from those available to you. The existing BTRP fund range is available through the Standard Life investment platform. This means that if you are an existing member of the BTRP, your payments will be invested in the same funds within the BTRSS if you do not elect to choose alternative investment options during the joining process.

Please refer to your BTRSS booklet and the 'Your Pension Investment Choices' booklet on the BTRSS website for further details of the full range of funds, the BT Core range of funds and the Lifestyle profiles which are available to you.

Once a member of the new plan, you will have the option to switch funds at any time. You can request a switch of funds by accessing your plan details online through the BTRSS website.

### **Charges**

We charge for managing your plan and investments and we take this charge from the fund value. Details of the annual management charge for the full range of funds, the BT Core range of funds and the Lifestyle profiles can be found in 'Your Pension Investment Choices' booklet on the "I am a member of BTRP or SLFPP" page of the BTRSS website. The charges and rebates are not guaranteed and can be altered in the future.

## Arrangement costs incurred by Standard Life

For arranging this plan, Standard Life expects to incur set up costs in the range of:

Your age now Retire at 60	20	35	50
Year 1	£440.70	£440.70	£440.70
Year 2	£55.82	£55.82	£55.82
Final year	£8.52	£4.70	£2.64

Your age now Retire at 65	20	35	50
Year 1	£440.70	£440.70	£440.70
Year 2	£55.82	£55.82	£55.82
Final year	£10.43	£5.73	£3.23

These figures are based on a regular payment of £250 per month, however if you pay more or less then the set up costs will be adjusted proportionately based on the size of the payment being made.

### How do I join?

#### Step 1

Read the 'I am a member of the BTRP or SLFPP' and 'Your Investment Options' sections at [www.btretirementsavingscheme.com](http://www.btretirementsavingscheme.com), paying special attention to the Key Features Document. If you consider that this letter, with the other documents in the joining pack on the website, gives you enough information and you decide you want to become a member of the scheme, please follow steps 2, 3 & 4.

#### Step 2

Accept the Terms & Conditions of employment via the online web form. BT has sent you an email with the relevant details. If you do not have access to the internet, there is a form and a freepost envelope in the back of the booklet we sent you in the post.

#### Step 3

If you have not already joined SMART Pensions you will be able to do so.

#### Step 4

A few days after you have enrolled, Standard Life will post you a secure Username and Password to your home address, which you can use to access your own webpage to make any changes to your investment choices or payment levels.

**You should enrol in the BT Retirement Saving Scheme before 16<sup>th</sup> March if you wish to save for your retirement with BT after 1<sup>st</sup> April 2009.**

**Please note:** if you have completed steps 1 to 3 above but do not complete step 4 by 3<sup>rd</sup> April 2009 your payment level and investment choices will be the same under the BTRSS as they were under the BTRP.

If you don't have access to the internet at work or at home, or you need more information please call the Standard Life Client Management help team on **0800 066 5432**. Lines are open Monday to Friday 8am -7pm, Saturday 9am -2pm.

**Please note we have not provided you with advice about this plan.** If you have any doubts as to the suitability of this plan please seek financial advice. There may be an additional cost if you seek advice from another company.

I hope you take the opportunity to join the BT Retirement Saving Scheme and save for a more flexible retirement.

Yours sincerely

*Alastair Baird*

Alastair Baird  
Senior Employee Communications Manager.