
Employee pension scheme
All about your future
T Mobile
simply closer

This is your guide to the range of valuable 'final salary' pension and death benefits that are available to you through the T-Mobile (UK) Pension Scheme. It gives you the key facts and should answer all your basic questions about the Scheme.

Contents

Introducing you to the Scheme

The T-Mobile (UK) Pension Scheme (the Scheme) is a 'final salary' pension scheme and is run by a Trustee company (T-Mobile (UK) Pension Trustee Limited), which is totally separate from T-Mobile (UK) Limited (T-Mobile).

The Scheme is a registered pension scheme with the HM Revenue & Customs which means that you enjoy tax advantages by being a member.

The benefits

The Scheme provides you and your family with a valuable range of benefits, the main ones being:

- A pension for life once you retire, based on your final pensionable salary and pensionable service
- The opportunity to take part of your pension as a tax-free cash sum at retirement
- The option to retire early, with the consent of T-Mobile, at any time after age 50 (55 from 2010), and receive a reduced pension
- An enhanced pension if you have to retire early due to serious illness or disability
- A tax-free lump sum and a spouse's pension if you die whilst employed by T-Mobile
- The opportunity to pay Additional Voluntary Contributions (AVCs) to boost your pension
- Portability – you may be able to transfer the full value of your pension to another pension scheme, or keep what you earned in the Scheme, if you leave the Scheme before you retire.

Contributions

- You don't pay any contributions to the Scheme, but instead agree to reduce your salary by an amount equal to the pension contributions that you would otherwise pay to the Scheme
- You will pay lower National Insurance Contributions
- T-Mobile pays for the costs of providing your benefits and administering the Scheme.

Contact points

If, after reading this guide, you need to know more, please contact Capita (the pension administrator).

Tel: 0800 169 2085
Email: t-mobilehelpline@capita.co.uk

How we keep you up to date

- Every year you'll get a statement showing you your potential pension benefit at retirement, and death benefits if you were to die before retiring
- Every year you'll receive a report from the Trustee telling you how the Scheme is running
- We will let you know about any changes to the benefits provided to you from the Scheme.

Don't forget

You must remember to keep your nomination form up to date so that those you really care about can benefit from the Scheme if you were to die before retiring.

The Scheme is a registered pension scheme with the HM Revenue & Customs which means that you enjoy tax advantages by being a member

Forms

As an eligible employee you'll have received a pension joining form along with a nomination form in your contract offer pack. To join the Scheme, all you have to do is complete these forms and send them into the recruitment admin team along with your signed contract and any other documents you are asked to provide.

Still deciding whether to join the Scheme?

If you're not quite decided, you can still join the Scheme up to 30 days after starting with T-Mobile. If after 30 days you still haven't joined you may still be able to join at a later date with the agreement of both T-Mobile and the Trustee. In particular you may be asked to go through a health check.

Membership of the Scheme is voluntary. After joining the Scheme, you can opt-out by giving at least one month's notice. You will then be treated as a leaver, as described later on in this guide. If you then wish to re-join at a later date and you are eligible to join, you may be able to join with the agreement of T-Mobile and the Trustee, subject to any conditions that either party specifies.

Personal and Stakeholder pensions

You can join the Scheme and continue to contribute to a Personal or Stakeholder pension scheme. Current legislation means that individuals are eligible for tax relief on pension contributions made to pension funds up to 100% of their earnings in any tax year, so you may build up tax-free pension savings in one or more registered pension schemes, such as Personal or Stakeholder pension schemes. Contributions in excess of 100% of earnings (or, under current legislation, £3,600 if higher) do not qualify for tax relief.

Salary sacrifice

By joining the Scheme, your basic salary is reduced by an amount equal to the pension contributions that you would otherwise pay to the Scheme. This method is tax and National Insurance Contributions advantageous to you and T-Mobile. This reduction in salary does not affect your pension or death-in-service entitlements from the Scheme, or any other benefits (such as pay increases or bonus) that you may be entitled to from T-Mobile which will remain based on your pre-sacrificed salary. In addition, as the Scheme is contracted-out of the State Second Pension, the top-up provided by the State can increase with a reduction in salary.

Please note that if you opt-out of the Scheme but remain employed by T-Mobile, then the salary sacrifice will continue until the following 30 April after you opt-out of the Scheme. This means that your salary will not rise to its 'pre-sacrificed' level until the following May after you opt-out of the Scheme.

> If you're not quite decided, you can still join the Scheme up to 30 days after starting

Transferring in past pensions

In certain circumstances, the Trustee may accept transfers from other pension arrangements. Generally, however, it has decided not to accept transfers. Please contact Capita for further details.

Joining the Scheme

Contributing to the Scheme

Employees joining the Scheme after May 2006 are salary sacrifice members, and do not make contributions to the Scheme. Instead salary sacrifice members agree to have their salary reduced by an amount equal to the pension contributions that they would otherwise make to the Scheme. From 1 April, 2008, the percentage of salary sacrificed is 6.1% of your pensionable salary.

Pensionable salary for the purpose of salary reduction is your basic salary less an amount determined by T-Mobile currently £2,704. Pensionable salary may be capped; you will be told if this applies to you.

T-Mobile meets all the remaining costs of providing the benefits, including the administrative costs of the Scheme. This cost varies but it's usually much more than your contributions.

What if I go on maternity, paternity, parental or adoption leave?

As long as you've complied with the T-Mobile policies for these types of leave the following will apply; if on ordinary maternity leave, ordinary adoption leave or paternity leave, or any longer period during which you are being paid, your pensionable service will continue as normal. You will then sacrifice salary based on the pay (if any) you are receiving.

If you're away from work on another period of paid family leave, you will normally be entitled to benefits for that period based on the pay (if any) you receive. If you do not receive pay, you will normally not be entitled to any benefits during that period. However, if you return to work afterwards, the two periods either side will be treated as continuous (but excluding the break).

Additional Voluntary Contributions (AVCs)

If you want to, you can increase your pension and/or tax-free cash by paying AVCs. All AVCs are paid directly from your salary, giving you immediate tax relief at your highest marginal rate.

The Trustee offers a range of investment funds that you can choose from for investing your AVCs. The Trustee regularly reviews the investment funds offered and may change the funds in which your AVCs are held (including AVCs already made). Any investment fund charges are reflected in the prices of the funds declared by the investment managers.

No-one can predict whether a particular investment choice or investment strategy will produce the desired results. It is your choice to decide how you would like the assets backing your AVC account to be invested within the range of funds available from time to time. The decision you take will directly affect the value of your AVC account and the amount of benefits you draw from it.

When you start drawing your benefits, the fund built up from the AVCs can be taken as tax-free cash, and/or used to buy an annuity (which you would pay income tax on) from an approved insurance company. The choice of annuity bought would be in line with your instructions to the Trustee. The Trustee may deduct any charges or fees incurred when arranging for the annuity to be bought.

If you die before starting to draw your pension, the AVCs would be paid as a lump sum in the same way as for any other lump sums paid upon death from the Scheme.

Making Additional Voluntary Contributions can be a good idea if you want to retire early

Benefits
at retirement

Unless you have been notified otherwise, your normal retirement age is 65. This applies to both men and women.

If you retire from T-Mobile at your normal retirement age, the pension you receive is calculated as:

1/60th

x

Final pensionable salary
(This is the best 12 months' consecutive pensionable salaries in the 36 months prior to leaving or retiring. Pensionable salary is calculated by reference to salary before any reduction for salary sacrifice.)

x

Number of years of pensionable service
(Pensionable service is the number of continuous years and complete months that you were a member of the Scheme, and cannot be more than 40 years.)

=

Annual amount of pension

Therefore, the longer you are a member of the Scheme, the larger your pension will be. You'll be paid your pension every month directly into your chosen bank or building society account. National Insurance Contributions aren't deducted from your pension but you will pay income tax (as per PAYE regulations).

What if I would like part of my pension as a lump sum?
You're allowed to exchange part of your pension for a lump sum payment – under current regulations this lump sum would be tax free. The maximum you're allowed to exchange is normally 25% of the total value of your pension.

Do I have to pay more tax if I have more than one pension?
You are subject to income tax on all pensions, including the State Pension benefits. In addition, if the total of your combined pensions (excluding the State benefits) exceeds the Lifetime Allowance, which is currently £1.65m, you may have to pay further tax. This is a complex area, so we suggest that you take independent financial advice if you have any concerns about the Lifetime Allowance, or any other tax issues.

Pension increases
Your pension will be reviewed every year by the Trustee and any pension earned from 6 April 2006 will generally increase in line with inflation up to a maximum of 2.5% every year. However, different rates of increase may apply in respect of any benefits earned before 6 April 2006 and to any pensions purchased from additional voluntary contributions.

Benefits may be increased over and above these amounts if the Trustee and T-Mobile agree and any necessary contributions are paid.

What if I want to retire before age 65?
If T-Mobile agrees, you may be able to start drawing benefits from the Scheme before you reach age 65. You should keep in mind that the earliest you can start drawing benefits is age 50 (the law is changing and you probably won't be able to start taking benefits until you're at least age 55 from 2010 onwards). If you continue to work for T-Mobile after you start drawing benefits, you may (subject to the consent of T-Mobile and the Trustee) continue to be a member of the Scheme and earn further benefits; special terms may apply however.

If early payment is allowed, your pension will be calculated as set out above and then reduced to take account of its early payment. If you are continuing to work for T-Mobile after starting to draw your pension, T-Mobile may impose special terms in relation to your benefits and will inform you of these.

What if I wish to continue working past age 65?
If T-Mobile agrees to you working past your normal retirement age you will continue to be a member of the Scheme and earn further benefits, up to age 75 at the latest. You will receive a pension when you retire from T-Mobile, or 75 if earlier. If you do continue to work past your normal retirement age you will still be covered by the death- in-service benefits.

What if I wish to retire due to ill-health?
If you're unable to keep working in any occupation (not just your current job with T-Mobile) due to ill-health you might be able to draw your pension early (as long as T-Mobile and the Trustee agree and have received appropriate medical certification). The pension calculation is the same as for normal retirement but you'll also be credited with your potential service to your normal retirement date (based on your final pensionable salary at the date of leaving).

Before this benefit can be paid, the Trustee and T-Mobile must have received advice from a registered medical practitioner confirming that you are, and will be, incapable of carrying out your occupation or other suitable employment because of a physical or mental impairment. Ill-health pensions in payment are reviewable, and may be stopped or changed if the Trustee decides.

You're allowed to exchange part of your pension for a lump sum payment – under current regulations this lump sum would be tax free

Surrendering your pension to your dependants
It may be possible for you to give up part of your pension to one of your dependants once you retire if you have the consent of the Trustee. To find out more, contact the pensions administrator.

Your pension guarantee if you die after your pension starts
Whenever the pension starts, it is guaranteed for five years. This means that if you die within five years of your pension starting (as long as you're still under 75) a lump sum will be paid, subject to certain conditions. This lump sum will be equal to the balance of the remaining guaranteed allowance (disregarding any increases).

Death-in-service: lump sum and spouse's pensions
If you die whilst still working at T-Mobile and you are a member of the Scheme, the Trustee will make a lump sum payment of four times your pensionable salary, plus the value of any AVCs that you may have made. The Trustee decides whom to pay these benefits to, and will take into account your wishes given in your Nomination Form. The Trustee will have regard to, but not be bound by, any nomination you have made as to who you would like to receive this benefit. This payment is normally free of inheritance tax.

The pension will be 2.22% of your final salary (as at date of death) for each year of pensionable service, subject to a maximum of 20 years, which you would have worked if you had remained in pensionable service until your normal retirement age.

If you die whilst working for T-Mobile, you are a member of the Scheme at the time you die and you have started to draw a pension from the Scheme, then any lump sum payable on death in service will be reduced by the amount of any lump sum payable if you die within 5 years of starting to draw your benefits.

Death-in-retirement
If you die in retirement and are married (or have a civil partner), your spouse will receive a pension (as long as you're not separated or living apart when you die). If you're not married or in a civil partnership but in a relationship which closely resembles marriage (and there is financial dependency or interdependency) your partner will generally be entitled to the above – however, there may be differences, particularly if there is also a spouse or civil partner with whom you are not living when you die.

This pension will normally be calculated as 66.67% of your gross pension (ignoring any reduction in the amount of that pension because you have exchanged part of it for cash). However, this may vary depending on the difference between their age and yours.

If you have retired due to ill-health and are receiving a pension from the Scheme, and die before you reach your normal retirement age, a lump sum payment will be made as if you had died in service, less an amount equal to the lump sum you received from the Scheme when you retired.

Children and dependants' pensions
Dependent children will receive a pension until they are 18 (or 23 if they're in full-time education or training approved by the Trustee).

If you die in retirement or while still working for T-Mobile, and you have two or more dependent children, they will receive in equal shares a pension equal to 50% of your spouse's or qualifying partner's pension – as each child becomes ineligible the amount will be altered. If you only have one dependent child he or she will receive 25% of that amount.

If you die after leaving T-Mobile but before coming to draw your pension and you have two or more dependent children, they will receive in equal shares a pension equal to 33.33% of the preserved pension that would have been payable to you at that date (adjusted to take account of inflation) – as each child becomes ineligible the amount will be altered. If you only have one dependent child he or she will receive 16.66% of that amount.

If there is no pension payable to a spouse or qualifying partner, the Trustee can choose to pay the pension which would otherwise have been payable to the spouse or qualifying partner to another dependant, such as an elderly parent.

Where there is no spouse or dependant (other than children) the children's pension will be double all the amounts set out above.

Pension increases for spouses' and children's pensions
Children's, dependants' and spouses' pensions increase at the same level as normal retirement pensions.

Leaving the Scheme

If you leave the Scheme and do not take an immediate pension as described earlier in this guide, then your benefits and options, where applicable, are as given below. You should note that upon leaving the Scheme, you will cease to earn any future benefits and will not be covered for any death-in-service benefits.

The benefits available to you when you leave the Scheme will depend upon the length of time that you have been a member of the Scheme.

Leaving the Scheme with less than three months of pensionable service

If, when you leave the Scheme, you have less than three months pensionable service, the Company will pay you a cash refund equal to the amount of contributions you would have paid to the Scheme had you not been a salary scheme member, less an amount equal to the premium the Trustee will pay to the Inland Revenue to re-instate you into the State Second Pension, less income tax at your highest marginal rate. The Trustee will pay you a cash lump sum equal to the value of any AVCs you have paid, less tax at your highest marginal rate. No benefits will be held for you or any of your dependants from there on within the Scheme.

Leaving the Scheme with more than three months but less than two years pensionable service

If when you leave the Scheme, you have completed more than three months but less than two years pensionable service, you can either choose to transfer the value of your pension benefits (including the value of employer contributions) to another registered pension scheme, or to receive a cash refund as described above.

You will receive full details of these options at the time you leave the Scheme, including the time limits for exercising your options. If you do not respond within the time limit given, you will automatically receive a cash refund. With either option, no benefits will be held for you or your dependants from there on within the Scheme.

Leaving the Scheme with more than two years pensionable service

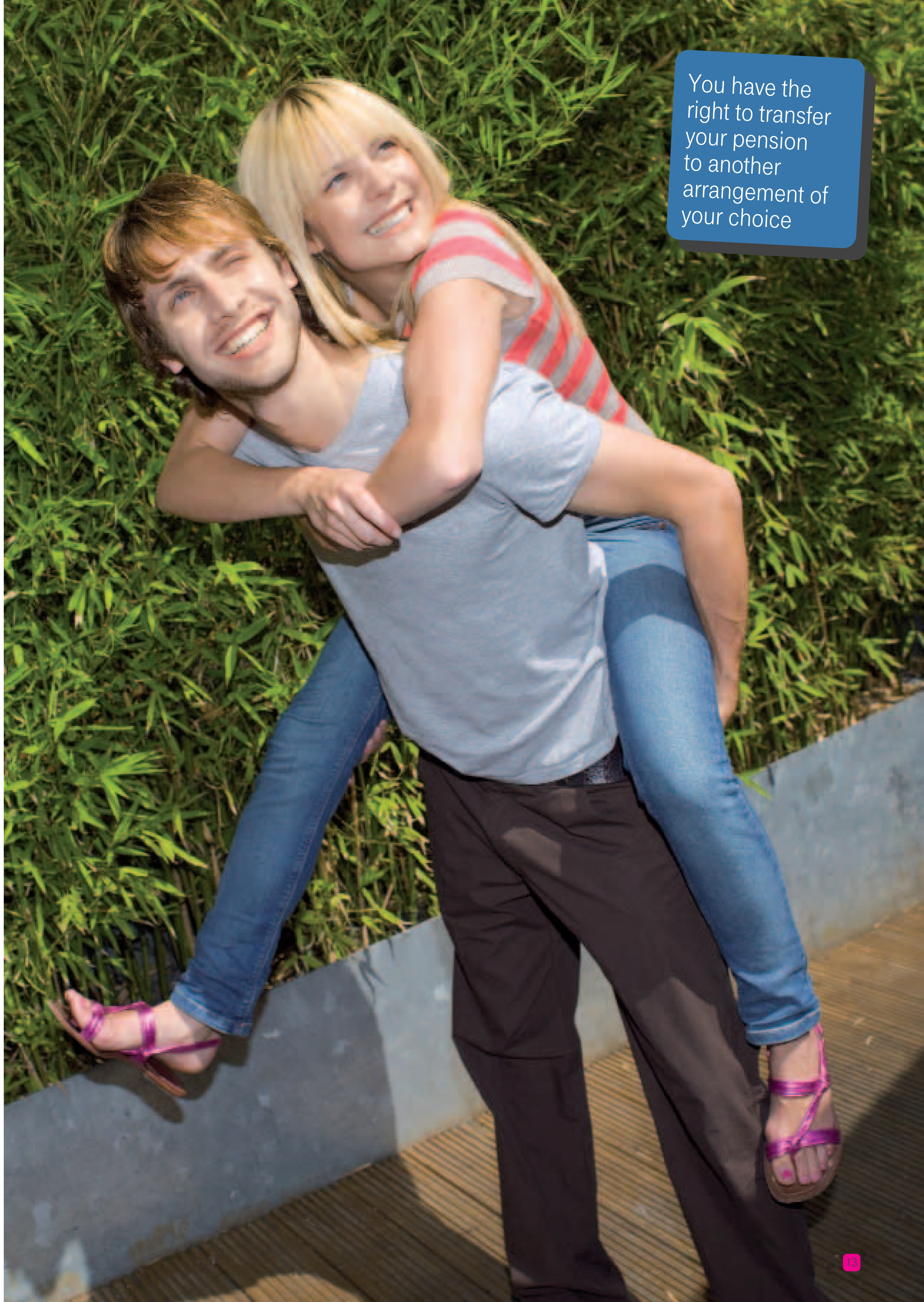
If you leave the T-Mobile Scheme with more than two years pensionable service you will be entitled to receive your pension at normal retirement date. You will be known as a 'deferred pensioner'. Your pension will be calculated on the same basis as a normal retirement pension, but based on the number of years of your pensionable service and your pensionable salary at the date you leave T-Mobile, and will be increased annually between your date of leaving the Scheme and when you start your pension.

If you die before drawing your 'deferred pension', a lump sum (five times your current annual deferred pension) plus the value of any additional voluntary contributions you have made (AVCs), will become payable. The Trustee will have regard to (but not be bound by) any nomination you have made as to who you would like to receive this benefit. This usually means that the recipient(s) of this sum will be free of paying inheritance tax on the lump sum.

If you die after leaving T-Mobile but before drawing your pension, a spouse's pension or a qualifying partner's pension will be payable. Its value will be 40% of the preserved pension that would have been payable to you at that date (adjusted to take account of inflation).

You have the right to transfer your pension to another arrangement of your choice. The value of your benefits will be determined by the Trustee on the advice of the scheme actuary on a statutory basis called the "cash equivalent" basis. If you wish to know the value of your benefits, please contact the pensions administrator for an estimate. If you decide that you wish to transfer your benefits to another arrangement, you can then write to the pensions administrator, who will supply you with a statement of your cash equivalent transfer value that applies for a certain period. Provided your benefits are transferred within this period, the amount of that transfer value will be guaranteed.

We recommend you obtain independent financial advice if you are considering transferring your benefits.



In addition to the benefits you build up in the Scheme, you may also be entitled to certain State Pension benefits.

The Basic State Pension (BSP)
Membership of the Scheme does not affect your entitlement to a BSP. The amount of your BSP is related to your National Insurance (NI) contributions made during your working lifetime.

If you want an estimate of your State Pension, you can request a forecast from the Department for Work and Pensions. It will show you, in today's money, the State Pension you have already earned and what you can expect to have earned by State Pension age. To get a forecast, you can contact the retirement Pension Forecasting Team at:

State Pension Forecasting Team
Future Pension Centre
The Pension Service
Tyneview Park
Whitley Road
Newcastle upon Tyne
NE98 1BA

Details can also be obtained from their website, which is www.thepensionservice.gov.uk
Enter BR19 into the search facility.

The State Second Pension
With effect from 6 April 2002, the State Earnings Related Pension Scheme (SERPS) was replaced by the State Second Pension (S2P). This pension is in addition to the BSP.

To find out how much SERPS/S2P you can expect when you retire, contact the State Pension Forecasting Team (see above).

Contracting-out
The Scheme is contracted-out of the State Second Pension. This means that you pay lower National Insurance Contributions but do not earn any entitlement to S2P whilst you are a member of the Scheme.

If you want an estimate of your State Pension, you can request a forecast from the Department for Work and Pensions

State Pension
benefits and contracting-out

Getting help and further information

About the Scheme

The Scheme is a registered arrangement under the terms of Part 4 of the Finance Act 2004, and is described in detail in the Trust Deed and Rules – the legal documents governing the Scheme and its operation.

The Scheme is managed by a Trustee Company (T-Mobile (UK) Pension Trustee Limited) which is totally separate from T-Mobile. The Trustee Company has seven Trustee directors, of whom four are chosen by T-Mobile and three are elected by scheme members.

This guide is only a summary of the detailed technical provisions of the Scheme. Its formal legal terms are governed by a set of Rules, and the Rules will override this guide in the event of any inconsistency between them. In particular, this guide is subject to the powers in the Rules to wind up and amend the Scheme.

The Scheme has been registered with the Pensions Regulator and information is passed to the Pensions Protection Fund, which may provide benefits to members in the event of T-Mobile becoming insolvent and there being insufficient assets in the Scheme to pay all member's pensions.

Assigning your benefits

Your benefits from the Scheme are strictly personal and cannot be given to anyone else (except by court order in the case of divorce).

For more information about any aspect of your Scheme benefits, contact the administrators, Capita.

Queries and problems

The Trustee aims to ensure that the Scheme is administered and managed to high standards, but it is possible there may be times when you are unhappy about something concerning your benefits or another matter relating to your Scheme membership.

Although the Trustee has set procedures for resolving complaints and disputes about matters relating to the Scheme (i.e. the internal dispute resolution procedure described below) any query or problem should initially be referred to Capita. If, after referring your query or problem to Capita, you are still unhappy about the matter, you may then wish to consider making a formal complaint through the internal dispute resolution procedure.

The Scheme has a two-stage internal dispute resolution procedure. If you wish to raise a complaint in relation to the Scheme, please write to the Pensions Manager (c/o T-Mobile at Hatfield Business Park) in the first instance. If you are not satisfied with the response, you can proceed to the second stage, when your complaint will be considered by the full Trustee board. If you are then still not satisfied with the response, you may approach The Pensions Advisory Service (TPAS) for assistance and ultimately take your complaint to the Pensions Ombudsman.

The Pensions Advisory Service

The Pensions Advisory Service is available at any time to assist members and other people with rights to benefits from the Scheme in connection with any:

- ➔ Pensions query they may have; or
- ➔ Difficulty which they have failed to resolve with the Scheme's Trustees.

Pensions Ombudsman

The Pensions Ombudsman may investigate and determine any complaint or dispute of fact or law in relation to occupational pension schemes.

The Pensions Regulator

The Pensions Regulator is the regulatory body for work-based pension schemes in the UK, replacing OPRA (the Occupational Pensions Regulatory Authority) in April 2005. It has the right to intervene in the running of schemes where trustees, employers or professional advisers have failed in their duties.

Pension Tracing Service

If you have pension benefits in another pension arrangement and you lose touch with the former employer or the providers of the pension scheme, there is a pension tracing service provided by the Department for Work and Pensions (DWP).

Office of the Information Commissioner (Data Protection)

Information about you and any dependants who may benefit from your membership of the Scheme is held on computer and within personal files. The Trustee needs to hold this information for the purposes of administering the Scheme, and calculating and paying benefits, it may also be necessary for the Trustee to pass this information to the Scheme actuaries, auditors, legal advisers and other third parties for the purposes of administering the Scheme. Therefore the Trustee is registered under the Data Protection Act 1998.

The Data Protection Act gives you the right to check your personal details held by the Trustee and you may do this by contacting Capita. The Trustee reserves the right to charge for providing these details. In cases of dispute you may refer any date issue to the Office of the Information Commissioner.

You should check the personal details given on your annual benefits statement, and let Capita know of any changes.

Contracted-out helpline

If you have a question about Contracting-out of the State Second Pension (S2P), HM Revenue & Customs: National Insurance Services to the Pensions Industry (NISPI) may be able to help you, although they will not be able to give you financial advice.

Capita Hartshead
Pensions Administrator for T-Mobile UK
Erskine House
68-73 Queen Street
Edinburgh
EH2 4NH

Tel: 0800 169 2085
Email: t-mobilehelpline@capita.co.uk

The Pensions Advisory Service
11 Belgrave Road
London
SW1V 1RB

Tel: 0845 601 2923
Fax: 020 7233 8016
www.pensionsadvisoryservice.org.uk

Pensions Ombudsman
11 Belgrave Road
London
SW1V 1RB

Tel: 020 7834 9144
Fax: 020 7821 0065
www.pensions-ombudsman.org.uk

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW

Tel: 0870 6063636
Fax: 0870 2411144
Email:
customersupport@thepensionsregulator.gov.uk
www.thepensionsregulator.gov.uk

Pension Tracing Service
The Pension Service
Whitley Road
Newcastle upon Tyne
NE98 1BA

Tel: 0845 600 2537
www.thepensionservice.gov.uk

Information Commissioner's Office
Wycliffe House
Water Lane
Wilmslow
Cheshire
SK9 5AF

Tel: 01625 545745
www.dataprotection.gov.uk

HM Revenue & Customs: NISPI
Customer Support Team
Benton Park View
Newcastle upon Tyne
NE98 1ZZ

Tel: 0845 915 0150