

**Name**  
**Address1**  
**Address2**  
**Address3**  
**Address4**  
**Postcode**

22nd April 2016

Dear **xxxx**

### **State pension reform – end of contracting-out**

You will have seen the general announcement confirming that the consultation period on the proposal to increase the pension contributions ended on 29th January 2016. Many thanks if you were one of the people who responded to the proposal during the consultation period.

The Company has seriously considered the responses received and has been in discussions on its proposal with the IDU and the Management Forum. Because of the timing of this proposed change the matter was considered as part of the 2016 pay deal discussions with the IDU who hold the negotiating rights with the AA. The Company are mindful that most of the individuals who are affected are IDU members and are represented on pay and conditions matters by the IDU negotiating team.

The Company was prepared to recognise the IDU's request, the representations from the Management Forum and from individual respondents, for it to part fund some of the increase to your pension contributions. This was considered during the Company management / IDU discussions on pay for 2016. The Company confirmed that it could only part fund the additional contribution by allocating sums from the pot of money set aside for the 2016 pay deal. However, the IDU recently confirmed that it did not support this option and instead favoured using this pot for an across the board increase. This confirmation effectively closed the door to using funds from the 2016 pay deal pot. There are no other sums set aside in the 2016 budget for the Company to fund any part of the increase to your pension contributions.

As such, this letter confirms that the Company's final decision is to pass the contribution increase of 2.85% onto you with effect from 1st May 2016. The appendix sets out the options available to you in light of the Company's decision. One very important date for you to be aware of is 23<sup>rd</sup> May 2016, which is the cut-off date for you to notify the Pensions Department of the option you wish to choose.

Relevant details of what it means to you are also set out in the appendix. This information has also been made available on the pensions website [www.AApensions.com](http://www.AApensions.com).

You have a decision to make and this pack is designed to give you all the information you need to help you make that decision. If you have any questions, please send them to [AAemployeeservices@theaa.com](mailto:AAemployeeservices@theaa.com).

Please note that the Trustee has been kept up to date with the consultation process and has received a copy of this letter.

Yours sincerely

A handwritten signature in black ink, appearing to be 'R. ...', written over a horizontal line.

**For and on behalf of the Pensions Department, AA Developments Limited**

Enc. Decision making flowchart, decision form and application forms

Note. If you are a weekly paid employee the current pension contributions arrangements will remain unchanged for the first two weeks of May 2016. Arrangements may change dependent on your choice of option for the third working week of May 2016. If you are a monthly paid employee any choice you make to change your arrangements will take effect from 1<sup>st</sup> May 2016 and be reflected in your May pay.

