

June 2018



PENSION
FUND

ICI Pension Fund - Closed AVC Options

There are AVC options that are no longer open and therefore cannot accept transfers from other AVC funds. Some members are still invested in these funds.

With-Profits

With-Profits policies are medium to long-term funds offered by insurance companies. The money you invest is pooled together with money from other investors in the insurance company's With-Profits Fund and invested in different types of assets, such as shares, property, bonds and cash.

The insurer gives you a share of profits in the form of annual bonuses added to your policy. You may also receive a 'terminal bonus' when your policy matures. The amount of profit you earn depends mainly on the performance of the investments in the With-Profits Fund.

The insurer usually tries to avoid big changes in the size of the bonuses from one year to the next. It does this by holding back some of the profits from good years to boost the profits in bad years – this process is called 'smoothing'.

Usually, once added, bonuses can't be taken away. But the insurance company can claw back some or all of the bonuses paid by making a Market Value Reduction (MVR) – or Market Value Adjustment (MVA) – to your policy if you surrender early. This is most likely in times of adverse investment conditions like a stock market crash.

For With-Profits investment, the rate of future bonuses cannot be guaranteed. Final bonus may vary and is not guaranteed.

Fund Name	Description and risk	Charges
Equitable Life With-Profits	<p>Equitable Life mostly hold investments which give a fixed return in order to meet the guaranteed benefits when they fall due.</p> <p>These investments provide some stability in the value of the fund. You should also note that the Equitable Life With-Profits Fund contains a 3.5% a year guaranteed investment return.</p> <p>While fixed return investments provide protection when investment prices fall, they limit the money the fund earns when investment prices rise. So, by investing to meet the guarantees under the policies, the long term benefits may be lower than if there were no guarantees.</p> <p>The long-term aim of Equitable Life has been to ensure the fair and prompt distribution of the assets held within the With-Profits Fund to its policyholders. It does this by increasing the payments made to policy holders at the time they leave, a process known as the Capital Distribution.</p> <p>Equitable Life has told us that if members choose to put some or all of their With-Profits AVC pot towards the Pension Commencement Lump Sum, or choose to take all of the pot as cash, or choose to transfer the pot to another provider, to take advantage of other flexibilities, or to buy an annuity, the amount paid will be the greater of (a) the policy value plus the 35% Capital Distribution, and (b) the guaranteed value of the benefits. Your benefit statement from Equitable Life will show you whether or not you have a guaranteed value.</p> <p>We understand from Equitable Life that, if members choose to switch to other funds available in the Fund, or transfer the With-Profits AVC pot to another provider for reasons other than taking your benefits flexibly, or continue to work for the Company after your Normal Retirement Date having drawn your Equitable Life benefits, the transfer value will include the 35% Capital Distribution.</p> <p>Equitable Life has recently announced that it is determined to distribute greater amounts of capital to policyholders and expects to be able to provide an update in late June following the 2018 Annual General Meeting on 31 May 2018.</p> <p>You should refer to the Equitable Life website for further details on the Capital Distribution policy before making any decisions in respect of transferring your with-profits policy: www.equitable.co.uk</p>	<p>1%</p> <p>Equitable Life reserves the right to apply a financial adjustment if you leave the With- Profits fund other than on retirement or death. It is not applying this financial adjustment as at the date of this communication but could introduce this adjustment in the future.</p>

Fund Name	Description and risk	Charges
Prudential With-Profits (ex-Holden members only)	<p>The fund offers the prospect of competitive long-term real returns whilst smoothing the peaks and troughs of day-to-day market movements. Investment returns are passed to policyholders through bonuses. The fund is invested in a diversified portfolio of UK and overseas shares, bonds, property and cash.</p> <p>A significant proportion of the fund is invested in shares and property which aims to produce attractive long term returns, but the return on these assets can be volatile and so the fund is actively managed to optimise the returns while controlling risk.</p>	Prudential does not disclose the charges for this fund. If you move money out of the With-Profits Fund a Market Value Reduction may be applied, which would cause the value of your fund to fall.
MGM With-Profits Fund (ex-Holden members only) This is now held by Scottish Friendly	<p>The aim of is to provide a fair return that broadly reflects the experience of the MGM Sub-fund.</p> <p>The aim of the investment strategy is to maximise the returns to those With-Profits policyholders whilst preserving the ability of the MGM Sub-fund to meet the guarantees it has given. In determining the mix of assets between asset classes, the investment strategy will take into account the financial strength of the MGM Sub-fund, its ability to meet regulatory capital requirements, and the long-term expected returns anticipated for each asset category, together with their volatility.</p> <p>The MGM Sub-fund may invest in assets which would not normally be traded, provided it can be demonstrated that such investments are likely to have no adverse effect on the interests of the With-Profits policyholders.</p> <p>Final bonuses may be added or Market Value Reductions (MVRs) deducted from partial or complete policy surrenders, except at the maturity date of the contract.</p>	Not provided. Units are cancelled to cover some or all of the following charges: initial and/or administration charge, policy fee, cost of risk benefits.

Details of the unit-linked funds available to ex-Holden members can be found on the next page.

Unit-linked funds

All of the funds listed below were only available to ex-Holden members:

Fund Name	Description and risk	Charges
Prudential UK Equity Fund	The fund invests in the shares of UK companies. Prudential rate this as a higher risk fund as it is a specialist equity fund that focuses on a geographical region.	0.75%
Prudential Global Equity Fund	The fund invests in the shares of UK and overseas companies. Prudential rate this as a medium to high risk fund as it offers a diverse geographical spread of equity investment	0.75%
Prudential International Equity Fund	The fund invests in shares of overseas companies. Prudential rate this as a medium to higher risk fund. The fund offers a diverse geographical spread of equity investment.	0.75%
Prudential UK Property Fund	The fund invests in UK commercial property, including retail, office and industrial properties seeking returns through a combination of rental income and capital growth. Prudential rate the fund as medium risk.	0.75%
Prudential Discretionary Fund	The fund provides a balanced approach to investment, holding a mix of UK and overseas company shares, bonds, property and cash. Prudential rate this fund as medium risk.	0.75%
Prudential Fixed Interest Fund	The fund invests mainly in UK government gilts. Prudential rate this fund as lower to medium risk.	0.75%
Prudential Index-linked Fund	The fund invests mainly in UK Government index-linked gilts, typically over a five years to maturity. Prudential rate this fund as medium risk	0.75%
Prudential Deposit Fund	The fund earns a variable rate of interest. The current practice, which can be reviewed at any time, is to set the interest rate on the first of each month, in line with the Bank of England base rate at the time. Any interest is declared monthly. Prudential rate this fund as minimal risk. Please note, this fund was closed to new investors from 31 May 2017, however, if you have previously paid contributions (and still hold assets in this fund) it is possible to recommence paying contributions to this fund.	0.75%
MGM Managed Fund This is now held by Scottish Friendly	The fund aims to achieve a balance of capital growth and capital preservation from a portfolio of UK and international equities, corporate bonds, government issued fixed income investments, cash and property	1.25%

Contact details

For more information about your AVC pot, please contact the Fund Administrator.

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