



July 2015

Dear Member,

### **ICI Pension Fund**

I am very pleased to report the significant further steps the ICI Pension Fund Trustee has taken recently to improve the financial security of your benefits over the long-term.

#### **Additional Company contributions**

As required, an actuarial valuation of the Fund has been carried out as at 31 March 2014, which showed a funding shortfall. The Trustee is pleased to have reached agreement with the Company, Imperial Chemical Industries Ltd (ICI) for the payment to the Fund of Company deficit contributions totalling £978.5 million over the period from 31 March 2014 to 31 January 2021, which replaces the earlier agreement with the Company to pay contributions totalling £535.5m over the period from 31 March 2014 to 31 January 2017.

Despite challenging financial market conditions, a funding update as at 31 March 2015 showed that the funding level had improved since 31 March 2014. This was largely due to the payment of a Company deficit contribution in January 2015, helped by the investment strategy implemented by the Trustee which seeks to track changes in the Fund's liabilities.

A formal summary funding statement, which provides more detailed information, has been added to the Fund's website at [www.icipensionfund.org.uk](http://www.icipensionfund.org.uk). If you wish to receive the summary funding statement by post, please contact the Fund Administrators, Towers Watson, using the details below.

#### **Risk reduction**

Since March 2014, the Trustee has continued to take important steps in its strategy to reduce risk for the Fund and increase the security of your benefits with the purchase of four more bulk annuity policies (also known as 'buy-ins'). The Trustee believes that these policies increase the security of your benefits in the long-term by protecting the Fund against increases in life expectancy. The Fund now has six buy-in policies, three with Legal & General and three with Prudential, which in aggregate total approximately £5.4bn of the Fund's assets and provide income to the Fund in respect of a substantial proportion of total member benefits. In addition, the Trustee has carried out a number of other initiatives designed further to reduce risks to the value of its investments. Your benefits from the Fund are not changed by the purchase of buy-in policies and all pensioners will continue to receive their pensions from the Fund each month as normal.

This letter and the enclosed buy-in Question and Answer sheet are provided for your information only and you do not need to take any action. Further information relating to the Fund can be found on the Fund's website at [www.icipensionfund.org.uk](http://www.icipensionfund.org.uk) or if you have any further questions, please contact the Fund administrators, Towers Watson, on 0800 916 8021 or by email at: [ici@towerswatson.com](mailto:ici@towerswatson.com).

Yours faithfully,

A handwritten signature in black ink that reads 'David J Gee'. The signature is written in a cursive style with a long, sweeping tail on the letter 'e'.

**David J Gee**