ICI PENSION FUND

Handbook for members of the Holden Section

June 2018

Welcome

Welcome to the ICI Pension Fund (the "Fund") handbook for members of the Holden section of the Fund.

This handbook takes you through the benefits you may be entitled to before and after your retirement. It also outlines the benefits your dependants may receive in the event of your death.

Why do I have a new handbook?

Since the last handbook was published, there have been changes to the pension benefits earned by Active members of the Fund, as well as changes in pensions law which affect the Fund overall. Although you have been informed about the most important changes to the Fund through the Company's consultation documents and in our annual newsletter, we decided to publish this new handbook to give you an up-to-date summary of how the Fund works and the benefits it provides.

How do I use it?

The handbook isn't necessarily meant to be read from cover to cover. Keep it in a safe place and use it to refer to when you want to know more about a particular subject.

The contents page opposite will help you find your way around. The Fund has three types of member and you'll see a symbol which shows you where a section is particularly relevant for you.

Look out for:

A ACTIVE

Active member
If you are still working for a Sponsoring employer and building up benefits in the Fund.

D DEFERRED

Deferred member
If you are not building up benefits in the Fund (either because you have opted-out or you no longer work for a Sponsoring employer) and you haven't yet taken your pension from the Fund.

P PENSIONER

Pensioner
If you are already a Pensioner.

The Fund is governed by its Trust Deed and Rules and by UK law.

This handbook provides a summary of the main benefits provided by the Fund for members who were previously in the Holden UK Retirement Benefits Plan (the Holden Plan) and are now in the Fund's Holden section.

As it is just a summary, it can't cover everything to do with your benefits and the Fund. If there is any difference between this handbook and the Trust Deed and Rules, then the Trust Deed and Rules will apply. You will not be entitled to any rights or benefits implied by any error in this handbook.

The Trust Deed and Rules change from time to time, normally as a result of a change in the law. This handbook has been prepared based on the current Holden Rules and the law at the time of publication, which may change. Please contact the Fund Administrator if you would like more information.

Contents

Jargon Buster

In the folder with this handbook, we have included a 'jargon buster'. We have tried to avoid jargon where possible. However, there are some specific pensions terms and phrases which are impossible to avoid so we have explained them there.

Overview

What are the benefits of Fund membership?

The Fund provides benefits based on your final earnings and the length of time you paid into it. This type of workplace pension scheme is known as a Defined Benefit Pension Scheme.

In a nutshell

Membership of the Fund can give you:

- A regular income in retirement;
- A cash sum when you retire;
- Benefits for Dependants should you die;
- Help if you suffer from serious ill health before you retire; and
- A tax-efficient way of contributing towards your financial future.

As well as providing you with a pension income, the Fund provides a range of other options that may be available to you, including the opportunity to exchange part of your pension for a tax-free cash sum, an early retirement ill-health pension and some flexibility on when you take your benefits. It also offers some protection for your Dependants on your death.

How we work out your benefits, how much you pay in and details on the range of options available are covered in this handbook.

The Fund is now closed to new members.

Getting further information

Website – www.icipensionfund.org.uk

The Fund has an extensive website with lots of information about the Fund, including a list of answers to Frequently Asked Questions, past editions of newsletters, Fund accounts, financial statements and Fund valuations.

There is also a dedicated area of the website for family, Dependants and potential beneficiaries and links to other pension-related websites and organisations.

You will also find a direct link to the Fund Administrator's email address – click on the 'Contact us' tab.

A D

Beware of pension liberation fraud

The Trustee is aware of a significant increase in cases of members of the public being contacted by scammers pretending to be financial advisers or similar pensions professionals but who are attempting, all too often successfully, to trick them out of their hard-earned pension benefits. The Pensions Regulator has outlined six steps to help you keep your benefits safe:

1. Never give out financial or personal information to a cold caller. Registered financial advisers will not cold call you.
2. Find out about the company's background online using trusted sources. For example, any financial adviser should be registered with the Financial Conduct Authority (FCA). You can check the FCA's website: **www.fca.org.uk** or you can ring them free on 0800 111 6768.
3. Ask for a statement showing how your pension will be paid at retirement or when you want to begin taking it, and question who will be looking after your money until then.
4. Speak to an independent financial adviser who is not associated with the proposals you have received for unbiased advice.
5. Beware of unregulated investments offering 'guaranteed returns'.
6. Never be rushed into agreeing to a pension transfer.

Remember that if it sounds too good to be true, it probably is.

You can read more about pension scams and how to protect yourself on the Pension Regulator's website at **www.tpr.gov.uk/pension-scams**.

Finally, if you think you may have been scammed, or have been targeted by scammers, please inform the Fund Administrator and Action Fraud immediately. Willis Towers Watson is the Fund Administrator and their contact details are on the left. You can call Action Fraud on 0300 123 2040.

Email

You can email the Fund Administrator at **ici@willistowerswatson.com**

Telephone

0800 916 8021 – you can speak with the Fund Administrator between 9am and 5pm, Monday to Friday.

Write

You can write to the Fund Administrator at:
ICI Pension Fund
Willis Towers Watson
PO Box 545
Redhill
Surrey
RH1 1YX

For security reasons, we're unable to accept changes to any of your personal details or pension benefits over the telephone or by email. Such changes must be made by notifying the Fund Administrator by letter or form to the address above.

A ACTIVE D DEFERRED P PENSIONER

Benefits paid in retirement

A D

What happens when I retire?

Once you retire, your pension will normally be paid to you for the rest of your life. You have various options available to you at retirement, so it is important you pick the right option for you.

In a nutshell

- Before you retire, the Fund Administrator will send you a statement, based on your membership record, showing the projected amount of your pension and the tax-free lump sum available.
- Once in payment, your pension will normally increase on 1 October each year to help offset inflation.
- There may be benefits available to your family on your death.
- Your Normal Retirement Age (age 65 for most people) is when you can take your benefits in full. You might be able to retire earlier although your benefits may be reduced as they will be paid for longer.

You can look up these terms and how we work out your Final Pensionable Salary in the Jargon Buster supplied with this handbook.

A D

How do you work out my retirement benefits?

To work out your pension benefits we consider how long you were earning benefits in the Fund and your income. Here is an example of how it currently works.

A pension for life

A pension is generally paid to you of 1/60 of your Final Pensionable Salary multiplied by your Pensionable Service (the number of years you were an Active member of the Fund).

There is a maximum of 40 years' Pensionable Service and in certain circumstances your benefits may be increased in order to comply with the law on the equal treatment of men and women.

A tax-free lump sum

When you take your benefits, you will be given a one-off opportunity to give up some of your pension for a tax-free lump sum. You can normally take up to 25% of the value of your pension in this way, so long as this doesn't reduce your pension below a certain level.

The Fund Administrator will send detailed figures to you when you retire. If you paid Additional Voluntary Contributions, please turn to page 7 to find out about your retirement options.

People like you

Jack builds up a pension of 1/60 of his Final Pensionable Salary for each year he is an Active member of the Fund.

Jack retires after 10 years with a Final Pensionable Salary of £30,000.

Therefore Jack's pension is:
£30,000 x 10/60 = £5,000 a year

Additional Voluntary Contributions

If you were a member before 6 April 2006, you may have chosen to pay Additional Voluntary Contributions (AVCs) to provide additional benefits.

There are likely to be several ways you can use your AVC pot at retirement. These include:

- Putting the AVC pot towards some or all of your tax-free cash sum. This allows you to boost the pension you receive from the Fund as it will reduce the amount of pension you give up in exchange for cash.
- Taking your whole AVC pot as a single lump sum with 25% being paid free of tax and the rest taxed as income.
- Purchasing an annuity policy from an insurance company. This will pay you a regular income. It's important that you shop around to get the best deal for you. We recommend that you speak to an independent financial adviser if you would like to explore this option.
- Transferring your AVC pot to another Registered Pension Scheme. Other funds may provide you with different benefits and different options for accessing your benefits so it's best to seek financial advice to find out what is best and most appropriate for you.

The Fund Administrator will send detailed figures to you when you retire.

What happens if my pension is small?

You may be able to take your pension from the Fund as a one-off cash lump sum if:

- you're over the age of 55; and
- the total value of your pension in the Fund is less than £10,000; or
- the total value of all your pensions (not just from the Fund but in all other Registered Pension Schemes you may have) is less than £30,000.

It's important to note that only the first 25% of your cash sum will be paid tax free. If you take this option, you will give up all rights to a pension from the Fund for you, your Spouse, and any other Dependants.

Finding a qualified financial adviser

It is best to consult an independent financial adviser before making a final decision on how to take your benefits. Information about finding a financial adviser and seeking financial advice is included on the back of this handbook.

When will I be told about my retirement options?

The Fund Administrator will contact you six months before you reach your Normal Retirement Age. If you would like to take early or late retirement please let them know. Their contact details can be found on page 5.

A D

When will my pension be paid?

You can take your benefits in full when you reach your Normal Retirement Age. This is currently age 65 unless:

- You are a woman who joined the Holden Plan before 1 October 1991 and left before 1 December 1994 in which case your Normal Retirement Age is age 60; or
- You have been informed by your Employer that you have a different Normal Retirement Age.

N.B. Please note that the Fund has made provision to adjust the pension of certain members in order to comply with the law on equal treatment of men and women.

How are my benefits taxed?

In accordance with current tax rules, you pay income tax on your pension when it comes into payment. Your pension will be paid net of income tax and the amount of tax deducted will depend on your tax code. You won't have to pay National Insurance contributions once you reach your State Pension Age.

Tax treatment of pensions paid overseas depends on whether there is a double taxation agreement in place with the United Kingdom.

Remember you may be entitled to a tax-free lump sum at retirement which is usually up to 25% of the total value of your Fund benefits.

Finally, where the Trustee has discretion to determine the recipient of your lump sum death benefit, this amount will usually be free of inheritance and income tax (except where paid to your estate).

Does my pension increase in payment?

Yes. Your pension will be increased on 1 October each year as follows:

1. For service, up to and including 5 April 1997: 3%
2. For service between 6 April 1997 and 30 June 2000: the lower of the increase in the Retail Prices Index and 5%, subject to a minimum increase of 3%.
3. For service from 1 July 2000: the lower of the increase in the Retail Prices Index and 5%.

Increases to your pension do not include any part of your pension that you exchange for a cash lump sum.

What happens to my pension after my death?

The payment of your pension will cease on your death. In some circumstances a pension will be paid to your Spouse or Dependants and more details can be found in the 'Benefits payable on your death' section.

How does the State Pension work and how much will I get?

The State Pension became much simpler for people reaching State Pension Age on or after 6 April 2016. It's now a flat rate, single amount which replaces the two-tiered structure of the Basic State Pension and the State Second Pension. This is how the new system works:

Generally-speaking, if you have paid qualifying levels of National Insurance contributions for 35 years or more you are entitled to the full amount of the State Pension. If you have between 10 and 35 years' worth of qualifying National Insurance contributions you will receive a proportion of the full amount. If you have less than 10 years, you will not usually qualify for the State Pension under the new system.

However, if you were an Active member of the Fund or another contracted-out pension scheme before 6 April 2016, the starting amount of your State Pension will be reduced to take into account benefits provided by the Fund and/or other contracted-out schemes in substitution for state benefits while you were contracted out under the old State Pension system (see 'Contracting out' in the Jargon Buster for an explanation of this).

You can find out more about the State Pension at **www.gov.uk/new-state-pension**

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Can I retire before my Normal Retirement Age?

You may be able to take your benefits earlier than your Normal Retirement Age.

Unless you're suffering from ill health, you must be at least 55 years old before you can start taking your benefits and this is set to rise to age 57 from 2028. If you decide to take early retirement, your pension will be reduced (using a formula determined by the Actuary) to take account of the fact that it is likely to be paid for longer.

If you are under the age of 60 you will need the consent of the Trustee, and your Employer if you are still working for a Sponsoring employer, in order to take your benefits early.

If you are over the age of 60, Trustee and Employer consent is not required. However, your pension must be greater than the Guaranteed Minimum Pension (explained in the Jargon Buster supplied with this handbook) in order to take it early.

Please ask the Fund Administrator for an early retirement quotation if you are considering this option.

A D

Can I delay my retirement beyond my Normal Retirement Age?

Yes, although this will be subject to the consent of the Trustee if you are a Deferred member.

If you are an Active member, you will need to confirm in writing if you wish to continue to contribute to, and earn future benefits in, the Fund. Otherwise you will automatically become a Deferred member at your Normal Retirement Age.

If you are/become a Deferred member and decide to take late retirement, your pension will be increased (using a formula determined by the Fund Actuary) reflecting how long you delay before taking it.

Please ask the Fund Administrator for a late retirement quotation if you are considering this option.

A D

Can I retire early if I'm suffering from ill health?

If you are an Active member of the Fund, you may be eligible to retire at any time before your Normal Retirement Age on the grounds of ill health, but the final decision on whether this will be granted is taken by the Trustee and your Employer.

To qualify for ill-health early retirement, you must be suffering from a physical or mental deterioration which, in the Trustee's opinion, means you're no longer able to follow your normal occupation and seriously impairs your earnings capacity.

If you retire early on the grounds of ill health, your pension will be reduced to take account of the fact that it will be paid for longer. The Trustee can also review the payment of your pension should they consider you to have recovered, which might mean that your pension is reduced further or stopped until you reach an age at which you could normally retire.

If you are yet to take your benefits from the Fund and you are suffering from a terminal illness, the Trustee and Employer may allow you to exchange your pension for a lump sum at any age, if your doctor confirms that your life expectancy is 12 months or less.

Leaving and opting out

What happens if I leave?

You are only able to remain an Active member of the Fund while you are working for a Sponsoring employer. If you leave service, or decide to opt out of the Fund, your benefits will stay in the Fund until you retire or transfer them to another approved pension scheme.

In a nutshell

- When you leave, the Fund Administrator will send you a statement showing your annual pension based on your membership record to your leaving date.
- Your pension is increased in line with inflation each year between the day your Active membership ceases and your retirement date.
- How we work out your benefits depends on when you left the Fund, your pay, and the length of your service.

If you leave your Employer or opt out of the Fund without taking your benefits, you will automatically become a Deferred member. This means that your contributions will stop and, while you will earn no further benefits, you will keep the benefits you have built up whilst an Active member of the Fund.

You can look up how we work out your Final Pensionable Salary in the Jargon Buster supplied with this handbook.

What happens to the benefits I have earned as an Active member of the Fund?

When you leave Pensionable Service, we work out the benefits you have earned and hold these until you retire, or you tell us you want to transfer them to another pension scheme.

To work out your benefits we consider how long you were an Active member (your Pensionable Service) and your Final Pensionable Salary.

This is how it works:

If you leave employment or opt out of the Fund, your pension will be calculated based on 1/60 of your Final Pensionable Salary as at your date of leaving for each year of Pensionable Service, with part years counting proportionately.

This amount will be revalued each year until it's paid, to help protect it against the effects of inflation. Some additional increases may be applied to your pension to make sure the Fund is treating men and women equally.

Your pension is typically paid at your Normal Retirement Age (the Jargon Buster supplied with this handbook helps you work out what this is) although it may be possible to take it before or after this age.

People like you

Anna paid into the Fund for ten years and left with a Final Pensionable Salary of £30,000.

At her date of leaving, Anna's pension is £30,000 x 10/60 = £5,000 a year.
This is known as her Deferred Pension.

This pension will be revalued each year until she retires to help it keep pace with inflation.

A D

Can I transfer my benefits to another approved pension scheme?

You can choose to transfer the value of your benefits to another approved pension arrangement at any time before you retire, although you will need consent of the Trustee if you are within 12 months of your Normal Retirement Age (or if your Normal Retirement Age is under the age of 60 and you are within 12 months of reaching age 60). If you transfer your benefits out of the Fund neither you nor your Dependants will be entitled to any benefits from the Fund.

If you have previously paid Additional Voluntary Contributions, you're able to transfer these benefits to another Registered Pension Scheme at any time. This will not affect your other benefits held within the Fund.

There is a lot to take into account when deciding whether transferring your benefits to another pension scheme is right for you. You should seek financial advice before making a final decision.

Requesting a transfer value quotation

Each member can request up to two free transfer value quotations each year.

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What happens if I opt out of the Fund while still working for the Company?

You can opt out of the Fund at any time. If you do so, you will not be able to rejoin if you change your mind, as the Fund closed to new members in 2000.

You will have the same options as if you had left employment, but you will no longer be eligible for the death-in-service benefits described on page 13.

Please think carefully before deciding to opt out of the Fund as you may need to find other ways to save for your retirement. The Fund provides benefits which would be expensive to replace. You may wish to seek independent financial advice before making a final decision.

If you wish to opt out, please contact the People Services UK team who will send you a form to complete and return.

You can contact the People Services UK team at:

0161 968 3004

peopleservicesUK@akzonobel.com

Protect your pension

Rogue 'pension advisers' defrauding people out of their hard-earned pension benefits has become a significant issue in recent times and so it's especially important to make sure that you protect yourself against this possibility. Further information is on page 5.

Registered financial advisers will not cold call you.

Benefits payable on your death

What happens when I die?

In addition to providing a pension when you retire, the Fund also offers valuable benefits for your family and dependants when you die. These benefits could be paid as a lump sum and/or a pension.

In a nutshell

The Fund pays:

- A lump sum plus a pension to your Spouse or Dependant if you die in service, and may refund your contributions to your estate; or
- A pension to your Spouse or Dependant if you die after leaving Pensionable Service but before you retire, and refunds your contributions to your estate; or
- A pension to your Spouse or Dependant if you die in retirement, and potentially a lump sum.

Some death benefits are paid at the discretion of the Trustee, which means that the Trustee determines whether and to whom benefits should be paid, taking into account information available after your death and any nomination forms you have completed. So, it is important that you complete a 'Nominated Dependant's Pension Form' and 'Expression of Wish Form' to make sure the Trustee is aware of your wishes when making their decision.

All forms are available to download from the Fund's website at: **www.icipensionfund.org.uk**

Distribution of lump sum death benefits

The Trustee has complete discretion over who receives the lump sum of four times your Pensionable Salary, which is payable if you die in Pensionable Service. This lump sum can be paid to a very wide class of potential beneficiaries. This includes your extended family, people dependent on you or someone you nominate.

If you wish to tell the Trustee who you would like to receive any lump sum that is payable, then please print and complete the Expression of Wish Form that can be found on the Fund's website at **www.icipensionfund.org.uk** and return it to the Fund Administrator. This will not be binding on the Trustee, but it may help the Trustee to decide how to distribute the lump sum. Because the Trustee has discretion to determine who receives this lump sum payment, it is generally not subject to inheritance tax.

You should ensure you regularly update your Expression of Wish Form, particularly following a marriage, divorce or death.

A What if I die in service?

ACTIVE

Before Normal Retirement age

If you die in service while you are an Active member of the Fund, before Normal Retirement Age, the following benefits are payable:

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A lump sum of four times your Pensionable Salary at your date of death is payable at the Trustee's discretion to your beneficiaries or your estate.

+

A pension for your Spouse for the rest of their life. This will normally be equal to 25% of your Pensionable Salary at your date of death (or the Guaranteed Minimum Pension payable to a widow/widower if greater). If you do not have a Spouse, a pension may be paid to one or more of your Dependants allocated in a way that the Trustee chooses. The total value of these pensions will not be more than the Spouse's pension.

+

The amount you have contributed, or that has been contributed on your behalf through PenSave (without interest) will be repaid to your estate.

After Normal Retirement age

If you die in service while you are an Active member of the Fund, after Normal Retirement age, the following benefits are payable:

A

The sum of five years' pension payments, based on the pension that would have been paid had you retired the day before your death, excluding annual pension increases.

+

A pension for your Spouse for the rest of their life. This will normally be equal to 2/3 of the pension that would have been paid had you retired the day before your death. It must be at least as much as the Guaranteed Minimum Pension payable to a widow/widower. If you do not have a Spouse, a pension may be paid to one or more of your Dependants allocated in a way that the Trustee chooses. The total value of these pensions will not be more than the Spouse's pension.

You should regularly update your Expression of Wish Form.

What if I die after I've left service?

If you are not building up benefits in the Fund, but you die before you reach Normal Retirement Age or start to take your pension from the Fund, your Spouse will receive an annual pension, payable for the remainder of their life, equal to the greater of:

1/160 of your Final Pensionable Salary for each year of any Pensionable Service you have between the 6 April 1978 and 5 April 2016.	OR	A widow(er)'s Guaranteed Minimum Pension, revalued up to the date of your death.	+	Your estate will receive a refund of the contributions you paid to the Fund.

If you are not building up benefits in the Fund and you die after you reach Normal Retirement Age, but before you have started taking your pension from the Fund, your Spouse will normally receive the benefits that would have been payable had you started taking your pension immediately before the date of your death. These benefits are explained in the answer to the next question.

We explain contracting out and the Guaranteed Minimum Pension in the Jargon Buster supplied with this handbook.

What should my next of kin do when I die?

Your next of kin or the administrator of your will should notify the Fund Administrator as soon as possible (see page 5 for contact details) and the Fund Administrator will provide details of the benefits payable and what to do.

If you do not have a Spouse and you die in service or after retirement, the Fund Administrator will send your next of kin or the administrator of your will a form to complete which asks for details of any Dependants (see page 13). If you have a Dependant, they will need to complete and return a questionnaire, which asks for details and evidence of financial dependency. Your Dependant will need to make sure they provide the evidence requested so that the application can be processed as quickly as possible.

What is paid if I die after I've retired?

PENSIONER

As a pensioner of the Fund, the following benefits may be payable on your death:

- If you were an Active member when you retired and you took early retirement then died before your Normal Retirement Age, a lump sum of four times your Pensionable Salary, revalued in line with national average earnings since your retirement, will be payable. This sum will be paid to your estate unless you retired early due to ill health, in which case the Trustee has the discretion to pay this to your beneficiaries or your estate.
- In all other cases, if your death occurs within five years of retirement, a lump sum equal to the unpaid balance of your pension for the rest of the five-year period (without increases) will be paid to your estate.
- If you leave a Spouse, they will receive an annual pension, of the greater of two thirds of your pension or a Spouse's Guaranteed Minimum Pension. For the purpose of calculating the pension payable, 'your pension' includes any pension you gave up at retirement in exchange for a tax-free lump sum or for extra pension for your Dependants.
- If you do not have a Spouse, a pension may be paid to one or more of your Dependants (see below) allocated in a way that the Trustee chooses. The total value of these pensions will not be more than the value of the Spouse's pension.

Same-Sex Spouses and Civil Partners

Until recently, the Fund paid a pension to Same-Sex Spouses and Civil Partners based on the member's Pensionable Service after 31 December 2005. This was in line with the law at the time. However, a recent Supreme Court ruling (in July 2017) found that Same-Sex Spouses and Civil Partners should be paid the same benefits as those due to Spouses of the opposite sex. Unless that decision is successfully appealed, the Fund will administer these benefits in accordance with this court ruling. Please note that the ruling does not cover Guaranteed Minimum Pension benefits which may be lower for Same-Sex Spouses and Civil Partners.

Dependants of unmarried or widowed members

If you are not married or have been widowed, the Trustee has the discretion to consider applications for a Dependant's pension. Before using its discretion, the Trustee will consider all relevant factors. For example, in order to be considered for a Dependent's pension, an unmarried partner must prove that they were financially dependent on you at the date of your death.

Consequently, a partner could potentially find themselves refused a pension, if they are unable to provide sufficient evidence to support their application.

The same rules apply to any other family member who, in the absence of a Spouse, might ask to receive a Dependant's pension.

If your Dependant is a child, the pension will normally stop at age 18. However, the Trustee has discretion to continue paying the pension if your child is receiving full-time educational or vocational training which has been continuous since that age. In such cases, the pension will normally stop at age 23 unless the child was financially dependent on you due to mental or physical incapacity.

Improving your Dependant's pension

At retirement, you may choose to give up some of your pension to provide an enhanced pension which will be payable on your death. This could be a Spouse's or Dependant's pension.

Please note this is subject to restrictions, including the need for you to notify the Trustee in writing before the date your pension is due to start. The Trustee may require you to provide evidence of good health. A pension to a child will not be payable for longer than a child Dependant's pension (see above). You should seek advice before making any decision since there are important factors to be considered before you set aside your pension in this way.

The costs

What does it cost?

If you are working for a Sponsoring employer and building up benefits in the Fund you are an Active member. As an Active member you are required to make contributions towards your retirement benefits.

In a nutshell

The Fund pays:

- As an Active member, you and your Employer pay contributions into the Fund.
- Your contributions currently qualify for tax relief at your highest marginal rate of income tax.
- There is a limit on the amount of tax-efficient savings you can make in a year. Turn to page 19 to read more about the Annual Allowance.

Building up benefits for retirement not only helps you in the future but it is also a very tax-efficient way of saving.

How much do I pay?

Currently, your regular contribution to the Fund is 8% of your Pensionable Salary.

Pensionable Salary

This is the salary we use to work out your benefits and contributions. We take your basic salary (which excludes any bonuses, commission, overtime or other fluctuating elements of your pay) on each 1 October, less a deduction equal to one-half of the annual rate of Basic State Pension for a single person.

People like you

Jack's basic salary on 1 October is £30,000. If the annual rate of the Basic State Pension is £6,359.60, his Pensionable Salary is: £30,000 – (£6,359.60/2) = **£26,820.20**

Active members only: The Company has now put in place caps on certain elements of your Pensionable Salary. You will be informed of this cap on an annual basis by the Company.

When we work out the lump sum payable if you die in service, or in early retirement, we use your basic salary on the relevant date.

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How much does the Company pay?

The Fund is a Defined Benefit Pension Scheme, which means that it pays an assured level of benefits based on your Pensionable Service and Final Pensionable Salary. While members pay 8% of Pensionable Salary towards the cost of providing these benefits, the sponsoring Employer must pay the balance. A summary of the Fund's accounts is published each year in the Fund's annual newsletter: Pensions News. This can be found on the Fund's website at **www.icipensionfund.org.uk**, along with a copy of the Fund's accounts.

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PenSave and tax relief

Building up benefits for retirement not only helps you in the future but is also a very tax-efficient way of saving. You can receive tax relief in one of two ways:

PenSave (also known as salary sacrifice)
Under this arrangement, you do not pay your contributions to the Fund directly. Instead, your Employer reduces your gross salary by the amount you need to contribute to the Fund. Your Employer then pays this amount into the Fund on your behalf. You save on income tax and National Insurance contributions as these are calculated using your reduced salary.

Deduction from pay
If you decide not to join your Employer's salary sacrifice arrangement, your contributions are deducted from your monthly pay before income tax is applied. You save on income tax but not National Insurance contributions.

There are pros and cons to each option and you can find out more about your Employer's salary sacrifice arrangement by contacting People Services.

People like you

The table below compares two employees, Connor and Catia who both earn £30,000 a year. Connor pays by PenSave while Catia's contributions are deducted from pay.

	Connor	Catia
Payment method	PenSave	Deduction from pay
Salary before PenSave	£30,000	£30,000
Pensionable Salary (salary less 50% of annual Basic State Pension)	£26,820.20	£26,820.20
Salary after PenSave reduction	£27,854.38	£30,000
Pension contribution	£0 (contributions are paid by his employer)	£2,145.62
Income tax	£3,200.88	£3,200.88
National Insurance	£2,331.65	£2,589.12
Net pay	**£22,321.86**	**£22,064.38**

The figures in this table are based on tax and National Insurance rates at the time of publication and assume a full Basic State pension of £6,359.60 a year.

Further information

Changes to your personal details

Please inform the Fund Administrator in writing of any changes to your address or bank details. For security reasons, we are not able to accept changes over the telephone or by email. Change of personal details and bank details forms can be found on the Fund website at: **www.icipensionfund.org.uk**

Nominate an alternative contact

The Trustee of the Fund is keen to ensure that Pensioners remain in contact to ensure benefits are paid with no issues. An Alternative Contact Form is available for you to provide contact details of someone that you trust who we could contact if we are having difficulty in getting a response from you. You will find a blank copy on the Fund website at **www.icipensionfund.org.uk**

Sick leave

While an Active member is on paid sick leave, they will continue to pay contributions, build Pensionable Service and be entitled to the same benefits as other Active members. It may also be possible to retire and take pension benefits early due to ill health as set out on page 9.

Taking a career break

If you were to take a career break your Pensionable Service would stop and you would become a Deferred member of the Fund. Unless both the Company and the Trustee agree otherwise, you would not be able to rejoin the Fund on your return to work.

Working overseas

If you are on a temporary secondment, it may be possible for you to remain an Active member of the Fund. If so, contributions and benefits would be based on a notional UK salary agreed by the Company and the Trustee.

If you transfer overseas other than on a temporary secondment, it is not usually possible for you to remain an Active member. In this instance, you would become a Deferred member and the benefits payable would be based on your Final Pensionable Salary and Pensionable Service at the date of leaving the Fund. It may be possible to transfer the value of your benefits to an overseas pension scheme. However we would recommend that you seek financial advice on the best course of action before doing so.

A D P

Tax and legal matters

Like most UK pension schemes, the Fund is a Registered Pension Scheme under the Finance Act 2004. HMRC imposes limits on the amount you can build up with favourable tax treatment. At the time of going to print, these are:

Lifetime Allowance

This is a limit on the amount of tax-efficient pension benefits which you can build up over your lifetime. If the total value of all your benefits exceeds this allowance, the excess will be subject to additional tax. The method of testing your benefits against the Lifetime Allowance is set by HMRC. For more information see the Jargon Buster enclosed with this handbook.

Annual Allowance

There is also a limit on the amount of tax-efficient pension benefits which you can build up each year from all your Registered Pension Schemes. Any increase in the value of your benefits above this amount will be subject to a tax charge. As with the Lifetime Allowance, the method of valuing the benefits you have built up in any tax year to test against the Annual Allowance is set by HRMC.

> The Annual and Lifetime allowances are subject to change and so for up-to-date information, please visit the Government's website at: **www.gov.uk/tax-on-your-private-pension**.

Lump sums paid at retirement

There is a limit on the tax-free cash lump sum available on retirement. Broadly, you can take up to 25% of the total value of your Fund pension as cash without incurring tax charges (up to a maximum limit of 25% of the Lifetime Allowance).

A Tax relief on your monthly contributions to the Fund

Subject to the Annual Allowance limit, you will receive tax relief on the total pension contributions you make across all your Registered Pension Schemes up to 100% of your taxable employment earnings (or £3,600 if greater).

More information about these allowances and saving for retirement in general can be found on the Government's website at: **www.gov.uk**. Click on the 'Working, jobs and pensions' tab.

If you feel you would benefit from financial advice, you should consult an independent financial adviser. More information about seeking financial advice is included on the back of this handbook.

A D P

The Trustee

The Trustee is a company – ICI Pensions Trustee Limited which is responsible for administering the Fund in accordance with the Trust Deed and Rules and Government legislation. There are eleven directors of the Trustee company ("Trustee Directors") who sit on the Trustee Board: five are Member-Nominated Directors (MNDs) who are members of the Fund and applied for the role with membership support, there is an Independent Director (Law Debenture Pension Trust Corporation p.l.c.), and there are five other Directors, appointed with the agreement of the Independent Director.

The Trustee Board has five sub-committees that specialise in different areas and each Trustee Director will sit on at least one of them depending on their area of interest and expertise.

The role of each committee is outlined below. You can find out more about the current Trustee Directors in the report and accounts, which can be viewed and downloaded from the Fund's website: **www.icipensionfund.org.uk**

Investment Committee

Makes investment policy decisions, appoints investment managers and monitors their performance within the parameters set by the wider Trustee Board.

Strategic Risk Committee

Considers the wider economic, political and regulatory issues that may have a significant impact on the Fund or affect Employer support for the Fund.

Policy and Administration Committee

Makes policy decisions about how the day-to-day administration of the Fund should be managed and monitors the performance of the Fund Administrator to ensure members receive a good service.

The Policy and Administration Committee is also responsible for deciding whether to pay discretionary benefits and is responsible for member communications (such as this handbook, annual newsletters and benefit statements etc.)

Appeals Committee

We hope you will always be fully satisfied with how the Fund is run and the benefits it pays but if you do have a complaint, the Appeals Committee will hear any appeals against decisions made at the first stage of the Fund's formal internal dispute resolution procedure.

The Appeals Committee also reviews a proportion of the Policy and Administration Committee's decisions regarding discretionary benefits to make sure the procedure remains fair.

Audit Committee

Makes sure that the interests of the Fund's members are properly protected by monitoring the financial reporting, internal controls and risk management carried out by the Trustee on behalf of the Fund.

A D P

Becoming a Member-Nominated Trustee Director

You can apply to join the Trustee Board as a Member-Nominated Trustee Director when there is a vacancy if you:

- are currently paying into the Fund; or
- have left the Fund but not yet drawn your pension; or
- are receiving a pension from the Fund.

You must be supported by at least three other Fund members. More information about becoming a Trustee Director and the selection process can be found on the Fund's website: **www.icipensionfund.org.uk**

A D P

Taking your benefits in a more flexible way

The way your benefits are paid, and when you can retire, is set out in the Fund's Trust Deed and Rules.

You may have heard that some pension schemes are able to offer a more flexible approach - these schemes are known as Defined Contribution (DC) pension schemes. Unlike the Fund, these pension schemes pay benefits that are based on how much has been paid into the scheme over the years and how well the member's investments have performed – in other words there are no guaranteed benefits based on your service and salary.

If you wish to access your benefits in a more flexible way for example, being able to cash in your pension benefits for a one-off lump sum or access a drawdown account where your funds are drawn down over a period of time (both subject to tax), you would need to transfer them to a DC pension scheme. However, the Fund has been able to introduce some flexibility for members who have paid Additional Voluntary Contributions (AVCs) which haven't been used to provide added years of Pensionable Service. See page 7 for more information. Please ask the Fund Administrator if you are unsure whether you have paid AVCs which can be taken as a cash lump sum. See page 5 for contact details.

If you do decide to transfer your Fund pension to a DC pension scheme and the value of your Fund benefits is in excess of £30,000, the Trustee will need to see evidence that you have taken independent financial advice from an adviser registered to give pension transfer advice with regards to this decision. This is a Government requirement. You will need to meet the cost of this advice. The Trustee cannot give any financial advice.

Please note, if you decide to take any DC benefits flexibly – either from other pension arrangements by taking your AVCs from the Fund as a one-off cash lump sum – your Annual Allowance may be reduced.

A D P

Divorce

If you divorce, the courts may take your pension rights into account when drawing up a settlement so that your pension is shared with your former Spouse.

If your pension rights are shared, your former Spouse will receive a transfer value of their share of your pension rights in the Fund which they must transfer to another approved pension arrangement of their choice. This transfer of pension rights can only be implemented at the time the divorce takes place. Couples who have already divorced cannot take advantage of this procedure.

The Trustee does not need your permission to make the transfer and can only act based on a court order.

Charges are imposed for the provision of data and information and to implement any pension sharing order. You will be informed of these charges at the start of the process.

A D P

Assigning your benefits

You cannot give or assign your benefits from the Fund to anyone else. This includes using them as security for a loan.

A D P

Data Protection

The Trustee (ICI Pensions Trustee Limited), whose registered office is at 5th Floor, 36-38 Botolph Lane, London EC3R 8DE, is the "data controller" in respect of personal data processing for the administration of the Fund.

In processing your personal data, the Trustee may:

- process your sensitive personal data such as information regarding your health records;
- pass on personal data to third parties which may include the Fund's sponsoring employer, professional advisers, administrator, insurance companies, counterparties to Fund investments, as may be necessary or desirable for the operation of the Fund; and
- retain your personal data for legitimate business reasons or to comply with applicable laws.

In the event that your personal data is sent outside the EEA, the Trustee will still process your personal data in accordance with the applicable data protection laws, and will take reasonable steps to ensure that your personal data is handled securely and in accordance with the data protection policy at **www.icipensionfund.org.uk**.

In certain circumstances, your personal data may be passed to service providers who act as data controllers.

You can find out more about how the Trustee uses your personal data and your rights with respect to that personal data in our data protection policy at **www.icipensionfund.org.uk**.

A D P

Useful resources and websites

Helpful resources and websites include:

- The Pension Tracing Service helps people who have lost touch with an old pension scheme by tracing it for them free of charge. Please visit **www.gov.uk**
- Her Majesty's Revenue and Customs (HMRC) governs the tax paid by members of Registered Pension Schemes. You can find more information and guidance from HMRC about tax and pensions on their website **www.gov.uk**
- Unbiased is a website that you could use to find independent financial advice in your area. You should always check whether and how much an independent financial adviser would charge you for any services they offer. Please visit **www.unbiased.co.uk**

A D P

What if you have a problem?

The Fund Administrator should be able to help you with most of your questions and concerns.

The Trustee is committed to resolving issues raised by members. If you have a complaint, please put your complaint in writing to the Fund Administrator. We will look into the concerns you raise and reply as soon as possible but, in particularly complex cases, it could take four months or so.

If you are unhappy with our response, you can appeal by contacting the Fund Administrator and asking for a form and a copy of the next stage of the formal complaints procedure, known as the Internal Dispute Resolution Procedure, or IDRP. Completed forms should be returned to the Fund Administrator.

Full details of our complaints procedure, including independent organisations who can help you can be found on the pension fund website: **www.icipensionfund.org.uk**

You can also obtain a copy from the Fund Administrator using the contact details on page 5.

ICI PENSION FUND

If you wish to seek financial advice about any aspect of your pension, you can find qualified and registered financial advisers in your area on the following websites:

www.unbiased.co.uk and click on 'I'm looking for a Financial Adviser'.

www.fca.org.uk and click on the Financial Services Register under the 'Consumers' tab.

Make sure your adviser is registered with the Financial Conduct Authority – go to **www.fca.org.uk** to be sure.

You should always check whether an independent financial adviser will charge you for any services they offer, and that you agree any fees with them beforehand.