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# Pensions News

News and updates for  
active members of  
the ICI Pension Fund 2018

## Welcome to Pensions News, your newsletter from the Trustee of the ICI Pension Fund.

2018 has been a significant year for pensions, the Fund and AkzoNobel.

In March 2018, AkzoNobel announced the sale of its Specialty Chemicals business to the Carlyle Group and GIC. The Trustee has monitored developments closely since March 2017 when PPG sought to take over AkzoNobel. At that time AkzoNobel announced its intention to sell the Specialty Chemicals business and to pay an enhanced ordinary dividend and a special dividend of €1 billion to shareholders. The Trustee's interest is in enhancing the financial security of the Fund and an analysis of the employer's financial support (the 'sponsor covenant') to the Fund is a key part of this process. We are currently negotiating with AkzoNobel regarding the contributions to be paid to the Fund. You can read more about the sale of the Specialty Chemicals business and the actuarial valuation as at 31 March 2017 on page 4.

Whilst addressing the issues raised by the significant changes to AkzoNobel, we have continued to 'derisk' the Fund and are pleased to confirm that more of the pensions currently in payment are backed by additional bulk annuity policies. An update regarding the valuation is included in this newsletter

alongside the usual facts and figures to the end of 31 March 2018. The Summary Funding Statement, which details the financial position of the Fund following the actuarial valuation will be available to view online in the 'library and forms' section of [icipensionfund.org.uk](http://icipensionfund.org.uk) once the valuation has been concluded.

A reconciliation of pension scheme and Government pension data has been a priority for all pension schemes. The Government requires this to be completed by December this year and I'm pleased to say that we have made good progress with this substantial piece of work. This year there have also been important changes to data protection legislation that ensures that your personal information is stored securely and not misused. As you can imagine, work to ensure compliance with this has also been high on our agenda.

In this newsletter we have included information on pensions for nominated dependants as we have seen an increase in the number of adult child applicants for these pensions. We have also included other news about pensions that may interest you.

Finally, I am pleased to introduce our new member-nominated Trustee director, Chris Cook, whom you can

find more about inside this newsletter. I would like to thank Moira Rugg, whose term of office ended in April, for the contribution she made to the Board over the last five years. I would also like to express my thanks to my fellow Trustee directors, our Secretariat and our advisers for their continued hard work and achievements on your behalf.

With best wishes for a healthy and happy year ahead.

A handwritten signature in black ink that reads 'David'.

**David Gee,**  
Chairman  
ICI Pension Fund



# Your Trustee Board and our new Trustee Director

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### Introducing Chris Cook, our new Member-Nominated Director

The directors of the Trustee Board are responsible for the effective running of the ICI Pension Fund, working to ensure members' benefits are paid on time and that the Fund has enough money to pay members' benefits. By law, at least one third of the directors must be nominated by the members of the Fund, and in the case of the ICI Pension Fund, five of our eleven directors are currently member-nominated. We are pleased to welcome a new member-nominated director to the Trustee Board.

Chris Cook became a pensioner of the Fund in April this year and was selected from nine individuals who applied for the role following a formal review process including interviews. If you are interested in becoming a Trustee director, you can find out more about the role and process on our website, and apply when there is a future selection process.

We've asked Chris some questions about himself and why he wanted to become a director on the Trustee Board.

### Chris, can you tell us a little more about yourself and your background working for ICI?

I worked for ICI Paints and then AkzoNobel for over 28 years, before retiring in April this year. I worked in a range of roles, starting in market research, and then moving into marketing before taking on a number of other commercial positions in the UK business. I have managed a number of major business programmes and became Planning and Sustainability Director for the U.K. Decorative Paints Business in 2005. In the last ten years I focused mainly on sustainability. As Global Sustainability Director I implemented a standardised approach across the business. From there I co-led the development and roll out of the new sustainability strategy under the banner "Planet Possible".

### Why were you interested in becoming a Trustee director?

I was looking for opportunities to step back from my full-time role with AkzoNobel, and I wanted to use my skills and knowledge to give something back. The Trustee role perfectly fits this and is something that I am excited by. I am numerate and enjoy analysing complex data. I also have a strong sense of integrity and responsibility, attributes I see as essential for a successful Trustee director.

## I understand that you have previously represented members in discussions around the Pension Fund?

Yes. In 2016 when the company announced a consultation on changes to pension contributions and capping pensionable pay increases, around 50 employees wanted to seek legal advice. I was asked by the group to be the lead opposite the lawyer, discussing the questions they had with him and responses required. I enjoyed the experience a lot and learnt more about the pension scheme and pension law as a result.

This experience whetted my appetite, so when I saw in Pensions News that a new Trustee director was being sought at a time that I was considering my future options, I was very keen to apply.

I am excited to have been given this opportunity. I realise that I am very fortunate to have a Defined Benefit pension and look forward to playing an active role in ensuring that others continue to benefit from the Fund.

## YOUR TRUSTEE BOARD

### Member-Nominated Directors

Chris Cook

Susan Kinnaird

Sue McMahon

Mike Owtram

Frank Rose

### Independent Director

Law Debenture Trust Corporation p.l.c

Currently represented by Michael Chatterton

### Other Directors

David Gee (Chairman)

Ian Canham

David Loose

Wynne Turner

Derek Welch



# Facts and figures

**In this section, we have included an update on the actuarial valuation as at 31 March 2017, as well as highlights from the Fund's Annual Report and Accounts for the year to 31 March 2018.**

## Fund valuation as at 31 March 2017

A full actuarial valuation of the Fund is required at least once every three years. The purpose of a valuation is to assess the amount of assets required by the Fund to pay benefits to members in future years. If there is a shortfall in the amount of assets held by the Fund, the Trustee seeks to agree that additional contributions are paid to the Fund by the employer.

The last full actuarial valuation of the Fund was carried out as at 31 March 2014. That valuation was concluded in July 2015 with an agreement that the employer would pay additional contributions to the Fund. As at 31 March 2018, the employer was still due to pay additional contributions of £125 million in January 2019, 2020 and 2021 as part of that agreement.

As at 31 March 2018, the Fund held assets of just over £10 billion. Together with the additional contributions the employer is due to pay over the next three years, the Fund has sufficient assets to continue to pay benefits to members for many years.

However, over the long-term, the Fund is exposed to a number of risks and the Trustee is seeking to strengthen the financial position of the Fund to improve the security of members' benefits. This is particularly relevant in light of the significant changes to AkzoNobel, which will have reduced its value by about £10 billion and significantly reduced its ability to support the Fund in the future.

The Trustee and the employer have not yet agreed the contributions to be paid to the Fund. Consequently, the actuarial valuation as at 31 March 2017 has not yet been concluded.

## THE SALE OF SPECIALTY CHEMICALS

In March 2017, US company PPG sought to take over AkzoNobel. As part of resisting the takeover, AkzoNobel announced its intention to sell the Specialty Chemicals business and to pay an enhanced ordinary dividend and a special dividend of €1 billion to shareholders, both of which have been paid.

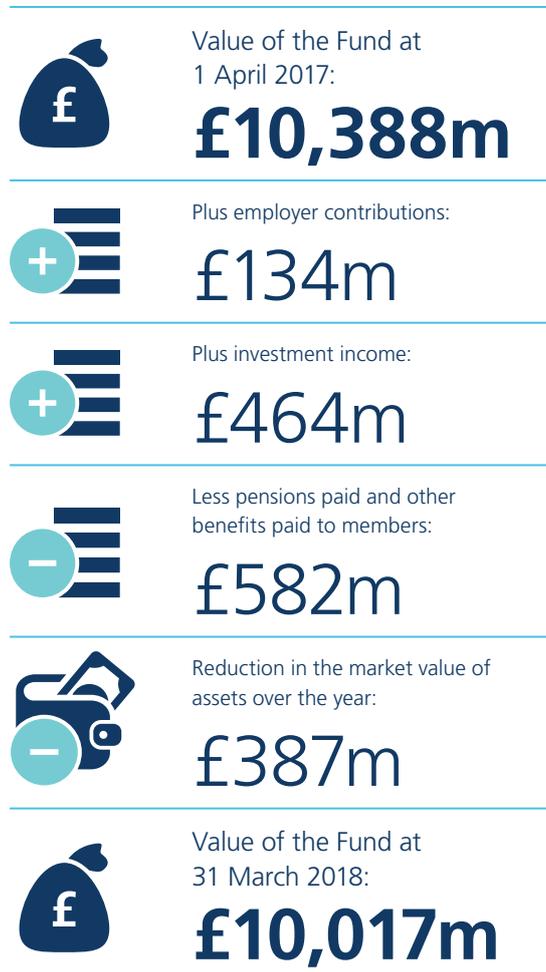
On 1 October 2018, AkzoNobel announced it had completed the sale of its Specialty Chemicals business to the Carlyle Group and GIC. AkzoNobel has announced that "the vast majority of net proceeds will be distributed to shareholders".

Whilst there will be no direct impact on the members of the Fund as a result of this sale, AkzoNobel will be considerably smaller. This raises a concern about the ability of the employer to support the Fund in the future. The Trustee is therefore seeking to strengthen the financial position of the Fund.

## Highlights from the Report and Accounts to 31 March 2018

### Income and outgoings

Here is an overview of the money that has been received and paid out between 1 April 2017 and 31 March 2018. You can download a copy of the full report from the website at [www.icpensionfund.org.uk/library-and-forms](http://www.icpensionfund.org.uk/library-and-forms).



The reduction in the market value of the assets over the year relates entirely to the reduction in value of the bulk annuity policies held by the Fund. These assets precisely match pensions to be paid to current pensioners and dependants, so the reduction in value has no impact on the Fund's position.

Our auditors KPMG LLP signed off the Fund's Financial Statements for the year 1 April 2017 to 31 March 2018 with an unqualified, clean bill of health.

### Our members as at 31 March 2018

In our survey, many of you told us that you would like to see a breakdown of age groups among the Fund's membership which we now include in our statistics below:

#### Age range



At 31 March 2018, almost 12% of our pensioners and dependants were over age 90, with 120 of them being over age 100!

	Pensioners and dependants	Deferred members	Active members
Total	41,323	7,481	200

#### What are the different kinds of membership?

**Active members** are paying into the Fund and earning benefits.

**Deferred members** no longer contribute to the Fund but are not yet drawing their pension.

**Pensioners and dependants** are receiving a pension.

# Pensions for nominated dependants – who is eligible?

Over the last few years there has been a steady increase in the number of adult children applying for nominated dependant pensions on the death of a member. Not all these requests have met the criteria for payment defined in the Rules of the Fund, so we thought it might be helpful to explain a bit more about who is eligible to receive a nominated dependant's pension.

You should note that the payment of nominated dependants' pensions is also limited by legislation, and is at the discretion of the Trustee. This means that the Trustee determines whether and to whom benefits should be paid, and how much should be paid, taking into account information available on the death of the member.

## What is a nominated dependant's pension?

A pension is payable to a spouse, same-sex spouse or civil partner on your death, and a child's pension may also be payable to any dependent children for a period of time.

If you are not married or have been widowed, or you have asked to be treated as a single person and the Trustee accepted your request, the Trustee has the discretion to consider applications for a nominated dependant's pension – for example from an unmarried partner.

**Eligibility criteria:** In order to be considered for a nominated dependant's pension, the applicant must prove that they were financially dependent on you at the date of your death and for the twelve months prior to this date and, in the case of the 1967 Rules Section, are unable to support themselves.

## What if the nominated dependant is a child?

Legislation restricts who may receive a pension and how long a child might receive a pension. Unless a child was financially dependent on you due to mental or physical incapacity, a child's pension or nominated dependant's pension paid to a child, from the Fund, will normally stop at age 18 although it may continue for a short period longer if the dependant was and remains in full time education.

However, if your pension was in payment before 2 July 2008, an 'adult child' (over the usual age limit) may receive a nominated dependant's pension if, and for so long as, they meet the eligibility criteria.

In addition, a child who started receiving a child's pension from the Fund before 1 July 2008 following the death of the member, might also be eligible to continue to receive a pension after the normal age limit, so long as they continue to meet the eligibility criteria.

Finally, an 'adult child' who could have been entitled to receive a child's pension before 1 July 2008, following a member's death, and who meets the eligibility criteria, might also be eligible to receive a nominated dependant's pension.

You should consider completing a 'Nominated dependant's pension nomination form' if you have not done so or if your circumstances have changed. Please note that this is not the same form as the 'Expression of Wish form' that you may have completed in respect of any death-in-service benefit.

You can find more information on the amount that could be paid to dependants or children on your death, and how long children's pensions are normally paid in your new pension fund handbook. You can access the latest copy online, along with the 'Nominated dependant's nomination form', in the literature and forms section of [icpensionfund.org.uk](http://icpensionfund.org.uk).

# Reconciliation of Government and Pension Fund records

If you were a member of the Fund before 1997, part of your pension will be a Guaranteed Minimum Pension (or GMP) in place of some of the pension benefits that would otherwise have been paid by the Government.

All pension schemes that provide GMP benefits are currently reconciling their records against those of the Government, to ensure that they match. The records for GMP go back to 1978, before most pension scheme records were computerised and when record-keeping standards may not have been quite what they are today, so it is expected that some Government or pension scheme records will need adjusting. The ICI Pension Fund has been in operation since 1927 and the Trustee Board

and our advisers have been working hard on this reconciliation, which has covered almost 52,000 member records. We have made good progress with this substantial piece of work, which must be completed by the end of the year.

If you earned benefits in the Fund between 1978 and 1997, the interaction between the Fund and the Government pension is complex and we will be producing a leaflet which explains this in more detail for members who are interested in finding out more.

## Changing State Pension age

Following an independent review of the State Pension age, in August 2017 the Government announced that the rise in the State Pension age from age 67 to age 68 would be brought forward from 2044, to between 2037 and 2039.

This change will affect you if you were born between 6 April 1970 and 5 April 1978, and the exact age you can start receiving your State pension will depend on your date of birth.

### Increases in State Pension age



To find out your State Pension age visit [www.gov.uk/state-pension-age](http://www.gov.uk/state-pension-age).

**Please note** that the timetable for the increase in the State Pension age from 67 to 68 may change as a result of a future review. However, before any future changes could become law, Parliament would need to approve the plans.

# Protecting your information and your pension

The Government has introduced a number of changes this year, with the aim of protecting you from fraud: New data protection legislation aims to prevent companies from misusing personal information they have collected or having their data stolen, and the Government has also proposed a ban on pension cold-calls, texts and emails. More information about these changes and how they affect the Fund and you, as well as steps you can take to help protect your own information, are outlined below. It is important to keep your personal details and information safe to ensure they aren't misused.

## Changes to data protection legislation this year

You will no doubt be aware of changes to legislation that affect all organisations which hold personal data, whether these are local social clubs, national charitable organisations such as the RSPB or National Trust, Government-funded service providers such as the National Health Service, or financial institutions including pension funds.

### What is data protection?

Data protection is about safeguarding personal information to ensure it isn't misused. In the case of the Fund it particularly affects how members' information is used, held, and passed on. New legislation came into force in May this year. We take our responsibilities very seriously and have been working with our legal advisers to ensure that the Fund complies with the requirements.

### Why did legislation change?

The legislation previously in force was introduced 20 years ago. The new legislation takes into account changes in technology since then, and harmonises law across Europe, including the UK.

### How does it apply to my pension?

The Trustee holds personal information about you and we use it to run the Fund. For example, we need to have certain details on record such as your date of birth and address, as well as bank account details if you are a pensioner. We may need to pass this information on to third parties such as the Fund Administrator and our Professional Advisers, and we must follow strict rules and have strong safeguards in place to protect your details. The data protection notice at the end of this newsletter contains more information about how the Trustee processes your personal data and where to find full details.



## Ban on pension cold calling

In recent years, there has been a dramatic increase in emails and calls from scammers looking to defraud deferred members out of their pension (pension liberation fraud). Citizens Advice says that, since 2013, 97 per cent of all pension fraud cases brought to them stemmed from cold calling. This has led The Pensions Regulator to launch its “Don’t let a scammer enjoy your retirement” campaign. You can find out more on their website at [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk).

The Government has also announced its intention to introduce legislation to ban pension related cold-calls, texts and emails. While legislation may help prevent pension liberation fraud, cold calling can be a problem more generally too. Recently

published figures highlighted that 2.2 billion nuisance calls and texts were made in 2017, which equates to approximately 6 million nuisance calls and texts a day – or 4,200 calls and texts made every minute! On an annual basis, the Government reported that nearly 11 million UK pensioners are targeted by cold-callers trying to scam them out of their hard-earned savings.

The consumer organisation ‘Which?’ has a guide to stopping cold-calls which you may find helpful: [www.which.co.uk/reviews/nuisance-calls/article/ten-tips-to-stop-cold-calls](http://www.which.co.uk/reviews/nuisance-calls/article/ten-tips-to-stop-cold-calls).

There are also actions you can take to protect yourself both on the phone and online...

### How you can protect yourself

Just as we do our best to protect your information, there are a number of ways that you too can remain vigilant against fraud.

#### Pension Fund Scams

If you receive a pensions related cold-call you should hang up. You should also ignore any emails or texts offering you a free pension assessment. Unsolicited phone calls, texts or emails about your pension are nearly always scams. Scammers will often claim they’re from government-backed bodies. These organisations would never phone or text to offer a pension review or free pension assessment.

#### If you think you might have already been the target of a pension scam:

- 1** The Pension Advisory Service has an online scam identifying tool. Visit [www.pensionsadvisoryservice.org.uk/news/online-pension-scam-guidance-tool-launched](http://www.pensionsadvisoryservice.org.uk/news/online-pension-scam-guidance-tool-launched) for more details.
- 2** Contact your pension provider, or in the case of the ICI Pension Fund – the Fund Administrator, immediately.
- 3** Contact Action Fraud 0300 123 2040 and report the scam.

### Beating Financial Fraud

Most people probably already know the basic rules of how to beat financial fraud – not sharing personal data, even if a caller claims to be from a company you know and trust; not responding to unsolicited calls or emails or clicking on links in these emails; and always seeking advice from a registered financial adviser. The ‘Take Five’ campaign, run by FFA UK (part of UK Finance), backed by Her Majesty’s Government, has a website which gives additional helpful information about how to protect yourself, as well as tips for avoiding email, phone, text and online scams. Visit <https://takefive-stopfraud.org.uk/advice/>.

Always check that anyone offering you advice or other financial service is Financial Conduct Authority (FCA) authorised and permitted to give the advice that you are looking for:

- 1.** The first step is to check if their name appears on the FCA Register.
- 2.** If the firm is on the Register and you are seeking advice about your pension, the next step is to call the Consumer Helpline on 0800 111 6768 to check the firm is permitted to give pension advice.

If you don’t use an FCA-authorized firm, you won’t have access to the Financial Ombudsman Service or Financial Services Compensation Scheme (FSCS) so you’re unlikely to get your money back if things go wrong.

# Flexible Retirement Options

**You may recently have read in the press about members of defined benefit / final salary pension schemes who have been convinced to give up their final salary benefits, by transferring into a personal pension, so they can take advantage of the flexibility offered by personal pensions. However, as a member of the ICI Pension Fund, you could have more flexibility than you may realise, and may be able to take your pension earlier or later than your Normal Retirement Age\* without transferring out of the Fund.**

## Early retirement

Most members have a minimum pension age of 50 protected under legislation (a protected pension age), which means they can apply to retire early and start taking their pension from the age of 50. Those who don't have a protected pension age can apply to retire early from the age of 55 (this is set to rise to age 57 from 2028). Members who are suffering from ill-health, may be granted an ill-health pension at a younger age.

The consent of the Trustee and the fund sponsor may be required to take your benefits early, depending on your age, whether you are an active or deferred member and the section of the Fund you belong to. If you retire early, your pension may be reduced to take into account that it is expected to be paid for longer. Before confirming that you can retire early, the Trustee must make sure that when you reach Guaranteed Minimum Pension (GMP) age (currently age 65 for men and age 60 for women) the amount payable will be at least as much as your Guaranteed Minimum Pension. If the amount that would be payable after reduction for early payment would not cover the GMP, it will not be possible to pay your pension early.

You should also note that your Guaranteed Minimum Pension cannot be exchanged for cash. So, if you take your retirement benefits early, this may restrict the amount of tax-free cash you can take.

## Late retirement

You may be also able to take your benefits later than your Normal Retirement Age. If you are an active member of the Fund and wish to continue to contribute and earn further benefits in the Fund, you must confirm this in writing to the Trustee. If you are a deferred member you will need the consent of the Trustee to delay taking your pension beyond Normal Retirement Age. If you delay, then your pension is likely to start at a higher rate to reflect that it is expected to be paid for a shorter time.

## Transferring your benefits for additional flexibility

Of course, you also have the option of transferring your benefits to a personal pension. However, while there are reasons why it might be beneficial to transfer, it is also important to understand the risks of doing so. While personal pensions offer additional flexibility and choice, investment and longevity risks are transferred from the Fund to you. Because of these risks, anyone with a Pension Fund value over £30,000 is required by law to seek financial advice before they can transfer.

The Government is currently working to make pension-related cold calls illegal, so ignore any calls from 'advisers' suggesting they can review your pension for you. Before the Trustee will accept a transfer request for a pension valued above £30,000, you will need to seek independent financial advice from a regulated Financial Adviser who is authorised to give such advice.

You should be very wary of transferring your benefits into an unregistered pension scheme, such as those that will allow borrowing from your pension fund before you reach retirement age. The Financial Conduct Authority advises that early access to pensions, commonly known as 'pension liberation', is rarely in anyone's long-term financial interests and can carry tax charges of more than half of each unauthorised payment made from a scheme.

More details of the early and late retirement options can be found in your Pension Fund handbook. An up-to-date electronic copy can be viewed and downloaded from [www.icipensionfund.org.uk](http://www.icipensionfund.org.uk). If you are considering retiring early or late, please ask the Administrator for an early or late retirement quotation.

\* Your Normal Retirement Age (the age at which you would normally take your benefits in full with no reduction) will depend on when you joined the Fund and which section of the Fund you belong to. This is shown on your annual Pension Statement if you are an active member and in your Pension Fund handbook.

# Pensions in the news

## Financial guidance and pension fund complaints

A new organisation is being established, providing helpful information about pensions, savings and debts, resulting in changes to the Fund's Complaints Procedure.

The Pensions Ombudsman has now taken over responsibility for the dispute resolution function of the Pensions Advisory Service (TPAS). Previously, TPAS tended to focus on complaints before a pension scheme's internal dispute resolution procedure was completed, whilst the Ombudsman typically dealt with complaints that had been through this procedure. The aim of having the two dispute resolution services in one place is to provide a simpler and faster service for members.

The transfer has been completed ahead of the merger of the Pensions Advisory Service, the Money Advice Service and Pension Wise, creating a new body to offer guidance on

pensions, debt and other money issues. This new organisation will be funded through existing levies on pension schemes and the financial services industry.

The Trustee is committed to resolving issues you may have. So, if you do have a concern, please contact the Fund Administrator using the contact details on page 12. You can also find details of our complaints procedure at [www.icipensionfund.org.uk](http://www.icipensionfund.org.uk)

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## Government proposals to improve the security of DB pensions

In March this year the Government issued a white paper setting out new measures for the Pensions Regulator 'to undertake a tougher and more proactive role' to protect the security of Defined Benefit (DB) pensions (such as the ICI Pension Fund) in the light of the recent Carillion and BHS pension problems.

The white paper also proposes legislative changes that could find company directors in court facing criminal charges if they

neglect the interests of their employees' pensions. It also introduces a consultation on new funding requirements for DB schemes. These proposals aim to reduce the likelihood of similar pension problems occurring in future.

However, much needs to be discussed and an act of parliament will be required, followed by detailed regulations, before any changes are introduced.



*We will update you on any developments in the next newsletter.*

# Keep in touch

You can contact us in the following ways:



Email: [ici@willistowerswatson.com](mailto:ici@willistowerswatson.com)



Phone: 0800 916 8021  
(09:00 – 17:00, Monday to Friday, not bank holidays)  
If calling from overseas: +44 (0) 1737 227521



Write to: ICIPF, PO Box 545, Redhill, Surrey, RH1 1YX



Online: [www.icipensionfund.org.uk](http://www.icipensionfund.org.uk)

Remember to include your National Insurance number when writing to or emailing the administration team, or have it to hand when phoning them – they'll need it to help confirm your identity.



## DATA PROTECTION NOTICE

The Trustee (ICI Pensions Trustee Limited) 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](http://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](http://www.icipensionfund.org.uk).

Every effort has been made to ensure that the information in this newsletter is accurate. If there is any difference between this information and the Trust Deed and Rules, then the Trust Deed and Rules take priority.