



Questions and answers

1. Why am I being sent this letter?

This letter has been sent to you for information as you are recorded as being in receipt of a pension from the ICI Pension Fund (“the Fund”), or having a right to receive a pension in the future. There is no action for you to take; this announcement is being provided purely for your information.

2. What decision has the Trustee made?

The Trustee has decided to purchase two bulk annuity policies as investments of the Fund; one from Legal and General (“L&G”) and one from Prudential Retirement Income Limited (“Prudential”). Together they provide income to the Fund relating to a substantial proportion of the Fund’s defined benefit liabilities. The purchase of these policies is another important step in the Fund’s strategy to increase benefit security and reduce risk over time.

3. Who are Legal & General and Prudential?

L&G and Prudential are both leading and substantial UK insurance companies, with a history of providing bulk annuity policies to defined benefit pension schemes. Over recent years, L&G and Prudential have carried out similar transactions with a wide range of pension schemes, including Tate & Lyle and Ofcom (L&G), and GlaxoSmithKline and Home Retail Group (Prudential).

4. What is a bulk annuity policy?

A bulk purchase annuity policy (also called a “buy-in”) is a type of insurance contract entered into between the Trustee of a pension plan and an insurance company. It is purchased as an investment in a similar way to bonds and equities, however buy-ins reduce risk within the Fund. The Trustee pays a premium to the insurance company and, in return, the insurance company makes payments to the Fund to cover the monthly pension payroll for a proportion of the Fund’s pensioners and their dependants. This means that certain risks previously faced by the Fund (including changes in life expectancy) will be covered by the insurance company, so increasing the security of members’ benefits.

5. How is a bulk annuity different to an individual annuity?

An individual annuity provides an individual with a pension directly in exchange for a pot of retirement savings (typically from a defined contribution pension scheme). A bulk annuity is an investment held by the Trustee that provides income to the Fund relating to pension payments that the Fund makes to members. You may have read commentary in the press regarding a review of the competitiveness of the annuity market. This relates to the individual annuity market and not the bulk annuity market.

6. What does this mean for me and what do I need to do?

This letter is for information only and you do not need to take any action. Your position as a member of the ICI Pension Fund is unchanged. The Trustee retains responsibility for paying your benefits and the payment of pensions will continue in the same way as now.

7. Are all members being treated equally?

Yes. The transaction does not change the position of any individual members. The bulk annuity policies belong to the Fund as a whole.

8. How did the Trustee make this decision?

The Trustee took detailed professional advice, conducted a thorough review of the market and ran a competitive selection process before deciding to purchase the bulk annuity policies. The Trustee also reviewed the financial strength of both L&G and Prudential.

9. How are insurance companies regulated?

As insurance companies, L&G and Prudential are regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA) - formerly the Financial Services Authority. The insurance regulatory framework is set up with strict reserving requirements and oversight from the PRA to provide a secure environment for providing pension benefits over the long term.

10. Do the insurers hold my personal data?

We need to provide L&G and Prudential with certain membership information about you (including about your dependants). This data will be used by them only for the purposes of providing the bulk annuity policies (including to record, manage and finance their payments to the Fund). This may include data being sent outside the European Economic Area. The Trustee, L&G and Prudential are 'Data Controllers' responsible for this processing. You have the right to inspect your personal records on request, which may involve payment of a small fee, by application to the Trustee. Both insurers must comply fully with the requirements of the Data Protection Act 1998 to ensure that this data is properly protected.

11. What will happen to my pension benefits?

Your pension benefits are not changing and pensions will continue to be paid from the Fund in the same way as now. Similarly, there is no change to any benefits that may be payable to your spouse or dependant(s) following your death. Towers Watson will continue to administer your pension on behalf of the Trustee, and you should continue to direct all correspondence to Towers Watson, just as before.

12. Does the Trustee plan to purchase further bulk annuity policies?

Further investments may be considered as part of the Trustee's strategy to reduce risk over time and further increase benefit security. The Trustee will take such steps if it believes it is in members' interests to do so based on professional advice and taking account of market conditions and bulk annuity pricing at the time.

13. Does this investment affect the Fund's relationship with ICI and AkzoNobel?

No. It is simply a different method of investing for the Fund. Arrangements with ICI and AkzoNobel will remain unchanged and they continue to support the Fund.

14. How can I get further information?

If you have a question, please contact Towers Watson at:

ICI Pensions Services
PO Box 545
Redhill
Surrey
RH1 1YZ

Tel: **0800 916 8021**

Email: **ici@towerswatson.com**

Every member of the Fund should have received this information. If you know of a Fund member who has not received this announcement, please contact Towers Watson.