



PENSION
FUND



Key benefits for deferred members and pensioners

Supplementary Fund Section
of the ICI Pension Fund

April 2019

Welcome

The Trustee has prepared a new handbook and jargon buster for members of the 1967 Rules Section of the ICI Pension Fund (the **Fund**), called the 'Handbook for ICI Pension Fund members (1967 Rules)' (the **handbook**). As a deferred member or pensioner in either Section 3 or Section 4 of the Supplementary Fund Section of the Fund, many of your benefits are the same as those provided under the rules of the 1967 Rules Section. However, there are some differences – generally speaking, you are entitled to an enhanced set of benefits.

In this leaflet we set out the key areas where your benefits differ to those outlined in the handbook and jargon buster (but do not cover any differences that apply to active member benefits (i.e. those available to members who are still in Pensionable service). This leaflet should be read alongside these documents which are available to download from the Fund website: www.icipensionfund.org.uk.

The Supplementary Fund Section was originally intended to be a top-up pension arrangement to the 1967 Rules Section, 1949 Rules Section or Senior Executive Section (as applicable). Therefore, where members have benefits under Section 3 or Section 4 of the Supplementary Fund Section and also under the 1967 Rules Section, 1949 Rules Section or Senior Executive Section (as applicable), a check will be carried out when you retire (if you have not already done so) to ensure you receive the 'better' benefit of those potentially available to you under each of the Sections that you are a member of (which may not be the benefit set out in this leaflet). You should contact the Fund Administrator if you would like further clarification as to the nature of your entitlement under the Fund.

Please remember that this leaflet is intended to be a summary only – your benefits are governed by the Trust Deed and Rules and relevant pension legislation. In the event of any discrepancy between this leaflet and the Trust Deed and Rules and relevant legislation, it is the Trust Deed and Rules and relevant legislation that will take priority.

1 Normal Retirement Age

(Jargon Buster p3)

If you are a member of Section 4 of the Supplementary Fund Section and have 'Special Service Credits' as a result of your service in certain overseas territories which the Company considers as being particularly arduous, you may be able to receive your pension, without reduction, from an age earlier than 62.

2 Final Pensionable Pay

(Jargon Buster p3)

Your Final Pensionable Pay, used to calculate the benefits payable from the Fund, will normally be the greater of your Pensionable Pay during the last 12 months of your Pensionable Service, or the highest Pensionable Pay received in any Fund year (1 April – 31 March) in the last 10 Fund years before you left Pensionable Service. This applies to members of Section 3 or Section 4 of the Supplementary Fund Section.

However, please note that your benefits from the Supplementary Fund Section will be subject to the Fund's Maximum Benefit rule, which could impact the amount of your Pensionable Pay that is taken into account in the calculation of your pension.

3 Pensionable Service

(Jargon Buster p4)

If you are a member of Section 3 of the Supplementary Fund Section, in most cases your Pensionable Service (which is used to calculate the benefits payable to yourself or any dependants) will be increased by 25%. So, for example, if you have 20 years' actual Pensionable Service, the Pensionable Service used to calculate benefits payable will be 25 years. This is subject to the Fund Maximum Benefit rule and HMRC limits. This enhancement does not apply under Section 4 of the Supplementary Fund Section.

A quick reminder of the meaning of key pension-specific phrases used in this leaflet:

A full list of pension-specific words and phrases can be found in the jargon buster, which is available to download from the Fund website. However, explanations of key words included in this leaflet are detailed below:

Deferred member

A member who has left the Fund but has not yet started drawing their pension.

Pensioner

A member receiving a pension from the Fund. This does not include you if you are receiving a pension following the death of a member.

Spouse

Someone of the opposite sex to whom you are married. When we refer to Spouse in this leaflet we are also referring to a Same-Sex Spouse or Civil Partner unless explicitly stated otherwise. Likewise, when we refer to marriage, we are also referring to same-sex marriage and civil partnership, unless explicitly stated otherwise.

Trustee

The Trustee is a company – ICI Pensions Trustee Limited. The Trustee is responsible for administering the Fund in accordance with the Trust Deed and Rules and Government legislation. Further information about the Trustee is set out on page 20 of the Handbook.

4 Your benefits

(Handbook p6, How do you work out my retirement benefits?)

The method that has been used to calculate your benefits will depend on whether you are a member of Section 3 or Section 4 of the Supplementary Fund Section, and whether you were also previously a member of another section of the Fund. Please contact the Fund Administrator if you would like more detail about how your benefits have been calculated.

Members of Section 4 of the Supplementary Fund Section are not eligible to receive any Supplementary Pension. This is because no state pension deduction applies under Section 4 of the Supplementary Fund, meaning the amount referred to as the State Pension Element on page 6 of the Handbook will not be subtracted from your pension.

You may however be eligible to receive a Supplementary Pension, payable between retirement and State Pension Age (or age 65 if earlier), if you are a member of Section 3 of the Supplementary Fund Section.

You should be aware that, in the event you are in receipt of a pension due to ill health, the Trustee may in certain circumstances review your current state of health from time to time and subsequently stop or reduce your pension to reflect any improvement in your condition or ability to maintain an occupation over time. The Trustee's medical adviser will normally indicate if your condition is one which may improve over time.

5 Spouse's pension payable on death as a deferred member

(Handbook p18, What if I die after I've left service?)

Your Spouse or Civil Partner will normally receive an annual pension equal to 52.5% of your annual pension (if you are in Section 3 of the Supplementary Fund Section) or two-thirds of your annual pension (if you are in Section 4 of the

Supplementary Fund Section). This amount will be payable whether you die within five years of your pension becoming payable or after this five-year period and will not be subject to reduction in this period in the event that children's pensions are also payable. The amount of this pension may however be reduced if your Spouse is materially younger than you or the marriage took place just before your death. There is no lump sum payable in the event you die within five years of your retirement or without leaving a Spouse or nominated dependant.

A married pensioner or deferred member can elect to be treated as single, meaning that your Spouse will receive only statutory benefits (to the extent applicable) from the Fund. The Trustee will require evidence that you have for at least three years been living separately from your Spouse, and may also require additional documentation to support your election.

6 Spouse's pension payable on death as a pensioner

(Handbook p18, What is paid if I die after I've retired?)

Your Spouse or Civil Partner will normally receive an annual pension equal to 52.5% of your annual pension (if you are in Section 3 of the Supplementary Fund Section) or two-thirds of your annual pension (if you are in Section 4 of the Supplementary Fund Section), ignoring any exchange for cash at the time you retired. This amount will be payable whether you die within five years of your pension becoming payable or after this five-year period and will not be subject to reduction in this period in the event that children's pensions are also payable. The amount of this pension may however be reduced if your Spouse is materially younger than you or the marriage took place just before your death. There is no lump sum payable in the event you die within five years of your retirement or without leaving a Spouse or nominated dependant.

A married pensioner or deferred member can elect to be treated as single, meaning that your Spouse will receive only statutory benefits (to the extent

applicable) from the Fund. The Trustee will require evidence that you have for at least three years been living separately from your Spouse, and may also require additional documentation to support your election.

7 Nominated dependants pensions

(Handbook p19, Dependants of unmarried or widowed members)

Under both Section 3 and Section 4 of the Supplementary Fund Section, only one dependant may be nominated to receive a pension on your death (except where you nominate your parents). A nominated dependant must be shown to have been wholly or mainly dependant on you for at least the 12 months prior to your death and the Trustee must also be satisfied that he or she could not reasonably be required to earn their own living.

Please contact the Fund Administrator for further details of the eligibility requirements for nominated dependants, or if you would like to nominate someone for the Trustee’s consideration.

8 Pensions payable in respect of children

(Handbook p19, Children’s pensions)

If you die before having received five years’ worth of pension, a child’s pension will be payable during the remainder of this five-year period, even where a spouse’s pension is payable at this time.

If you are a member of the Supplementary Fund Section, a pension will be payable in respect of your child or children until they reach the age of 18. The Trustee has a discretion to continue to pay a child’s pension to a child over 18 where either:

1. your child is wholly or mainly incapacitated by reason of injury or mental or physical illness (but only whilst such disability continues); or

2. your child is continuing to receive full-time education (but only whilst such education continues) although HMRC’s tax regulations will usually mean that such a pension must cease when the child reaches age 23.

If, after your death you *have not* left a Spouse or qualifying nominated dependant, the following pensions will be payable in respect of your eligible children:

Sections 3 and 4

Number of children	Percentage of your pension (or prospective pension, if you are a deferred member)
1	52.5%
2	72.5%
3	82.5%
4	92.5%
5	100%

If, after your death you *have* left a Spouse or qualifying nominated dependant, the following pensions will be payable in respect of your eligible children:

Section 3

Number of children	Percentage of your pension (or prospective pension, if you are a deferred member)
1	20%
2	30%
3	40%
4	47.5%

Section 4

Number of children	Percentage of your pension (or prospective pension, if you are a deferred member)
1	20%
2 or more	33⅓%



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If you have any questions after reading this document, please contact the Fund Administrator between 9am and 5pm, Monday to Friday (excluding Bank Holidays) on 0800 916 8021. If you are calling from outside the United Kingdom, the number to ring is: +44(0)1737 227521. Or you can email the Fund Administrator at: **ici@willistowerswatson.com**

If you wish to seek financial advice about any aspect of your pension, you may find **www.moneyadviceservice.org.uk** a useful place to find an adviser.

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 agree any fees with them beforehand.