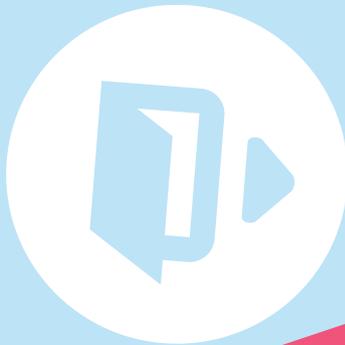




PENSION
FUND



Your Jargon Buster

for the Britag Section

August 2018

In our pension documents and communications, we try to avoid jargon. However, there are various pension-specific words or phrases that we have had to use, which you may not be familiar with and so we have set out their explanations below.

Active member	You were an Active member of the Britag Plan when you were earning benefits in the Britag Plan.
Actuary	A qualified professional who advises the Trustee on calculating benefits and funding.
Annual Allowance	<p>This is 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 the Government. The standard Annual Allowance is currently £40,000.</p> <p>You may have a reduced Annual Allowance if, broadly, you earn over £150,000 a year (including the value of your pension savings that year). In general, your Annual Allowance will be reduced by £1 for every £2 of annual income over £150,000, down to a minimum Annual Allowance of £10,000. Your Annual Allowance may also be affected if you access your benefits using the flexibilities introduced in April 2015 as outlined in 'Taking your benefits in a more flexible way' on page 21 of the handbook.</p> <p>To check the current Annual Allowance, go to www.gov.uk.</p>
Basic State Pension	This is paid to anyone with a sufficient National Insurance contributions record who reached their State Pension Age before 6 April 2016 when the Basic State Pension was replaced by a new State Pension scheme. You can find out more about State Pensions at www.gov.uk .
Britag Plan / Britag Section	The Britag Section is the section of the Fund which provides benefits payable to members who transferred from the Britag Industries Limited Retirement Benefits Plan (the "Britag Plan") to the Fund.
Civil Partner	<p>Your partner with whom you have a registered civil partnership under the Civil Partnerships Act 2004.</p> <p>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, and when we refer to Spouse we are also referring to 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. If the Supreme Court ruling is successfully appealed, no Same-Sex Spouse's or Civil Partner's pension will be payable. Please note that the ruling does not address Guaranteed Minimum Pension benefits which may be lower for Same-Sex Spouses and Civil Partners.</p>
Company	Imperial Chemical Industries Limited, which is owned by the Dutch company Akzo Nobel N.V.

Contracting out	<p>Before 6 April 2016, the State Pension was made up of two parts – the Basic State Pension and the Additional State Pension*. The Government allowed pension schemes that met certain quality tests to opt out of the Additional State Pension. This was known as ‘contracting out’. If a scheme was contracted out, both members and their employers paid reduced rates of National Insurance and the scheme had to provide benefits that must be at least broadly equivalent to the Additional State Pension members would otherwise have earned:</p> <ul style="list-style-type: none"> • For pensionable service between 6 April 1978 and 5 April 1997, schemes must ensure that <i>each member</i> receives a pension that is at least broadly equivalent to the Additional State Pension they would have earned. This is known as the ‘Guaranteed Minimum Pension’ or GMP. There are also GMP benefits payable on death. Therefore, if you were an Active member of the Fund between 6 April 1978 and 5 April 1997, you will have a Guaranteed Minimum Pension and guaranteed minimum benefits payable on your death. • From 6 April 1997, it was the <i>overall level of benefits</i> being provided by the Fund that was evaluated and approved in place of individual guarantees for each member, so there is no GMP in relation to service from that date. <p>The Basic State Pension and Additional State Pensions were both abolished for pensioners reaching State Pension Age after 6 April 2016 and replaced with a single new State Pension. The amount of new State Pension you’re paid may be affected by your contracted-out membership.</p> <p>If you reached your State Pension Age before 6 April 2016, you will not be affected by the new State Pension.</p> <p>You can find out more about State Pensions on the Government’s website www.gov.uk.</p>
Deferred member	<p>A Britag Deferred member has benefits that were transferred to the Fund but has not yet started drawing their Fund pension.</p>
Defined Benefit Pension Scheme	<p>A type of pension scheme that promises a certain level of retirement income to members – usually a fraction of the member’s earnings for each year they have been in the scheme. For example, it might be 1/60th of final pay for each year. The ICI Pension Fund is a Defined Benefit Pension Scheme.</p>
Defined Contribution Pension Scheme	<p>A type of pension scheme where members and their employers pay in contributions to build up a retirement pot. When the member reaches a minimum retirement age (currently 55) they can use the money in their retirement pot to buy an income or take it as cash.</p>
Dependant	<p>Someone the Trustee believes was financially dependent on you at the date of your death or retirement.</p>
Employer	<p>Also known as a ‘Sponsoring employer’, which participates or participated in the Fund (or the Britag Plan).</p>
Final Pensionable Salary	<p>This is the salary that was used to work out your benefits. Your Final Pensionable Salary was worked out by taking the highest of the following:</p> <ol style="list-style-type: none"> a. the highest Pensionable Salary in the five years ending on the 5th April on or immediately before the end of Pensionable Service. Pensionable Salary for this purpose is calculated as basic earnings plus the average of any other pensionable payment received over the previous three years; b. the highest annual average of your Pensionable Salaries over any three consecutive years of service ending in the ten years before the end of your Pensionable Service.

* This is also known as the State Second Pension or State Earnings Related Pension Scheme (SERPS).

Fund	This is the ICI Pension Fund.
Fund Administrator	The Fund Administrator, Willis Towers Watson, is responsible for the day to day running of the Fund. Their contact details are on page 5 of the Handbook.
Guaranteed Minimum Pension (GMP)	See Contracting out.
HMRC	This is HM Revenue & Customs, the UK tax authority. HMRC regulates the tax benefits associated with saving for retirement, including tax relief, Annual and Lifetime Allowances and tax-free lump sums at retirement.
Lifetime Allowance	<p>This is a limit on the amount of tax-efficient pension benefits which you can build up over your lifetime. If the value of your benefits from all Registered Pension Schemes exceeds this allowance, you will incur a tax charge, known as the lifetime allowance charge. The method of valuing the benefits you have built up in all your Registered Pension Schemes to test against the Lifetime Allowance is set by the Government. The standard Lifetime Allowance is currently £1.03m.</p> <p>You may have a higher Lifetime Allowance because you have applied to HMRC for protections (for example fixed protection or individual protection). If you have applied to HMRC for one of these protections, you must be careful to comply with HMRC's requirements (for example, for fixed protection you cannot continue building up pension), otherwise you will lose this protection and may be subject to a lower Lifetime Allowance. Your accountant or financial adviser can tell you more about this.</p> <p>To check the current Lifetime Allowance, go to www.gov.uk.</p>
Normal Retirement Age	This is when your benefits are normally paid under the Fund and when you can take your benefits in full. Currently this is age 62 unless you have been informed by your Employer that you have a different Normal Retirement Age.
Pensionable Salary	<p>This is the salary used to work out your benefits and contributions.</p> <p>Your total gross earnings from your Employer were used in the relevant tax year (ending on 5th April), but excluded any payments specifically defined as "non-pensionable" by your Employer.</p>
Pensionable Service	This is your continuous service with an Employer while earning benefits in the Britag Plan as an Active member. This may include service under a former pension plan which was transferred into the Fund. Benefits payable are based on a maximum of 40 years' Pensionable Service.
Pensioner	A former Active member who is receiving a pension from the Fund. This does not include someone receiving a pension following the death of a member.
Registered Pension Scheme	A pension scheme registered with HMRC which benefits from tax relief.
Retail Prices Index	A measure of inflation set by the Government.
Rules	The Rules, along with the Trust Deed, set out how the Fund must be run and what members' benefits are.

Same-Sex Spouse	<p>Someone you're married to under the Marriage (Same Sex Couples) Act 2013.</p> <p>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, and when we refer to Spouse we are also referring to 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. If the Supreme Court ruling is successfully appealed, no Same-Sex Spouse's or Civil Partner's pension will be payable. Please note that the ruling does not address Guaranteed Minimum Pension benefits which may be lower for Same-Sex Spouses and Civil Partners.</p>
Sponsoring employer	<p>This is an Employer who participates in the Fund or participated in the Britag Plan.</p>
Spouse	<p>Someone of the opposite sex to whom you are married.</p> <p>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, and when we refer to Spouse we are also referring to 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. If the Supreme Court ruling is successfully appealed, no Same-Sex Spouse's or Civil Partner's pension will be payable. Please note that the ruling does not address Guaranteed Minimum Pension benefits which may be lower for Same-Sex Spouses and Civil Partners.</p>
State Pension	<p>The regular pension you will receive from the Government when you reach your State Pension Age.</p>
State Pension Age	<p>Your State Pension Age is when you can claim your State Pension and other associated benefits.</p> <ul style="list-style-type: none"> • For women born before 6 April 1950, it's age 60. • For men born before 6 December 1953, it's age 65. • For women born between 6 April 1950 and 5 October 1954, it's between ages 60 and 66. • For both men and women born on or after 6 October 1954 and before 6 April 1960, it's age 66. • For both men and women born after 5 April 1960 and before 6 April 1977, it's between ages 66 and 67. <p>There may be further increases to the State Pension Age in future.</p>
Trust Deed	<p>The Trust Deed, along with the Rules, sets out how the Fund must be run and what members' benefits are. Often referred to in this handbook as the Rules.</p>
Trustee	<p>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 15 of the Handbook.</p>



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