



PENSION
FUND



Your Jargon Buster

for the 1967 Rules 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 are an Active member if you are currently employed by a Sponsoring employer and are building up pension benefits in the Fund.
Actuary	A qualified professional who advises the Trustee on calculating benefits and the level of ongoing funding required.
Additional Voluntary Contributions (AVCs)	These are extra contributions members could pay to build up additional benefits. This facility was removed on 5 April 2006, although contributions paid up to that date remain in the Fund.
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 25 of the handbook.</p> <p>To check the current Annual Allowance, go to www.gov.uk.</p>
Basic State Pension	<p>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. However, to calculate your Pensionable Pay, the figure equivalent to the old basic State Pension is still used.</p> <p>You can find out more about State Pensions at www.gov.uk.</p>
Civil Partner	<p>Your partner with whom you have a registered civil partnership under the Civil Partnerships Act 2004.</p> <p>Until recently, the Fund paid a pension to Same-sex Spouses and Civil Partners based only 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, 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. 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, the <i>overall level of benefits</i> being provided by the Fund 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> <p><i>*Currently, this is also known as the State Second Pension (S2P) and was previously the State Earnings Related Pension (SERPS).</i></p>
Deferred member	A member who has left the Fund but not yet started drawing their Fund pension.
Defined Benefit Pension Scheme	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.
Defined Contribution Pension Scheme	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.
Dependant	Your child (where that child is under 18, under 19 and receiving full-time secondary education, or over 18 and wholly or mainly incapacitated because of injury or mental or physical illness), or someone the Trustee believes was financially dependent on you at the date of your death or retirement, as appropriate.
Employer	Also known as a ‘Sponsoring employer’, which participates in the Fund.
Final Pensionable Pay	<p>This is the income we use to work out your benefits when you retire. We work out your Final Pensionable Pay by taking the higher of:</p> <ul style="list-style-type: none"> • Your average annual Pensionable Pay during the last year of Pensionable Service; or • Your average annual Pensionable Pay during your highest paid Fund year (1 April – 31 March) in the last ten complete Fund years of Pensionable Service.
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>
Lower Earnings Limit	The Lower Earnings Limit and Upper Earnings Limit are set by the Government for the purpose of calculating National Insurance, State benefits and pensions. These limits change each tax year. To find out the current limit, go to www.gov.uk/government/publications/rates-and-allowances-national-insurance-contributions/rates-and-allowances-national-insurance-contributions .
Maximum Benefit	Benefits provided by the Fund are subject to certain limits imposed by the Rules. Your pension, including the Supplementary Pension, is subject to the Maximum Benefit rule. For someone with 20 years' or more service at Normal Retirement Age, the Maximum Benefit is approximately 2/3 of their pay, with different limits for those who leave before Normal Retirement Age. If your pension has to be reduced to comply with the Maximum Benefit rule, it is current practice to reduce any Supplementary Pension first.
National Insurance	This is a tax levied on both employers and employees to fund various State benefits.
Normal Retirement Age	<p>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:</p> <ul style="list-style-type: none"> (a) you transferred to the Fund from the Workers' Pension Fund and you joined the Workers' Pension Fund before 1 January 1998, in which case your Normal Retirement Age is 65 unless you elect before reaching 62, 63 or 64 that it shall be age 62, 63 or 64 as appropriate (If you do not make an election, the Trustee may make one on your behalf if it believes it is in your best interests to do so.); or (b) you have been informed by your Employer that you have a different Normal Retirement Age. <p>The Fund has introduced provisions to deal with sex equalisation which mean that some members may be able to take some or all of their benefits from age 60 without reduction.</p>
Pensionable Pay	<p>This is the pay we use to work out your benefits and contributions.</p> <p>This is your total annual pay plus overtime and fixed allowances, such as Shift Disturbance and Working Conditions Allowances. It does not include holiday bonuses, other allowances or performance-related bonus payments. Since April 2017, Pensionable Pay has been subject to a maximum annual increase, or Pensionable Pay Cap.</p>

Pensionable Pay Cap	<p>The Pensionable Pay Cap was introduced in April 2017. It is a limit to the amount by which members' Pensionable Pay can increase each year. For the year 1 April 2017 to 31 March 2018, this was 2% of Pensionable Pay, decreasing to 1.5% in future years.</p> <p>This cap only applies when the sum of a member's basic salary and pensionable fixed allowances (which exclude any variable pay such as holiday bonuses or performance-related bonus payments), if applicable, exceeds the annualised rate of Average Weekly Earnings (total pay) published by the Office for National Statistics.</p> <p>Members who were earning equal to or less than Average Weekly Earnings as at 31 December 2016 (£507 per week or £26,364 a year) are not subject to this cap.</p>
Pensionable Service	<p>Pensionable Service means your continuous service with an Employer while earning benefits in the Fund as an Active member. This may include your service under another Employer which was transferred into the Fund.</p>
Pensioner	<p>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.</p>
Registered Pension Scheme	<p>A pension scheme registered with HMRC which benefits from tax relief.</p>
Retail Prices Index	<p>A measure of inflation set by the Government.</p>
Rules	<p>The Rules, along with the Trust Deed, set out how the Fund must be run and what members' benefits are.</p>
Salary Break	<p>The maximum level of Pensionable Pay, set out below, up to which you earn a higher rate of pension. The level of the Salary Break depends on when you stopped being an Active member and is set out below:</p> <ul style="list-style-type: none"> • if you stopped being an Active member on or after 27 November 1990 but before 2 November 1992, it is £10,000 • if you stopped being an Active member on or after 2 November 1992 but before 1 November 1995, it is £10,500 • if you stopped being an Active member on or after 1 November 1995 or are currently still an Active member, it is £11,250. <p>If you stopped being an Active member before 27 November 1990, please contact the Fund Administrator if you would like to know the Salary Break that applied to calculate your benefits.</p>
Same-Sex Spouse	<p>Someone you're married to under the Marriage (Same Sex Couples) Act 2013.</p> <p>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, 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. Please note that the ruling does not address Guaranteed Minimum Pension benefits which may be lower for Same-sex Spouses and Civil Partners.</p>
Shift Disturbance and Working Condition Allowances	<p>This is an allowance awarded in respect of employees who work variable shifts as a part of their normal work and who may work in uncomfortable or challenging conditions.</p>

Special Category member	Someone who was a monthly-paid Active member of the Fund on 27 October 1985 or became one between 28 October and 31 December 1985, and who chooses at retirement to receive a higher pension in exchange for a reduction in benefits payable on death. In this instance no benefits are payable on death other than those relating to Contracting out. (Men can only select to be Special Category members for benefits earned after 17 May 1990, as this is the date the law changed with regard to the sex equality rules that apply to pension schemes.)
Sponsoring employer	This is an Employer who participates in the Fund.
Spouse	Someone of the opposite sex to whom you are married. When we refer to Spouse in this handbook 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.
State Pension	The regular pension you will receive from the Government when you reach your State Pension Age.
State Pension Element	To calculate your State Pension Element you multiply your Pensionable Service by 1/50 of the Basic State Pension (which applies to a single person who reached State Pension Age before 6 April 2016) averaged over the year before you retire.
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>
Supplementary Pension	<p>This is a temporary top-up pension payable to eligible members from early retirement or your Normal Retirement Age (depending on when you left service and the circumstances of your leaving). It is payable until you reach State Pension Age or age 65, if lower. To calculate your Supplementary Pension you multiply your Pensionable Service by 1/50 of the Basic State Pension (which applies to a single person who reached State Pension Age before 6 April 2016) averaged over the year before you retire.</p> <p>If you are a man who is eligible to receive a Supplementary Pension, your entire Pensionable Service will be used when calculating the Supplementary Pension. If you are a woman who is eligible to receive a Supplementary Pension, only your Pensionable Service earned after 17 May 1990 will be used to calculate your Supplementary Pension, as this is the date the law changed with regard to the sex equality rules that apply to pension schemes.</p>
Trust Deed	The Trust Deed, along with the Rules, sets out how the Fund must be run and what members' benefits are.
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 24 of the handbook.
Upper Earnings Limit	See Lower Earnings Limit.
Workers' Pension Fund	The pension fund called the "Imperial Chemicals Workers' Pension Fund" established by a trust deed dated 29 th November 1938.