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**PENSION  
FUND**

# Pensions News

News and updates  
for pensioners of the  
ICI Pension Fund 2016

## Welcome to Pensions News, the newsletter of the ICI Pension Fund

**Last year was another good year with progress made on reducing the Fund's risk to the potential increase in life expectancy and also an improvement in the funding level. You can read more about both of these topics on pages 4 and 5. We have again been recognised for our work in the area of risk reduction and recently won two further awards for this.**

Increasing life expectancy is good news for us as individuals and our families, but it is one of the biggest remaining risks for the Fund because we cannot accurately predict how long our members will receive their pensions. Buying bulk annuity policies reduces risk to the Fund by transferring this risk to the insurers.

In total, we have bought eleven bulk annuity policies ('buy-ins'), bringing the total value of our assets held in this way to £7.9 billion.

The Trustee Board has undergone some changes this year, with the retirement of Kevin January, who had been a Trustee Director for 17 years. We have greatly valued Kevin's contribution over the years and would like to thank him for his dedication and for all his hard work. We are pleased to welcome Frank Rose who joined the Trustee Board in June this year.

There will be at least one Trustee Board vacancy in early 2017. Would you consider applying to be a Trustee Director of the Fund? Do you have the right skill set? To help you better understand what this role involves, we've included an interview with one of our Member Nominated Directors and brief career outlines for each of the Trustee Board members on pages 10 and 11.

This year we will be inviting you to take part in a short survey to give us your views on this newsletter. Your participation is greatly appreciated.

Finally, I would 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.

**David Gee**  
Chairman, ICI  
Pension Fund



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## Could you become a Trustee Director?

**Are you interested in applying to be a Member Nominated Trustee Director (MND)? When a vacancy arises it is open to all members who are, or used to be, contributing members of the Fund, whether they are now pensioners, deferred members or still in employment, subject to them being supported by three other members.**

It would be good to see a wider representation of the membership on the Trustee Board, perhaps from the active or deferred membership, to help ensure the security of members' pensions for more than fifty years into the future.

The selection panel, comprising Trustee Board members, including Law Debenture, look for a mixture of capabilities and sound judgement. A lack of previous experience as a trustee is not necessarily a barrier, provided that you have the ability and willingness to train for the role, although previous financial or legal experience can sometimes be helpful.

When we asked Moira Rugg, one of our MNDs, how she would describe the role of a Trustee Director to someone who was interested in applying, she said:

"Our main job is to seek to ensure that all pensions are paid according to the rules of the Fund and applicable legislation. The Trustee Board is a close-knit team which takes decisions, based on professional advice, about how the Fund is run.

The decisions are often complex and Trustee Directors have to act impartially and in accordance with the rules of the Fund and applicable legislation. You need to be aware of the effect of decisions on members but remain objective.

The ICI Pension Fund is one of the largest private pension schemes in the UK. Whilst the role is a demanding one and can be intellectually challenging, I am part of a very capable team and the training and support I have received have been excellent."

All Trustee Directors are given training and support and are expected to complete the Pension Regulator's Trustee Toolkit within their first six months as a Trustee Director.

**If you think you may have the required competencies and judgment, you can spare up to 50 days a year and would relish the opportunity to share your experience, why not consider applying to be a Member Nominated Director? The next selection process is open now and you can apply via the website [www.icipfmd.com](http://www.icipfmd.com)**

**The closing date for applications is 31 December 2016.**

You can read more of the interview with Moira on page 10

## Highlights from the Report and Accounts

**The most important part of the Trustee's role is to work to ensure members are paid their pensions on time and in full. Your benefits are paid out of the money that's held in the Fund.**

Each year the Trustee produces a report of the Fund's financial position. It includes details of:

- the money that has come in and gone out of the Fund.
- membership statistics.
- information about investments held by the Fund.
- an update from the Fund actuary.

Our auditors, KPMG LLP, gave the Fund's Financial Statements for the year 1 April 2015 to 31 March 2016 an unqualified audit opinion – effectively a clean bill of health. The table opposite is a summary of how the audited value of the Fund changed during 2015/2016 and the key items of income and expenditure. More detailed information is available in the Fund's Financial Statements which can be found on the website at [www.icipensionfund.org.uk/library-and-forms](http://www.icipensionfund.org.uk/library-and-forms)

**The money paid out of the Fund is influenced by the membership profile of the Fund, which is shown opposite as at 31 March 2016.**

In the year to 31 March 2016 total membership reduced by 2,042 to 53,828. The proportion of pensioners will increase steadily as active and deferred members take their pensions.



**£9.57bn**

the value of the Fund at 1 April 2015



**£487m**

the money that came in, including contributions from AkzoNobel of £160m and investment income of £327m



**£525m**

the money that went out, including pension payments and other benefits paid to members



**£189m**

the fall in value of the assets during the year



**£9.34bn**

the value of the Fund at 31 March 2016

Active

**308**

Deferred

**8,699**

Pensioner

**44,821**

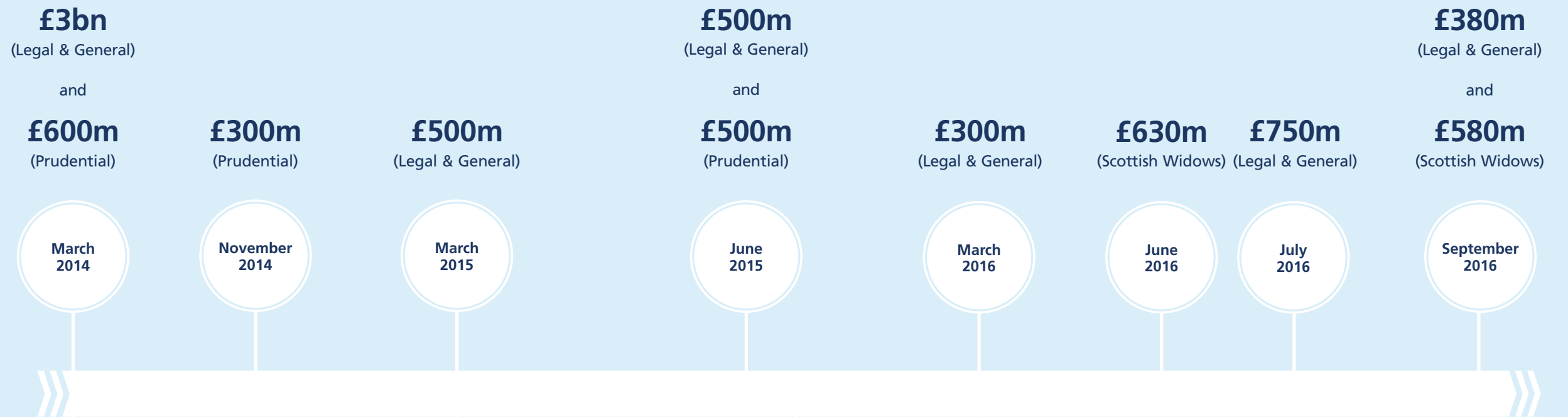
# Protecting your pension – our recent journey

The Trustee has been working over many years to protect the Fund, and ultimately your pension, from risks. Here we summarise some of the most important steps we have taken since March 2014.

## BUY-INS

Since March 2014, the Trustee has further reduced risk for the Fund and increased the security of your benefits with the purchase of a number of bulk annuity policies (also known as 'buy-ins').

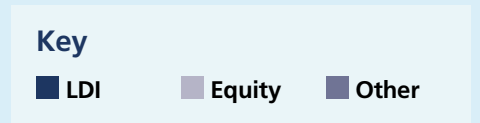
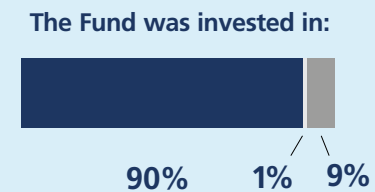
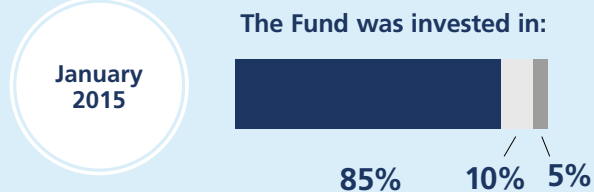
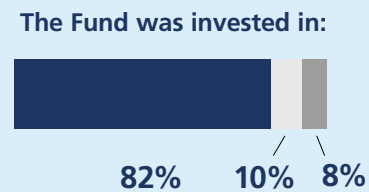
The way buy-ins work is that the Trustee purchases an insurance contract from an insurance company using part of the Fund's assets. The insurance company commits to pay to the Fund amounts to cover those pension payments covered by the contract. A buy-in is effectively an investment that the Trustee holds to match the amount of the pension payments made by the Fund to members. The Trustee believes that these policies increase the security of your benefits by protecting the Fund against unexpected increases in life expectancy, which although a good thing for all of us, does increase the length of time that pensions are payable from the Fund and therefore its liabilities.



## OUR INVESTMENTS

The Trustee has reduced the allocation of the Fund's assets to equities and other similar return seeking assets, where the rewards can be higher, but the risk is also higher.

The allocation of the Fund's assets to bonds, together with the use of derivatives, through arrangements known as liability driven investments, or 'LDI' mandates, are designed to protect the Fund to a large extent against changes in interest and inflation rates. Our substantial investments in buy-ins and bonds are included in the liability driven investments.



January 2015  
The Company paid £178.5m to the Fund to further help reduce the shortfall.

January 2016  
The Company paid £150m into the Fund to further help reduce the shortfall.

# Our objective

We are aiming for an even more secure, well-funded pension scheme, with your benefits further protected against risk.



# Funding and derisking

## Our funding level

A key focus for the Trustee is whether there is enough money in the Fund to pay members' benefits.

The valuation of the Fund compares the value of the Fund's assets (the investments and money the Fund has available) at a particular point in time with the Fund's liabilities (the amount estimated to be needed to pay benefits earned up to that date). The funding level is the ratio of the Fund's assets to its liabilities.

- In March 2014, the funding level was 90.99% and the shortfall in the value of the Fund's assets against the value of its liabilities was £850m.
- In March 2015 the funding level increased to 92.7% and the shortfall in the value of the Fund's assets against the value of its liabilities was £751m.
- In March 2016, the funding level increased to 93.4% and the shortfall in the value of the Fund's assets against the value of its liabilities was £661m.

## Our award winning risk reduction strategy

The Fund won three pension awards in 2015, which we told you about in the last Pensions News.



We are pleased to announce that we have recently won two further awards, which have been judged by key figures in the pensions industry. For the second year in a row, we won 'Best de-risking initiative' at the Engaged Investor Awards. This reflects the innovative risk reduction initiatives that the Fund has carried out. We also won 'Best Use of Risk Reduction Strategies' at the Professional Pensions Awards 2016, again for our significant work in the area of risk reduction.

# Summary Funding Statement

One of the documents that we are required to produce is the annual Summary Funding Statement (SFS), setting out the ability of the Fund to pay the benefits due at a particular point in time.

Among other things, the SFS has to provide an estimate of the financial position of the Fund at a particular point in time, assuming ICI and AkzoNobel were no longer able to support it.

The SFS has to be issued each year, unless the Fund is currently undergoing its three-year formal Actuarial Valuation. It is freely available on the website in the 'library and forms' section. We send a copy of the SFS to members who have told us in writing that they want to receive it. If you wish to receive a copy of the SFS please contact the administration team at Willis Towers Watson.

Assets	£1,567 million
Amounts needed to provide benefits	£1,628 million
Shortfall	£61 million
Funding level	93%

# The company that supports the Fund: past and present

Since the takeover of ICI by AkzoNobel, ICI's obligations have been guaranteed by AkzoNobel. We've highlighted below some of the key UK sites of ICI from the past and some of the current major UK sites of AkzoNobel.

Once the site of a major ICI chemical works, Ardeer produced explosives and products for the chemical and defence industries.

Today there is still a plant involved in the manufacture of explosive related chemicals on the site together with an industrial estate.

There were a number of ICI sites within the Runcorn area.

Part of the Runcorn site has been taken over by Ineos, focusing on the production of chlorine, caustic soda, sulphuric acid and PVC. The former ICI offices and laboratories now comprise the Heath Business and Technical Park.



AkzoNobel is building a new factory complex in Ashington, Northumberland, which will become the heart of the UK Decorative Paints operations.

AkzoNobel has a Research and Development, Technology and Administration Center at Felling, Gateshead. It is the Performance Coatings business' largest research and development site worldwide.

Billingham was one of ICI's original sites. ICI no longer operates in Billingham but some of the manufacturing plants are still in operation, run by other chemical companies.

The major complex at Wilton was a massive boost to Teesside's chemical industry in the 1940s. A number of multinational chemical companies now operate on the site.

Slough continues to house the headquarters of the former ICI Paints Division and AkzoNobel is one of the town's largest employers.

Although the manufacturing plant is due to close once the new Ashington plant is up and running, the headquarters of the business will remain in Slough. This year AkzoNobel opened a Dulux Academy in Slough through which it plans to train around 3,000 painters and decorators a year.

# Answering your Pension questions

**Our pensions administration team at Willis Towers Watson, formerly known as Towers Watson, handles around 23,000 queries from our members and their dependants every year.**

Here are the answers to some of the most frequently asked questions. These answers are for illustration purposes only and are based on specific facts. You should contact Willis Towers Watson if you wish to understand your own personal circumstances as these may differ from the examples considered here.

**My partner and I have lived together for many years without getting married. If anything happens to me, would my partner still be able to claim a pension from the Fund?**

Under the rules of the Fund, your partner's rights are much more certain if you are married or in a civil partnership rather than single and in a long-term relationship. A married partner of the opposite sex is generally entitled to a full spouse's pension.

The amount of pension is different if you die leaving a civil partner or spouse from a same-sex marriage. In this case, in accordance with legal requirements, the pension for your same-sex spouse or civil partner is based only on your service in the Fund on and after 5 December 2005, plus half of any benefits relating to contracted-out service between 6 April 1988 and 5 April 1997. The Trustee may consider paying the full spouse's pension if a civil partner or spouse from a same-sex marriage proves that they were financially dependent on you and their personal circumstances are such that they cannot reasonably be expected to adequately support themselves financially.

An unmarried partner of a member also has to prove that they were financially dependent on the member to a substantial extent and that they cannot reasonably be expected to adequately support themselves financially. Consequently, a partner could potentially find themselves unable to claim a dependant's pension, or able only to claim a reduced amount if they are currently working, have their own savings or pension, or would gain a significant inheritance when you die.

The same rules apply to any other family member who, in the absence of a spouse, might be nominated by the member to receive a dependant's pension.

**My spouse is significantly younger than me. Will that affect the pension payable on my death?**

A substantial age difference between spouses may influence the amount of the surviving spouse's pension. The Rules applicable to younger spouses are dependent upon the section of the Fund in which you are a member.

Some sections of the Fund contain a rule whereby the survivor's benefits can be reduced to take into account a large age disparity between the member and the survivor.

If this is applied to a spouse's pension it will have a knock-on effect on any child's pension.

The Fund applies a reduction in such circumstances because a 'younger spouse' is expected to live for longer than the spouse of a deceased member who is of a similar age. Consequently, the Fund expects to pay a pension to a 'younger spouse' for a longer period of time and so the amount of pension is reduced to reflect this. The Trustee will apply the reduction as a matter of course but the spouse can appeal this decision. Some of the circumstances under which the Trustee may decide to repeal the reduction are if the spouse can prove financial dependence or a shortened life expectancy. If a spouse's case does not fall within the circumstances set out, but still justifies Trustee consideration, it will be referred to the Policy and Administration Committee of the Fund for consideration.

**Why have I been sent a request to complete a Member Verification Form?**

The Fund has a duty of care to ensure that members' pensions are paid correctly, to protect members' money and to guard against fraud. To this end we use a number of nationally available databases to obtain information which may help indicate when a member's circumstances have changed, for example when their address has changed or they are deceased.

From time to time, we will ask pensioners to fill in and return a form to confirm they are living at the address we hold. The form has to be signed by the pensioner and should be witnessed by someone who is not a family member.

It is considered good practice to audit the information held about pensioners and the Department for Work and Pensions (DWP) issues similar certificates to certain pensioners receiving the State Pension.

If you do receive this form, there is nothing to worry about. But you do need to fill it in and send it back to us as soon as you can. If the form is not returned we will send a reminder and if that is not responded to we may, as a last resort, stop your pension. However, you would be given plenty of notice before any action is taken to stop your pension.

The form also helps us to identify cases where people have become unable to manage their own affairs. If you are concerned about what might happen if you become mentally or physically unable to cope with managing your financial affairs, you might consider setting up a Lasting Power of Attorney. This gives a person you trust (known in this case as your attorney) the authority to deal with your financial affairs on your behalf. Information about this can be found by visiting [www.citizensadvice.org.uk](http://www.citizensadvice.org.uk) and looking under "Managing affairs for someone else", in the "Relationships" section.

# The importance of correct information

It is important to let us know if your circumstances or personal details change. If you don't, you risk missing out on important information from us and the possibility that the payment of your Fund benefits may be delayed or not paid according to your current wishes.

In order to properly administer the Fund and correctly calculate its liabilities it is crucial that the data we hold for members is correct.

You can help by checking your own data and letting us know if anything is incorrect. The good news is, staying up to date is simple.

- Remember to get in touch if you:
  - **change your address** – Contact Willis Towers Watson and provide your name, previous address and new address with either your National Insurance number or Pension Reference number.
  - **change your bank details** – For security reasons, tell us in writing using the 'Bank Details Form' on the website, or write us a letter.
  - **notice an error** – For example, if your date of birth or marital status is wrong contact Willis Towers Watson.

## Please give us your feedback

We would like to know your views about this Newsletter and a brief survey has been enclosed. Completing the survey should take less than 10 minutes and you can be sure that we will listen to what you have to say.



# Interview with Moira Rugg, a Trustee Director

Moira joined the Trustee Board of the Fund in May 2013 as a Member Nominated Director (MND). She joined ICI in 1976 and in 31 years held a number of Human Resources (HR) roles, including Global HR Director for the Uniqema business. Having retired in 2007 Moira now also works part-time as a volunteer adviser with the Citizen's Advice Bureau.

## Why did you apply for the position of Member Nominated Director?

I was looking for an additional work-related challenge where I could use my skills and experience to meet an important need. I think provision of pensions is very important and will become more so in the future in very difficult and changing economic and political times.

I already had an interest in pensions and my HR career gave me some specific knowledge about ICI and its Pension Fund which was helpful but I've learnt so much more since becoming a Trustee Director.



## What makes you a good Trustee Director?

I care about the members and want to help ensure they receive the pension to which they're entitled. I have a broad range of relevant skills and experience and enjoy being part of and working effectively within a team. I believe I am quite analytical and numerate and listen to different arguments and contribute to the debate before forming my opinions.

## Would you encourage members to put themselves forward?

In the same way that companies benefit from diversity in the boardroom, pension schemes can benefit from diversity on the Trustee Board to help reflect the composition of the membership. The Trustee Board would very much welcome anyone who is interested in applying for the role of Trustee Director to do so.

At the moment there are 11 Trustee Directors, two of whom are women. Most of the Trustee Board members have either retired or partially retired from working life and are drawing their pensions from the ICI Pension Fund.

I recognise that the time commitment, which in some years can be as much as 50 days, may put some people off, particularly those who are still working full-time. If you can't spare the time now, please keep an eye out for further announcements in future editions of Pensions News.

## Do you need to have specific skills to be a Trustee Director?

First, you need to be interested and motivated to contribute to the successful management of the Fund. It is also important to be able to balance an interest in and awareness of the needs of the members, whilst operating impartially according to the rules. You don't need to be an actuary or a lawyer to serve on a trustee board, but you need to be able to take in relevant advice before making decisions. The world of pensions is changing fast. Trustees therefore need the ability to assimilate information, use judgement, work to tight deadlines when necessary and apply common sense.



**The world of pensions is changing fast. Trustees therefore need the ability to assimilate information, use judgement, work to tight deadlines when necessary and apply common sense.**



*The Trustee is ICI Pensions Trustee Limited and is completely separate from the contributing employers (AkzoNobel and ICI). It is owned by an independent trustee company, The Law Debenture Trust Corporation p.l.c. The Trustee is responsible for managing the Fund in accordance with its Trust Deed & Rules and prevailing legislation.*

# The other members of the Trustee Board



## David Gee

David joined ICI in 1974 and held a number of financial and project roles. From 2003, until his retirement in 2007, he was the Executive Vice President for the Regional & Industrial Businesses. He's been a Trustee since 2000 and Chairman since 2003.



## Ian Canham

Ian joined ICI in 1983. Prior to leaving in 2008 he was Head of the Group Risk and Insurance function. Ian then joined Lockton Companies LLP as a partner in Risk Solutions. He has been a Trustee Director since July 2005.



## Michael Chatterton

Michael Chatterton is a Director of Law Debenture. He joined Law Debenture Pension Trustees in 2010 and represents Law Debenture on more than a dozen pension schemes.



## John Fitzpatrick

John worked for ICI for more than 40 years within a number of businesses, including the Agricultural Division, C&P, Katalco and Synetix. John was a Trustee Director in the 1990s and rejoined in 2006.



## Fred Gray

Fred retired from ICI in 2002, after 33 years of service. He trained as a Chartered Accountant and worked in various businesses within ICI, spending most of his career in finance based at Head Office. He became a Trustee Director in March 2007.



## David Loose

David worked for ICI Paints for over 30 years. He had a varied career, including time as Managing Director of the Dulux Trade Business, CEO of Continental Europe and CEO for US Trade and Canada. He was a Trustee Director from 2001 to 2007 and rejoined, having retired from ICI, in 2009.



## Sue McMahon

Sue joined the Trustee Board in June 2010. She joined ICI in 1986 and during her 12 years with the Company enjoyed various engineering and technical management roles.



## Frank Rose

Frank joined ICI in 1980 holding various roles including Chief Medical Officer and Group Vice President, Sustainability, before moving to strategic consulting in 2008. He joined the Trustee Board in June 2016.



## Wynne Turner

Wynne has over 30 years' experience working as a lawyer and senior executive. He joined the Trustee Board in May 2000.



## Derek Welch

Derek was Director of Corporate Strategy at AkzoNobel and held various roles at Courtaulds plc. He joined the Trustee Board in July 2009.

## Running the Fund 2015/16

A lot of time is dedicated to monitoring investments but the role and responsibilities are much wider than that. Here is a snapshot of some of the work undertaken by the Fund during 2015/16.

9

Board meetings

35

Committee meetings

2-day

strategy event

200+

training hours

3

Buy-ins

£503m

paid in benefits

17,000

calls to the helpline

# Keeping in touch

**To update us about your personal details or to give us your email address please contact the administration team at Willis Towers Watson. You can also contact the administration team if you have a question about your benefits or the Fund itself. But remember: you may find the answer to your question on the website – it's always worth a look.**



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



Phone (from 09:00 – 17:00, Monday to Friday, not bank holidays)  
0800 916 8021



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.

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.



## Data Protection

Please note that the Trustee may use data relating to your membership of the Fund (including data about your dependants) for any purposes connected with the proper administration of the Fund. This includes the need to process data to calculate and pay benefits, for statistical, financial modelling and reference purposes, and to administer the Fund as a whole. This may involve passing on data about you to the Fund's sponsoring employer, professional advisers, administrator and third parties (including insurance companies, counterparties to Fund investments and other third parties), as may be necessary or desirable for the operation of the Fund. This may also include your data being sent outside the

European Economic Area (EEA) to a jurisdiction that may not offer an adequate, or equivalent, level of protection according to the laws of your home jurisdiction. However, in the event that your data is sent outside the EEA, the Trustee will still process your data in accordance with the UK Data Protection Act 1998, and will take reasonable steps to ensure that your data is treated securely and in accordance with this fair processing notice. The Trustee is the 'Data Controller' responsible for the processing of data about you and your dependants, and is subject to the requirements of the UK Data Protection Act 1998 in processing that data.

In certain circumstances, your data may be passed to the scheme actuary and Willis Towers Watson and, where this is the case, the scheme actuary and/or Willis Towers Watson may also be data controllers of your data. You can find more information about the scheme actuary's and Willis Towers Watson's use of data about you and your dependants in their data protection policy at [www.willistowerswatson.com/personal-data](http://www.willistowerswatson.com/personal-data)

You have the right to inspect your personal records on request, which may involve payment of a small fee, by application to the administration team at Willis Towers Watson. You can find out more about our data protection policy at [www.icipensionfund.org.uk](http://www.icipensionfund.org.uk)