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**PENSION  
FUND**

# Pensions News

News and updates for  
pensioner members of the  
ICI Pension Fund 2020

## **This newsletter reflects what has happened with the Fund and actions the Trustee has taken over the course of the year to 31 March 2020.**

Since that time, the global coronavirus pandemic has caused widespread challenges around the world, resulting in significant volatility in investment markets, affecting many pension funds. Your pension is not directly affected by market falls. The Trustee holds predominantly low risk assets that are used to pay your pension. Over 99% of the Fund's assets are now held in bulk annuity insurance policies. (These are also known as "buy-ins" under which the Trustee has made payments to a number of insurance companies and, in return, the insurance companies commit to pay the Fund amounts to cover specified pension payments due from the Fund.) As a result, the current investment market volatility has had minimal impact on the funding level.

The Fund administrator has concentrated efforts on critical processes, such as dealing with bereavements and making benefit payments, and although all enquiries have continued to be logged, some members may have experienced a delay in response to their queries. More information about our processes and the Fund at this time can be found by clicking on the coronavirus update link in the pop-up box which appears if you visit [www.icipensionfund.org.uk](http://www.icipensionfund.org.uk).

An actuarial valuation of the Fund is due to be carried out as at 31 March 2020. This is an assessment of the amount of assets required by the Fund now to pay benefits to members in all future years, based on certain assumptions made by the Company and the Trustee on the basis of advice from the Fund Actuary. As at 31 March 2019, following the payment by ICI Limited of additional contributions reflecting the sale of the Specialty Chemicals business, the Fund had sufficient assets to cover all of the future benefits expected to be paid. A new Summary Funding Statement, which will provide an update on the Fund's financial position, will be made available to members once the valuation as at 31 March 2020 has been completed.

If you wish to be notified when the Summary Funding Statement has been uploaded to the Fund website, it's not too late to register your email address with us if you haven't already done so. Since we set up the email registration system in 2019, we have collected over 6,000 email addresses, which will enable us to update those members more quickly and effectively, while minimising the impact on the environment and allowing savings to be made to the Fund's running costs. There is a link to the email registration page on the home page of the Fund website at [www.icipensionfund.org.uk](http://www.icipensionfund.org.uk).

As explained in our last newsletter, pension funds have been tasked with a review and reconciliation of

Government and Fund records to ensure correct calculation of any Guaranteed Minimum Pension (GMP). The Trustee has now received the final data file from HMRC and the reconciliation is drawing to a close. Following a legal ruling in 2018, we have also been reviewing the differing impact of GMP on benefits provided to men and women to ensure we comply with sex discrimination legislation. This large and complex project is ongoing, and we hope to be able to update you further in our next newsletter.

There may also be other legal rulings to consider over the next year: the Trustee is watching closely to see the outcome of the Pension Schemes Bill that is currently progressing through the House of Lords. The proposed Bill will introduce new criminal offences for avoiding employer debt and risking scheme benefits.

Finally, as always, I would like to express my thanks to my fellow Trustee Directors, to our Secretariat and to our wide team of expert advisers, for their continued hard work and all that they have achieved on your behalf this year.

With best wishes for a healthy and happy year ahead.

**David Gee**  
Chairman  
ICI Pension Fund

# The Fund's finances

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### Highlights from the Report and Accounts to 31 March 2020

The Fund's sponsor pays contributions into the Fund which, together with the Fund's investments, pay members' pensions and other Fund benefits. Here is a summary of the income and outgoings for the year to 31 March 2020. If you would like to see the full report, you can download a copy from the Fund's website at: [www.icipensionfund.org.uk](http://www.icipensionfund.org.uk). Choose the 'Library & forms' tab.



Value of the Fund at 1 April 2019:

**£10,350m**



Plus employer contributions and investment income:

**£456m**



Less pensions paid to pensioners and dependants and other benefits paid to members:

**£545m**



Change in the market value of investments over the year:

**£19m**



Value of the Fund at 31 March 2020:

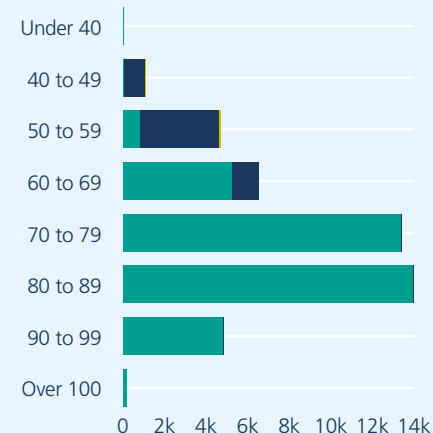
**£10,280m**

The year to 31 March 2020 was a Fund valuation year. A valuation is an assessment of the amount required by the Fund to pay benefits to members in future years. The Summary Funding Statement, which includes the updated valuation, will be made available once the valuation results are finalised. This is dependent upon negotiations with the Company and therefore we cannot provide a firm timeframe for when this will be.

### Our members as at 31 March 2020

Here is a breakdown of age groups among the Fund's membership:

#### Age range



- Pensioners and dependants
- Deferred members
- Active members

	Total
<b>Pensioners and dependants</b>	38,286
<b>Deferred members</b>	6,245
<b>Active members</b>	116

### What are the different kinds of membership?

**Active members** are paying into the Fund and earning benefits.

**Deferred members** no longer contribute to the Fund but are not yet drawing their pension.

**Pensioners and dependants** are receiving a pension.

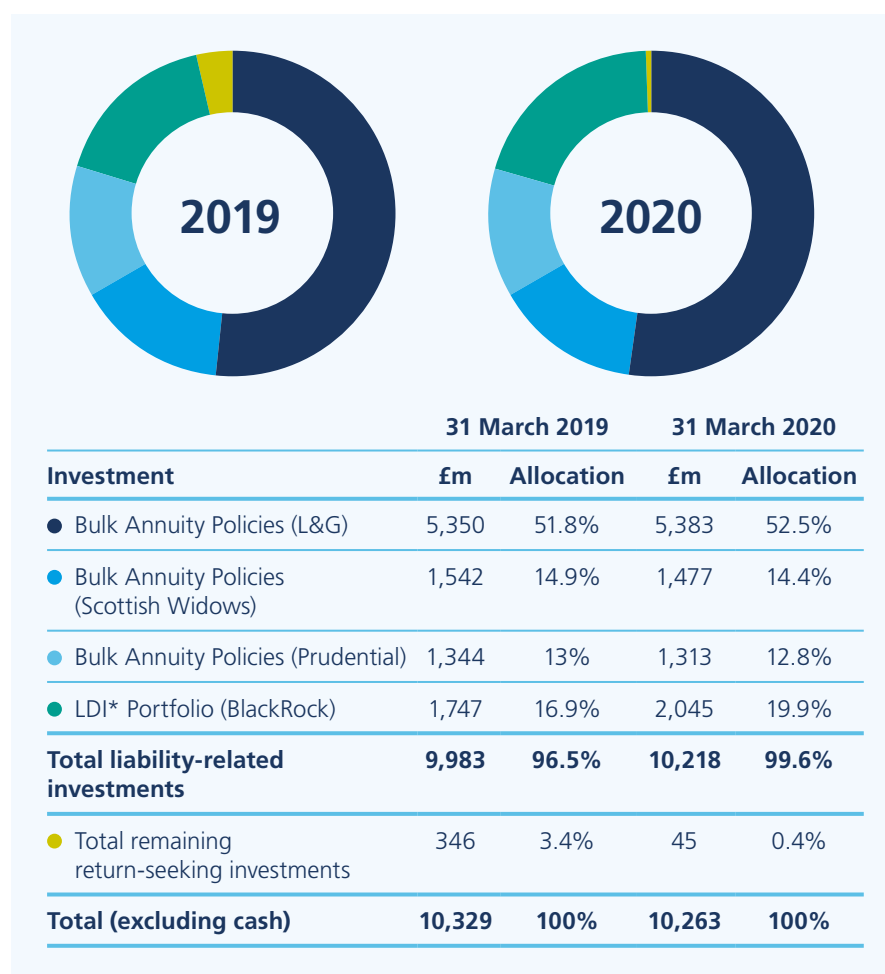
# Investment news

The Fund's Trustee Directors sit on one or more of five specialist sub-committees which consult with the Fund's advisers and make recommendations to the main Trustee Board. One of these sub-committees is the Investment Committee which reviews and considers the Fund's investments.

It's been another busy year for the Investment Committee following the Trustee Board's decision in March 2019 to sell the Fund's holdings in return-seeking assets. Since then, the Investment Committee has refined its investment strategy, undertaking further buy-ins, and de-risking the Fund's investment portfolio so that, by 31 March 2020, the remaining return-seeking investments represented less than 0.5% (£45m) of the Fund's assets.

If you are interested in investments, more detailed information about the Trustee's investment strategy, including its approach to environmental, social and governance considerations, can be found in the Fund's Statement of Investment Principles. You can find a copy in the 'Library & forms' section of the Fund website [www.icpensionfund.org.uk](http://www.icpensionfund.org.uk).

The Fund's asset allocation setting out the change over the year is set out below.



\*Liability Driven Investment

## Explanation of key terms

The ultimate objective of pension scheme investing is to ensure that there is enough money to pay the liabilities (pensions and lump sums promised to members and their dependants).

**Return-seeking assets** do this by delivering growth and increasing the value of the Fund. They have the potential to grow more than other assets. However, these investments involve taking risks to target the desired level of growth and so the value of the Fund's assets (and therefore the funding level) may fluctuate more.

**A liability-driven investment strategy** by contrast aims to meet the investment objective by reducing the volatility in the funding level. It addresses interest rate and inflation risks by investing in a range of assets that closely match the behaviour of the pension liabilities.

**A bulk annuity policy** is a type of liability-driven investment. It is an insurance policy bought by the Trustee with some of the Fund's assets. This reduces risk to the Fund by promising to meet the benefits payable to some of the members – any increase in the cost of providing these benefits will be the responsibility of the insurer and will not impact the funding level. These policies are also known as buy-in contracts.

# Governance

## Managing the Fund and protecting your benefits

**How well is the Fund run? Does the Trustee Board work effectively? Are decisions made crisply and clearly? Is the Trustee quick to react to opportunities and threats? Does the Fund have a robust business plan? All these questions relate to how well the Fund is governed.**

Governance sits at the centre of efficient pension scheme management and informed decision making. For the Fund to meet its objectives, it's imperative that the right structures, tools and processes are in place. Looking after the financial future of almost 45,000 members, with assets of over £10 billion, the governance of the Fund is undertaken with particular care. A couple of our Trustee Directors, Derek Welch and Susan Kinnaird talk below about the running of the Fund and what it means to be a Trustee Director.



### SUSAN KINNAIRD

Susan Kinnaird joined the Trustee Board as a Member Nominated Director in 2017. During Susan's 12 year career at ICI, she worked for Nobel Explosives, Corporate Audit Group and Paints, in a number of roles of increasing seniority including research, audit and customer service. While at Paints, Susan was part of the team that managed the acquisition and integration of the Williams Coatings Business. After leaving ICI, Susan held a number of business leadership and senior sales and marketing roles across a variety of business sectors, including working internationally. Susan recently graduated as a practitioner of natural medicine and currently chairs Phoenix Futures, a national charity which helps people overcome drug and alcohol problems.

Susan sits on the Policy & Administration and Investment sub-committees.



### DEREK WELCH

Derek Welch has been a Trustee Director of the ICI Pension Fund for over 11 years. He worked in business development, corporate strategy and mergers and acquisitions for AkzoNobel for more than 12 years having joined upon the acquisition of Courtaulds in 1998 where he had held a number of roles in finance, administration, IT, business development and M&A. He is now a Senior Advisor to a boutique M&A and financial advisory company.

Derek sits on the Audit, Appeals and Investment sub-committees.

## The ICI Pension Fund is set up and governed under 'trust'. What does this mean?

### SUSAN

"Running a pension fund is very similar to running a business. Like any other company, the ICI Pension Fund has a Board of Directors who run the Trust. By law, at least one third of pension Board members must be Member Nominated Directors (MNDs), nominated by our pensioner, deferred or active members. However, it is the role of all Trustee Directors to ensure that the interests of Fund members are fully represented. We also have an expert independent professional trustee, Law Debenture, who provide in-depth pension knowledge and add their own varied experience of the pension schemes that they work with to the decision-making process."

### DEREK

"From a technical point of view, the concept of a trust goes back a long way. In simple terms a trust is a three-party fiduciary relationship created when the first party (the trustor, in our case, the Company) gives money or other assets to an independent second party (the trustee) for the benefit of the third party (the beneficiary).

"The relationship is governed by the provisions of a Trust Deed between the trustor and trustee. Hence the trustee must look after the assets (that is the Fund) and pay benefits in accordance with the Deed and associated set of rules. The Fund is also subject to the law, both common and statutory."

## What is involved in being a Trustee Director?

### DEREK

"The role is similar to that of a Non-Executive Director. We have a legal responsibility to look after the interests of the Fund and our members, and each of us has a personal liability, so it is a role to take very seriously. However, it is a very rewarding one."

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We are also supported by a strong team of external professional advisers.

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### SUSAN

"The role of a Trustee Director can be challenging at times. Having a good grasp of the pensions industry and the fundamentals of running a successful pension fund are key, as well as keeping abreast of changes impacting the Fund and its members. Of course, the Trustee Directors are not expected to be experts in every field. Good basic training is provided to all Trustee Directors, and we are also supported by a strong team of external professional advisers to assist our decision making.

"The Fund Secretary, Pensions Secretariat Services Limited (PSS), plays a pivotal role in ensuring good governance. PSS helps the Trustee to develop a robust governance framework, meet best practice requirements and supports the delivery of its strategic objectives."

### DEREK

"One thing I love about my role as a Trustee Director is the different aspects from my previous roles. The matters the Fund has to deal with have some similarities with those found in the corporate world so I have been able to make good use of my knowledge and experience but I have had to learn a lot more about many fascinating things that I rarely, if ever, had to deal with before. The diversity adds so much to the enjoyment.

"As a Trustee Director, one day we might be considering whether to proceed with a buy-in, and on another day, we may be discussing the specifics of a member case that has been brought to the Appeals Committee."

### SUSAN

"I spent 12 years working for ICI, and in 2017, I was delighted to have the opportunity to re-establish connections with the company I had so much enjoyed working for. My business career spanned a number of disciplines, sectors and organisations, and I regularly draw upon the skills and expertise I acquired while performing my duties as a Trustee. For example, my experience as an auditor in ICI has been extremely useful while evaluating risk and mitigation for the Fund. Similarly, with over 20 years' experience of leading customer-focused change in complex organisations, I am very aware that the impact of our decisions on our members' experience must always be a key consideration."

## Governance *continued*

### What sort of decisions do you take?

#### DEREK

"There are many decisions to take over the course of a year with the help of our advisers. This year we have made a number of significant decisions and changes. For example, in May, at the height of the pandemic, we were able to insure more members' pensions (known as a buy-in) with a liability value of close to £80 million with L&G, increasing the protection for our pensioners and our Fund. We were able to do this quickly, so the Fund could benefit from excellent pricing which resulted from market volatility, because we had previously set up an arrangement with L&G that enabled us to act swiftly, where necessary, to add new buy-ins to our existing policy."

#### SUSAN

"Our Strategic Risk Committee has also been working with the Fund Actuary to review the financial position of the Fund, which must be done formally every three years. During this review, it's necessary to revisit the underlying assumptions that have an impact on our liabilities, such as changes in life expectancy, while also assessing the assets required to meet these liabilities. This information is then shared with the Company and agreement is reached on any additional contributions required to meet any shortfall."

"And of course, we also have to make decisions about the communications we issue to our members. This year, we kicked off a review of some of these communications with the objective of improving our members' experience."

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There are many decisions to take over the course of a year with the help of our advisers.

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#### DEREK

"We also reviewed some complaints from members under our disputes procedure and decided on courses of action about the benefits paid out to individual members or their dependants."

### Has anything changed as a result of the current pandemic?

#### SUSAN

"We have been working with the Fund Administrator to ensure that the Fund's critical processes around bereavements and payment of pensions have been prioritised since lockdown. While there may have been some delays in responding to general enquiries, this approach has ensured that members' payments have not been adversely affected."

#### DEREK

"Like many jobs, the work of the Trustee has needed to continue. During times of crisis, it is particularly important that we carefully review the Fund to ensure that it can meet the needs of the members. Thankfully as the vast majority of the Fund's assets are in buy-in policies with insurance companies and liability matching investments, the market volatility has had little effect on the Fund valuation or its ability to pay benefits. However, the way we work has needed to change. Instead of meeting face-to-face we have held shorter but more regular videoconferences as well as some more informal catch ups. It looks as though this new way of working may continue for some time."

We hope this has given you more of an understanding of how the Fund is governed and the role of the Trustee Directors. More information about our Trustee Board and its directors is included on the Fund website [www.icpensionfund.org.uk](http://www.icpensionfund.org.uk).

Frank Rose's tenure as a Member-Nominated Trustee Director shortly comes to an end and although he intends to stand for re-election, we will be accepting applications from other candidates. The process will be slightly different this time to reflect our new way of working during the current pandemic. For more information, please visit the website [www.icipfmtd.com](http://www.icipfmtd.com).

# News update

## Brexit and pensions

Following the UK's departure from the European Union on 31 January 2020 we entered a transition period which is due to expire at the end of the year. At the time of writing, negotiations on our future relationship are still ongoing.

On 13 July 2020, the UK Government Department for Work & Pensions updated its guidance on benefits and pensions for UK nationals in the EEA or Switzerland. This update relates to UK nationals who move to an EEA state or Switzerland from 1 January 2021. The guidance notes that the Government is seeking to maintain arrangements with the EU to:

- Count future social security contributions in the EEA and Switzerland, towards the UK State Pension qualifying conditions; and
- Continue to pay annual increases to the UK State Pension of recipients who live in the EEA and Switzerland.

Whether or not these arrangements continue will depend on the outcome of negotiations, and the rules may change. However, the guidance reassures pensioners that, regardless of the outcome of negotiations, they will continue to be able to claim or receive UK State Pension in the EEA or Switzerland, if they meet the qualifying conditions.

The best place to go for reliable, up to date information on Brexit, in the context of your pension savings, is the Money Advice Service website. Go to [www.moneyadvice.org.uk](http://www.moneyadvice.org.uk) and choose the 'Pensions & Retirement' tab on the homepage. There is also a link to the Government's website for UK nationals living in the EU, and for EU and Swiss nationals living in the UK. If you live in the UK, you can ring the Money Advice Service free on 0800 138 7777. Type talk users please dial 18001 0800 915 4622.

## Register your email address to keep updated

Many of you responded to our invitation to register an email address so that we can let you know when we upload the latest information onto the Fund's website. This is helping us to manage our postage costs and reduce our use of paper. It is also helping us to stay connected with members who forget to tell us when they move home.

In response to the coronavirus emergency, we decided to re-open our website to accept new email registrations. If you would like to register an email address with us, but have not already done so, please go to the link on the Fund's website [www.icipensionfund.org.uk](http://www.icipensionfund.org.uk) and choose "Register your email address with us".

We promise not to bombard you with unnecessary messages or send you any confidential communications by email, without your permission.

## News update *continued*

# March budget

The Chancellor of the Exchequer, Rishi Sunak, presented his first Budget to Parliament on 11 March 2020 but of course this was immediately superseded by events, as the potential impact of the pandemic became increasingly evident. There were no major announcements affecting pensions other than an easing of the tapered annual allowance for higher earners and a proposal to change the Retail Prices Index which could change the way in which your pensions are revalued (increased each year). More information is given below.

### Change to the tapered annual allowance

The change to the tapered annual allowance will only affect higher earners, who can now earn an additional £90,000 a year before a tapering of (reduction in) their annual allowance kicks in. However, if your income does meet the criteria for tapering, you should be aware that the minimum tapered annual allowance will reduce from £10,000 to £4,000. If you think this might affect you, more information on the annual allowance can be found on the Government's website [www.gov.uk](http://www.gov.uk) or speak to your accountant or financial adviser.

### Proposed reforms to the Retail Prices Index (RPI)

RPI is a measure of inflation set by the Government and, like many other pension schemes, the Fund uses RPI to increase the value of some elements of pensions in payment and pensions earned by members who have left the Fund.

In 2010, the Government dropped RPI as the official measure of inflation, replacing it with the Consumer Prices Index (CPI). While RPI is still used – to decide the rate of increases in regulated rail fares for example – some economists say it's not a true measure of inflation, not least because it doesn't take into account people buying cheaper alternatives when prices rise.

Rishi Sunak has confirmed the government's intention to launch a consultation exercise on the reform of RPI which would see it come into line with CPI.

### Why does this matter?

Annual RPI increases are typically 1% higher than CPI increases which means that if we replace RPI with CPI when revaluing pensions, we would expect the increase to be lower than if we had used RPI for some elements, as we do now.

### What happens next?

The consultation closed on 21 August 2020. Once the outcome of this consultation is known, the Trustee will decide if it needs to consult with the Fund's legal advisers on the need for any changes to the Fund's rules and will update members via the normal channels.





## Have you made a will?

It's so important to leave a will so that your family and other beneficiaries are aware of your wishes and intentions, and it can help with inheritance tax planning too. It also makes life easier for the Trustee and Fund administrator if we need to deal with any under or overpayments or pay a lump sum or dependant's pension.

You can find help and information on Age Concern's website at [www.ageuk.org.uk](http://www.ageuk.org.uk) and on the Government's website [www.gov.uk](http://www.gov.uk).

## Your views count

About three years ago, we began surveying new pensioners to understand what you thought of the retirement process – what works well and where we can improve. Thank you to everyone who has taken the time to respond – we are listening, we have made changes and will continue to make changes where we can. We temporarily paused the issue of this paper-based survey during lockdown, as we did not want our members making unnecessary trips to the post box, but we will be resuming its issue in due course.

We are pleased to hear how friendly and helpful you found the people you dealt with but some of you felt the retirement packs were overly complex and confusing, or that you experienced delays in getting your questions answered. We are working to fix these issues and to continue to expand and develop our suite of communication materials in line with the feedback you are giving us. However, these developments are currently taking more time, as our focus since lockdown has been to maintain our 'business as usual service' to members.





# Keep in touch

**Please remember to let the Fund administrator, Willis Towers Watson (WTW) know if you move home so that they can contact you when they need to. In last year's Pensions News we updated you on our efforts to trace our 'missing' pensioners, including those of you living overseas.**

## How do we lose touch with pensioners?

In many cases it's simply because a pensioner has moved into a care home and we have not been given the new address, but there have been several occasions where the pensioner's representative under a Lasting Power of Attorney has not responded to any correspondence either.

It's important that you, or your representative, reply to any requests from the Fund administrator to confirm your whereabouts because if the Fund administrator is unable to confirm where you live, the Trustee will be left with no option than to suspend pension payments to protect the Fund against fraud.

It's not always a straightforward process to get suspended pension payments reinstated, especially for pensioners who have lost their mental capacity and there is no Lasting Power of Attorney in place. Despite tracing the pensioner and their next of kin, pensions can remain suspended for a further 12 months (or more) while appropriate authority is sought.

So, it's important that we can contact you from time to time. The last thing we want to do is suspend pension payments because we're unable to find you which is why we've appointed a tracing service – Target Professional Services.

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Representatives from Target will never turn up on your doorstep unannounced so please do not let anyone into your home who you have not invited or who you do not know.

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## Contacting the Fund administrator

The Fund administrator is Willis Towers Watson (WTW). To comply with government guidance on social distancing, WTW is beginning to move some staff back into the office while others continue to work remotely.

We ask that, if you require a quick response, you contact WTW by email if possible, or by phone. Please consider whether your query is urgent and if it could be answered by email. For WTW to be able to respond to your enquiry and to avoid any additional delays, please ensure you include your month of birth, postcode and the last 4 characters of your National Insurance number in your email.

WTW is endeavouring to respond as quickly as possible to enquiries, but there is likely to be a longer turnaround time compared with the usual service.

 By email: [ici@willistowerswatson.com](mailto:ici@willistowerswatson.com)

 By phone: 0800 916 8021 (freephone from within the UK) between 9am and 5pm Monday to Friday.

If you live overseas, the number to ring is +44 (0)1737 227521.

 By post: ICI Pensions Services, PO Box 545, Redhill, Surrey RH1 1YX.

You can also find lots of general information about the Fund, including guides and forms, information about the Trustee Board and how we work out your benefits, online.

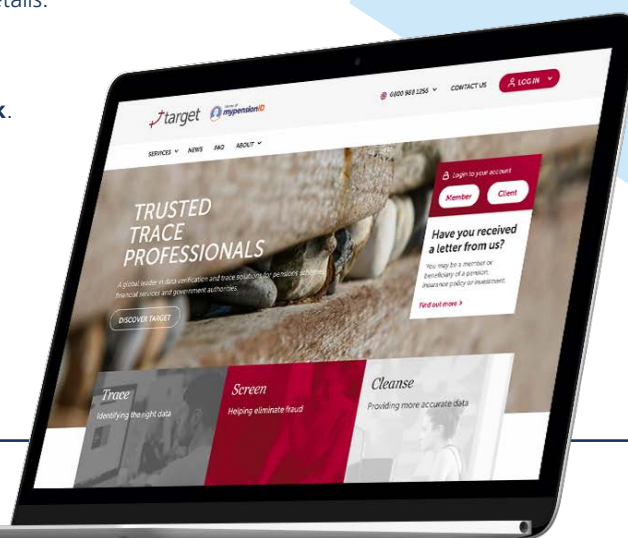
 Visit: [www.icipensionfund.org.uk](http://www.icipensionfund.org.uk)

## Target Professional Services

To ensure that there is no delay in the payment of your pension should you move house and lose touch with us, we have asked a third party provider, Target Professional Services ("Target"), to perform regular checks on the address data that we hold for you. As part of this process, if Target believe that you have moved, they may contact you to confirm some personal details before they give us your new address, so please don't be alarmed if they get in touch.

Representatives from Target will never turn up on your doorstep unannounced so please do not let anyone into your home who you have not invited or who you do not know. Nor will they ask for your bank details.

Further information about Target can be found on their website [www.targetprofessional.co.uk](http://www.targetprofessional.co.uk).





**PENSION  
FUND**

## PROTECTING YOUR DATA

The Trustee (ICI Pensions Trustee Limited), whose registered office is at 5th Floor, 36-38 Botolph Lane, London EC3R 8DE, is the “data controller” in respect of personal data processing for the administration of the Fund.

In processing your personal data, the Trustee may:

- process your sensitive personal data such as information regarding your health records;
- pass on personal data to third parties which may include the Fund’s sponsoring employer, professional advisers, administrator, insurance companies, counterparties to Fund investments, as may be necessary or desirable for the operation of the Fund;
- transfer your personal data 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 personal data is sent outside the EEA, the Trustee will still process your personal data in accordance with the applicable data protection laws, and will take reasonable steps to ensure that your personal data is handled securely; and
- retain your personal data for legitimate business reasons or to comply with applicable laws.

In certain circumstances, your personal data may be passed to the Fund actuary and Willis Towers Watson and, where this is the case, the Fund actuary and/or Willis Towers Watson may also be data controllers of your data.

You can find more information about the Fund actuary’s and Willis Towers Watson’s use of data in their data protection policy at [www.willistowerswatson.com/personal-data](http://www.willistowerswatson.com/personal-data).

You can find out more about how the Trustee uses your personal data and your rights with respect to that personal data in our data protection policy at [www.icipensionfund.org.uk](http://www.icipensionfund.org.uk).

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.