

Page

2

Facts and figures

Page

3

Investment news

Page

4

News update



PENSION FUND

Pensions News

News and updates for active and deferred members of the ICI Pension Fund 2021

It's fair to say that it has been a difficult eighteen months for us all. At the time of writing my introductory message to you, it's expected that most of the restrictions we've endured to keep us safe will be lifted. The Fund Administrator has worked hard to deliver a high level of service to our members, while operating within Government guidelines, and I thank you for your patience if you have waited longer than usual for a reply.

As the ICI Pension Fund (the Fund) is a defined benefit pension scheme, members' benefits are paid from a central fund and it's the job of the Trustee, and if necessary the Company, to ensure there is enough money in this fund to pay all members' benefits. The Trustee employs an actuary to make sure the Fund can meet its obligations both now and in the future. The Fund Actuary undertakes a full valuation of the Fund every three years, and the most recent valuation, as at 31 March 2020, has been signed off by both the Trustee Board and the Company. I'm pleased to report that the Fund is "fully funded". This is quite unusual in the current climate, and it is pleasing to see the results of the Trustee's long-term strategy to choose low risk investments, and to secure several "buy in" contracts, whereby the

insurance companies take on some of the risks previously borne by the Fund. As a result, the Fund is protected both from investment risk and the risk of changes in life expectancy, and so the security of members' benefits is increased.

The Trustee delegates many tasks to expert advisers and, in line with The Pensions Regulator's expectations, we regularly review the services provided by our advisers and suppliers to evaluate their performance and service. Following such a review, the Trustee Board has decided to appoint Lane Clark & Peacock (LCP) as Fund Administrator and has begun the process of moving data from the current Fund Administrator – Willis Towers Watson. LCP has an excellent record of delivering high quality member services and making significant investments in technology. LCP has been the administrator of the ICI Specialty Chemicals Pension Fund since 2019. We have been able to see, through the experience of that Fund, the service improvements that we plan to introduce to members of our Fund.

This change does not affect your Fund pension, and pension payments will continue uninterrupted.

Administration services will start to transfer to LCP during 2022. You can find out more about LCP on page 6.

Our thoughts are very much with our members and their families during these difficult times. The next 12 months may well continue to bring challenges. You can rest assured that we are working hard to adapt and bring improvements to the services provided to members and I believe we are in a good position for the year ahead.

I am fortunate to be working with a talented group of people, including our Secretariat, a wide team of expert advisers and my fellow Trustee Directors, and I thank them for their continued focus and dedication and all they have achieved on your behalf this year.

David Gee
Chairman
ICI Pension Fund



Facts and figures

In this section, we have included an update on the actuarial valuation as at 31 March 2020, as well as highlights from the Fund's Annual Report and Accounts for the year to 31 March 2021.

During 2020, the Trustee Board completed an in-depth review of the financial health of the Fund. It is the prime purpose of the Trustee, as an independent body, to seek to ensure that the Fund is able to pay members' benefits as and when they become due. The Fund Actuary, Graham Mclean, is an independent expert who advises the Trustee on the financial health of the Fund. We ask Graham to provide financial check-ups called actuarial valuations every three years, and less detailed actuarial reviews in non-valuation years to make sure there are no big financial movements that need addressing in between valuations.

The Fund's financial health and its ability to meet all its obligations to members now, and in the future, is measured by its funding level. If the Fund has all the money it needs to meet its obligations, then the funding level is 100%. It's not unusual for the funding level to fall below 100% from time to time. In fact, in the year to 31 March 2017, the Fund's funding level was 95%. However, since then, a full valuation of the Fund has been undertaken which we are delighted to report has found that, as at 31 March 2020, the Fund was fully funded, meaning that it had all the money it needed to pay members' benefits now and in the future.

This is very good news. It's relatively unusual for defined benefit pension schemes to be in this position.

There's more information about funding levels and the Fund's financial health in the Summary Funding Statement for 2020, which includes an

update as at 31 March 2021, as well as the Fund Actuary's full valuation report for the three-year period to 31 March 2020. These can both be accessed in the 'Library & forms' section on the Fund's website at www.icipensionfund.org.uk

Highlights from the Report and Accounts to 31 March 2021

The Fund's sponsor pays contributions into the Fund which, together with the Fund's investments, pay members' pensions and other Fund benefits.

In this section, we give you a summary of the income and outgoings for the year to 31 March 2021.

Value of the Fund at 31 March 2020:
 **£10,280m**

Plus, employer contributions and investment income:
 **£458m**

Less pensions paid to pensioners and dependants and other benefits paid to members:
 **£518m**

Less changes in the market value of the Fund's investments:
 **£641m**

Less investment management charges:
 **£3m**

Value of the Fund at 31 March 2021:
 **£9,576m**

Our members as at 31 March 2021

Here is a breakdown of the Fund's membership:

Pensioners and dependants	36,456
Deferred members	5,783
Active members	95
Total	42,334

What type of member am I?

Active members are paying into the Fund and earning benefits.

Deferred members no longer pay into the Fund but have not yet started to draw their benefits.

Pensioners are receiving a pension from the Fund.

Here is a summary of the membership broken down into age groups:



Investment news

Investing with a view to environmental, social and governance issues (ESG)

The Pensions Schemes Act 2021 introduces a raft of new climate reporting obligations. The Trustee Board recognises the importance of ESG factors within the investments it oversees and over the course of the last year has updated its Statement of Investment Principles (SIP) to reflect policies which include ESG considerations. There has also been a review of how the Fund's investment managers engage with the underlying companies they invest in, which found that each one was at least satisfying the Trustee Board's ESG beliefs.

The Trustee Board has provided further details on the investment managers voting and engagement activity in this year's Report and Accounts, which is available online in the 'Library and forms' section on the Fund's website: www.icipensionfund.org.uk

If you are interested in investments, more detailed information about the Trustee's investment strategy, including its approach to environmental, social and governance considerations, is given in the Fund's Statement of Investment Principles which you can also find in the 'Library & forms' section on the Fund's website.

In this table, we set out how the Trustee has invested the Fund's assets.



Investment	31 March 2020		31 March 2021	
	£m	Allocation	£m	Allocation
● Bulk Annuity Policies (L&G)	5,383	52.5%	5,106	53.7%
● Bulk Annuity Policies (Scottish Widows)	1,477	14.4%	1,346	14.1%
● Bulk Annuity Policies (Prudential)	1,313	12.8%	1,225	12.9%
● LDI Portfolio (BlackRock)	2,045	19.9%	1,818	19.1%
Total liability-related investments	10,218	99.6%	9,495	99.8%
● Remaining return-seeking investments	45	0.4%	22	0.2%
Total (excluding cash)	10,263	100%	9,517	100%

What do these terms mean?

Bulk Annuity is an insurance policy bought by the Trustee with some of the Fund's assets.

Bulk Annuities reduce the risk to the Fund by promising to meet the benefits payable to some of its members. These members continue to receive their benefits directly from the Fund as before, while the Bulk Annuity covers any increase in the cost of providing these benefits. These policies are also known as "buy-in" contracts.

LDI is short for liability-driven investments which aim to meet the Trustee's investment objectives by reducing the volatility in the funding level.

LDI addresses interest rate and inflation risks by investing in a range of assets that closely match the behaviour of the pension liabilities.

Return-seeking assets aim to deliver growth and so increase the value of the Fund's assets.

While return-seeking assets have the potential to grow more than other assets, they take risks to achieve this and so the value of the Fund's assets may fluctuate more as a result.

News update

Your Trustee Board

Frank Rose was recently reappointed as a Member-Nominated Trustee Director.

Mike Owtram's tenure as a Member-Nominated Trustee Director is coming to an end and, although he intends to stand for re-election, we will be accepting applications from other candidates. A link to the application form and background information has been posted on the Fund's website www.icipensionfund.org.uk.

If you are interested in putting your name forward, you may find it helpful to re-read Pensions News 2020 (which can also be found on the Fund's website) where Susan Kinnaird and Derek Welch spoke about the role of a Trustee Director.

You can find more formal information about the roles and responsibilities of a Trustee Director on The Pensions Regulator's website www.thepensionsregulator.gov.uk.

Pension taxation and the 2021 Budget

The Government has set a cap on the amount of pension savings you can build up without paying tax – known as the lifetime allowance. The lifetime allowance includes all your pension savings, not just your benefits in the Fund.

In his March 2021 Budget, the Chancellor of the Exchequer, Rishi Sunak announced that he was freezing the lifetime allowance at £1,073,100 until 2024. More information about the lifetime allowance is in the Member Handbook, which you can find in the 'Library & forms' section on the Fund's website www.icipensionfund.org.uk and on the Government's website www.gov.uk – type 'lifetime allowance' in the search bar.

Introducing MoneyHelper

In 2018, the Government established the Money and Pensions Service to give consumers access to reliable and trusted guidance on financial matters, bringing The Pensions Advisory Service, Pension Wise, and the Money Advice Service under one roof. In June, the Money and Pensions Service relaunched as MoneyHelper creating a one-stop website and helpline service.

MoneyHelper is sponsored by the Department for Work and Pensions and offers free guidance on all financial matters, including pensions, mortgages, and debt. You can find them at www.moneyhelper.org.uk.

You can call MoneyHelper free, Monday to Friday 9am to 5pm pm, on 0800 011 3797. If you're calling from overseas the number is: +44 20 7932 5780.



Keeping your pension savings safe

The Fund offers you the option to transfer out the value of your benefits into another arrangement which may allow you to draw your benefits in a more flexible way than the Fund can offer you. This is a perfectly legitimate option, but you can lose out financially, and be landed with a hefty tax bill, if you break the rules set out by HM Revenue & Customs (HMRC).

Your money must be transferred to an arrangement approved by HMRC and due to the complexities involved, in most cases the Trustee is not permitted to transfer money unless you have sought financial advice from a qualified financial adviser, who is authorised by the Financial Conduct Authority.

If you're interested in transferring out you can request a transfer value from the Fund Administrator. Your transfer value can be a huge sum because it represents the value of all the benefits potentially payable over your lifetime, including dependants' pensions that you are giving up in the Fund by transferring out. The problem is that scammers know this and they want some of it. The Government continues to have serious concerns about the relentless activity of organised criminals who are developing increasingly sophisticated ways of tricking even the most financially savvy investors out of their life savings, including cloning websites.

In just one example, the insurance company Aviva has seen at least 27 fake websites containing Aviva's name and branding, designed to trick unsuspecting victims into investing their money in fraudulent schemes.



Carefully cross check website addresses and look out for the padlock next to the URL.

Action Fraud, who specialise in tackling cyber-crime, has evidence of losses in the region of £1.8 million to pension fraud alone in the four months to April 2021. Please remember these simple steps to protect yourself from pension scams and be on your guard:

- 1 Reject unexpected pensions opportunities, such as free pension reviews or investment opportunities for your pension savings.
- 2 Make sure your financial adviser is on the FCA's register by either going online at <https://register.fca.org.uk/> or by ringing the FCA on 0800 111 6768.
- 3 Don't be rushed or pressurised into making a decision.
- 4 Be suspicious if you're contacted out of the blue about an investment opportunity and seek independent advice from a professional.
- 5 Get informed by visiting the FCA's ScamSmart website at www.fca.org.uk/scamsmart.

For more detailed advice, please visit Action Fraud's website at www.actionfraud.police.uk. Alternatively, you can ring Action Fraud on 0300 123 2040 or speak to the Fund Administrator if you have any concerns.

Getting the most from your State Pension

The State Pension changed for anyone reaching State Pension age on or after 6 April 2016 and is now a flat rate pension. Before 6 April 2016, the State Pension came in two parts: the basic State Pension and the Additional State Pension. If you joined the Fund before 6 April 1997, you paid reduced National Insurance contributions because the Fund effectively covered your Additional State Pension. This was known as contracting-out.

Even if you have a maximum National Insurance contribution history of 35 years, your State Pension under

the new flat rate arrangement may not be the maximum amount possible if you joined the Fund, or a similar contracted out pension scheme, before 6 April 1997. Depending on your age, you may be able to bring your pension up to the full flat rate. If you're interested in finding out more, the best place to start is by visiting the Government's website www.gov.uk and clicking on 'Working, jobs and pensions' and then 'State Pensions.' Or you can ring MoneyHelper free on: 0800 011 3797 (+44 20 7932 5780 from overseas).



A FOR ACTIVE MEMBERS
ACTIVE

Benefit statements

All benefit statements were issued on time this year. Please do take the time to read these and the covering letters which explain any early retirement options you may have.

Proposed reforms to the Retail Price 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.

The Government and the UK Statistics Authority (UKSA) have published a response to the consultation on RPI reform that we reported on in the last Pensions News. This response has confirmed that UKSA intends to use a measure of inflation, known as CPIH, that includes owner occupied housing costs in its calculations, and that the change can be made in February 2030.

Why does this matter?

The rate of RPI is typically higher than CPIH increases, which means that RPI inflation is expected to be lower from 2030 than it would otherwise have been. Over a typical pensioner's lifetime, this change is likely to result in a reduced benefit. However, there will be no impact for 10 years and there could be further changes over this period as the items that make up the RPI do change from time to time.

What happens next?

The Trustee is consulting with its advisers as to any action that needs to be taken, which may include a review of transfer value assumptions or other factors used in benefit calculations. Lower RPI may also impact on the Fund's investments and funding.

New minimum pension age

Unless you have a protected pension age (some members of the Fund have a protected pension age of 50) or you're suffering from ill health, the earliest the Government will currently allow you to draw your Fund benefits is age 55. The Government has announced its intention to increase this minimum pension age to 57 from 6 April 2028 affecting members born after 6 April 1971. If you reach age 55 before 6 April 2028 you will also have to wait until age 57 if you have not taken your benefits by 5 April 2028, unless you have a protected pension age.



Changes to the Fund Administrator

The Fund Administrator is responsible for the day-to-day running of the Fund. Following a review of the Fund's administration provider, we have decided to move the provision of this vital service from Willis Towers Watson to Lane Clark & Peacock (LCP). This change has been triggered for a variety of reasons, one of which is to introduce new services offered to members. For instance, LCP will give you the option of producing your own benefit calculations via a self-service website and give you direct access to the administration team rather than accessing the service through a contact centre.

What happens next?

To ensure everything goes smoothly we will phase the handover of administration services to LCP with the first sections transferring across over the first half of 2022. The transition is already underway behind the scenes and is being carefully managed to ensure that there is minimal disruption to member services.

We'll write to you again in 2022 before the change happens to give you the new Fund Administrator's contact details. In the meantime, it's 'business as usual' so please continue to contact Willis Towers Watson if you need to update your address or bank account details, or if you have any other requests (their contact details are alongside).

We'll write to you again in 2022 before the change happens to give you the new Fund Administrator's contact details. In the meantime, it's 'business as usual'...

Contacting the Fund administrator

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

If you have an enquiry and require a quick response please contact WTW by email if possible, or otherwise 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 four characters of your National Insurance number in your email.

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

 ici@willistowerswatson.com

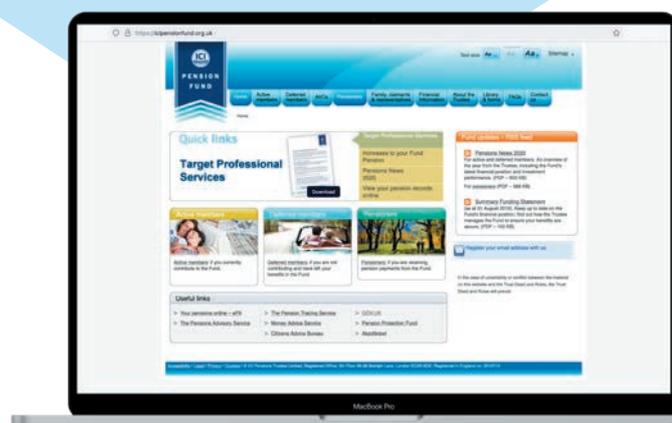
 0800 916 8021 (freephone from within the UK) between 9am and 5pm Monday to Friday.

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

 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





**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; and
- retain your personal data for legitimate business reasons or to comply with applicable laws.

In the event that your personal data is sent outside the UK or 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 in accordance with the data protection policy at www.icipensionfund.org.uk.

In certain circumstances, your personal data may be passed to service providers who act as data controllers.

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.

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.