

# pensions news 2013

FOR ACTIVE AND DEFERRED MEMBERS OF THE ICI PENSION FUND



PENSION  
FUND

OCTOBER 2013

## Welcome

to our newsletter which focuses  
on the year to **31 March 2013**

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### Our new contact details

We have recently changed our telephone number and email address to:

Phone: **0800 916 8021**

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

Alternatively, answers to most of our frequently asked questions can be found on our website at

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



### How to protect your personal information

We know how important your personal information is and we are vigilant about keeping the information we have about you safe. To help you safeguard personal information we have included some useful tips on page 2 of this newsletter and also on our website at [www.icipensionfund.org.uk/library-and-forms/](http://www.icipensionfund.org.uk/library-and-forms/)



### Using your feedback

Thank you to those who completed last year's survey. The feedback we received has been used to shape member communications going forward. This year we have introduced two versions of our newsletter; this one is for active and deferred members and another version has been produced for pensioner members, to help make sure that the information we convey is relevant to you.

Many of you told us that you would prefer to receive paper copies of our communications rather than access them electronically. We will therefore continue to issue a printed copy of the newsletter each year.

If you prefer, you can opt out of the paper version and view it online by visiting the website at [www.icipensionfund.org.uk/subscribe/](http://www.icipensionfund.org.uk/subscribe/)

We are always keen to hear how we can improve, so if you have any suggestions, please write or email us using the contact details on the back page.



## Chairman's message (on the year to 31 March 2013)

In 2012 there were concerns about global economic growth, with a slowdown in China's economic growth, continuing problems in the Eurozone and uncertainty about the outcome of the US election all contributing to a dent in market optimism. Towards the end of 2012 we saw an improvement in the economic outlook. Despite the challenging market conditions, the Fund has continued to perform steadily; our low risk investment strategy has served us well and there are plans to reduce risk further in the future.

If you would like to find out more about the Fund's financial health, you can read about it in detail in the Summary Funding Statement enclosed with this newsletter. The interim review of the Fund's financial position showed an improvement in the funding level from 89% to 91% over the year to 31 March 2013. The value of the Fund's assets has risen by £1,367 million since the last actuarial valuation (March 2011) despite making benefits payments of £1,017 million. This is due largely to a substantial increase in the market value of our assets and contributions from the Company totalling £488 million. However, the value placed on the Fund's liabilities has also increased, mainly due to reductions in long-term interest rates, and so the monetary amount of the shortfall in the value of the assets, compared with the amount needed to provide the benefits has only decreased by £89 million (from £1,034 million to £945 million). The next actuarial valuation is due to be carried out as at 31 March 2014.

There have been a few personnel changes over the past year; John Bloxsome (Law Debenture) and Brian Bunt, who have served on the Trustee Board for many years, have retired. I would like to thank them for their invaluable service and wish them all the best for the future. We are pleased to welcome Michael Chatterton (Law Debenture) and Moira Rugg to the Trustee Board. We also say farewell to Eileen Haughey, Pensions Secretariat Services CEO, who has managed the running of the Fund since 2011. We are pleased to welcome Heath Mottram, an investment and pensions professional with 26 years' experience of advising on and directing strategy for some of the largest pension schemes in the UK, who took over the CEO position in July this year. Pensions Secretariat Services (or PenSecServ) is the Fund's independent executive secretariat, providing strategic support services to the Trustee.



David Gee, Chairman  
ICI Pension Trustee Limited

## Protecting your personal information

With increasing use of the internet and the possibility of identity fraud and telephone scams, it is important to protect your information and keep your details secure.

The Trustee and the administration team take great care in safeguarding your personal information, and we have a number of security protocols in place to make sure you are protected. Set out below is a list of the key things we will and will not do when talking to you about your pension, so that you can be confident that you are dealing with ICI Pension Services:

### What we will do:

- If you phone our helpline, **we will** always ask you a number of questions to verify your identity before disclosing information to you and addressing any queries you may have.
- If we phone you back, **we will** always refer to your earlier call.
- **We will** only accept changes to your personal details in writing, with your signature.

### What we will never do:

- **We will never** make an unsolicited phone call to you asking for personal information. If we need to contact you we will always write to you in the first instance.
- **We will never** email you asking you for personal details – especially not your bank details.

Just as we do our best to protect your information, there are a number of ways that you too can remain vigilant against fraud. When providing any personal information, always ask yourself who is collecting the information and why it is necessary – in the same way you would if you were having the conversation face-to-face. Be especially careful when providing information such as your National Insurance number or address.

Online, there are other things to be wary of; phishing (scams that try to get you to provide personal information for fraudulent purposes) is of particular concern, especially as some emails and websites can appear to be legitimate. If in doubt, never open an email or an attachment from an address you do not recognise, and ensure you do not disclose any personal information online unless you know who you are dealing with, and that their site is secure.

You may find the following website helpful: [www.fca.org.uk](http://www.fca.org.uk)



## AkzoNobel in the news

In our survey you told us you like reading about AkzoNobel, so we are continuing our series of articles providing information on the Group's financial position and recent business developments.

### Financial performance

During the second quarter of 2013, revenues at AkzoNobel fell 4%, mainly due to divestments, such as the sale of the North American Decorative Paints business. The slowdown in global markets continued to affect the value of sales and the Group remains focused on cost control and business efficiency.

### New strategic direction

On 23 April 2012, Ton Büchner succeeded Hans Wijers as the new Chief Executive Officer (CEO) of AkzoNobel. After qualifying as a Civil Engineer, Ton's early working life was spent in the oil and gas construction industry across Europe and South East Asia until 1997, when he joined Swiss engineering group, Sulzer, as CEO. Ton's career has seen him live and work in the Netherlands, Singapore, Malaysia, China, Switzerland and the USA.

In February this year, having spent some time touring the AkzoNobel group worldwide, Ton set out his strategy for taking the Group forward. This aims to increase return on capital, cash generation and margins. He has made improving financial performance the immediate priority for AkzoNobel. The new strategy focuses on end-user segments, operational excellence and sustainability and is summarised by the company's new vision: "Leading market positions delivering leading performance". Ton explained: "AkzoNobel has leading market positions and brands in paints, coatings

and speciality chemicals. With our global scale and sustainability leadership, we will focus our strategy on customer service and operational excellence, creating value for all our stakeholders."

### Sustainability commitment

AkzoNobel has signed a three-year agreement with Solvay which will increase the use of renewable raw materials in its paints and coatings business. The agreement underlines AkzoNobel's commitment to sustainable development.

### New plant in the North East

The past year has seen work get underway on a £100 million manufacturing plant in Ashington, which will become the heart of AkzoNobel's UK Decorative Paints operations.

The move to Ashington reinforces AkzoNobel's commitment to ensuring that some of its most recognisable brands, such as Dulux, continue to be manufactured in the UK, with a particular focus on the North East of England where the company already has its Marine & Protective Coatings operations and a significant Research Development & Innovation centre based in Felling.

The site, due to commence operations late next year, will halve AkzoNobel's environmental impact, reducing energy consumption by 60% compared to current operations through cutting-edge manufacturing technology and the latest building design.

### ICI and AkzoNobel's pension funds

AkzoNobel has a number of pension schemes both in the UK and around the world. The ICI Pension Fund is completely separate from any other AkzoNobel pension scheme you may read about and is unaffected by any changes made to these schemes.



# AkzoNobel

## Financial summary for the year from 1 April 2012 to 31 March 2013

### Value of Fund assets as at 31 March 2012: £8,536 million

#### Money coming in:

	£m	
Contributions	143	<b>TOTAL INCOME</b> <b>£246m</b>
Investment income	103	

#### Money going out:

	£m	
Pensions	-492	<b>TOTAL EXPENDITURE</b> <b>-£509m</b>
Cash lump sum in exchange for pension	-13	
Transfers to other funds	-4	

#### Change in market value of Fund assets:

	£m	
Impact of market change	801	<b>TOTAL CHANGE IN MARKET VALUE</b> <b>£801m</b>

### Value of Fund assets as at 31 March 2013: £9,074 million

These figures have been extracted from the Fund's Financial Statements for the period ended 31 March 2013, on which an unqualified audit opinion has been given by KPMG LLP. You can find more detailed financial information about the Fund by downloading the Report of the Trustee and Financial Statements available from our website [www.icipensionfund.org.uk/library-and-forms/](http://www.icipensionfund.org.uk/library-and-forms/)

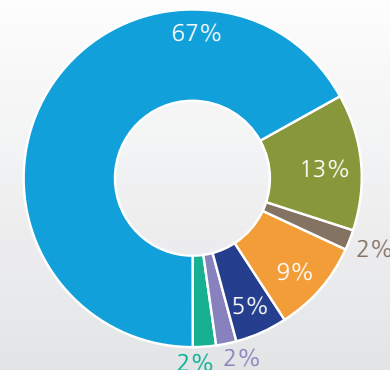
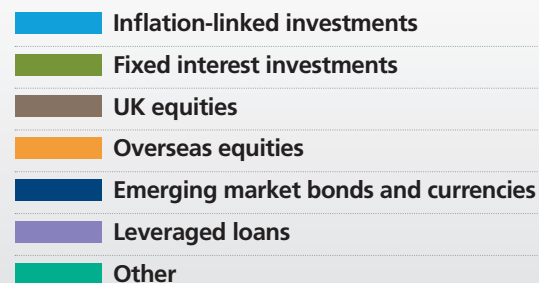
## Investment focus during 2012/13

The Trustee allocates a high proportion (80%) of the Fund's assets to investments such as government bonds which closely match the Fund's pension liabilities, with the balance in a diverse range of somewhat higher risk investments which, over the longer term, should help increase the return on investment. The Trustee is mindful of investment risk and has policies to manage a range of risks including interest rate and inflation risk, for example by hedging with derivatives. Although the lower risk strategy has been in place since the late 1990s, investment returns during this time compared well with the market. For example, over the three years of the financial crisis to 30 September 2011, UK equities returned 6.0% pa, and the average UK pension fund return was 6.5% pa whereas our Fund returned 9.0% pa. This was largely due to the strong performance of the Fund's holdings of bonds caused by low interest rates. However, as explained in the Chairman's message on page 2, this also increased the value of our liabilities.

In the past year the Fund continued its risk reduction strategy, putting in place further protection against interest rate risk and inflation risk while ensuring that sufficient investments are held in cash to enable the Fund to pay pensions even in extreme circumstances.

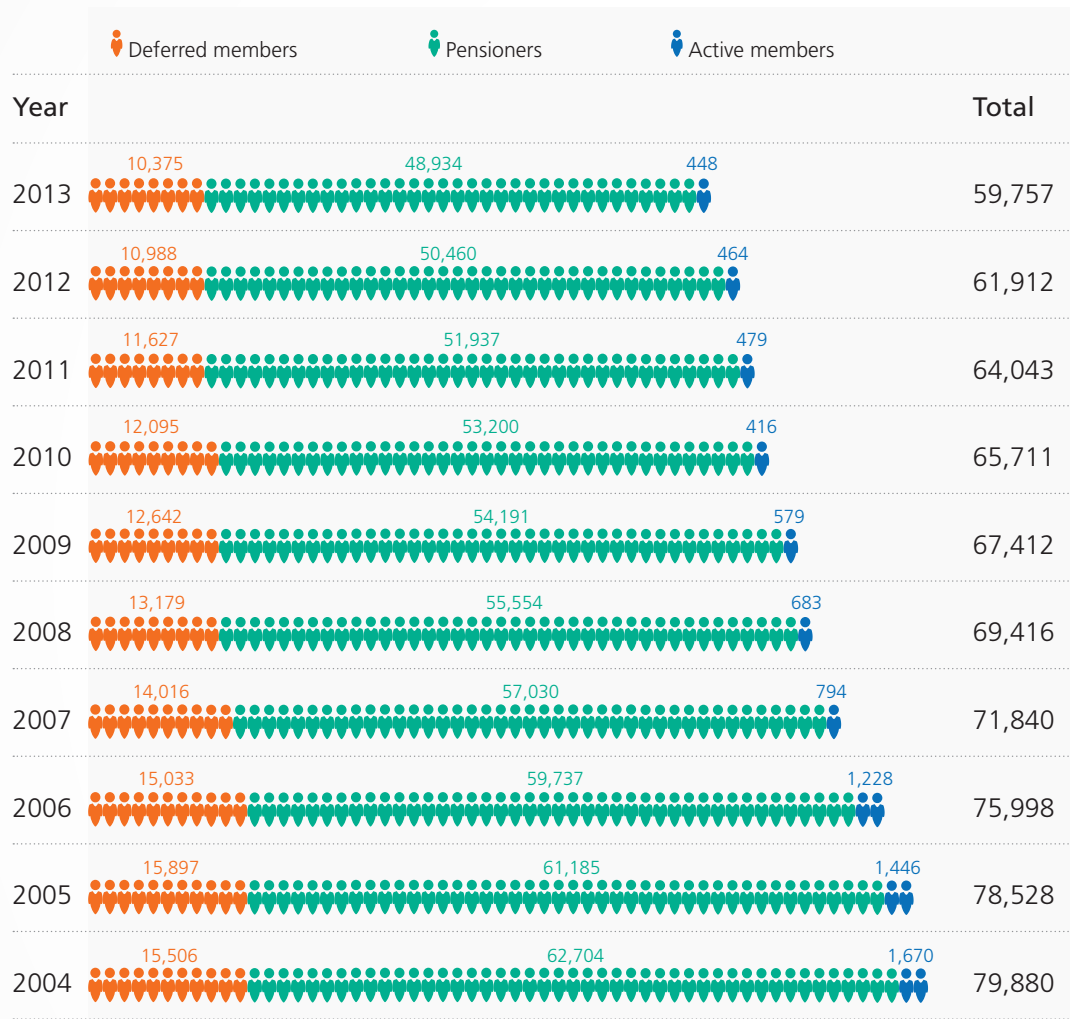
The Fund's investment managers outperformed their benchmarks by 1.6% during the year to 31 March 2013, delivering an average return of 10.8%. For more information about Fund performance, please see the annual Summary Funding Statement or the Report of the Trustee and Financial Statements, which are available on our website [www.icipensionfund.org.uk/library-and-forms/](http://www.icipensionfund.org.uk/library-and-forms/)

### The Fund's investments



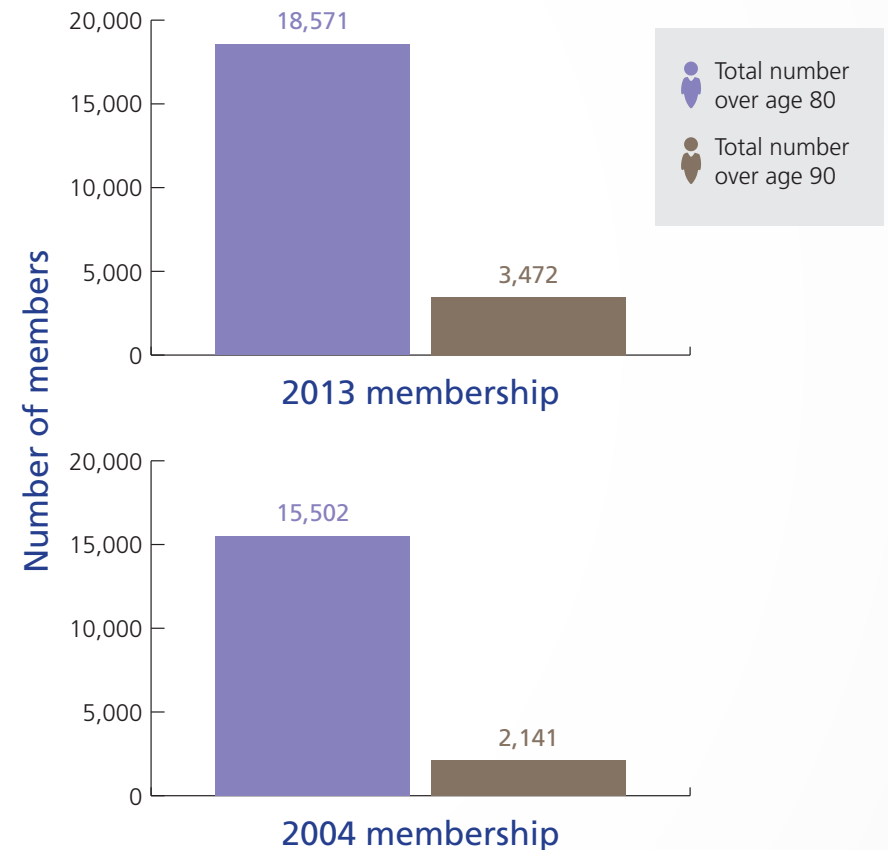
## Membership profile

### Fund membership over the last 10 years



### Average age profile of the total membership

Over the last 10 years the average age of the Fund membership has increased by 5 years from 67 to 72. This includes a significant increase in the number of older pensioners, with the number over age 80 increasing from 15,502 to 18,571 and the number over age 90 increasing from 2,141 to 3,472, reflecting improvements in life expectancy over the last 10 years.



## Taking care of your dependants

As a member of the Fund, your family and dependants may be entitled to benefits when you pass away, even if you die before you begin to take your pension. Although it can be hard to think about, it is important to make sure your relatives and dependants know what benefits may be payable to them, for example a pension and/or a lump-sum benefit. Everyone wants the peace of mind of knowing that those they care about are looked after once they are gone and we have provided a page on our website at [www.icipensionfund.org.uk/family/](http://www.icipensionfund.org.uk/family/) to help family and dependants when a member has died.

The most important thing for family and dependants to do is to let the Trustee know that a member has died; we need to know as quickly as possible so we can pay the right benefits to the right people at the right time. This also avoids the Fund having to reclaim any overpayments of benefits.

Amongst other things, a dependant's entitlement to benefits from the Fund will depend on their relationship to the member. It is important that a member's wishes are known to the Trustee. You can let us know what you would like to happen by completing an Expression of Wish form, available on our website at [www.icipensionfund.org.uk/library-and-forms/](http://www.icipensionfund.org.uk/library-and-forms/) or by calling the administration team.



## Finding out more about early retirement

Members are entitled to receive their Fund pension from their normal retirement age which for most members is age 62. However, it may be that you are considering whether to take your benefits early, so we have included some details about your options and where you can find more information.

Most members can choose to retire from age 50. If you choose to retire early, your pension will be reduced because you will receive it for longer. You can obtain a quotation from the administration team of how much your pension would be if you take your benefits from a date earlier than your normal retirement age.

If you are an Active member leaving employment because of redundancy, are aged between 50 and 57, and have sufficient pensionable service you may be eligible to take an unreduced pension early.

If you are thinking about taking your pension early, please contact the administration team (contact details on the back page). If you are a current ICI employee, the 1HR team may be able to help.

## Staying in touch – Deferred members

To make sure that the Trustee can pay your benefits promptly and accurately when they are due, it is essential that you stay in contact with us and that your personal details are kept up to date. We will not be able to pay your pension if we are unable to contact you in writing when it is ready for payment.

The Rules of the Fund provide that a pension will be forfeited if it is not claimed for a period of approximately six years. To avoid this, please make sure you update us with your latest contact details.

If you are in touch with any former colleagues who were members of the Fund but may have lost touch with us, you can help us by reminding them to make sure the administration team has their up to date contact details. If they are not receiving this newsletter, it almost certainly means that we do not have their latest contact details. Please encourage any members you know who may be in this situation to contact us as soon as possible.



## Your questions answered

### **What will my pension be when I come to retire?**

If you are an Active member of the Fund and are currently employed by the Company, you will receive your annual benefit statement in August, which will have an up-to-date forecast of your expected benefits at retirement at Normal Retirement Age.

If you are a Deferred member of the Fund and would like to find out the current value of your pension at Normal Retirement Date you should click the ePA link on our website at <https://epa.towerswatson.com/doc/ICI/login.htm>

### **How far in advance can I request a retirement quotation?**

You can request a retirement quotation at any time after age 50 (or 55 for Holden section members). Deferred members may request two quotations in any one calendar year free of charge.

### **I'm not married – will my partner be considered a 'spouse' and receive the same benefits as a spouse upon my death?**

If you are not legally married to, or in a civil partnership with your partner, they are not considered a spouse and will not receive a spouse's pension. Whether or not any benefits are payable to your partner will be decided at the Trustee's discretion.

### **My personal details have changed. Can I telephone to let you know?**

If you have to update any personal information, such as your surname or your address, you will need to contact the administration team in writing – this is for your own security. You can download the relevant forms from our website at [www.icipensionfund.org.uk/library-and-forms/](http://www.icipensionfund.org.uk/library-and-forms/) or call the administration team. It is important that you keep us updated with any changes to your address.

### **When I write to you or email you, what details do I need to provide so that you can find my record?**

Please give us your full name, and your employee number. If you do not have your employee number to hand please give us your address and date of birth. This will ensure that we are able to answer your query without first having to ask for further details to help us find your record.

## Pension liberation fraud

You may have heard about Pension liberation fraud which is on the increase in the UK. Under such arrangements, companies offer to help you cash in your pension early by transferring your benefits from the ICI Pension Fund to another pension scheme. However they usually fail to explain the high costs and tax charges that you are likely to incur which would significantly reduce the value of your benefits. If you are contacted by an organisation making an offer to help you access your pension before you reach age 55 it could possibly be a case of pension liberation fraud. You can find out more about pension liberation fraud on The Pensions Regulator's website at [www.thepensionsregulator.gov.uk/regulate-and-enforce/pension-liberation.aspx](http://www.thepensionsregulator.gov.uk/regulate-and-enforce/pension-liberation.aspx)

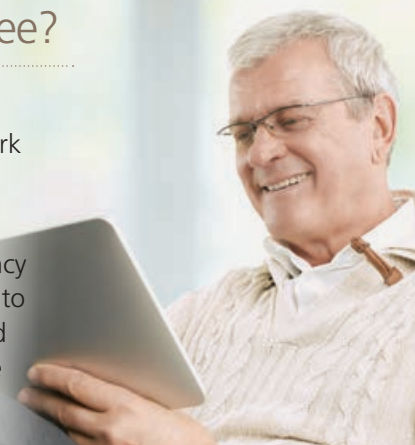
It is also worth remembering that there are circumstances in which the Fund can pay your pension before your normal retirement date. For example you may be able to take your pension early from age 50, or earlier on the grounds of ill health, depending on certain circumstances. More details on early retirement are provided on page 6. In exceptional circumstances, when a member has less than a year to live, the Trustee has the discretion to pay the value of a member's pension benefits in full. You will find more information on this topic in the Members' Handbook on our website at [www.icipensionfund.org.uk/library-and-forms/](http://www.icipensionfund.org.uk/library-and-forms/)

Any decisions you make about your pension can have long-lasting effects, so it is always worth taking independent financial advice from a professional you trust before considering any changes to your pension arrangements.

## Interested in becoming a Trustee?

The role of a Trustee is both challenging and rewarding. You can find out more about the work of the Trustee of the Fund on our website at [www.icipensionfund.org.uk/trustee/](http://www.icipensionfund.org.uk/trustee/)

During the next 12 months we will have a vacancy for a Trustee director and would encourage you to get in touch if you are interested in applying and would like to know more about the role and the application process.



## Meet the Trustee



*The Trustees at work, from left to right:*  
Kevin January, Sue McMahon, Derek Welch, Ian Canham, John Fitzpatrick, Wynne Turner, Michael Chatterton (Law Debenture), Moira Rugg, David Loose, David Gee (Chairman) and Fred Gray.

Trustee	Appeals	Audit	Investment	Policy & Admin	Strategic Risk
David Gee, Chairman, Pensioner					✓
Ian Canham, Deferred Member	✓				✓
John Fitzpatrick, (MND), Pensioner	✓			✓	
Fred Gray, (MND), Pensioner	✓		✓		
Kevin January, (MND), Contributing Member (ICI Paints)				✓	
David Loose, Pensioner		✓		✓	
Sue McMahon, (MND), Deferred Member		✓		✓	✓
Moira Rugg, (MND), Pensioner (appointed 1 May 2013)			✓		
Wynne Turner, Pensioner			✓		✓
Derek Welch	✓	✓	✓		
The Law Debenture Pension Trust p.l.c.		✓	✓	✓	✓

The Trustee Board consists of 11 Directors:

- five Member-Nominated Directors (MNDs) who are members of the Fund and applied for the role with membership support;
- an Independent Trustee Director (The Law Debenture Pension Trust Corporation p.l.c.); and
- five other Directors, appointed with the agreement of the Independent Trustee Director.

The Board forms five main committees to help in the running of the Fund. The table shows which Trustee is a member of each.

You can find more information on the Trustee at [www.icipensionfund.org.uk/trustee/](http://www.icipensionfund.org.uk/trustee/)

## Help and information

The ICI Pension Fund website contains key information about the Fund and useful updates for members. You can find this at [www.icipensionfund.org.uk](http://www.icipensionfund.org.uk)

The contact details for the administration team are:

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

Phone: **0800 916 8021**  
from 0900-1700  
Monday to Friday

Write to: **PO Box 545,**  
**Redhill,**  
**Surrey**  
**RH1 1YX**

**Please keep us informed if your circumstances change, for example if you change address or change your marital status.**

Every effort has been made to ensure that the information contained 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.