

# Fenner

## Pensions Update

### News for members of the Fenner Pension Scheme

The financial information shown in this Update is for the year ended 31 March 2005. If you would like a copy of the formal Trustees' report and audited accounts for the Scheme, please speak to your Pension Contact.

### Your Trustees are ...

Debby Bradbury  
(Chairman & Secretary  
to the Trustees)  
Mark Abrahams  
John Birkin  
Ken Bryant  
Chris Hibbs  
Richard Morello  
Peter Howell



Chairman & Secretary  
to the Trustees-  
Debby Bradbury



New Trustee  
Peter Howell



New Trustee  
Richard Morello

### Nomination Forms

It is important that consideration is given to completing a new Nomination Form whenever your personal circumstances change. Nomination Forms may be obtained from your local pension contact or the Pension Scheme Administrators, as detailed on page 2.

### Data Processing

The Trustees and their advisers control and process personal data about you and other individuals on your behalf, both for the Scheme's administration and for other purposes related to the Scheme. You should note that as a Scheme member you are consenting to that data processing.

### ANALYSIS OF INVESTMENTS

	%
Equities	31.46
Pooled investment vehicles	60.98
Cash and cash equivalents	6.62
Other investments	0.08
AVC investments	0.86
<b>Total</b>	<b>100.00</b>

The spread of investments both geographically and by investment category enables the Scheme to benefit from potentially higher rates of investment growth in different markets whilst also decreasing the effect that price fluctuations within a particular market may have on the Scheme. The proportion of the Scheme assets invested in a particular market is determined by reference to the relative rate of return and the relative level of risk associated with that market.

The Scheme participates in an independent investment measurement service. This service compares the investment performance of the Scheme managers to a benchmark performance set by the Trustees.

The investment return for the year ended 31 March 2005 of 12.7% compared to a composite benchmark return of 10.4% outperforming it by 2.3%. Over the last three years, the return was 5.8% p.a compared to a composite benchmark return of 2.0% p.a.

### Income and expenditure

From the Income and Expenditure table you can see the fund increase amounted to £7,081,153

The table shows the financial position of the Fenner Pension Scheme as at 31 March 2005. Over the year, the value of the fund has risen from £75,148,840 to £82,229,993

	£000s
<b>Fund Value at 31 March 2004</b>	<b>75,149</b>
<b>Income</b>	
Members' and employers' contributions	2,791
Investment income	768
Transfers-in	49
Other income	63
<b>TOTAL</b>	<b>3,671</b>
<b>Expenditure</b>	
Pensions and other benefits	(4,263)
Transfers-out, leavers, life assurance	(174)
Administration and investment expenses	(484)
<b>TOTAL</b>	<b>(4,921)</b>
Increase in market value of investments	8,331
<b>Fund Value at 31 March 2005</b>	<b>82,230</b>

### Membership numbers

The following table shows the membership of the Scheme at the beginning and end of the Scheme Year.

### People count - Membership

	2004	2005
<b>Active members</b>		
-final salary section	268	247
-money purchase section	115	108
<b>Deferred members</b>		
-final salary section	839	813
-money purchase section	124	142
<b>Pensioners</b>	<b>1,268</b>	<b>1,295</b>
<b>Total membership</b>	<b>2,614</b>	<b>2,605</b>

## Pension Contacts

If you have any questions about the Scheme or your individual benefits you should contact the following:

While you are working with the Company  
Fenner Drives– Mike Thompson  
Head Office – Dave Sykes  
James Dawson – Allen Faulkner  
Fenner Dunlop – Diane Quigley  
Wellington – John Thomalla

If you are retired or have left service with the Company, you should contact:  
Moray McArthur  
Capita Hartshead  
4th Floor, Erskine House  
68–73 Queen Street  
Edinburgh  
EH2 4NR  
Tel: 0131 240 4847  
Fax: 0131 240 4884  
Email:  
moray.mcarthur@capita.co.uk

## Scheme Advisers

Scheme actuary  
*John Burns,*  
*PricewaterhouseCoopers, Leeds*

Administrator  
*Capita Hartshead Pensions,*  
*Edinburgh*

Investment adviser  
*Hewitt Bacon & Woodrow,*  
*London*

Investment managers  
*Legal & General Assurance*  
*(Pensions Management) Limited*

*Capital International*  
*(from 31 March 2004)*

*Schroder Investment Management*  
*(UK) Limited*

Auditor  
*PricewaterhouseCoopers, Hull*

Legal adviser  
*Hammonds, Leeds*

Banker  
*Natwest Bank, Sheffield*

## Combined Pension Forecasts

As part of the government's policy to encourage us all to invest for our retirement, they are encouraging trustees to show the benefits members would be entitled to from the state along with their scheme benefits.

The Fenner trustees have decided this would be a good idea and therefore intend to show this information on the benefit statements at 6 April 2006 for active members only.

The procedure is that Capita will issue a letter to members asking them to object if they do not wish Capita to obtain the information from the state in respect of them.

The format of how the information is shown is standard and cannot be changed. There will be a contact number on the statement for any queries you may have with regard to the state benefits.

The whole process takes about four to six months to complete. Capita issued consenting letters to all active members of the Scheme on 16 January 2006.

## Wellington Holdings Pension Scheme

Following the acquisition of Wellington Holdings plc by Fenner plc earlier this year, the trustees have merged the two pension schemes subject to administrative matters being completed.

The Wellington Scheme has a final salary and money purchase section similar to the Fenner Scheme.

The liabilities and assets of the two schemes were transferred at 31 December 2005, to achieve a merged scheme from 1 January 2006.

In the Wellington Scheme there are 349 members in the final salary section with assets of approx. £10.7m and 145 members in the money purchase section with assets of approx. £0.8m.

Advantages of the merger are:

- More efficient use of management time.
- Lower running costs with one set of advisors
- Uniform approach to pensions for Fenner in the UK

## Simplification

The Finance Act 2004 has come into force with a new simplified tax regime from 6 April 2006. The main changes are:

- A lifetime allowance set on individual fund values set at £1.5 million
- The pension benefit will be converted to a fund value by using a conversion factor of 20:1
- A new tax free cash sum equal to 25% of the members fund (or existing entitlement if higher)
- There is no longer a requirement for trustees to provide a facility for AVC's

- The upper limit on employee AVC's can be changed. Tax relief granted on an amount up to 100% of your salary
- There will be more flexibility on the amount of lump sum that can be made on death.
- Removal of the earnings cap.

The Inland Revenue Limits will only be removed from the scheme if removed from the Rules.

This means that over the next couple of months the trustees will need to consider the changes they wish to adopt for their scheme, in association with the employer.

One mandatory change that you should be aware of is that from 2010 early retirement will not be allowed prior to age 55. The trustees will need to consider whether to phase this in or just adopt this from 6 April 2010.

## Trustee Changes

John Birkin, a long standing Trustee, retired from the Trustee body in December 2005. John has provided many years of invaluable service and support to the Pension Scheme and his contribution will be missed in the future. John was thanked for all his efforts on behalf of the Trustees, Fenner and the Pension Scheme Members. John was also wished a long and happy retirement.

Two new Trustees have been appointed with effect from 1st January 2006. Richard Morello, who is a Company nomination, brings a wealth of financial experience to the Trustee body as well as a lot of new found and growing pension knowledge. Richard was appointed as the Chairman of the Wellington Pension Scheme in June 2005 and was instrumental in the successful merger of that Scheme with the Fenner Scheme.

Peter Howell has joined the Fenner Trustees following the completion of the merger with the Wellington Pension Scheme. Peter has been a Member Nominated Trustee of the Wellington Scheme for some time and will bring knowledge and understanding of that Scheme to the Fenner Trustees. He will be an invaluable link to the Wellington Scheme and its members.



New Trustee  
Richard Morello



New Trustee  
Peter Howell