

PENSIONS UPDATE

News from members of the Fenner Pension Scheme



Chairman's Introduction

Welcome to issue 18 of Pensions Update, the newsletter for the Fenner Pension Scheme ('the Scheme'). The financial information shown is for the year ended 31 March 2014. If you would like to receive a full copy of the Trustee's Report and Accounts for the Scheme, please contact the Trustee Secretary (details provided at the end of the newsletter).



Pensions continue to hit the headlines, with the Chancellor announcing significant changes to the way in which pension savings can be accessed in the 2014 Budget. The proposals are mainly aimed at defined contribution (DC) schemes meaning that generally they will not affect the operation of defined benefit (DB) schemes like the Fenner Pension Scheme. However, we do have some members that have Additional Voluntary Contributions (AVCs) held in investment funds that operate in a similar way to DC schemes and those AVCs may be effected by these changes; should this be the case, we will issue further information about those changes.

We hope you enjoy reading this issue Pensions Update. We want to make it as useful and informative as possible, so if there are any items that you would like to see covered in future issues, please do not hesitate to contact the Pensions helpline on 0141 566 7658 or email fenner@hymans.co.uk.

Debra Bradbury

Chairman - Fenner Pension Scheme Trustee Ltd.

Appointment of UK Pensions & Reward Manager



Sharon Cairney
UK Pensions & Reward Manager

Sharon joined Fenner in October 2013 and is based at the Group Head Office, Hessele. Sharon is a regular visitor to all of the UK locations. All employees are welcome to meet with Sharon, just make an appointment through your local pensions contact. Details of her next visit can be found on the Notice Boards at your locations.

Reporting to Tracy Sheedy, Group HR Development Director, Sharon will support the Fenner Pension Scheme Trustee and the Governance Committee of the Fenner Retirement Plan (the Company's DC pension arrangement) in managing much of the day to day contact with the Company's pension arrangement advisers. Sharon will also lead pensions related projects and support the UK based Fenner companies to implement any changes. Sharon will support all UK businesses with the communications and setting up of new processes required.

With over 25 years' experience, Sharon joined the Company from consultancy firm; Pension & Benefits Services Ltd. Prior to that Sharon was part of the Pensions Management team at Rolls-Royce plc. She has worked in a variety of positions in the pensions sector.



Appointment of New Pension Scheme Administrator

The Fenner Pension Scheme Trustee Ltd recently undertook a review of the pension scheme administration service. As a result, they have decided to appoint Hymans Robertson LLP as the new pension scheme administrator. Hymans Robertson LLP will take over from the current service provider, Capita, with effect from 1 April 2015.

Hymans Robertson LLP was formed in 1921 and is one of the longest established independent firms of Actuaries and Consultants in the UK. Hymans Robertson has offices in Glasgow, London, Birmingham and Edinburgh and the Scheme will be administered from their Glasgow office.

You can contact the team after 1 April at:

Fenner Administration Team
Hymans Robertson LLP
20 Waterloo Street
Glasgow, G2 6DB

Email: fenner@hymans.co.uk | Tel: 0141 566 7658



Membership

The Final Salary membership as at 31 March 2014 is shown below:

	2014	2013
Active Members	118	120
Deferred Members	662	661
Pensioners	1490	1495
Total Membership	2270	2276

Income and Expenditure

The table below shows the financial position of the Scheme as at 31 March 2014. Over the year, the value of the fund rose from £131m to £143m.

	£000s
Fund value at 31 March 2013	131,014
Income	
Members' and Employers' Contributions	4,342
Investment Income	2,005
Transfers in	0
Other Income	0
Total	6,347
Expenditure	
Pensions and Other Benefits	(6,516)
Transfers out, leavers, life assurance	(8)
Administration and investment expenses	(420)
Transfers between sections	148
Investments	
Increase in market value of investments	12,859
Fund value at 31 March 2014	143,424

Analysis of Investments

As at 31 March 2014	%
Equities	41.2
Bonds	28.5
Diversified growth/absolute return funds	17.5
Cash	12.8
	100

Closure of Money Purchase (DC) Section

The DC Section of the Fenner Pension Scheme was closed on 1 April 2013 and all benefits were transferred to a new Master Trust arrangement with Standard Life.

Detailed information was sent to all employees during the transition however if you require further information on any of the changes; please contact Sharon Cairney at Fenner (Sharon.cairney@fenner.com)

Change in Trustee Directors

Since the last member newsletter, Barry Wood has been appointed Member Nominated Director and Michael Roberts has been appointed as Independent Trustee Director.

John Pratt has stepped down as a Company Appointed Trustee Director and the Trustee would like to thank John for his dedication over the last 6 years. Kevin Rogerson - Group Financial Controller, has been appointed as a Company Appointed Trustee Director with effect from January 2015.

Changes to State Pensions

The Pensions Act 2014 introduced changes to the state pension system. The current system, where each person's state pension is made up of a basic state pension and earnings related state pension, will be replaced by a single flat rate pension.

This new system will apply to all of those who reach their State Pension Age on or after 6 April 2016. Those who are already receiving their State Pension at that time will not see any change.

The rate of the new flat rate pension will not be announced until late 2015, but it is expected to be set at a level higher than the current basic state pension. The full flat rate pension will be payable to anyone who has paid 35 years of National Insurance contributions. Anyone who has paid between 10 and 35 years of National Insurance contributions will receive a proportion of the flat rate pension. In addition, there will be transitional arrangements for anyone who has made National Insurance contributions before 6 April 2016 to, ensure that state pension already built up receives some protection.

More details about the new State Pension can be found at www.gov.uk/new-state-pension/overview

Existing plans to increase the State Pension Age from 66 to 67 have been brought forward under the new legislation, meaning that the change will now be staged between 2026 and 2028. The government intends to review the State Pension Age every five years going forward, which may result in further changes in the future. You can check your State Pension Age at www.gov.uk/calculate-state-pension

Reduction in Lifetime Allowance and Annual Allowance

With effect from the 6 April 2014 tax year, the Government has reduced both the Lifetime Allowance and the Annual Allowance.

The Lifetime Allowance caps the maximum value of pension scheme benefits that a person can receive in their lifetime without incurring an additional tax charge. With effect from 6 April 2014, the Lifetime Allowance was reduced from £1,500,000 to £1,250,000. When you claim your benefits from a pension scheme the administrator of that scheme will carry out a check to confirm that your benefits are within the Lifetime Allowance.

The Annual Allowance sets the maximum amount that the value of someone's pension scheme benefits can increase by in a year without incurring additional tax charges. From 6 April 2014 this was reduced from £50,000 to £40,000. Broadly speaking, this would represent an increase in your Fenner Pension Scheme Pension of £2,500 over the year, which may be especially relevant for active members who have received a significant pay rise or bonus in a year and/or make significant AVC payments. Any unused Annual Allowance can be carried forward for up to 3 years. If you would like to discuss this issue further, please contact your local pension contact or the Scheme administrator.

The test against the Annual Allowance is carried out over a Pension Input Period (PIP) set by the scheme rather than over a tax year. The Scheme has a PIP running from 1 April to 31 March each year and the new Annual Allowance will apply for the PIP ending on 31 March 2015.



Changes to the way pension savings can be used

The Finance Act 2014 has made two main changes to the way pension savings can be used.

The first of these applies to members of Defined Benefit pension schemes such as the Scheme. If at retirement the value of all of your benefits in all of the schemes you have been a member of is less than £30,000 then you may be able to take your benefits as a lump sum. Part of this lump sum would be taxable through the income tax system.

The second change takes effect from 6 April 2015 and applies to members of Defined Contribution pension schemes. The only benefits in the Fenner Pension Scheme that will be affected by this are benefits arising from Additional Voluntary Contributions. From April 2015 members with Defined Contribution benefits will be able to choose to take their entire fund as a cash sum at retirement rather than having to use it to buy an income from a provider such as an insurance company. They will be able to receive 25% of their savings tax free with the remainder taxed through the income tax system.

Members with Defined Benefit pension savings may be able to transfer their savings to a Defined Contribution scheme to take advantage of the new options. From 6 April 2015, the law will require anyone wishing to transfer pension savings from a Defined Benefit to a Defined Contribution Scheme to take advice from a financial adviser regulated by the Financial Conduct Authority (FCA) before they will be allowed to do so.

The 2014 Actuarial Valuation

The 31 March 2014 Actuarial Valuation has been carried out. Full details will be provided later this year when the annual summary funding statement is issued.





Contacts

Nomination Form

It is important that consideration is given to completing a new Nomination Form whenever your personal circumstances change. A Nomination Form can be obtained from your Local Pension Contact or the Scheme Administrator. A blank form is enclosed.

Your Personal Details

Is all of the personal data we hold for you up to date? Please take a few moments to complete and return the enclosed form, using the prepaid envelope provided.

Data Processing

The Trustee and its 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.

If you have any questions about the Scheme or your benefits, please contact your Local Pension Contact or the Scheme Administrator – Hymans Robertson.

Pension Contacts

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

Whilst you are working with the Company:

Head Office - Sharon Cairney (Sharon.cairney@fenner.com)
Fenner Precision - John Smith (precision.UKpensions@fennerprecision.com)
James Dawson - Peter Wressell/Pauline Elsander (pensions@james-dawson.com)
Fenner Dunlop - Diane Quigley (marfleet.UKpensions@fennerdunlop.com)
Hallite - Vijay Markanday (Hampton.UKpensions@hallite.com)
VIL - VIL.UKpensionsfennerdunlop.com

If you are retired or have left the Company, you should contact:

Fenner Administration Team
Hymans Robertson LLP
20 Waterloo Street
Glasgow, G2 6DB

Email: fenner@hymans.co.uk
Tel: 0141 566 7658

Scheme Advisers

Scheme Actuary

John Burns,
Xafinity, Leeds

Administrator

Hymans Robertson (Glasgow)

Investment Adviser

Hymans Robertson (Edinburgh)

Investment Managers

Legal & General Assurance
(Pensions Management) Limited
Schroder Investment Management
(UK) Limited
Baring Asset Management Limited
Pyrford International Limited
Prudential plc
M&G Investment Management Limited
Pictet Asset Management Limited

Auditor

PricewaterhouseCoopers, Hull

Legal Adviser

Squire Patton Boggs

Banker

Natwest Bank, Sheffield
Barclays, Glasgow

Your Trustee Directors

Debra Bradbury (Chairman)
Mark Abrahams
Ken Bryant
Peter Howell
Richard Morello
Michael Robarts
Kevin Rogerson
Barry Wood
Jamie Hancock (Trustee Secretary)

All correspondence to the Trustee should be sent for the attention of the Trustee Secretary to:

Fenner Pension Scheme
Trustee Limited
Hesslewood Country Office Park
Ferryby Road, Hessle
East Yorkshire, HU13 0PW

