

pensions news

www.avon-rubber.com/pensions

A Pension Plan Report to Members on behalf of the Avon Rubber Retirement and Death Benefits Plan

Message from the Chairman of the Trustee Board

Welcome to the latest Avon Plan Trustee Newsletter.

The last year has been one of change in pensions with new flexibilities being introduced by the Government for members to deal with their retirement funds. We are conscious that many members will want to understand how they have been personally affected by these changes and, in particular, what new options they now have. We have therefore included in this newsletter a section on the new pension freedoms where we explain how the Trustee Board has decided to implement these within the Plan.

The make-up of the Trustee Board has changed since the last newsletter with Andrew Lewis standing down as a company nominated Trustee Director. I thank Andrew on behalf of the Trustee Board for the valuable service he has provided over the last 8 years. The company is not currently proposing to replace Andrew and I am happy that we have, in Sarah Matthews-DeMers, Avon's Associate Group Finance Director, a Trustee Director with similar skills.

Over the last year the Trustee Board has continued its day to day management of the Plan. We have moved to a committee-based structure so that Plan business is dealt with on a more frequent, flexible basis and to ensure not too much business is dealt with at our quarterly Trustee meetings.

We have also continued to monitor the financial covenant of Avon Rubber p.l.c. as we approach the next actuarial valuation of the Plan's Defined Benefit liabilities in March 2016. This is the process whereby the Trustee Board works with the Scheme Actuary and the company to value the assets and liabilities of the Plan, with the

aim of making sure that the company's future contributions address any deficit over time.

We have, as usual, worked closely with our Investment Consultants at Mercer to ensure the money the Defined Benefit Plan has invested is delivering the returns needed to pay pensions now and in the future. We have met with all of our investment managers in person over the last year, moved some funds between them but have not decided to bring on any new managers.

The Plan's Defined Contribution scheme investments have been managed by our new provider, Standard Life, over the last year. We have been very pleased with the standard of service provided to members by Standard Life and I take this opportunity to remind all of our DC members to log onto the Standard Life portal to read their correspondence and review the performance of their investments.

We have also continued to work to improve our new look website for members, which includes a link to this newsletter and other information relating to the Plan, and which can be accessed at www.avon-rubber.com/pensions. If there is anything else you would like to see in future editions, or if you have any comments about this newsletter or the Plan in general, please contact the administration teams. Contact details can be found on the last page.

Miles Ingrey-Counter

Miles Ingrey-Counter
Chairman of the Trustee Board

meet the trustee directors



Miles Ingrey-Counter
(Chairman)



Eric Fielding
(Member Nominated)



David Little
(Member Nominated)



Sarah Matthews-DeMers
(Company Nominated)



Rob Willis
(Company Nominated)

the plan's advisors

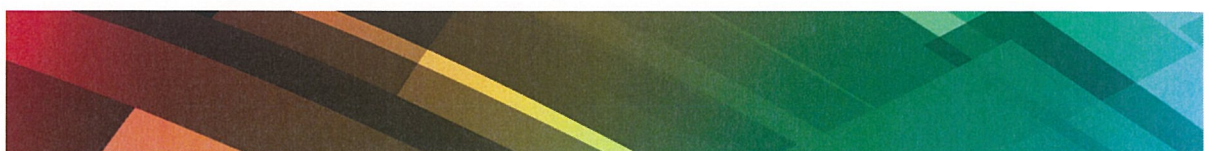
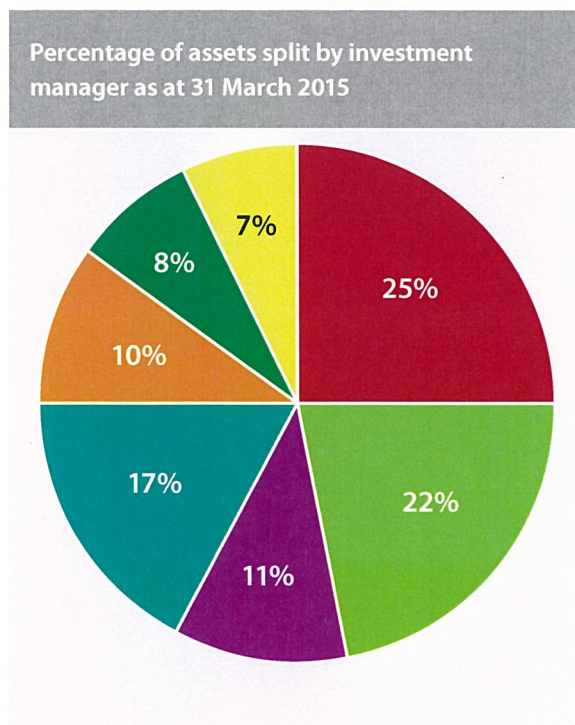
Auditor 	Banking 
Scheme Actuary Susan Hoare FIA 	Final Salary Administrator & Investment Consultant 
Defined Contribution Provider 	Legal Advisor 
Investment Managers	
	
	
	

Key facts and figures

Defined contribution category members as at 31 March 2015	
Total number of members:	
Brought forward from last year	145
New entrants (new employees)	51
Exits	(17)
Active members on 31 March 2014	179
Deferred Defined Contribution members with preserved pensions	70

Defined benefit category members as at 31 March 2015		
	Year ended 31 Mar 14	Year ended 31 Mar 15
Ex-members with preserved final salary pensions	1,686	1,619
Pensioners	2,620	2,049
Total	4,306	3,668

Summary of money coming in and going out of the plan		
	Year ended 31 Mar 14 £(000)	Year ended 31 Mar 15 £(000)
Value of the Plan at start of year	316,350	299,547
Money coming in less money going out	(14,216)	(16,575)
Change in market value of investments	(2,587)	42,266
Value of the Plan at end of the year	299,547	325,238



News

Investment performance

The 12 month period to 31 March 2015 was positive for most types of investment. In line with growth in developed markets shares, as well as in higher return bonds in the US, the return seeking part of our portfolio performed well and delivered positive returns over the year. The part of our portfolio which is designed to reduce the amount of short term movement in the Plan's deficit, posted strong double digit returns.

Scheme Actuary's report

The Trustee Board is responsible for ensuring that sufficient contributions are paid into the Plan to cover benefits payable in accordance with the Rules and to build up funds to pay for future benefits.

Benefits in the Defined Contribution section are determined by a combination of contributions paid by members and the company and investment income earned. The company pays an amount specified in the Rules that depends on each member's chosen contribution rate.

Since the closure of the Defined Benefit section of the Plan in 2009, benefits in the Final Salary section are paid for by a combination of contributions paid by the company and investment income earned.

The amount of contributions to be paid is agreed between the company and the Trustee and recorded in a Schedule of Contributions. The Trustee Directors are advised by the Scheme Actuary who helps them agree appropriate assumptions with the company for calculating contributions. Once the assumptions are agreed the Scheme Actuary assesses the amount of money in the Plan relative to the benefits that must be paid out, both now and in the future. This assessment is known as an actuarial valuation of the Plan, and is normally carried out every three years - the latest being at 31 March 2013.

The enclosed Summary Funding Statement sets out the results of the 2013 valuation and an updated funding position at 31 March 2015.

The next valuation will take place as at 31 March 2016.

New pension freedoms

In our last Newsletter (issued in March 2015) we told you about some changes introduced by the 2014 Budget which would come into effect from April 2015. The main change introduced was to provide flexibility in the way Defined Contribution (DC) benefits can be taken, allowing benefits to be taken as cash sums rather than via the purchase of an annuity. Whilst this doesn't directly impact our Defined Benefit (DB) members, it is possible for these members to take advantage of the new rules by taking a transfer out of the DB section of the Plan and putting it into a DC arrangement.

You will need to take independent financial advice if you are considering transferring out of the DB section to a DC arrangement.

In this update we explain the options available in the Plan in this area – for both DC and DB members. The legislative changes have provided a framework for schemes to work within but the options available to individuals depends on the rules of their scheme.

For the Avon Rubber Plan:

Defined Contributions Members

- DC members over the age of 55 may take their benefits as a cash lump sum at any time provided the whole fund is withdrawn in one go.
- The Plan will not be providing a drawdown option, which is where money is taken from the fund in more than one step. The Trustees assessed whether this option was viable considering the availability of drawdown facilities with DC providers and decided it was not something we wished to offer at this stage. We will review this again as the market develops. Members can still access drawdown options by transferring their benefits to a DC provider outside of the Plan.

Defined Benefit Members

- DB members can access the DC flexibilities by transferring their DB benefits out of the Plan to an appropriate DC scheme. There is a requirement to take independent financial advice if the funds are greater than a certain amount - and partial transfers (i.e. transferring some of the value of your benefits elsewhere and leaving some behind) is permitted once and within certain guidelines.
- For DB members, trivial commutation – where the whole of your benefit is exchanged for a cash sum – may also be possible for some members.
 - The level for taking all your pension benefits under the Plan directly as cash has increased from £2,000 to £10,000. This means your pension under the Plan would only qualify if, broadly speaking, it is under £500 per annum.
 - The total level of pension benefits across all your pension arrangements to qualify for trivial commutation has increased from £18,000 to £30,000. Broadly speaking, DB pension benefits would only be likely to qualify under this limit if they were under £1,500 per annum in total from all schemes.
 - The minimum age for taking all benefits as cash under the ‘small pots’ rule changed to age 55 from April 2015.

In Summary

If you would like further information about these options or your pension arrangements, contact details for our administrators are on the last page.

It is important to remember that if you are considering your pension options you should consider taking independent financial advice. In some circumstances, such as when transferring from a DB arrangement to a DC arrangement, you must take and be able to confirm you have taken this advice. Please see the next section for details on how to find an independent financial adviser.

The Government has also recently taken steps to help savers understand the new retirement options. If you are over age 50, have benefits within a DC scheme and are interested in taking advantage of one of the new choices at retirement you can contact Pension Wise, a free and impartial service provided by the Government.

To arrange an appointment or find out more visit:

www.pensionwise.gov.uk/



If you are a DB member and requesting information about your potential retirement benefits – for example if you are intending to take early retirement, please consider carefully how many illustrations you need. There is a cost to the Plan for each illustration provided and we ask members not to request multiple illustrations unless this is absolutely necessary.

Pensions liberation fraud (pension scams)

The changes to the way people can access their pension funds has resulted in an increase in pension scams. You should be suspicious if anyone approaches you out of the blue over the phone, via text message or in person, claiming that you can access your pension pot before age 55, enticing you with upfront cash, offering a free "pension review" or trying to lure you in with so-called "one-off" investment opportunities. No legitimate businesses operate using these methods.

Visit www.pension-scams.com or www.thepensionsregulator.gov.uk/regulate-and-enforce/pension-liberation.aspx to find out more.

If you are thinking of making any changes to your pension arrangements at any time, you should obtain as much information as you can and think about obtaining independent financial advice.

By law, no-one involved in your Plan can give you advice about your pension arrangements. However the Pensions Advisory Service offers free and impartial guidance to people with workplace and personal pensions. Call 0300 123 1047 or look on their website www.pensionsadvisoryservice.org.uk.

The Financial Conduct Authority (FCA) has a website www.fca.org.uk where you can find out more about finding and using a suitably qualified financial adviser. Alternatively, the website www.unbiased.co.uk will help you find an adviser in your area.

State pension changes

Other changes will take place from 6 April 2016; a new single-tier state pension will replace the current basic and additional state pensions for those reaching state pension age after 6 April 2016. At the same time, contracting-out for DB schemes will be abolished.

You'll be able to get the new State Pension if you're eligible and:

- a man born on or after 6 April 1951
- a woman born on or after 6 April 1953

If you reach State Pension age before 6 April 2016, you'll get the State Pension under the current scheme instead.

Your National Insurance record is used to calculate your new State Pension. You'll usually need 10 qualifying years to get any new State Pension.

For further information on the new flat-rate State pension, go to www.gov.uk/new-state-pension.

Changes to minimum pension age

You can currently access your pension savings from age 55, but the Government has announced this is expected to rise to age 57, in line with the increases to State Pension Age (SPA). SPA will rise to age 67 for everyone by 2028.

Use of personal data

In providing actuarial services to the Trustee, including undertaking the actuarial valuation referred to in this report, the Trustee, its adviser Aon Hewitt and the Scheme Actuary require access to personal data about members and their dependents. The Data Protection Act governs how the Trustee, Aon Hewitt and the Scheme Actuary use and store personal data. Members can find out more information about how their personal information is used in the provision of actuarial services at www.aonhewitt.co.uk/privacy-statement. Should a member have further questions regarding the processing of their personal information, they should contact Avon's Human Resources Department in the first instance.

General guidance is also available from the Information Commissioner's website <https://ico.org.uk>.

Further information

Defined Benefit Plan Administrators: Mercer Consulting Limited – 1 Whitehall Quay, Whitehall Road, Leeds, LS1 4HR.
Member Helpline: 0800 046 6183 e: avon.rubber@mercer.com

Defined Contribution Plan Administrators: Standard Life, Dundas House, 20 Brandon Street, Edinburgh, EH3 5PP.
Member Helpline: 0800 634 7479 www.standardlifepensions.com/avonrubber

Trustee Report & Accounts

The Trustee Directors publish a formal Report and Accounts each year that covers some of the items outlined in this report. Please ask Mercer if you would like a copy or a copy of the Funding Review by the Scheme Actuary. You should write to Mercer if you would like to see the Plan's Trust Deed and Rules or if you want a further copy of the current Members' Booklet. All of these documents are available on the Plan's website at: www.avon-rubber.com/pensions

Internal Dispute Resolution

If you do have any problems with the Plan it is hoped that these can be resolved by the Administrators. If necessary, however, the Trustee Directors have a formal process for dealing with member disputes. Further details of this are available from Mercer or via our website. You may also be able to obtain assistance from the following external bodies:

The Pensions Advisory Service Ltd (TPAS)

TPAS is available to assist members and beneficiaries of the Plan with difficulties that they may have failed to resolve with the Trustee Directors or Administrators.

The web address is: www.pensionsadvisoryservice.org.uk.

The Pensions Ombudsman

The Pensions Ombudsman has the power to investigate and decide upon complaints and disputes involving occupational pension schemes. It will normally expect to act only when a matter has been through the Plan's Internal Dispute Resolution Procedure and referred to TPAS and not satisfactorily concluded.

The web address is: www.pensions-ombudsman.org.uk.

The Pension Tracing Service

The Pension Tracing Service enables ex-members of schemes with pension entitlements, and members' dependents, who have lost touch with earlier employers.

The web address is: www.gov.uk/find-lost-pension

The telephone number is 0345 6002 537 or you can write to

The Pension Service 9, Mail Handling Site A, Wolverhampton, WV98 1LU

State Pension

If you would like a forecast of the State Pension payable to you, please contact:

Future Pension Centre, The Pension Service 9, Mail Handling Site A, Wolverhampton, WV98 1LU. Telephone Number: 0345 3000 168

The web address is: www.gov.uk/future-pension-centre

