

Winter 2018

# PensionNews

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

**Your Pension.  
Your Future.**

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**AVON**  
Avon Rubber p.l.c.

## Message from the Chairman of the Trustee Board



**Miles Ingrey-Counter**  
Chairman of the Trustee Board

### **Welcome to this year's Avon Plan Trustee Newsletter.**

This time last year I reported that we had nearly completed the 2016 actuarial valuation of the Plan's Defined Benefit liabilities. This is the process where 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.

I am pleased to report that those discussions with the company around contribution levels resulted in a significant increase to the company's contributions towards the funding deficit and administration costs. Details of this and the current funding position can be found in the enclosed Summary Funding Statement.

We have continued to monitor the financial strength of Avon Rubber and its ability to support the DB section since the valuation was completed and do not have any concerns.

There is open dialogue between the Trustee and the Company's new management team appointed in 2017 which will serve the Plan well as the Company embarks on its next phase of growth. The strategy for this was recently presented with the company's 2017 results and was reviewed by the Trustees. We expect Avon's ability to support the Plan to continue to improve as this strategy is implemented.

We have made two new Company nominated appointments to the Trustee Board since the last newsletter. Mike Harral joined Avon in 2005 and is the Company's Chief Technical Officer. Mike's focus at Avon has been on product development on the respirator side of the business. Zoe Holland is a qualified solicitor who joined Avon in 2012 and is the Deputy Company Secretary and General Counsel. Zoe works in the corporate office and will shortly return to work from maternity leave following the birth of her second daughter. I am delighted to welcome both Mike and Zoe onto the Trustee Board. One of our Member Nominated Trustees (MNTs), David Little, retired from Avon in December after more than 40 years' service but agreed to continue as a MNT.

The current appointment terms for both of our MNTs will expire later this year and we are running a nomination process to confirm the two MNTs from 1 October 2018. Details of this process are set out later in this newsletter. If you are interested in nominating yourself as a MNT the deadline is 30 April 2018.

The day to day management of the DB section has continued successfully during the last year. We have, as usual, worked closely with our Investment Consultants at Mercer to ensure the money the Plan has invested is delivering the returns needed to pay pensions now and in the future. We are also keeping a close watch on administration service levels at Mercer following the sharp increase in the volume of activity across all DB schemes in recent years following the changes made by the Government in 2015. There is a reminder of these changes and your rights later in this newsletter.

If you are concerned about the service you have received from our administrators, their member helpline details are set out on the last page of this newsletter. Alternatively you may contact us directly through the Plan's website.

For members of our Defined Contributions (DC) section, the last year has seen significant focus on the DC section by the Trustees and some improvements, including a new default fund and increased focus on good governance. I take this opportunity to thank Rob Wills and the DC Committee for overseeing this and remind all of our DC members that they can log onto the Standard Life portal to see their investments, access correspondence from Standard Life and create illustrations of your estimated pension at retirement.

As always our website includes a link to this newsletter and other information relating to the Plan, which can be accessed at [www.avon-rubber.com/pensions](http://www.avon-rubber.com/pensions). If you have any comments about this newsletter or the Plan in general, please contact the administration teams or the Trustees directly.

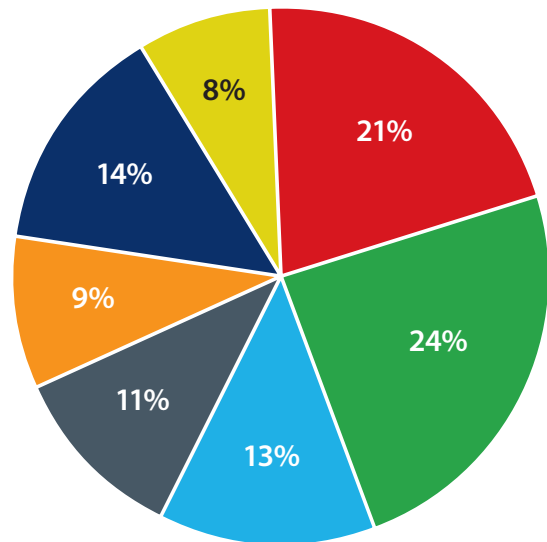
## Key facts and figures

Defined Contribution section members as at 31 March 2017	
<b>Total number of members:</b>	
Brought forward from last year	207
New entrants	31
Exits	(39)
<b>Active members on 31 March 2017</b>	<b>199</b>
<b>Deferred Defined Contribution members with preserved pensions</b>	<b>106</b>

Defined Benefit section members as at 31 March 2017		
	Year ended 31 Mar 16	Year ended 31 Mar 17
Ex-members with preserved final salary pensions	1,560	1,479
Pensioners	2,032	2,036
<b>Total</b>	<b>3,592</b>	<b>3,515</b>

Summary of money coming in and going out of the Plan		
	Year ended 31 Mar 16 £(000)	Year ended 31 Mar 17 £(000)
<b>Value of the Plan at start of year</b>	<b>325,238</b>	<b>306,528</b>
Money coming in less money going out	(15,072)	(15,072)
Change in market value of investments	(3,638)	52,225
<b>Value of the Plan at end of the year</b>	<b>306,528</b>	<b>343,681</b>

Percentage of assets split by investment manager as at 31 March 2017



	BlackRock LDI funds
	BlackRock Dynamic Diversified Growth Fund
	Skagen Global II Fund
	Cash
	Finsbury High Yield Funds (Shenkman)
	Majedie Asset Management
	First Eagle

**Note:**

Money coming in less money going out consists of payments to pensioners offset by contributions from Avon Rubber.

Over the year the assets of the Plan increased substantially due to strong positive returns from both the shares the Plan holds in the UK and globally, and also due to the rise in fixed income investments both in the US and the UK.

## Defined Contribution section

Benefits in the Defined Contribution (DC) 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.

This is a valuable benefit provided by the Company and we want members to be in a position to get the best possible outcomes from this. We have partnered with Standard Life to provide a wide range of funds you can choose to invest in and Standard Life offer a great online portal to access all the information you might need in relation to your personal benefits and the options available to you.

For further information about joining the pension plan, receiving tax benefits from the Government and also receiving additional contributions from the company you can visit the Standard Life Avon portal at:

[www.standardlifepensions.com/avonrubber](http://www.standardlifepensions.com/avonrubber)

### GET STARTED

#### Joining the pension

The sooner you join, the sooner you'll start receiving tax benefits from the Government - and you will also get extra contributions from the company.

### WHAT DOES THIS MEAN FOR YOU?

#### Pension flexibility

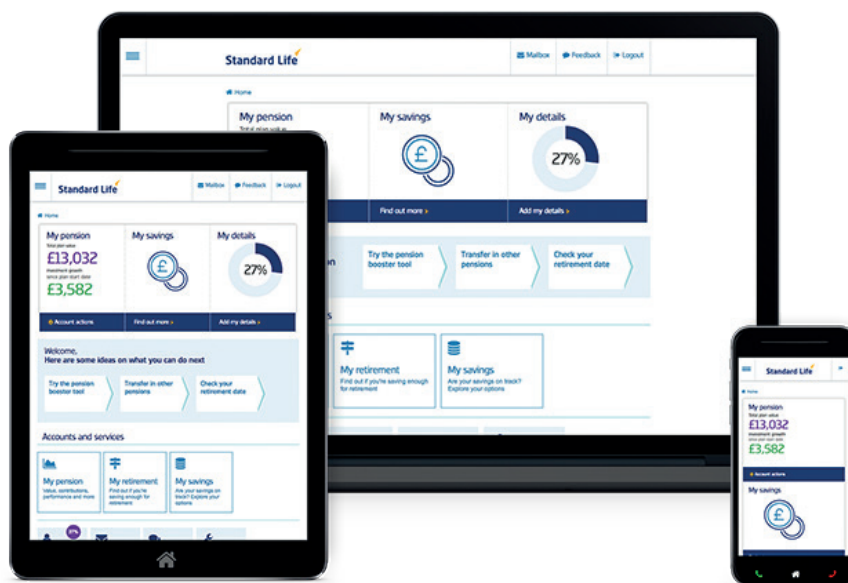
Everyone has control over how they take money from their pension. There's a minimum age after which you can withdraw money, but pensions are now one of the most tax-efficient and flexible ways to save for the future.

### YOUR PAYMENT CHOICES

#### How much should you pay?

It's up to you - as long as you meet the minimum set by the company. But remember, paying in a little bit more now could make a big difference when you retire.

Current members of the Plan can manage their pension online at:  
[www.standardlife.co.uk/1/site/employeezone/login](http://www.standardlife.co.uk/1/site/employeezone/login)



## What can I do online?

When you log on, you can:

### Check your pension value

You can see what your current pension value is, and what it might be worth when you retire. This will help you keep on track and see if you need to change your payments.

### Check your payments

Keep up to date with your payments and see if you need to change the amount you're paying.

### Review your investments

You can see how your funds are performing and change your investments online.

### Update your details

Keep your personal information and contact details up to date so we can keep in touch.

## How do I get access?

### Your username and password

Once you receive your certificate of membership, you can register for online servicing by clicking on the link below.

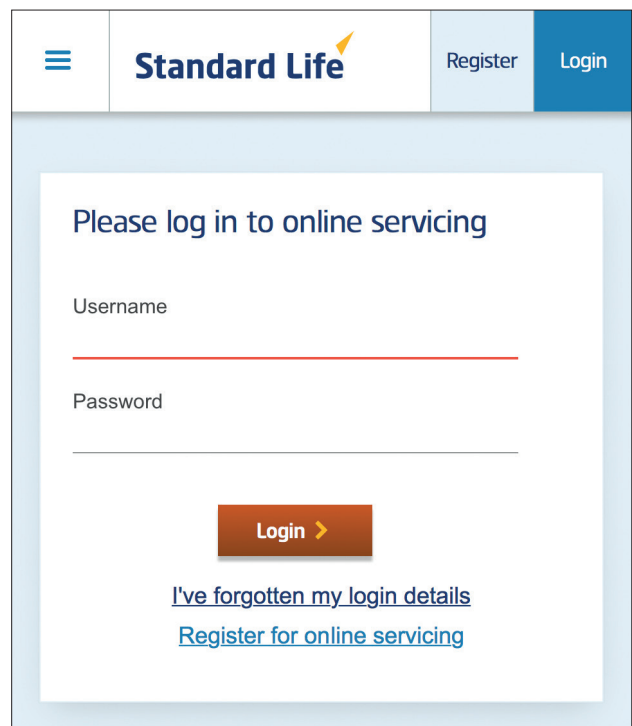
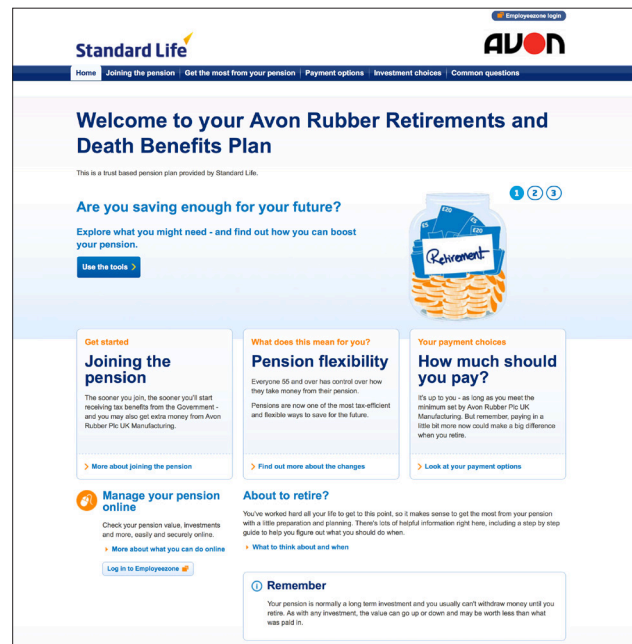
You can log in and manage your pension anytime during the following hours:

- Monday to Friday, 7am - midnight.
- Saturday and Sunday, 7am - 11pm.

## Get the mobile app

The Standard Life mobile app lets you:

- View your pension and any other investments you have with Standard Life.
- Browse confidently.



## Trustee assessment of the DC section

The Trustee Board has spent a significant amount of time over the last 12 months looking at the operation of the DC section and considering the actions we need to take to improve the member experience. If you have any ideas or suggestions you feel worth our consideration please contact the trustee.

Following a detailed analysis of the Plan's membership and on the basis of independent investment advice from our advisors, Aon Hewitt, as of 4 October 2017 we switched the default fund from the Standard Life Passive Plus III Universal Strategic Lifestyle Profile Fund (the 'Passive Plus'), to the Standard Life Active Plus III Pension Fund (the 'Active Plus'). We determined the Active Plus Fund offers the appropriate level of risk for our members, with greater potential for long-term growth. It also provides "lifestyling" which means that as you approach retirement, investment risk is gradually reduced by moving your fund into deposit style investments. Approximately 81% of our Plan members are invested in the default fund.

After the success of the member presentations held at Hampton Park West last May we have decided to follow this up with another series of briefings; Start to Save, Making Your Money Go Further and Planning for Retirement. We will also be offering some 'one-2-one' sessions with advisors at the same time. Further details will be released shortly.

The Trustee's framework for assessing value for members is to look at investment returns and overall fund performance (on a quarterly basis) and compare this to the charges that are deducted from members' funds. Through the Governance Report and the Member Outcome Report, the Trustee Directors have assessed the fund performance and membership value in detail. With the help of our advisers, we have assessed members' investment returns and overall fund performance to ensure that the charges borne by the members are reasonable for the funds offered under the Plan. We considered, in particular, that higher charges in specialist funds are usual and in the case of the funds we offer, justified. We have secured a rebate from Standard Life for the Scheme, for both active and passive funds, of 0.71% per annum which significantly reduces the costs borne by the members. Based on our high level, cost based assessment; the Trustee Directors have concluded that the Plan represents good value for members.

We continue to review the range of funds available to members – having a range of funds is desirable to ensure members have sufficient options for the investment actions they may want to take. However, having too many funds can be confusing and/or a little daunting for some members and a big time commitment for the Trustee in terms of monitoring these funds. A large proportion of the funds available are currently not used by our members, so in the future we intend to review these funds with the intention of consolidating across asset classes whilst maintaining a targeted (but still wide) range of funds making it easier for members to understand the choices they have.

## Defined Benefit section

### Actuarial valuation and funding position

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.

Since the closure of the Defined Benefit section of the Plan in 2009, benefits in the Defined Benefit 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.

We carried out a valuation with an effective date of 31 March 2016. We have included with this publication an up to date 'Summary Funding Statement' which shows the funding level at a more recent date.

### Investment Strategy

We have recently agreed some changes to the Plan's investment strategy, to ensure we have an appropriate balance of seeking investment returns and reducing the volatility in the funding position. As a result we invested in a new fund in March 2017, the Majedie Tortoise Fund, and more recently, have reviewed our Liability Driven Investment (LDI) and Diversified Growth (DG) funds to ensure they remain appropriate for the Plan's circumstances.

## Latest News

### The Annual Allowance

The Annual Allowance is the total value of tax-efficient pension savings you can make in a year. For most people the Annual Allowance is currently £40,000 a year.

If you are a high earner, you may have a lower 'tapered' Annual Allowance. Broadly, this applies if:

- your income (not including pension contributions) is £110,000 or more; and
- your income with pension contributions, including any your employer makes towards your pension savings, is £150,000 or more.

Whatever your earnings level, you can carry over any annual allowance you have not used up in the previous three tax years.

You can check online whether you have gone over the Annual Allowance, or whether you have any unused Annual Allowance you can carry over.

Go to [www.tax.service.gov.uk/paac](http://www.tax.service.gov.uk/paac)

If you are a high earner, you can check online whether the tapered Annual Allowance affects you. Go to [www.gov.uk/guidance/pension-schemes-work-out-your-tapered-annual-allowance](http://www.gov.uk/guidance/pension-schemes-work-out-your-tapered-annual-allowance).

### Money Purchase Annual Allowance

If you flexibly access your DC savings, for example via drawdown, the Money Purchase Annual Allowance (MPAA) is the amount that can be paid in one year to your DC arrangements without a tax charge applying. This applies to DC savings only, including AVCs.

The limit was initially set at £10,000 a year but the Government intends to reduce it to £4,000 a year, back-dated to April 2017. It applies if you access DC savings over age 55.

**It is your responsibility to monitor your position against the pension tax allowances.**

### Recap on retirement options

In the last member newsletter, we told you about some changes introduced in April 2015 in relation to how you can access your DC benefits.

- You can buy an annuity with your DC benefits, to provide you with a guaranteed, stable income for life (but you no longer have to do this).
- You can choose to take your DC benefits as cash only, either in instalments or as a one-off sum.
- You can take an income as and when you want to and continue to invest the rest, known as 'income drawdown' (you will need to transfer out of the Plan into another arrangement to do so).
- In all cases, you can take up to 25% of your DC benefits as a tax-free cash sum (under current law).

You can also combine any of the options to suit your circumstances, but note that you may need to transfer out of the Scheme to do so.

Members of the Defined Benefit section can also access these options by transferring benefits out of the Plan into a suitable DC arrangement. We strongly recommend that you take independent financial advice before proceeding with a transfer out and if the value of your benefits is £30,000 or more, you are legally required to take independent financial advice before transferring out.

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.



We recommend you seek appropriate guidance or advice to understand your options at retirement. You can get free guidance over the phone or face to face with Pensionwise.

Go to [www.pensionwise.gov.uk](http://www.pensionwise.gov.uk) or call **0800 138 3944**.

The Money Advice Service (MAS) guide is also available on the Pensionwise site.

## State Pension news

The single State Pension was introduced on 6 April 2016. It replaced the previous two-tier arrangement. If you were already receiving your State Pension at this date there is no change to this.

If you are not yet receiving your State Pension, did you know that you will need to claim it when you become eligible? You will not receive it automatically. You will receive a letter four months before you reach your State Pension Age (SPA) explaining how to claim it. If you are within four months of your SPA, you can claim it online at

**[www.gov.uk/claim-state-pension-online](http://www.gov.uk/claim-state-pension-online)**.

## State Pension Age

State Pension Age is currently 65 for men and will be 65 for women by November 2018. It increases to age 66 for everyone by 2020, and to age 67 between 2026 and 2028. A rise to age 68 has been recommended between 2037 and 2039.

If you are not sure of your SPA, you can check online at **[www.gov.uk/state-pension-age](http://www.gov.uk/state-pension-age)**

## State Pension forecast

You can get an estimate of your future State Pension online at **[www.gov.uk/check-state-pension](http://www.gov.uk/check-state-pension)**

### Savings

There will be a new savings scheme for people on lower incomes, called Help to Save. The savings limit for ISAs will also increase to £20,000 from April 2017 next year.

## Protect yourself from pension fraud

Pension scams continue to pose a threat to unwary pension savers. A common approach now is to offer a 'free review' of your pension and claim to be backed by the Government.

The Pensions Regulator, [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk), has updated its guidance on pension scams with a series of warning signs.

If you receive an uninvited phone call, email or text offering help with your pension or a free 'pension review', the advice is to hang up or delete the message. It is highly likely to be a scam.

Scammers may pose as financial advisers and even present a professional-looking website. Legitimate UK financial advisers should be registered with the Financial Conduct Authority and be authorised to give advice on pensions.

Offers involving 'guaranteed' investment returns are highly likely to be scams.

Be wary if you are pressured into making a quick decision, in particular if you receive documents via a courier for you to sign.

Anyone claiming you can take your pension before age 55 is likely to be a scammer. Currently, you can only access pension benefits before age 55 if you suffer serious ill health.

If you are tempted by any offer about your pension, please look into it thoroughly and take independent financial advice from an FCA-registered adviser before you sign anything.

**If you think you may have signed up to a scam, report it to Action Fraud on 0300 123 2040.**



# Scammed out of his retirement. Don't be next.



Visit [www.pension-scams.com](http://www.pension-scams.com)

 **Pension wise**  
Your money. Your choice.  
Backed by HM Government

**ActionFraud**  
National Fraud & Cyber Crime Reporting Centre

The PENSIONS  
Advisory Service

## New rules on protecting personal data

As your Trustee, we hold personal details about you that are essential for running the Plan.

From 25 May 2018 a new EU regulation, the General Data Protection Regulation ('GDPR'), replaces the Data Protection Act. The aims of this new regulation are:

- to give people more say in how their personal information is used; and
- to improve security by standardising the way organisations throughout the EU store and use personal information.

While the UK is currently negotiating to leave the EU, it will still be a member when the GDPR comes into effect, so UK organisations will have to comply.

We are currently looking at our processes for handling personal information to make sure they will comply. If we need to make any changes – for example, the way we ask you for permission to use your personal details – we will let you know. Otherwise, this change will remain behind the scenes as far as you and your Plan benefits are concerned.

## Member Nominated Director process

In accordance with the Pensions Act 2004, at least one third of the total number of Directors of the Trustee Board of Avon Rubber Pension Trust Limited must be nominated by members. The remaining Directors are Company Nominated Directors nominated by Avon Rubber plc. There are currently six Directors, of whom two are MNDs.

The term of office of the current MNDs, Eric Fielding and David Little, will expire on 1 October 2018 and members are therefore now invited to submit nominations for the role according to the arrangements below. Both Eric and David have advised that they are willing to stand again for re-election.

The Pensions Regulator expects the Trustee Board to be able to demonstrate that the MND nomination and election arrangements adopted are fair, proportionate and transparent and we believe that the arrangements set out below and in the materials available on our website meet these principles.

All active, deferred and pensioner members of the Plan are eligible to nominate themselves. Each nomination will require the signature of two other eligible members. Please note that nominations must be received by 30 April 2018 and that deferred members are being included for the first time.

Prospective MNDs should note that they will be expected to undergo training, including completion of the Pensions Regulator's online training (accessed via [www.trusteetoolkit.com](http://www.trusteetoolkit.com)), and to attend up to six meetings each year. You may wish to familiarise yourself with guidance for Trustees on the Pensions Regulator's website if you are considering nomination ([www.thepensionsregulator.gov.uk/trustees/guidance/index](http://www.thepensionsregulator.gov.uk/trustees/guidance/index))

A more detailed summary of the nomination process, a description of the requirements of the role of Director and the nomination form are available on the Plan's website.

## Meet the Trustees



**Miles Ingrey-Counter**  
(Chairman)



**Eric Fielding**  
(Member Nominated)



**David Little**  
(Member Nominated)



**Rob Wills**  
(Company Nominated)



**Zoe Holland**  
(Company Nominated)



**Mike Harral**  
(Company Nominated)

## The Plan's advisors

### Auditor



### Investment Managers



### Banking



### Scheme Actuary Susan Hoare FIA



### Defined Contribution Provider



### Final Salary Administrator & Investment Consultant



### Legal Advisor



## Further information

By law, no-one involved in your Scheme can give you advice about your pension arrangements. 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. The Financial Conduct Authority (FCA) has a website [www.fca.org.uk](http://www.fca.org.uk) where you can kind find out more about finding and using a suitably qualified financial adviser.

You can find an adviser in your area by searching the Money Advice Service directory at [www.directory.moneyadviceservice.org.uk/en](http://www.directory.moneyadviceservice.org.uk/en). Before you appoint anyone, you should check that the adviser is suitably qualified and authorised. You can do this online at [www.register.fca.org.uk](http://www.register.fca.org.uk) or by phoning the Financial Conduct Authority helpline, 0800 111 6768.

### DEFINED BENEFIT PLAN ADMINISTRATOR



Mercer Consulting Limited,  
PO Box 505, Chichester, PO19 9AF  
Member Helpline: 0800 046 6183

### MONEY PURCHASE PLAN ADMINISTRATOR

**Standard Life**

Standard Life, Dundas House, 20 Brandon Street,  
Edinburgh, EH3 5PP  
Member Helpline: 0800 634 7479

### TRUSTEE REPORT & ACCOUNTS

The Trustee Directors publish a formal Report and Accounts each year that covers some of the items outlined in this newsletter. 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.

[www.avon-rubber.com/pensions](http://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.

[www.pensionsadvisoryservice.org.uk](http://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. He 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.

[www.pensions-ombudsman.org.uk](http://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 Pension Service 9, Mail Handling Site A, Wolverhampton, WV98 1LU  
Telephone: 0800 731 0193

[www.gov.uk/find-lost-pension](http://www.gov.uk/find-lost-pension)

#### **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: 0800 731 0175

[www.gov.uk/future-pension-centre](http://www.gov.uk/future-pension-centre)