



# RETIREMENT PLAN NEWSLETTER

TIME TO CHOOSE - FOR MEMBERS OF THE FENNER RETIREMENT PLAN

Issue 2  
October 2014

## Welcome

Welcome to the second Fenner Benefits “time to choose” newsletter for members of the Fenner Retirement Plan (‘the Plan’). We would particularly like to welcome all the new members that have joined the Plan this year. Since the Plan was launched membership has more than doubled from 39% to over 80%.

*A lot has happened since we launched the Plan in early 2013. This newsletter will provide you with updates regarding:*

- new and additional benefits available from the Plan
- explaining what changes you can now make to your benefit selections
- how to make these changes
- the proposed Government changes announced in the 2014 budget

## Improved Plan Benefits

### – Launch of Employee Assistance Programme (EAP)

In late 2013 the additional benefit of an Employee Assistance Programme (EAP) was made available to all members of the Plan, at no cost. There are four elements to the EAP:

#### Employee Care

A 24 hour counselling and information service provides telephone counselling and information on a range of issues including medical conditions, depression, post-traumatic stress, alcohol and drug abuse and financial worries. This is an independent and confidential service that is accessed by members by calling **0800 917 9330**.

#### Health Portal

Health Portal an online programme to help with a number of health issues; weight loss, ageing, stress management, smoking cessation and so on. This service is accessed from [www.firstassistonline.com](http://www.firstassistonline.com) using the code **72221**.

#### Bereavement Services

**Bereavement Counselling Service** – a 24 hour bereavement counselling helpline where callers are connected to qualified counsellors. This service is accessed by calling **0800 912 0826**.

**Probate helpline** – again a 24 hour helpline that can advise on financial and legal matters. This service is also accessed by calling **0800 912 0826**.

#### Best Doctors

Is a 24 hour helpline that provides members and family members living in the same household who have been diagnosed with a serious

medical condition an opportunity to get a second opinion and independent advice on treatment options.

This is not a face to face service; diagnosis is through review of existing medical reports by leading medical doctors in a particular field. This service is accessed by calling **0800 085 6605**.

### The EAP is in addition to the other great benefits offered by the Plan:

- Help to save for your retirement
- Financial security for your loved ones if you die in service
- An income if you are unable to work due to ill health or injury
- The opportunity to tailor the benefits to meet you own personal circumstances

# Benefit Choice Window

For a short period each year called the **benefit choice window** you can make changes to your pension contribution levels, life assurance and income protection cover. This year the benefit window is open from 20 October to 7 November 2014. If you decide that you want to make changes these need to be made by 7 November 2014.

If you don't make any changes, your current arrangements will continue for another year. Remember though the actual cost of any benefits might change if your salary changes.

This newsletter will guide you through:

- What you need to think about when considering your benefits
- What changes you can make for each of the key benefits
- How to make these changes

## Fenner Retirement Plan

- Helping you to save for your retirement

You can change two elements of your Fenner Plan:

- The investment choices for your fund
- The levels of contributions you make

## What is the best investment choice for you?

When you joined the Plan, you chose how to invest your retirement account from a range of options. If you don't want to make an investment choice, your payments will be automatically invested in the default lifestyle option (the Strategic Lifestyle Passive Plus IV fund), and the majority of our members currently invest in this option. It is important to consider your investment choices carefully and to make the right choice for your circumstances, as the way you invest your pension could have a big effect on your income at retirement. For full information on your investment options, and to update your choices, visit the Standard Life website: [www.standardlifepensions.com/fenner](http://www.standardlifepensions.com/fenner).

You can make changes to your investment choices at any time but you can only change your pension contribution rate during the benefits window.

## How much should you contribute?

Before you start to think about how much you want to contribute to the Plan, it's a good idea to do a little bit of retirement planning. It is worth noting that over 80% of Fenner's UK employees are in one of our pension arrangements and the majority of members pay more than the minimum required.

The following steps can help:

### 1. Where could your retirement take you?

First, think about what you want your retirement to look like – will you have commitments that will mean money could be tight? Or could it be a time filled with holidays?

Take some time to think about what you want your retirement to look like. To do this, start with your current salary and look at how changes in your lifestyle by the time you retire are likely to affect how much you will need to live on. In particular, consider how your normal outgoings, for example mortgage payments and travel costs may have changed by then. Also consider if you will start or continue with any hobbies and factor the costs of these into your thoughts.

## 2. When do you want to retire?

Many of us dream of an early retirement, but how close are you to turning this dream into reality? Think seriously about when you want to retire and how much you will need.

Stay on course. Once you have an idea of what you want to do and when, there are a number of steps that you can take to make sure that you are doing all you can to get there:

- Regularly check your benefits from the Plan online using Standard Life's website [www.standardlifepensions.com/fenner](http://www.standardlifepensions.com/fenner). On the website, you can keep track of how much you have saved, and how near you are to reaching your goals. It is also worth checking out the Standard Life App "My Portfolio", available on Apple and Android.
- Keep track of your investment choices, and consider updating your options if your circumstances change using Standard Life's website.
- Check any State Pension that you are entitled to, from April 2016, you may expect to receive a flat rate State pension, but you can check what you may receive at [www.gov.uk](http://www.gov.uk). You can request a personalised state pension forecast at [www.gov.uk/state-pension](http://www.gov.uk/state-pension).
- Check what other pension plans you have and how much they might pay you. For example, if you have pension benefits from a previous employer, how much are they likely to give you?

## Should you be paying more?

When you have taken the steps above to plan your pension, you may want to consider paying more to improve your chances of reaching the outcome that you are aiming for.

As part of a review of our pension provision for members, we used financial modelling to help us decide on an appropriate default contribution rate. The financial modelling suggested that a total annual contribution rate of 12% would give members a realistic chance of achieving a reasonable income during retirement.

We have therefore set a default rate for the Plan at joining of 6% from you, matched by 6% from Fenner. If you were auto-enrolled and pay the minimum your contribution will be just 2%. So if you are paying less than 6%, you may want to consider paying more. If you are already paying 6%, you still may want to pay more into your pension to give yourself a better chance of achieving a reasonable income during retirement particularly if you haven't been paying contributions all of your working life.

If you are thinking about saving more, starting sooner rather than later will give you longer to save, increasing your chances of having a comfortable retirement.

Remember the Company will match your contributions up to 8% so if you increase your contributions from 6% to 8% the Company will also add an additional 2%. Also because your contributions are made by salary exchange your net pay is reduced by less than the full value of your contribution.

## Resources to help you plan your retirement



There are a number of very good resources to help you plan for your retirement. Here are some that we would recommend:

### Age UK - Pension Calculator

[www.ageuk.org.uk/money-matters/pensions/pension-calculator](http://www.ageuk.org.uk/money-matters/pensions/pension-calculator)

### Gov UK - Plan Your Retirement

[www.gov.uk/plan-retirement-income/overview](http://www.gov.uk/plan-retirement-income/overview)

### Which UK - Retirement

[www.which.co.uk/money/retirement](http://www.which.co.uk/money/retirement)

If you don't have access to a computer you might find the following books useful:

### FT Guide to Pensions and Wealth in Retirement (Financial Times Series)

by John Greenwood

### Pensions Explained: A Complete Guide to Saving for Your Retirement (Which?)

by Jonquil Lowe

Also make sure you have read the section in this newsletter entitled **Budget 2014 – Freedom and choice in pensions** to help you think about how these changes might impact your own retirement planning.

# Group Life Assurance

- financial security for your loved ones if you die in service

The Company has established a Group Life Assurance Scheme to help protect your family should you die while employed by Fenner. The default levels of cover are paid for by the Company.

Under this policy, up to state pension age, all UK employees who are not members of the Plan will automatically be covered for 2 x their Pensionable Salary in the event of death while employed with the Company.

Members of the Plan are covered for 4 x their Pensionable Salary. Members of the Plan also have the flexibility to purchase up to a further 2 x Pensionable Salary, at a Group rate which is likely to be considerably cheaper than could be obtained by individuals on the open market.

**Note: Hallite employees who were active members of the Company pension arrangement prior to 1 April 2013 have a different entitlement and should refer to their HR/Payroll team for further information.**

When considering what level of cover you need you might want to think about:

- What debts you have, including any mortgage that you would want to be paid if you die.
- How your spouse or partner would cope without your income. How much income would they need to continue their current life style?
- How would any children be supported?

You can see how much different rates of protection would cost you by using the benefit calculator on our website, [www.fennerbenefits.co.uk](http://www.fennerbenefits.co.uk).

For members wishing to increase their cover beyond 4 x salary base level the additional cost will vary depending on your personal circumstances. However, we went onto Money Supermarket to get a quote for life assurance of £15,000 for a 40 year old non-smoker over 25 years. The cost varied from different providers but was around £60 per year. In the Plan the cost of 1 x additional salary for example, for a member earning £15,000 would be less than £28 per year.

# Income protection

- an income if you are unable to work due to ill health or injury

As a member of the Plan, up to state pension age, you are eligible for income protection benefits, which provide you with a proportion of Pensionable Salary if you are unable to work due to illness or injury in the medium to long term. The base level of cover is 50% of a member's Pensionable Salary and will be payable for a term of up to 5 years. If the claim is accepted, the income protection will commence after you have been off work for a period of 52 weeks.

To qualify for this benefit you will need to meet and agree to the terms and conditions of both the Company and the insurers at the time any claim is made.

As a member of the Plan, you also have the flexibility to pay to increase the proportion of salary that would be protected to either 66.7% or 75% of Pensionable Salary. In doing so you will be able to take advantage of a Group rate, which is likely to be considerably cheaper than you could obtain on the open market.

When considering what level of cover you need you might want to think about:

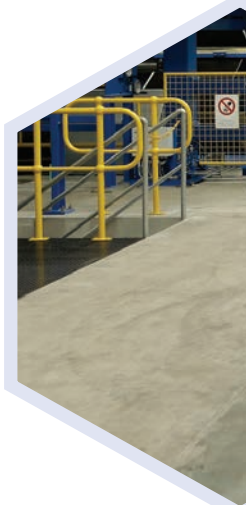
- What debts you have including mortgage that you would have to continue to pay?
- How would you support your current life style?
- How would any children be supported?

You can see how much different rates of protection would cost you by using the benefit calculator on our website, [www.fennerbenefits.co.uk](http://www.fennerbenefits.co.uk).

The additional cost will vary depending on your personal circumstances. Again we went onto Money Supermarket to get a quote for income protection of £3,750 per year for a 40 year old non-smoker. This is equivalent to increasing cover from 50% to 75% of an annual salary of £15,000. The cost varied from different providers but on average was around £72 per year. In the Plan the cost would be less than £11 per year.

You can also read the income protection policy documents in the tools and resources section of the website.

**Please note: You may be required to provide additional medical evidence if you wish to increase your levels of Income Protection. In some circumstances the underwriters may restrict or refuse the increase. Your basic level of protection is provided irrespective of your health.**





## While you are thinking about these benefits please also remember:

**Have you expressed your wishes? As a member of the 'Plan' you need to complete two Expression of Wish Forms:**

**Standard Life form** - log into Standard Life's website at [www.standardlifepensions.com/fenner](http://www.standardlifepensions.com/fenner) to check your pension account, to complete an expression of wish form to tell Standard Life who you would like the value of your accumulated pension pot to go to in the event of your death. You can also find a form at [www.fennerbenefits.co.uk](http://www.fennerbenefits.co.uk).

**Fenner form** - You should also complete an expression of wish form for Fenner life assurance. A copy of the form can be obtained online at [www.fennerbenefits.co.uk](http://www.fennerbenefits.co.uk), or from your local HR or pension contact. This will ensure that the Company also knows who you would like this benefit to go to in the event of your death in service.

## How to make your choices

Visit the website at [www.fennerbenefits.co.uk](http://www.fennerbenefits.co.uk) to read more about your options. If you cannot access the website, you can request a copy of the scheme booklet from your local HR/payroll department.

Use the benefits calculator on the website to see how much your choices are likely to cost, and to see the benefits you will receive from tax relief and reduced National Insurance contributions.

Make your choices online using the benefits calculator by 7 November 2014. Use the modeller to:

- Enter your personal details.
- Select the level of contributions you would like to make into the Plan.
- Select a level of Group Life Assurance cover (if you wish to increase the level of life assurance).
- Select a level of income protection (if you wish to increase the level of income protection).
- Submit the completed form.

Alternatively, if you do not have access to the website, you can complete a form, which is available from your local HR/payroll department.

## What happens if I do nothing?

If you do nothing, no changes will be made to your current arrangement and your current choices will continue for another year.

If you make your choices by 7 November 2014, your benefits will then come into place from 1 December 2014 and any changes will be reflected in your December pay.

Remember that all payments are made via Salary Exchange so you have the added bonus of saving the tax and NI on any contributions.



# Budget 2014

## – Freedom and choice in pensions

The Chancellor announced significant changes to the pension landscape as part of his 2014 Budget. These changes include giving members of Defined Contribution (“DC”) schemes, just like our Plan, more flexibility in how they use their pension savings at retirement.

Some of these changes took immediate effect with the remaining changes expected to come into force in April 2015. This announcement explains the changes and what they may mean for you.

## The old system

You and the Company contribute every month to your retirement account within the Fenner Retirement Plan. The Government also helps you save by providing you with tax relief on pension contributions. To help your savings grow, you choose where to invest your account from a range of investment options.

**Before the Budget announcement, the choices at retirement (for most members) were limited. You could either:**

- Use your entire retirement account to buy an annuity (a kind of insurance policy which pays a guaranteed income for life); or
- Take up to 25% of your retirement account as a tax free cash lump sum and use the balance to buy a smaller annuity.

Additional options were available to members with very small and very large retirement accounts.

## Budget changes 2014/2015

**You can still buy an annuity if you wish but many of the complexities have been swept away. The flexibility previously for those with very small retirement accounts has been extended and the income restrictions relaxed. Subject to certain conditions:**

- If your total pensions savings from all sources, such as previous employers, AVC’s or private pensions, is less than £30,000, you can take it all as a cash lump sum at retirement; this payment may be subject to tax at your current rate of income tax.
- Individual retirement accounts, this is your ‘pot’ of money held within a pension plan worth less than £10,000 can now, in many circumstances, be taken as cash.
- The annual income requirement for flexible drawdown, (flexible drawdown is where you “drawdown” or get paid directly an income from your pension pot without buying an annuity), has reduced from £20,000 to £12,000 (before tax). This includes any state pension benefits you receive.
- The capped drawdown limit will increase from 120% to 150% of the equivalent annuity.





## Further Reforms

One of the biggest differences will be how much of your retirement account you can take as cash. You will be able to take all of your retirement account as a cash lump sum. The first 25% will be tax free – the balance will be taxed at the highest rate of income tax you pay. However, it should be noted that not all pension providers will be able to offer this flexibility immediately from April 2015 in all of their pension plans. The Plan's Governance Committee are currently working with Standard Life to determine when this flexibility will be available directly within the Plan.

**Remember you will still need to ensure that you have other sources of income to live on when you retire. If you qualify for the full State Pension this is expected to be around £150 a week from April 2016.**

## What should you do?

We are working closely with our advisers to fully understand the impact on our members and we will update you when we know more about how the changes will affect you. We are also working with Standard Life (the Plan's pension provider) and Pitmans Trustees Limited (the Plan's Independent Trustees) to determine what changes, if any, will be required to the Plan as a result of the Budget announcement.

If you are planning to retire soon, we strongly recommend that you seek independent financial advice as soon as possible to ensure you're making the right decisions for your future. One way you can find an independent financial adviser in your area is through [www.unbiased.co.uk](http://www.unbiased.co.uk). You will be responsible for paying any fees associated with this advice. You should always check your own personal tax and financial situation before making any final decisions. **Further information can be found online at [www.moneyadvice.service.org.uk](http://www.moneyadvice.service.org.uk).**

## Changes to come

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These changes will affect you directly if you plan to retire in the next 9 months or so, you should think about this now as we expect further reforms to come into force from April 2015.

These include:

- Allowing members to take their entire retirement account as cash (regardless of its value).
- Completely removing the caps and limits on income drawdown.
- Ensuring you receive free, impartial guidance at the point of retirement.
- Increasing the minimum normal pension age when you can retire (other than in ill-health), from 55 to 57 in 2028. This would continue to rise in line with scheduled increases in State Pension ages.

## What if I am planning to retire in the next year or so?

If you are unsure how these changes may affect you, please talk to your local pensions contact in the first instance.

# Further Information

## General financial information

[www.moneysavingexpert.com](http://www.moneysavingexpert.com) | [www.moneyadvice.org.uk](http://www.moneyadvice.org.uk)

## Tracing a lost pension

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

## State Pension forecast

[www.gov.uk/state-pension-statement](http://www.gov.uk/state-pension-statement)

## → Contact us

For information on your benefits, please contact your local HR/payroll department, using the following details:

**Diane Quigley** - [marfleet.UKpensions@fennerdunlop.com](mailto:marfleet.UKpensions@fennerdunlop.com)

[VIL.UKpensions@fennerdunlop.com](mailto:VIL.UKpensions@fennerdunlop.com)

**Gretchen Meekins** - [hrpayroll@fennerdrives.com](mailto:hrpayroll@fennerdrives.com)

**John Smith** - [Precision.UKpensions@fennerprecision.com](mailto:Precision.UKpensions@fennerprecision.com)

**Peter Wressell/Pauline Elsander** - [pensions@james-dawson.com](mailto:pensions@james-dawson.com)

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**Sharon Cairney** - UK Pensions and Reward Manager is available on [Sharon.cairney@fenner.com](mailto:Sharon.cairney@fenner.com) and also regularly visits sites to hold surgeries. 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.



Alternatively please visit the Standard Life website  
[www.standardlifepensions.com/fenner](http://www.standardlifepensions.com/fenner).