

# RETIREMENT PLAN NEWSLETTER



TIME TO CHOOSE

Issue 5 November 2016

## Welcome

Welcome to the fifth Fenner Benefits newsletter. The newsletter for members or prospective members of the Fenner Retirement Plan ('the Plan'). It is that time of year again, where you can make choices about the benefits you receive from the Plan. It has been a busy year for pensions. This edition will:

- 1 Remind you of the benefits of the Fenner Retirement Plan
- 2 Describe what choices you have with regard to your pension and benefit arrangements
- 3 Provide examples of how what you pay into your pension affects what you get back
- 4 Let you know how to access information about your pension online
- 5 Summarise reforms to pension arrangements
- 6 State pension changes
- 7 Describe changes to the lifetime allowance and annual allowance
- 8 Benefit Champions and contacts

## Contents

- P1** *Benefits of the Fenner Retirement Plan*
- P2** *Benefit choice window*
- p3** *How much should you contribute?*
- P4** *Insurance*
- P6** *On this day...*
- P10** *State pension changes*
- P11** *Benefit champions*
- P12** *Contacts*

## Benefits of the Fenner Retirement Plan

### Fenner Retirement Plan - Pension

All employees under the age of 75 have the opportunity to join the Fenner Retirement Plan. This is a Defined Contribution pension plan where both you and the Company pay contributions to help you save for your retirement. The contributions are invested with Standard Life and, when you come to retire, the contributions plus any investment growth can be used to provide a retirement income.

You can choose the level of contributions you make and the Company will match these up to 8%. By contributing to the Plan, you will also reduce your tax and National Insurance contributions. The default contribution rate is 6%, but you can choose to pay from a minimum of 2% (this will increase to 3% in 2018 and 4% in 2019, in line with auto-enrolment legislation). You can pay more than 8%, but the Company will only match your contributions up to 8%.

### Group Life Assurance

Up to the state pension age, if you die in service the Company will pay a lump sum to your dependents of 2 x your annual pensionable salary. For the members of the Plan, this increases to 4 x annual pensionable salary. The cost of this life assurance is paid by the Company. You can also choose to increase the cover by a further 2 x salary, at your own cost.

*Turn overleaf to read on...*

# Benefits of the Fenner Retirement Plan continued

## Income Protection

Up to State Pension age, if you are unable to work, for more than 52 weeks, due to illness or injury and you are a member of the Plan, and your claim is accepted, you will benefit from income protection insurance where you will receive 50% of your pay, plus contributions (subject to a certain maximums) to your pension Plan for up to 5 years. Again the cost of this insurance is paid by the Company and you can choose to cover more of your salary at your own cost.

## Employee Assistance Programme

The EAP provide four key services: Employee Care, Health Portal, Bereavement Services and Best Doctors.

Full details can be found at: [www.fennerbenefits.co.uk](http://www.fennerbenefits.co.uk)

## 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 24 October to 25 November 2016. If you decide that you want to make changes these need to be made by 25 November 2016.

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 section covers:

- 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:

- 1 The investment choices for your fund
- 2 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 90% 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 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.

## 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. We went on to GoCompare 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 £50 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 25 November 2016. 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 25 November 2016, your benefits will then come into place from 1 December 2016 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.



# On this day in 2059....

If you are currently male aged 25 and earning £25,000 here are some examples of what your income could look like at your state pension age of 68.

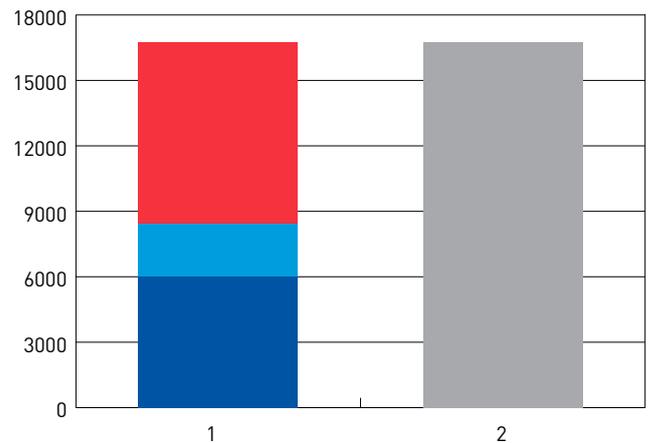
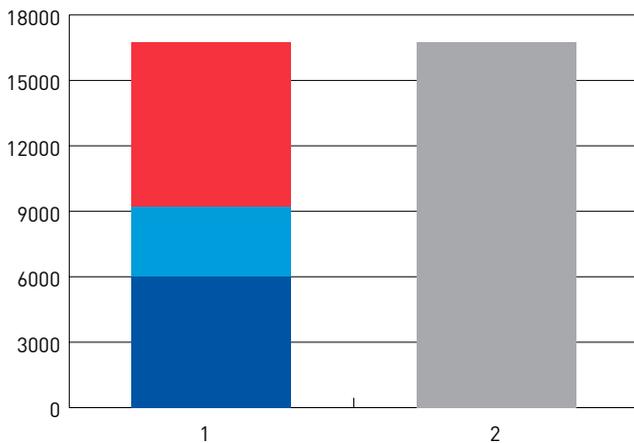


## Example 1a

Employee contributions	2%
Employer contributions	2%
Estimated pot size at age 68 (State pension age)	£61,921
Assumed lump sum taken at age 68	£0

## Example 1b

Employee contributions	2%
Employer contributions	2%
Estimated pot size at age 68 (State pension age)	£61,921
Assumed lump sum taken at age 68	£15,480.00



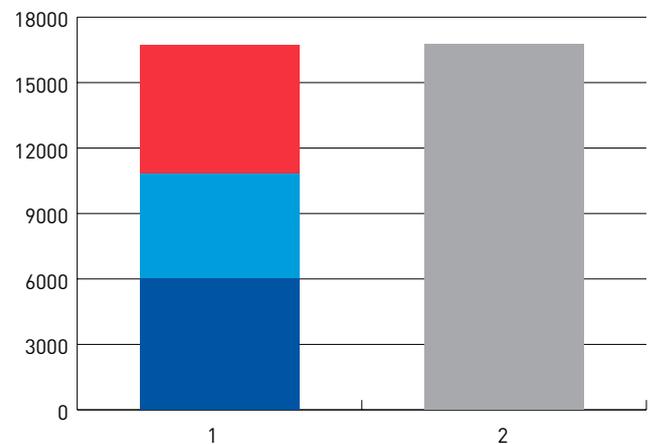
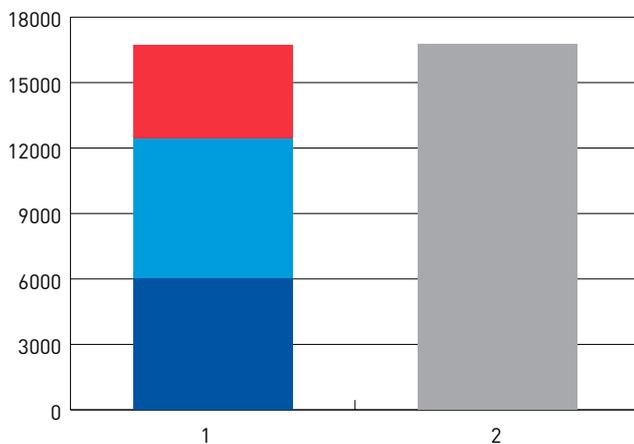
■ Shortfall ■ Plan Income ■ State Pension ■ Required Income

## Example 2a

Employee contributions	4%
Employer contributions	4%
Estimated pot size at age 68 (State Pension Age)	£123,842
Assumed Lump sum taken at age 68	£0

## Example 2b

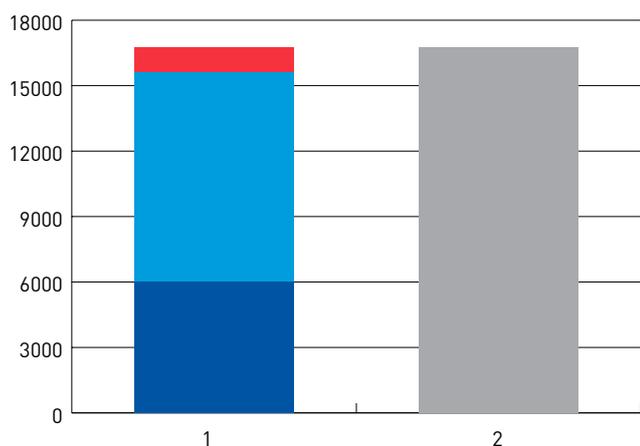
Employee contributions	4%
Employer contributions	4%
Estimated pot size at age 68 (State Pension Age)	£123,842
Assumed Lump sum taken at age 68	£30,961



■ Shortfall ■ Plan Income ■ State Pension ■ Required Income

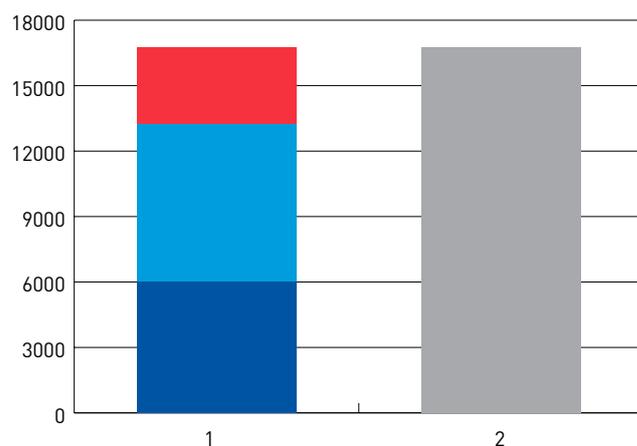
### Example 3a

Employee contributions	6%
Employer contributions	6%
Estimated pot size at age 68 (State Pension Age)	£185,763
Assumed Lump sum taken at age 68	£0



### Example 3b

Employee contributions	6%
Employer contributions	6%
Estimated pot size at age 68 (State Pension Age)	£185,763
Assumed Lump sum taken at age 68	£46,441



■ Shortfall ■ Plan Income ■ State Pension ■ Required Income

### Source: The Money Advice Service

If you want to do some money modelling on a more personal basis, you can do this at:  
[www.moneyadviceservice.org.uk/en/tools/pension-calculator](http://www.moneyadviceservice.org.uk/en/tools/pension-calculator)

## 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

# Your Pension.... Your way....

YOU CAN ACCESS YOUR PENSION DETAILS AT:

## The Web



[www.standardlife.co.uk](http://www.standardlife.co.uk)  
and select the online servicing and apps.  
You will need to register to use this service.

## On your smartphone



Search for The Standard Life  
app at either:



## Reforms to pension arrangements

In the 2014 budget the Chancellor announced a number of significant changes to pensions. From April 2015 you have a great deal more choice over how you use the savings from your pension scheme. The options that follow are a recap of these changes. Not all options are available from the Fenner Retirement Plan which is part of the Standard Life Master Trust.

### Taking a single cash lump sum

Subject to scheme rules and you being over age 55 (the current minimum pension age) you can withdraw all pension savings in cash. Normally the first 25% is tax free and the balance will be subject to income tax.

### Use income drawdown

At any time after the minimum pension age, currently age 55, you can designate your savings for income drawdown or flexible drawdown. In this circumstance you 'drawdown' or get paid directly an income from your pension pot without buying an annuity.

Normally you can take up to 25% of your fund value as tax free cash; any further drawdown will be subject to income tax. The remainder of your funds are left invested in your chosen pension policy.

### Take irregular cash sums

This works like income drawdown, as described above, but on an irregular basis. You choose how much and when to receive the payments. Up to 25% of each withdrawal taken is tax free; the remainder is subject to income tax. The rest of your savings continue to be invested on your chosen pension policy.

### Purchase an annuity

Providing guaranteed income for life. At any time from the minimum pension age (currently 55) you can use your retirement income to buy a guaranteed pension income for the rest of your life, either as a flat rate or increasing with inflation. You can also choose to provide an income for your partner or spouse too. You can take up to 25% of your fund value as a tax free lump sum and use the balance to buy an annuity.

### Combining Options

It is possible to combine some of the options briefly detailed above.

We would always recommend:

- that you shop around for the best deal to suit you and your circumstances
- you seek independent financial advice on what to do with your retirement savings changes to State Pensions



## State pension changes

The new flat rate State Pension came into effect if you reach state pension age on or after 06 April 2016. The full pension for those who have worked for at least 35 years £155.65 per week.

State pension age is also changing and depending on when you were born is increasing from 60 to 67 years for women and 65 to 67 years for men. There are also plans to increase State Pension age to 68 years for people born after 06 April 1978.

To find out how you are affected and more details go to [www.gov.uk/new-state-pension/overview](http://www.gov.uk/new-state-pension/overview)

## Lifetime Allowance and Annual Allowance

There have been significant reductions in the Lifetime and Annual Allowances. Further reductions became applicable from April 2016. If you think you may be affected or would like to know more about this please contact Sharon Cairney, UK Pensions & Reward Manager.

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### Please note:

This document aims to provide information. This does not constitute financial advice.

Independent financial advice should always be sought prior to making any major financial decisions.

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Please take a few moments to take part in our benefit survey. For every completed survey received £1 will be donated to charity

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# Benefit Champions

The lovely people listed below have volunteered to find out more about what is available about your benefits online, how you can access this information and share their knowledge with you.



FENNER DUNLOP  
ECS & ECS VIL

**Ashley Sherwood**  
Loom Tuner/Supervisor



HALLITE SEALS  
INTERNATIONAL LTD

**Paul Gorman**  
Finance



HALLITE SEALS  
INTERNATIONAL LTD

**Lucy Coumbe**  
Finance



JAMES DAWSON

**Dave Smith**  
Silicone Production  
(main site)



HALLITE SEALS  
INTERNATIONAL LTD

**Peter Howell**  
Production



JAMES DAWSON

**Stefan Parker**  
Moorlands



JAMES DAWSON

**Clive Gregory**  
Silicone Production  
(main site)



FENNER PRECISION

**Matt Poundall**  
Engineered Polymer  
Products (EPP)



JAMES DAWSON

**Reuben Smith**  
Moorlands



HEAD OFFICE

**Sharon Cairney**  
Pensions



FENNER PRECISION

**Dave Pointer**  
Textiles

If you want to get online, access the app or check out the Fenner Benefits website and would like some help getting started please get in touch with your local Champ!



# Further Information

## General financial information

[www.moneysavingexpert.com](http://www.moneysavingexpert.com)

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

## How the pension changes affect you

[www.pensionadvice.gov.uk](http://www.pensionadvice.gov.uk)

[www.standardlife.co.uk/c1/accounts-and-services/retirement-products.page](http://www.standardlife.co.uk/c1/accounts-and-services/retirement-products.page)

[www.pensionwise.gov.uk](http://www.pensionwise.gov.uk)

## → 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)

**Maria Gonzalez** - [hrpayroll@fennerdrives.com](mailto:hrpayroll@fennerdrives.com)

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

**Pauline Elseder** - [pensions@james-dawson.com](mailto:pensions@james-dawson.com)

**Lucy Coumbe** - [Hampton.UKpensions@hallite.com](mailto:Hampton.UKpensions@hallite.com)

**Dave Sykes** - [PLC.UKpensions@fenner.com](mailto:PLC.UKpensions@fenner.com)

**Sharon Cairney** - UK Pensions & Reward Manager is available on [sharon.cairney@fenner.com](mailto:sharon.cairney@fenner.com) and regularly visits sites to hold surgeries. All employees are welcome to meet 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:

[www.standardlifepensions.com/fenner](http://www.standardlifepensions.com/fenner) | [www.fennerbenefits.co.uk](http://www.fennerbenefits.co.uk)