

pensions news

A Pension Plan Report to Members

www.avon-rubber.com/pensions

Avon Rubber Retirement and Death Benefits Plan ("the Plan") report to members

meet the trustee directors

Message from the Chairman of the Trustee Board

Welcome to the new look Avon Rubber Retirement and Death Benefits Plan 2014/15 Trustee Newsletter.

The makeup of the Trustee Board has remained settled since the last newsletter and the day to day management of the Plan has continued as usual. This has included monitoring the Plan's defined benefit (DB) investments and making discretionary decisions on early retirements and death benefits at quarterly Trustee meetings. We have also monitored the financial covenant of Avon Rubber p.l.c. which, I am pleased to report, continues to strengthen.

During the last year we have 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 have met with BlackRock, Skagen and Shenkman Capital and have invested smaller sums with two new managers, First Eagle and Majedie Asset Management.

We also transferred the defined contribution (DC) scheme investments

to a new provider, Standard Life, from Scottish Widows during 2014. This has resulted in lower fees and a greater choice of investments for our active DC scheme members. This year's audit once again confirmed that the Plan's control environment remains highly rated against a peer group assessed by KPMG.

Lastly, our new look website for members includes a link to this newsletter and other information relating to the Plan and 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 are shown below.

Miles Ingrey-Counter

Miles Ingrey-Counter
Chairman of the Trustee Board



Miles Ingrey-Counter
(Chairman)



Eric Fielding
(Member Nominated)



Andrew Lewis
(Company Nominated)



David Little
(Member Nominated)



Sarah Matthews-DeMers
(Company Nominated)



Rob Wills
(Company Nominated)

Final Salary Plan Administrators: Mercer Consulting - The Paragon, Counterslip, Bristol BS1 6BX **Member Helpline: 0800 046 6183**

Money Purchase Plan Administrators: Fidelity - Alexander House, James Street West, Bath, BA1 2BT **Member Helpline: 0800 294 0096**

the plan's advisors

Auditor



Banking



Scheme Actuary
Susan Hoare FIA



Final Salary Administrator &
Investment Consultant



Money Purchase Administrator
& Investment Adviser



Legal Advisor



Investment Managers



Key facts and figures

Money purchase members as at 31 March 2014

Total number of members:	
Brought forward from last year	138
New entrants (new employees)	13
Exits	(6)
Active members on 31 March 2014	145
Deferred money purchase members with preserved pensions	57

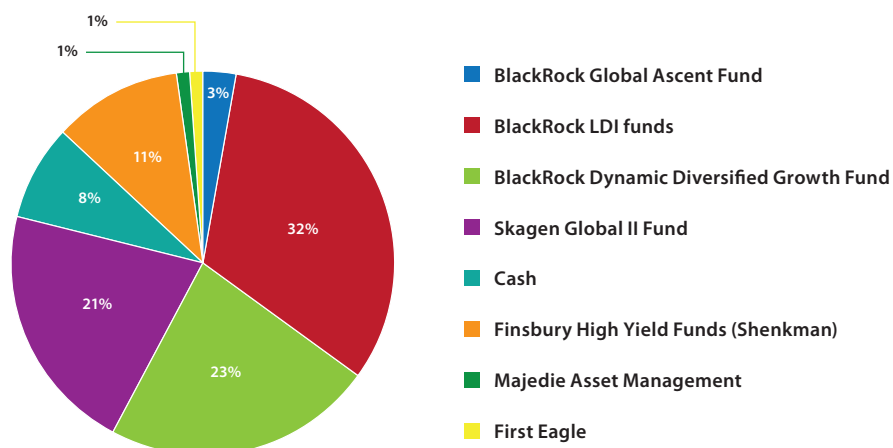
Final salary category members as at 31 March 2014

	Year ended 31 Mar 13	Year ended 31 Mar 14
Ex-members with preserved final salary pensions	1,761	1,686
Pensioners	2,646	2,620
Total	4,407	4,306

Summary of money coming in and going out of the plan

	Year ended 31 Mar 13 £(000)	Year ended 31 Mar 14 £(000)
Value of the Plan at start of year	294,229	316,350
Money coming in less money going out	(14,741)	(14,216)
Change in market value of investments	36,862	(2,587)
Value of the Plan at end of the year	316,350	299,547

Percentage of assets split by investment manager as at 31 March 2014



Investment performance

In line with growth in US, UK and Continental European shares, as well as in higher returning bonds in the US, the return seeking part of our portfolio performed well. The part of our portfolio which is designed to reduce the amount of movement in the Plan's deficit, showed losses over the period as interest rates rose. The market environment led to a fall in the amount of assets the Scheme Actuary believes is needed to meet the benefits.

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

Since the closure of the Final Salary 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.

Please see the enclosed statement for details of the results of this actuarial valuation and an update on the funding position of the Plan at 31 March 2014.

Information update

Budget 2014

The 2014 Budget included some proposals to change Defined Contribution pensions and following a period of consultation the Government announced some further changes in July 2014, which will apply from April 2015. We would like to make you aware of these changes – both for those of you who are members of the defined contribution (DC) or money purchase section of the Scheme and those of you who have deferred pensions within the defined benefit or final salary (DB) section. For the DB members you will not be directly affected by this but you do still have the option to take advantage of these proposals so it is worth reading on.

DC changes

Past practice is for DC members to receive part of their DC account as a tax-free cash sum when they retire, and use the remaining funds in the DC account to buy an 'annuity' (a product that provides a regular income for an up front single payment). However, debate over whether or not annuities are good value has prompted the Government to propose more flexibility over how members use their DC accounts.

The changes announced in the Budget allow members to take their DC account in full as cash, or directly as income, without the high tax charges or restrictions that applied before, or the need to buy an annuity. Members will still need to take advice on the tax implications but will, in particular be able to vary the income they receive from their DC pension plan from year to year. Any funds left in their DC account when they die become part of their estate, so their beneficiaries will receive them along with their other assets.

How the changes may affect DB members

For DB members, the changes outlined above do not affect your DB pension directly and your pension will still be paid in line with the Plan booklet and rules. You already have some choice in how you receive your benefits – for example whether to take a lump sum at retirement – but after that your pension is set for life, usually an increasing pension for you and a dependant's pension on your death. You will also have the option to transfer your benefits to a DC arrangement – which would give you access to the flexibility described above.

Looking ahead

The Government is currently reviewing whether to allow DB schemes to provide this flexibility directly. A decision on this is not expected until after April 2015. We will let you know about any further changes that may affect you.

In the meantime, for DB members wanting to take advantage of the new options in the near future you would need to transfer your DB benefits to a DC arrangement. You can do this at any time prior to your retirement.

If you do decide to transfer to a DC arrangement you must take independent financial advice – see below.

Other changes

The 'small pot' rule (the technical term for it – which you may see from time to time in news about the Budget changes – is 'trivial commutation') sets two limits in place under which scheme members, on reaching age 60, can take all their benefits as a cash lump sum if they have not had the opportunity to build them up to a more substantial level. These 'small pot' limits have now been increased to give members more flexibility.

The level for taking all your pension benefits under the Plan as cash has gone up from £2,000 to £10,000. Your pension from the Plan would only qualify if (broadly speaking) it was under £500 per annum.

The level for your pension benefits across all your pension arrangements overall has gone up 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 is changing to age 55 from April 2015.

Getting advice

It is against the law for anyone involved in your pension scheme – the company, trustees or their advisers – to give you advice about your personal finances. So, if you are at all uncertain about anything to do with these changes, please consider taking independent financial advice. Use a service like www.unbiased.co.uk to find an adviser in your area. Remember to check that whoever you speak to is properly qualified, and find out what they plan to charge you before seeing them.

Further information

Final Salary Plan Administrators: Mercer Consulting Limited – PO Box 505, Chichester PO19 9AF. Member Helpline: 0800 046 6183

Money Purchase Plan Administrators: Fidelity – Alexander House, James Street West, Bath, BA1 2BT. Member Helpline: 0800 294 0096

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 Fidelity if you would like a copy or a copy of the Funding Review by the Scheme Actuary. Please 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 prepared a formal process for dealing with member disputes which is available on the Plan's website or from Mercer or Fidelity. 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: <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.

The web address is: <http://www.pensions-ombudsman.org.uk>

The Register of Occupational and Personal Pension Schemes

Details of this Scheme, including a contact address for the Trustee Board, have been given to the Registrar. The Registrar's main purpose is to provide a tracing service for ex-members of schemes with pension entitlements, and members' dependents, who have lost touch with earlier employers.

The web address is: http://www.direct.gov.uk/en/Pensionsandretirementplanning/Companyandpersonalpensions/DG_10027189

If you need to contact the Registrar, the telephone number is 0845 6002 537 or you can write to:-

Pension Tracing Service

The Pension Service

Tyneview Park

Whitley Road

Newcastle Upon Tyne

NE98 1BA

State Pension

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

Future Pension Centre

The Pension Service

Tyneview Park

Whitley Road

Newcastle Upon Tyne

NE98 1BA

Telephone Number: 0845 3000 168

Web address: http://www.direct.gov.uk/en/D11/Directories/DG_180024