



News from the Chairman
Page 2

Scheme Updates
Page 4

Know Your Options
Page 6

Pension Case Studies
Page 8

Meet the Trustees
Page 9

How-to and Timeline
Page 10

2018 – Edition 1

PensionNews

How we use your personal data

Page 4



Introduction

News from the Chairman of the Invensys Pension Scheme (IPS) Trustee

Dear Member

The Scheme's funding level remained stable in 2017

You may remember the very positive news I shared with you this time last year – that our Scheme had a small surplus of £29m. I'm delighted to say the Scheme is still in surplus and its funding level has been stable throughout 2017.

On 31 December 2017, our Scheme's estimated surplus was £24m and its funding level was 100%. We'll give you more detailed information about our financial position in the autumn 2018 edition of the newsletter.

New Data Protection Rules

The European Union is introducing some new rules about how companies use your personal data. The rules come into effect in the UK in May 2018 and replace the current Data Protection Act, which has been around since 1998.

The IPS holds personal data for you, such as your date of birth and address, so we can pay you a pension. We take our responsibility to protect your data very seriously.

You will find a letter with this newsletter that explains the new rules. It also tells you why we hold your personal data, and what we do to protect it.

Pension Increase Exchange (PIE) project update

We made our final batch of PIE offers to pensioners in December 2017 and the PIE project for pensioners is now closed. However, if you are a deferred member of the Scheme, you can still take up our PIE offer when you retire. If the Company decides to open the pensioner project again, we'll let you know.

If you are a pensioner and don't remember receiving a PIE offer, don't worry – not everybody has been made a PIE offer and the PIE option is not right for everyone. No further action is needed from you.

We carried out the PIE project in partnership with Schneider Electric. This helps them plan for the funding the Scheme will need in the future. We'll continue to work with Schneider Electric on projects like this.

Small lump sum offers

We made almost 3,000 small lump sum offers in 2017. More than 1,700 of them were accepted and we paid out over £10 million. I know that some of you find it valuable to have the option of converting your small annual pension into a one-off lump sum, so I'm pleased that so many of you took up our offer.

The small lump sum option is only available if your IPS pension is quite small. Generally, this means your pension is less than £500 per year.

We're not planning to make any more lump sum offers to pensioners, so please be wary of anyone who approaches you offering to help you cash in your pension.

If you are a deferred member of the Scheme and the value of your pension is very low, you will still have the option of taking a small lump sum from it when you retire.

Scheme Administrator merger

In January 2018, our Scheme Administrator, Punter Southall Administration Limited (PSAL), merged with

Xafinity, another pension administration company. The payment of your pension won't be affected by this merger. The service you receive also shouldn't change.

It's possible that the new company may change its name. Even if it does, the same people as before will administer our Scheme. You can still contact our Scheme Administrator in the same way, at least for the time being. You can find their details on the back cover.

Scheme Administrator computer improvements

Over the last year, PSAL has transferred all our membership records to a new, more efficient computer system. Later this year, we will launch a new website that will allow you to check your pension and view your payslips online. The website is called MyPension. It also makes it simple for you to tell us about any changes to your personal circumstances, such as your address.

The move to a new computer system has also resulted in a change to pension reference numbers. If you've been in touch with our Scheme Administrator recently, you've probably been told about this. If not, you'll find your new reference number on the letter enclosed with this newsletter. Either way, you'll need to quote your new number when you contact PSAL from now on.



For details, see pages 4 to 5. Please let us know what you think of the new system when it launches. Feedback is always welcome.

Spouse's pension reminder

If you are married or have someone else who's financially dependent on you, most IPS pensions will automatically pay them a pension when you die. The amount they will get depends on which section of our Scheme you belong to. Most of the time, your spouse will get 50% of your pension. We calculate your spouse's pension by looking at the amount we pay you, but ignoring any tax-free cash you took at retirement.

It's important your spouse knows that if you take some tax-free cash when you retire, their pension is still likely to be greater than half your current pension. Make sure your spouse also knows how to contact us.

Plenty more to read in these pages

If you haven't retired yet and are thinking about transferring your pension to another provider, you'll find lots of valuable information on pages 6 to 8.

If you have a question about your pension, take a look at our How-to guide on page 10 and our retirement timeline on page 11. You can also visit our website or call our helpline. All the details are on the back cover.

I hope you enjoy reading this newsletter. Please let us know what you think about it by emailing invensyspensions@psadmin.com

Kathleen O'Donovan
Chairman of the Trustee of the
Invensys Pension Scheme



Visit: www.invensyspensions.co.uk

How we use your personal data

We take your right to privacy seriously. In line with new rules that come into effect on 25 May 2018, we are required to give you certain information about how we do this. Our privacy notice is included with this newsletter. It describes the types of personal data we hold about you and that we may collect from you in the future. It also describes the purposes for which we process that personal data and the classes of third parties we may pass it to. Please look at this privacy notice. It is also available on our website at www.invensyspensions.co.uk

Special Categories of Personal Data and Consent

In order to effectively administer the policy and your benefits under the Scheme, we are required to collect, process and disclose Special Categories of Personal Data about you. This may include health data or data relating to your sexual orientation and/or the gender of your partner. You may provide or have provided this data to us. Or we may have obtained or may obtain this data from other sources to the extent relevant to the administration of your benefits under the Scheme.

For example, we may need to process data about your health in relation to your application for an ill-health benefit. Or else we may record details of your personal relationships, for example on your 'Expression of Wishes' form, so that we can distribute any benefits payable on your death.

You consent to us processing these types of personal data so that we can adequately provide a pensions administration service to you. Where you are providing these types of personal data about a dependant, you agree that you have procured their consent to our processing of their Special Categories of Personal Data.



If at any time you do not want us to process this personal data, you can contact us at the address on the back of this newsletter.

You should be aware that in most circumstances we will not be able to provide these pension administration services to you without continuing to process this personal data.

MyPension website to launch summer 2018

Our new website will give you simple and secure access to your Invensys Pension Scheme information.



Pension increases for 2018

On 1 April 2018, we'll increase most pensions we're paying by 4.1%

We calculate the standard increase in most pension benefits by looking at the rise in the Retail Prices Index (RPI) in the 12 months to December the previous year. The minimum standard increase we can make is 3.0%, and the maximum standard increase is 5.0%. This is in line with the Scheme's rules.

The annual rise in the RPI to December 2017 was 4.1%. This means we'll increase most pensions we're currently paying by 4.1% on 1 April 2018.

How your pension increases

Some parts of your pension increase differently from the standard increase, depending on the section of the Scheme you belong to. Here are the main differences:

- **Scheme joined after 5 April 2000** – 4.1% increase on your total pension
- **Pension earned after 5 April 2006** – Increase capped at 3.0%

We'll invite pensioners to log in first. If you haven't yet started taking your pension, you'll get your invitation in the autumn.

MyPension will let you check IPS news and your own pension information at any time. It will be hosted by the Scheme Administrator PSAL.

Already receiving your pension?

- You'll be able to:
- view and download your pension payslips and P60s
 - check when your next pension payment is due using the online calendar

Still to draw your pension?

- You'll be able to:
- view information about your deferred pension
 - check your Additional Voluntary Contribution fund value

- **Guaranteed Minimum Pension (GMP) earned between 6 April 1978 and 5 April 1988** – Any increase will be paid as part of your State Pension, not by the Scheme
- **GMP earned between 6 April 1988 and 5 April 1997** – Increase for most of you of 3.0%. This was the annual increase in the Consumer Price Index (CPI) to September 2017 as required by legislation
- **GMP earned between 6 April 1988 and 5 April 1997 for members of certain categories identified in the 2012 review of the Scheme's rules** – Increase of 3.0%. This was the annual increase in the RPI to September 2017, capped at 3.0%
- **Pension earned by previous members of the Electricity Supply Pension Scheme (ESPS)** – 3.9% increase

If you're a pensioner who took the Pension Increase Exchange (PIE) option, you will receive a significantly lower increase than the standard increase.

Not a pensioner yet?

If you're not yet taking your pension, the part of it that is greater than the Guaranteed Minimum Pension will increase in line with the CPI until you retire.

All members will be able to:

- tell us when they change address
- look at Scheme documents such as booklets or newsletters
- ask our administration team a question

Stay in touch

MyPension will let you opt out of receiving paper-based communications from us entirely, if you want. We can keep you updated about your pension online instead. You can still contact us by phone or letter, though. All the details are on the back cover.

Keep an eye out

Look out for your personal welcome pack. You should get it in the post ahead of the launch this summer. Your pack will explain how to log into MyPension and get started with the site.

Know your options – Transferring out of the Scheme

When you retire, the Scheme gives you a pension, an optional lump sum, and an automatic spouse's pension when you die. But while these are valuable benefits, some people choose to give them up. In return, they receive a 'cash equivalent' which they invest with another pension provider. This is known as transferring out. Here are some of the things you should think about if you're considering transferring out.

When you can transfer out of our Scheme

Our Scheme is a 'defined benefit' Pension Scheme. This means you're guaranteed an annual pension based on the number of years you've paid into the Scheme and your final pensionable salary. If you haven't started to draw your pension yet, you could transfer all your benefits out of the Scheme to another provider, if you want. If you have made Additional Voluntary Contributions to the Scheme, you can also transfer them, either separately or with your defined benefit pension.

Your pension's Cash Equivalent Transfer Value (CETV)

You don't have an individual pot of money in the Scheme. However, your pension does have a Cash Equivalent Transfer Value (CETV). We calculate your



CETV using a formula set by our Scheme Actuary. It measures the value of your pension based on how much it will cost us to provide you with it.

Your CETV can go up or down

The amount it costs us to provide you with your future pension can change. It all depends on changing expectations about future returns on investments and changing assumptions about life expectancy. As a result, your CETV can change. The cost of buying pension benefits from another provider can also change. So make sure you have up to date quotations for how much you can transfer and what it will buy you.

Your CETV might buy less than you think

You must transfer your CETV to another pension provider – you can't just take the cash. You also have

to transfer the whole amount. You might find that some providers will allow you to take out some of your pension early as a lump sum. However, you'll have to pay income tax on this. This means you may not get as much money as you might expect.

Ask us for your CETV

If you want to know the CETV of your Scheme pension, just ask our Scheme Administrator, PSAL. You'll find their details on the back page. We won't charge you for your CETV unless you need it for divorce proceedings. If you ask for your CETV again within 12 months, though, we might have to charge you.

We'll send you details of what you'll be giving up

When you get your CETV from us, you'll also receive a pack about your Scheme pension. This includes information about the regular pension increases you can expect when you retire and what benefits we pay when you die. It also details all the promises that come with your pension. Please read it before deciding to give up the many benefits of your Scheme pension. If you have a financial adviser, make sure they have this pack.

Getting independent financial advice

If your CETV is over £30,000, the rules around pensions mean you won't be allowed to transfer out of our Scheme unless you can prove you've been advised by a regulated financial adviser. You'll have to pay for that advice. The cost of standard transfer advice varies depending on where you live and how complicated your circumstances are, but you can expect to pay about £1,500. We'll ask your financial adviser to sign a statement saying they've given you advice. We'll also check they are registered with the Financial Conduct Authority. We're not trying to be difficult. We just have your best interests at heart.

Working out if transferring out is right for you

Here are some of the things your financial adviser will talk to you about before deciding if transferring out is right for you.

- **Do you have to provide for someone else when you die?** Your spouse will automatically get a pension from the Scheme when you die. If this isn't

relevant for you, you might be able to increase your retirement income by transferring your pension to another provider.

- **Do you expect to die quite soon?** If you have an illness that significantly reduces your life expectancy, you might be able to increase your retirement income by transferring your pension out of the Scheme and buying an 'impaired life' annuity.
- **Do you need flexible access to your pension?** Some people find that income drawdown is a flexible way to take money from their pension when they retire. They can take money out as and when they need it, while keeping the rest of the pension invested – and even continuing to contribute to it. The IPS Scheme doesn't give you this option. If you think a drawdown arrangement would work for you, you could consider transferring out to a provider who offers one. However, there are risks – your pension money could run out before you die.
- **Do you want to manage your own investments?** The Scheme has experienced Trustees to make investment decisions for you. It also pays all the costs of looking after your pension. If you transfer to another pension provider, you'll have to make your own investment decisions. If you ask an adviser to help you, they're likely to charge you a fee.
- **Do you think you'll have a long retirement?** You'll get an inflation-linked pension from our Scheme for as long as you live. If you transfer your pension to another provider, you'll need to plan to make sure you don't run out of money.

Get advice



If you think transferring out could be for you, talk to a financial adviser.

Retirement decisions can be complex so it's important to talk to a financial adviser before making any major decisions. For a useful guide to finding a financial adviser, visit the Money Advice Service website: www.moneyadvice.org.uk/en/articles/choosing-a-financial-adviser

Transferring out – when it works and when it doesn't



Bernadette's Story

Bernadette is divorced with two adult children. At 56, she's been told by the doctor she has less than five years to live. The transfer value of her pension is £166,000.

Bernadette has been told by the doctor that her cancer is inoperable. He's given her less than five years to live. Bernadette's two children are in their twenties and don't live with her. She's planning to give up work. As a result, she has to decide whether to claim her workplace pension or transfer it to another provider.

Bernadette asks for a Cash Equivalent Transfer Value (CETV). She chooses a financial adviser with the help of the Money Advice Service website. The adviser looks at the whole of her financial circumstances. He asks how much she needs to live on over the next few years, whether she has any outstanding loans or mortgages, and whether she wants to pass on anything to her adult children. He finds out that Bernadette is free of debt and would like to leave her home to her children. All she wants is to take some family holidays and enjoy what life she has left.

The adviser checks all the pension deals in the market. He recommends that Bernadette should transfer her pension to another provider. She takes his advice and buys a drawdown pension that guarantees an income and growth for five years. Her adviser charges her £2,000 for arranging this. Now she can retire in peace, knowing that she can afford to do the things she wants to do.



Edward's Story

Edward is 58 with no children and married to a younger wife. He wants to keep working until he's 65. The transfer value of his pension is £243,000.

An old colleague has told Edward he could transfer his workplace pension to another provider, which would let him manage his own investments. His colleague also told him he might be able to withdraw some cash before he retires. Edward doesn't need any extra cash immediately. He's almost paid off his mortgage and is still earning a salary. Even so, he likes the idea of managing his own pension.

Edward asks his Scheme Administrator for his CETV. He's told that because his CETV is over £30,000, he has to talk to a financial adviser before he can transfer his pension.

Edward finds a financial adviser using unbiased.co.uk and gives her all the information about his Scheme. She points out it is well funded and strongly backed by his employer. He also will receive inflation-linked increases in his pension when he retires. She asks about his personal situation. Edward says his wife is eight years younger than him with no pension savings of her own. This means they'd both be dependent on his pension for income when he retires. He also says he's worried about how his wife would survive if he died before her.

His financial adviser tells Edward to leave his pension where it is. Given that he plans to keep working, it's unlikely he'll need any extra cash before he retires. His existing Scheme will provide all the benefits he needs when he does retire.

Edward does as his financial adviser says. He pays her £1,500 for her advice. He's happy he's checked out all his options, though. His wife is also feeling reassured.



Q&A with Ian Fyfe

How did you get into pensions?

I trained as an accountant and had various roles in George Angus and Dunlop, before it was taken over by BTR and BTR itself became Invensys. These were initially financial roles, but then I branched out into operations. I was beavering away as Operations Manager of the Dunlop Industrial Group when HQ approached me. They said, "We're looking for someone to take over responsibility for the Dunlop Pension Schemes in UK and Ireland." I said, "But I know very little about pensions". They said, "Don't worry. You'll soon learn." I've been learning ever since.

I was made General Manager of the BTR Group Pension Scheme shortly after it started. This later became the Invensys Pension Scheme. I continued in the same role until I retired. I've drawn a pension from the Scheme ever since.

How did you become a Trustee?

The Company invited me to become a Trustee shortly after I retired. They were aware of my long experience managing the Pension Scheme. I was glad to accept their offer. I've been on the Trustee Board now for more than 20 years.

Has the Trustee Board changed much over the years?

Oh yes. It's changed a lot. In the early days, Board Directors nominated by members were often Trade Union officials. They sometimes saw their role as an extension of bargaining with the employer. It was also usual for parent Company Directors to be on the Trustee Board. When the Pension Scheme closed to new entrants, and later to future benefits, the

relationship with the employer changed. The Pension Scheme became more like an insurance company, responsible for member benefits and much less involved in the employment side of things.

The Trustee Board is now much more concerned with efficient management. Company Directors are seen to have a greater potential conflict of interest than before and are no longer on the Board. There are more Pensioner Directors and they are usually, like me, retired managers.

Investment control has become far more professional and complex. The Trustee Board has increasingly become concerned with risk management.

Do you have a special job as a Trustee?

First and last, I'm one of a team. We each bring whatever ideas and skills we have to meeting a common target, which is to run the Pension Scheme well for all its members.

The Trustee Board has several committees and I've been active on two of them. For many years, I served on the Investment Committee, which steers the Pension Scheme's investment policy and practice.

I'm now on the Pensions Governance Committee, which oversees administration and makes any decisions needed about an individual member's affairs. My many years of hands-on experience with the Pension Scheme's daily administration certainly helps in this. I'm also Deputy Chairman of the Board, which means I stand in for the Chairman when she isn't available.

What do you do outside the world of pensions?

For most of my life I was an active sportsman. In particular, I played and organised a lot of tennis. Now I'm over 80 and have had several medical setbacks, my sporting activities are sadly limited to armchair participation and a bit of very poor golf.

How-to...



How-to...

A helpful guide for common questions

How do I find out what my income will be after I retire?

We'll write to you about five months before you're due to retire. We'll let you know what your pension will be and explain the options you have. If you'd like to know before then, write to us at the address on the back page or call our helpline.

How do I find out what my pension would be worth if I transferred it to another pension scheme?

Write to us at the address on the back page and ask. We'll work out a value for your pension for you for free. If you'd like us to do it again within a year, you'll need to pay £250. It can take up to 20 working days for our response to reach you.

How do I tell you that someone's died?

To let us know that someone has died you'll need to fill in a form. You'll find the 'death notification'

form at www.invensypensions.co.uk/Useful_information/forms.html. Or you can call the helpline and we'll send you a pack within ten working days.

How do I tell you I've changed my address?

Download the 'change of address' form from www.invensypensions.co.uk/Useful_information/forms.html. Or call our helpline and we'll send one out. Fill it in and send it back to us. We'll respond within ten working days.

How do I tell you my bank details have changed?

If it's for a UK bank account, fill in the form at www.invensypensions.co.uk/Useful_information/forms.html. Or call our helpline and we'll send one out. Once we have your form, we'll make the changes within three working days.

If you would like your pension paid into a bank account overseas, we can arrange that

via Western Union. We'll need a little more information, so please call our helpline and we'll send you a different form.

How do I nominate who'll get any death benefits when I die?

If you've been receiving your pension for less than five years, or you're a deferred member, you just need to update your nomination form. You can download the form from www.invensypensions.co.uk/Useful_information/forms.html. Or call the helpline and ask us to post you one. Once we have your form, we'll respond within ten working days.

How can I tell if someone's trying to con me?

There are more pension scams around all the time. Unregulated companies are trying to tempt people with cash in return for moving their pensions. Even if these companies are legitimate, what they are offering can be very risky.

So be wary of website promotions, cold calls or text messages out of the blue. Watch out for adverts that make it sound tempting to move your pension. And someone might even knock on your door with an 'opportunity' or offering a 'free pension review'. These are all warning signs. Check everything carefully before you make any decisions about your pension. Once you move your money, it will be too late to get it back.

If you do want to change your pension provider, speak to an independent financial adviser.

If you're worried about pension fraud, get in touch with The Pensions Advisory Service. This is an independent voluntary organisation with local advisers who are experts in pensions. You can phone them on **0300 123 1047** or go to pensionsadvisoryservice.org.uk and search for 'pension scams'.

Timeline – What to expect and when to expect it

Annually, before you retire

- Every June** You can ask us to send you an illustration of what your pension might be worth. We'll send it out in June.
- Every July** We'll automatically send you a statement if your pension is based on what you've built up in your own pot.

A few months before you retire

We'll get in touch with you five months before you retire. But if any of your pension is Defined Contribution, so you've built up your own IPS pension pot, we'll get in touch with you eight months before you retire.

If you've topped up your pension with Additional Voluntary Contributions, we'll also get in touch with you eight months before you retire.

In either case, we'll send our pack of everything you need to know. You won't need to do anything.

After you retire

We try to pay you as soon as possible after you retire.

If you're taking a lump sum
As long as we received all your forms on time, your money will usually be in your bank account within 7 days. It will be slightly longer if you have Additional Voluntary Contributions or Defined Contribution funds.

If you're taking your IPS pension
We pay everyone on the first day of each month. If you retire in the first half of the month, we can usually pay you on the first day of the following month. It'll be the month after that if you retire in the second half of the month. When the first of the month is on a weekend or bank holiday, we bring payments forward to the working day just before. Some pensions are paid annually, biannually and quarterly.

- Every April** Every year there are standard increases for the pensions in the Scheme. We'll tell you how much they are every April.

- Every May** We'll send you your P60. That's the form that shows your income from the scheme for the previous tax year. You'll need to produce it if HMRC asks you for it, so keep it safe.

Get in touch – Our contact details



Write to our Scheme Administrators at:

PS Administration Ltd
36 Gallowgate
Newcastle upon Tyne
NE1 4TD



Email us at:

invensyspensions@psadmin.com



Visit our website at:

www.invensyspensions.co.uk



Phone us on:

0191 341 0600

When you phone us, we'll need to check you are who you say you are. To help us, please have your National Insurance number handy when you phone.



Get this newsletter as an audio CD

We make this newsletter available as an audio CD for members who are blind or partially sighted. To get yours, call Amy MacKnight on 0191 341 0647.

