

Pension Presentations April 2014

Will pension contributions stay the same?

Yes

Will they tell me the value of my pension pot on transfer?

Yes, Fidelity will send you a statement confirming this following the transfer.

Does it matter how old you are?

While this is an individual decision, remember that you will benefit from Income Tax savings on your contributions if you join as well as contributions from the Company. So for example, if an individual who is a basic rate tax payer agreed to pay £100 a month towards their pension this would only cost them £80 per month. In addition they would also receive a contribution of £200 a month from the Company meaning that for £80 they would receive a total of £300 being paid towards their pension.

Why join the scheme for 1 month before you opt out?

It's a legal requirement for eligible employees to be automatically enrolled in the scheme by their employer before they can opt out.

If you want to put £10,000 in the pension scheme from personal savings will you get tax relief?

There are ways to do this. Currently you can pay £40,000 a year towards your pension and still receive full tax relief. Contributions in excess of these levels can be made but may be subject to a tax charge at your marginal tax rate. Please talk to Alison Fairhurst or Tay Green for assistance.

What happens to your pension if you die after you've retired?

That depends on the retirement package you choose. For example, if you die after your retirement, the benefit payable to your spouse will be dependent upon the choices you made when you retired (e.g. if you chose a spouse's pension to be paid on death after retirement).

What if you want to retire at an age other than 65?

It is important to consider the age at which you plan to retire and keep Fidelity up to date with your selected retirement age. The default is 65, if you wish to amend this you can do so on line using PlanViewer or telephone Fidelity's helpline. However, the normal minimum pension age is 55 (see overleaf for further details)

How long does it take to switch funds?

Switches can be made via PlanViewer or by calling Fidelity's Pensions Service Centre and sells the next working day and takes the next available dealing point (therefore, this usually takes a couple of days).

If the stock market dipped would you move our fund?

As part of their duties the independent trustees have a responsibility to monitor the available investment options to ensure that they remain appropriate. It is worth noting that the value of investments can go up as well as down. Past performance is not a guide to future performance.

If we want advice re our pension at retirement do you charge?

Fidelity provides a guidance and advice service to help you with your retirement decisions and getting the best value based on your personal circumstances. This service is called RetireWise (further details can be found via PlanViewer or by calling the Pensions Service Centre) and if you would like to take full advice, there is a fee of £1,500 which can be paid from your pension pot or

directly. Fidelity will discuss all options with you and help you through the process to ensure you get the retirement solution that is right for you.

More information about what will happen to the DB scheme is requested.

The future of the DB scheme is not decided yet but when it is we will give presentations to employees in the scheme.

Can you transfer in other pots of money?

Yes. However, before accepting the transfer Fidelity can discuss with you whether or not it's in your best interests. If you are in any doubt, you should always seek advice from a Financial Adviser.

What happens if you continue to opt out?

You will continue to be automatically enrolled at least once every three years.

How often can I change funds?

There are no restrictions on the frequency of changing funds, although Fidelity does operate an active trading policy to monitor where individuals hold trades for less than 30 days to ensure that other members are not impacted by charges within the funds.

Is there a charge for changing funds?

There are no charges for switching funds.

What is the current return on the cash fund?

Fidelity's cash fund does not work like a deposit account you might see on offer from a high street bank with a fixed return. The objective is to maintain capital value whilst producing income. It invests in money market instruments, other short-term investments and transferable securities. The fund may invest in derivatives for the purposes of efficient portfolio management, although is unlikely to do so.

The Fidelity Cash fund has been classified as L1 - Lower risk/return

Greater emphasis is placed on capital preservation rather than maximising returns.

This means that these types of funds will generally aim to preserve the value of your investments but in return will usually offer a lower rate of growth. Please note that low risk does not mean that the fund's value would not fall.

Risk ratings are an indication only and take into account volatility, based on past performance, and an internal assessment of the underlying asset types in the fund. Ratings may change, do not imply or offer any guarantee, and only apply to, and in comparison with, the funds made available by Fidelity's DC business.

What if I don't have access to the internet?

Telephone help line

Tay Green or Alison Fairhurst will give you access to the internet and help you with the PlanViewer

Is the cash fund guaranteed safe?

It's designed for a safer environment using money market instruments. Please refer to *The current return on cash fund* question for further details.

Will I get a projected annuity statement?

Yes you will receive an annual statement from Fidelity and you can track on PlanViewer at any time

If I take drawdown and do not buy annuity what happens to my pension pot?

With drawdown, rather than buying an annuity you transfer your retirement account to another pension arrangement (which can also be provided by Fidelity as part of their RetireWise service) and then either:

- Draw an annual income from your account, limited to 150% of what you would have received had you bought an equivalent annuity (known as capped drawdown); or
- Draw down an unlimited income from your retirement account – if you could demonstrate that you already had a guaranteed retirement income of at least £12,000 a year (known as flexible drawdown).

As mentioned above, the Government have proposed removing the caps and limits on income drawdown from April 2015. Further details can be found on PlanViewer or by calling Fidelity's Pensions Service Centre.

Will the minimum age I can get my pension change (55) as the government retirement age changes?

The minimum retirement age to draw private pension benefits without a tax penalty is projected to change to 57 from 2028.

When can I get retirement advice?

You can access retirement advice through Fidelity's RetireWise service or you can speak to an independent financial adviser. However you cannot currently draw your private pension until age 55. Please note this is projected to increase to age 57 from 2028 and to increase in line with scheduled increases in the State Pension Age.

What do I do if I want to contribute more money to my pension?

Tay Green or Alison Fairhurst will help you with this

Why is the company moving to independent Trustees?

In July last year we asked our pensions advisers to review our current pension offering compared to the market. They concluded that our offering was out of date. Their review covered a number of options and their recommendation was that we offer membership of a new Master Trust. Briefly a Master Trust is a pension scheme managed by an insurance company and which a number of different employers can participate and is governed by an independent trustee.

Such arrangements can provide significant advantages over traditional trust schemes such as the Voith UK Pension Scheme. For example, benefits like greater investment choices, improved communication (such as on line access and phone apps) and reduced administration costs (both for the member and sponsoring company). And most significantly in our view, a Master Trust also benefits from being supervised by a group of trustees, just like the current scheme.

We believe that this results in a pension scheme where members interests are looked after whilst also delivering an improved member experience.

Can you take your pension and keep working?

Yes, however, if you remain with the Company and meet the eligibility criteria you will be automatically enrolled at least once every three years due to automatic enrolment legislation.

Can you take your pension and keep working even if you are in the final salary scheme?

This is more difficult and we don't have the answer at the moment. If you are unsure we recommend that you seek financial advice as soon as possible to ensure you're making the right decisions for your future. You can find an adviser in your area at 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

What is the fee to transfer your pot from the current scheme to Fidelity?

There are no charges to transfer your existing pot to Fidelity.

In practice, however, it is common (due to providers' operations) that a significant proportion of the existing assets will require to be sold and cash arising from such sales be passed to the new provider for re-investment into the funds on the new platform. When a cash transfer is carried out an element of "out-of-market" exposure is difficult, if not impossible, to avoid. Further details on this will be provided in due course.

If I have less than 2 years' service can I bring the pot across or take the money out (from the old scheme)?

You will be receiving a communication from the trustees of the existing scheme in due course and these will outline your options.

Can I continue to pay in to the Fidelity scheme once I've left?

No, however you will be able to transfer out to another suitable pension arrangement or leave your fund invested.

Can I transfer the pot to other pension schemes? What is the penalty?

Fidelity will not charge you for transferring your pension pot to another pension scheme.

How do I say who should be the beneficiary(s) for my pension pot and life assurance?

For your benefits in the Fidelity scheme you should complete an expression of wish form and return it to Fidelity.

For your life assurance benefits you should complete a separate expression of wish form and return it to Tay Green or Alison Fairhurst.

Can you give us advice on our pension scheme?

No. If you are unsure about any aspect of the pension scheme we recommend that you seek financial advice as soon as possible to ensure you're making the right decisions for your future. You can find an adviser in your area at 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

Do the fees of funds increase with age?

No

Who chose Schroder?

Hymans Robertson prepared an investment recommendation paper for the Company outlining a suitable default investment strategy for most members and we chose this. In collaboration with

independent trustees of the new scheme, we will review this decision regularly. As part of their duties the independent trustees' responsibilities also include:

- Obtaining advice from a regulated investment adviser to ensure that the investments and default strategy proposed are appropriate, consistent with the Pension Regulator framework and likely to achieve optimum outcomes for members
- Ensuring the funds and default strategies adhere with the scheme's Statement of Investment Principles
- Monitoring investments to ensure that they remain appropriate

Can you bring across your AVC from the old DB scheme?

Members can transfer previous AVC benefits into the new arrangement. Clearly the individual would need to consider the benefits they are giving up under the DB scheme before undertaking such a transfer.

Can you leave your fund untouched after retirement? That is after actually leaving work and stopping altogether.

If an individual retires and leaves the company they can leave their benefits untouched. They will just be treated as a leaver on our system. Based on current legislation the individual will eventually need to purchase an annuity, although as we know, this requirement is currently under consultation and may be removed altogether.

When you retire do you get taxed on your pension?

Until now, for most members, your choices at retirement 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 retirement accounts:

- If your *total* pension savings were worth less than £18,000, you could take your entire amount as a cash lump sum (age 60 minimum); and.
- You could take any single retirement account worth less than £2,000 as a cash lump sum (maximum of two retirement accounts).

Finally, additional options were available to members with very large retirement savings. Rather than buy an annuity you could transfer your retirement account to another pension arrangement and then either:

- Draw an annual income from your account, limited to 120% of what you would have received had you bought an equivalent annuity (known as capped drawdown); or
- Draw down an unlimited income from your retirement account – if you could demonstrate that you already had a guaranteed retirement income of at least £20,000 (including state pension) a year (known as flexible drawdown).

However, the Chancellor recently announced significant changes to the pension landscape as part of his 2014 Budget. In the future, you will still be able to buy an annuity if you wish – but you won't

have to do so – and many of the complexities of the current system are being swept away. The flexibility previously offered only to those with very small retirement accounts is being extended and the limits for income drawdown are being relaxed.

Immediate changes

With effect from 27 March 2014:

- If your total pension savings from all sources is less than £30,000, you can take it all as a cash lump sum at retirement.
- Individual retirement accounts worth less than £10,000 can now be taken as cash (maximum of three accounts).
- The guaranteed income requirement for flexible drawdown has reduced from £20,000 a year to £12,000 a year (this figure includes state pension).
- The capped drawdown limit will increase from 120% to 150% of the equivalent annuity.

Further changes

More significant changes are proposed to take effect from April 2015. The proposals include:

- Increasing the minimum normal pension age when you can access your pension savings (other than in ill-health), from 55 to 57. This would continue to rise in line with scheduled increases in the State Pension Age.
- Allowing members to take their entire retirement account as cash (taxed at your marginal rate). Up to 25% of your account can still be taken as a tax free cash lump sum.
- Completely removing the caps and limits on income drawdown.
- Ensuring that members of defined contribution schemes receive free, impartial face to face guidance at the point of retirement.

If you are planning to retire soon, we strongly recommend that you seek financial advice as soon as possible to ensure you're making the right decisions for your future. You can find an adviser in your area at 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.moneyadviceservice.org.uk