

Hanson Industrial Pension Scheme (HIPS) Defined Contribution



Your Pensions Update



Inside...

Chairman's summary	2
Your Trustees and Advisers	3
Scheme membership and finances	4
Investment performance	5
Scheme news.....	6
Investment choices.....	9
Scamproof your savings	11
Other pensions news.....	12
Contacts	15
We need you!	16

Your Pensions Update
Issue 02 | December 2015

■ The Hanson Industrial Pension Scheme (HIPS) newsletter

Much has changed since our first newsletter to you last year.

For a start there have been some changes to the trustees.

Russell Stimson and Roger Tyson both retired from the Trustee Board this year and on behalf the members of the Scheme and the Board I would like to thank them both for their hard work and commitment as Trustee Directors. They have not yet been replaced as we have been reviewing the structure and membership of the Board and plan to update you in due course.

2014 was a significant year in pensions with the introduction of the new pension flexibilities. The changes give individuals greater flexibility on how they take benefits so it is important you understand these options. A further update on these is included on page 6 of this newsletter.

We are very keen that members understand their benefits and the options open to them and we encourage you to view these through the member website (www.hartlinkonline.co.uk/hanson). Details are given on page 8 of this newsletter. You will be able to find details of the contributions you can pay, the investment options open to you and benefits for your dependants.

You will recently have received your annual benefit statement and do take time to look at this. This sets out your current contributions and investment options. You are able to make changes to these online through the Hartlink website shown above.

I hope you find the rest of this report provides useful information about the Scheme. As always we would welcome your views on matters you would like covered in this report and you can contact us using the usual contact address hanson@capita.co.uk.

Yours sincerely,

Graham Wardle
Chairman of the Trustees

■ Your Trustees & Advisors

There have been some changes to the Trustee Board over the last 12 months.

Your current Trustee Directors are:

Company appointed	Member nominated
Graham Wardle (Chairman), representing BES Trustees plc	Helen Mayfield
Marc Boone	Andrew Taylor
Brian Charleton	
James Claydon	
Clare Mayo	

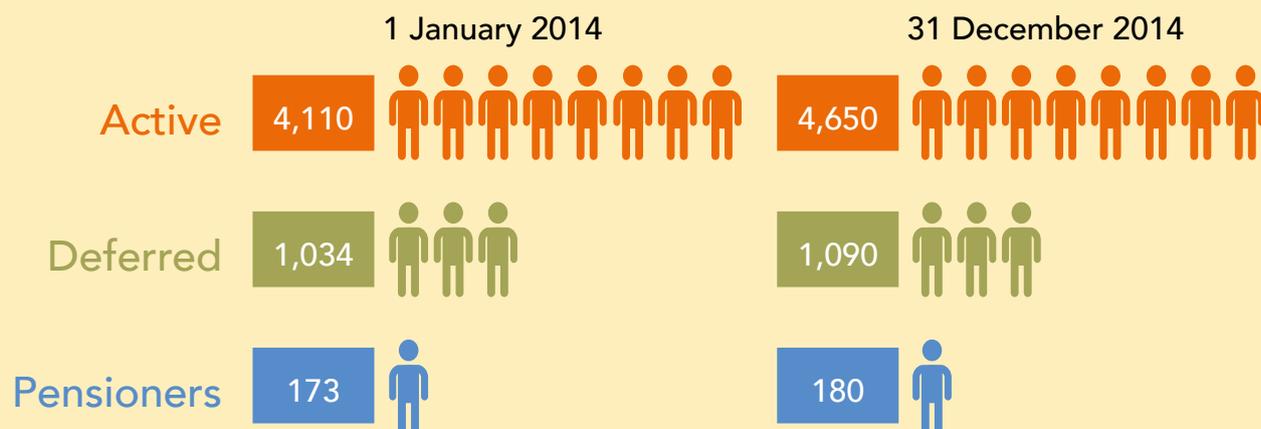
Members should feel free to contact any of the Trustees, at any time, if they wish to discuss HIPS matters. However, if your question relates to your individual pension benefits or the administration of the Scheme, you should contact Capita in the first instance (please see the contact information section at the end of this newsletter).

Scheme Advisors

Scheme Actuary	Richard Whitelam, FIA – Aon Hewitt
Scheme Administrator	Capita Employee Benefits Limited
Auditor	Ernst & Young LLP
Banker	National Westminster Bank
Solicitors	Travers Smith LLP Pinsent Masons LLP
Defined Contribution (DC) Provider	Fidelity
Investment Managers	Fidelity Life Insurance Limited
Investment Advisor	Lane Clark & Peacock LLP
Custodian	JP Morgan Chase Bank N.A
Scheme Secretary	Pi Consulting (UK) Ltd

■ Scheme membership

Below shows the membership of the DC section of the Scheme, as at 31 December 2014 and how this has changed over a 12-month period.



■ Scheme finances

	£000
Fund value at 1 January 2013	85,820
Paid in	
Member contributions	5,993
Transfers in	229
Employer contributions	13,787
Total paid in	20,009
Paid out	
Lump sum retirement benefits	(558)
Annuity purchase	(1,130)
Death benefits	(1,022)
Leavers benefits	(1,506)
Administration expenses	(332)
Total paid out	(4,548)
Investment returns	6,646
Net change in fund value	22,107
Transfers between Sections	(468)
Fund value at 31 December 2014	135,882

■ Investment performance

The investments of the Scheme are managed by the Trustee Board with the support of their investment adviser and investment managers. In 2014 the Trustees decided to move the DC funds held with Black Rock, to Fidelity. Members were notified of this change. The various funds generally performed as expected and in line with their investment benchmarks, apart from the Active Diversified Growth Fund. However, this was only entered into in October 2014, so the time-frame for performance is not long enough to draw a meaningful comparison.



■ Scheme news

The Budget and new options available to you

There have been some major changes happening to pensions that will have an impact on the options available to most people, at retirement, who are in DC (defined contribution) or DC AVC (additional voluntary contribution) pension arrangements.

New rules set out in the Budget announced in March 2014 came into effect in April 2015 which means that people will see much more flexibility in the options available when they retire. These changes may affect you so it's important that you think about your future now even if it may seem a long way off.

The new options available to you include:

A single lump sum

You could take all your pension savings in a single lump sum also known as an uncrystallised funds pension lump sum (UFPLS). You can take up to 25% as a tax-free amount, and the rest would be taxed at your marginal rate. You will need to transfer your pension to a registered scheme that will allow it, at retirement to take this option.

A series of lump sums or regular income

You might decide that the best thing for you is to leave your pension pot invested and only withdraw what you need when you need it, either as a lump sum, or as income. You can take advantage of this flexibility by transferring your pension pot to an income drawdown scheme. An income drawdown scheme gives you the freedom to either set up regular or irregular income payments, while taking advantage of tax allowances. Please note that the

Hanson Industrial Pension Scheme does not offer drawdown as an option at retirement. If you wish to take advantage of this particular new freedom you will need to transfer your pension to a registered scheme that will allow it, at retirement.

An annuity

A traditional annuity may still be the best option for you, as it provides a guaranteed income for life, with the option of a tax-free cash sum. This means you don't need to worry about where your money might come from, or that it might run out while you still need it.

A mixture

You could use some of your money to buy an annuity, to give you the security of a guaranteed income, and use the rest as lump sum or income drawdown scheme payments to top up your income as and when you need it. Please note that the Hanson Industrial Pension Scheme does not offer the single lump sum option or drawdown options at retirement. If you wish to take advantage of these particular new freedoms you will need to transfer your pension to a registered scheme that will allow it at retirement.

With all these options, you'll need to think about what kind of lifestyle you want when you retire and how much that might cost, so you can plan how much you need to save, remembering that, unless you take an annuity, there could be a danger that you run out of money.



The Budget and your retirement lifestyle

The new flexibilities are great news but it does mean that it's important to really think about when you might want to retire as this could affect how much you contribute and how you invest your funds during your working life. Some other important things you may wish to consider include:

What kind of lifestyle would I like to have when I retire?

Your savings towards retirement are going to play a vital role in determining your standard of living when you are no longer working. When trying to assess how much you need to save, many people find it useful to think about what actual income they need in order to meet their living costs. This will be influenced by various factors, in particular if you are likely to still have debt in retirement like a mortgage or loans for example. Other expenses such as utility costs and other bills, food costs, travel costs, and so on will also determine your income requirements.

How will I fund my lifestyle in retirement?

It is extremely important to consider the many saving options available to help you achieve your wants and needs in retirement. One way is to be a member of a company pension scheme.

Although not a definitive list, other ways you can save for retirement in addition to a company pension scheme include:

- New Individual Savings Accounts (NISAs)
- Property
- Personal pension schemes
- Basic State Pension
- National Savings

What options will give me the best outcome at retirement?

You also need to consider which retirement option is best suited to fulfil your desired lifestyle when you decide to stop working. The choice or choices you make on how to save and what to do with your savings in retirement rely very much on your personal situation and what works best for you. You should seek independent professional financial advice before you make any decisions related to your retirement. You can find an independent financial adviser (IFA) at www.unbiased.co.uk or contact Pension Wise at www.pensionwise.gov.uk for guidance.

Guidance and information

Guidance Guarantee

Because of the changes in April 2015, the Government has introduced a Guidance Guarantee (known as Pension Wise) to make sure all pension scheme members with DC savings have access to free, impartial guidance to help them decide the best retirement choices for them. You can contact Pension Wise by their website at www.pensionwise.gov.uk and once you are over 50 and so approaching retirement you can phone or arrange a face-to-face meeting.

It is recommended that you also speak to an independent financial adviser before making any decisions.

Other helpful sources of guidance and information

Independent financial adviser (IFA)

For independent professional advice with regards to your retirement savings.

www.unbiased.co.uk

The Money Advice Service

For free impartial guidance on finances and planning. The Money Advice Service, Holborn Centre, 120 Holborn, London, EC1N 2TD

www.moneyadviceservice.org.uk

0300 500 5000

Citizens Advice

For free independent and confidential guidance contact your local Citizens Advice centre.

www.citizensadvice.org.uk

The Government's own website

To find more information about Government service and information.

www.gov.uk

The Pensions Advisory Service (TPAS)

Offering free impartial guidance to people with workplace and personal pensions.

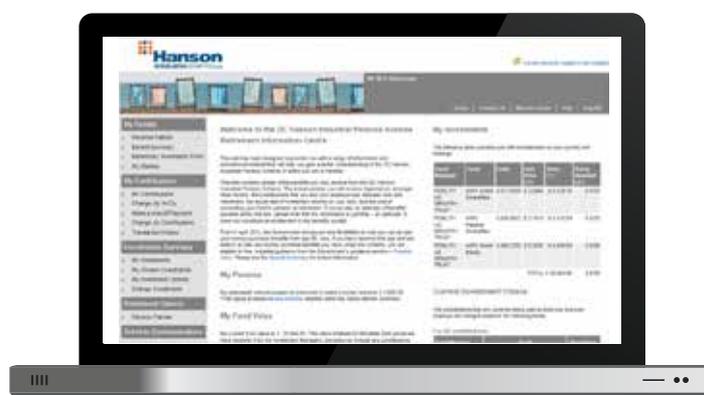
The Pensions Advisory Service, 11 Belgrave Road, London, SW1V 1RB

www.pensionsadvisoryservice.org.uk

0300 123 1047

Hartlink online - Your pension website

If you register for the Hanson Industrial Pension Scheme online, you can securely access your pension record, view your annual statement online instead of receiving a paper copy, and update some of your personal details. In addition you can see a full history of contributions made to your pension as well as use the modelling tools to help you plan for retirement. You can also use the site to check on the value of your investments, change the amount you contribute to your pension and change the funds your pension is invested in.

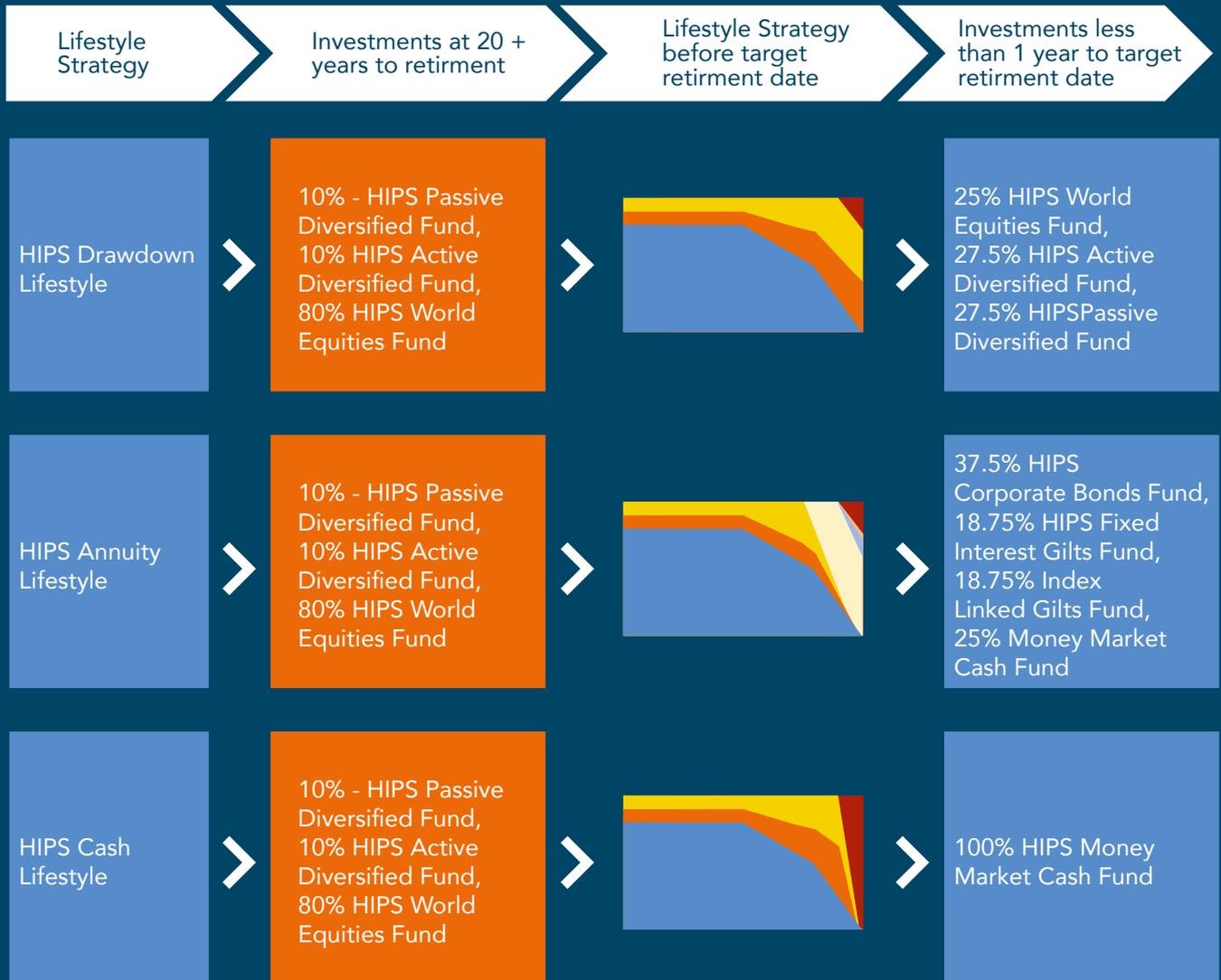


Just go to www.hartlinkonline.co.uk/hanson and click on the 'Register' button. Enter either a valid email address or mobile phone number and your National Insurance (NI) number. Once you've entered these details, you will be sent a secure PIN, either by text message or email, and then you will be ready to access your details online.

If you've registered before and lost your secure PIN or your password, you can reset both of these on the site via the 'Login' button.

Investment Choices

You have a number of choices available to you when it comes to investing your money with the Hanson Industrial Pension Scheme including three Lifestyle strategies, which automatically invest your fund depending on what kind of lifestyle you want to lead in retirement and how far away you are from your target retirement date, and the Self-select option, which allows you to choose your own investments.



- HIPS World Equities
 HIPS Active Diversified
 HIPS Passive Diversified
 HIPS Corporate Bonds
- HIPS Fixed Interest Gilts
 HIPS Index-linked Gilts
 HIPS Money market cash

Your contributions will be invested into the HIPS Drawdown Lifestyle strategy, which is the default investment strategy if you choose not to make your own selection.

Self-select option

If you would like to choose your own investments you can do this with the self select option. Self select allows you to pick the funds that you want to invest in and how much you want to put into each fund. Remember that all funds carry a level of risk and can go up or down in value depending on market fluctuations and, generally speaking, riskier funds also receive a higher expected return over the long term as in the image below:



What do I need to do?

You now have more choice in how you invest your pension, so it's important to think whether your current investments are right for you. Do you want a steady yearly income at retirement, or a cash lump sum to see you through? If you are happy with how your savings will be invested, you don't need to do anything, but if you decide that another investment option may suit your needs better, log on to www.hartlinkonline.co.uk/hanson and make your choices. By logging on, you can also view the Investment Guide, review your savings and see your transaction history.

If you are at all unsure about what to do when it comes to investing your money or the type of lifestyle strategy that suits you, we recommend that you speak to an independent financial adviser. You can find out more information about IFAs by visiting www.unbiased.co.uk.

■ Scamproof your savings

The new changes to pensions represent freedom, choice and flexibility. Unfortunately, increased flexibility can also provide more opportunities for scammers to take advantage – please take care to protect yourself against pension scams.

If you are approached with any of the following, then it is highly likely you are dealing with a scammer:

- Free pension review
- One-off investment opportunity
- Legal loophole
- Pension loans
- Early pension release
- Pension selling
- Cashing in your pension
- Pension liberation

The Pensions Regulator says some common tactics used by scammers include:

- A cold call, text message, website pop up, or door salesmen offering any of the above opportunities
- Convincing marketing materials promising over 8% returns
- Paperwork delivered to your door by courier that requires immediate signature.
- A proposal to put your money in a single investment
- They may claim that you can access your pension before age 55
- Transfers of your money overseas

Four top tips to avoid being caught in a scam:

1. Never be rushed into a decision
2. Check the adviser is approved by the Financial Conduct Authority:
<https://register.fca.org.uk/>
3. If you have already accepted an offer, speak to Action Fraud on 0300 123 2040
4. Understand what is available to you. Use the free resource, Pension Wise,
www.pensionwise.gov.uk



■ Other pensions news

The lifetime allowance

The lifetime allowance (LTA) is the total amount of all your private and work pensions, not including State pensions, that you can build up without triggering an extra tax charge. The Chancellor announced, in the 2015 Budget, that the Government intends to reduce the current LTA of £1.25 million to £1 million from 2016. While most people won't be affected by the LTA, it is really important to monitor the total value of all your pension benefits as what might appear modest today could exceed the LTA by the time you want to take your benefits.

Tapered annual allowance (AA)

The AA is the yearly amount of pension savings you can build up in registered pension schemes before a tax charge is applied. The Government proposes to introduce a 'tapered AA' from 6 April 2016 for those earning over £150,000 in a tax year. For the purposes of calculating these earnings, you need to take into account income you receive from all sources, including things like other savings or investments, rental income, or pensions already in payment, as well as the value of pension contributions that your employer makes on your behalf. This tapering will reduce an individual's AA by £1 for every £2 of income over £150,000, subject to a minimum allowance of £10,000.



New Individual Savings Accounts (NISAs)

ISAs are another effective way you might want to save your money in the longer term. In line with the changes brought about by the 2014 Budget, in July 2014 the Government announced a New ISA (or NISA) which saw an increase in the overall limit you can save to £15,240 for the 2015/16 tax year. At the same time, increased flexibility in how you can invest your NISA money between cash and stocks and shares was also introduced.



The new State Pension

From April 2016, the State Second Pension (S2P) will be abolished and replaced by a single flat-rate State Pension of £155.65 per week. You will only receive the total amount if you have a record of at least 35 years of National Insurance (NI) payments. This compares with the current basic State Pension of £113.10 a week, which requires 30 years of NI payments.

Previously you could claim some State Pension with only one year's NI contributions, but from April 2016 this will change and you will need at least 10 years' NI contributions to claim any State Pension. However, it should be noted that if you cannot, or have been unable to work, then NI credits may be given and it could be possible to pay voluntary NI contributions to make up for any gaps in your record.

If you have also previously built up a Defined Benefit pension within the HIPS Scheme or any other Defined Benefit scheme you may have been contracted out of the State Pension Scheme during that period. This may mean that you will not necessarily get the full flat amount from the State on reaching State Pension age.

Additionally, changes are also being made to the option to delay claiming your State Pension in order to receive a bigger pension from April 2016. Instead of receiving an increase in the pension rate of 1% for every five weeks of deferment, it will be 1% for every nine weeks.

The changes will only apply to people who reach State Pension age after April 2016. This will not affect people who have already reached State Pension age.

Savings Credit, which is paid by the Government to people who have saved some money for their retirement, will also be abolished in 2016.

You can find out more about State pensions at: www.gov.uk/browse/working/state-pension.

The 'triple lock' guarantee

The Government plans to keep the triple lock guarantee on increases to State pensions.

The triple lock means pensioners receive increases to their State benefits based on the highest increase in National Average Earnings (NAE), the Consumer Prices Index (CPI), or 2.5% until at least 2020. It also means that there will now be a minimum amount that the State pensions may increase by.

As a result pensioners may see their State Pension entitlement rise to £7,000 by 2020.

Abolition of short service refunds

Short service refunds are often given as an option to members of a pension scheme when they leave with less than 2 years' service in their pension scheme. From 1 October 2015 you are not be able to receive a short service refund of your contributions if you:

- become a member of a DC arrangement on or after 1 October 2015, or
- rejoin a DC arrangement after already taking a refund or transfer on or after 1 October 2015

This change is to ensure that valuable pension benefits are not lost by members taking a refund of their contributions instead of transferring their benefits to a new pension scheme. Only members who have less than 30 days service in a scheme will be given the option to take a refund. You can read more about this on the government website at: www.gov.uk/government/news/further-boost-to-workplace-pension-saving-with-abolition-of-short-service-refunds-from-next-year

Expression of wish – have your personal circumstances changed?

If you die before drawing your pension from the HIPS then the amount in your pension account is available to be paid as a lump sum. Any payments do not form part of your estate and are therefore not subject to inheritance tax.

You can nominate any person or persons to receive this money by completing a nominated beneficiary form. Please note this is only regarded as an expression of wishes and the Trustees do not have to follow it as they have a discretionary power to decide to whom payment should be made. However, the Trustees will take into account any beneficiary on a nomination form when making their decision, so it is essential that you complete one of these.

If you cannot remember who you originally nominated or your personal circumstances have changed recently, e.g. you have got married or divorced or had children or grandchildren, we would urge you to check your nomination form and/or make a new nomination if required. If you would like to update your death nomination form, please either update the details online at www.hartlinkonline.co.uk/hanson or contact the Scheme Administrator for a paper copy of the form (details on page 15).



■ Contacts

If you would like further information about your pension, or have any comments on this newsletter, please contact the Scheme Administrator by:

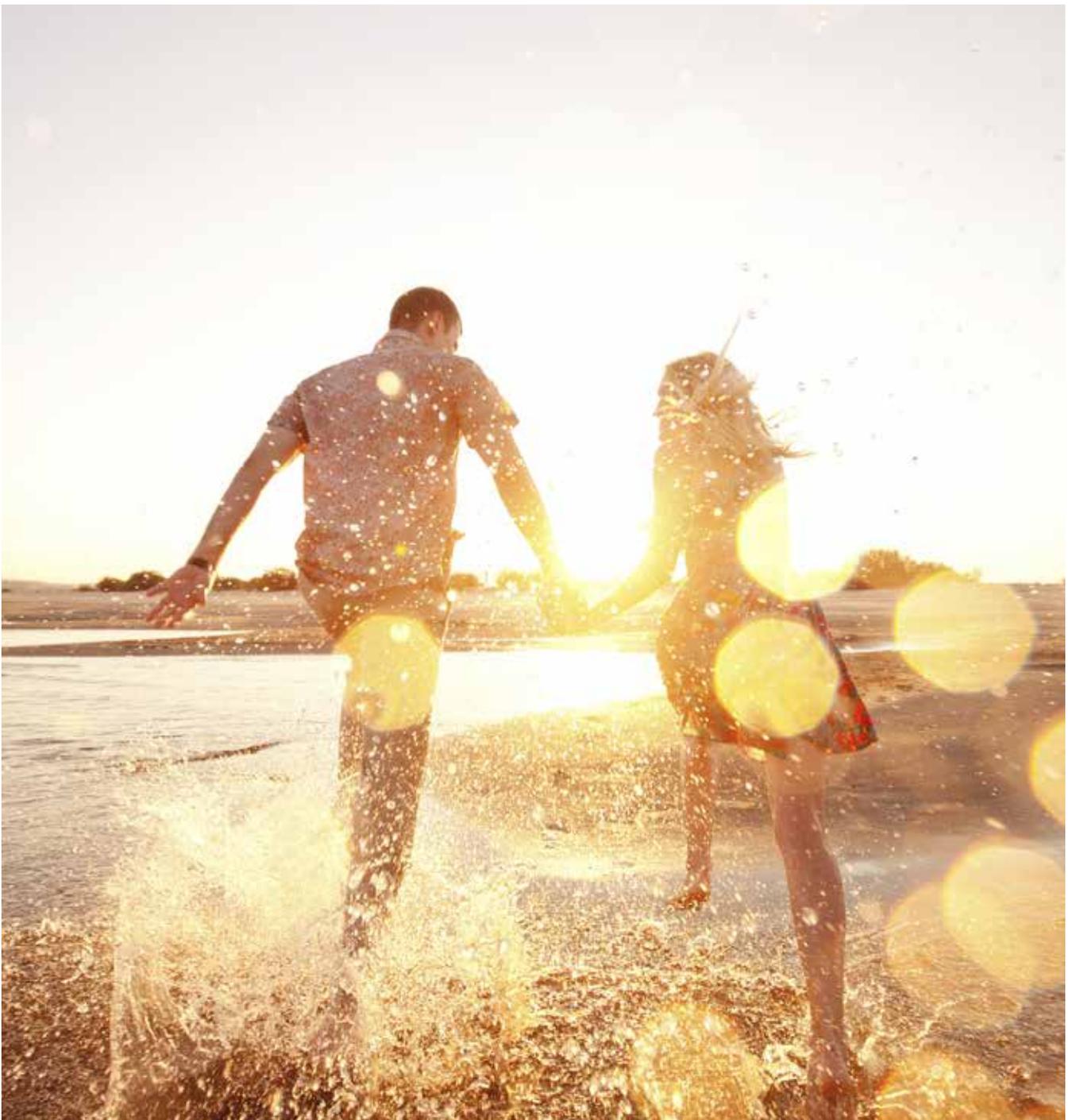
Writing to: Hanson Industrial Pension Scheme, Capita, Hartshead House, 2 Cutlers Gate, Sheffield, S4 7TL

Phoning: 0845 600 0591

Emailing: Hanson@capita.co.uk

And don't forget that you can use the website to check in on your account and change your contributions:

www.hartlinkonline.co.uk/hanson



■ We need you!

In order to keep you up to date with latest Scheme information we want to start communicating with you more online. In order for you to benefit from this we need you to ensure that your online pension account details are up to date and we have your current email address.

Please log in or register today at www.hartlinkonline.co.uk/hanson to check your details are correct or to provide your contact details so you won't miss out on any important updates in the future.