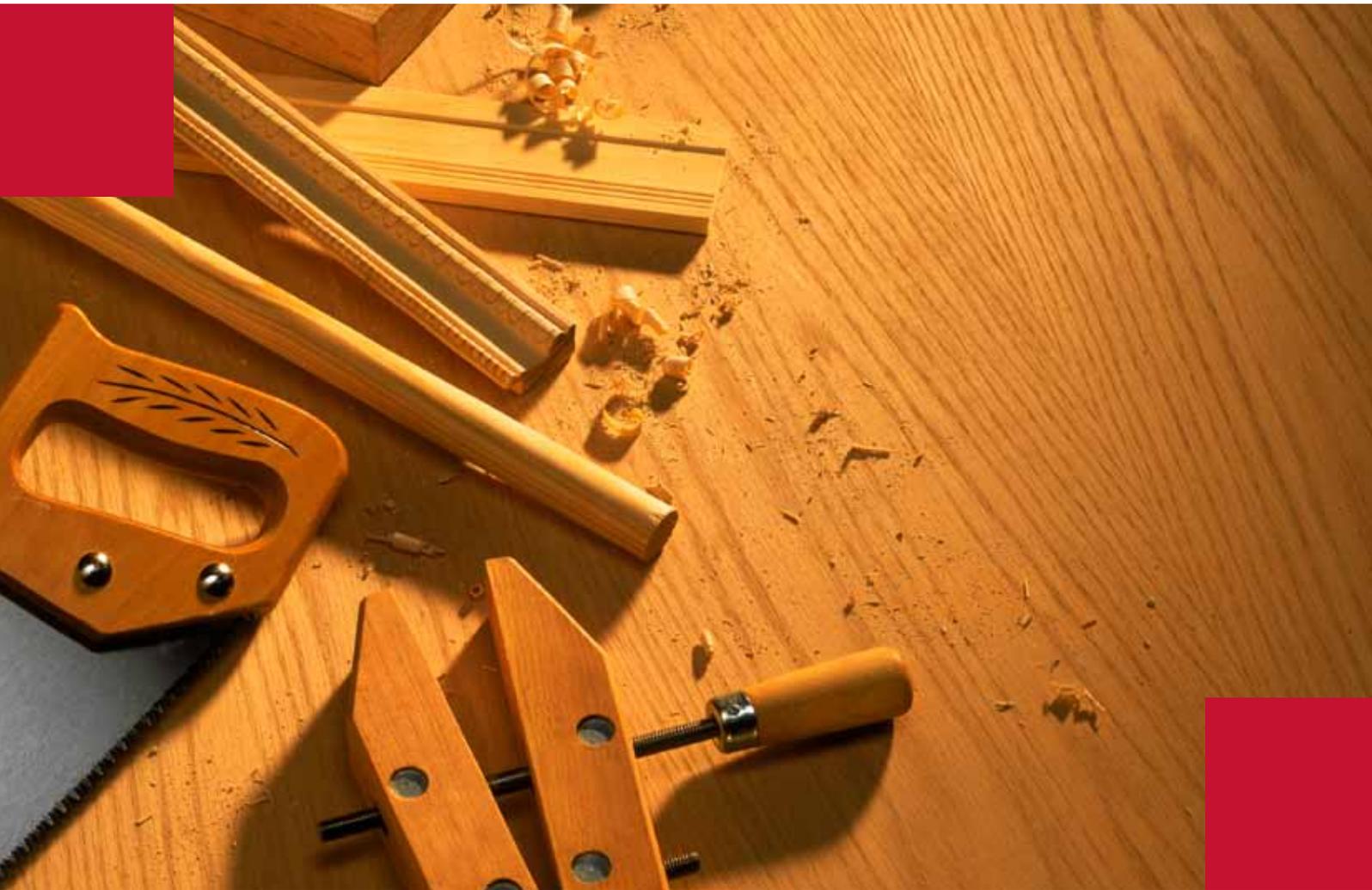




Howden Joinery
Pension Plan

Pensions News

July 2013



Working
together

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Welcome to the latest edition of Pensions News

What's happened since we last wrote to you?

We have a lot to update you on:

- there is a new way to access your pension information with ePA;
- we have made some fund manager changes; and
- we are providing more flexibility for Top-Up Account members.

Find out more about this and other news on pages 4 and 5.

We also have an update on the Plan's funding as at 5 April 2013 on page 6.

For additional information on any of the articles in this edition please contact the Plan Administrators using the contact details on page 8.

Updating your expression of wish form

An expression of wish form is used to inform the Trustee Directors who you would like any lump sum benefit to be paid to if you die whilst a member of the Plan. This person is known as a beneficiary. If you need to update your beneficiary details please complete the enclosed expression of wish form and return it to the Pensions Manager using the address details on the form. Alternatively, you can log in to ePA and update your details online.

Please note that although the Trustee Directors will take your wishes into account, they do not have to follow them. However a recently completed form will have a significant influence in determining who your benefits will be paid to.



What's in the news?

WARNING! Early access to your pension could cost you money

Last year we told you that the Financial Conduct Authority (previously the Financial Services Authority) had issued a warning about firms falsely claiming they can release or unlock cash early from pensions, tax-free. You may have heard this referred to as 'pension liberation'.

We are aware that some of our members have already been targeted by these firms.

Please be careful and do not provide these firms with your personal pension information until you are sure they are legitimate. It could result in you losing a pension you've spent years building up and in you receiving a big tax bill (up to 55% of the value of your pension account) on top of the fees charged by these firms.

Things to look out for

There are a few clues that can help you work out whether you are dealing with a suspect firm.

Often they may target you through websites, mass texting and cold calls.

They may tell you that:

- due to a 'legal loophole' you can access your pension before age 55;
- you need to transfer your money overseas to access it early; or
- they can get you a 'loan' from your pension.

If you receive any such communication you should contact Action Fraud on: 0300 123 2040.

The Howden Joinery Pensions Team and Towers Watson are also reporting any suspect transfer requests to the Police Fraud team.

The Pensions Regulator has issued further guidance on pension liberation. To find out more visit www.thepensionsregulator.gov.uk/regulate-and-enforce/pension-liberation.aspx



Remember!

You should seek independent financial advice before making any changes to your pension or if you are thinking about leaving the Plan. You can find an independent financial adviser in your area by visiting www.unbiased.co.uk

It is also worth noting that due to the Plan's current funding level if you decide to transfer out of the Plan the maximum amount that you receive will be 81% of the full transfer value. This reduction does not apply to any Top-Up Account values.

The Trustee Directors aim to move to paying the full transfer value once the Plan's funding level has improved.

ePA update – calling all smartphone users

We're pleased to announce the launch of a new ePA app for smartphone users. It is a great way to ensure you always have access to your pension information.

What can I use the app for?

Use it to:

- check the current value of your Top-Up Account;
- view your current investment choices;
- view your latest transactions; and
- view the unit price history.

How do I download the app?

Visit the ePA website <https://epa.towerswatson.com> where you can download the app.



Did you know?

With ePA it's faster to do a lot of things online.

Cut down administration time by logging in to <https://epa.towerswatson.com> and:

- use the pension calculator to find out instantly how much you might get in retirement;
- access previous benefit statements; and
- update your personal details including your email address (don't forget to tell us if you move house!).

And what's more by using ePA for these tasks you can help save the Plan money!



Remember, this app contains confidential information so you should ensure your phone/device is fully protected with pass codes to protect your data.

Death benefits – more flexibility

You may have heard that the amount of pension saving anyone can have over their lifetime with tax relief (the lifetime allowance) is changing from £1.5 million to £1.25 million on 5 April 2014.

As a member of the Plan, if you die whilst still working for Howden Joinery your beneficiary(ies) would receive a death in service lump sum from the Plan. It may now be possible to convert some of this lump sum into a pension – in order to avoid the risk of exceeding the lifetime allowance limit. This is because a pension paid to a beneficiary is not part of a member's lifetime allowance limit.

Reminder for Top-Up Account members – changing your contribution level

Anyone who contributes to the Top-Up Account can now change their contribution level at any time of the year.

You may wish to review your contribution level if your total pension savings may go above £50,000 – which is the maximum amount you can get tax relief on. This is known as the annual allowance limit.

The annual allowance limit will reduce to £40,000 for the 2014 / 2015 tax year.

Any requests to change your level of contributions should be sent in writing to:

The Pensions Department, Howden Joinery Group Plc, 40 Portman Square, London W1H 6LT
or by email to chris.vaughan@howdens.com or fiona.hopkins@howdens.com.

Requests must be for whole percentage amounts of pensionable pay only. Changes will be applied from the next available payroll after we receive your request.

Note: the Company reserves the right to apply individual restrictions if you make an excessive number of requests as this does cause an increased administrative burden.

The Trustee Directors are unable to give you financial advice. For a list of independent financial advisers in your area visit www.unbiased.co.uk

Investment update

As part of the on-going strategy to reduce the volatility of the investment portfolio, last year we decided to switch some of our equity fund investments with Legal & General in to lower volatility funds. We are pleased to confirm we chose to invest this money with fund managers TOBAM and Analytic. These are active equity managers who aim to reduce volatility in their portfolios.

The transfer of funds to TOBAM took place in October 2012 and the transfer to Analytic in March 2013.

We continue to monitor the level of volatility as well as the investment returns in our investment portfolio and are looking for different investment options which will reduce this and allow us to achieve the same level of investment return, or better. We will continue to update you with any further changes.

Jargon explained

Active manager

A professional investment manager uses their judgement to make investment decisions in an attempt to produce returns that are higher than the benchmark. The aim of the investment manager is to beat the benchmark (such as the FTSE 100 Index), but there is also a risk that their returns could fail to match the benchmark. Active management will generally have more volatile performance than passive management. However, there is also the intention of achieving greater returns (net of the higher fees charged).

Passive manager

A passive manager aims to achieve a return that is close to a chosen benchmark, for example the FTSE All-Share Index, unlike an active fund manager who will seek to outperform the index.

Volatility

This is how much the value of an investment goes up or down during the period it is invested.



The financial review

Every three years the Plan actuary carries out a review of the Plan to compare:

- how much money is available to pay pensions; with
- how much is needed to pay all pensions that have already been earned; and
- how much is needed to pay for pensions that will be earned in the future.

This review is called an actuarial valuation. The actuary also produces a report each year on how the Plan's funding level is progressing in between valuations. Last year we shared the results of the 5 April 2011 valuation and an update on the Plan's funding at 5 April 2012. We now have the results for 5 April 2013 – these are compared with the 5 April 2011 and 2012 results below.

Full valuation / update on	Money available to pay pensions	Money needed to pay all pensions	Shortfall	Funding level
5 April 2011	£622 million	£734 million	£112 million	85%
5 April 2012	£679 million	£964 million	£285 million	70%
5 April 2013	£779 million	£1,107 million	£328 million	70%

As you can see the funding level had dropped by 5 April 2013. This is mainly due to yields falling on government bonds which causes the money needed to pay pensions to increase, although this has been partly offset by contributions paid by the Company. As a reminder as part of the 5 April 2011 valuation discussions the Company agreed to pay the following contributions:

- 10.1% of Core Plan members' pensionable pay monthly from 1 July 2012;
- from April 2012 to 31 March 2015, £35 million per year but the contribution will be increased or decreased by £10 million per year if the Company's profits come in above or below a certain agreed range; and
- from April 2015 to 30 June 2017, £35 million per year.

Why does the value of bonds affect the Plan's funding level?

We use the investment returns that we can receive on government bonds as the starting point for valuing the pensions promised to members. Since the value of government bonds has increased the estimated value of the pension promises has also increased.



What would happen if the Company could no longer afford to pay for the Plan?

The Company is fully committed to supporting the Plan. If for any reason in the future the Company was not in a position to support the Plan, the Plan would be wound up. If there wasn't enough money to pay members' benefits and the cost couldn't be met by the Company, the Pension Protection Fund (PPF) may be able to take over the Plan. The PPF would pay benefits to members up to a certain level. In this unlikely event, we would inform you of your rights and the next course of action. The funding level is a key issue for the Plan at present and the ongoing support we receive from the Company is very important.

For more information about the PPF go to page 8.

We are required to tell you whether there have been any payments to the Company. We can confirm that there have been none.

Jargon explained

Actuary

A financial expert on pension schemes. The actuary estimates whether enough money is available to pay pensions when they are due.

Funding level

This is a comparison of how much money the Plan has versus how much it needs to pay pensions, expressed as a percentage. If the Plan had exactly the right amount of money to pay pensions the funding level would be 100%.



Who runs the Plan?

The Plan is managed by Trustee Directors:

Independent Trustee Director and Chair

Ross Russell

Independent Trustee Director

BESTrustees – Represented by Peter Murray

Company Appointed Trustee Director

Debra Webster

Member Nominated Trustee Director

Jim Hanlon

Mark Churchill

Craig Holson

Kathryn Coombe

Charlie Nissen

Find out more

Pensions online

<https://epa.towerswatson.com> log in to the ePA website to view your account details.

www.howdenjoinerypensions.co.uk this website is for members of the Plan.

www.gov.uk here you can information about the State Pension, finding lost pensions and much more.

www.moneyadvice.service.org.uk visit the Money Advice Service website for tips on retirement and financial planning.

www.unbiased.co.uk this website provides a list of independent financial advisers in your area.

www.pensionsregulator.gov.uk the Pensions Regulator is an organisation which protects members' benefits. It works to ensure that all involved in running pension funds fulfil their responsibilities and manage their funds effectively. The Pensions Regulator can intervene in the running of the Plan if it believes this is in members' best interests.

www.pensionprotectionfund.org.uk the Pension Protection Fund is a compensation scheme set up for members of pension funds. They may be able to top up members' pensions to a certain level if their employer goes out of business and the pension fund doesn't have enough money to pay pensions on its own.

Documents available online

The member booklet and information sheets give an overview of the Howden Joinery Pension Plan.

The Statement of Investment Principles explains how the Trustee Directors invest the money held by the Plan.

The Recovery Plan and Schedule of Contributions show what contributions the Trustee Directors and the Company have agreed will be paid into the Plan over the coming years.

The Annual Report and Accounts of the Plan shows the Plan's income and expenditure in the year up to 5 April 2012.

The full actuarial valuation report as at 5 April 2011.

The Statement of Funding Principles agreed at the latest valuation. This sets out the Trustee Directors' policy for funding the Plan.

Contact us

You can get in touch with the Plan Administrators:

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