

# Talking Pensions

For **Final Salary** Members

December 2010

## Welcome message

On behalf of the Trustee Directors, welcome to the 2010 edition of Talking Pensions which aims to give you an update on what has been happening in the Kingfisher Pension Scheme (KPS) since our last edition.

This edition, aimed at members of the final salary section (KPS-FS for short), includes a summary of the 2010 KPS Annual Report and Accounts, and provides an update on the many changes which have taken place which may affect you and your pension benefits.

As always your feedback is welcomed.

Season Greetings  
and Happy New Year



**Dermot Courtier**  
Secretary to Kingfisher  
Pension Trustee Limited (KPTL)



# Your Trustee Board

## In this Issue...

Your Trustee Board	2
Scheme News	3-5
KPS-FS Valuation	
Report & Financial Statements	
General Pensions Update	7
Kingfisher Pension Scheme Online	Back page
Who to Contact	Back page

As you may be aware, the assets of the Kingfisher Pension Scheme (KPS) are held in trust on behalf of its members and their beneficiaries. The KPS is managed by Kingfisher Pension Trustee Limited (KPTL), a company established specifically to act as Trustee and take responsibility for the running of the KPS in accordance with the Trust Deed and Rules and current pensions legislation.

As the Trustee is a company there must be directors. The Directors of KPTL form the Trustee Board, who oversee the KPS through four committees focusing on key areas of the day to day operations. The committees are the Accounts Audit & Governance Committee, the Benefits Committee, the Investment Committee and the Defined Contribution (DC) & Retirement Committee, (focusing on the money purchase section of the Scheme).

The Trustee Directors have important responsibilities. Their primary function is to look after the best interests of the members and their beneficiaries, and to ensure that the KPS is operated properly and according to the Trust Deed and Rules.

In compliance with the Pensions Act 2004, the Employer and the Trustee Board undertook an election process in 2008, inviting active and pensioner members of the KPS to stand to become Member Nominated Directors (MND).

Whilst there are currently no vacancies on the Trustee Board, the Employer and Trustee wish to carry out a MND exercise shortly to put in place a reserve listing for future appointments to the KPS Trustee Board.



**Tony Stanworth**  
*(employer nominated Kingfisher)*  
Chairman of both the Trustee Board and the Benefits Committee

**Helen Jones**  
*(Pensioner, formerly Kingfisher)*  
Member of the Accounts, Audit & Governance Committee and Benefits Committee

**Sally Clifton**  
*(member nominated B&Q)*  
Chair of the Accounts, Audit & Governance Committee and member of the Investment Committee

**Sarah Gerrand**  
*(employer nominated Kingfisher)*  
Member of the DC & Retirement Committee and the Investment Committee

**Karl Lidgley**  
*(member nominated B&Q)*  
Member of the Investment Committee and the DC & Retirement Committee

# Scheme News

## KPS-FS Valuation

The Scheme Actuary annually reviews the financing of the KPS-FS to assess how adequate the Scheme funding is and to ascertain what level of contribution is needed to maintain the financial soundness of the Scheme, to ensure that there are sufficient funds to cover the future costs of the KPS in providing benefits to members.

Formal valuations must take place at least every three years. The last formal valuation of the KPS-FS was conducted on 31 March 2007 and showed a funding level of 102%. However, as advised in the Summary Funding Statements issued in December 2009, the funding level as at 30 September 2009 was 87%.

Whilst this may appear to be bad news, the funding level as at 30 September 2009 was in fact an improvement on six months previously. March 2009 signified the lowest point in the global investment market in the post credit crunch environment. At this low point, the assets of the KPS-FS fell from £1,445million in 2008 to £1,245 million in 2009. This equates to a funding level of 83% in March 2009.

The formal valuation of the KPS-FS as at 31 March 2010 is currently underway. Once the results are known the Trustee and the Company will agree a new formal funding plan together with new investment objectives. At this time an updated Summary Funding Statement will be sent to all members.



**Evelyn Gleeson**  
*(employer nominated Kingfisher)*  
Member of the DC & Retirement Committee and the Investment Committee



**Paul Goulder**  
*(member nominated B&Q)*  
Member of Accounts, Audit & Governance Committee



**Kerrin Qualters**  
*(Pensioner, formerly B&Q)*  
Member of the Benefits Committee and the Investment Committee

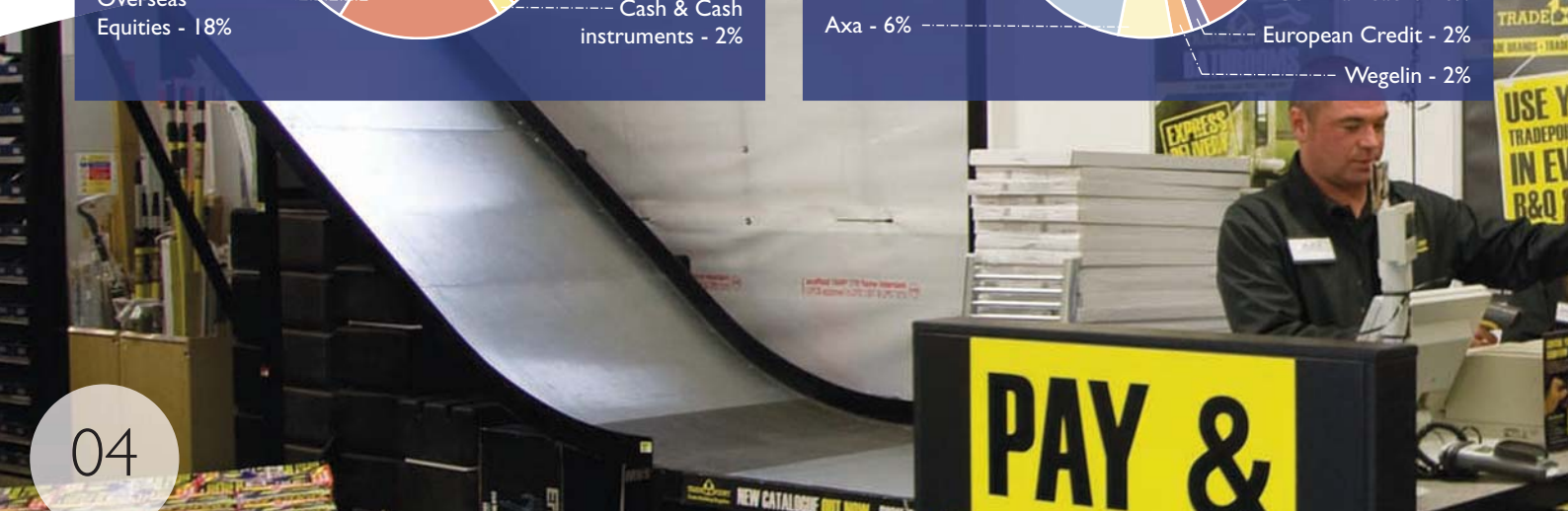
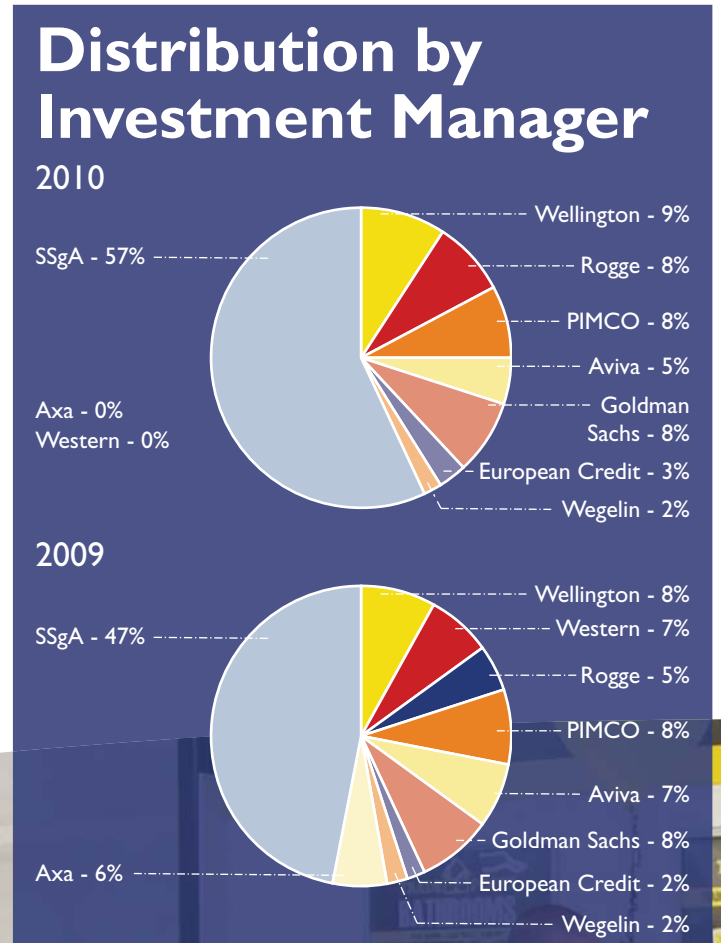
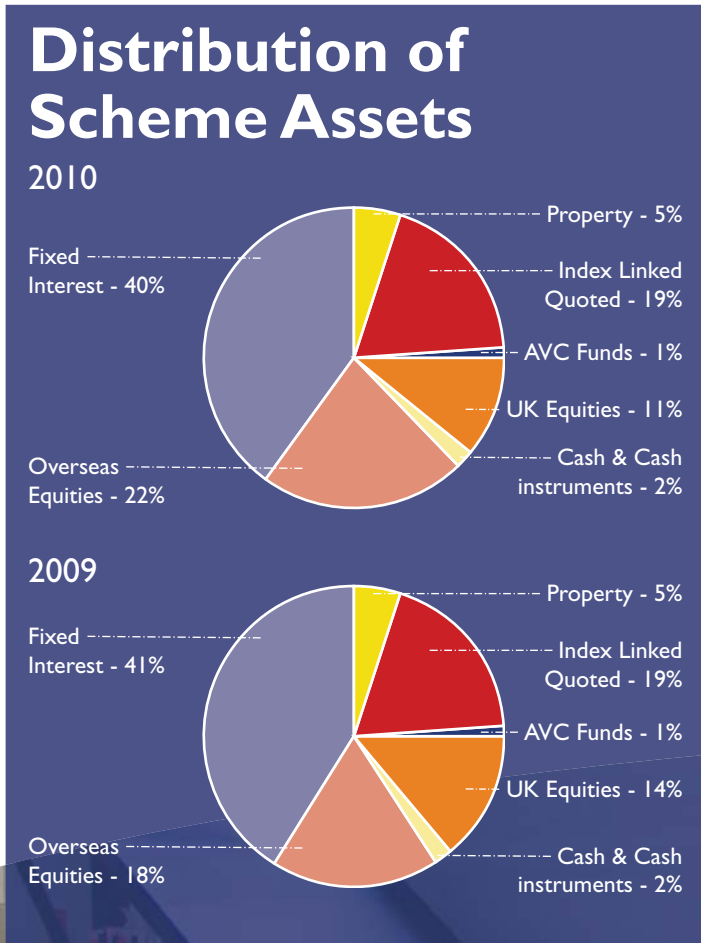


BESTrustees plc, represented by  
**Clive Gilchrist**  
*(independent trustee)*  
Member of the DC & Retirement Committee and Chair of the Investment Committee

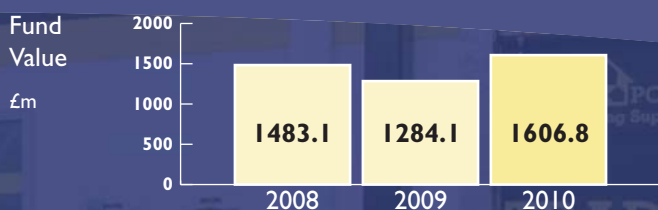
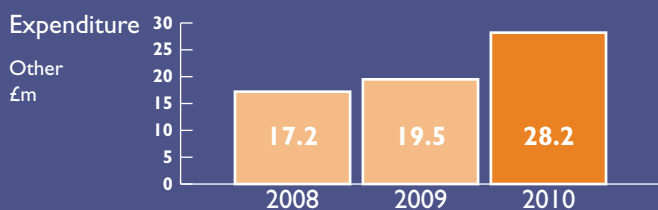
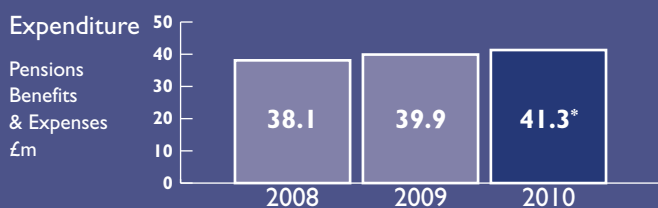
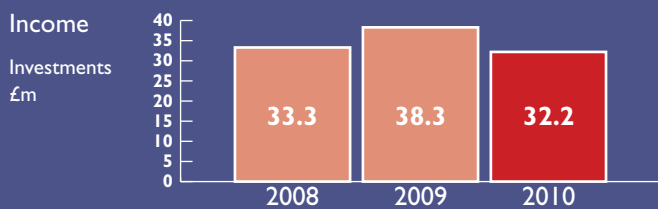
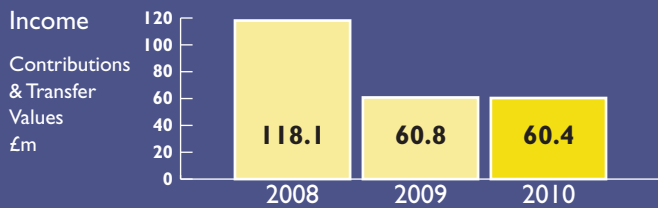
# Report & Financial Statements March 2009

The KPS-FS saw the market value of its investments increase in the year 2009/2010 by 25.8%, despite the continued volatility and difficulties in the global stock markets.

The investment objective for the KPS-FS remains on target through a combination of payments into the Scheme and investment returns. The Trustee continues to monitor the investment strategy and reduce the risks to the investment portfolio.



## 3 Year Summary to 31 March 2010



\*The rise in Scheme expenditure was largely due to the Early Retirement exercise which took place in 2009/2010 prior to the increase in the minimum retirement age.

The full Kingfisher Pension Scheme Report and Financial Statements, year ended 31 March 2010 is available to download from the KPS website.

## Market Volatility & Post Credit Crunch Environment

As mentioned previously and as you may have seen in the national press, March 2009 saw the lowest level in the global markets. Press coverage can often lead to anxiety and will often refer to wider pension issues or investments in particular markets or funds which may not apply to the KPS.

The Trustee, and in particular the Investment Committee, monitor the investments of both the KPS-FS and the Kingfisher Pension Scheme – Money Purchase section (KPS-MP) on a regular basis. The Investment Committee makes recommendations to the Trustee Board on strategic issues, monitors and reviews investment manager performance and decides on manager appointments and terminations. Through the Annual Summary Funding Statement the Trustee will keep you informed of the funding level and financial health of the KPS.



# Planning for your Future

For some it is 40 years before retirement, for others it's just around the corner. Either way the difficulties felt in the financial markets and the effect it has had on the money in our pockets has no doubt got many people thinking about planning for the future and their future income.

As people are now living longer; you may wish to consider whether you have enough saved for your retirement years? Will you have enough saved to take care of yourself and your loved ones?

The Kingfisher Pension Scheme is one option for boosting your future income.

Your Pension  
Your Future

## Additional Voluntary Contributions (or AVCs)

You are able to boost your savings for retirement through Additional Voluntary Contributions (AVCs). KPS :-

- Offers a number of different investment options
- Gives you the flexibility to stop, start and change the amount you contribute over the year, in line with your pay cycle
- Gives you the option to take your AVCs as part of your tax-free cash sum up to the normal limit of approximately 25% of your KPS benefit on retirement. Alternatively, you can use your AVCs to purchase an annuity, a policy that you buy from an insurance company or pension provider that gives you a regular pension income on retirement:

The application form to commence payment of AVCs is available from the KPS website, where you will also find up to date information about the investment options available, along with factsheets which summarise the performance of each of the options.

### Introducing Hargreaves Lansdown's Retirement Service

If you are a KPS-FS member who has made Additional Voluntary Contributions (AVCs), on retirement you may have the option to take your AVCs as all or part of your tax free cash lump sum or purchase additional pension/benefits within the KPS. You may also be given the option to use your AVC fund to purchase an annuity. An annuity is a policy that you buy from an insurance company or pension provider that gives you a regular pension income on retirement.

If you decide to purchase an annuity you will have the choice to shop around and purchase the annuity that is right for you, based on your personal circumstances. This choice is often called the **Open Market Option**.

The Trustee appreciates that assessing your retirement options can be a daunting experience and therefore to help you find the right (and most competitive) annuity, the Trustee has appointed Hargreaves Lansdown to provide you with a Retirement Service which includes:

- A retirement pack explaining what you need to do to set up your retirement income
- The opportunity to consolidate pension funds you may hold with other schemes, into one annuity
- Access to the "Annuity Engine", an online tool that will show you the options available and the effects the options may have on your retirement income

You do not have to use the Retirement Service, and may if you prefer seek the services of an independent financial advisor (IFA).

Further details on selecting an IFA and Hargreaves Lansdown's Retirement Service are available on the KPS website –

[www.kingfisherpensions.com](http://www.kingfisherpensions.com).



# General Pensions Update

## Retirement Age changes

### Minimum Retirement Age

From 6 April 2010, as required by Government legislation, the earliest that you will be able to take your pension increased from age 50 to age 55. The change in minimum pension age will affect your benefit in the KPS as well as pension benefits you may have elsewhere with previous employers.

This change does not affect incapacity (sickness, ill health) benefits, which you can continue to apply for at any age.

### Maximum Retirement Age

Currently individuals must take their pension benefits no later than age 75.

Following the General Election, the Coalition Government's Emergency Budget on 21 June 2010 proposed an end to the requirement to purchase an annuity at age 75.

If you require further information on the purchase of these annuities please contact the KPS-MP helpline on **0845 600 0405**.

## Your Guide to Retirement

One of the duties of the Consumer Financial Education Body (CFEB), formerly part of the Financial Services Authority (FSA) is to improve everyone's understanding of financial matters. In order to meet this duty the CFEB have produced "Your Guide to Retirement" which aims to improve understanding and confidence in managing financial affairs.

You can request a copy from your HR advisor or Kingfisher Group Pensions Department. Contact details can be found on the back page.

## Budget 2009

### – Impact for High Earners

The Labour Government announced in the Budget 2009 a number of changes to pensions tax relief.

This was subsequently reviewed by the Coalition Government who announced on 15 October 2010:-

- Pensions tax relief will be restricted by reducing the Annual Allowance from £255,000 to £50,000 with effect from April 2012
- The Lifetime Allowance will be reduced from £1.8 million to £1.5 million with effect from April 2011
- A factor of 16 will be used in valuing the annual increase in defined benefit schemes
- Unused Annual Allowance may be carried over from the three previous years

Individuals affected by these changes may request a Q&A document from Kingfisher Group Pensions and may wish to seek independent financial advice.

## Pension Increases

The UK Government has announced recently that it intends to change the measure of inflation used for calculating statutory minimum increases to pensions from the increases in the Retail Price Index (RPI), to the increases in the Consumer Prices Index (CPI). This proposal is still at the consultation stage, however, if passed, it would still remain the decision of each scheme to set their own increases above the minimum.

Any changes in legislation that may affect your benefits will be communicated to members.

## New rules for small pension benefits

With effect from December 2009, new legislation rules allow small pension benefits to be taken as a lump sum rather than a regular small pension payment. This exchange is called a trivial commutation.

The existing rules require that all of your pension benefits fall below the required limit before you can exchange your pension for a trivial commutation. The new rules allow eligible small pension benefits to be exchanged for a trivial commutation (lump sum payment) without looking at the pension benefits that you hold elsewhere. The new rules are in addition to the existing rules for trivial commutations, and are not a replacement. It is important to note that pension schemes have the choice whether to adopt the new rules and allow this new type of trivial commutation.

The Trustee agreed that adopting the new type of trivial commutation would be a helpful and positive step for members enabling them to take a lump sum rather than small regular pension payment. The Trust Deed and Rules were amended in August 2010 to allow this rule change to come into effect.

We will be writing to those eligible members to offer them the opportunity to exchange their small pension benefits for a one off tax free lump sum.

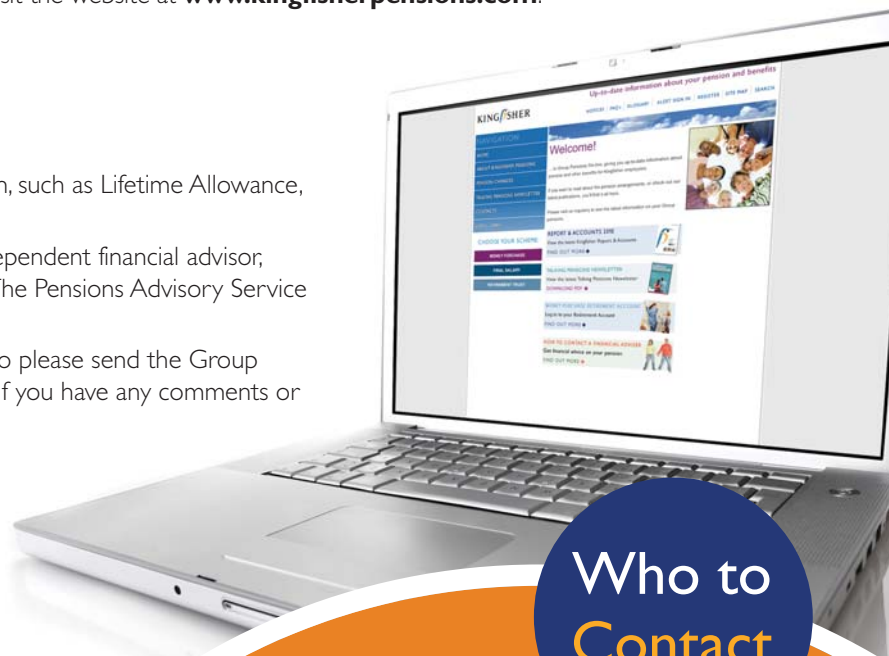
# Kingfisher Pension Scheme Online

For the latest information and online guidance on the KPS, visit the website at [www.kingfisherpensions.com](http://www.kingfisherpensions.com).

On the website you can:

- Register to receive the latest news from the KPS
- Download copies of KPS booklets and forms
- Review the latest financial information on the KPS
- Use the glossary to help you understand pension jargon, such as Lifetime Allowance, annuity and triviality
- Find links to useful websites, where you can find an independent financial advisor; review independent information about pensions from The Pensions Advisory Service or request a forecast of your State Pension benefits.

We are always happy to receive feedback on our website, so please send the Group Pensions Department an email at [pensions@kingfisher.com](mailto:pensions@kingfisher.com) if you have any comments or suggestions.



## Who to Contact

## Are your details up to date?

The KPS is a valuable benefit for both you and your loved ones. Remember to let the Trustee know via their administrators, if you move address or have a change in personal circumstance in order that we can keep you up to date on your KPS benefits and pensions news.

It is also important to keep your beneficiary form up to date to ensure that the Trustee is able to consider your wishes in the event of your death. Beneficiary forms are available to download from the Forms page, under the Final Salary section of the KPS website and should be returned to the Kingfisher Group Pensions Department.

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### Administrators

The KPS-FS is administered by **Kingfisher Group Pensions Department**.

**Address:** Kingfisher Pension Trustee Limited, 3 Sheldon Square, Paddington, London, W2 6PX

**Email:** [pensions@kingfisher.com](mailto:pensions@kingfisher.com)

**Telephone:** 08456 80 70 60

You can also visit the Pensions website at [www.kingfisherpensions.com](http://www.kingfisherpensions.com)

### Your HR & Payroll Contacts

For information about other Company benefits, you can contact your company's HR/payroll department on one of the telephone numbers below:

**B&Q** 023 8081 8122

**Screwfix** 019 3541 4100

**Kingfisher** 020 7644 1163

**KITS** 023 8081 6551

The KPS-MP is administered by **Prudential**

**Address:** Prudential, Stirling, FK9 4UE **Email:** [MPPService.Centre@Prudential.co.uk](mailto:MPPService.Centre@Prudential.co.uk)  
**Telephone:** 0845 600 0405 (from 9.00am to 5.00pm Monday to Friday)