

Talking Pensions

For Money Purchase Members
& All Employees

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 money purchase section and employees, 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

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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 pension 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.

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



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

Scheme News

A new administrator for the KPS-MP

The Trustee recently completed a review of the KPS-MP. The review initially covered the investment options available, before turning to the administration arrangements. As advised to KPS-MP members towards the end of December 2009, the Trustee adopted a simpler white labelled approach making it easier to communicate to its members and to be far more open and transparent, behind the scenes Prudential was appointed as the provider and administrator of the KPS-MP, replacing Standard Life with effect from 1 December 2009.

This white labelled approach gives members:

- A new range of investment funds
- Simple and easier to understand range of investment options
- Added flexibility in switching contribution levels into these investment funds
- Online member access to their Retirement Account through www.kingfisherpensions.com

In addition the following benefit design changes were introduced

- A default fund was introduced for members who do not make an investment choice
- KPS-MP members are now able to change additional core contributions at any time of the year
- The Employer now contributes matching contributions on a monthly basis from date of joining for management grade employees, so removing the former 12 month waiting period
- If 12 months after leaving the Company the member has not transferred his/her benefit as a deferred member to another pension scheme, the benefits will automatically be transferred to an individual policy with the administrator e.g. Prudential.

With effect from 1 December 2009 contributions for all active KPS-MP members were paid to Prudential. The Retirement Accounts built up prior to 1 December 2009 were transferred from Standard Life to Prudential in February 2010. The Trustee wrote to all affected members confirming the amount transferred and the subsequent reinvestment. Details of the transfer have also been included within the annual benefit statements issued to each member in July/August 2010.

Not a member? Want to join the KPS-MP?

If you are aged over 16, you are able to join the KPS-MP once you have completed 1 year of service with your Company. A joining pack will automatically be sent to your home address inviting you to join the KPS-MP when you are approaching your first anniversary of employment. If you do not receive your pack or you require another copy please speak to your HR advisor or call the KPS- MP Helpline on

0845 600 0405

How do I join?

To join the KPS-MP you will need to complete a joining form indicating the way in which you would like your funds invested and return it to the administrator. The KPS website (www.kingfisherpensions.com/money_purchase section) contains full details of the funds available and benefit options.

There are special terms for Managers, so please contact your HR advisor if you think this may apply to you.

How much do I need to contribute?

When you join the KPS-MP a percentage of your salary (a minimum of 3%) will be invested in an individual Retirement Account, which will be held with the administrator.



Time to review your investment choice

How will my contributions be increased?

- Your contribution will attract tax relief from the government
- Your contribution will also be matched by a contribution from your Company (3% initially, and increasing to 5% over time).

What will I receive on Retirement?

On retirement the value of your Retirement Account will be used to purchase pension benefits which can be tailored to your needs and circumstance. You can take up to 25% of your Retirement Account as a tax free lump sum, and the rest must be used to purchase an annuity.

You may retire any time after you reach your minimum retirement age 55.

For KPS-MP members choosing how to invest your Retirement Account is a very important decision and can affect the amount of retirement income you have in the future.

Whilst pensions are long term investments, which for some will mean 40 years before retirement, it is important to review your investment options regularly – after all, would you stick with the same mortgage or car insurance for 40 years?

Over time your needs may change. You may have new responsibilities that did not apply when you chose how to invest your Retirement Account. Investment funds which were once performing well for you may longer be doing so.

Whilst the Trustee reviews the performance of the funds offered to members, it remains the individual member's responsibility to choose their investment options and review them regularly. To assist, members can access their Retirement Account via the KPS website, which also includes further information about the investment fund choices available, fund factsheets including charges, how you change your investment options and guidance on seeking independent financial advice.



Planning for your Future

As we have already touched upon, for some retirement may feel a long way off. 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)

Members are able to boost their 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 contributed over the year, in line with the pay cycle
- gives the option to take AVCs as part of the 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 bought from an insurance company or pension provider that gives a regular pension income on retirement.

The application form to commence payment of AVCs is available from the Making Contributions page under the Money Purchase section of the KPS website, where you will also find up to date information about the investment options available, along with factsheets summarising the performance of each of the options.

Introducing Hargreaves Lansdown's Retirement Service

If you are a KPS-MP member, on retirement, you will be able to use your Retirement Account, including 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.

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.



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**.

Auto-enrolment

You may be aware, following a review of the nation's pension savings, legislation was passed to reform workplace pensions, which included the requirement for employers to offer their employees a workplace pension scheme which meets certain minimum contribution levels.

This legislation also requires employers to automatically enroll eligible employees into a workplace pension scheme.

The Department of Work & Pensions, on behalf of the new Coalition Government, completed a review of the pension's legislation and presented their findings on 27 October 2010. Whilst there have been slight changes to the detail, the basic principles remain.

From October 2012, all employers must comply with the legislation and automatically enroll eligible employees into an eligible pension scheme.

Closer to that date we will contact you again to explain how we are going to manage these new legislation requirements and 'join' employees to our retirement arrangements.

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 in 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 commutation. The new rules allow eligible small pension benefits to be exchanged for a trivial commutation (lump sum payment) without commutation. 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.

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.

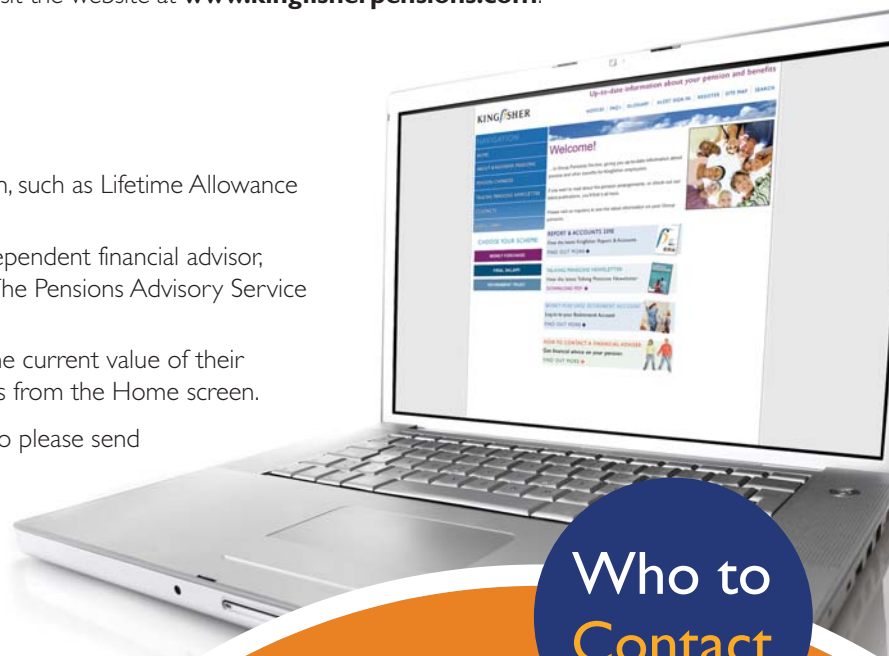
Kingfisher Pension Scheme Online

For the latest information and online guidance on the KPS, visit the website at 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 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.
- Active and deferred KPS-MP members can also view the current value of their Retirement Account simply by following the instructions from the Home screen.

We are always happy to receive feedback on our website, so please send the Group Pensions Department an email at 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 administrator, 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 Literature & Forms page under the Money Purchase section of the KPS website and should be returned to the Kingfisher Group Pensions Department.

Administrators

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

Address: Prudential,
Stirling, FK9 4UE

Email:
MPP.Service.Centre@Prudential.co.uk

Telephone: 0845 600 0405
(from 9.00am to 5.00pm
Monday to Friday)

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

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

Email: pensions@kingfisher.com **Telephone:** 08456 80 70 60

You can also visit the Pensions website at www.kingfisherpensions.com