

# FSNews...

For Final Salary members of the Kingfisher Pension Scheme

April 2012



## Changes to the Kingfisher Pension Scheme for Final Salary members

As advised in February 2012, following an extensive review, we (Kingfisher plc) put forward a proposal to change our existing UK retirement arrangements, and embarked on a 60 day consultation period with active members of the Kingfisher Pension Scheme – Final Salary section (FSS), and active members of the Kingfisher Pension Scheme – Money Purchase section (MPS) and all other employees. The consultation has now ended.

We have listened to and carefully considered all of the individual feedback received during the consultation period, in liaison with the informal Consultation Group and Kingfisher Pension Trustee Limited (the Pension Trustee). A decision has now been reached.

This document sets out details of the changes and aims to give you the information you need to make an informed decision about your future Company retirement arrangements.

We have discussed these changes with the Pension Trustee, who together with the administrators of the FSS and MPS will be writing to you in the next few days with full details of the implications these changes will have on your retirement arrangements and your options.

**Ian Cheshire**  
Group Chief Executive  
Kingfisher plc

### Background to the changes

We are committed to providing you with access to retirement provision that is:

- a valuable benefit which is fair to all colleagues;
- sustainable in the long term; and
- affordable for colleagues and Kingfisher.

Our desire to provide a benefit structure that is fair to all colleagues has been the main driver for these changes. In addition, we recognise that the FSS is now significantly more expensive to provide than the MPS. This is the case with most other UK companies, and it's generally believed that the cost of providing final salary arrangements will continue to escalate in the future.

# The changes and how they

## Closure of the FSS

We will close the FSS to future build up of benefits on 30 June 2012. This means that you will not be able to build up any benefits in the FSS after this date. Your benefits earned to this date will be protected and retained in the FSS.

All active FSS members will be automatically enrolled into the MPS with effect from early July 2012#. You will however still retain an option to opt out.

## Improvements to the MPS

We are substantially improving the existing MPS, making the MPS more competitive when compared to companies similar to Kingfisher and operating in the UK retail sector. The new improved MPS will be available to all employees from 1 July 2012.

### Contributions

We are pleased to introduce the following new higher contribution levels.

Member contribution	Company contribution	Total contribution
3%	3%	6%
4%	4%	8%
5%	5%	10%
6%	6%	12%
7%	10%	17%
8% and over	14%*	22% (+)

\* The maximum Company contribution is 14%

### Life assurance

The life assurance benefit paid from the MPS will also be improved. If you were to die in service, whilst a member of the MPS the insured death benefit will be 4x Salary.

## SMART Pensions

The Company is introducing a more cost-effective way of making contributions to the MPS that could mean you pay less National Insurance (NI). This arrangement is called SMART Pensions.

# Note: for technical reasons you will be enrolled into the MPS on 2 July 2012, but contributions will be payable for the whole of July. Life insurance cover will be provided from 1 July 2012 so there will be no gap in cover.



# affect you

## Special considerations for FSS members

### Goodwill

We have considered the impact of the proposed changes on existing FSS members especially the transition to the MPS. We will offer goodwill payments to help with this transition, which may be taken in a number of ways:

1. As monthly cash payments (subject to the usual tax and NI deductions)
2. As lump sum payments (subject to the usual tax and NI deductions) in two instalments paid in June 2012 and July 2013
3. 50% as a lump sum into the FSS before 30 June 2012 and 50% to be taken in one of the other ways
4. As additional contributions into the MPS, either as a lump sum or a monthly basis
5. Or as a combination of the above.

Full details of the goodwill payment options, including how your payments will be calculated will be included within your individual option pack that you will receive in the next few days.

You do not need to join the MPS to be eligible for the goodwill payment (however please remember your life assurance benefits will be reduced if you do not join the MPS).

### Early Retirement Factors

Currently, if an active member of the FSS draws their pension between age 55 and 60 the pension is reduced on better terms than those from a deferred status. No early payment reduction is applied where an active FSS member draws their pension on or after age 60.

We have decided to maintain these favourable factors for all active FSS members at the closure date who draw their FSS pensions early whilst employed by the Group (or immediately after having retired from Group employment). If you leave Group employment and there is a gap before your FSS pension comes into payment the normal early payment terms will apply to your deferred pension.

### Risk Benefits

Currently under the FSS in the event of death whilst still employed by the Group, a refund of your member contributions into the FSS will be paid if a spouse's/dependent's pension is not due. The right to refund of FSS contributions in the event of death whilst still employed by the Group will be maintained. This is in addition to the improved life assurance benefit of 4X salary.

The definition of ill health (incapacity) retirement under the MPS differs from the definition under the FSS, however we will work with the Pension Trustee to retain a wide discretion in relation to ill health retirement requests and will exercise their judgment in granting the benefit.

#### I'm 55, how will my pension be reduced?

If you draw your FSS pension whilst still working for the Group between age 55 and 60 your pension will be reduced. The reduction will be at the current rate of 3% for each year before age 60.##

#### What about at 61 years old, will my pension be reduced?

No, provided you are still working for the Group when you draw your pension your FSS benefit would not be reduced. However, if you leave without taking an immediate pension a reduction would be applied to part of your deferred pension when it comes into payment. The reduction is currently 4% for each year before age 65 and would apply to benefits earned from 2007.



## Note: this is the current position but the Company has the right to reconsider the reduction basis from time to time.

# What happens next?

The Pension Trustee together with the administrators of the FSS and MPS will be writing to you in the next few days with full details of the implications these changes will have on your retirement arrangements, the options available and the action required.



# What information is available?

There is a wide range of information still available to view on both pensions websites:

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

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

You'll need to enter the password **pensionchange12**.

On this website you can find:

- frequently asked questions
- a short presentation and a video
- a copy of this newsletter
- a copy of the previous newsletter

The MPS Member Guide detailing the improved MPS with effect from 1 July 2012 will also be available shortly.

You may write to the Group Pensions Department at

**Kingfisher plc, Group Pensions Department,  
3 Sheldon Square, Paddington, London W2 6PX**

You may also contact the Kingfisher pension change helpline on

**0330 330 9427**

Calls will be charged at your local rate (calls from mobiles will be charged at your provider's rate). Or you can email the helpline at:

[pensionchange@kingfisher.com](mailto:pensionchange@kingfisher.com)

