

Pension News

Bridon Group (2013) Pension Scheme

November 2013

Welcome to Pension News

This newsletter contains information following the announcement issued to you in May 2013 concerning the restructuring of the FKI Group Pension Scheme (the 'FKI Scheme') to align with the individual businesses. We can confirm that this restructuring has taken place and, with effect from 1 July 2013, the FKI Scheme has been split into three separate schemes. Your benefit entitlements from the FKI Scheme are now held in the Bridon Group (2013) Pension Scheme (the 'Bridon Scheme').

Following the establishment of the Bridon Scheme, there is a requirement for a Member-nominated Director ('MND') selection process to be undertaken. We are also inviting members to complete an up-to-date Expression of Wish form. A form has been enclosed – you can find details of what you need to do on the right.

If you have questions about anything covered in this newsletter, please get in touch with the Bridon Scheme administration team at Aon Hewitt – their details can be found below.

Contact details

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Expression of wish

Under the Bridon Scheme Rules, a lump sum is payable in the event that you die while you are a deferred member or in your first five years of retirement. The Trustee has the final decision over who receives this cash sum. This way, it should not become part of your estate and your beneficiary (or beneficiaries) should not have to pay inheritance tax on it.

This is why it is important for you to send us your Expression of Wish form. This is the form you use to tell the Trustee who you would like to receive the payment. For the reasons above, the Trustee is not bound by law to follow your wishes, but it will usually act on them unless there is good reason to do otherwise. The form also helps the Trustee to make a relatively quick decision at what would be a time of great distress for your family. It is recommended that the Expression of Wish form is kept up to date – for example, if your personal circumstances change – if you marry, divorce, register or dissolve a civil partnership, or become a parent – it may affect who you want to name on your form.

You may have sent the FKI Scheme trustee a form whilst you were a member of that scheme. However, following the transfer of your benefits to the Bridon Scheme, it is important that you inform the Bridon Scheme Trustee of your wishes.

Enclosed is a blank Expression of Wish form. You should return your completed form to the Bridon Scheme administration team at Aon Hewitt.

In the May 2013 announcement, we detailed the Company's proposal for the FKI Scheme to be split into three separate schemes. Following detailed consideration of this matter and having taken appropriate professional advice, the Trustee of the FKI Scheme agreed to this restructuring taking place. The split of the FKI Scheme was effective from 1 July 2013, and certain FKI Scheme members (depending on which employer they worked for) were transferred to the new schemes. The three schemes are as follows:

- FKI Group Pension Scheme
- Bridon Group (2013) Pension Scheme
- Brush Group (2013) Pension Scheme

Each of the new schemes has been structured to take on the liability of the members allocated to that particular scheme, and has taken on responsibility for providing the accrued benefits of the allocated members. The two new schemes have each received a proportionate share of the assets previously held by the FKI Scheme with the funding level being the same for each scheme as at 1 July 2013.

Your benefit entitlement has been transferred to the Bridon Scheme. If you are a pensioner member, you will receive your monthly pension from the Bridon Scheme, and if you are a deferred member, you will draw your pension from the Bridon Scheme.

Data Protection

The Bridon Scheme Trustee holds and processes personal data about you – such as your name, address and National Insurance Number – which it needs to calculate your benefits under the Bridon Scheme. As a member of the Bridon Scheme, you are deemed to consent to the Trustee (and any data processors or other data controllers it uses) processing personal data about you for purposes associated with the Bridon Scheme. The Trustee has implemented and seeks to comply with the eight Data Protection Principles contained in the Data Protection Act 1998, which promote good conduct in relation to processing personal information.

Following the establishment of the Bridon Scheme, there is a requirement for Member-Nominated Directors ('MNDs') to be selected.

The current Trustee Directors of the Bridon Scheme are:

Independent

- Michael Duncombe (Chair)
- Edward Rutter

Company appointed

- Garry Barnes
- Joff Crawford

Member nominated

- Glendon Dallard
- Ken Mallin
- Gary Peters

Glendon Dallard, Ken Mallin and Gary Peters all acted as MNDs of the FKI Scheme and, from the date of the FKI Scheme's split, were all appointed as Trustee Directors for the Bridon Scheme for an interim period prior to arrangements for the selection of MNDs being made.

From 1 July 2013:

- Gary Peters became a deferred member of the Brush Scheme. Therefore, he is not *automatically* eligible to act as an MND of the Bridon Scheme.
- Glendon Dallard and Ken Mallin remained pensioner members of the FKI Scheme and therefore are not *automatically* eligible to act as MNDs of the Bridon Scheme.

This leaves three MND vacancies on the Trustee board of the Bridon Scheme.

The Pensions Regulator states that non-members can be selected as MNDs in certain circumstances. The Trustee Board recognises the significant experience Gary Peters, Glendon Dallard and Ken Mallin can bring to the Board, given that they have carried out the role of MNDs of the FKI Scheme for many years.

Gary Peters, Glendon Dallard and Ken Mallin have all confirmed that they are willing to act as MNDs for the Bridon Scheme. The Company has agreed that, given their experience and knowledge of the Bridon Scheme (formerly as part of the FKI Scheme), Gary Peters, Glendon Dallard and Ken Mallin will be permitted to stand as MNDs in the forthcoming nomination process.

If you, as a Bridon Scheme member, would be happy for Gary Peters, Glendon Dallard and Ken Mallin to act as MNDs, and to therefore fill the existing vacancies, then you need take no further action in relation to this announcement. If, however, you are interested in finding out more about how to apply to become an MND, then please read on.

The role of a Trustee Director

The role is a big responsibility and the work is both demanding and time-consuming. In recent years, legislation has significantly increased the requirements on all trustee directors to understand both their own scheme and to understand the principles on which all pension schemes operate. Training is provided to Trustee Directors of the Bridon Scheme, both as a body and by individual attendance at specialist courses. A Trustee Director must be prepared to undergo training both initially and on a regular basis thereafter.

The Pensions Regulator requires trustee directors to have knowledge and understanding of:

- the law relating to trusts and to pension schemes generally; and
- the principles relating to the funding of occupational pension schemes (where applicable) and the investment of the scheme's assets.

Trustee directors also need to be familiar with the documents that are particular to their own scheme so that they are able to make use of those documents in carrying out their functions.

Set out below is information about the duties a trustee director has to carry out – it applies to all trustee directors, not just those of the Bridon Scheme.

A trustee director's duties

Obeying the law

The main duty for directors is to make sure that their scheme is run properly in line with its legal documents (the 'Trust Deed and Rules') and pension law.

The duties that come from trust law are sometimes called 'fiduciary' duties. Directors must act:

- impartially, by considering the interests of all the groups due benefits and treating individuals fairly; and
- prudently, responsibly and honestly, by looking after the assets of their scheme as carefully as they would their own money.

Directors must also obey specific UK and European laws.

Directors need to get to know their powers and the procedures for running their scheme, as set out in its Trust Deed and Rules (which they are responsible for keeping up to date).

Managing the finances

Directors are responsible for the proper management of their scheme's finances. This includes:

- checking that they receive the correct amount of money and that they pay the correct benefits promptly;
- making sure that proper records are kept, showing what happens to their scheme's assets from year to year, and what benefits are due to members; and
- ensuring that the scheme's assets are held securely and kept separate from the company's assets.

They also have to monitor the security of members' benefits. They work with the company to ensure that the level of funding that supports the benefits satisfies pension law. They also keep members informed about the funding level.

Investing

Directors are responsible for investing the assets. Although they can take professional advice and delegate everyday dealing decisions to specialist investment managers, they must decide the overall investment strategy and policy for their scheme.

Using judgement

Directors have to make discretionary decisions in certain circumstances. 'Discretionary' means that the scheme rules do not set out exactly who will receive a benefit or, in some cases, how much it will be. Instead, the directors must consider all the relevant information and make a decision that they believe is fair. An example is deciding who should receive a lump sum benefit after a member dies.

Choosing and meeting advisers

Professional advisers will help with key aspects of running the scheme, and the directors are responsible for appointing them and monitoring the services they provide.

Directors need to attend regular meetings with the advisers and the other directors. As well as the time spent preparing for the meetings, they must also attend training courses.

Keeping people informed

Directors have to keep members informed about their benefits and how their scheme is run. They must also make regular reports to the Pensions Regulator.

Independence

Directors must not represent the views or aims of any particular group or individual, such as the employer, a trade union or a particular group of members. And of course, they cannot take decisions for their own financial benefit.

Pay and expenses

If you are still employed by the FKI Group, you will be allowed paid time off from your normal duties to attend Trustee meetings and training.

All reasonable expenses will be reimbursed.

Finding out more

The Pensions Regulator publishes useful information and guidance for trustees. If you are interested in becoming an MND, you can find this information on its website at www.thepensionsregulator.gov.uk.

The Trustee board

Under the Pensions Act 2004 (supported by the subsequent code of practice issued by the Pensions Regulator in November 2006), trustees are required to make arrangements for at least one-third of the board of a trustee company to be member-nominated.

The Bridon Scheme's Trustee board has agreed that the board will be structured as follows:

- There will be three MNDs, two independent Directors (one of whom will act as Chair) and two Company-appointed Directors.
- Deferred and pensioner members of the Bridon Scheme can be candidates to become an MND.
- Non-members can also be candidates provided the Company consents to such non-members standing as a candidate.

On page 2, we confirmed that three vacancies for MNDs have now arisen. The Trustee board has agreed the following process for filling these vacancies:

- Gary Peters, Glendon Dallard and Ken Mallin have all confirmed their willingness to act as MNDs of the Bridon Scheme.
- If no other candidates are nominated in addition to Gary, Glendon and Ken, they will be deemed selected and will be appointed as MNDs.
- If any other candidates are nominated, in addition to Gary, Glendon and Ken, a selection panel (consisting of the two independent Trustee Directors and two member representatives from the Bridon Scheme) will meet to select and appoint the new MNDs.

- The appointed MNDs' terms will be of varying lengths of three, four and five years (i.e. of the three MND positions, one will be for an initial term of three years, another for four years and the remaining position for an initial term of five years). Following this, the term of office will be three years for each.
- If an MND position becomes vacant more than a year before the end of the term of office for each MND, the Trustee will ask for new nominations. A selection committee (consisting of the remaining Trustee Directors) will consider the nominations and select a replacement.
- If there is less than a year to go until the term of office ends, the position will be left vacant until the end of the current period of office.
- An MND can only be removed with the agreement of all Trustee Directors.
- An MND cannot be excluded from the exercise of any Trustee function only on the basis of being an MND.

As explained on page 2, Gary Peters, Glendon Dallard and Ken Mallin have all confirmed their intention to stand as MNDs for this nomination process. If you, as a Bridon Scheme member, would be happy for them to be appointed as MNDs, then you need take no action further to this announcement. If, however, you are interested in finding out more about how to apply to become an MND, please read below for details of how to apply.

Nominations

If you wish to stand as a Member-nominated Director, or require further information on the nomination process, you should contact Susi Beech, Bridon Group (2013) Pension Scheme, Aon Hewitt, Colmore Gate, 2 Colmore Row, Birmingham B3 2QD (Telephone: 0121 262 5058) by **Friday 20 December 2013**.

You will then be issued with an information pack and application form. The deadline for completed application forms is **Friday 17 January 2014**.

You must not be disqualified in law from acting as a trustee director (for example, if you are an undischarged bankrupt or have been disqualified from being a director).

Selection of Member-nominated Directors

If any applications in addition to Gary, Glendon and Ken's are received, a selection panel will determine who will become the MNDs. Further details as regards the selection panel will be provided if more nominations are received than there are vacancies.

The names of the successful candidates will be announced to members following the conclusion of the selection process.

Bridon Group (2013) Pension Scheme

Expression of Wish

To: The Trustees of Bridon Group (2013) Pension Scheme

Please use block letters throughout this form.

Surname:

Forenames:

NI No:

Location:

Employee No:

Declaration

I understand that this request is not binding on the Trustee. In the event of my death I would like the Trustee to consider making payments of lump sum benefits due under the Bridon Scheme to the following:

Name(s)	Address(es)	Relationship to me (if any)	Percentage

Data Protection Act 1998

Where I have disclosed to the Trustee in this form personal data relating to other living individuals, as agent on behalf of those individuals, I:

give consent on their behalf to the Trustee to process such personal data about them;

and

have informed them of the identity of the Trustee as the data controller in relation to their personal data and the purposes for which their personal data will be processed.

This form cancels any previously submitted expression of my wishes.

Signed: _____

Date: / /

Note on completing the Form

You can indicate two or more beneficiaries with a proportion of the total benefits for each, e.g. your spouse (60%) and your father (40%). When your circumstances change, simply complete a new form.

Please return the completed form to The Bridon Group (2013) Pension Scheme, Aon Hewitt Limited, Colmore Gate, 2 Colmore Row, Birmingham, B3 2QD.