

December 2009

# DC MATTERS

**WELCOME TO THE LATEST EDITION OF DC MATTERS – A NEWSLETTER PRODUCED BY THE TRUSTEE OF THE ALSTOM DEFINED CONTRIBUTION PLAN (THE PLAN).**

**IN THIS EDITION, WE INTRODUCE HYMANS ROBERTSON AS THE NEW INVESTMENT CONSULTANTS TO THE PLAN AND LOOK AT THE IMPRESSIVE NEW PENSION CALCULATOR AVAILABLE TO EXISTING AND PROSPECTIVE MEMBERS.**

## KEEP ON LEARNING

We are pleased to confirm that all of the Plan's Trustee Directors have successfully completed the Pensions Regulator's Trustee Toolkit qualification. The Trustee Toolkit has been developed to help trustees meet the requirements for trustee knowledge and understanding of law relating to pensions. Phil, our newly elected Member-Nominated Director, is in the process of completing the Trustee Toolkit.



## NEW MEMBER-NOMINATED DIRECTORS

The Trustee was delighted with the response from contributory members for the election of two Member-Nominated Directors (MND) to the Trustee Board of the Plan. Five candidates stood for election and a ballot of the contributory members was held. 230 ballot forms were received and the two successful candidates elected were Philip Derges from Rugby and Paul Naughton from Newcastle, who has been re-elected as an MND.



Paul Naughton



Philip Derges

## PRESENTATIONS TO ACTIVE MEMBERS

As part of our ongoing commitment to improve communications to members, we intend to make presentations to active members of the Plan throughout the UK in 2010. Once the dates have been finalised, notices confirming when and where presentations will be held will be displayed around each site. The content of the presentations will focus on the benefits of Plan membership and how to get the best out of the Plan. We are sure that you will find the presentations very informative.

# FEEDBACK FROM MEMBERS

We issued a feedback form to all active Plan members who received a benefit statement for 2009. The Trustee was pleased with the responses received. The feedback form also invited the members to raise any questions or make any comments regarding the benefit statements and the Plan in general. The Trustee would like to take this opportunity to answer the points raised by members on the feedback form.

## What will I receive when I retire?

You can easily obtain an estimate of what you could receive from the Plan at a selected retirement date by using the Pension Calculator set up by Hargreaves Lansdown – see the ‘Pension Calculator’ section in this newsletter for full details. Your annual benefit statement will also give you an indication of your pension.

## How do I transfer my fund to another provider?

If you are a deferred member of the Plan, you may be able to transfer your fund to another registered pension arrangement. This could be your new employer’s scheme, or a personal pension or stakeholder arrangement. When considering a transfer, it is important to check that the arrangement you wish to transfer into will accept the transfer. Stakeholder arrangements must accept any transfer payments at a member’s request. The next step is to ask the administrators of the other pension arrangement to request a statement of your benefits from dc-Link, the administrators of the Plan. The administrators of the other pension arrangement should then provide you with a quote of the benefit available if you do transfer, to enable you to decide whether to proceed with the transfer.

## What happens if I go to work for Alstom overseas?

If you go overseas to work for Alstom permanently, you may only transfer your benefits in the Plan to the pension scheme operated by Alstom in your new country of employment, if this scheme satisfies various conditions set out by Her Majesty’s Revenue & Customs (HMRC). If the overseas scheme is not registered with HMRC, you may only transfer from the Plan to the overseas scheme if it is a ‘Qualifying Recognised Overseas Pension Scheme’ (QROPS). This means that whether you can transfer or not depends on the type of pension scheme that is operated by your overseas employer. For example, the Alstom scheme in Switzerland is not a QROPS and therefore you are currently unable to transfer to this scheme. If you are interested in transferring your benefits overseas, contact

dc-Link (see back page for contact details) who will investigate whether the transfer is possible. If you are an active member of the Plan, and go overseas to work for Alstom temporarily on secondment, it may be possible for you to remain an active member, subject to satisfying various conditions. For example, where there is an expectation for you to work for Alstom in the UK at the end of the secondment and the secondment is for a limited period. Further information about secondment and pension implications can be obtained from your HR representative.

**“...WHETHER YOU CAN TRANSFER OR NOT DEPENDS ON THE TYPE OF PENSION SCHEME THAT IS OPERATED BY YOUR OVERSEAS EMPLOYER.”**





### **Can I transfer my benefits from another pension scheme into the Plan?**

It may be possible to transfer your benefits from a previous employer's pension scheme, or from a personal or stakeholder pension policy. If there are contracted-out rights\* involved, legislation in place means that the transfer can only go ahead if the receiving scheme is eligible to hold those rights. The Alstom Plan is contracted-in and therefore is unable to accept contracted-out rights. However, it may be possible for your transferring scheme to retain the contracted-out rights and only transfer the contracted-in element. If you think this may affect you and you wish to transfer your benefits into the Plan, you should contact the administrator of your previous scheme to find out whether this is the case. If a transfer in was paid, it would be used to purchase extra units in your Alstom Plan fund.

### **The investment performance shown on my benefit statement has a minus sign in front of it. Is this good or bad and should I change my investment options?**

This means that the value of your investment has decreased over the year to the date of the benefit statement. It must be remembered that your pension is a long-term investment and that a fall in the value of fund(s) in any one period provides no indication of how the fund(s) will perform in the future. You should not necessarily change your investment options as a result of a decrease in the value of your fund in one period. You should select the investment strategy which is most appropriate to your personal circumstances and your attitude to investment risk. The Plan's booklet gives you more information about risk and your investment options.

By law, dc-Link, the Trustee and the Company are not allowed to advise you on what might be best for you.

**“IT MUST BE REMEMBERED THAT YOUR PENSION IS A LONG-TERM INVESTMENT AND THAT A FALL IN THE VALUE OF FUND(S) IN ANY ONE PERIOD PROVIDES NO INDICATION OF HOW THE FUND(S) WILL PERFORM IN THE FUTURE.”**

If you feel that you need advice, you should speak to an independent financial adviser.

\* Contracted-out rights relate to benefits from an employer's pension scheme where the employer has opted (or a personal pension or stakeholder arrangement where the member has opted) to provide benefits in place of the State Second Pension (or its predecessor, the State Earnings-Related Pension Scheme).

# OPTIONS FOR MEMBERS ON LEAVING THE PLAN

ONE QUESTION MEMBERS OFTEN ASK IS “WHAT HAPPENS TO MY BENEFITS IN THE PLAN IF I LEAVE THE COMPANY?”

**If you leave the Company, or decide to opt out of the Plan, your active membership of the Plan will cease. This means that you would no longer be able to pay member contributions to the Plan, and no longer be eligible for employer contributions. Your options on leaving will depend on how long you have been an active member of the Plan.**

## **Less than three months’ membership**

You would receive a refund of the current value of the part of your fund that reflects your own contributions. As the member contributions that you have made have been paid before tax is deducted, the refund would be taxable.

## **Between three months’ and two years’ membership**

You would have the following options:

- a) Receive a refund in line with the above.
- b) Transfer the value of your fund\* (reflecting both member and employer contributions) to another registered pension scheme.

## **More than two years’ membership**

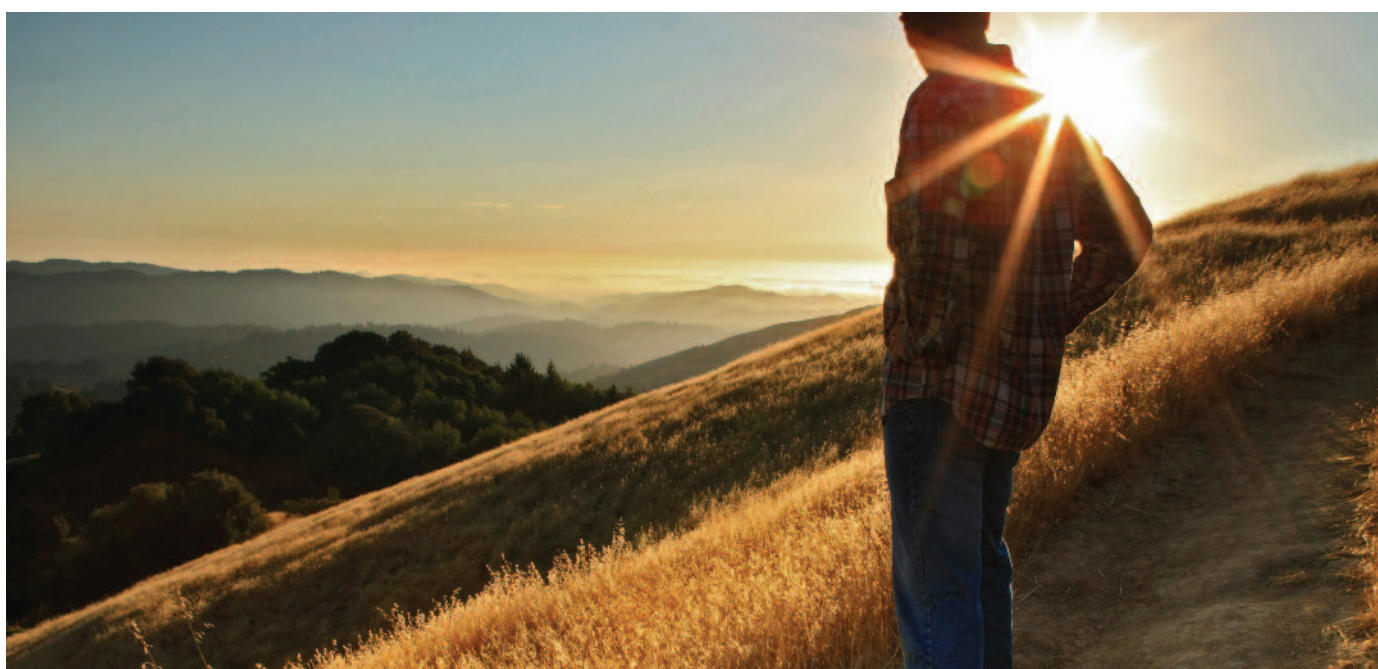
You would have the following options:

- a) Leave your fund invested in the Plan.
- b) Transfer the value of your fund\* to another registered pension scheme (this could be the scheme of a new employer, a personal pension or a stakeholder arrangement).

## **Transfers in**

If you have transferred benefits into the Plan from a previous pension scheme, your options will be different. This would be explained to you in a letter sent to you by dc-Link (the Plan administrator) soon after you had left the Plan.

\* The value of your fund may be more or less than the total of the employer and employee contributions, depending on investment performance.



# PENSION CALCULATOR

Hargreaves Lansdown has set up an online Pension Calculator to help both existing and prospective Plan members view an estimate of what benefit their Plan fund could provide at retirement. This will enable you to easily review the level of your contributions to the Plan.

Existing members can check the current value and investment performance of their own fund by accessing dc-Link's member website at [www.dc-link.co.uk/alstom](http://www.dc-link.co.uk/alstom)

You simply need to type in a few details, such as current value of your Plan fund (you can find this on dc-Link's member website), the level of contributions you wish to consider paying, your current salary and the age at which you would wish to retire. The Pension Calculator then provides an estimate of what your pension (and tax-free cash sum if requested) could be at your selected retirement age. You can then easily experiment further to get a variety of different estimates by amending any of the following – the contribution level, retirement age or the tax-free cash sum required.

**THE PENSION CALCULATOR PROVIDES AN ESTIMATE OF WHAT YOUR PENSION COULD BE AT RETIREMENT. YOU CAN GET A VARIETY OF ESTIMATES BY AMENDING YOUR CONTRIBUTION LEVEL, TAX-FREE CASH SUM OR RETIREMENT AGE.**

**TO LOG ONTO THE PENSION CALCULATOR GO TO:  
[www.h-l.co.uk/pensions](http://www.h-l.co.uk/pensions)**

Complete the details on the 'Are you saving enough?' section, then click on 'Calculate now'.

Add the remaining details as required and click on 'Calculate now'.

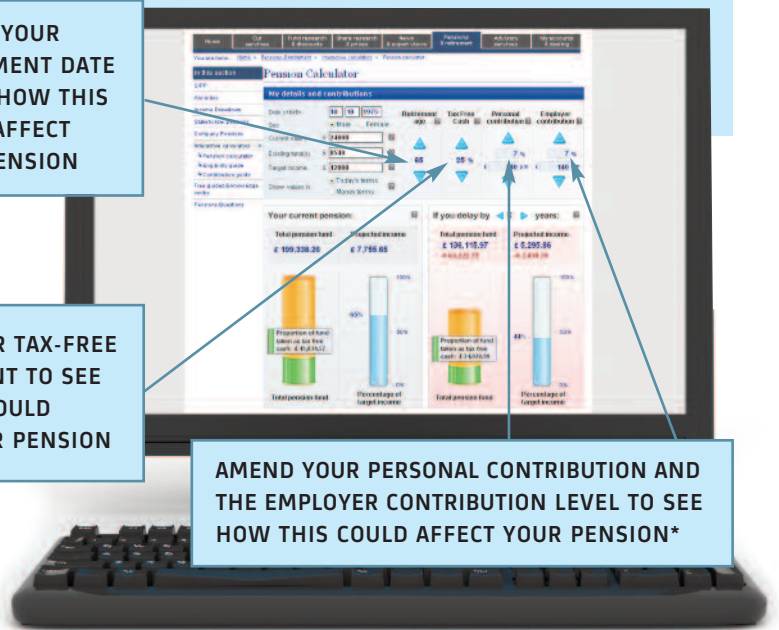
You will then see the results as in the screen below.

If you amend your requirements, the results will immediately change accordingly.

**AMEND YOUR RETIREMENT DATE TO SEE HOW THIS COULD AFFECT YOUR PENSION**

**AMEND YOUR TAX-FREE CASH AMOUNT TO SEE HOW THIS COULD AFFECT YOUR PENSION**

**AMEND YOUR PERSONAL CONTRIBUTION AND THE EMPLOYER CONTRIBUTION LEVEL TO SEE HOW THIS COULD AFFECT YOUR PENSION\***



\* When inputting the details, you need to remember that your personal (member) contributions will be matched by the employer's contribution up to a maximum of 8% of Pensionable Earnings, and that the minimum member contribution is 3% of Pensionable Earnings.

**Note** – also on Hargreaves Lansdown's website is an **Annuity Search Engine**. The Annuity Search Engine (set up for Alstom DC Plan members as part of Hargreaves Lansdown's Retirement Service) should be accessed via [www.hlcorporate.co.uk/alstom](http://www.hlcorporate.co.uk/alstom). If you access the Annuity Search Engine via the links on [www.h-l.co.uk/pensions](http://www.h-l.co.uk/pensions) (as above) then the calculations will not take into account the reduced rates which the Company has negotiated for Plan members.

If you have any queries on the Pension Calculator or the Annuity Search Engine, please call Hargreaves Lansdown on:  
**Pension Calculator:** 0117 980 9926 **Annuity Search Engine:** 0845 345 3501

The Pension Calculator is provided by Hargreaves Lansdown for the convenience of existing and prospective Plan members and should be used for illustration purposes only. Any figures given are examples only and are not guaranteed, and what you actually receive could be greater or less than shown. Neither Hargreaves Lansdown nor the Trustee gives any warranty as to the quality or accuracy of any projections that it may make.

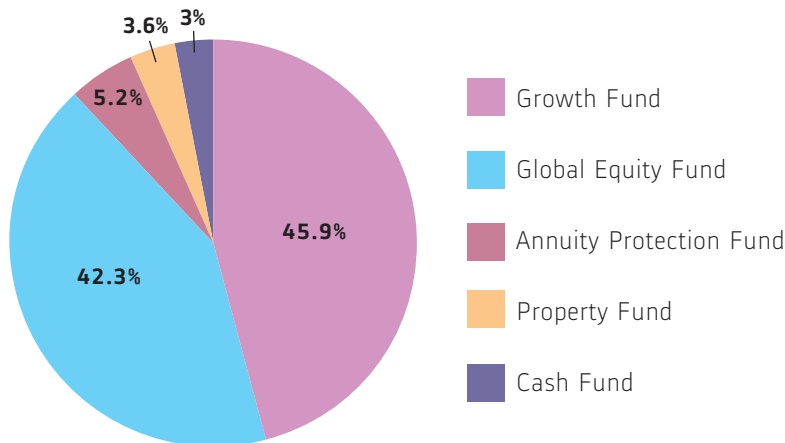
# INVESTMENTS

Here you can find information about the Plan's investments during the year to 30 September 2009, which we hope you will find useful.

## INVESTMENT CHOICES

The Plan currently provides members with a choice of investment funds. The Global Equity Fund, the Annuity Protection Fund and the Cash Fund are managed by Legal & General and the Property Fund managed by Threadneedle. The Growth Fund invests in a mixture of the Global Equity, Annuity Protection and Property funds. In addition to these investment funds, you may choose the Lifestyle option which invests in a combination of the Plan's funds. Under the Lifestyle option, contributions are invested in a mix of funds that automatically varies with your age and how far you are away from your retirement age. When you are some distance from retirement, the Lifestyle option invests in a mixture of equities, bonds and commercial property and as you get closer to retirement the mixture changes to bonds and cash.

The chart below shows the division of assets between each fund as at 30 September 2009.



As at 30 September 2009, 79% of members chose the Lifestyle option and 21% self selected their funds.

## NEW INVESTMENT CONSULTANT

Hymans Robertson, the UK's leading independent experts in investment and benefits, has been appointed as the investment adviser to the Plan.

**HYMANS ROBERTSON**

The appointment of Hymans Robertson was made following a periodical review of the Plan's investment arrangements. The Trustee is looking forward to working with Hymans Robertson to further develop the Plan to give members a choice of a range of appropriate investment strategies and the associated decision tools to enable them to make appropriate decisions relating to their pension investments.



Investment Consultant of the Year 2009





## INVESTMENT PERFORMANCE

The table below shows the investment performance for each of the Plan's funds over the last 12 months, and compares this to the fund's benchmark. Further details of the investment performance over the last quarter can be found on dc-Link's website.

### Investment returns over the 12 months to 30 September 2009

	Actual return (%)	Benchmark return (%)	Difference (%)
Growth Fund	5.8	4.0	1.8
Global Equity Fund	13.0	12.6	0.4
Annuity Protection Fund	17.5	15.8	1.7
Property Fund	-15.1	-16.5	1.4
Cash Fund	1.5	1.3	0.2

Note: Returns on funds are net of fees and expenses.

## IMPORTANT UPDATE – PROPERTY AND GROWTH FUNDS

In January 2008 the Trustee sent a letter to all Plan members confirming that a restriction had been imposed on the settlement of the Plan's Property Fund and Growth Fund. A further update was provided in February 2009. This restriction was imposed because Threadneedle, the Plan's Property Fund manager, introduced a queueing system for withdrawal of money from these two funds to ensure that both the high number of investors withdrawing money and those remaining invested in the fund are treated fairly. The Trustee has been informed by Winterthur that Threadneedle has now removed its waiting list for disinvesting from the Property Fund, and that all Plan funds have returned to their normal trading.

## MARKET COMMENTARY BY HYMANS ROBERTSON

The last 12-month period was a turbulent one for investment markets. The first half saw most 'risk' based investments (e.g. equities, property, corporate bonds) fall significantly in value, as markets feared an economic and financial 'meltdown'. There was a reversal in fortunes in the second half of the year as investors, relieved that the chances of a meltdown looked increasingly remote, sought to buy back into 'risky' assets. Equities ended the period having produced strongly positive returns, as did corporate bonds and Government bonds. Cash was a safe place to be but returns were very modest. Property was the only poorly performing asset class. The Plan's funds all produced positive returns with the exception of the Property Fund, where unit values fell. In addition, all funds outperformed their respective benchmarks.

## CONTRIBUTIONS FOR ACTIVE MEMBERS

Please remember that if you are an active member of the Plan, each year in April you have the opportunity to change the level of the contribution you pay to the Plan. The Company will pay matching employer contributions up to a maximum of 8% of your Pensionable Earnings. Look out for the letter which you will receive from dc-Link in February regarding this.



## COMPETITION – WIN A £25 SHOPPING VOUCHER!

After reading this edition of DC Matters, for your chance to win, simply answer the following question:

**Q** How many ballot forms were received in the election of the new Member-Nominated Directors?

Please email your answer, together with your name and address to: [contact.ukpensions@chq.alstom.com](mailto:contact.ukpensions@chq.alstom.com)

Please note this email address is set up only for this DC Matters competition.

All entries must be received by 31 January 2010. This competition is only open to members of the Plan (excluding members of the pensions department and the Trustee Directors).

Two winners will be drawn at random from the correct entries. Details of the prizewinners will be published in the next issue of DC Matters.

Due to the great response to our previous competition, the number of prizes was increased to three – congratulations go to the winners – Sara Brack in Rugby, Derry Gaunt in Knutsford and Tony Pike in Rugby who each won shopping vouchers for £25.

## HOW TO CONTACT DC-LINK

dc-Link is the Plan administrator and is your first point of contact if you have any queries about the Plan.

**write:**

dc-Link  
Churchgate  
1 New Road  
Peterborough  
PE1 1TT

**helpline:**

01733 353430  
Monday to Friday  
between 9am and 5pm

**email:**

[pensionsadmin@dc-link.co.uk](mailto:pensionsadmin@dc-link.co.uk)

**website:**

[www.dc-link.co.uk/alstom](http://www.dc-link.co.uk/alstom)

In the event of a conflict between details quoted in this newsletter and in the Plan's Trust Deed and Rules, the Trust Deed and Rules and overriding legislation will prevail.