

DC MATTERS

June 2011

RETIREMENT PLANNING

Our tips for a
successful retirement

YOUR 2011 BENEFIT STATEMENT

Getting the most
from your statement

**WIN
AN iPad!**

See inside

UNITED KINGDOM
Pensions

We are shaping the future

ALSTOM

COMPETITIONS

**WIN
AN iPad!**

Tell us what you think and you could win an Apple iPad!

Enclosed with this issue of DC Matters, you will find your new look annual benefit statement. We'd like to know what you think about the new format so that we can continue to improve our service to you.

To tell us what you think and be in with a chance of winning an iPad, please take a few minutes to complete the enclosed feedback form and return it to us by no later than 31 July 2011. We're also interested to hear how you'd prefer to receive communications about your pension, so there's a place on the form to tell us about that too. The winner will be notified by 3 August and will be announced in the next issue of DC Matters. Terms and conditions apply and are available on dc-Link's member website www.dc-link.co.uk/alstom



ALSTOM OPEN COMPETITION WINNER



Last year, we ran a competition for members of the DC Plan to win a two night stay in Paris and tickets to the VIP Pavilion at the Alstom Open de France golf tournament.

The Trustee arranged this prize draw to encourage DC Plan members to visit the dc-Link member website, which gives members the opportunity to actively review their Individual Account and investments at any time they wish.

Anyone who visited the website and activated their account before 4 June 2010 was entered into the free prize draw. Congratulations to the winner, Jamie Smith from our Oxley depot, who spent a fantastic two days in Paris at the Alstom VIP Pavilion in July last year!

Welcome

Welcome to the summer edition of DC Matters – the newsletter from the Trustee of the Alstom Defined Contribution Plan. This year's newsletter has a new look – we hope you like it.



Louise Mills

Enclosed with this newsletter you will find your 2011 benefit statement. No matter how far from retirement you are, we want to help you keep track of your pension. We've listened to your comments and made the benefit statement easier to understand. On page 4 of this newsletter we have included an article to help you make the most of your benefit statement.

To help you understand your options at retirement, we have included information about the different pensions (or annuities) available. You will find the annuity article on page 8.

It's important to the Trustee that you understand how the Plan works. That's why, this year, we are running pension surgeries

at a number of sites. The purpose of these is to give you more information about the Plan and answer any pension queries you have. Perhaps you would like to know more about your retirement choices or how to use the pensions calculator? However big or small your query, please come along. To find your nearest pension surgery see page 11.

“It's important to the Trustee that you understand how the Plan works.”

Finally, just a reminder that the Plan's member website is available 24/7. The website allows you to check your current fund value and monitor your contributions, as well as switching your investments. Visit www.dc-link.co.uk/alstom and log on!

**Louise Mills
Secretary to the Trustee**

Making the most of your benefit statement

Enclosed with this newsletter is your 2011 benefit statement. This is designed to help you keep track of your retirement savings so you can decide if you are likely to have enough money to live on in retirement, or if you need to save more now.



Your benefit statement explained

On page 4 of your benefit statement you will find an overview of how the value of your Individual Account has changed over the year.



Page 4 also provides details about the contributions made to your Individual Account over the year.

On page 5 you can find out how much pension you could receive at retirement based on some set assumptions about the future.

You should use this information to help you understand if you are on target to achieve the level of pension you want in retirement.

We want to help you with your retirement planning and that's why this year's benefit statement has been given a fresh new look. We hope that the new design will help you easily understand your benefits from the Plan.

Not on target?

If you are a contributing member and your pension savings are not on target, you could consider:



- **Increasing your contribution rate** – remember, Alstom will match the contribution you choose up to 8%, so if you're not paying the maximum (8%), you are missing out on free money.
- **Making Additional Voluntary Contributions (AVCs)** – you can make AVCs in excess of 8% of Pensionable Earnings (but Alstom will not match these additional contributions).
- **Retiring later** – to give yourself more time to build up the level of pension you want in retirement.

If you would like more information about boosting your retirement savings, you can contact dc-Link – see back page for details.

SINCE THE LAST ISSUE...

STATE PENSION AGE

By 2020, the State Pension Age (SPA) will rise to 66 for both men and women.

This increase will be phased in between December 2018 and April 2020. The increase will now begin six years earlier than originally planned.

Currently, the SPA for women is being increased from 60 to 65. This rate of increase will quicken from April 2016 so that it reaches age 65 in November 2018.

We will keep you updated about further changes in future editions.



Retirement planning



When you retire, the amount in your Individual Account or 'pot of money' will determine how much pension you receive. Here's a reminder of how the Plan works:

How the Plan works

You have your own Individual Account or 'pot' of money in the Plan:



You choose where your pot of money is invested from a range of funds:



The value of your pot changes depending on how well your investments perform and how much money is paid into it:

When you retire you can choose what to do with your pot of money:



Here to help

Deciding what type of annuity to buy at retirement might be daunting. So, the Trustee of the Plan has appointed a specialist, Hargreaves Lansdown, to help you with your decisions.

Hargreaves Lansdown will do all the hard work for you and Alstom pay for the service on your behalf. All you have to do is to provide some information about yourself so that Hargreaves Lansdown can search for annuities that suit your circumstances. There are many different types of annuities available so there's something for everyone. A dedicated team will search a panel of annuity providers and give you their most competitive options, based on the information you provide. Once you've decided which annuity is right for you, Hargreaves Lansdown will even help to get your monthly income started so you can get on with enjoying your retirement.

Of course, you don't have to buy your annuity through Hargreaves Lansdown, you can search the market for your own annuity. This is known as the 'open market option'. The annuity quotes you find on the open market might or might not be different to those Hargreaves Lansdown provides.



Remember:

Annuity prices vary just like with any other goods or services you buy so it's worth looking at your options carefully.

How it works

dc-Link and Hargreaves Lansdown will contact you automatically as you get closer to your retirement age so you don't need to do anything until then – just make sure dc-Link have your up-to-date address.

Choosing the right annuity

When you retire you use the value of your Individual Account to buy a pension or annuity to suit your circumstances. There are many types of annuities – in this edition we look at impaired life and enhanced annuities.

What is an impaired life or enhanced annuity?

Impaired life and enhanced annuities generally pay a higher income than normal annuities because they are expected to be paid for a shorter period.

Who would receive an impaired life annuity?

If you have a health problem that threatens to shorten your life, you might be able to buy an impaired life annuity at retirement.

Who would receive an enhanced annuity?

If you are overweight or a regular smoker, you could be eligible for an enhanced annuity. Your occupation or where you live could also affect your annuity rate. Some annuity providers offer higher incomes to people who have worked in certain occupations or who live in certain areas.

When you retire, you should shop around and compare the income you could get from different annuity providers. More information is provided on pages 7 and 9.



Making your retirement choices

The Pensions Regulator has produced a guide to help you decide how to take the benefits you have built up in the Plan.

'Making your retirement choices – Think before you choose' talks you through what you can expect to receive from the Plan and also how to explore the 'open market option' to ensure that you get the most for your money.



You can download the guide from the Pensions Regulator's website at:
www.thepensionsregulator.gov.uk/docs/making-your-retirement-choices-2010.pdf

JAPANESE INVESTMENTS

The Japanese earthquake was a terrible humanitarian disaster which also impacted the country's economy. The share prices of most Japanese companies fell sharply afterwards, although they have subsequently rallied.

You may want to know how these events have affected your investments. If you are invested in the Global Equity, Growth and Accumulation Funds you will have a relatively small exposure to Japanese shares. The Global Equity Fund has 4% of its shares invested in Japan, the Accumulation Fund which is 80% invested in shares has 3% invested in Japan, and the Growth Fund which is 33% invested in shares has just over 1%.

The Japanese economy represents 8% of the world economy. Shares worldwide experienced a drop after the earthquake but have since rallied and recovered the losses made.

Investing in shares is a longer term strategy and markets can experience shocks. However, diversified portfolios of holdings such as the Global Equity, Growth and Accumulation Funds are designed to withstand these and provide longer-term growth.

Other pensions news

The Government recently announced some changes to the amount you can save towards your pension tax free.

The Annual Allowance

On 6 April 2011, the Government reduced the Annual Allowance (AA) from £255,000 to £50,000.

The AA is the limit on the amount of tax free pension savings you can pay into your pension Plan in each scheme year. Pension savings in excess of the AA may incur an additional tax charge. The limit applies to all your pension savings – including pensions in other arrangements. For defined contribution schemes like the Plan, pension savings are the amount of cash paid into your Individual Account for the tax year (including Company contributions). The AA does not take into account any returns you receive on your pension investments or your State Pension benefits.

In order to reduce the risk of people being penalised for making large one-off payments into their pension fund, any unused AA can be carried forward from the previous three tax years. However, you must have been an active member of a registered scheme during this time for this to apply.

Most members of the Plan will not be affected by the reduction in the AA, which means that you can continue to benefit from tax savings on your contributions.

“Most members of the Plan will not be affected by the reduction in the AA, which means that you can continue to benefit from tax savings on your contributions.”

The Lifetime Allowance

From April 2012, the government will also reduce the Lifetime Allowance (LTA) from £1.8 million to £1.5 million.

The LTA is the limit on the total amount of tax-free pension savings you can build up over your lifetime. We will keep you updated about further changes in future editions.

If you think you might be affected you should contact dc-Link – see back page for details.

Pension events

To make sure that you have the relevant tools to help you make informed decisions about your pension, we have introduced two ways for you to obtain information in person.

Pre-retirement seminars

The Pensions Department holds pre-retirement seminars for contributing members who are retiring from the Plan. Each seminar is a half-day session, normally held in Rugby where the Pensions Department is based, or at another location within the country if there are enough people to attend.

The topics covered in the seminar include an overview of your Plan benefits and the retirement process, State benefits, wills, taxation, personal budgeting and investments. Please contact your HR department for details of the next seminar.

New pension surgeries

The Pensions Department is holding pension surgeries for members of the DC Plan. The surgeries will be an opportunity for members to ask questions and will give the Pensions Department a chance to find out how members prefer to be communicated with.

Confirmed dates:

9 June – Stafford

23 June – Ashby-de-la-Zouch

13 July – Rugby

11 August – Rugby

21 September – Preston

21 October – Newcastle-upon-Tyne

November TBC – Golders Green and Morden

WHAT WOULD YOU LIKE TO ASK?

If there is something that you don't understand about your pension or about how to plan for your retirement, please ask.

If you have a question about the Plan, you can call the helpline on 01733 353430, between 9am and 5pm Monday to Friday or email pensionsadmin@dc-link.co.uk

Alternatively, look out for the next pension surgery taking place at your site and come along!



Don't forget to visit the website

It's easy to keep in touch with your pension on the Alstom DC Plan member website. You can check your current fund value, monitor your contributions and check the performance of the individual investment funds. You can also make requests to switch your investments.

Visit the member website at:
www.dc-link.co.uk/alstom

Log on to the member website and win £25!
Visit www.dc-link.co.uk/alstom

To log on, you will need your Individual Account number (which is in the format A/000xxxxx). This number can be found on any correspondence issued by dc-Link, including your benefit statement. Click on 'Member Login' and follow the instructions. If you have any problems using the website, please call dc-Link's helpline on 01733 353430.

Each month you log on to the website, you will automatically be entered into a free prize draw and have a chance to win a £25 shopping voucher!

The lucky winners of the last six months' prizes were:

October – Ravinder Sahota (Birmingham)

November – Fang Yang (Rugby)

December – Craig Jones (London)

January – David Ashley (Knutsford)

February – Dennis Speck (Derby)

March – Mark Sharp (Morden)

**LOOK OUT FOR THE NEXT EDITION
OF DC MATTERS IN JANUARY**



Contact details

For further information, please contact the Plan administrator using the following details:

Write to:

Alstom Defined Contribution Plan

dc-Link
Churchgate
1 New Road
Peterborough
PE1 1TT

Telephone: 01733 353430

Email:

pensionsadmin@dc-link.co.uk

Website:

www.dc-link.co.uk/alstom



Mixed Sources
Product group from well-managed
forests and other controlled sources

Cert no. TT-COC-002571
www.fsc.org
© 1996 Forest Stewardship Council

To be replaced

ALSTOM