

# DC Matters

from the Trustee of the Alstom Defined Contribution Plan  
December 2008

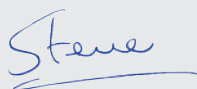
## Welcome to the latest edition of DC Matters – a newsletter produced by the Trustee of the Alstom Defined Contribution Plan (the Plan).

In this edition, we take a look at today's economic problems and try to answer some of the questions which you may have. We also draw your attention to dc-Link's Pension Calculator, which is a useful new tool for checking if you are saving enough to provide the amount of pension you want at retirement.

**After reading through this newsletter, why not enter our competition?  
See back page for more details.**

## Message from the Chairman

*The turmoil in the financial markets has made 2008 a difficult year for everyone. Notwithstanding, I would like to take this opportunity, on behalf of the Trustee Directors, to wish you and your families all the very best for the season and the new year.*



**Stephen Burgin, Chairman of the Trustee Board**



## Meet the team

### The Trustee Board is responsible for the day-to-day administration of the Plan.

There have been a few changes to the membership of the Trustee Board during 2008. In April, Stephen Burgin replaced James Milner as Chairman, and Keith B Jones and Mike Atkin were elected Member Nominated Directors.

The current members of the Trustee Board are pictured below, together with Bryan Radford (the Pensions Executive) and Louise Mills (the Secretary to the Plan).



From left to right:

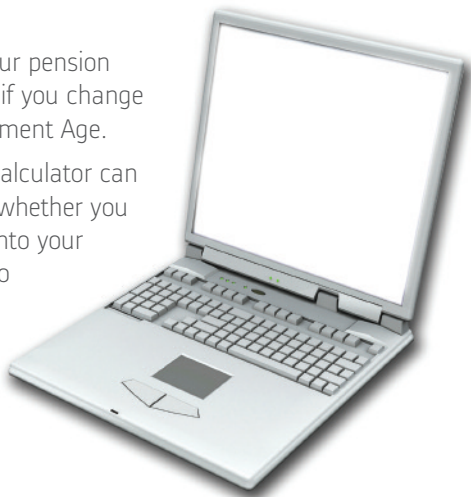
Paul Naughton, Helena Austin, Nicolas Khalife, Stephen Burgin, Mike Atkin, Keith B Jones, Bryan Radford and Louise Mills.

## The pension calculator

A 'Pension Calculator' has recently been added to the dc-Link website. This useful tool allows you to calculate what your pension and tax-free cash might be at retirement, based on your current level of contributions. It also allows you to:

- see how your benefits might change if you paid additional contributions – either by increasing the amount you pay or by paying a one-off lump sum;
- take into account any additional amounts that the Company would pay into your Individual Account if you increased your own contributions; and
- determine how your pension might be affected if you change your Target Retirement Age.

Using the Pension Calculator can help you determine whether you are paying enough into your Individual Account to achieve the pension you want at retirement.



To access the Pension Calculator, log on to dc-Link at:

<https://www.dc-link.co.uk/alstom>

A link to the Pension Calculator appears on the home page.

### How do you register?

If you have not registered already for an on-line account, you will need to activate your account, by following three easy steps:

- 1) Go to [www.dc-link.co.uk/alstom](https://www.dc-link.co.uk/alstom), and click the 'GO' button next to where the text says 'individual'.
- 2) Before you enter any personal details, click on the text 'click here' that appears at the end of the **second line** to register for 'Your Pension Online'.
- 3) Type in your account number, surname and password of your choice.
- 4) The screen should then prompt you to call dc-Link's helpline on 01733 353 430 to activate your account.

Once activated, you can log in as normal by entering your surname, account number and the password you chose when you registered.

## Thinking of changing the amount of contributions you pay into the Plan?

**You will receive a letter next January giving you the option to change how much you pay into the Plan from April 2009.**

The Company will match your contributions, up to a maximum of 8% of your Pensionable Earnings. Why not use the Pensions Calculator to see how changing your contributions could affect your pension?



## News

### **Security of members' benefits in a Defined Contribution Plan**

**In the current investment climate you may be concerned about the security of the contributions you have invested in your Individual Account. Here we offer insight into the security surrounding your investments.**

The Trustee invests contributions through a policy with an investment platform manager. The platform manager then invests into underlying funds with other fund providers. The Financial Services Compensation Scheme (FSCS) provides protection for members of the Plan in the event that the platform manager becomes insolvent and is unable to meet its liabilities to the Plan. Broadly speaking, the FSCS would be expected to provide compensation of at least 90% of the value of the policy with the investment platform manager.

The Trustee would not be entitled to FSCS protection in relation to insolvency of an underlying fund provider, and it is possible that the Trustee would not be able to recover the full value of the investment from insolvency. However, all the current fund providers are insurance companies which are regulated by the Financial Services Authority, and are required to keep a significant amount of assets to help ensure they can meet all their liabilities.

For more information on current market conditions, see 'Your questions answered' on page 4.



## Report and accounts

**Every year the Trustee publishes a detailed Annual Report and Accounts for the Plan.**

The Plan's auditors, Deloitte LLP, audit the Annual Report and Accounts to confirm that they present a true and fair view of the Plan's financial position.

If you would like a full version of the audited Annual Report and Accounts for the year ended 5 April 2008, please contact Clare Brand on 01788 557 415.

## Your questions answered

### How is the current crisis in the banking and insurance industries affecting my pension?

The credit crunch continues to affect all of the funds held in the Plan. The only positive performing fund over the last quarter ending 30 September 2008 was the Cash Fund. The markets are particularly volatile and it is important that you review your current investments including the Lifestyle Fund (if applicable) and ensure dc-Link is aware of your selected Target Retirement Age.

### What is being done to protect my pension in the current credit crunch?

The Trustee obtains investment advice on a regular basis and, with the advisers, is closely monitoring the investment performance of the funds and market conditions. However, it is important to remember, that investing in a Defined Contribution Plan is a long-term investment for most members. Many members choose to invest in risky assets such as equities, in the hope of achieving higher long-term returns, but they can be affected by significant short-term market movements.

### Did the Plan have any investments in the troubled Icelandic banks?

None of the underlying funds are invested in the Icelandic market.

### Can investments be moved to safer places?

Subject to the Fund Manager's ability to carry out your request, you are able to switch between funds at any time. Lower risk investment options such as the Cash Fund or the Annuity Protection Fund are available. However, you should note that these funds have limited growth potential over the long term, so switching into these funds may lock-in recent stock market falls.

### Can it get worse?

The value of funds can fall as well as rise at any point in time.

There remains significant uncertainty in relation to the direction and volatility of financial markets at the current time. Asset classes such as equities and property are more volatile than bonds and cash. As a result, the magnitude of gains or losses are likely to be greater.

### When will there be a recovery?

There is no certainty as to when there will be a recovery and we are unable to predict when there will be one.



### The Company is doing better now, why can't it protect/underwrite any potential shortfall in the short term?

In a Defined Contribution Plan it is the member who takes the investment risk. The Company continues to pay the cost associated with running the Plan and pays the cost of providing the life assurance and Income Replacement Scheme benefits.

### I am approaching retirement, is there anything I can do to protect the value of my fund? When is the best time to purchase an annuity?

You should review your fund selection on a regular basis and this becomes particularly important when you are approaching retirement age. With regard to timing of annuity purchase, we recommend that you contact an independent financial adviser.

### Where can I get further information?

Answers to other common questions can be found on:

#### dc-Link

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

#### Alstom Pensions

[www.pensions.uk.alstom.com](http://www.pensions.uk.alstom.com)

#### Alstom Pensions (from the intranet)

[iww.pensions.alstom.com](http://iww.pensions.alstom.com)

#### The Pensions Advisory Service

[www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk)

#### The Financial Services Authority

[www.fsa.gov.uk](http://www.fsa.gov.uk)

You can also call dc-Link on 01733 353 430.

## Investment performance

Reading the current headlines, you may be concerned over the impact market falls will have on your Individual Account. However, it is important to remember that investing in a Defined Contribution Plan is a long-term investment.

### Investment returns over the 12 months to 30 September 2008

The table to the right shows the annual investment performance for each of the Plan's funds over the last 12 months, and compares this to the fund's benchmark. Details of the investment performance over the last quarter can be found on dc-Link's website. Members should note that the poor performance is a reflection of market conditions. If you wish to change the way you invest your future contributions and/or existing fund, please contact dc-Link (details on the back page).

	Actual return (%)	Benchmark return (%)	Difference (%)
Global Equity Fund	-19.4	-19.4	0.0
Property Fund	-14.0	-17.8	3.8
Annuity Protection Fund	-2.7	-3.2	0.5
Growth Fund	-11.9	-13.3	1.4
Cash Fund	5.5	5.5	0.0

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

### Important reminder for members invested in the Lifestyle Option

If your contributions are invested in the Lifestyle Option, your investments will gradually be switched out of the Global Equity and Growth Funds and into the Annuity Protection and Cash Funds as you approach retirement. The reason for doing so is to reduce the chances of your expected pension changing dramatically shortly before you retire, due to sudden changes in the investment market.

This switching is done automatically by dc-Link, and starts a number of years before your Target Retirement Age. You are asked to choose your Target Retirement Age when you join the Plan and it is the age at which you are intending to retire, which may not be the same as your Normal Retirement Age of 65.

It is important that you regularly review your Target Retirement Age as your circumstances change, and advise dc-Link of any changes to the age at which you are intending to retire. Otherwise your investments may not be in an appropriate fund when you reach retirement.

**It is worth reminding members of the benefits of the Plan. These include:**

### Valuable death in service benefits

In the event of your death in service, a lump sum would be payable equal to the value of your Individual Account **plus** four times your Pensionable Earnings **plus** the future contributions that would have been paid by both you and the Company until your Normal Retirement Age.

### Valuable tax relief on your contributions and on retirement

You receive tax relief on the contributions you pay at your highest marginal rate and, under current tax laws, you can take up to 25% of the value of your Individual Account as a tax-free cash lump sum.

#### For example:

- Consider a member who is age 30 with Pensionable Earnings of £25,000, a fund value of £15,000 and who pays 4% into the Plan.
- Member contributions paid into the Plan are £1,000 but the cost after the tax relief is £800 (40% tax relief is given to members who pay a higher rate tax).
- At retirement, a tax-free cash sum can be taken equal to 25% of the value of the member's Individual Account at retirement.
- Current death in service lump sum would be £185,000.

## Competition

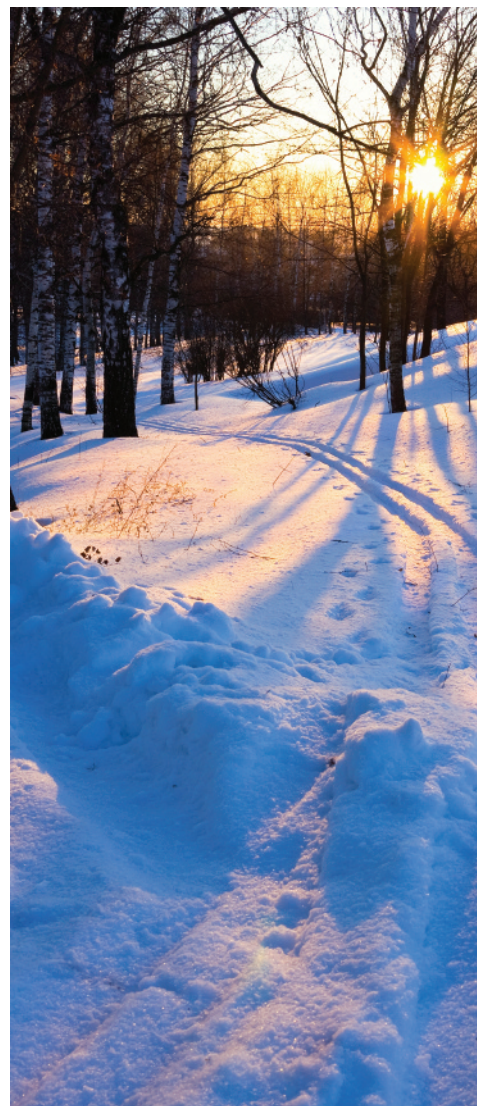
We are offering our members the chance to win a bottle of champagne! To enter simply answer the following question:

What is the name of the tool on the dc-Link website which can be used to calculate how much your pension might be at retirement (hint: you may want to re-read page 2)?

Email your answer, together with your name and address, to [contact.ukpensions@chq.alstom.com](mailto:contact.ukpensions@chq.alstom.com). All entries must be received by 31 December 2008. This competition is only open to members of the Plan (excluding members of the pensions department and Trustee Directors).

The winner will be drawn at random from the correct entries. Details of the prize winner will be published in the next issue of DC Matters.

The two lucky winners of the competition in the last issue of DC Matters were Lesley Dunn (Alstom Power – Knutsford) and Chrissy Betteridge (Alstom Power – Ashby De La Zouche).



## How to contact dc-Link

If you have any queries about your Individual Account, you can write to dc-Link at: **dc-Link, Churchgate, 1 New Road, Peterborough PE1 1TT**

Alternatively, you can call the helpline on **01733 353 430** which is available Monday to Friday between 9am and 5pm or email [pensionsadmin@dc-link.co.uk](mailto:pensionsadmin@dc-link.co.uk)

## Your feedback matters

Thank you to those of you who filled in the feedback forms which were sent earlier this year. The Trustee has listened to your comments and will advise you of some new developments in 2009.

More information about the Plan can be found in your Member Booklet. Full details are contained in the Trust Deed and Rules. In the event of any discrepancy between the information contained in this newsletter and the Trust Deed and Rules, then the Trust Deed and Rules will apply.