

GE  
Alstom Pensions



# Dimension

For members of the Alstom Pension Scheme  
March 2016



WIN  
**£25**  
IN VOUCHERS

# Welcome

Welcome to the latest edition of Dimension, the newsletter for members of the Alstom Pension Scheme (the Scheme).

In this edition you'll find:

- An update on the GE alliance – see page 3.
- Information on the Scheme's financials and membership across pages 4 to 5.
- Contribution options available to active members at April 2016 on page 8.
- News about pensions that may affect you – turn to page 10.

We hope you find this edition useful, and as ever welcome any feedback you may have!

## Competition

For your chance to win a £25 shopping voucher, answer the following question:

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**Q** How long is the term of office for a Member Nominated Trustee Director?

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### Clue!

The answer is in this newsletter! All Scheme members are eligible to enter. Simply email your answer, along with your name and home address to **contact.ukpensions@chq.alstom.com**

You can also enter by post – send your answer, along with your name and home address to:

**Secretary to the Trustee, Pensions Department, GE, Newbold Road, Rugby, CV21 2NH**

All entries must be received by **31 March 2016**.

The winner will be selected at random and will be notified in April 2016. Terms and conditions apply and are available from the Pensions Department on request.

The winner of the competition in the July 2015 edition of Dimension was John Davidson. Well done John!



# General news

## GE alliance update

Further to the update in the last newsletter regarding the proposed GE transaction, we can confirm that this was finalised on 2 November 2015. As a result, GE has acquired Alstom's Power and Grid businesses.

As part of this process GE acquired ALSTOM Limited, which is the 'principal company' of the Scheme, to which the Scheme continues to attach. The Scheme therefore now falls within the GE group.

GE did not, however, acquire Alstom's Transport businesses. Consequently, alternative pension arrangements have been made for members who are currently employed by ALSTOM Transport UK Limited, ALSTOM NL Service Provision Limited and West Coast Traincare Limited.

The Trustee Directors are currently discussing the implications of this change of control with GE, and met with representatives in December to discuss GE's general approach on pension matters. During that meeting, the wider support that GE intends to provide to the Scheme was presented, as well as GE's views on the Scheme's upcoming actuarial valuation.

The Trustee Directors are currently reviewing the initial proposals put forward by GE and plan to meet with them regularly, with the assistance of the respective professional advisers.

We will update you again once the valuation has been agreed.

## Trustee update

In September 2015 the Trustee wrote to active and pensioner members inviting applications for the role of Member Nominated Trustee Director (MNTD) of the Scheme. There were two vacancies for active MNTDs and two for pensioner MNTDs. The process for appointing MNTDs was completed in October and the following members started their four-year terms on 1 November 2015:



**Richard Dean**

Appointed for a third term of office as an active MNTD.



**Iain Rutherford**

Appointed for a second term of office as an active MNTD.



**Don McKenzie**

Appointed for a second term of office as a pensioner MNTD\*.



**Harvey Perkins**

Appointed for a third term of office as a pensioner MNTD.

\*Don has been a MNTD since 2004, when he was appointed as an active MNTD.

# Scheme financials - in brief

On the following pages, you'll find a summary of the 2015 Annual Report and Accounts for the Scheme.

## Fund account

The table below provides an overview of the income and expenditure of the Scheme for the year ending 5 April 2015, together with comparative figures for 2014.

	2015 £ million	2014 £ million
<b>Net assets at the start of the year</b>	<b>1,564.5</b>	<b>1,530.4</b>
<b>Coming into the Scheme</b>		
Contributions received	48.2	47.5
<b>Total received</b>	<b>48.2</b>	<b>47.5</b>
<b>Going out of the Scheme</b>		
Benefits paid	(90.0)	(90.0)
Transfer values paid	(1.4)	(2.0)
Administration expenses	(1.8)	(1.5)
<b>Total paid</b>	<b>(93.2)</b>	<b>(93.5)</b>
<b>Return on investments</b>		
Investment income	38.0	36.2
Investment management expenses	(3.6)	(3.0)
Change in market value of investments	137.3	46.9
<b>Net return on investments</b>	<b>171.7</b>	<b>80.1</b>
<b>Net increase/(decrease) in the Fund</b>	<b>126.7</b>	<b>34.1</b>
<b>Net assets at the end of the year</b>	<b>1,691.2</b>	<b>1,564.5</b>



If you would like to view the full Annual Report and Accounts you can do so by visiting the pensions website at [www.pensions.uk.alstom.com/quickfind\\_APS.htm](http://www.pensions.uk.alstom.com/quickfind_APS.htm)

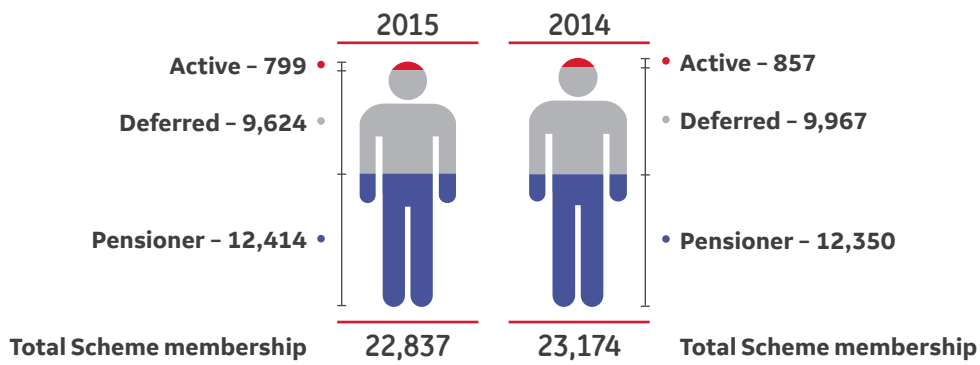
Between 5 April 2014 and 5 April 2015, the Company paid £36.3 million towards the shortfall in the Scheme's funding position. This figure is included in the contributions received opposite. The Company (GE) will continue to pay contributions towards the shortfall until 5 April 2027, in line with the agreed Recovery Plan.

## Scheme membership

The table below shows the Scheme membership (split by section) at 5 April 2015.

	Active	Deferred	Pensioner
2006 Defined Benefit Section	799	520	544
Main Section	–	7,567	10,509
Retirement Capital Plan (RCP) Section	–	376	39
Basis 4 Section	–	14	38
Electricity Section	–	227	124
Babcock Section	–	17	17
Cegelec Section	–	726	1,063
ABB Section	–	155	80
Additional Savings Plan (ASP) Section	–	22	–
<b>Total Scheme membership</b>	<b>799</b>	<b>9,624</b>	<b>12,414</b>

The changes in membership between 5 April 2014 and 5 April 2015 are shown below:



# Meet the Scheme administrator – JLT Employee Benefits



**JLT Employee Benefits have been the Scheme Administrator since March 2009. We asked Nigel Clarkson, JLT's Senior Client Manager based at Leatherhead, to talk about JLT's role...**

## What does JLT do to help the Scheme?

We administer the benefits of over 10,400 employees and members with deferred benefits held in the Scheme. We also pay pensions to approximately 12,400 pensioners and beneficiaries. On a daily basis we calculate benefits, issue quotations, pay pensions, make data changes, transfer monies and deal with any questions raised about benefits. We ensure that all legislative requirements are met and that our Client Accountants maintain and manage the Trustee Bank Account, as well as ensuring that contributions are invested on time and that all financial transactions are completed in a timely fashion.

## What do you think is the most important part of your job from a member's perspective?

First and foremost, we have a duty, on behalf of the Trustee, to pay the correct benefit payments to Scheme members and beneficiaries when they become due.

Aside from that duty, we believe that the most important thing we can do as an administration team is to ensure all enquiries we receive from members are answered fully; in plain English and in a timely manner. It's important to us to know that we have satisfied the members' needs and that they feel they can approach us with any questions they have regarding their benefits in the Scheme.

## What do you enjoy most about your job?

There are a number of things that as a team we enjoy. We like the fact that we have first-hand contact with members. It's important to us that we feel that the members, as well as ourselves, can pick up the phone to clarify any queries or resolve any issues. It's incredibly satisfying to be able to help members to understand their options and help them through what can be a complex and baffling experience. We work closely with the Pensions Team in Rugby and have built up a strong relationship with them, which we believe has enhanced the overall experience for members.

# Friends Life AVCs

## A reminder to review how your AVCs are invested

Active members can choose to make Additional Voluntary Contributions (AVCs) to top-up the benefits that they receive from the Scheme. Paying AVCs is a straightforward, tax-efficient and cost-effective way to increase your Scheme benefits.

The Trustee has an AVC arrangement with Friends Life, part of the Aviva Group. You can invest your AVCs in a range of investment funds that invest in equities, bonds, cash and 'alternative' investments, or invest in the 'Lifestyle' investment strategy.

The Lifestyle strategy is a long-term investment strategy where you do not need to make choices about how your AVCs are invested. Instead, we have pre-selected an investment strategy for you in a mixture of investment funds, which varies according to how close you are to retirement.

If you have AVCs in the Scheme with Friends Life you will have received a letter from us in October detailing some changes to the Lifestyle strategy. This change is designed to ensure that your AVCs are invested in a way that complements how most members plan to take their AVCs when they retire – as cash.

This letter confirmed that we are also making available two new funds for those members who prefer to decide how their AVCs are invested, as opposed to the Lifestyle approach.

### **Both of these changes are due to come into effect in early 2016.**

It is important for you to review how your AVCs are invested and ensure that you are comfortable with the level of investment returns you might expect to generate as well as the level of risk being run.

You can check how your AVCs are invested by looking at your latest member AVC statement or by contacting JLT, the Scheme administrator, using the contact details on the back page.



If you wish to make a change to how your AVCs are invested, or keep up to date on the performance of the funds you have chosen, visit [www.pensions.uk.alstom.com](http://www.pensions.uk.alstom.com)

## Investment performance update

The Trustee's independent investment performance measurer, WM Performance Services, compares the performance of the Scheme's investments against their benchmarks.

Overall, in the twelve months to 30 September 2015, the Scheme's investments produced a positive return of 3.5%, compared with the benchmark return of 2.9%. Over the three years to 30 September 2015 the Scheme produced a positive return of 7.2% a year, compared with the benchmark return of 6.3% a year.

# Contribution options at April 2016 for Active members

Active members of the Scheme can change their contribution rate once a year, with effect from 1 April. JLT Employee Benefits wrote to active members at the end of February to give them their contribution options from April 2016.



If you wish to make a change to your contribution arrangements from April 2016 you must complete the Options Form and return it to JLT by **28 March 2016**.

## What do other members contribute?

Find out below what Scheme members chose to pay from April 2015.

	Tier 1	Tier 2	Tier 3
<b>Ordinary contributions (% of Pensionable Earnings)</b>	4%	5.5%	7%
<b>Benefit accrual rate</b>	1/85th	1/75th	1/65th
<b>Number of members in tier from April 2015</b>	124	104	571

For example, members in Tier 3 pay ordinary contributions of 7% of Pensionable Earnings in return for a pension at retirement of 1/65th of Final Pensionable Earnings for each year of Pensionable Service.

In addition to ordinary contributions, 180 members also pay Additional Voluntary Contributions (AVCs). AVCs are invested separately into a member's individual account with Friends Life and provide extra benefits at retirement.

You can see  
how much  
you currently  
contribute on  
your pay slip.



## Not paying contributions through salary sacrifice?

Members who are paying their pension contributions through salary sacrifice and are under State Pension Age pay less in National Insurance contributions and therefore their take-home pay is higher than if they were not paying through salary sacrifice. If you are not currently paying your contributions through salary sacrifice, you might want to do so from April, by ticking the box on the Options Form.



Further details on salary sacrifice are on the Alstom Pensions website at [www.pensions.uk.alstom.com/quickfind\\_APS.htm](http://www.pensions.uk.alstom.com/quickfind_APS.htm)

If you have any queries about your contribution options, please contact the Pensions Department at GE in Rugby using the contact details on the back page.



# Pension news



## Pension tax updates

There are a number of changes being made to the way tax relief is applied to pension savings and benefits from 6 April 2016. The key changes are summarised below and overleaf.

## Annual Allowance

The Annual Allowance (AA) is the limit on the amount that you can build up in pension savings each year tax free. The AA is currently £40,000. If your pension savings for the year exceed the AA, then you may be subject to a tax charge.

From April 2016, the AA will be reduced for some individuals earning £110,000 or more. It will apply to anyone who earns at least £110,000 (excluding pension contributions) and has 'adjusted income' (which includes pension contributions) in excess of £150,000. Broadly, for every £2 of adjusted income over £150,000, the AA will be reduced by £1, down to a minimum of £10,000.



# Lifetime Allowance

The Lifetime Allowance (LTA) is the maximum amount of pension savings you can build up tax free over your lifetime across all of your registered pension schemes. This limit does not include any State Pension.

The LTA has gradually been reduced and is currently £1.25 million but will reduce further to £1 million from April 2016. From 6 April 2018, the LTA will be indexed, rising each year in line with the increase in the Consumer Price Index.

If you think you may be affected by the LTA, you may be able to apply to HMRC to protect your pension savings from the LTA tax charge.

If your pension savings are worth more than £1 million, from April 2016 you will be able to apply to HMRC for one of two new protections when the LTA is reduced. These will be known as Fixed Protection 2016 and Individual Protection 2016.

You will be able to apply for these protections by using a new online self-service system which will be available from July 2016. Note that you may still be able to apply for Individual Protection 2014, which was introduced to protect against the reduction in the LTA from £1.5 million to £1.25 million for the 2014/15 tax year. Individual Protection 2014 will give you a protected LTA equal to the value of your pension savings on 5 April 2014, subject to an overall maximum of £1.5 million.



**Reducing to £1 million**



You can find more information about how to apply for protection along with other information about the existing protections and when these may be lost at [www.gov.uk/tax-on-your-private-pension/lifetime-allowance](http://www.gov.uk/tax-on-your-private-pension/lifetime-allowance)

## How this affects you

It is important that you understand how your pensions savings are affected by the AA and the LTA so that you are able to continue making pension savings in a tax-efficient way. Ultimately, it is your responsibility to manage your tax position. If you are unsure of your tax position, we strongly recommend that you speak to an independent financial adviser, as the Trustee and the Company cannot advise you on your personal financial circumstances.



You can find an independent financial adviser in your area at [www.unbiased.co.uk](http://www.unbiased.co.uk)

# Contact us

JLT Employee Benefits (formerly Ensign Pensions Administration) is your first point of contact for the Scheme. If you have any queries about the Scheme or your benefits, or would like an up-to-date valuation of your spouse's pension please contact JLT Employee Benefits.

## Address:

Alstom Pension Scheme,  
JLT Employee Benefits,  
Leatherhead House,  
Station Road, Leatherhead,  
Surrey, KT22 7ET

## If your pension has not started yet:

**Tel:** 01372 200 363

**Email:** [alstom\\_pensions@jltgroup.com](mailto:alstom_pensions@jltgroup.com)

## If you are receiving your pension:

**Tel:** 01372 200 333

**Email:** [payroll\\_team2@jltgroup.com](mailto:payroll_team2@jltgroup.com)

## Normal office hours:

are 8.30am to 5.30pm Monday to Friday.

The Pensions Department at GE in Rugby is able to liaise with JLT Employee Benefits if you experience any problems.

## Address:

Pensions Department,  
GE, Newbold Road,  
Rugby, CV21 2NH

**Email:** [alstom.ukpensions@chq.alstom.com](mailto:alstom.ukpensions@chq.alstom.com)

**Tel:** 01788 557402 or 01788 557403

## Normal office hours are:

8.30am to 5.00pm Monday to Thursday  
and 8.30am to 4.30pm Friday.



Visit the pensions website for useful information about the Scheme

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

Full details of the Alstom Pension Scheme 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, the Trust Deed and Rules will prevail.

Dimension is also available in large print from the Pensions Department at GE in Rugby (see contact details).