

# PENSION FOCUS EXTRA

For members of the Alstom  
Group Personal Pension Plan

Investment options review  
December 2014



UNITED KINGDOM  
Pensions

**ALSTOM**  
*Shaping the future*

# Welcome

Welcome to this edition of Pension Focus Extra – the newsletter for members of the Alstom Group Personal Pension Plan (the Plan).

Where you choose to invest your money in the Plan can make a big difference to your retirement savings. We want to make sure you have access to investment options that suit you and your needs.

There have been some significant changes announced to pensions this year as part of the 2014 Budget. These changes, which take effect from April 2015, will increase the flexibility in the way you can take retirement benefits. There will also be a restriction on the investment charges imposed by pension providers.

In October's edition of Pension Focus, we told you that the Governance Committee had been reviewing the Plan's investment options in light of these changes. This review is almost complete and the Committee has decided that it would like to make a number of changes.

In addition, over the past year there have been some significant personnel changes in relation to one of the funds that forms part of the Plan's default investment option, where most employees are invested. The long-standing manager and several members of the team of the Standard Life Global Absolute Return Strategies (GARS) fund have left Standard Life. The GARS fund is also likely to exceed the new 'charge cap' requirements, which limit the charge on default funds to 0.75% a year. As a result, our advisers have recommended that the Plan no longer uses this fund.

This edition of Pension Focus Extra gives you an update on the changes that the Committee is planning to introduce from April 2015.



**Bryan Radford**  
UK Benefits Director

**Stuart Field**  
Pensions Administration Manager



# Investment options review

## The Alstom Mixed Investment Lifestage Approach – the Plan’s default investment option

A number of changes need to be introduced to the default lifestage option from April 2015 to make it...



...compliant with the new charge cap requirements.



...more relevant to the way people are likely to take their pension benefits at retirement.

The Government is removing the requirement to purchase an annuity at retirement from April 2015. Consequently, it is generally expected that many people will seek to take their benefits via immediate cash withdrawal or via income drawdown, instead of (or as well as) buying an annuity. This has an impact on how the de-risking phase of the current default option should be structured.

Changes being planned to the default lifestage option

### Replacement of GARS

Standard Life GARS, one of the underlying funds in the growth phase of the default option, should be replaced with a new fund that has a similar level of investment risk and which meets the new charge cap legislation.

### Replacement of Aviva Long Gilt fund

The Aviva Long Gilt fund which is used in the de-risking phase closer to retirement (and which typically moves in line with annuity prices), should be replaced with a fund better aligned to those targeting income drawdown.

### Automatic changes

All members in the default option will automatically be moved into this new strategy from April 2015, but will have the option to switch to an alternative lifestage option or to invest in one or more of the core funds.



## Alternative lifestage options

Currently the alternative lifestage options, the Equity and High Equity lifestages, are selected by only a handful of members.

As a consequence, these two strategies will no longer be monitored by the Committee from April 2015 (although members currently contributing to them may continue to use them).

### New alternatives

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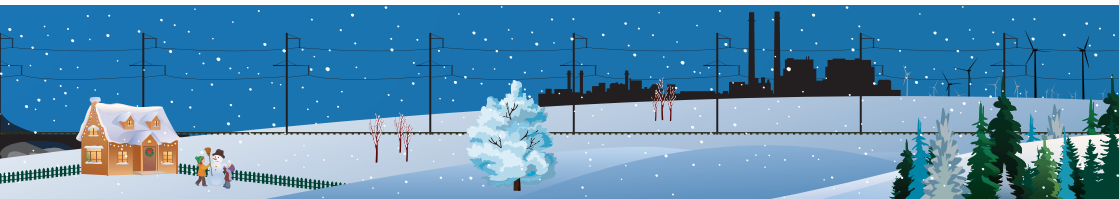
A new alternative lifestage option will be offered for those members who wish to continue to target annuity purchase at retirement, and who do not wish to use the new default option.

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For members who may be contemplating targeting cash withdrawal at retirement, the core fund range includes a Deposit Fund that members may consider closer to retirement.

### Core funds

Although GARS will no longer be monitored by the Committee, existing members who have self-selected funds can remain invested in GARS or will have the option to switch to another core fund with the same risk rating. All other core funds remain unchanged.



# Next steps

The Committee's review is almost complete and it is currently assessing the specific investment funds available that meet the requirements of the new structure.

## In February we will:

- Give you details of the new range of investment fund choices and inform you of how you will be affected.
- Provide information to help you decide whether the new default lifestage option is appropriate for you and to explain any action required.
- Explain more about the new retirement options that will be available to you from April 2015 and the guidance that could help you with your considerations.
- Inform you about pension roadshows to aid your understanding of the changes.




# Useful contacts




## Aviva

Contact Aviva for any queries relating to the Plan.

 [www.aviva.co.uk/mypension/alstom](http://www.aviva.co.uk/mypension/alstom)

 [alstom@aviva.co.uk](mailto:alstom@aviva.co.uk)


 0800 2600 386


Normal office hours are 9:00am to 5:00pm Monday to Friday.



## Hargreaves Lansdown

For queries relating to finding an annuity and retirement planning.

 [www.hl.co.uk](http://www.hl.co.uk)


 01173 141 798


Normal office hours are 8:00am to 7:00pm Monday to Thursday, 8:00am to 6:00pm Friday and 9:30am to 12:30pm Saturday.



## Alstom Pensions Department

For any other queries, including queries about the Alstom Group Life Assurance Scheme, you should contact the Alstom Pensions Department.

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

 01788 557 402 or 01788 557 403

Normal office hours are 8.30am to 5.00pm Monday to Thursday and 8.30am to 4.30pm Friday.

**This document is available in large print on request.**

Full details of the Plan are contained in the Plan's legal documents. In the event of any discrepancies between the information contained in this newsletter and the Plan's legal documents, the Plan's legal documents will prevail.