

# PENSION FOCUS

For members of the Alstom  
Group Personal Pension Plan

October 2014



**WIN!**  
**£25**  
in vouchers



UNITED KINGDOM  
Pensions

**ALSTOM**  
*Shaping the future*

# Welcome

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

You will be aware that Alstom’s Energy and Corporate businesses are subject to the General Electric and Alstom Strategic Alliance. This has been agreed by the Alstom Group Board and is subject to the agreement of Alstom shareholders. We’ll update you in future editions of Pension Focus about how this might affect the Plan, but until then it’s business as usual.

The Governance Committee, which helps in the running of the Plan, met on 30 September 2014. You can find more details on pages 4 and 5 about the meeting and anything which may affect you.

As you might be aware, the Budget announcement in March contained some significant changes for the UK pension system. We’ve included information on pages 6 to 9 that will help you better understand what has already changed and what will change in April 2015.

This edition also includes updates to help you make the most of your pension savings, including:

- Hargreaves Lansdown’s retirement service – there’s more on pages 10 and 11.
- Details of changes that may affect the charges you pay on your chosen investment funds – details are on page 13.

Finally, we’ve created a helpful list of actions which you might want to take towards making the most of your pension. You can see the full list on pages 14 and 15.

We hope you enjoy reading this edition of Pension Focus and welcome any feedback.



**Bryan Radford**  
UK Benefits Director



**Stuart Field**  
Pensions Administration Manager



# Competition

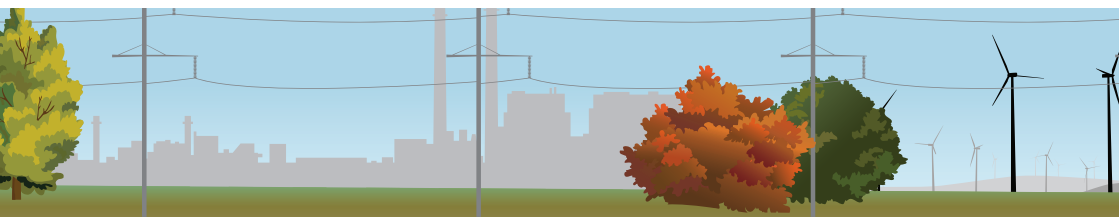


For your chance to win one of three £25 shopping vouchers, answer the following question:

What is the maximum percentage of your pension fund that you are able to take as a tax-free lump sum?

Email your answer along with your full name and home address to [contact.ukpensions@chq.alstom.com](mailto:contact.ukpensions@chq.alstom.com)

The deadline for entries is **30 November 2014**. The winners will be selected at random. Terms and conditions apply and are available from the Alstom Pensions Department on request.



# Update from the Governance Committee

Since the last edition of Pension Focus, the Governance Committee (the Committee) has met to discuss the current issues affecting the Plan.



## Budget changes

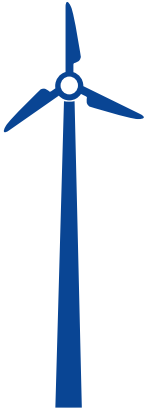
The Government announced pension reforms in March, which change how you can access your pension when you take your benefits. You can find information about the reforms on pages 6 to 9.



## Retirement guidance

As part of the pension reforms, free and impartial guidance will be offered to members of defined contribution schemes, like the Plan, nearing retirement. The Committee is considering how this may affect the guidance already provided through the Plan. The Committee wants to ensure that a member's experience leading up to retirement continues to be enjoyable and that the transition into retirement remains as seamless as possible.





## Reviewing investment options

Since the reforms mean that not all members will be purchasing an annuity at retirement, the Committee will be reviewing the de-risking phase of the Alstom Mixed Investment Lifestage Approach, to ensure that it continues to be appropriate for all members.

The Committee is also considering an alternative investment fund to the Standard Life Global Absolute Returns Strategy as part of the Alstom Mixed Investment Lifestage Approach. This is because a 0.75% cap on default investment fund charges has been introduced. You can find out more about investment charges on page 13.

As these changes will have a significant impact on the Plan, the Committee is working closely with the Company, its investment advisor and Aviva to consider how best to move forward with these changes. We expect to have completed this review in November and will update you as follows:

**December  
2014**

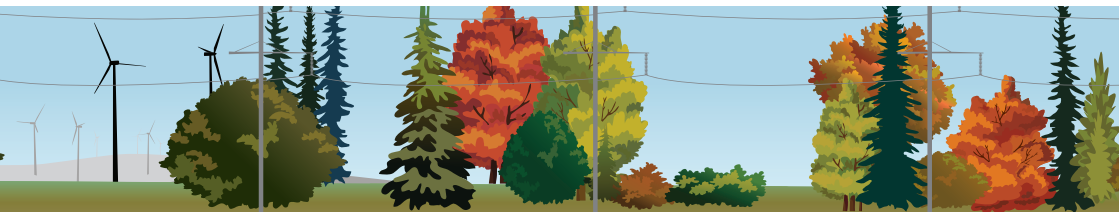
We will update you about the changes that are to be made to the Plan.

**February  
2015**

You will be provided with further details about the changes, how they will affect you and whether you need to take any action. This will be supplemented with a pensions roadshow, which you will also be able to view online.

**April  
2015**

You will receive confirmation that the changes have been implemented.



# Changes to pensions

As mentioned on pages 4 and 5, the Government announced in March, changes to defined contribution pensions. Some of the changes have already taken effect, whilst others will be effective from April 2015.

## Immediate changes

### Small pension pots

If you are aged 60 or over, you are now able to take up to three pension pots as a lump sum, as long as each of the three pension pots is worth £10,000 or less (previously this limit was £2,000).

Alternatively, you are able to take your pension savings across all pension schemes that you have been a member of as a lump sum, if they total £30,000 or less (previously this limit was £18,000). This is called 'trivial commutation'.

It is important to note that you'll be able to take the first 25% of any small pension pot tax-free. The remaining 75% will be taxed at your marginal tax rate.



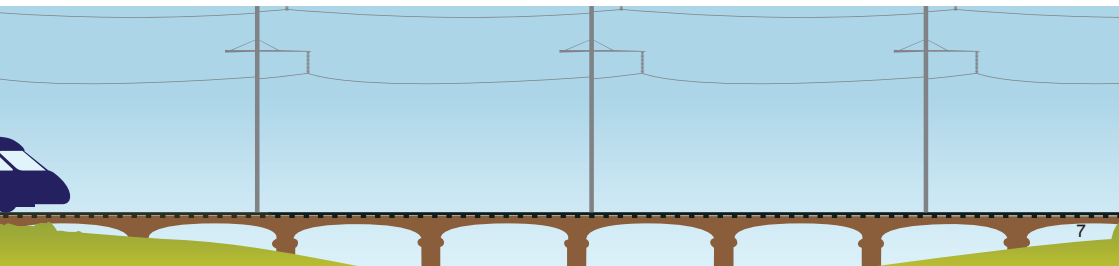
## Income drawdown

Income drawdown is one way you can use your pension savings when you retire. You can access your money when you need it, whilst your pension savings remain invested.

To be able to take capped or flexible drawdown, you will need to transfer your pension savings out of the Plan to an account that lets you access your pension through income drawdown.

With **flexible drawdown**, you can withdraw as much (or as little) as you like from your pension savings – there are no limits. However, this option is only available if you have a guaranteed income of £12,000 (previously £20,000) a year from other sources, including any State Pension.

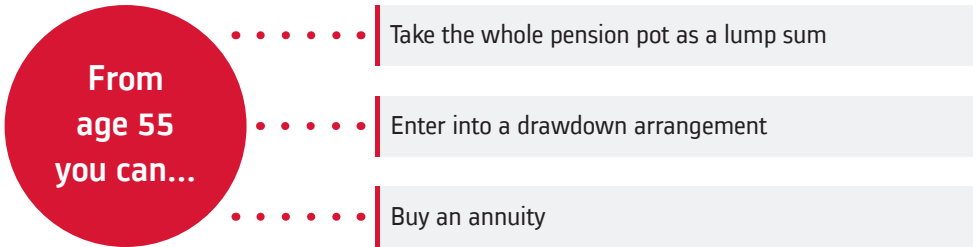
With **capped drawdown**, there are limits on the amount of money you can withdraw each year, but you do not need to have any guaranteed income from elsewhere. The maximum amount that you can withdraw each year is equal to 150% (previously 120%) of the equivalent annuity (i.e. the amount you could get if you purchased an annual income).



## From April 2015

### Changes to the way you can take your pension

The requirement to buy an annuity (a regular income for life) will be removed from April 2015 and the way in which you can access your pension savings will become more flexible:



#### Take the whole pension pot as a lump sum

You will be able to take the whole of your pension pot as a lump sum regardless of the size of your pension savings across all pension schemes.

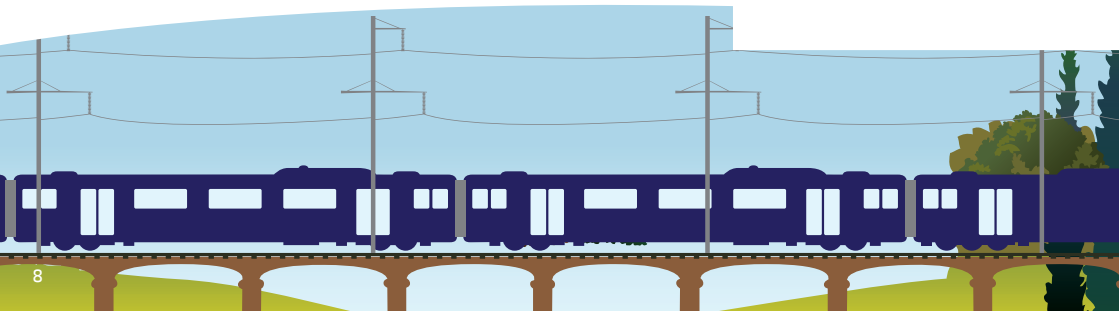
#### Income Drawdown

There will no longer be separate rules for capped and flexible drawdown. All members will be able to take income drawdown and withdraw as much or as little as they like each year.

#### Buy an annuity

You will still be able to buy an annuity and select the features that suit you best, such as annual increases and a dependant's pension payable on your death.

Whichever option you choose, you can still take the first 25% of your pension savings as a tax-free lump sum. The remainder will be taxed at your highest marginal tax rate.





## Retirement guidance

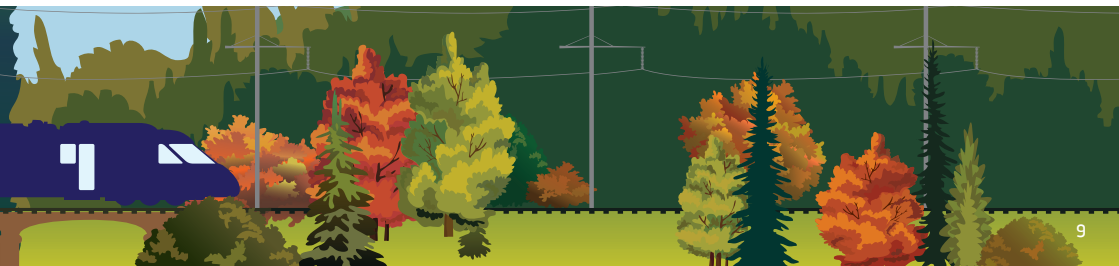
Another change being introduced from April 2015, is making free guidance available for members nearing retirement age to help make sense of the options available to them. The finer details of the guidance are still to be confirmed by the Government.

We'll update you with more information once it becomes available.

## Changes to the minimum retirement age

The Government plans to increase the age that people can access their pension savings from age 55 to age 57 from 2028.

The minimum retirement age would then rise in line with State Pension Age (SPA), remaining 10 years below SPA.



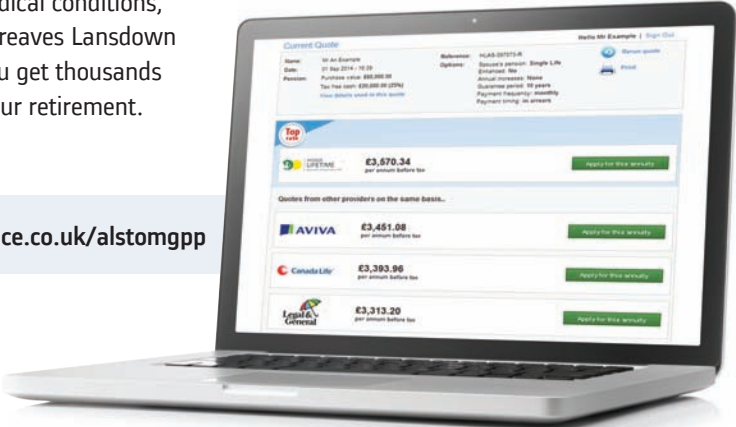
# Hargreaves Lansdown Retirement Service

The changes to pensions detailed on pages 6 to 9 make it more important than ever to speak to a retirement specialist before you decide how to take your pension benefits. That is why Alstom has appointed Hargreaves Lansdown to guide you through your retirement options.

If you are looking for a secure lifetime income from your pension, it's important to shop around for the best annuity rates.


Hargreaves Lansdown can often get you a higher annuity income if you provide details about your health and lifestyle. This is because annuity providers use this information to predict how long they might have to pay your pension to you. So, if for example you smoke, take prescription medication or have been diagnosed with any medical conditions, make sure you let Hargreaves Lansdown know. It could mean you get thousands of pounds more over your retirement.

[www.retirementservice.co.uk/alstomgpp](http://www.retirementservice.co.uk/alstomgpp)



The service they provide goes beyond just finding you the best annuity rates, Hargreaves Lansdown can also help with alternative options to annuities. This includes income drawdown and full withdrawal (less income tax). You can find more information about these options on pages 6 and 7. Hargreaves Lansdown's Retirement Service is offered without advice as standard. If, however, you feel you need financial advice, they can also offer this. Currently, there is no charge for the initial consultation and full details of their charges will be confirmed before you proceed.

You can get live and guaranteed annuity quotes free of charge or discuss other retirement options using the details below:

 **0117 314 1798**

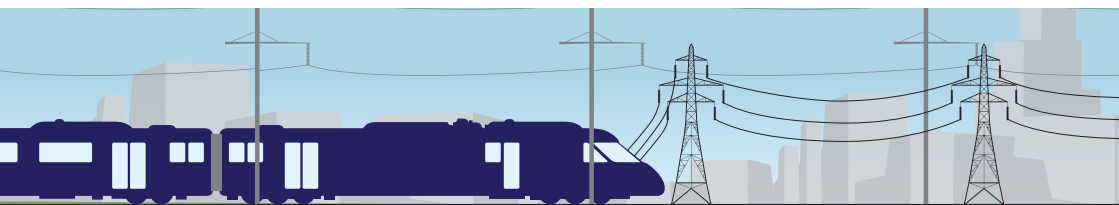
 **[www.retirementsservice.co.uk/alstomgpp](http://www.retirementsservice.co.uk/alstomgpp)**

# Aviva Pension Tracker tool

The tool allows you to check that you're on track for retirement by:

- Displaying your current fund value
- Allowing you to access your documents
- Providing interactive tools so you can see the effect of changing your contributions and investments

Don't forget that you can access the Aviva Pension Tracker tool at any time by visiting [www.aviva.co.uk/pensions-and-retirement/pension-tracker.html](http://www.aviva.co.uk/pensions-and-retirement/pension-tracker.html)



# Investment update

Most members of the Plan are invested in the default fund, the Alstom Mixed Investment Lifestage Approach.

In the default fund pension savings are initially invested in growth funds such as shares. Eight years before retirement, members' pension savings will gradually move into less risky investment funds, such as bonds and cash, until retirement.

During the past year, growth funds have performed strongly, supported by record low short-term interest rates and positive forecasts for global economic growth in 2014. Equities and UK commercial property have also shown good returns. Most members will have seen strong investment returns.

The table below shows that the funds making up the growth phase of the Alstom Mixed Investment Lifestage Approach have all produced gains.

Growth funds	Performance 12 months to 30 June 2014
BlackRock Aquila 50/50 Global Equity Tracker	11.8%
Standard Life GARS	5.8%
BlackRock Emerging Markets Tracker	3.4%

Bonds and cash funds	Performance 12 months to 30 June 2014
Aviva Long Gilt	5.6%
Aviva Deposit	0.5%



Members nearing retirement with investments in bonds and cash funds will have seen less growth. Lower returns can be expected at this stage as bonds and cash are used to control fluctuations in retirement pot size, protecting from large reductions in value and preserving the likely retirement income.

## Investment charges

The Department for Work and Pensions (DWP) has confirmed a 0.75% annual pension charge cap will apply to pension plans from April 2015. This follows the National Association of Pension Funds' Quality Mark for default funds, which had previously also been announced at 0.75%. Further details from the DWP are expected late in 2014, although it initially applies to default funds only.

The funds used within the default Alstom Mixed Investment Lifestage Approach do mostly fall within the cap limit. The one fund that exceeds the cap is the Standard Life GARS fund, which has a charge of 1.08% a year. The rest of the funds used in the default approach are below the cap, at between 0.23% and 0.43% a year. It is not clear yet how the cap for default funds will be applied. It could be applied on the lifetime average of the Alstom Mixed Investment Lifestage Approach (which is currently about 0.6% a year). Alternatively, and more likely, it will look at individual stages within the Alstom Mixed Investment Lifestage Approach. In this case, in periods where there is greater exposure to GARS, the charge cap is likely to be broken.

The Governance Committee and the Company are currently looking at the Alstom Mixed Investment Lifestage Approach, with a view to addressing the fund management charges cap and other issues. The Plan's alternative lifestage options, although not directly impacted by the cap (as they are not the default fund), fall well below the 0.75% cap for fees.



# Things to do



## Keep your expression of wish form up to date

It's important that you update your expression of wish form if your circumstances change, as your wishes on your form will be considered in the event of your death.

Remember that there is a separate expression of wish form for the Plan (for pension savings with Aviva) and for the Group Life Assurance Scheme (for the lump sum payable on death in service). You can download both forms at [www.aviva.co.uk/mypension/alstom/essential-documents](http://www.aviva.co.uk/mypension/alstom/essential-documents)

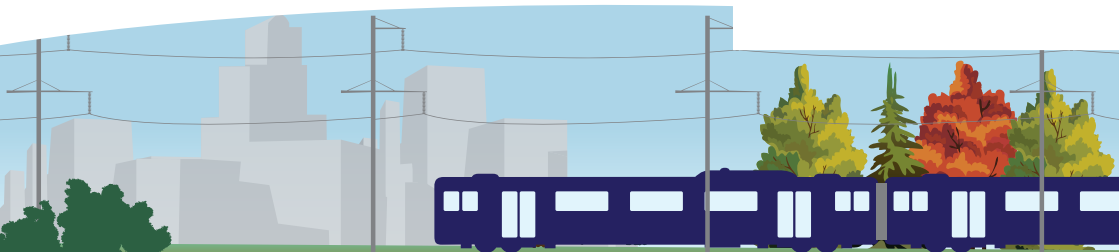


## Higher rate tax relief

If you're paying 40% or 45% income tax and you don't make your pension contributions through salary sacrifice, you can claim additional tax relief back. You can currently claim as far back as the tax year ending on 5 April 2011. More information about this can be found at [www.aviva.co.uk/mypension/alstom/essential-documents](http://www.aviva.co.uk/mypension/alstom/essential-documents)

### Alstom Pensions website reminder

You can also find information about your pension, including latest news and helpful booklets at [www.pensions.uk.alstom.com/alstomgpp\\_GPP.htm](http://www.pensions.uk.alstom.com/alstomgpp_GPP.htm)





## Target retirement age

If you've set a target retirement age (TRA), you should check that it's still in line with your retirement plans. If your pension savings are invested in a lifestage option, they will automatically start to switch towards less risky investment funds, based upon the TRA you have given Aviva.

If you would like to update your TRA, you can do so by contacting Aviva using the contact details on the back page.



## How much to contribute...?

Find out below what other members are saving

You save	Alstom pays	Number of members
3%	5%	781
4%	6%	883
5%	7%	183
6%	8%	199
7%	9%	42
8%	10%	1,089

We will write to you early in 2015 inviting you to review your contribution rate.




# Further information




## 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)


 0117 314 1798


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.