

The J O Grant & Taylor (London) Ltd Staff Pension Scheme

Announcement to Members in Pensionable Service

The topics covered by this Announcement are:

- **Scheme Trustees**
- **Increases to Pensions in Payment**
- **Transfer of Benefits**
- **Additional Voluntary Contributions**
- **Change in State Pensionable Age for Women**
- **Internal Dispute Resolution Procedure**
- **Occupational Pensions Regulatory Authority**
- **Further Information**

You may well have read or heard about the Pensions Act 1995 which was introduced by the Government as a response to public concern following the "Maxwell affair" in the early 1990s. The Act affects the way in which all pension schemes must operate in the future.

The purpose of this Announcement is to explain the changes which are being made to our Scheme. Whilst we have tried to keep it as straightforward as possible, it does contain a lot of information. This reflects one of the Government's aims that members of occupational pension schemes should be given more information about their scheme and the way it works. Unless otherwise stated all changes apply from 6 April 1997.

You may find it helpful to refer to your copy of the Member's Booklet when reading this Announcement.

1. Scheme Trustees

The new legislation allows eligible Members to have a direct influence over the selection of trustees at periodic intervals. Full details are provided in a separate Announcement that you should already have received.

2. Increases to Pensions in Payment

The new law requires that occupational pension schemes like ours must provide a minimum yearly increase on all pensions earned after 5 April 1997, once they start being paid.

To meet this requirement, pension which is earned after 5 April 1997 will increase, once it starts being paid, on the following basis:

The amount of the increase each year will be the smaller of:

- an increase in line with the Government's Index of Retail Prices (RPI), and
- 5%.

Notes

- The increase will be paid on each anniversary of commencement of the pension.
- The increases will not apply to any pension bought with additional voluntary contributions you may have paid, unless you elect otherwise when you retire.
- The increase in the Index of Retail Prices (RPI) for this purpose is taken from Regulations. It relates to the RPI increase over a specific 12 month period decided by the Government.

3. Transfer of Benefits

The section of your Member's Booklet headed "Alternatives to a deferred pension" describes how, if you leave the Scheme, the value of your deferred pension may be transferred (if they are prepared to accept it) to either your new employer's scheme or to an individual pension arrangement with an insurance company or other provider of your choice.

Should you ever wish to take a transfer value, you will be provided with a written statement of the amount available. The amount of the transfer value will be guaranteed for 3 months from the date on which it is calculated to allow you to reach a decision whether to transfer or not. You will also receive written details of any other terms and conditions which apply.

If you decide to accept the transfer value, the law says that your written request for payment must normally be carried out within 6 months of the date on which it was calculated. Unless there are exceptional circumstances, payment will usually be made well within this period.

The transfer value will represent the actuarial value of the benefits which would otherwise remain preserved for you under the Scheme. It is calculated on the basis approved from time to time by the Scheme Actuary and will comply with the relevant legislation and the professional guidance notes which the Scheme Actuary must follow.

When determining the amount of the transfer value, the Trustees will not take into account the value of any discretionary increases to your benefits which might have been granted by the Employer (for example, any discretionary increases to pensions in payment) had your benefits remained under, and become payable from, the Scheme.

4. Additional voluntary contributions

Your Member's Booklet already provides some information on how to pay additional voluntary contributions (AVCs) in order to increase your benefits under the Scheme. More details on these arrangements are now provided below.

- AVCs are invested under a group contract with The Prudential Assurance Company Limited in the same way as other contributions to the Scheme. Prudential does not apply any administration charges on AVCs.
- AVCs accumulate in your own individual account. They are invested in Prudential's with profits fund and their value increases by the addition of interest and bonuses.
- You may pay AVCs on either a regular or lump sum basis through deduction from your salary or wages. Your AVCs are deducted before you are assessed for income tax. **This means that you get full tax relief immediately at your highest rate**
- AVCs may be of any amount subject only to any minimum stated in your Member's Booklet and to the maximum limitations set by the Inland Revenue

Further details on how to start paying AVCs are available on request.

5. Change in State Pensionable Age for Women.

State Pensionable Age is 65 for a man and currently 60 for a woman, but the Government has decided that a woman's State Pensionable Age will also become 65. A woman who was born before 6 April 1950 will not be affected and her State Pensionable Age will remain at 60. The new State Pensionable Age of 65 will only apply to a woman who was born on or after 6 April 1955.

The change from 60 to 65 for women born between these dates will be gradual. It will not start until 2010 and will be implemented over a 10 year period to be fully in place by 2020.

This change does not affect benefits under the Scheme. It only affects the age at which the State retirement pension starts.

6. Internal Dispute Resolution Procedure

Complaints or disputes concerning the Trustees of our Scheme are rare and are generally resolved informally.

However, under the Act there is now a requirement that pension scheme trustees must establish and operate formal procedures for the resolution of disagreements. These new procedures will be introduced on 6 April 1997.

If you have a dispute with the Trustees which you are unable to resolve informally, you should follow the procedure described in the Appendix to this Announcement.

7. Occupational Pensions Regulatory Authority

This new body, known as "OPRA", has been set up under the Act to regulate occupational pension schemes from 6 April 1997. The role of this body will be to protect the interests of members and other beneficiaries where trustees, employers or professional advisers have failed in their legal duties under the Act.

Anyone will be able to take their concerns about a scheme (such as ours) to OPRA. The Scheme Auditor and Actuary, however, have an obligation to tell OPRA if they think something is wrong.

The address of OPRA is:

Invicta House
Trafalgar Place
Brighton
East Sussex
BN1 4DW

Telephone 01273 627600

8. Further information

BENEFIT INFORMATION

Each year you receive a benefit statement showing the benefits (based on your current earnings) which you can expect to receive if you remain in Pensionable Service until your Normal Retiring Date and also the benefits that will apply if you die in Pensionable Service before that date.

You have the right at any time to ask the Trustees for details of your accrued benefits i.e. the deferred benefits and an estimate of the transfer value which would apply if you left Pensionable Service. However, the Trustees are only obliged to supply this information once every 12 months.

DOCUMENTS AVAILABLE ON REQUEST

A number of documents connected with the Scheme are already available on request, such as the Trustees' annual report and the Scheme's Trust Deeds and Rules. From 6 April 1997 you will also have the right to see the following documents once they have been produced for the Scheme:

- the latest actuarial valuation (including that produced for the purposes of the new minimum funding requirement) and certain other reports produced by the Scheme Actuary for the Trustees
- the contribution schedule showing the contributions the Employer has agreed to pay to the Trustees

The Trustees reserve the right to make a charge to cover costs where a copy of a document is provided.

CONTACT

If you have any questions about the above, or you would like further information about your entitlement to benefits under the Scheme, please contact

The Finance Director
J O Grant & Taylor (London) Limited
Colne Building
Caxton Way
Watford Business Park
Watford
Herts WD1 8XJ.

Issued on behalf of J O Grant & Taylor (London) Limited and the Trustees of The J O Grant & Taylor (London) Ltd Staff Pension Scheme

Date of Issue: April 1997
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Pension Information

APPENDIX

The J O Grant & Taylor (London) Ltd Staff Pension Scheme

Internal Dispute Resolution Procedure

Stage 1

Put your case in writing to the Finance Director who can be contacted at the following address:

J O Grant & Taylor (London) Limited
Colne Building
Caxton Way
Watford Business Park
Watford
Herts WD1 8XJ.

Please include the subject of your complaint, an outline of the facts and your full name, address, date of birth and National Insurance number.

The Finance Director will make a decision on the dispute. You should expect a written reply within 2 months. If this is not possible you will be notified as to why there is a delay and when a reply can be expected.

You may, if you wish, nominate someone to represent you in making your complaint - for example a union official, solicitor or colleague. Your representative should include their full name and address as well as your personal details, the subject of your complaint and an outline of the facts.

Stage 2

If you disagree with the reply from the Finance Director, you may write directly to the Trustees within 6 months of receiving that reply asking for the complaint to be reconsidered by the Trustees. You should send your letter to the Trustees at the following address:

J O Grant & Taylor (London) Limited
Colne Building
Caxton Way
Watford Business Park
Watford
Herts WD1 8XJ.

Please give the reasons why you disagree with the response from Stage 1, and also include the same personal details as in Stage 1. You should expect a written reply within 2 months. If this is not possible you will be notified as to why there is a delay and when a reply can be expected.

If you transfer out of the Scheme then this procedure is only available to you for 6

months after you transfer out.

The procedure may also be used by a spouse or dependant of a deceased Member.

EXCLUSIONS

Please note that the internal dispute resolution procedure does not cover:

- any dispute which has nothing to do with the Trustees e.g. a dispute which is solely with your Employer; or
- a dispute which is already being investigated by the Pensions Ombudsman or where proceedings have started in a Court or Industrial Tribunal.

You will, therefore, need to refer disputes relating to employment matters to your Employer. These could include, for example, questions concerning eligibility for continued membership of the Scheme and the amount of your Pensionable Salary.

OPAS AND THE PENSIONS OMBUDSMAN

The procedures described above are in addition to your rights:

- to consult The Pensions Advisory Service ("OPAS")
- to contact The Pensions Ombudsman

OPAS provides a free and confidential service to assist members and beneficiaries in connection with difficulties they have failed to resolve with the Trustee. It is usual to contact OPAS through your local Citizens Advice Bureau but they may be contacted direct at

The Pensions Advisory Service
11 Belgrave Road
London SW1V 1RB

Telephone 0171 233 8080

The Pension Ombudsman can investigate and determine any complaint or dispute of fact or law in relation to a scheme made or referred to him. The Pensions Ombudsman should only be contacted if OPAS has been unable to settle the dispute. The Pensions Ombudsman may be contacted at

The Pensions Ombudsman
11 Belgrave Road
London SW1V 1RB

Telephone 0171 834 9144