

## **COURT APPROVED COMMUNICATION TO MEMBERS**

As you may know, pensions in payment are increased annually. The rates which are used to calculate the pension increases depend on the period of pensionable service.

For pensionable service completed on and after 6 April 1997 up until 6 April 2006, the pension earned increases by the percentage increase in the retail price index (RPI) up to a maximum of 5%.

For pensionable service before 5 April 1997, the pension earned increases by the percentage increase in the RPI up to a maximum of 3% for members of the AVX Limited Pension Scheme and 5% for members of the Varelco Limited Pension Fund.

Those pension increase provisions have been applied for those periods of service since the deed of amendment dated 8 November 2002. The pension increase provisions in respect of pensionable service after 6 April 2006 are set out in the deed of amendment dated 4 April 2006.

However, during a recent review of the Scheme Rules it was noticed that the text of the pensions increase provisions in the 2002 Deed does not match that of the previous rules, or that of the 2006 Deed. Although the text includes increases based on RPI and fixed percentages, it does not explain how these two values should interact.

The Trustees consider that this was a drafting mistake, and they are confident that the way pension increases have been calculated is correct. Significantly, the way pension increases have been calculated is in accordance with the approach set out in the booklet that was provided to members in April 1999.

Following best practice, the Trustees have applied to the High Court for an order authorising them to continue to administer the Plan and to make increases to pensions on the same basis as they have been doing.

On 21 December 2017 the High Court gave a judgment agreeing that there had been a drafting mistake. The court made an order in the form sought by the Trustees, authorising them to continue to administer the Scheme on the same basis as they have been doing.

**Accordingly, the increases to pensions that you are currently receiving for pensionable service before 5 April 1997 and between 6 April 1997 and 6 April 2006 will be made on the same basis as before.**

The High Court's order protects the Trustees against any future complaints from members if they act in accordance with the Court's order. It does not, however, bind members (who were not made parties to the proceedings) so as to prevent them from arguing to the contrary should they wish to do so. Any such argument would, however, be at the members' own risk as to costs.

A copy of the judgment and order of the High Court is available at [www.avxlimitedpensionscheme.com](http://www.avxlimitedpensionscheme.com) or can be supplied in hard copy form together with the supporting documentation submitted to the court (excluding any confidential information concerning members) on request from Helen McCann.

Should you have any further queries, please speak to Helen McCann.