

ANNUAL NEWSLETTER

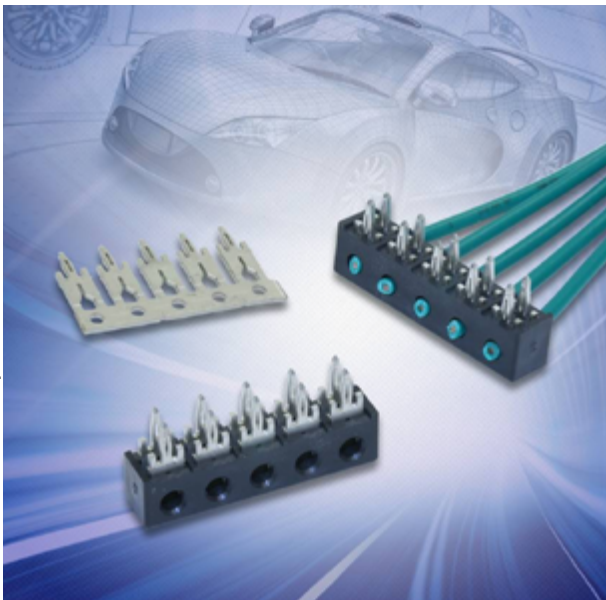
AVX LIMITED PENSION SCHEME (“THE SCHEME”)



1. INTRODUCTION

Welcome to the latest version of newsletter for the AVX Limited Pension Scheme (“the Scheme”). This newsletter is prepared by the Trustees of the Scheme and the aim is to provide you with relevant information about how the Scheme is run and to keep you updated on matters relating to it.

Please let us know what you think and if there are any items you would like to see in future newsletters (see *the last page for our contact details*).



2. WHO LOOKS AFTER THE SCHEME

The Trustees are entrusted with ensuring that the Scheme delivers the benefits promised to the members. This involves reviewing how the Scheme is administered, managing how the funds are invested, what contributions AVX, the sponsoring Company make and any discretionary decisions such as beneficiaries in the event of a death.

Some of our Trustees are employees appointed by the Company (‘Company Trustees’) and some are voted for by the members of the Scheme (‘Member Trustees’).

All our Trustees are required to act in the interests of the Scheme members.

COMPANY TRUSTEES

Bert Lawrence

Helen McCann

Nick Birkett

Michael Hugnafel

MEMBER TRUSTEES

Simon Cunday

Peter Fenwick

Wilbert McIlmoyle (appointed 1 February 2019)

Martin Bogues retired as a Trustee with effect from 1 February 2019. The Board would like to thank Martin for his time and commitment to the Scheme over the years. We wish Martin all the best in his retirement.

As a result of Martin's retirement, an exercise was carried out late last year to find a new Member Nominated Trustee. We are pleased to confirm that Wilbert McIlmoyle was appointed with effect from 1 February 2019. The Trustees welcome Wilbert to the board.



3. SCHEME MEMBERSHIP AT 5 APRIL 2017 AND 5 APRIL 2018

	2018	2017
Members currently		
Employed:	-	1
Pensioners:	517	555
Ex-employees who have retained their pension rights in the Scheme:	499	534
TOTAL MEMBERSHIP:	1,016	1,090

4. FINANCIAL REVIEW

4.1 Actuarial Valuation

The Trustees and Company have recently finalised the triennial actuarial valuation as at 5 April 2018.

The Trustees are pleased to note that as at 5 April 2018, the Scheme had a surplus of £2.3m and a funding level of 102%.

Since the actuarial valuation, an actuarial report as at 5 April 2019 has been produced giving an updated funding position of the Scheme.

The Trustees are pleased to note that as at 5 April 2019, the Scheme's surplus had increased to £4.9m - a funding level of 104%.

A Summary Funding Statement, which provides you with an update on the funding position of the Scheme as at the date of the last valuation and more recent update, is attached to this newsletter.

4.2 Accounts

The accounts shown below illustrate how the Scheme's assets increased from £124.7m on 5 April 2017 to £128.5m on 5 April 2018 – the date of the most recently signed Trustee Report and Accounts. The accounts up to 5 April 2019 will be finalised later in 2019 and will be included in next year's newsletter.

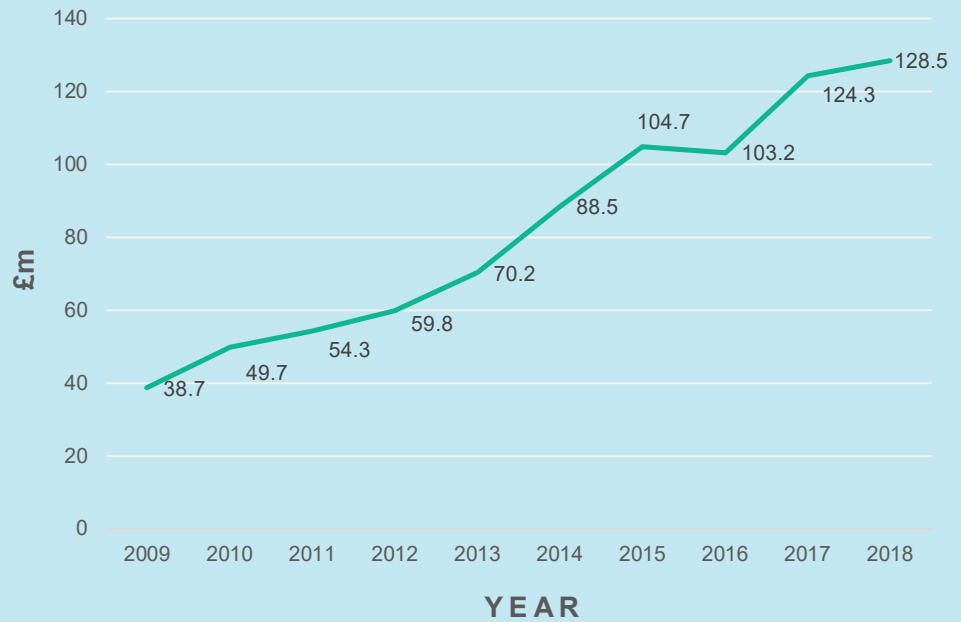


4.3 INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 5 APRIL 2017 AND 5 APRIL 2018

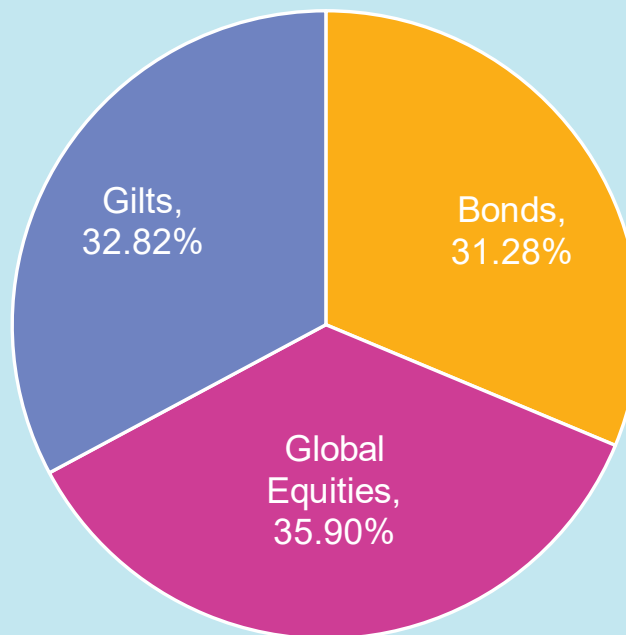
	2018 £ 000 S	2017 £ 000 S
INCOME		
Contributions	4,730	4,756
Total Income	4,730	4,756
EXPENDITURE		
Benefits Paid (<i>see below for details</i>)	(4,269)	(3,545)
Payments to and on account of leavers	(297)	(98)
Group Life Assurance Premiums	-	-
Fees and Expenses	(282)	(274)
Total Expenditure	(4,847)	(3,917)
EXCESS OF INCOME OVER EXPENDITURE	(117)	839
Plus		
Investment Return on Scheme Assets	3,856	20,649
Plus		
Balance of Fund at Start of Year	124,719	103,231
Equals		
Balance of Fund at End of Year	128,458	124,719
BENEFITS PAID DURING THE YEAR WERE AS FOLLOWS:		
Pensions	3,057	2,932
Lump sums on retirement	1,195	496
Lump sums on death in retirement	17	117
	4,269	3,545

5. ASSET VALUES

The following chart shows how the market value of the Scheme's assets has changed over the last nine years. In each year, the market value of the assets is shown as at 5 April. For the period from 2014, the assets include the former Retirement Plan assets which were merged into the Scheme in late 2013.



6. ASSET DISTRIBUTION AT 5 APRIL 2018



7. SCHEME ADVISERS

The advisers to the Scheme are:

Scheme Actuary:

Simon Hall, F.I.A. Mercer Limited

Pension Administrators/Consultants:

Mercer Limited

Auditors:

Pricewaterhouse- Coopers LLP

Investment Managers:

Mercer Investment Management Limited

8. PENSION NEWS

8.1 GMP Equalisation

In October 2018 the High Court ruled on a case for the Lloyds Bank pension schemes, to decide whether the schemes should equalise Guaranteed Minimum Pension (GMP) benefits for men and women. The Court decided that the law requires benefits to be equalised between men and women, therefore, pension schemes are now required to equalise male and female member benefits for the effect of the guaranteed minimum pension (GMP) component of pension. This component reflects the contracted-out part of pensions accrued between May 1990 and April 1997. The contracted-out part relates to state pensions and is unequal between men and women because they have different state retirement ages.

This ruling has implications for all occupational pension schemes that were contracted out on a defined benefit basis between 17 May 1990 and 5 April 1997.

The Trustees and the Company are currently working with their advisers to determine the impact on the Scheme and will provide an update once there is greater clarity on the issue.

8.2 Pension scams – Don't fall for them!

Did you know that nearly 1 in 10 people aged 55-plus fear they have been targeted by suspected scammers since the introduction of pension freedoms (according



to research by Prudential)?

The most recent data from Action Fraud, the national fraud and cybercrime reporting service, showed **253 cases** were reported in 2017 alone, involving losses of more than **£23 million**.

A report by the Financial Conduct Authority also suggested that 107,000 people aged 55-64 could potentially have been victims of pension scams in 2017.

As these statistics tell us, unfortunately pension scams are more common than you may think, so it's important to stay vigilant to protect yourself against losing your hard-earned pension savings!

With some pension scams, members are offered access to their pension savings before age 55, the statutory minimum age to access your pension in the UK. They are usually sold to members on the basis that they can 'unlock their pension early' and some scammers even mention an opportunity to 'transfer your pension'. Typically people with financial difficulties or poor credit are targeted. **What members are not told is that pension liberation in scams such as these is actually illegal.**

The tax advantages offered on pension savings come with the condition that the pension benefits are not accessed before age 55, except in circumstances of long-term ill-health. Therefore, using a pension scam arrangement can result in significant tax charges – typically 20% - 30% of the pension account – and often, any remaining pension savings are invested in high risk funds. Of course, people being targeted by these arrangements are not usually told about these potential implications.

Since pension freedoms were introduced in 2015, scammers are also increasingly targeting the over 55s with promises of high investment returns that prove to be false.

HOW CAN YOU IDENTIFY A PENSION SCAM?

- Unsolicited text messages or phone calls
- Access to your benefits before age 55 (this is only permitted in rare circumstances)
- Alternative investment options such as wine, cryptocurrencies or overseas investments
- No printed documentation provided
- Encouragement to speed up the transfer (e.g. using a courier)
- Suggestion of legal loopholes
- Companies demanding personal information
- Cash bonus
- Offer of loans from the scheme to you

The Government is now one step closer to implementing its long-awaited ban on pensions cold-calling in response to the high occurrence of these scams. Following a consultation, regulations were laid in November 2018 and the ban will come into force once they have been approved by Parliament.

Be alert to offers like this and if in any doubt, take advice from a registered adviser. If you think you are being targeted there are a few things you should do:

- Don't be rushed into making any decisions or signing anything.
- Check that the person you are dealing with is authorised by the Financial Conduct Authority at www.fca.org.uk/register
- Call The Pensions Advisory Service (TPAS) on **0800 011 3797** for guidance.
- Check the details using the online pension scam identifier (further details below).

If you have already accepted an offer and believe you may be a victim, contact Action Fraud on **0300 123 2040** or via <https://www.actionfraud.police.uk/>

ONLINE PENSION SCAM IDENTIFIER

The Pensions Advisory Service (TPAS) has developed a guidance tool to help pension scheme members identify a potential pension scam. The tool, which is available on the TPAS website.

(www.pensionsadvisoryservice.org.uk/my-pension/online-tools) was developed with the support of Project Bloom, the Government-led task force that was set up to tackle pension fraud.

When you access the tool you will be asked a series of questions before being guided through the steps you should take if your answers correspond with some of the identifiers of a possible scam. Although the online tool does not give definitive answers or regulated financial advice, it does provide useful guidance.

To help protect you against pension liberation scams, the Scheme administrator, Mercer, introduced new stages into the process that you will need to go through to transfer your benefits out of the Scheme. This includes specific checks designed to identify if you are at risk from being targeted by a scam. In addition, if you wish to transfer pension worth £30,000 or more out of a Defined Benefit pension arrangement, like the Scheme, the Government requires that you obtain impartial financial advice from a Financial Conduct Authority (FCA)-regulated financial adviser to ensure that you are making an informed decision.

8.3 EXPRESSION OF WISH FORM

In the event of your death it is important that the Trustees are aware of your wishes with regard to your pension. If you have not already done so, you should complete an Expression of Wish form which is designed to guide the Trustees as to your wishes. You should keep the form up to date as your circumstances change as it is essential that the information held reflects your present wishes. Even if your circumstances have not changed please complete a new form as the more up to date your form is, the more reliance the Trustees can place on it. A blank Expression of Wish form is enclosed.



9. SCHEME WEBPAGE

As you may recall, members of the Scheme can access information about their pension online via the Scheme's website. This website address is www.avxlimitedpensionscheme.com.

A new “retirement process” guide is available on the website and we encourage all members to familiarise themselves with it. This document will educate members on the process in the lead up to retirement.

10. STAYING IN TOUCH

The Trustees will continue to meet regularly to monitor the progress of the Scheme.

The member-nominated trustees are Simon Cunday, Peter Fenwick and Wilbert McIlmoyle. They are keen to ensure that you remain in touch with them and their contact details are:

Simon Cunday:

Telephone: 01803 401766

E-mail: simon-cunday@blueyonder.co.uk

Peter Fenwick:

Telephone: 01803 782723

E-mail: peterfenwick68@yahoo.co.uk

Wilbert McIlmoyle

Telephone: 02870 340447

E-mail: Wilbert.mcilmoyle@avx.com

If you have any questions or concerns which you would like to be addressed via the Company, your contact is:

Ms Helen McCann
HR Manager
AVX Limited
Hillmans Way
Coleraine
BT52 2DA

Telephone:
02870 340661

E-mail:
McCannH@avx.com

You can contact Mercer, the advisers for the AVX Scheme at glasgowteam4@mercer.com