

YOUR 2019 DC MEMBER REPORT

Welcome to your 2019 DC Report. Within the report, you'll find brief summaries on investments and membership, as well as updates and changes in the pension world that may impact you.

IN THE NEWS



Are you fully covered for Death in Service and Ill Health benefits?

You can check if you are covered by looking at your most recent benefit statement or by calling the team on 0800 090 2267. If you're not covered, you can find out what you need to do on Page 3 of this report.

Member Nominated Trustee Vacancy

We are seeking nominations for Member Nominated Trustees (MNT) Directors from the membership as the term for the Scheme's current MNT Directors ends in June 2020 and one MNT Director has retired. Active and pensioner members are able to apply for the three vacancies. The existing MNT Directors are also able to re-apply for the positions.

Information on the role of the Trustee Director and the process for submitting your nomination is available at www.abfpensions.com/1230/member-nominated-trustee-vacancy. The deadline for nominations is 31 March 2020.

Investment Tier 2 – Storebrand ESG Plus Fund Now Available

The Trustees are continuously reviewing the investment funds which are made available to members and recognise the increasing interest in Environmental, Social and Governance (ESG) funds. Having undertaken research and discussed the options with Mobius Life (the investment platform provider), the Trustees are pleased to announce the addition of the Storebrand ESG Plus Fund to Tier 2 of the investment platform.

The fund is a multi-asset fund with a portfolio that has a high ESG rating, low fossil fuel exposure, low carbon footprint, low climate risk, high green revenues, low tracking error and is available at a competitive fee. You can find out more information on this fund and view the fund fact sheet at www.abfpensions.com/1356/tier-2-diversified-growthmulti-asset-funds.

Is your investment decision still right for you?

Have you considered when you plan to retire? Is your investment decision still right for you? You can find out more about the funds that you can invest your pension account in, their investment performance and charges at www.abfpensions.com/dc/investments.

Your personal Annual Allowance (AA)

As you are aware, we are no longer able to calculate your personal Annual Allowance. It's therefore important that you understand what impacts your personal AA and how your pension savings compared to your AA.

We are only required to write to members who have pension savings over the standard Annual Allowance of £40,000, however you may also be due to a pay a tax charge if your personal AA is less than £40,000.

If you have previously flexibly accessed a Defined Contribution (DC) pension arrangement, you will have a reduced Annual Allowance for all DC pension savings, this is referred to as the Money Purchase Annual Allowance (MPAA). The Government reduced the MPAA from £10,000 to £4,000 from 6 April 2017. Your previous pension provider will have given you a certificate at the time of payment, if you have triggered the MPAA.

You can find more information about the Annual Allowance on our website at www.abfpensions.com/dc/taxation. HMRC have also made a calculator available to assist you with calculating your personal AA, you can find this at www.tax.service.gov.uk/paac.

If you do exceed your personal Annual Allowance and incur a tax charge, it is possible for this to be paid from your pension fund using a facility called Scheme Pays. If you would like further details on this, please contact us on 0800 090 2267.



The Lifetime Allowance (LTA)

The Lifetime Allowance increased to £1.055 million on 6 April 2019. If your total pension savings exceeded £1 million on 5 April 2016, there are still two types of protection that you can apply for; Individual Protection 2016 and Fixed Protection 2016; please note that Fixed Protection requires you to have ceased accrual or contributions by 6 April 2016. If you are interested in applying for protection, further information can be found on the HMRC website at www.gov.uk/guidance/pension-schemes-protect-your-lifetime-allowance.



Tax charges for transfers to Overseas Pension Schemes

If you are considering transferring to an overseas arrangement, it's important that you understand that additional tax charges may apply. You can find more information on the tax charges at www.gov.uk/government/publications/qualifying-recognised-overseas-pension-schemes-charge-on-transfers.

Don't let a scammer enjoy your retirement!

Unfortunately, pension scams have become more of a problem over recent years with fraudsters targeting pension scheme members with promises of accessing benefits early, guaranteed high rewards and new investment opportunities.

You can find out more about how to avoid being scammed on our website at www.abfpensions.com under the Information tab.

Making sure we can keep in touch with you

The Scheme provides all communications to members electronically with documents such as joiner packs and annual benefit statements available via your secure online account with an email then sent to let you know that a new document is available.

We want to ensure that we can continue to communicate with you by email so that you receive notifications promptly, however when a member leaves we often don't hold a personal email address for them which means we can no longer communicate with them by email.

Once you are logged in to your online account, you can provide up to two email addresses so we strongly recommend that you provide both a work and personal email address if you have both.

You can change your registered email address at any time, by logging in to your secure online account. You will need to verify your email address during the process so you'll need to make sure that you have access to your email account when you do this.

If you've forgotten your login details and you need to change your email address, you can do this by calling the team on **0800 090 2267**, the team will be able to take your new email address over the phone after you have passed security. Once this has been updated, you can then request a username reminder and password reset through the website.

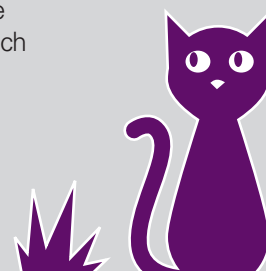
If you are an active member who has their work email address recorded as their registered email address, you can change this at any time through your online account (for example, if you wish to change this to your personal email so that you receive emails from us regardless of whether or not you are actually at work).



The Pensions Website

You can find lots of useful information on the Scheme, your retirement benefits and options on our website www.abfpensions.com, including a secure area which you can use to view your personal information and documents.

If you need any help accessing your secure online account then please call us on **0800 090 2267**.



How to ensure that you are covered for the Death in Service and Ill Health Retirement benefits (applies to active contributing members only)

If you joined the DC Section after October 2012, then you need to provide information about pre-existing medical conditions before you are covered for Death in Service and Ill Health benefits. You can check your most recent benefit statement or call the team on 0800 090 2267 to see if you are covered.

If you are not covered, you just need to check if you have ever been diagnosed with any of the following conditions:

- Multiple Sclerosis
- Motor Neurone Disease
- Any disorder of the kidneys
- Stress, Anxiety or Psychiatric illness
- Diabetes
- Any disorder of the heart, including murmur, stroke, chest pain, palpitations
- Any blood circulatory problem including haemorrhage or clots
- Any form of cancer, including leukaemia, tumour or growth, including moles that a healthcare practitioner has advised may be cancerous
- HIV



If you do not have any of the medical conditions listed – please send an email to our dedicated mailbox lifecoverconfirmation@abfoods.com, confirming the following:

- Your surname
- Your member number (as detailed on all correspondence, including your benefit statement)
- The statement - “I do not have any of the medical conditions listed”

Upon receipt of your email, your record will be updated and you will receive a letter confirming your coverage for Death in Service and Ill Health Retirement benefits. It is important to note that a false declaration could lead to non-payment of benefits at a later date.

If you have one or more of the medical conditions listed – please call our Group Pensions team on 0800 090 2267 (Monday to Friday, from 9am to 5pm) who will be able to take your details over the phone.

All calls to this number are recorded and the information taken will be used solely to assess the provision of benefits for Death in Service and Ill Health Retirement.

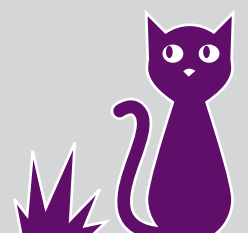
Once the details have been assessed, you will receive a letter confirming cover and any temporary exclusions.

Chairman’s Statement

Each year the Chairman of the Trustees produces a statement to explain how the Scheme has complied with the governance requirements set by the Pensions Regulator. You can find the latest Chairman’s Statement on our website at www.abfpensions.com/dc/chairsstatement.

Data Protection

In May 2018, new data protection legislation (the General Data Protection Regulation) came into force introducing significant changes to how the Trustees process personal data fairly and securely. Information about how the Trustees process your personal data, and your rights in respect of your personal data (including the right to object in certain circumstances), is provided in the privacy notice available online at www.abfpensions.com/dataprotection (and is also available in printed form, please contact us if you would like to request this).



THE FINANCIALS

Membership

On 5 April 2019, there were:

19,622
Active members

17,253
Deferred members



Income and expenditure

This table shows the breakdown of income and expenditure for the year to 5 April 2019:

Members' contributions	£24,670,000
Members' Additional Voluntary Contributions (AVCs)	£2,008,000
Employers' contributions	£30,388,000
Members' individual transfers in	£1,267,000
Net returns on investments	£42,376,000

Total income

£100,709,000

Retirement and death benefits	£6,146,000
Refunds to leavers	£23,000
Payroll refunds for Eligible Jobholder Opt Outs	£48,000
Members' individual transfers out	£13,524,000
Taxation where Lifetime or Annual Allowances exceeded	£110,000

Total expenditure

£19,851,000

Focus on Contributions

The great thing about saving with the ABF Scheme is that when you pay money in, so does the Company – meaning you get even more out of what you put in.

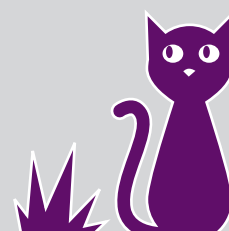
1 in 5 active DC Members have chosen to pay more than the minimum level of contributions. This means that both they and the Company are contributing more into their pension accounts each year!

The added benefit of paying more is that you receive tax relief on any contribution you make* – so paying more doesn't really cost as much as you think. For example, for someone paying 20% tax, a £50 contribution would only cost them £40.

* Contributions that exceed your personal Annual Allowance will not attract any tax relief.

If you are already paying the maximum percentage rate of contributions, you can pay more through Additional Voluntary Contributions (AVCs). They're truly flexible, and you can stop, start or vary your payments whenever you like. You do however need to be aware the Employer does not match any AVCs and that there are limits on tax efficient savings – information regarding the Annual Allowance (and the Lifetime Allowance) can be found on the website at www.abfpensions.com/dc/taxation.

You can download the form to change your contributions on the website at www.abfpensions.com/dc.



All together, better

The Target Date Funds

AllianceBernstein, who are the Investment Manager for the Target Date Funds, have confirmed to the Trustees the following performance information for the period from 30 September 2012 (the Funds' inception date) to 31 March 2019 (the month end nearest to 5 April 2019).

Target Date Fund investments do rise and fall in value in the short term, which is particularly common for long term investments like the Target Date Funds.

The performance for each Target Date Fund reflects the blend of investments that are appropriate given the length of time a member has before their retirement. Younger Members are invested in higher risk investments which have the potential to earn higher returns, but are likely to have higher volatility. Members who are closer to retirement are invested in a blend of investments that should deliver a more steady return with less volatility to the value of the fund.

Members getting close to retirement		Members in the mid-life phase		Younger members	
Target Date Fund	Return %	Target Date Fund	Return %	Target Date Fund	Return %
2008 - 2010	4.48	2029 - 2031	9.79	2047 - 2049	10.81
2011 - 2013	4.82	2032 - 2034	10.21	2050 - 2052	10.80
2014 - 2016	5.54	2035 - 2037	10.57	2053 - 2055	10.80
2017 - 2019	6.84	2038 - 2040	10.78	2056 - 2058	10.79
2020 - 2022	7.87	2041 - 2043	10.83	2059 - 2061	10.79
2023 - 2025	8.59	2044 - 2046	10.81	2062 - 2064	10.93
2026 - 2028	9.27			2065 - 2067*	9.24

* The return shown for the 2065-2067 Target Date Fund is for a part year.

You can find fund fact sheets which include information on the performance of all the funds available on our website www.abfpensions.com/dc/investments.

It is important to review your chosen investments on a regular basis to ensure that your investment decision is still right for you.

LOOKING AFTER YOUR SCHEME

Trustee	Associated British Foods Pension Trustees Limited
Company Appointed Trustee Directors	James West (Independent Chairman), John Bason, Paul Lister, Giles Haig, Richard Cloke (retired 5 December 2018)
Member Nominated Trustee Directors	Paul Longley, Sarah Giffen, Hadden Graham (retired 31 March 2019)
Secretary to Trustee and Group Pensions Director	Colin Hatley
Investment Platform Provider	Mobius Life
Target Date Fund Investment Provider	AllianceBernstein
Actuary	James Bourne, Mercer Ltd
Administrator	ABF Group Pensions Department
Auditor	Ernst and Young LLP
Banker	Bank of Scotland
Investment and Benefit Consultants	Mercer Ltd
Solicitor	Travers Smith

