

YOUR 2018 DC MEMBER REPORT

Associated
British Foods | Pension
Scheme

Welcome to your 2018 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 covered for Death in Service and Ill Health benefits?

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

Investment Review

The Trustees are currently reviewing all aspects of the funds available for members of the Defined Contribution section, to ensure that they continue to provide the best possible value to members. This includes the investment platform provider, the fees and the glidepaths used for the Target Date Funds. Keep an eye on the website for further updates as the review progresses.

Change to the Money Purchase Annual Allowance (MPAA)

If you have previously accessed a Defined Contribution (DC) pension arrangement by taking more than 25% as a lump sum, you will have a reduced Annual Allowance, 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 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 compare 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.

You can find more information about the Annual Allowance on our website at www.abfpensions.com/db/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.

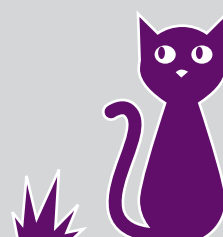
If you do exceed your personal Annual Allowance and would like to use the Scheme Pays facility, please contact the team on 0800 090 2267.

The Lifetime Allowance (LTA)

The Lifetime Allowance increased to £1.03 million on 6 April 2018. 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 treatment of transfers to Overseas Pension Schemes

If you are considering transferring to an Overseas arrangement, it's important that you understand that additional tax charges that 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.



All together, better

New ID requirements when settling benefits

As a result of the new Anti Money Laundering regulations, the Trustees are required by law to see additional ID documents before they are able to settle any benefits to members and dependents. This includes transferring out of the Scheme, retiring from the Scheme and the settlement of death benefits.

We will provide you with a list of the acceptable documents as part of the pack issued prior to benefits being settled.



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 2 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 once 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. If you change this to your personal email, then you will receive the notifications regardless of whether or not you are actually at work.

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 the benefits early, guaranteed high rewards and new investment opportunities.

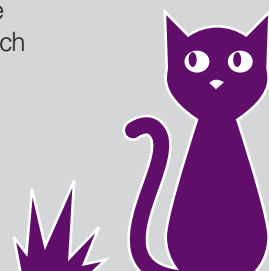
You can find out more about how to avoid being scammed on our website at www.abfpensions.com under the Information tab.



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**.



PROVIDING PROOF OF THE MEMBER'S IDENTITY	
These requirements must be met for all benefit settlements	
The member should provide one document from List 1, one document from List 2 and if applicable one document from List 3. The same document cannot be used for more than one list, e.g. a photocard driving licence cannot be used as both a proof of name and proof of address.	
The documents provided should be certified copies; please do not send the original documents. The copies should be certified by the member as being true copies of the original; the member's signature should then be witnessed with the witness also providing their full name and address.	
Associated British Foods Pension Scheme	
List 1 – Proof of identity	Notes
Current signed passport	A clear copy of the page containing the photograph of the member and the passport number
Current signed UK or EEA photocard driving licence	A clear copy of the photocard licence, showing the licence number
Original birth certificate	UK birth certificate issued within 12 months of the date of birth in full form including those issued by UK authorities overseas such as Embassies High Commissions and HM Forces. If the birth certificate is not in English, an official translation should be provided along with the certificate
Full old-style driving licence	Issued before 1998
National Identity Card bearing a photograph of the applicant	A clear copy of the identity card, showing the card number
List 2 – Proof of address	Notes
Utility bill	Acceptable utility bills are gas, electric, water, satellite television, landline phone – issued within the last 3 months. Mobile phone bills will not be accepted
Bank, Building Society or Credit Union statement or passbook	Dated within the last three months
Local Authority council tax bill	For the current council tax year
Mortgage statement	From a recognised lender issued for the last full year
Electoral Register entry	A recent poll card (dated within the last 12 months), a Confirmation of Residence letter provided by your local council, they may charge to provide this
HMRC notification	Self assessment letters, tax demands or tax code notification dated within the current financial year
Letter of confirmation from GP's practice of registration with the surgery	Your GP may charge for providing this letter
List 3 – Proof of change of name	Notes
If your name given in the document from List 1 is different to any other names you are or have been known by, please provide proof of any official changes of name.	Copy of marriage certificate, civil partnership, deed poll or other official change of name

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

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

If you are not covered, you just need to check if you suffer or have suffered from 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.

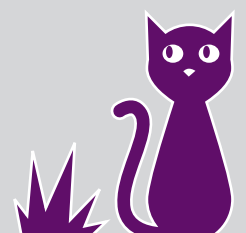
If you have one or more of the medical conditions listed – please call our Group Pensions team on 0800 090 2267 (Monday to Friday, from 9am to 5pm) and they will be able to take your details over the phone.

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.

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 2018, there were:

18,700
Active members

13,129
Deferred members



Income and expenditure

This table shows the breakdown of what's come in and what went out for the year to 5 April 2018.

Members' contributions	£22,448,000
Members' Additional Voluntary Contributions (AVCs)	£1,725,000
Employers' contributions	£28,680,000
Members' individual transfers in	£3,494,000
Net returns on investments	£7,195,000

Total coming in

£63,452,000

Retirement and death benefits	£6,359,000
Refunds to leavers	£184,000
Payroll refunds for Eligible Opt Outs	£88,000
Members' individual transfers out	£11,164,000
Taxation where lifetime or annual allowance exceeded	£11,000

Total going out

£17,806,000

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.

There are now around 19% of active DC Members who have elected to pay more than the minimum level of contributions. This means that they and the Company are contributing more into those Members' 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.

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 AVC contributions 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

Investing

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 2018 (the month end nearest to 5 April 2018).

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 type of investments that are used to tie in with how long a Member has until they retire. 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 less risky investments that give a more steady return.

Members getting close to retirement

Target Date Fund	Return %
2008 - 2010	4.72
2011 - 2013	5.09
2014 - 2016	5.93
2017 - 2019	7.45
2020 - 2022	8.62
2023 - 2025	9.32
2026 - 2028	9.82

Members in the mid-life phase

Target Date Fund	Return %
2029 - 2031	10.26
2032 - 2034	10.68
2035 - 2037	11.12
2038 - 2040	11.34
2041 - 2043	11.40
2044 - 2046	11.40

Younger members

Target Date Fund	Return %
2047 - 2049	11.39
2050 - 2052	11.39
2053 - 2055	11.39
2056 - 2058	11.38
2059 - 2061	11.38
2062 - 2064	11.56
2065 - 2067	9.58

You can find fund fact sheets which include information on the performance of the funds in Tiers 2 and 3 and information on the fund performance for the Tier 4 funds 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, Richard Cloke, Paul Lister, Giles Haig
Member Nominated Trustee Directors	Paul Longley, Sarah Giffen, Hadden Graham
Secretary to Trustee and Group Pensions Director	Colin Hately
Investment Platform Provider	Phoenix Wealth
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

