

# **IMERY'S UK PENSION SCHEME**

## **EXPLANATORY**

## **BOOKLET**

### **IMERY'S PENSIONS**

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# **INTRODUCTION**

## **ABOUT THE SCHEME**

The purpose of this booklet is to explain, in general terms only, the main features of the Scheme. Nothing stated in this booklet will override the Trust Deed and Rules which are held by Imerys Pensions. A copy is available to view on request.

If you have any questions or queries regarding the explanatory Scheme booklet please contact:

Imerys Pensions  
Par Moor Centre  
Par Moor Road  
Par  
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PL24 2SQ

Telephone (01726) 818083  
Fax (01726) 811200  
Web <http://ukpension.imerysnet.com>  
Email [pension.dept@imerys.com](mailto:pension.dept@imerys.com)

## **LEGAL STATUS AND TAXATION**

The Scheme is set up under trust and Trustees are appointed to administer it for the benefit of Members and their Dependants. The Scheme is approved by H M Revenue and Customs (HMRC) and is registered under the Finance Act 2004. This provided important tax advantages for members but, at the same time, sets certain limits on the benefits that can be paid from the Scheme.

All pensions are taxable as earned income under the PAYE system.

The trust assets are held with the purpose of providing Scheme benefits for, and in respect of Members, subject to sufficiency of assets, which is monitored every three years when an actuarial valuation is carried out.

## **DEFINITIONS**

**AVC** - means additional voluntary contributions.

**Company** - means any Company in the Group, which is admitted to the Scheme.

**CETV** – means Cash Equivalent Transfer Value and is the term used when asking for pension information in relation to a divorce.

**Dependant (s)** - means any Spouse, Civil Partner, children (including step-children, adopted children and illegitimate children) who are under the age of 18, or 21 if in full-time education or training and other individuals who the Trustees determine are financially dependant (wholly or in part) on members. (A Civil Partner is a partner within the meaning of the Civil Partnership Act 2004). Civil Partner benefits came into force as equal with effect from 5 December 2005 in relaxation of section 67 of the Pensions Act 1995

**Group** means the Principal Company and its Subsidiaries and Associated Companies in the United Kingdom.

**Guaranteed Minimum Pension (GMP)** is an amount broadly equivalent to the State Earnings Related Pension (SERPs) for pensionable service prior to 6<sup>th</sup> April 1997. GMP Pension age is the age your state pension becomes due as specified by legislation.

**Lower Earnings Limit (LEL)** is an amount which is broadly equivalent to the State basic pension for a single person. It is reviewed annually by the Department for Work and Pensions.

**Member** means an employee who had previously been admitted to membership of the Scheme.

**Normal Pension Date** means 65<sup>th</sup> birthday for both men and women.

**Pensionable Service or Qualifying Service** means the number of years and days of service within the scheme to 31<sup>st</sup> March 2015 during which you contributed to the Scheme. It may also include additional years and days credited following a transfer into the Scheme before the end of December 2000

**Protected Rights** are National Insurance rebates received from the Department of Work and Pensions for the period 6<sup>th</sup> April 1997 to 5<sup>th</sup> April 2000 and replaced your State Earnings Related Pension (SERPs). It forms part of your overall scheme pension

**Principal Company** means Imerys Minerals Ltd.

**Reference Salary** means your pre salary sacrifice salary

**RPI** means Retail Price Index.

## Definitions contd.,

**SALARY LINKAGE** - Although the Scheme has closed to future Accrual with effect from 31<sup>st</sup> March 2015 there remains a salary linkage to the pensionable service in the scheme. Salary linkage is defined below and means that each year you remain an active employee the link to final pensionable pay as described below will continue.

*Note: ongoing salary linkage will automatically cease the day you leave employment or elect to withdraw/retire from the scheme.*

### **Imerys (excluding ex Goonvean)**

**Earnings** - mean the annual rate of pay, except for members who joined the Scheme on or after 1<sup>st</sup> June, 1989. For these members earnings are restricted by a specific earnings cap. As an example the earnings cap for the 2014/2015 tax year was £146,600.00. The earnings cap is increased annually. For part-time working it would be calculated on a pro-rata basis.

**Final Earnings - (pre salary sacrifice)** means the higher of either (i) Earnings applicable to the 12 months preceding retirement, death or leaving Pensionable Service, or (ii) the highest tax year's earnings received in the previous ten years. For part-time working this would be calculated on a pro-rata basis.

**Final Pensionable Earnings** - (on which pension benefits are calculated). Prior to 31<sup>st</sup> December 2004 means the higher of either (i) Pensionable Earnings (less Lower Earnings Limit) applicable to the 12 months immediately preceding retirement, death or leaving Pensionable Service, or (ii) the highest tax year's earnings (less Lower Earnings Limit), received in the previous ten years. For Pensionable Service from 1<sup>st</sup> January 2005 it means the highest consecutive 3-year average in the last 10 years

**For the ex -Goonvean Section of the Scheme the following defines the basis on which your pension will be calculated;**

**Pensionable Salary for Category 1 members** – Staff Scheme section means the annual Salary calculated at the date of becoming a Member and thereafter at the Renewal Date in each year

Salary is defined as basic salary or wages and does not including bonuses, overtime, commission, Directors' fees or similar payments. Annual salary is twelve times the monthly salary or fifty-two times the weekly wage.

**Pensionable Salary for Category 2 members** – Works Contracted Out section means the Member's total weekly or monthly pay less an amount equal to the Lower Earnings Limit (LEL) and excluding any terminal holiday pay, taxable expenses, ex-gratia payments, long service awards, bonuses, and terminal bonuses.

**Scheme Salary for Category 3 members** – Works not Contracted Out section is defined as Basic Annual Salary excluding commission, bonuses, overtime or similar payments. Annual salary is twelve times the monthly salary or fifty-two times the weekly wage.

For scheme renewal purposes (Category 2 & 3 members) this is calculated at 01 October each year.

## Definitions contd.,

**Scheme** means the Imerys UK Pension Scheme.

**S2P** means State Second Pension Scheme.

**State Pensions** the present State Pension arrangement consists of two parts. The first part is the state basic pension, which is a flat-rate amount and the second part is the S2P.

The Imerys UK Pension Scheme was until 31<sup>st</sup> March 2015 a 'contracted out' pension scheme this means that as a member (active employee, deferred or pensioner) you are, or will have been, contracted out of S2P.

## **CURRENT ACTIVE EMPLOYEES**

### **Scheme Closure**

The Scheme closed to future accrual on the 31<sup>st</sup> March 2015

### **Annual Statement**

Each year an annual deferred statement will be sent to your home address. The statement will be updated to show how your pension earned to the 31<sup>st</sup> March 2015 has increased. A transfer value will also be included

### **Your cash option at retirement (Early/normal pension date/ill health)**

At retirement can surrender part of your pension in return for a tax-free lump sum. The amount will vary according to your age, the amount of your pension and the applicable cash factor. If you take cash lump sum the pension payable to your Spouse/Civil Partner/Dependant remains at 50% of your full pension

### **Guaranteed value for money**

If the value of your contributions to the Scheme, plus Company contributions of equal amount, plus interest produces a higher pension, then this will be paid instead.

### **Protected Rights Underpin**

If the pension payable in respect of your contracted-out service between 6<sup>th</sup> April 1997 and 5<sup>th</sup> April 2000 is less than your Protected Rights Pension, then the Protected Rights pension will be paid.

### **Your pension is payable for life and guaranteed for 5 years**

Your pension is payable for life. However the scheme guarantees to pay the annual amount of pension at retirement for 5 years. This means that if you died within the first 5 years of your retirement a tax-free lump sum equal to the outstanding balance of the 5 year period would be paid. This payment is in addition to any Spouse/Civil Partner/Dependant's pension payable from the date of death.

### **State Pensions**

A state pension will be paid in addition to the Imerys Pension, which will be payable to you from your state pension age.

### **Working after Normal Pension Date**

If you elect to continue working after your normal pension date (Scheme retirement age is 65) your pension will continue to be revalued.

### **Early payment**

You can apply to take early retirement anytime after age 55. Your pension will be revalued to your normal pension date (age 65) at a rate provided by the Actuary and reduced for each year/part year before your Normal Pension Date.

### **Ill-health early retirement (Active deferred)**

If the Principal Company and Trustees are satisfied your incapacity falls within Scheme rules and HMRC guidelines for ill health retirement, a pension will be payable immediately. The minimum retirement age of 55 does **not** apply in these circumstances. The pension at retirement will be calculated using salary linkage as defined on P4 – there will be no early retirement factor applied to the pension.

### **Additional Voluntary Contributions (AVCs)**

As an active deferred member you can elect to transfer your AVCs in isolation. This means your active deferred pension remains in place. You will need to appoint an Independent Financial Advisor (IFA), who will carry out the transaction on your behalf.

## **CURRENT ACTIVE EMPLOYEES Contd.,**

## Death in Service

- **Pension**

If you die while working for the Company a pension will become payable immediately to your Spouse/Civil Partner/Dependant. The pension will be half of the Scheme pension revalued to the date of death. If you die in service but after your Normal Pension Date, a pension equal to half the pension that you would have received had your pension come into payment on the day after your death would be paid.

**Note:** for Civil Partnerships and same sex married couples the benefits are slightly different. If you die before your civil partner, they are entitled to receive your contracted-out benefits built up after 6 April 1988 and all benefits built up after 5 December 2005.

### Refund of Contributions

The scheme would pay a return of contributions, including any AVCs, as a tax free lump sum as the payment is discretionary it will not form part of your Estate and will not be counted towards any inheritance tax liability.

- **Nomination forms**

The refund of contributions will be paid at the discretion of the Trustees. It is important therefore that you complete a nomination form to show them who you would prefer to receive the payment. Remember to update the form if your circumstances change. The Trustees will take account of your nomination form but are not legally bound by it.

***Even though the scheme has closed a nomination form remains a very important document and one that you should update whenever your personal circumstances change.***

## Part-time Working

- **Pension** - if you worked part-time the normal scheme accrual rate of 1/80<sup>th</sup> per year to the 31st March 2015 (Scheme closing date) will have been reduced proportionately.

## Opting out of Current Active deferred

If you decide to opt out you will be classed as a deferred pension member and not an active deferred member. This means the salary linkage will no longer apply to the benefits you earned to 31<sup>st</sup> March 2015, rather your pension will increase by the underpin which is based on statutory annual increases to your pension. You will have the option to leave your pension with the scheme, transfer your benefits, or providing you are above the minimum retirement age 55 and the level of pension is sufficient to cover the legal minimum pension you can draw your pension early.

## Pension Share (Divorce)

A CETV will be provided to you on request and there is no charge for this initial information. If a Pension Share order is enforced the pension awarded will be transferred out of the scheme and your pensionable service adjusted accordingly. An administration charge is made for this part. All charges made by the scheme are in line with the National Association of Pension Funds (NAPF) guidelines

# **PENSIONER MEMBERS**

## **Pension for Spouse/Civil Partner/Dependant**

When you die a pension becomes payable to your Spouse/Civil Partner/Dependant, or to one or more at the Trustee's discretion.

The pension payable will be half of the pension that you had been receiving. If you opted to take a cash lump sum on retirement in exchange for a lower pension this is ignored which means the pension payable would be half the pension you would have received had you not taken the lump sum, plus the annual increases.

If your Spouse/Civil Partner/Dependant is more than 15 years younger than you, the pension will be reduced.

If you marry or enter into a Civil Partnership and die within six months your Spouse/Civil Partner/Dependant may not be entitled to receive a pension.

## **Balance of Five Years Guarantee Pension**

Your Pension is payable for life, however the Scheme guarantees to pay the pension for a minimum of 5 years. This means that if you die within 5 years of your retirement a tax-free lump sum will be paid equal to any outstanding balance of unpaid pension entitlement for the first 5 years. The payment is based on the pension at retirement not at the date of death.

## **Ill Health Pensioners**

If you retired early due to ill-health before 31<sup>st</sup> March 2015 you will continue to be covered for life assurance until your normal pension date. The amount payable depends on your circumstances and the payment will be based on your earnings at the date of your retirement e.g.

- If you are single (no Spouse/Civil Partner/Dependant), a lump sum of 3 times your earnings at the time you retired early will be paid.
- If you have a Spouse/Civil Partner/Dependant, a lump sum of 4 times your earnings at the time you retired early will be paid.

## **Pension increases**

The Trustees review pensions in payment annually on the 1<sup>st</sup> June.

**Prior to State Pension Age** the **total** pension in payment will be reviewed. The maximum increase provided by the scheme is 5% or RPI if RPI is lower. The effective RPI figure used for the annual increase is the April RPI figure.

**After State Pension Age**, the element(s) which make up your total pension become effective. There are two elements known as Guaranteed Minimum Pensions (GMP) Pre 88 and Post 88 and you may have one or both types of GMPs. When you reach State Pension Age the rules regarding increases to these elements of your pension will change. The State will provide the increase to the Pre 88 element and the Imerys Scheme will increase the Post 88 GMP by a maximum 3% - any further increase to the Post 88 GMP is again paid by the State.

## **Pension Share (Divorce)**

A CETV will be provided to you on request. No charge will be made for the initial request however charges will be made if a Pension Share order is enforced. The pension awarded to your ex spouse/civil partner will be transferred out of the scheme and your pension will be adjusted accordingly. All charges made by the scheme are in line with the National Association of Pension Funds (NAPF) guidelines.

# **DEFERRED MEMBERS**

## **Deferred pension**

A deferred pension statement will be sent to you after you leave the scheme. If you wish you can choose to leave your pension benefits with the Scheme and receive a pension/cash lump sum when you eventually retire. Your benefits will be increased during the period of deferment and an estimate of the increases that will apply will be shown on your deferred statement. The notes on the statement explain how the increases are calculated.

If you paid AVCs, these remain invested and will provide additional pension benefits when you retire. An updated statement will be provided annually. When you reach your normal pension date you will be contacted regarding the pension options that are available to you at that time. After age 55 you can apply to take your benefits early, the pension will be revalued and then reduced for each year/part year that your retirement precedes your normal pension date.

## **Death Benefits**

If you elect to take a deferred pension, but die before your pension becomes payable, your contributions (including AVCs if paid) will be refunded as a tax-free cash sum.

A pension equal to one half of the amount of your own pension revalued to the date of death will also be paid to your Spouse/Civil Partner/Dependant.

## **Nomination forms**

The refund of contributions will be paid at the discretion of the Trustees. It is important therefore that you complete a nomination form to show them who you would prefer to receive the payment. Remember to update the form if your circumstances change. The Trustees will take account of your nomination form but are not legally bound by it

## **Transfer payment**

If you wish you can transfer your pension benefits including your AVCS to either: a new employer's pension scheme; a Personal Pension; a Registered Pension Scheme or stakeholder pension plan

You can ask for a transfer value quotation once a year by applying to Imerys Pensions. The quotation of your transfer value will be guaranteed for three months from the effective date of calculation.

## **Guaranteed value for money**

If the value of your contributions to the Scheme, plus Company contributions of equal amount, plus interest produces either a higher deferred pension based on annuity rates provided by the Scheme's actuary, or a higher transfer payment, then this, together with any AVC's, will be paid instead.

## **Protected Rights Underpin**

If the pension payable in respect of contracted out service between 6<sup>th</sup> April 1997 and the 5<sup>th</sup> April 2000 is less than your Protected Rights Pension, then this, together with any AVCs, will be paid instead.

## **Pension Share (Divorce)**

A CETV will be provided to you on request and there is no charge for this initial information. If a Pension Share order is enforced the pension awarded will be transferred out of the scheme and your pensionable service adjusted accordingly and an admin charge is made for this part. All charges made by the scheme are in line with the National Association of Pension Funds (NAPF) guidelines.

## **Personal details**

The scheme will send you a Funding Statement each year, so it is important that you keep us informed of any changes to your address. It is also important to maintain your nomination form; any change in your personal circumstances may affect the payment of benefits if you die before normal pension date. You can request a new nomination form at any time.

## **Additional Voluntary Contributions (AVCs)**

AVCs were paid in addition to your normal scheme contributions and are designed to provide additional benefits up to 31<sup>st</sup> March 2015. As Active Deferred or Deferred members they remain invested tax free this means that as your fund builds up you do not pay tax on the increased value.

- **Options at Retirement**

At retirement your AVCs can be taken as part/all of your cash lump sum (within limits), or provide an additional pension. You may vary or stop your AVCs at any time but they cannot be withdrawn until your other Scheme benefits become payable.

- **Options if you leave the Scheme**

If you leave the scheme and defer your pension, your AVCs will remain invested until you retire. If you leave the scheme and transfer your Scheme pension, your AVCs will also be transferred.

Alternatively the Scheme rules permit the transfer of your AVCs only and leave your deferred pension with the Scheme.

- **Prudential AVC Investment choices**

Prudential is the Scheme's AVC provider. Special leaflets describing the current range of investment funds, along with application forms are on Merlin. Even though the scheme has closed members can elect to change their investment options at anytime

- **Dependant's pension option**

If you wish, you can increase the pension that would become payable to a Dependant on your death by giving up part of your own AVC pension.

- **Payment if you die**

If you die in service as an active deferred or as a deferred pensioner your total AVC fund would be paid out as part of the Refund of Contributions.

If you purchased a widow/civil partner/dependant's pension when you retired, a pension equal to 50% of your AVC pension would become payable

## **FURTHER INFORMATION**

### **Internal Dispute Resolution Procedure (IDRP)**

Almost all problems are resolved informally, however the Trustees are obliged to provide a formal procedure. Accordingly the Trustees have established a dispute resolution procedure for resolving any complaints you may have regarding your rights and benefits under the Scheme which you cannot satisfactorily resolve with the Scheme's administrator, Imerys Pensions.

If you wish to make a formal complaint you, or your appointed representative, should complete and return the IDRP form attached to this booklet

Should the dispute still remain unresolved then the Pensions Advisory Service (TPAS) and Pensions Ombudsman are available to assist members and beneficiaries of any pension scheme. Should the dispute still remain unresolved then you can write to the Ombudsman who acts as an impartial adjudicator. Contact details for both organisations are on page 14

### **Scheme Documents**

The Trustees produce an annual report for each Scheme financial year. A copy of the report is available from our website (<http://ukpension.imerysnet.com>). The contents of the report are summarised in the Trustees' 'Extract' newsletter.

Copies of the following documents can also be made available for you to see by contacting Imerys Pensions:

- The Trust Deed and Rules
- The latest Actuarial Valuation Report
- The Statement of Investment Principles
- Schedule of Contributions

## USEFUL CONTACTS

The Pensions Advisory  
Service Limited  
(TPAS)

- TPAS help members of the public resolve any problems concerning their pension arrangements and to conciliate in any disputes concerning pension benefits. TPAS may be contacted at

11 Belgrave Road, London, SW1V 1RB.  
Telephone 020 7233 8016,

or at [www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk)

Pensions Ombudsman

- This independent Ombudsman acts as an impartial adjudicator investigating and determining disputes of facts or law relating to occupational schemes. Contact details are;

11 Belgrave Road, London, SW1V 1RB.  
Telephone: 020 7834 9144

Or at [www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)

Registrar of Occupational and  
Personal Pension Schemes

- The registry acts as a central agency helping individuals keep track of pension benefits with former employers. Contact details are:

PO Box 1NN, Newcastle upon Tyne, NE99  
1NN.

The Imerys Scheme details are lodged with  
the registrar.

## **Imerys UK Pension Scheme - Internal Dispute Resolution Procedure (IDRP)**

The Trustee of the Imerys UK Pension Scheme (“the Scheme”) is responsible for its proper operation. Occasionally, disputes may arise as to whether the Scheme has been properly run in connection with one individual or more generally, and a procedure is necessary to deal with such disputes. It should be noted that almost all problems are resolved informally.

The IDRP process is a two stage process and you are entitled to use the procedures set out in this section if you are a member or potential member of the Scheme, a pensioner, deferred pensioner, a spouse or dependant of a deceased member, a non-dependant beneficiary, have a pension credit in the Scheme or if you have ceased to be in any of these categories. These procedures also apply if you are claiming to be in one of these categories.

If you are making a complaint, having ceased to be in any of the categories listed above then any complaint applications should be made within six months of the date you cease to be in one of the above categories.

### **Stage 1 - Written Complaint**

You should complete the attached form and send to the Secretary of the Scheme, Jeremy Barnard, at

Imerys Pension Fund Trustees Limited  
Par Moor Centre,  
Par Moor,  
Par, PL24 2SQ

The Secretary has been appointed by the Trustee to resolve disputes for Stage 1. You may nominate a representative to submit your complaint, and in the event of death it may be made by your personal representative. The form must be signed by you or on your behalf.

When you receive the decision of the Secretary you will be asked to confirm whether or not you accept the response and are satisfied that the matter has been dealt with.

The Pensions Regulator states that a decision must be reached within a reasonable period, defined as four months from the date of receiving the complaint. In normal circumstances you will receive a prompt acknowledgement and a response will be provided within two months. However, if it is not possible to give a reply in this time scale, an interim reply will be sent to explain the reasons for the delay and an expected date for issuing a decision. An applicant should usually be notified of the decision within 15 working days of the decision being made.

### **Stage 2 - Appeal**

If you are not satisfied with the final response that you received under Stage 1, you have the right to appeal to the Trustee. You must write within six months of the date of the decision that you received in Stage 1, to the Chairman of Imerys Pension Trustees Limited at the Par Moor address given above, stating that you want the matter to be reconsidered and explaining why you are dissatisfied with the original decision. The letter must be signed by you or on your behalf.

You will receive a final decision in writing within **two months** of the date on which the Trustee receives your appeal. If this is not possible, you will be sent an interim reply, explaining the reasons for the delay and the expected date for the Trustee’s decision. This decision will be final and you cannot ask the Trustee to reconsider the matter again.

If you disagree with the Trustee’s decision under Stage 2 and wish to proceed any further, you should approach TPAS (The Pensions Advisory Service), who may refer your case to the Pensions Ombudsman. TPAS is available at any time to assist members and beneficiaries in connection with any unresolved difficulty with the Scheme. TPAS can be contacted at 11 Belgrave Road, London, SW1V 1RB.

Information regarding the Pensions Ombudsman will be given to you as part of a reply under Stage 2.

**IMERYS UK PENSION SCHEME  
INTERNAL DISPUTE RESOLUTION PROCEDURE (IDRP) DETAILS  
OF COMPLAINT FORM**

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**1. Member details - Active Deferred, Deferred, Pensioner,  
Dependant Widow/Child (delete where necessary)**

Full Name	
Date of birth	
National Insurance Number	
Address	
Contact Details	

**2 Representative Details (if applicable)**

Name	
Relationship with member	
Address	
Contact Details	

(2)

**3. Your Complaint**

**Please provide full details of your complaint - explaining the nature of your complaint and provide dates or membership details which you believe to be relevant.**

**If you require more space please use a separate piece of paper and attach to this form.**

**4. Your (or your representative's) Signature**

Signed:..... Date .....