

Early Retirement Facility (“ERF”)

InterContinental Hotels UK Pension Plan – DB Staff Section (“the Plan”)

This leaflet aims to cover questions you may have regarding the ERF and replaces all prior leaflets.

1. What is the ERF?

The ERF is a non-contractual facility operated by the Company that allows members to retire early on substantially better pensions than are normally available under the rules of the Plan. It is available on request and with the Company's consent to members whose pension accrual in the Plan ceased on 30 June 2013 whilst they continue in employment with the InterContinental Hotels Group. It is not available to any other deferred members.

2. How are pensions improved under the ERF?

Plan rules currently permit members to retire on or after age 55 on standard early retirement terms. There is a reduction to the pension earned to date of leaving in respect of the period of time that it is taken prior to age 65. This is not a penalty, but simply to reflect the fact that because the pension starts earlier, it is paid for longer.

Some members already enjoy enhanced early retirement terms so the standard early retirement reduction on their pension may be lower. These include females who joined the Plan before 7 November 1987. For these members, any enhancement to benefits on ERF will be lower.

With the ERF, those retiring from active Plan membership on or after age 60 have no reduction in their pension earned to date of leaving. On retirement before age 60, the pension will only be reduced for each year (pro-rated for complete months) that it is taken prior to age 60, rather than age 65.

In addition, if you have completed at least 10 years' Company service a supplement of £400 a year, payable for life is added to your pension. If you are or have been a part-time employee the supplement will be proportionately lower, based on the actual hours you have worked.

3. What are the early retirement reductions each year?

The early retirement reductions under the Rules of the Plan may be set from time to time by the Trustee and Company, having taken actuarial advice. Historically, a flat 4% a year reduction had been adopted in the Rules. Since the benefits were secured with Rothesay Life, the Trustee has opted to use the reductions applied by Rothesay. These are currently slightly more beneficial than the previous reductions and are subject to the insurance industry's 'treating customers fairly' regime. However, different parts of your pension may be subject to different reductions, for example, depending on how each part will increase in payment, so there is no longer a flat rate of reduction.

4. What length of service do I need to have completed?

There is no minimum service requirement for the ERF. The ERF is available to all members whose pension accrual in the Plan ceased on 30 June 2013 whilst they continue in employment with the InterContinental Hotels Group, irrespective of length of service. However, to receive the pension supplement you need to have completed at least 10 years' Company service.



5. What is defined as Company service?

Company service includes your InterContinental Hotels Group service and any service treated as continuous employment as a result of an acquisition or demerger.

6. When can I use the ERF?

Any time on or after the age of 55 and as agreed by the Company.

7. How long will the ERF last?

The ERF is a feature of current Company policy operated outside the Plan, and may be withdrawn or modified as the Company considers necessary. However, to protect members the Company has declared that, other than in exceptional circumstances, 3 years' notification of any withdrawal or worsening of the ERF will be given to members.

8. Does this mean that an ERF pension might stop after 3 years?

No. Once the pension and supplement come into payment they are payable to you for life.

9. How do I take advantage of the ERF?

You need to obtain the consent of the Company. This consent is discretionary but should not be unreasonably refused. Obviously, a proper time scale and any other relevant considerations will need to be agreed to ensure that there is not a disruption in the work for which you are responsible.

10. Can I draw my pension voluntarily under the terms of the ERF and continue working for the InterContinental Hotels Group?

Yes, you would be able to draw your full pension on ERF terms subject to Company approval, (one condition of which is that you will not work more than 50% of your previous hours for the Company) and continue working part-time for the Company in the same or a different job, with access to the Defined Contribution section of the Plan.

11. Where can I get help?

If you have any queries, you should contact Keith Sully (01283 513097) in IHG's pensions team.