

InterContinental Hotels UK Pension Plan

Pension Newsletter

Defined Contribution (DC) Section

March 2014

Ceri

Ceri Chapple,
IHG, Denham



Welcome

I'm pleased to welcome you to our latest newsletter for DC (defined contribution) Section members. This edition provides useful information including:

- an update on auto-enrolment (opposite);
- a reminder of your investment options (pages 4–6); and
- a summary of the Trustee's Annual Report for the year to 31 March 2013, as it related to DC Section members (pages 8–11).

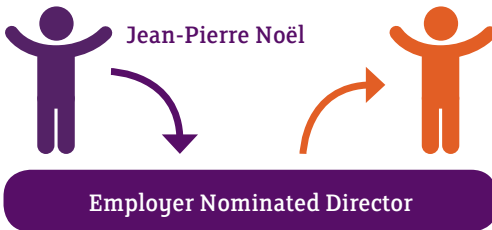
David Coles

Vice President Pensions

Changes to the Trustee Board

The Trustee Board is made up of nine Directors: three nominated by the Company, three Independent Directors and three nominated and selected from the Plan's membership. The following changes have taken place since the last newsletter:

- Employer Nominated Director, Sean Harrison has left the Trustee Board following his retirement from the Company. Jean-Pierre Noël, SVP Reward, has been appointed as his successor.



Sean Harrison (retired)

We thank Sean for his dedicated service as a Trustee and wish him a long and happy retirement.

Auto-enrolment

The Government's new rules on automatically enrolling employees into a pension arrangement came into effect from 1 September 2013 for IHG. IHG decided to enrol all eligible employees into the DC Section of the Plan at the contributing levels required for a qualifying scheme. Over 350 employees were enrolled in September, with less than 10% choosing to opt out of the Plan. Employees who are enrolled on this basis still have the option to join the Plan with the same level of Company contributions paid for other members who have chosen to join, which are higher than the initial minimum requirement set by the Government.

Pensions tax changes

The pensions Lifetime Allowance (LTA) is reducing from £1.5 million to £1.25 million in April 2014. The LTA is the maximum value of pension benefits that you can have from all of your combined UK tax-registered pensions without triggering a tax penalty. In addition, the pensions Annual Allowance (AA) is reducing from £50,000 to £40,000 in April 2014. The AA is the maximum amount of pension savings that can benefit from tax relief each year.

Current employees who may be affected by the reduction in the LTA have already been contacted, and those who may be affected by the reduced AA will be contacted in April 2014. Please contact the Company Management Team for more information (see page 11).

Reminder of your options if you leave the Plan

Whilst auto-enrolment is helping to ensure that more people save for retirement, many people still leave 'dormant' pension savings in old plans and often forget to let the administrators know when they move house. If you leave the Plan, you can:

1. Keep your account 'deferred'

You can leave your savings in the IHG Plan until retirement. This could be any age between 55 and 75; or

2. Transfer your account

You can transfer your account value to another tax-registered pension plan, such as a new employer's plan.

Historically, individuals with less than two years' membership of the Plan could opt to accept a refund of their own contributions, less tax. However, the Government has announced that it will be removing this option for those who join the Plan after April 2014. This will mean that only the 'defer' or 'transfer' options will be available to future members.

Reminder of your investment options

If my account is invested in LifeStyle, how does this work?

LifeStyle is a set range of investments that changes over the years to help protect the value of your account as you approach retirement. With the LifeStyle option, your account is invested in equities until 15 years before your chosen retirement date. The investments are then switched automatically into a less volatile diversified fund (mixed assets) over a five-year period and remain invested there for a further five years. Over the final five years to your retirement, the investments are then switched gradually into gilts (Government bonds) and the cash fund, to 'lock in' any gains you have made and protect the value of your account as you approach retirement.

The chart opposite illustrates how the automatic switches work.

LifeStyle

LifeStyle is geared to a retirement age of 60 for Executive Section members and age 65 for Staff Section members. This means that, unless you tell BlackRock otherwise, they will automatically begin to switch your investments (as described above) from age 45 if you are an Executive Section member and age 50 if you are a Staff Section member. If you intend to retire earlier or later, or if you want your investments to move to more cautious funds earlier or later than they normally would, then you can either:

- contact BlackRock to make the change to your account; or
- access your account online at www.blackrockpensions.co.uk to make any changes yourself.

Fund descriptions

50/50 Global Equity Index Fund:

Equities are stocks and shares, and this fund invests about 50% in UK equities and 50% in overseas equities (split between geographical regions in fixed percentages).

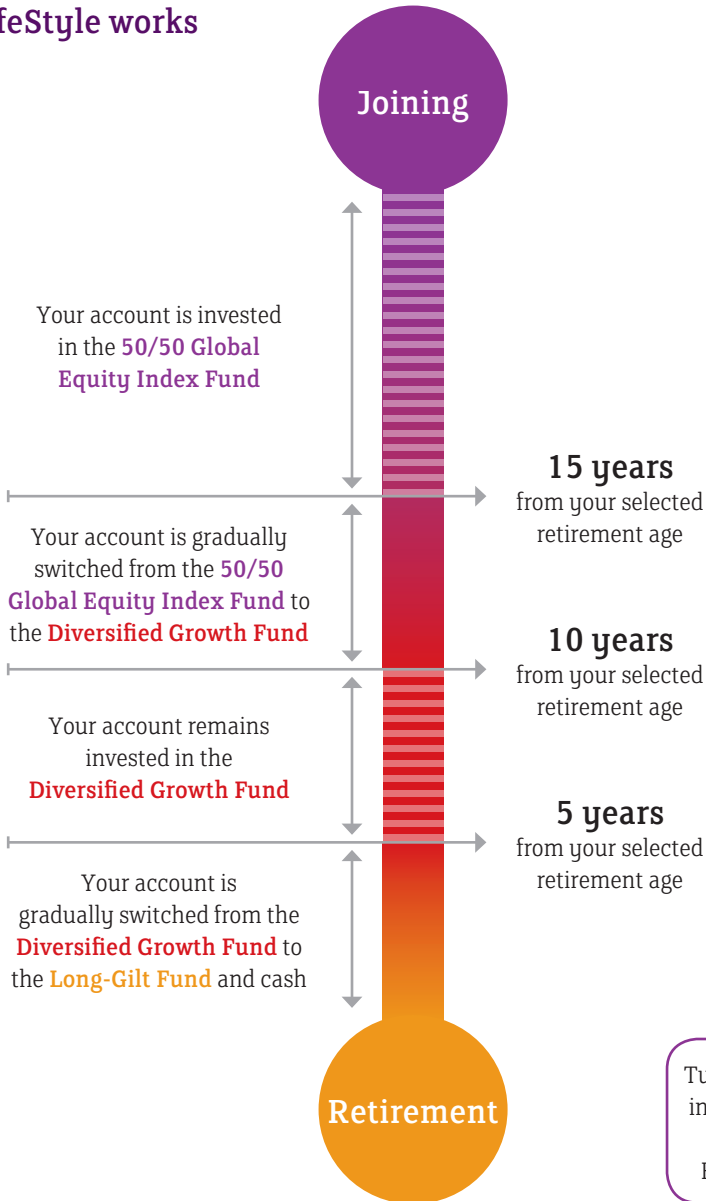
Diversified Growth Fund:

This fund invests in a variety of assets with the aim of achieving a return of cash interest plus 3.5% a year over three-year periods.

Long-Gilt Fund:

Gilt-edged securities (known as gilts) are borrowings by the UK Government. This fund invests mainly in long-dated Government bonds.

How LifeStyle works



Reminder of your investment options (continued)

If my account is invested in FreeStyle, how does this work?

With FreeStyle you choose how your account is invested from the DC Choice fund range, which is detailed in the 'Your Fund Options' booklet enclosed with your Member Booklet.



Your account will be invested in one or more of the funds you have chosen and will remain like this unless you choose to switch to a different fund. You can switch your funds at any time by contacting BlackRock or by accessing your account online at www.blackrockpensions.co.uk



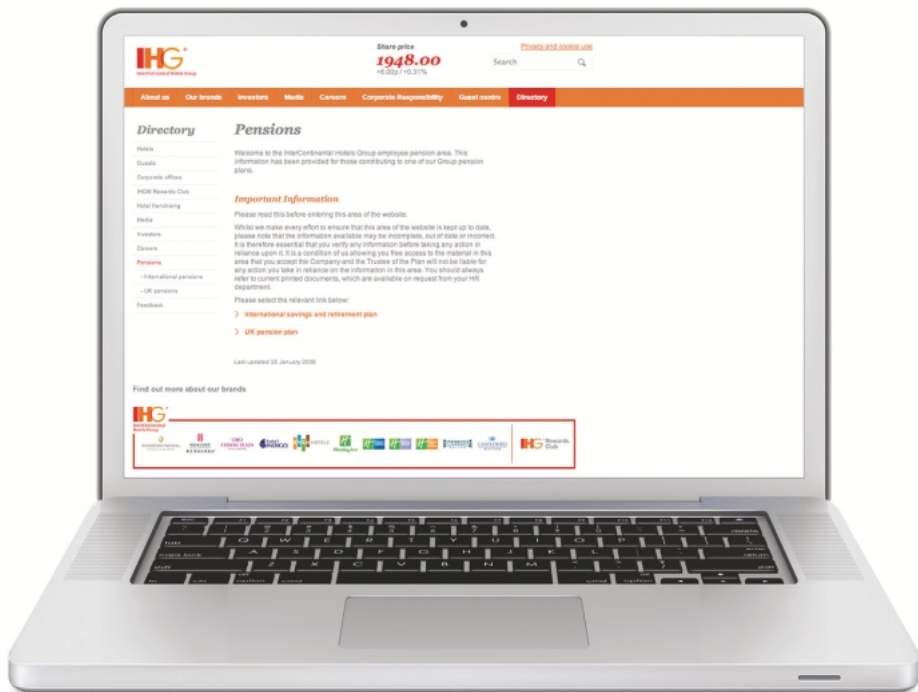
You need to be comfortable with the level of risk associated with the fund(s) you have chosen. To help you understand the risks involved, each of the funds have been given a risk rating of low, medium to low, medium, medium to high, or high. If you would like to know more about each of the funds, including their risk profile, you should refer to the 'Your Fund Options' booklet.

Factsheets containing performance data of all available funds can be obtained from BlackRock or via the pensions website at www.pensions.ichotelsgroup.com

I Information

You can find more information about the DC investment funds on the IHG section of the BlackRock website. You can link to the website from www.pensions.ichotelsgroup.com

The pensions website



In the pensions area of the IHG website, you'll find lots of useful information about the Plan, including downloadable handbooks, forms, newsletters and the full Trustee's Report and Accounts. There are also links to the Plan's investment manager's (BlackRock's) website for IHG and other useful pension-related sites.

Why not visit the website to see for yourself?

www.pensions.ichotelsgroup.com

Financials

The information on the next two pages provides a summary of the Plan's accounts for the DC section for the year ended 31 March 2013.

	£000
Value of the Fund at 31 March 2012	18,046
Income	
Member contributions	1,451
Company contributions	2,515
Transfer values received	108
Changes in market value of investments	2,798
Total	6,872
Expenditure	
Lump sum retirement benefits	0
Refunds of contributions	38
Transfer values paid	429
Total	467
Total value of the Fund at 31 March 2013	24,451

I Information

A full copy of the Trustee's Annual Report and Accounts is available on request from the Company Management Team or can be viewed or downloaded from the IHG pension website at:

www.pensions.ichotelsgroup.com

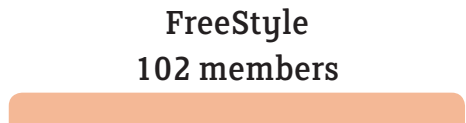
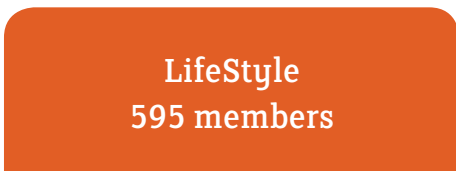
Membership

The bar chart below shows the membership details at 31 March 2013 and 2012:



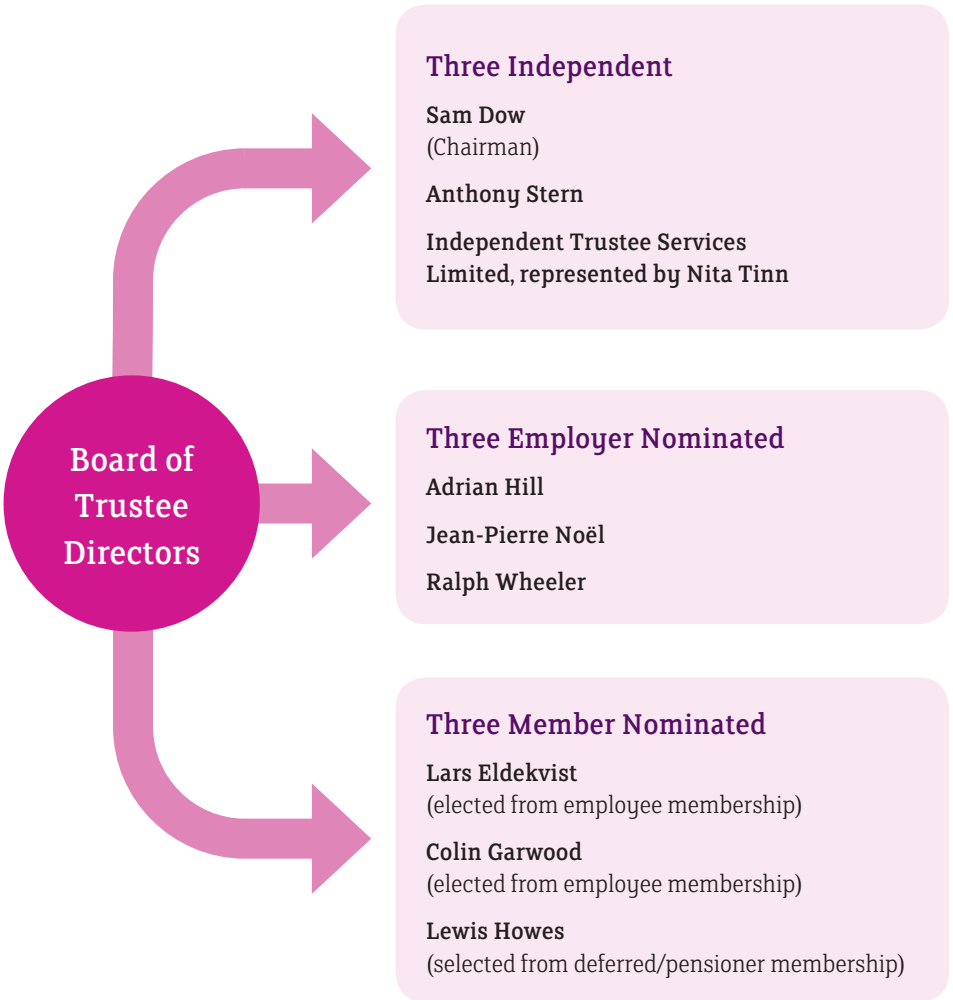
LifeStyle/FreeStyle split

At 31 March 2013, 595 members were invested in the LifeStyle option and 102 members in the FreeStyle option.



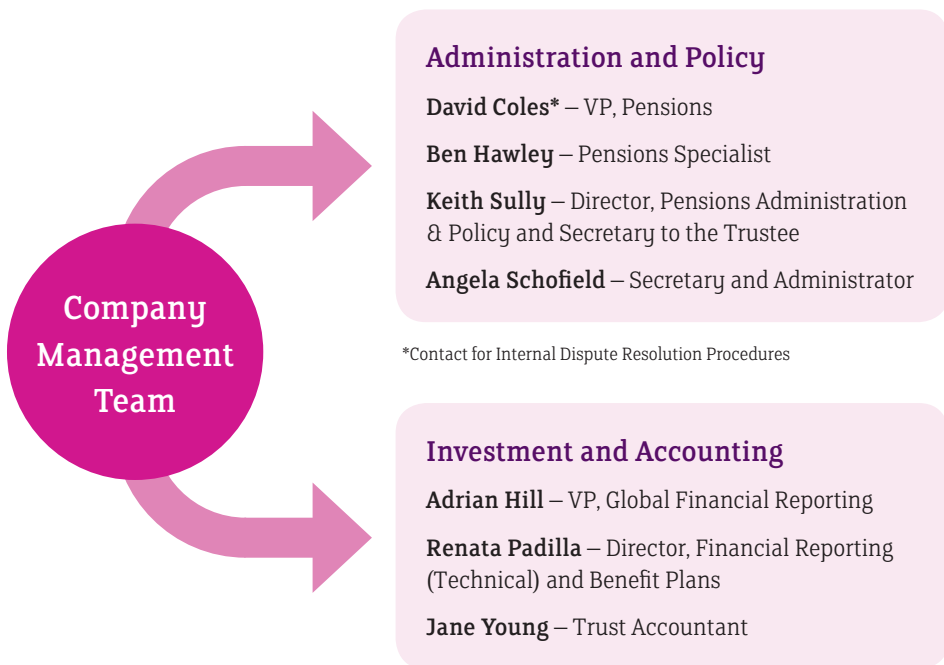
Trustee Directors

The following individuals make up the Board of Trustee Directors, who are responsible for the day-to-day running of the Plan and serving the best interests of the membership as a whole.



Company Management Team

The following individuals make up the Company Management Team, which is responsible for managing the outsourced Plan administration and assisting the Trustee Directors with their duties.



I Information

You can contact the Company Management Team at:



No.1 First Avenue
Centrum 100
Burton-on-Trent
Staffordshire
DE14 2WB



01283 511 311



enquiries.pensions@ihg.com



Please help us to keep in touch with you by notifying BlackRock of any change to your home address. This is especially important for deferred members as we lose touch with a number of these members each year.

Contact details

 BlackRock
Churchgate
1 New Road
Peterborough
PE1 1TT

 DC Choice Helpline: 01733 353 418

 uk.ops@blackrock.com