

Room for you

IHG UK Defined Contribution Pension Plan

Pension Newsletter

December 2015



Tom Rowntree,
IHG, Denham

A stylized, handwritten signature in white ink that reads 'Tom'.

Welcome

I'm pleased to welcome you to our latest newsletter for members of the IHG UK Defined Contribution Pension Plan (the Plan).

There have been a number of changes over the last few months that impact the Plan. This newsletter provides details of these changes, along with other information you may find interesting.

Read on for:

- Details of the new Trustee of the Plan and the new Employee Member Forum;
- A reminder of the 2014 Budget changes affecting Defined Contribution (DC) pension schemes, which came into effect from April 2015;
- Details of the investment changes implemented in December 2015;
- A summary of the Trustee's Annual Report for the year to 31 March 2015; and
- A reminder of BlackRock's 'TargetPlan' website for members.

Change to the Trustee of the Plan

Since the last Plan newsletter, IC Hotels UK Pension Trust Limited has been replaced as Trustee of the Plan by Independent Trustee Services Limited (ITS). ITS now acts as the sole, independent, professional Trustee of the Plan. As part of this change, a new Employee Member Forum has been established.

Keith Sully

Head of Pensions

**Current
vacancy**

Brierley Hill Employee Member Forum representative

We do not currently have a representative for Brierley Hill. If you are based in Brierley Hill and would be interested in the opportunity to act as a representative of the Plan members and ensure the Plan is well run, then please contact the Company Management Team. Contact details can be found on page 11.

New Trustee

The Plan was established in May 2014 as part of the process of insuring the benefits of members of the Defined Benefit (DB) section of the InterContinental Hotels UK Pension Plan (the old Plan) and then facilitating the closure and winding-up of the old Plan.

The Trustee is responsible for running the Plan on your behalf. IHG was keen to ensure that, once the transition from the old Plan was complete, an appropriate and robust governance structure was in place, which would look after the best interests of members. As such, Independent Trustee Services Limited (ITS) was appointed as the Trustee of the Plan on 1 April 2015.

ITS is a leading professional trustee services company and is independent from IHG, the Plan administrator and other service providers. ITS replaces the previous board of nine Trustee Directors, who we would like to thank for their dedicated service to the old Plan and its membership. ITS formed part of the previous Trustee Board and was represented by Nita Tinn. Nita is Lead Director under ITS's sole trusteeship of the Plan.

Introducing your new Employee Member Forum

To help the Trustee work with and on behalf of Plan members, a new Employee Member Forum has been established to represent the views of Plan members and will meet with the Trustee at least annually. There are three Employee Member Forum positions for active members of the Plan with a view to having representation from each of IHG's key UK sites (Denham, Branston and Brierley Hill). Your current Employee Member Forum representatives are:



**Denham
representative
Nicos Nicolaides**

Nicos joined IHG in 2011 and his current role is Director, Compensation and Benefits.



**Branston
representative
Rob Ottewell**

Rob joined IHG in 2014 and his current role is Director of Tax Transfer Pricing.

Freedom and Choice

A reminder of the April 2015 changes to DC pensions

Since 6 April 2015, people aged 55 and over with savings in DC pension schemes are able to make use of the following options:

Option 1: Buy a pension (Annuity)

You can purchase an annuity with a DC fund (and take up to 25% of the fund as tax-free cash). An annuity is an insurance policy that converts the fund built up in your pension scheme into a regular income. The income is then paid for the rest of your life. Once you have purchased an annuity, it is not currently possible to change your decision and cancel the annuity.

Option 2: Flexi-access drawdown (Drawdown)

Under a flexi-access drawdown arrangement, you can take up to 25% of your DC fund as tax-free cash when you designate your DC fund as being available for drawdown. Payments from the flexi-access drawdown account can then be taken as and when you choose, while the rest of your fund remains invested. Each payment is subject to tax at your marginal rate of income tax (20%, 40% or 45%).

Option 3: Take one or more cash lump sums (Cash)

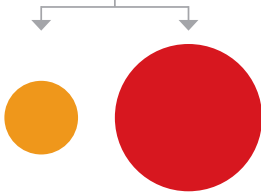
Also called an uncrystallised funds pension lump sum (UFPLS), this is similar to drawdown except that each time you take a payment, one quarter of the payment is tax free with the rest taxed at your marginal rate. This means the 25% tax-free cash can be spread over a period of time. With UFPLS, you have the option to take your entire fund in one go as cash at retirement. Again, 25% of your fund would be tax free and the rest would be taxed at your marginal rate.

How do I decide?

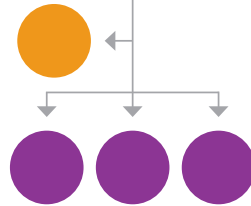
If you are approaching retirement, you should think about how you might want to use your money when you retire. You may also be taxed differently depending on the option you choose. Pension Wise is a free government-backed service that provides impartial guidance to people aged 50 or over with DC pension savings. You can access Pension Wise at www.pensionwise.gov.uk or by calling 030 0330 1001 to request a telephone or face-to-face consultation.



Option 1: Annuity

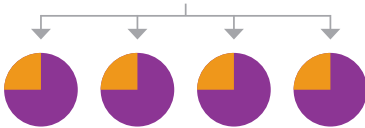


Option 2: Drawdown



Option 3: Cash




Spread your lump sum over time



Take your entire fund in one go



Key

-  Pot to be used to purchase an annuity
-  Tax-free cash
-  Cash taxed at individual's marginal rate

Or choose a combination of all three

Changes to investment funds

In light of the 'Freedom and Choice' changes highlighted on the previous pages, the Trustee has reviewed the range of investments offered in the Plan to ensure that they remain appropriate and offer value for money.

As a result, some changes have been made to the investments available. We wrote to members about these changes at the end of October and are pleased to confirm that the changes were implemented earlier this month.

What changes have been made?

- 1.** New LifeStyle options have been created in order to reflect the new ways in which Plan benefits may be paid at retirement.
- 2.** Some investment funds have been removed or replaced as the Trustee feels that alternative options better meet its aims and offer better value to members.
- 3.** Some new investment funds have been introduced as the Trustee feels it is appropriate that they should be available to members, such as a new Shariah-compliant specialist fund option.

What do I need to do now?

It is important, no matter how close to or far away from retirement you may be, to:

Understand how your account is invested



Tips on how to do this:

Check your account on the BlackRock TargetPlan website at www.blackrock.co.uk/targetplan. Read about the types of investment available in the Plan, and how they may be used, in the Member Handbook and 'Your Fund Options' guide.

Understand how and when you may want to take your benefits at retirement



Tips on how to do this:

Use the tools on the BlackRock TargetPlan website to get an idea of how much you may need to save and how long it could last you in retirement under different scenarios. See page 10 for more information.

Keep all of this under review and make changes if necessary



Tips on how to do this:

You can change how your account is invested, and/or the target age at which you want to take your benefits, **at any time**, through the BlackRock TargetPlan website.

Financials

The IHG UK Defined Contribution Pension Plan (the new Plan) was set up in May 2014 and the benefits of all members of the DC Section of the InterContinental Hotels UK Pension Plan (the old Plan) were transferred to the Plan in August 2014.

The information here provides a summary of the accounts for the year ended 31 March 2015. The numbers at 31 March 2014 relate to the DC Section of the old Plan, and the numbers at 31 March 2015 relate to the new Plan.

	£000
Value of the Fund at 31 March 2014	32,077
Income	
Member contributions	2,450
Company contributions	5,162
Transfer values received	195
Transfer from predecessor Plan	3,661
Other income	259
Changes in market value of investments	3,879
Total	15,606
Expenditure	
Lump sum retirement benefits	154
Lump sum death benefits	282
Refunds of contributions	185
Transfer values paid	678
Administration expenses	206
Total	1,505
Value of the Fund at 31 March 2015	46,178

Membership

The chart below shows the membership details at 31 March 2015 and 2014:



LifeStyle/FreeStyle split

At 31 March 2015, 1,114 members were invested in the LifeStyle option and 124 members in the FreeStyle option.



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

BlackRock's TargetPlan

All members have access to the BlackRock member website, TargetPlan. TargetPlan is easy to navigate so you can monitor and manage your account whenever you want to.

Through TargetPlan you can:

- See the value of your retirement savings;
- Check which funds your account is invested in; and
- Explore what other investment funds are available.



As part of the member website, BlackRock has recently introduced myPath – a new, enhanced pension modeller that will help you to work out how much income you might need when you stop working, set a target and help get you on track to meet that target.

As myPath is linked to your account, you don't have to add any of your personal details – it's ready and waiting for you to start planning and to help you answer these key questions:

- How much income do I need in retirement?
- At what Target Retirement Age would I like to start accessing my benefits?
- Could I afford to retire if I keep things as they are?
- How much do I need to pay into my account?
- How should I invest to reach my target?
- How should I take my retirement income – cash, annuity, drawdown or a combination?

You can even add in details of other savings and/or pension plans from previous jobs.

Visit www.blackrock.co.uk/targetplan and register using your BlackRock account number and National Insurance number. If you have more than one account with BlackRock, you only need to register once to be able to see all of your accounts. We suggest you register with the account you are currently contributing to, if applicable.

If you need help, just contact BlackRock:



01733 353 462 – Monday to Friday, between 9.00am and 5.00pm



uk.ops@blackrock.com

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 with its duties.

Administration and Policy

Keith Sully*

Head of Pensions and
Secretary to the Trustee

Ben Hawley

Manager, Pensions

Angela Schofield

Secretary and Administrator

Investment and Accounting

Adrian Hill

VP, Global Financial Reporting

Claire Cook

Director, Financial Reporting

Jane Young

Trust Accountant

*Contact for Internal Dispute Resolution Procedures

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

Visit the pensions website

Have you visited the pensions area of the IHG website? On the site, you will find:


- Useful information about the Plan;
- Downloadable handbooks, forms and newsletters;
- The Trustee's Annual Report and Accounts; and
- Useful links to other pension-related sites.



Why not check it out today at
www.pensions.ichotelsgroup.com

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

Contact details

 BlackRock
Churchgate
1 New Road
Peterborough
PE1 1TT

 Member Helpline: 01733 353 418

 uk.ops@blackrock.com