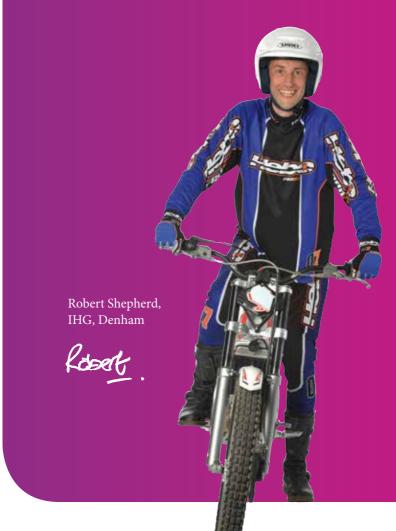
IHG UK Defined Contribution Pension Plan

Pension Newsletter

December 2017





Welcome

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

This newsletter includes information that might be useful to you.

On pages 4-5, you'll find a summary of the Plan's financial accounts for the year to 31 March 2017. On page 6, there are details of the BlackRock TargetPlan website, where you can find out more about investment options and the value of your savings.

On pages 10-11, you can read about increases to the State Pension age, and reminders about tax rules for your pension if you are aged 55. You'll also find the Employee Member forum update opposite, and the Trustee Chair's Annual Governance Statement on page 8, which I hope you will find helpful.

Keith Sully

Head of Pensions

Keep your personal details up to date

Have you completed a Beneficiary Form?

It is very important that you complete a Beneficiary Form, and keep it up to date as your circumstances change. This lets the Trustee of the Plan know who you would like to receive any benefits that may become payable in the event of your death. The Trustee takes your wishes into account when deciding who should receive any benefits. Under current law this normally means that any lump sum can be paid free of Inheritance Tax. Payment of benefits could be delayed if there is no Beneficiary Form or if it is out of date.

Case Study

Sally had named her mother as beneficiary on joining the Plan. However, Sally died suddenly, having recently got married. The Trustee then had to decide whether to give Sally's benefits to her mother, her husband, or split it between them. This caused payment delays, and added extra stress to Sally's family at a difficult time. With an updated Beneficiary Form, this could have been avoided.

You can download a Beneficiary Form from the IHG pensions website at **ihgplc.com/pensions**

Employee Member Forum

To help the Trustee work for you, an Employee Member Forum has been established to represent the views of Plan members. They meet with the Trustee at least once a year.

If you have any feedback or views about the Plan and/or how it is governed, please feel free to contact one of the representatives.

Following the closure of the Brierley Hill office in early 2017 and the departure of the previous Denham representative, there has been a change of structure and Forum representatives. There are still three Employee Member Forum positions for active members of the Plan, but there are now two representatives for the Denham office and one for the Branston office.

Your current Employee Member Forum representatives are:



Maria Williams Denham

Maria joined IHG in 2010 and her current role is Global Performance Manager. She wishes she had started saving for her pension earlier, so she wouldn't have to work until she's 70!



Philip Gardner Denham

A self-confessed pension enthusiast(!), Philip re-ioined IHG in 2010 having previously worked for the company between 1998 and 2005. His current role is Vice President, Revenue Management, Europe.



Rob Ottewell Branston

Rob joined IHG in 2014 and his current role is Director of Tax Transfer Pricing, He loves nothing more than long conversations about pensions, so please feel free to avoid him!





maria.williams@ihg.com @ philip.gardner@ihg.com @ rob.ottewell@ihg.com



Financials

Here is a summary of the Plan's accounts for the year ended 31 March 2017:

Value of the Fund at 31 March 2016	50,82
Income	- 1
Member contributions	2,44
Company contributions	1,74
Transfer values received	35
Other income	30
Changes in market value of investments	10,17
Total	15,01
Expenditure	
Lump sum retirement benefits	34
Lump sum death benefits	25
Refunds of contributions	9
Transfer values paid	1,62
Incapacity benefits	24
Administration expenses	49
Total	3,06
Value of the Fund at 31 March 2017	62,78

Membership

The chart below shows the membership details at 31 March 2017 and 2016:



Information

A full copy of the 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 **ihgplc.com/pensions**

LifeStyle/FreeStyle split

At 31 March 2017, 1,210 members were invested in one of the LifeStyle options and 126 members were invested in the FreeStyle option.



BlackRock's TargetPlan website

All members have access to the BlackRock member website, TargetPlan. With TargetPlan, you can monitor and manage your Account whenever you want to.



How to register

Simply visit **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 your Accounts. We suggest you register with the Account you are currently contributing to, if applicable.

If you need help, please don't hesitate to contact BlackRock:

- **353** 418 Monday to Friday, between 9.00am and 5.00pm
- Alternatively, you can email BlackRock at blackrock.pensionsuk@blackrock.com

Acquisition of BlackRock Defined Contribution business by Aegon

You may have read that BlackRock's Defined Contribution business has been acquired by Aegon.

BlackRock and Aegon will work together to ensure that you continue to receive the same level of service as you would expect from BlackRock. The final legal transfer to Aegon has not yet been completed but you may notice changes to website links and email addresses as we move closer to that date.



Summary of the Trustee Chair's Annual Governance Statement

The Plan's Chair of the Trustee is legally required to produce an Annual Governance Statement.

This is designed to give an overview of the Plan's governance. We have summarised the latest statement below. The full version can be found in the Trustee's Annual Report and Accounts which is available at **ihgplc.com/pensions**

Trustee knowledge and understanding

Independent Trustee Services Limited (ITS) was appointed sole Trustee of the Plan on 1 April 2015. ITS is a specialist pension trustee services company which also formed part of the previous trustee board that oversaw the Plan before 1 April 2015. The experience, knowledge, skills and understanding of the ITS Directors, together with advice from specialist advisers, enable the Trustee to properly exercise its functions in running the Plan.

Default investment strategy

The Trustee has prepared a Statement of Investment Principles (SIP) in accordance with legislative requirements, which is available to members on request. The SIP explains the investment principles and objectives of the Trustee for the investment funds that are made available to members of the Plan, including the default investment option.

This default option is intended to help members who are automatically enrolled into the Plan, so that they do not have to make an investment decision to become a Plan member.

The last formal review of this strategy was in 2015, and will be formally reviewed every three years; or when Plan membership, investment policy or legislation/regulations significantly change. The performance of the default strategy and all other Plan investments will also be reviewed on a quarterly basis.

Core financial transactions

UK law requires the Trustee to ensure that the core financial transactions relating to Defined Contribution benefits are processed promptly and accurately. BlackRock is the Plan administrator, and its processes are reviewed annually by an independent auditor. The Trustee reviews the resulting report each year. The Company Management Team also monitors the contributions made to the Plan by both members and their employers on a monthly basis, reporting to the Trustee quarterly on any findings and actions taken.

Charges and transaction costs

For the default investment option, the total costs of investment (known as the Total Expense Ratio) in respect of members' investments range from 0.29% to 0.62% of the funds under management depending on what stage of the path to their Target Retirement Age the member has reached. This is below the current legal cap on such charges which is 0.75%. Details of the Total Expense Ratios for all investment funds available to members can be found in the 'Your Fund Options' booklet at **ihgplc.com/pensions**. The Company currently pays the Annual Management Charge, which makes up the majority of the Total Expense Ratio, for active members of the Plan.

Value for Members Assessment

The Trustee has carried out an assessment of the extent to which the Plan represents good Value for Members (VFM), in accordance with Scheme Administration Regulations. It concluded that the charges and transaction costs paid by Plan members represent good (above average) value, for the following reasons:

The costs and charges deducted from members' savings provide good value in relation to the benefits and services they receive, when compared with other options available in the market.

The charges for the default investment fund are below the charge cap (0.75%).

Members are part of a well-governed scheme which receives a comprehensive and high-quality administration service.

The Trustee is committed to ensuring the Plan delivers good VFM, and will monitor this on an ongoing basis.

Pensions news

State Pension age

You may be aware that the State Pension age (SPA) is changing and is currently being equalised to age 65 for men and women.





From 2019, the SPA will increase for both men and women to reach **66** by October 2020.

This affects people who were born after:

5 April 1953



The Government is planning further increases, which will raise the SPA from **66** to **67** between 2026 and 2028

This affects people who were born after:

5 April 1960



The SPA will then rise from **67** to **68** between 2037 and 2039. This is sooner than had previously been announced.

This affects people who were born after:

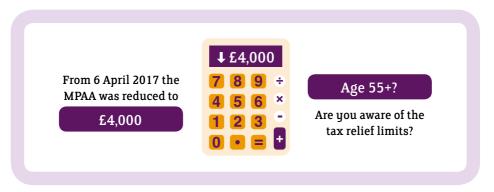
5 April 1970

What action should I take?

We recommend that you review your Target Retirement Age (TRA) in the Plan. You can do this by visiting the BlackRock TargetPlan website at **blackrock.co.uk/targetplan**

You can check your SPA and request a State Pension forecast at **gov.uk/check-state-pension**

Money Purchase Annual Allowance



The Government has announced that it will reduce the Money Purchase Annual Allowance (MPAA) to £4,000 with effect from 6 April 2017. The MPAA is a restriction on the annual amount of tax-relieved savings you can make to money purchase pension schemes if you have accessed money purchase benefits flexibly.

Therefore, if you are aged 55 or over and have accessed any retirement benefits flexibly (which means you have received a taxable cash payment from a UK registered pension plan or you have received a payment from a drawdown policy purchased with pension plan benefits), the maximum that you can contribute to a UK registered pension arrangement in a tax year will be restricted to £4,000.

It is your responsibility to make sure you are aware of the tax relief limits on pension contributions and/or accrual; and to report to HM Revenue & Customs anything more than the relevant limit that applies to you.

If you have any questions about this change and how it may affect you, please contact:

@

The Company Management Team at enquiries.pensions@ihg.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

Investment and Accounting

Adrian Hill

VP, Global Financial Reporting

Claire Cook

Director, Financial Reporting

Jane Young

Trust Accountant

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

Have your details changed?

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



Member Helpline: 01733 353 418 Monday to Friday between 9.00am and 5.00pm



uk.ops@blackrock.com



^{*} Contact for Internal Dispute Resolution Procedures.