

IHG UK Defined Contribution Pension Plan

Pension Newsletter

December 2018



Russell Green,
Denham

Russell

Introduction

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

This newsletter provides useful information, including:

- A reminder of the importance of completing a Beneficiary Form.
- Important information relating to pension scams.
- A reminder about changes to the State Pension age.
- An update on the Employee Member Forum.
- A reminder about the Aegon TargetPlan website.
- A summary of the Trustee's Annual Report for the year to 31 March 2018.
- A synopsis of the Trustee Chair's Annual Governance Statement.

Keith Sully
Head of Pensions



Beneficiary forms

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.

A beneficiary nomination 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 will take 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. It's important to know that payment of benefits could be delayed if there is no Beneficiary Form or if it is obviously out of date.

Case Study: Simon's story

Why is it important to keep us up to date?

Simon completed a Beneficiary Form when he joined the Plan, naming his mother to receive any death benefits. He died suddenly, having recently got married. The Trustee Board was placed in a difficult position; Simon's circumstances at the time of his death had changed substantially, but he hadn't updated his Beneficiary Form.

The Trustee Board now had to decide whether to pay benefits to Simon's mother or to his new wife, or split the benefits between them. It took longer to pay out the benefits as the Trustee Board first had to seek further information to understand the circumstances at the time of his death. Had Simon kept his Beneficiary Form updated, the benefits might have been paid out differently or sooner.

I Information

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

Member Forum

Your Employee Member Forum

To help the Trustee work with and on behalf of Plan members, an Employee Member Forum has been established to represent the views of Plan members. It meets with the Trustee at least once a year. If you have any suggestions, thoughts or questions about the Plan, please feel free to feed back to a representative.

There are three Employee Member Forum positions for active members of the Plan, with two representatives for the Denham office and one for the Branston office.

Both Denham representatives have left IHG this year, so there are currently vacancies for two Denham representatives.

Your current Employee Member Forum representative is:



Rob Ottewell
Branston office

Rob is the Branston representative of the Employee Member Forum. He joined IHG in 2014 and his current role is Director of Tax Transfer Pricing.

Rob loves nothing more than long conversations about pensions, so please feel free to avoid him!

@ rob.ottewell@ihg.com

Vacancies – Denham representatives

If you are an active member of the Plan and are based in the Denham office, the Trustee would like to invite you to nominate yourself for a position in the Employee Member Forum.

This is an exciting opportunity for the right individuals who would like to act as representatives of the Plan members and ensure that the Plan is well run.

Whilst the legal responsibility for the governance of the Plan rests with the Trustee, the Employee Member Forum is designed to represent the views of Plan members. The Employee Member Forum meets with the Trustee at least once a year.

A position in the Employee Member Forum would be suitable for individuals who:

- Have or would be willing to develop a sound understanding of the key issues involved in the governance and operation of UK pension arrangements;
- Would be committed to the wellbeing of the Plan and its members; and
- Would be happy to act as a Pensions Champion in their office.

I Information

If you are interested in applying for a position in the Forum, and would like more information and an application form, please contact Ben Hawley in the IHG Pensions Team. You can email him at ben.hawley@ihg.com

Financials

The information on the next two pages provides a summary of the Plan's accounts for the DC Section for the year ending 31 March 2018.

	£000
Value of the Fund at 31 March 2017	62,781
Income	
Member contributions	2,463
Company contributions	3,528
Transfer values received	366
Other income	31
Changes in market value of investments	1,327
Total	7,715
Expenditure	
Lump sum retirement benefits	202
Lump sum death benefits	1,509
Refunds of contributions	52
Transfer values paid	2,876
Administration expenses	539
Total	-5,178
Value of the Fund at 31 March 2018	65,318

Membership

The chart below shows the membership details at 31 March 2018 and 2017:



* A deferred member is one who is no longer paying contributions into the Plan.

Information

A full copy of the Annual Report and Accounts is available on request from the Company Management Team. It can also be viewed or downloaded from the IHG pension website at www.ihgplc.com/pensions

LifeStyle/FreeStyle split

At 31 March 2018, a total of 1,269 members were invested in one of the LifeStyle options and 123 members were invested in the FreeStyle option.

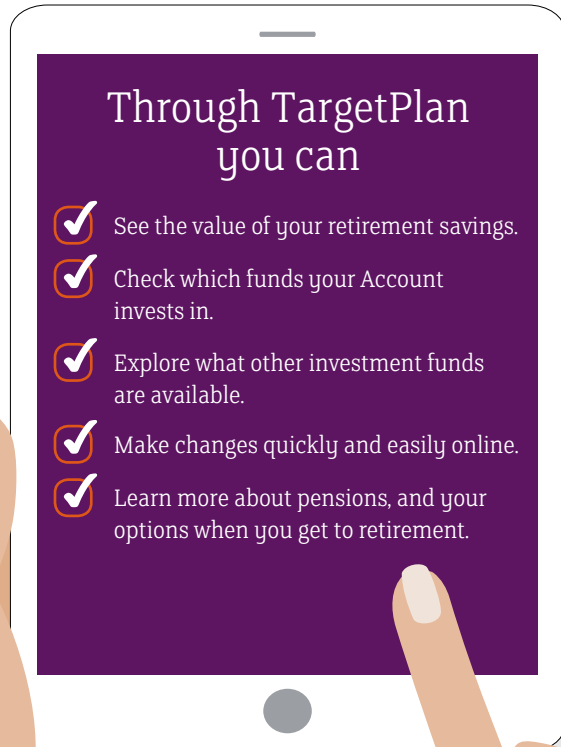


Pensions news


Aegon's TargetPlan website

All members have access to the Aegon member website, TargetPlan. TargetPlan is easy to navigate and you can use it to monitor and manage your Account whenever you want to.


If you have more than one Account with Aegon, 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 Aegon.

 **01733 353 418** – Monday to Friday, between 9.00am and 5.00pm

OR

 **my.pension@aegon.co.uk**

All you need to do is visit lwp.aegon.co.uk/targetplan and register using your Aegon Account Number and National Insurance number.

Acquisition of BlackRock Defined Contribution (DC) business by Aegon

You may have read in the last two annual Pension Newsletters that BlackRock's DC business has been acquired by Aegon.

The transfer process was formally completed on 1 July 2018 and the administration of the Plan is now carried out by Aegon (a brand name of Scottish Equitable plc).

Going forward, member communications and the member website will be Aegon rather than BlackRock branded. The Plan continues to be serviced by the same team as before using the same systems and processes, so the Trustee is confident that service to members will not be affected.

Visit the pensions website

In the pensions area of the IHG website, you'll find lots of useful information about the Plan, including:

Member handbooks



Newsletters



DC Plan Annual Report and Accounts



Forms



There are also links to the Plan's investment manager's (Aegon's) website for IHG and other useful pension-related websites. Why not visit the site to see for yourself? You can find the website at www.ihgplc.com/pensions

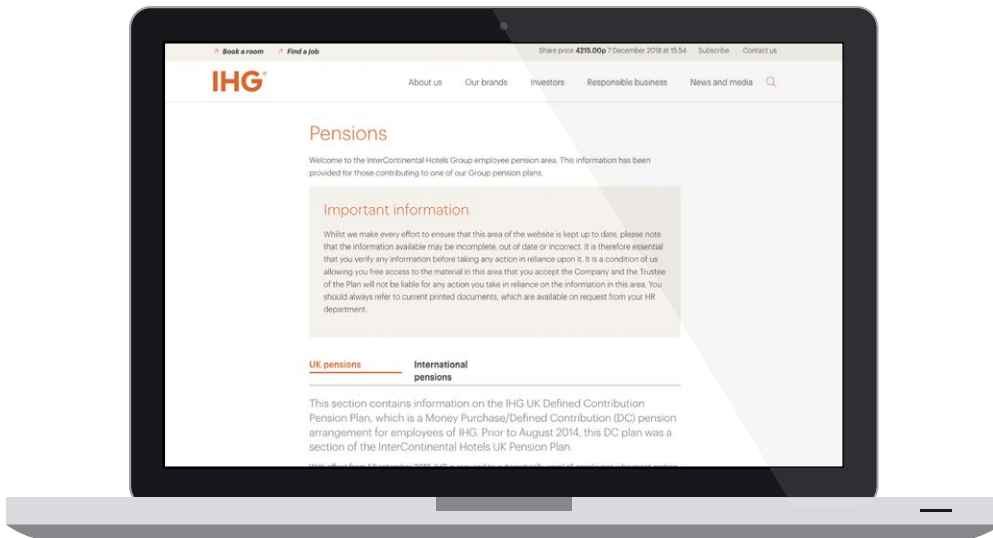
Trustee statement

Summary of the Trustee Chair's annual governance statement

It is a legal requirement for the Chair of the Plan to produce an annual governance statement. The statement is designed to give you an overview of the governance of the Plan in respect of the default investment option, core financial transactions, costs and charges, and the Trustee's knowledge and understanding.

Information

On the following few pages is a summary of the governance statement. The full statement can be found in the Trustee's Annual Report and Accounts which you can download from the IHG pensions website at www.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 prior to 1 April 2015.

The experience, knowledge, skills and understanding of the ITS Directors, together with guidance from specialist advisers, enables the Trustee to properly exercise its functions in running the Plan.

The default investment strategy

The Trustee has prepared a Statement of Investment Principles (SIP) in accordance with legislative requirements. This is available to members on request and 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.

The default investment option is intended to be suitable for those members who do not wish to make an active choice on their investments. Members who are automatically enrolled into the Plan who do not make an investment decision will go into the default investment option as a matter of course.

The suitability of the default strategy will be formally reviewed every three years, or on any significant changes to the membership profile of the Plan or investment policy, as well as in the event of significant changes to legislation or regulation. The performance of the default strategy and all other Plan investments will also be reviewed on a quarterly basis.

Due to concerns about the performance of one of the underlying funds in the Diversified Assets Fund, a review was carried out in 2017 which resulted in a change to one of the underlying funds. This change was implemented in March 2018.

The Diversified Assets Fund was previously 70% invested in the BlackRock DC Dynamic Allocation Fund. This was switched to being 70% invested in the Schroders Dynamic Multi Asset Fund as the Trustee believes that the Schroders fund is better placed to meet the Plan's long-term investment objectives.

Core financial transactions

Legislation requires the Trustee to ensure that the core financial transactions relating to DC benefits are processed promptly and accurately.

Aegon is the administrator of the Plan. Its administration processes are reviewed annually by an independent auditor and the Trustee reviews the resulting report each year.

In addition, the Company Management Team monitors the contributions made to the Plan by both members and their employers on a monthly basis and reports 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 0.67% 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 available on the IHG pensions website at www.ihgplc.com/pensions

The Company currently pays the Annual Management Charge, which makes up the majority of the Total Expense Ratio, for active employee 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 the Scheme Administration Regulations. It has concluded that the charges and transaction costs borne by members of the Plan represent good (above average) value for members, for the following reasons:

- The costs and charges deducted from members provide good value in relation to the benefits and services they receive, when compared to 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 that the Plan delivers good value for members (i.e. that the transaction costs and charges provide good value in relation to the benefits and services provided), and will monitor this on an ongoing basis.

The Trustee's
Value for Members
assessment rating
for the 2017/18 Plan
year was: **Good**



Pension scams

If you are thinking about transferring your pension, you may want to consult a financial adviser.

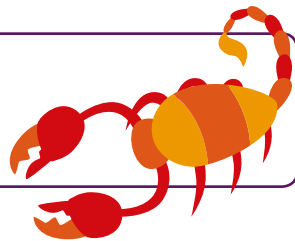
Scammers might try to target you by cold calling, texting or emailing you. Their offer might sound too good to be true, with promises of high or guaranteed returns, and they can be financially knowledgeable, with testimonials and websites that seem credible.

However, it's important to remember that you can't access your pension before you are 55 without incurring a large tax charge.

If you are contacted, check who you're dealing with before changing your pension arrangements by verifying that the person or company is registered with the FCA at www.fca.org.uk

Information

Find out more about pension scams at www.thepensionsregulator.gov.uk/pension-scams



Case Study: Jane's story

Jane was looking to help fund her daughter through university. When a company contacted her offering to help her access her pension early, it seemed like perfect timing.

Jane decided to check whether the company was legitimate as she'd heard so much in the news about pension scams. She contacted the Financial Conduct Authority (FCA) to make sure the firm she was dealing with was authorised. Jane found out that the company wasn't registered and so she started to become suspicious.

The company contacted Jane again, but she wasn't going to be pressurised. She called The Pensions Advisory Service who told her only under very special circumstances would someone be able to access their pension early, e.g. ill health.

The Pensions Advisory Service investigated the company and found out that it was operating without authorisation from the FCA. Jane had been vigilant and was saved from losing her pension savings and also avoided a 55% tax charge from the Government for withdrawing her savings before she was 55.

Read more at www.fca.org.uk/scamsmart or www.thepensionsregulator.gov.uk

State Pension age

In our last newsletter, we told you that the State Pension age (SPA) was changing.

The SPA for women increased to 65 in November 2018, and will then rise to 66 between December 2018 and October 2020. For men, it will increase from 65 to 66 between December 2018 and October 2020.

The Government is planning further increases, which will raise the SPA from 66 to 67 between 2026 and 2028. The SPA will then rise from 67 to 68 between 2037 and 2039.

What action should I take?

With this in mind, we recommend that you review your Target Retirement Age in the Plan. You can view and amend your Target Retirement Age via the Aegon TargetPlan website at lwp.aegon.co.uk/targetplan

How much State Pension will I get?

How much State Pension you receive depends on your National Insurance contribution record and when you reach SPA. For more information about how much you will get, visit www.gov.uk/check-state-pension

For more information on the SPA, visit www.gov.uk/state-pension-age



2018 - 2020

From 2018, the SPA will increase for both men and women to reach **66** by October 2020.



2026 - 2028

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



2037 - 2039

The SPA will then rise from **67** to **68** between 2037 and 2039.

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

Ben Hawley
Manager, Pensions and
Secretary to the Trustee

Investment and Accounting

Adrian Hill
VP, Global Financial Reporting

Claire Cook
Director, Financial Reporting

Jane Young
Trust Accountant

* Contact for Internal Dispute Resolution Procedures.

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 Aegon of any change to your home address. This is especially important for members who have left the Company as we lose touch with a number of these members each year.

Contact details



Aegon Workplace Investing
PO Box 17486
Edinburgh
EH12 1NU



01733 353 418



my.pension@aegon.co.uk

