



JAGUAR LAND ROVER DEFINED CONTRIBUTION FUND

WINTER NEWSLETTER 2017

WELCOME TO THE WINTER EDITION OF THE JLR DEFINED CONTRIBUTION FUND (JLR DC FUND) NEWSLETTER

Overall, the government's last ever Autumn Statement has brought some welcome relief to pension scheme members, with the only real change being made to the Money Purchase Annual Allowance. Find further details on page 4.

In previous newsletters we have talked about being aware of pension scams, and it's good to note that the government is taking this seriously. You can read more on page 6.

The closure of BHS and the problems surrounding their pension deficit has been big news recently, so we want to explain why you would not find yourselves in this situation. Details are on page 3.

As you will be aware, we are currently consulting with employees regarding our pension arrangements. I would encourage you to spend time reading the information available and responding to the consultation.

We are also pleased to confirm that JLR has negotiated a further 6% reduction in the investment management and administration charges for your individual pension account. We will continue to look for opportunities to improve value for money.

We hope that you enjoy reading our newsletter. As ever, we welcome your suggestions for articles to be included in future editions, so please feel free to contact us. Our details are on the back page.

Ian Harnett
Executive Director, Human Resources and Global Purchasing



IN THE NEWS

BHS PENSION SCHEME

The issues surrounding the BHS pension scheme have raised concerns for many and we wanted to reassure you by explaining the differences between the BHS defined benefit (DB) scheme and the JLR defined contribution (DC) fund.

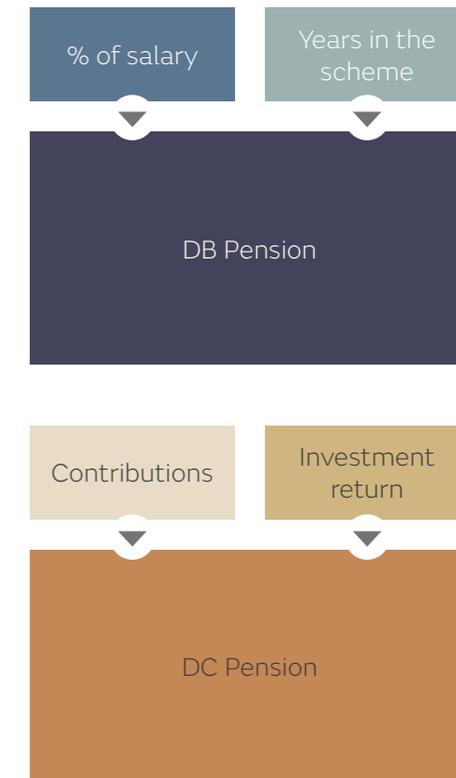
Broadly speaking, a DB scheme promises members a pension payment based on a number of factors, including salary or earnings and the number of years they have been in the scheme.

Problems occur when the amount that needs to be paid out in pensions is more than the scheme has available. If this isn't adequately addressed, there isn't enough left to pay people the pension they're expecting, which causes problems for the scheme. This is what happened in the case of BHS.

In the JLR DC Fund, contributions from you and the Company are paid into a 'pot' and invested in funds. The value of this pot when you come to retire depends on how much has been paid in and how investments have performed. This means that the scheme never has to pay out more than it has available.

INTEREST RATES

Low interest rates and bond yields have also been in the news, with interest rates remaining close to their all-time low. The Bank of England does not expect interest rates to increase until 2018, which could impact on pension investment returns. The DC Management Committee and its advisers monitor the performance of the JLR investment funds and will take action where necessary.



AUTUMN STATEMENT 2016

The following announcements were included in the Autumn Statement 2016.

MONEY PURCHASE ANNUAL ALLOWANCE

From April 2017, the Money Purchase Annual Allowance (MPAA) will be reduced from £10,000 to £4,000. This is the amount you can save tax free each year into a defined contribution (DC) scheme if you have taken some of your DC savings already. Anything over this will be subject to tax. This could affect members who have already taken their benefits but continue to contribute to the JLR DC Fund. Please note that this is different from the Annual Allowance which remains at £40,000 p.a.



SALARY SACRIFICE

In a salary sacrifice scheme employees give up part of their salary in return for a non-cash benefit. This reduces their National Insurance contributions because they are based on a lower salary.



From April 2017 some salary sacrifice arrangements, such as gym memberships and company cars, will no longer be possible, but the good news is that pension salary sacrifice arrangements, like the one offered by the JLR DC Fund, will not be affected.

STATE PENSION TRIPLE LOCK

The State Pension Triple Lock has been in place since 2010, and guarantees that state pensions will rise in line with average earnings, the consumer price index or by 2.5% every year - whichever is highest. The Chancellor has confirmed that this will remain in place until 2020.

INVESTMENT UPDATE

THE DEFAULT FUND - A REMINDER

Our default fund is the fund that members automatically invest in when they join our pension scheme. It is a lifestyle fund, so the investment focus changes from growth to protection as members approach retirement.

The JLR Mixed Asset – Equity 50-80% Fund is our default fund and the one the majority of our members are invested in.

JLR MIXED ASSET – EQUITY 50-80% FUND (THE DEFAULT FUND)

- 50% Mixed assets
- 50% Shares



You can choose to invest in alternative funds if you wish. To do this or if you want to check which fund your contributions are invested in you can log in to your account at zurich.co.uk/save/jaguarlandrover



BREXIT

The UK economy is facing uncertainty following the vote last year to leave the European Union, with volatility in the financial markets and a significant drop in the pound's exchange rate against many major currencies. While Brexit has had a less immediate impact on pension funds than many feared, the long-term outlook is unknown.



PENSION SCAMS

In his Autumn Statement, the Chancellor announced a government consultation on the problem of fraudulent companies/individuals targeting pension scheme members and encouraging them to transfer their retirement savings into alternative arrangements. Ministers estimate eight scam calls are made every second to UK residents and under the government's proposals, there would be a ban on all cold calls, along with other measures.



You can find out more about pension scams at thepensionsregulator.gov.uk/pension-scams

If you are considering accessing your pension you should speak to a financial adviser – you can find one in your area at unbiased.co.uk

PENSION WISE

Pension Wise is a free, independent, government advice service for people aged 50 or over with DC pension benefits. It offers guidance on the options for taking your pension pot, ensuring you have the information you need to make the right decision. You can visit their website pensionwise.gov.uk for information or to make an appointment.

THE PENSIONS DASHBOARD

Eleven of the largest pension providers including Zurich, our own provider, have agreed to work together to build a 'pensions dashboard'. This is an online platform that will let savers see all their pension pots in one place. Research has shown that at the moment, over a third of people approaching retirement find it difficult to keep track of their pension pots.

The pensions dashboard also aims to provide a link to 'lost' pension pots with previous employers.

The first working prototype of the dashboard will be ready by March 2017, and the government aims to have it up and running by 2019.

ONLINE PENSION TRACING SERVICE

Launched in 2016 by the Department for Work and Pensions (DWP), this aims to help track 'lost' pensions. Individuals can enter their details online, write or call and the service will search for any pensions held in their name.



In our winter 2016 newsletter we mentioned that we had two vacancies for the DC Management Committee (DCMC). We are happy to announce that these have now been filled, and we would like to welcome Fund members Will Butler and Nigel Astill to the Committee.



CONTACT DETAILS

If you need more information about your JLR DC Fund, or want to download any of the forms, you will find detailed information on our pensions website at [jaguarlandroverpensions.com](https://www.jaguarlandroverpensions.com)

Alternatively you can contact Zurich, the JLR DC Fund administrators:

 **By emailing:**
supportcentredc@uk.zurich.com

 **By calling:**
0800 030 4428 or +44 1242 666 880

 **By writing to:**
Zurich Corporate Saving Support Centre,
PO Box 135, Cheltenham,
Gloucestershire
GL52 8ZP

When contacting Zurich, please provide your National Insurance number, date of birth and policy number, if available.

 **Via the website:**
zurich.co.uk/save/jaguarlandrover

HAPPY TO GO PAPERLESS?

If you would be happy to receive any non-personalised communications (e.g. newsletters) by email in future, please log into the Zurich site (see below) and amend your details accordingly. If you cannot locate your login details, please call Zurich and they will send you a new password.

DON'T FORGET!



We like to keep you updated on your JLR DC Fund pension, so remember to check these and let Zurich know if your personal details change or need to be updated.