Kodak Pension Plan (no. 2)

UPDATE

In the Autumn 2018 Update, we explained that the Plan was likely to move into the Pension Protection Fund (PPF). This is because our main asset, Kodak Alaris, is doing well, but not well enough to support the Plan in the long term.

It now seems that moving into the PPF is inevitable. While we don't yet know when the move will happen, it is likely to start in a matter of months – probably by 31 March 2019. We've included some information about what this means for members, which should help you see how you personally could be affected.

As your trustees, we are continuing to work with the Pensions Regulator and the PPF to resolve the Plan's future. If time allows, we will write to you again in the new year, when we hope to be able to tell you the exact date when the Plan will start moving into the PPF – known as the PPF assessment date. If the process moves faster than that, the next communication you get may be at the beginning of the PPF assessment period.

Contined on page 2

NEWS FROM THE TRUSTEES

WINTER 2018

www.kodakpensionplan2.co.uk

INTRODUCTION *(CONTINUED)*

We will also put the latest news and information on our website as we have it, so do check there regularly. It's at **www.kodakpensionplan2.co.uk**.

In this update we've also included some other news about the Plan, and more information about companies that scam people out of their pensions. Scamming is a very real threat in this country, with many thousands of people losing a great deal of money. So please do read this information to make sure you don't get caught out by the scammers.

If you need a large print version of this update, please call our administrators on **0800 028 7510**.

INSIDE

WHAT MOVING TO THE PPF COULD MEAN FOR YOU . . .

The benefits you could get from the PPF depend partly on whether you are under or over your normal pension age (NPA) on the date that the Plan enters the PPF assessment period. We don't yet know this date but it is likely to be in the first quarter of 2019.

When we were developing KPP2 in 2013, we sent you a statement that showed your normal pension age. If you still have that statement it will show you the information you need. If you don't have that statement, follow these two steps to get an idea of where you stand.

Please note that these two steps don't apply to any benefits you have from transferring in from another scheme, redundancy, Hedley Taylor or the Irish section. Please contact the Plan administrators to find out how those benefits will be affected by moving to the PPF.

Contact details are at the back of this update.

Continued on page 4.

WHAT MOVING TO THE PPF COULD MEAN FOR YOU *(CONTINUED)*

STEP 1.
FIND YOUR NORMAL PENSION AGE

If you have retired on an ill-health pension, or are getting a spouse or dependant pension, you don't need to find your NPA, so you can skip this page.

Did you join the Kodak Pension Plan after 6 April 1988?

YES → Your NPA is **63**.

NO ↓

On 6 April 1988, were you building up benefits in the Plan?

YES →

For service up to 16 May 1990: your NPA is **63** (men) or **60** (women).

For service 17 May 1990 to 31 Dec 1992: your NPA is **60**.

For service from 1 Jan 1993: your NPA is **63**.

Depending on when you built up service, you might have different NPAs for different parts of your pension.

NO →

You left service before 6 April 1988: your NPA is **65** (men) or **60** (women).

Now go to step 2 on the next page.

STEP 2.
SEE HOW YOUR NPA COULD AFFECT THE PENSION YOU GET

Follow this flowchart to see how you might be affected, based on your normal pension age (NPA). If you have retired with an ill-health pension, or are getting a spouse or dependant pension, you are treated as if you are over your NPA.

Are you, or will you soon be, over your NPA?

YES

If you are over your NPA when the Plan enters PPF assessment, the PPF gives you the same pension as the Plan. But your future increases may be lower.

NO

If you are under your NPA when the Plan enters PPF assessment, you'll get 90% of the pension you would get from the Plan, but with a cap (see next page).

Are you, or will you soon be, 55 or over?

NO

The youngest you can retire in the Plan is **55**. So if the Plan enters PPF assessment before you are **55**, you will only be able to retire in the PPF.

YES

If you are between **55** and your NPA, retiring early from the Plan might work better for you than retiring in the PPF. See next page.

If you need help working out your normal pension age, or understanding how you might be affected when the Plan moves into the PPF, please see our website, or contact the Plan administrators. Details are at the back of this update.

WHAT MOVING TO THE PPF COULD MEAN FOR YOU *(CONTINUED)*

WHO COULD BE AFFECTED BY THE PPF CAP

We've mentioned that there is a cap on how much pension (or 'compensation') a member can get from the PPF if they are under their normal pension age when their pension scheme goes into PPF assessment.

This cap varies depending on your age, and is higher if you have more than 20 years' service. The PPF adjusts the cap levels each year. There are examples and lots of information about this on our website, so please look there first. But broadly, it's only members with relatively large pensions that can be affected by the cap.

For example, at the moment, the standard cap for a 62-year-old already getting a pension is £35,256.68 a year. The PPF then pays 90% of the capped amount. So the most pension that this member would generally get is 90% of £35,256.68 a year. This could be less for people who have already retired and taken a lump sum at retirement. There's more about this on our website.

Options if you're between 55 and your NPA, and not retired

If you are in this category before the Plan enters PPF assessment, retiring early might work better for you than retiring in the PPF. For example:

- If you're planning to exchange some pension income for a lump sum, you might be better off doing that with the Plan rather than with the PPF.
- If you have saved up additional voluntary contributions in the Plan, you might want to use them (rather than using some of your pension from the Plan) to give yourself a tax-free lump sum. You can only do that if you retire in the Plan, not the PPF.

If you are in this position, we recommend you talk to an independent financial adviser about your options. You can find one near you by going to: **https://directory.moneyadviceservice.org.uk/en**

If you do want to retire early in the Plan you need to move quickly as you would need to get all your completed paperwork and supporting documents, to us before the Plan enters PPF assessment. We can't be sure how many members may want to do this, or the exact date when the Plan is entering PPF assessment. So, we can't guarantee that we'll have enough time to process everyone's early retirement paperwork. We will process paperwork on a first come first served basis.

THIS UPDATE ONLY SHOWS A SUMMARY

Your benefits from the Plan are governed by its trust deed and rules. When the Plan moves into the PPF, your benefits will be governed by the law that relates to the PPF. This update provides only a summary of the benefits that the Plan and the PPF provide.

The Plan's trust deed and rules, and the PPF legislation, override the information in this update if there are any inconsistencies between them.

HOW MOVING TO THE PPF COULD AFFECT EXAMPLE MEMBERS

Here's how three example members might use the flowcharts on pages 4 and 5 to see how they could be affected by the Plan moving into the PPF.

EXAMPLE:
MEMBER IS UNDER THEIR NORMAL PENSION AGE (NPA)

Sara is currently 59 and not yet taking her pension from the Plan. She joined the Plan in 1989. So, following the flowchart in step 1 above, she sees that her NPA is 63. Then she follows the flowchart in step 2. She sees that, as she'll be under her NPA when the Plan enters PPF assessment, she will get 90% of the pension she would have got from the Plan, but with a cap.

As Sara is over 55 and under her NPA, she could choose to retire early in the Plan. She considers making an appointment with an independent financial adviser to talk through her options, aware that there isn't much time to complete the paperwork if she does decide to retire early in the Plan.

EXAMPLE:
MEMBER IS OVER THEIR NPA

Dina is 62 and not yet taking her pension from the Plan. She left the Plan in 1987. Following the flowchart in step 1, she sees that her NPA is 60. As she is over her NPA, she would get the same pension from the PPF as she would from the Plan, though her future increases may be lower.

EXAMPLE:
MEMBER WITH TWO NPAs

John is already taking his pension from the Plan. He joined the Plan in May 1984, and left Kodak eight years later in May 1992. So, following the flowchart in step 1, he answers ‘no’ to the first question and ‘yes’ to the second. He sees that the first six years of his service, up to 15 May 1990, has an NPA of 63 for men. And the last two years of his service, to 1992, has an NPA of 60. So roughly ¾ of his service has an NPA of 63, and ¼ has an NPA of 60.

John is 61, so he is under NPA for around ¾ of his service, and over for ¼. He follows the flowchart in step 2 to see how the two parts of his pension would be affected by a move to the PPF. He sees that, as he’ll be under 63 when the Plan enters PPF assessment, around ¾ of his pension will be reduced to 90% of what the Plan gives him, with a cap. The rest of his pension will not be reduced, though his future increases may be lower.

COMPARING THE PLAN AND THE PPF

Here is an overview of the main benefits and options currently under the Plan and the PPF. For more about the Plan's rules, please see our website or contact the Plan's administrators.

Increases to your pension BEFORE you retire

KPP2	PPF
If you left active service after 1 January 1991: ■ Any Guaranteed Minimum Pension (GMP) has fixed increases depending on when you left active service. ■ For service before 6 April 2009, your pension above GMP increases by inflation, up to a maximum of 5% a year. ■ For service from 6 April 2009, your pension increases by inflation up to 2.5% a year. If you left active service before 1 January 1991 the KPP2 rules are more complicated. But no member will get more in the PPF than they would have done in the KPP2.	**For service before 6 April 2009, which includes any GMP:** ■ Your pension increases by inflation, up to 5% a year. **For service from 6 April 2009:** ■ Your pension increases by inflation up to 2.5% a year.

The Plan benefits shown here and on page 11 apply to the vast majority of members. Different benefits may apply to certain members such as those with:

- Redundancy pensions
- Additional Voluntary Contribution pensions
- Transferred in pensions
- Irish section benefits
- Hedley Taylor benefits

For more about PPF benefits please see our website:
www.kodakpensionplan2.co.uk or **www.pensionprotectionfund.org.uk**

Increases to your pension AFTER you retire

KPP2	PPF
For any GMP you have: ■ GMP built up before 6 April 1988 has no increases. ■ GMP built up from 6 April 1988 increases by inflation up to 3% a year. For pension above GMP: ■ For service before 6 April 1997 your pension has no increases. ■ For service 6 April 1997 to 5 April 2005 your pension increases by inflation up to 5% a year. ■ For service after 5 April 2005 your pension increases by inflation up to 2.5% a year.	**For service before 6 April 1997, which includes GMP:** ■ Your pension has no increases. **For service after 5 April 1997:** ■ Your pension increases by inflation up to 2.5% a year.

Lump sum when you die

Some members get this.	No members get this.

For early retirement, late retirement, spouse’s pension, and tax-free lump sum option at retirement, the Plan and PPF both calculate benefits in the same way.

FREQUENTLY ASKED QUESTIONS

There are lots of questions and answers on our website **www.kodakpensionplan2.co.uk.**

Please check there first if you want more information about the Plan or the move to the Pension Protection Fund.

If you can't find the answer to a question you have, please send your question to the Plan's administrators. You can do that through the website, or use the contact details at the end of this update. Here are three of the questions that we answer on the site.

What is the Pension Protection Fund?

The Pension Protection Fund (PPF) is a public corporation set up by Parliament in 2005. It acts as a safety net to protect members of defined benefit pension schemes, like the Plan. It makes sure people get at least PPF level benefits if their scheme can no longer afford to pay them their promised pension.

There are around 5,600 schemes whose members are protected by the PPF. These schemes pay a levy every year for this protection. This levy is a bit like an insurance premium. Since 2005, the PPF has taken on over 236,000 members from over 900 schemes.

Who is deciding about the future of the Plan?

Most pension schemes that move into the PPF do so because their employer has gone bust. The Plan's employer is a Special Purpose Company which has no trading assets. So, decisions about the process of the Plan moving into the PPF are more complicated. Kodak Alaris is not the Plan's employer, it is an asset of the Plan.

The trustee is responsible for decisions about the Plan's future, working with the Pensions Regulator and the PPF. We will keep members up to date about these discussions by updating our website and by writing to them regularly.

What happens when the Plan starts moving into the PPF?

The first stage of moving into the PPF is the assessment period. From the start of the assessment period, members receive pension payments at the level that the PPF would pay them, rather than at the level the Plan would pay them.

During the assessment period, the trustees and others check that the data held by the Plan about members is accurate, and that members are getting the correct amount of pension. If any member has been getting more pension than they're entitled to, the trustees will calculate the correct amount and base payments on this figure. But these payments still come from the Plan. The trustees remain responsible for the day-to-day running of the Plan during the assessment period. So trustees, not the PPF, remain responsible for paying member benefits and communicating to members.

During this period, the PPF also assesses the Plan's funding level. This work has to be done before the Plan can move fully into the PPF. At the end of the assessment period, the Plan's assets transfer to the PPF. The PPF then starts to pay members their benefits.

SCHEME NEWS

NEW TRUSTEE APPOINTED

After discussion with the Pensions Regulator, we have decided to bring a second independent trustee on to our board, alongside Nigel Moore of Ross Trustees. Jo Harris is an experienced, commercial, pensions professional from a covenant advisory background. He is a Trustee Representative at Dalriada Trustees, an independent trustee services provider. His appointment gives our trustee team an even greater breadth of experience and expertise in taking pension schemes through the PPF assessment period.

Jo has worked with many pension schemes where the employer and the investments cannot generate enough cash to pay members' benefits in full. Jo also has broad experience of businesses being bought and sold where there is a pension scheme involved – he takes lead trustee appointments on behalf of Dalriada Trustees in this capacity.

Jo said, ***"I look forward to getting to know the trustees, and to working with them to support members of the Plan."*** He formally joined our board on 1 November 2018.

In his life outside work, Jo enjoys spending time with his family, including encouraging his young children to share his love of the outdoors and cycling.

TRUSTEE REPORT AND ACCOUNTS COMPLETED

We have completed and signed the Plan's Trustee Report and Accounts. They cover the period 1 January to 31 December 2017. You can get a copy from the Plan's administrators – See 'How to contact us' at the end of this update.

HOW TO KEEP YOUR RECORDS UP TO DATE

LET US KNOW IF YOUR CONTACT DETAILS CHANGE

It's important that we have the right contact information for you, so we can let you know what's happening with the Plan and your benefits – especially now when things are changing. So if you have moved recently, or are about to, please get in touch with us.

Keep your expression of wish form up to date

In the event of your death, your Expression of Wish form tells us who you'd like any lump sum death benefits to be paid to. We're not legally bound by this form, but it's an important source of information. We'll use it to help us decide what happens to your money.

So it's important to keep your Expression of Wish form up to date, particularly if your personal circumstances change. You can find the form on the Plan's website or you can get one from our administrators – See 'How to contact us' at the end of this update.

HAVE YOU LOST TRACK OF A PENSION?

If you worked for more than one employer, you could have pension savings in different places. You might also have benefits in a scheme that has changed its name or contact details. Lots of people find they have lost touch with one or more of their pensions.

If you think you might have lost track of a pension, the Pension Tracing Service might be able to help. The service is available online, over the phone or you can write to them.

To find out more, go to **www.gov.uk/find-pension-contact-details**

HOW TO AVOID PENSION SCAMMERS

PENSION SCAMS ARE A GROWING MENACE.

According to the Money Advice Service, as many as 8 people every second get a phone call from someone who is after their pension money. And those who fall victim lose an average of £91,000. Scams are getting more sophisticated and harder to spot. So here are some tips to help you avoid them.

Scammers can take all your pension money by moving it to a fake scheme, or put it into high-risk, or unregulated investments. They can also use complicated structures that make your cash hard to track and get back. Or they can leave you with a big tax bill by tricking you into taking too much of your pension at once.

In particular, be wary of anyone who offers to help you transfer out or 'cash in' your pension. The Financial Conduct Authority (FCA) says most members should not be transferring out. And if you do look into it, you should get the help of a properly authorised independent financial adviser. We have been warned that members are already being approached by firms which may or may not be legitimate.

So please do be vigilant.

- Don't expect scammers to be easy to spot – they are sophisticated and professional.
- Don't believe anyone who says they don't have to be authorised by the FCA.
- Don't let a friend talk you into a special deal they've found – they may have been scammed too.
- Don't take an offer from a cold caller or an email to transfer your pension into another scheme.
- Don't fall for perks, like the offer of a personal home visit, or a free lunch.

USE THE FCA TO CHECK OUT A FIRM

If you don't already know the adviser, it's a good idea to call the FCA to check them out. You can call them on **0800 111 6768** or go to their website:

- Start with a quick search of the firm's name in the search bar at the top of the FCA's website and see what comes up – **www.fca.org.uk**
- Check the FCA Register to see if the firm is properly authorised – register. **fca.org.uk** If they're listed, check the contact details you've been given match those on the Register.
- If the firm isn't on the Register, check the list of unauthorised firms – **www.fca.org.uk/consumers/unauthorised-firms-individuals**

To get more information about scams, go to:
www.fca.org.uk/scamsmart

You can report scammers to the police at:
www.actionfraud.police.uk.

WHERE TO FIND MORE INFORMATION

We will post the latest news and provide regularly updated information on the Plan website, **www.kodakpensionplan2.co.uk**.

You can find out more about the PPF and how it protects scheme members at their website, **www.pensionprotectionfund.org.uk.** The Pensions Advisory Service also offers useful information for members. Visit **www.pensionsadvisoryservice.org.uk** or call them on **0800 011 3797**.

The move to the PPF may lead some members, who are not yet taking their pension, to consider transferring out to a different pension arrangement. This would be a big decision. It would mean giving up a regular income for life and an income for your spouse if you die before they do. Also, because of the Plan's funding position, we are currently applying a reduction to transfer values, as we have for several years, to protect other members. It means anyone transferring out would not get the full equivalent of the Plan's benefits.

Members thinking of transferring out are also at risk from scammers – see the article on pages 16 and 17.

If you are thinking of transferring out, it's important to get financial advice from someone who is authorised to help people transfer out of defined benefit pension schemes. You can find an adviser at **https://directory.moneyadviceservice.org.uk/en**. To check if they are authorised to advise on transfers, call the Financial Conduct Authority on **0800 111 6768.** There's also information about transferring out, including answers to the questions members often ask, on the Plan website.

The Financial Conduct Authority says that most people with defined benefit pensions *"will be best-advised to keep them"*.

WHAT HAPPENS NEXT?

As the trustees of the Plan, we are continuing to work with the Pensions Regulator and the PPF to decide what happens to the Plan and when. We will keep the Plan website updated with what is happening and how you are affected. If time allows, we will write to you again in the new year, when we hope to be able to tell you the exact date when the Plan will start PPF assessment. If the process moves faster than that, the next communication you get may be at the beginning of the PPF assessment period.

HOW TO CONTACT US

If you have any questions about the Plan or your benefits, please contact the Plan's administrators, Aon Hewitt:

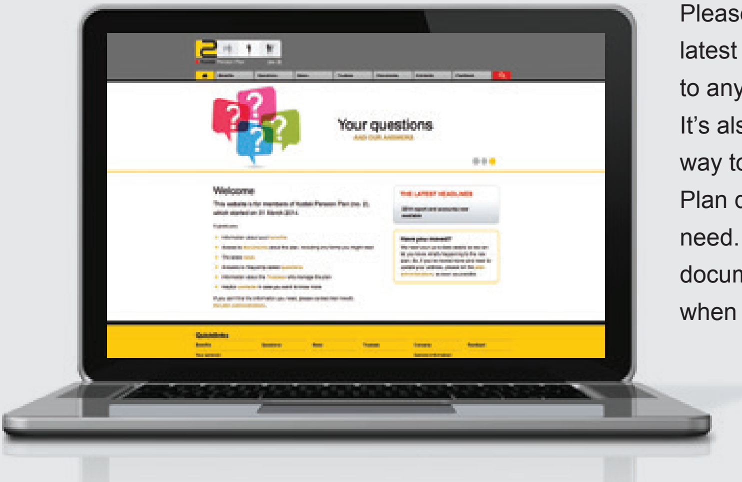
HELPLINE:
0800 028 7510

POST:
Kodak Pension Plan (no. 2) Aon Hewitt
PO Box 196, Huddersfield, HD8 1EG

EMAIL:
kodakpensionplan2@aonhewitt.com

YOUR PLAN WEBSITE

There's a website for the Plan where you can find more information.
It's at **www.kodakpensionplan2.co.uk**



Please take a look to get the latest news, and for answers to any questions you have. It's also a quick and easy way to get various forms and Plan documents you may need. We publish new Plan documents on the website when they're available.