

# Members' <sup>2020</sup> Newsletter


**Akzo Nobel (CPS) Pension Scheme**

Welcome to the 2020 edition  
of the Members' Newsletter.

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This contains our review of pensions news covering both what's happened in the Scheme and other pension matters of interest to members.

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## Trustees' Review 2019

### Coronavirus and the Scheme

Up to the date of printing, the Covid-19 crisis has had only a modest effect on the operation of the Scheme. Because the assets of the Scheme have been significantly de-risked in the past five years, falls in asset values have had only a very modest effect on the funding level of the Scheme. The Scheme administrators have also been able to pay out benefits largely without interruption and in full.

The Trustees are working to ensure this situation continues.

### Funding of the Scheme

It is a legal requirement for defined benefit schemes like CPS to provide members with an update each year on the funding level of the Scheme.

The Scheme's funding level is fully assessed by way of an Actuarial Valuation report every three years. The last formal valuation of the Scheme's funding level was undertaken as at 31 March 2017 and we reported on this in the Members' Newsletter issued in 2019. During the intervening years annual updates on the funding level are carried out on an estimated basis.

	<b>Position as at 31 March 2018</b>	<b>Position as at 31 March 2019</b>
	<b>(£m)</b>	<b>(£m)</b>
Total value of accrued liabilities	3,378	3,450
Market value of assets (excluding AVCs)*	3,326	3,394
Shortfall	52	56
Funding level	98%	98%

\*The asset figures do not include the money put into the new escrow account, which further improves the security of the funding position.

### What is the escrow account?

It is a secure account set up by the Company and pledged to the Scheme from which contributions are released into the Scheme over time to help repair the funding deficit in a manner which is tax efficient for the Company.

### Eliminating the funding shortfall

As part of the 2017 Valuation agreement the Trustee and the Company agreed ways to eliminate the funding shortfall.

### Deficit contributions from the Company

As part of the actions agreed at the 2017 valuation, AkzoNobel made a deficit contribution of £21m in March 2018 and for the years 2019 to 2022 these contributions will increase to £26.1m each year. The capital value of the 2019 to 2022 contributions has been secured in an escrow account, giving the Scheme certainty that those contributions will be received.

The next full valuation will be carried out as at 31 March 2020 and this will assess whether these agreed future contributions are sufficient to eliminate the deficit, when taken together with expected future investment returns on the Scheme's assets. The results are likely to be published in the second quarter of 2021.

### Position if the Scheme were to be wound up and other information

The estimated valuation of the Scheme at 31 March 2019 showed that if the Scheme had been wound up at that date and the benefits secured with an insurance company, the value of the Scheme's assets was estimated to be around 82% of the amount needed to secure the benefits earned to that date. On this basis, additional assets of some £965m would have been required to secure the members' benefits in full with an insurance company.

The Trustee is required by law to provide you with this information on the Scheme's solvency position. It does not imply that there is any intention to wind up the Scheme on the part of either the Company or the Trustee.

The Trustee can also confirm, as required by law, that there has not been any payment to the Company out of the Scheme's funds in the last 24 months and the Scheme has not been modified or any directions or schedule of contributions imposed on the Scheme by the Pensions Regulator.



# Scheme Update

The following figures have been extracted from the Scheme accounts for the year ended 31 March 2019. Copies of the full report are available on request.

## Scheme accounts

This extract is a summary of the information relating to both the Fund Account and Net Asset Statement taken from the statutory accounts which were independently audited by KPMG.

KPMG issued an unqualified audit opinion about the truth and fairness of the financial statements and an unqualified audit statement about contributions.

	2018 £000's	2019 £000's
<b>Receipts:</b>		
Contributions	32,013	35,330
Other income	7	1
<b>Total receipts</b>	<b>32,020</b>	<b>35,331</b>
<b>Payments:</b>		
Benefit payments	121,797	124,735
Transfers out	40,355	24,070
Administration expenses	24	8
<b>Total payments</b>	<b>162,176</b>	<b>148,813</b>
Fund at the beginning of the year	3,407,681	3,333,329
Excess of payments over receipts	(130,156)	(78,151)
Net (decrease)/increase in the fund during the year on investments	55,804	180,100
<b>Fund at 31 March</b>	<b>3,333,329</b>	<b>3,399,947</b>
<b>How is the Scheme made up?</b>		
Main Scheme Investments	3,323,824	3,392,480
AVC Scheme Assets	6,956	5,877
Net Current Assets	2,549	1,590
	<b>3,333,329</b>	<b>3,399,947</b>

## Who's in the Scheme?

### Active Members



### Deferred Members



### Pensioners and Dependants



Figures as at ■ 31 March 2018 ■ 31 March 2019

# Scheme News

## Trustee update Introducing our new Member-Nominated Directors (MNDs)

Since the last newsletter the Trustee has completed its MNDs nomination and selection exercise and there have been a number of changes to the Trustee Board. We would like to welcome our new MNDs Jim Kavanagh and Ian Walton. Jim Kavanagh is currently an active member of the Scheme and Ian Walton joins us as a Pensioner member. Jon Bradley has been re-appointed as a Pensioner MND. We are very happy to have Jim, Ian and Jon on the Trustee Director board and are excited for the expertise they will bring to the team.

The current Trustee Directors are:

Company-Appointed Trustee Directors		Member-Nominated Trustee Directors (MNDs)	
Julie Shannon	Retired	Geoff Marsh	Retired (pensioner constituency)
Jill Mellor *		Jon Bradley	Retired (pensioner and deferred member constituency)
Vacancy		Jim Kavanagh*	Active member
Vacancy		Ian Walton	Retired (pensioner constituency)
The Law Debenture Pension Trust Corporation p.l.c. – Independent Trustee			

\*Contributing member of the Scheme

Mr Inder Dhingra (representing the Law Debenture Pension Trust Corporation p.l.c.) serves as Chair of the Board for Trustee Directors.

## Seeking new Trustee Directors (MNDs) Geoff Marsh's term of office is due to expire in July 2020. Geoff has indicated that he will be standing again but the Trustee also would like to invite other applicants.

If you are a pensioner member of the Scheme (i.e. receiving your Scheme pension) and are interested in putting yourself forward for the role, please contact Lorraine Davey for a nomination form by email at [Lorraine.Davey@willistowerswatson.com](mailto:Lorraine.Davey@willistowerswatson.com)

All completed nominations forms must be received by **5pm on 14 August 2020**.

Completed nomination form to be emailed to the address provided on the nomination form. Please note that any nomination forms received after the closing date will not be accepted.

The MNDs will be chosen by a selection panel drawn from serving Trustee Directors. The Trustee may invite candidates to attend an interview. If a candidate is not selected for interview they will be informed of this. The result of the nomination and selection exercise will be confirmed to the Scheme members in the 2021 members' newsletter.

# Questions about your pension?

## Help is at hand

The Trustee is undertaking a competitive tender exercise to select a suitable qualified independent financial adviser (IFA) to help members at retirement with financial advice. Further information will follow once the Trustee completes its due diligence.

## Other Documents

There are a number of Scheme documents available in respect of the Akzo Nobel (CPS) Pension Scheme. These are available on the Scheme's website:

**[www.akzonobelcspensionscheme.co.uk](http://www.akzonobelcspensionscheme.co.uk)**

- **Statement of Investment Principles**  
This explains how the Trustee invests the Scheme's assets.
- **Schedule of Contributions**  
This shows how much money has been agreed to be paid into the Scheme by the Company and active members.
- **Annual Scheme Report and Accounts**  
This shows the Scheme's income and expenditure over the year to March 2018, as well as other information.
- **Formal Actuarial Valuation Report**  
This is the report on the latest completed valuation of the Scheme, as at 31 March 2017.
- **Actuarial Update Report**  
This provides a short-form update to the ongoing position. The last Actuarial Update Report was completed as at 31 March 2019.
- **Statement of Funding Principles**  
This sets out the policy of the Trustee in relation to Scheme funding and other related matters.
- **Recovery Plan**  
This sets out the plan for eliminating the past service deficit revealed by the March 2017 valuation.

## More Information

If you require a copy of any of these documents, or have a question about the Scheme or the information in this Statement, please contact the **Secretary to the Trustee Akzo Nobel (CPS) Pension Trustee Limited, The AkzoNobel Building, Wexham Road, Slough SL2 5DS.**

## Looking after your data

Some personal data for Scheme members (such as date of birth and salary) is required for the running of the Scheme, including paying out the right benefits. The use of this data is regulated under the Data Protection Act, which places certain responsibilities on those who exercise control over the data (known as 'data controllers' under the Data Protection Act). Data controllers would include the Scheme trustees and, in certain circumstances, professional advisers to the Scheme. These may include the Scheme Actuary and Willis Towers Watson, who have provided further details on this website **[www.willistowerswatson.com/personal-data](http://www.willistowerswatson.com/personal-data)**





# AkzoNobel

[www.akzonobel.com](http://www.akzonobel.com)

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