



IMPERIAL TOBACCO
PENSION FUND

SUMMARY REPORT

2022

DEFINED CONTRIBUTION



IT IS PLEASING THAT MANY EMPLOYEE MEMBERS HAVE CONSIDERED THE LEVEL OF CONTRIBUTIONS THEY PAY TO THEIR RETIREMENT ACCOUNTS. OVER 70% OF EMPLOYEE MEMBERS NOW PAY CONTRIBUTIONS OF MORE THAN THE MINIMUM RATE OF 4%.

It is particularly good to see that 58% of employee members now pay at the highest rates of 7% or more, meaning that they also benefit from the maximum contribution from the Company of 14%.

During the year, the Trustee Board reviewed the range of investment options offered and I am pleased to report that two new funds are now available: the Islamic Global Equity Fund, which removes prohibitive restrictions for some members who would otherwise not be able to invest in the Fund due to religious reasons, and the Sustainable Global Equity Fund for those who want to invest in shares with a stronger ESG focus.

As most restrictions due to the global pandemic have eased, the Trustee Board and Investment Committee has recently resumed meeting with its advisers face-to-face. The Pension Fund Office is also now operating with a combination of working from home and in the office to deal with the day-to-day administration of the Fund.

In this report you'll find information about changes to the earliest age you can take your pension, staying alert to pension scams and new regulations about pension transfers.

Finally, I'd personally like to acknowledge the efforts and dedication of all the Trustee Directors, those who are with us now and to those who have recently left, and I'm grateful for the support received from our professional advisers.

HELEN CLATWORTHY
Trustee Board chair

Fund
VALUE
£63.4m

Fund
MEMBERSHIP
1.4k

AEGON'S CONTACT DETAILS

The day-to-day administration of the DC section is carried out by Aegon. Members are welcome to get in touch with the Pension Fund Office but, in the first instance, should contact Aegon:

✉ my.pension@aegon.co.uk
Fund helpline: 0345 601 7720

When sending letters, documents or forms, please write to:

**Aegon Workplace Investing
Sunderland SR43 4DH**

Please remember to quote your Aegon Retirement Account number (starting A/000) in all contact.

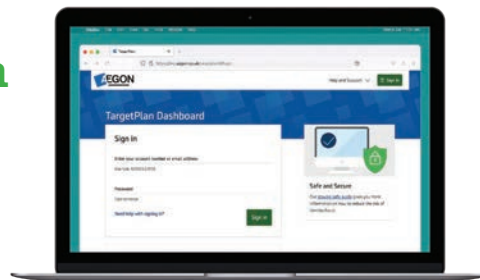
Remember: If you change your home address, please remember to let Aegon know. It is also a good idea to let them know your personal email address. Without up-to-date details Aegon won't be able to contact you with Fund news and they may have difficulties tracking your whereabouts ahead of your normal retirement date.

Get connected to your pension

Get more connected to your pension by registering for online access to your Retirement Account via **Aegon's TargetPlan** website.

How to register to access your Retirement Account (RA) online:

- 1 Visit lwp.aegon.co.uk/targetplan and click on 'Activate'.
 - 2 Enter your RA number, surname and National Insurance number.
 - 3 Answer the security questions then create your user ID and password.
- You can also download **Aegon's App** to access your Retirement Account through your smartphone. Data available includes fund value, contributions, investments and activity within your account.



We want to know what you think

The Trustees are keen to hear your views. If you would like to contact us about our service (or Aegon's) or any suggestions to help us improve, please email the Pension Fund Office at: pension.enquiries@uk.imptob.com

Building your pension savings

If you are an employee member there are a number of reasons why you might want to increase your contributions to your Retirement Account, such as:

You want to stop working but keep spending

The State Pension amounts to £9,627.80 each year*

You're likely to need more than just the State Pension

Your employer contributes

You get tax relief on your contributions

*Assumes 35 years of National Insurance contributions or credits. The tax information is based on our understanding of current taxation law and HMRC practice, which may change.

WHO PAYS IN WHAT?

The Company makes a generous contribution towards your pension savings, paying double your contributions up to 14% of your pensionable salary.

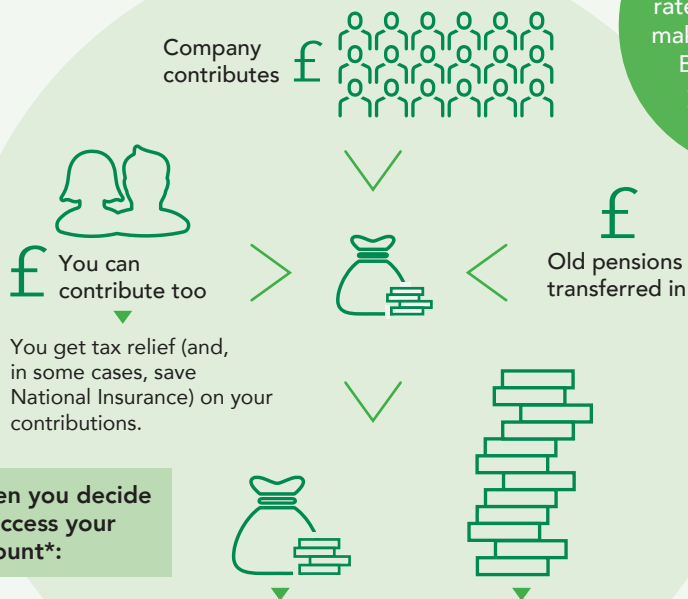
You also receive tax relief on your contributions and benefit from a small saving in National Insurance contributions, so increasing your pension contributions will have a smaller impact on your net take home pay than you might think.

	Percentage of your pensionable pay				
Employee contribution rate	4%	5%	6%	7%	7%+
Company contribution rate	8%	10%	12%	14%	14%
Total invested	12%	15%	18%	21%	21%+
% of members currently paying at these rates	29%	8%	5%	45%	13%

You can pay more than 7% but any additional contributions you pay above 7% will not be matched by the Company.

HOW YOUR PENSION WORKS: THE BASICS

While you're working and saving:



When accessed, you can take up to 25% of your fund value as a tax free cash lump sum

*Pension benefits can currently be drawn from age 55 but this is changing in the future – please see page 11 for more details.

The remainder is used to provide you with an income – no longer has to be an annuity

Increasing
your contribution rate is easy. You can make changes in the Benefits area of your Workday record.

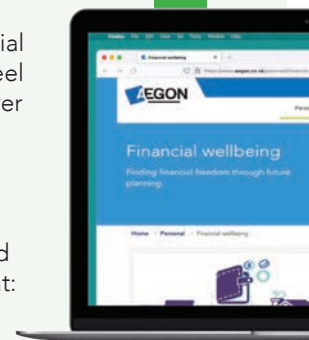


Over **70%** of the Fund's employee members now pay contributions at a higher rate than the default rate of 4%.

Financial wellbeing

Aegon's website has some useful tips and tools on financial wellbeing, which is how you feel about the control you have over your financial future and your relationship with money. It is about focusing on the things that make your life enjoyable and meaningful, both now and in retirement. Find out more at:

aegon.co.uk/personal/financial-wellbeing.html



CONTRIBUTION EXAMPLES

Scenario 1: You're 30 and earn £30,000 each year

You pay 4% with 8% from the Company in return for a 4% reduction in your pay	£100
8% contribution from the Company each month	£200
Total contribution to your account	£300
Effective monthly cost to you	£68

Scenario 2: You're 30 and earn £30,000 each year

You pay 7% with 14% from the Company in return for a 7% reduction in your pay	£175
14% contribution from the Company each month	£350
Total contribution to your account	£525
Effective monthly cost to you	£119



Tax information is based on our understanding of current taxation law and HMRC practice, which may change. Cost amounts shown are approximates.

How much does increasing your contribution cost you?

Remember: The maximum amount of tax-free pension savings you can build up during a tax year is restricted by the Annual Allowance, which is set by the government and is currently £40,000 (although it is lower for individuals with taxable income plus pension savings of £240,000 or more in a tax year). The Company's contributions count towards your Annual Allowance.

Monthly salary	Effective cost of 1% increase to you
£1,666 (£20,000 pa)	£11.34 per month
£2,500 (£30,000 pa)	£17.00 per month
£4,166 (£50,000 pa)	£28.33 per month
£5,000 (£60,000 pa)	£29.00 per month
£6,250 (£75,000 pa)	£36.25 per month

Your options for investing your pension pot

Your contributions and those paid by Imperial are invested in a Retirement Account managed by Aegon.

The Trustee Board offers a range of nine different investment funds (including two new additions) for members to invest in and you can choose how your contributions are

invested. The Fund offers two investment approaches called Self-Select and Lifecycle.

It can be difficult for members to select the investment option that works best for them, so the three Lifecycle strategies automatically manage your investments for you.

The Variable Income Lifecycle is the 'default' strategy aimed at members wishing to use income drawdown on retirement. Details of

the other two Lifecycle strategies are available on the TargetPlan website. It should be noted that all three Lifecycle strategies invest contributions in the same way until eight years before a member's selected retirement age.

Under the Self-Select approach you can take a more active role and choose to invest your contributions in one or more of the nine different funds available.

NEW FUNDS ADDED TO THE RANGE

Following a recent review and based on advice from its investment consultants, the Trustee Board has added a sustainable and a faith-based fund to the current range:

ITPF Sustainable Global Equity Fund

Tracks an index aimed at providing exposure to developed and emerging equity markets while reflecting significant environmental, social and corporate governance (ESG) issues.

ITPF Islamic Global Equity Fund

Invests in company shares from around the world and is compliant with Islamic Shariah principles.

More details of these funds can be found by logging into your online Retirement Account with Aegon at the TargetPlan website: lwp.aegon.co.uk/targetplan.

Investment performance

More than 90% of members have their pension contributions invested in the default Variable Income Lifecycle strategy and the performance of the component funds over the past year, compared with the benchmark, are

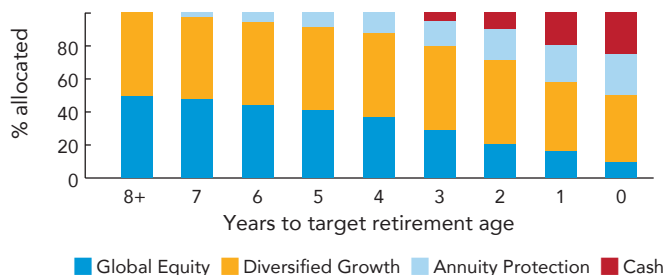
shown in the table below.

The Global Equity Fund continued to perform well over the past year. The other fund underlying the default arrangement in the growth phase, the Diversified Growth Fund, gave positive

returns but below the benchmark. For those approaching retirement, the Annuity Protection Fund gave negative returns, mainly driven by the impact of rising interest rates on the bond assets held with the fund.

Information about the performance of all the funds offered is available online at the TargetPlan website: lwp.aegon.co.uk/targetplan | Remember returns can go down as well as up and past performance is not an indication of future performance.

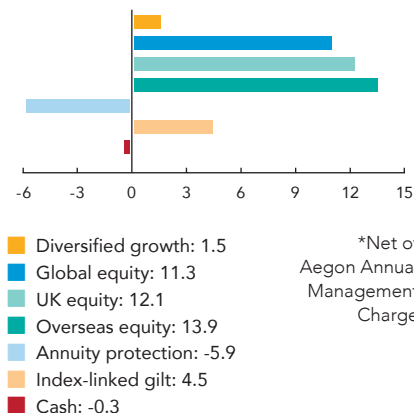
VARIABLE INCOME LIFECYCLE



The chart on the left shows how funds are switched out of the ITPF Global Equity and Diversified Growth Funds over the eight years prior to a member's selected retirement age.

Performance to 31 March 2022	Actual return over one year	Benchmark return over one year
ITPF Global Equity Fund	11.3%	11.4%
ITPF Diversified Growth Fund	1.5%	4.1%
ITPF Annuity Protection Fund	-5.9%	-6.2%
ITPF Cash Fund	-0.3%	0.0%

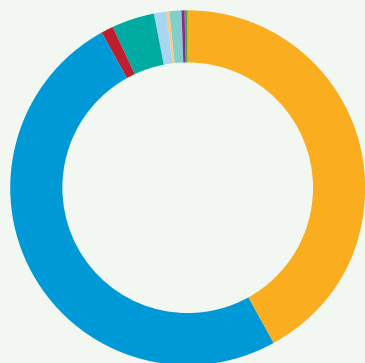
ANNUAL FUND RETURN (%)*



*Net of Aegon Annual Management Charge

FUND VALUE

DC Section Fund investments (£000s)



- Diversified growth: 26,723
- Global equity: 31,884
- Cash: 805
- Overseas equity: 2,361
- Annuity protection: 776
- Index-linked gilt: 118
- UK equity: 716
- Sustainable global equity: 4.4
- Islamic global equity: 0.24

TOTAL: 63,387 (2021: 55,123)

FUND MEMBERSHIP

at 31.03.22 (last year's in brackets)



Employees: **644** (603)



Deferreds: **821** (753)

FINANCIAL ADVICE FROM A REGULATED PROFESSIONAL

Taking advice, while important in being able to assess all your options, can be daunting and often very expensive.

In recognition of this, a Guide to Good Practice for financial advisers has been created by the Personal Finance Society, which can be found at: [the pfs.org/about-us/initiatives/the-pension-transfer-gold-standard/](https://www.thepfs.org/about-us/initiatives/the-pension-transfer-gold-standard/)

[understanding-the-pension-transfer-gold-standard/](https://www.thepfs.org/about-us/initiatives/the-pension-transfer-gold-standard/)

It is recommended that you seek financial advice regardless of the size of your transfer value.

A list of authorised independent financial advisers can be found at: [the register.fca.org.uk](https://www.fca.org.uk/register) or by contacting the Citizens Advice Bureau.

Transferring pension benefits

If you have a deferred pension pot under the Fund which has not yet come into payment, you have an option to transfer the cash value of your benefits to another registered pension scheme such as a personal pension plan or your current employer's pension scheme (provided it accepts transfer payments).

On 30 November 2021 the government introduced new regulations which give trustees and scheme managers power to prevent or pause a statutory transfer request if they see evidence which may indicate an increased risk of a scam. While schemes already had to carry out various due diligence checks aimed at protecting members' benefits before processing a transfer, the new regulations have introduced the concept of red and amber flags.

The presence of a red flag – which may, for example, arise from a member receiving an unregulated or unsolicited call – means that the Fund could not pay a transfer value and you would lose your statutory right to

a transfer. An amber flag may arise if the transfer value is being invested in high-risk investments or in overseas assets or if the charges associated with the new scheme are considered high.

In this case members will be required to contact the government's MoneyHelper service for guidance in identifying common risks involved in transfers, highlighting the dangers of pension scams and allowing the member to consider whether to proceed with their transfer.

MoneyHelper

The government's MoneyHelper service offers free, impartial guidance and can be contacted on: **0800 011 3797** or via their website at: moneyhelper.org.uk/pension-safeguarding. If you contact MoneyHelper before you decide to proceed with a transfer, please keep the confirmation of your meeting with them, including the booking reference, as Aegon may ask to see this.

PENSION SCAMMERS

Cold calling about pensions is illegal and a likely sign of a scam.

Since the ban was introduced in 2019, some cold callers have moved to online models, making contact through social media or using friends and family to reach clusters of people.

Watch out for these common signs of a pension scam:

- phrases like 'free pension review', 'pension liberation', 'loan', 'loophole', 'savings advance', 'one-off investment', 'cashback'
- guarantees of better returns on pension savings
- help to release cash from a pension before the age of 55
- high pressure tactics – time limited offers to get the best deal
- unusual high-risk, unregulated overseas investments
- complex investment structures
- long-term pension investments, so you might not realise something is wrong for years.

Please see pension-scams.com or fca.org.uk/scamsmart for more information.

CHANGE IN MINIMUM PENSION AGE

The government sets the normal minimum pension age – the earliest age that you can usually access your pension savings – which is currently 55 but is rising to 57 from 6 April 2028.

This change supports the government's fuller working lives agenda and has indirect benefits to the economy through increased labour market participation, while

also helping to ensure pension savings provide for later life. Generally, the normal minimum pension age is set around 10 years before State Pension Age.

If you think you may be impacted by the age change, you may wish to consider drawing your benefits before the change takes effect. You can contact Aegon to request details of

your early retirement pension options.

Remember that drawing your pension benefits early may mean that the value of your Retirement Account is lower than it might be if you were to leave it invested and draw from it at a later date. Also, by drawing your benefits early your fund will be required to provide you with income in retirement over a longer period of time.


BE PENSION WISE

Pension Wise is a free service provided by the government's MoneyHelper organisation that offers impartial guidance about DC pension options.

An appointment with Pension Wise is

free and will help you understand what your overall financial situation will be when you retire. It'll talk you through your options to help you make the right decision. You'll also find out about the

other factors you need to consider when deciding on your options before retirement. For further details go to:

 moneyhelper.org.uk/en/pensions-and-retirement/pension-wise.

Pension Wise can help if you:


- are aged 50 or over
- have a personal or workplace pension
- want to make sense of your retirement options

A Pension Wise appointment:

- provides specialist pension guidance and where to go for pensions advice

- takes 45 to 60 minutes
- takes place over the phone or local to you.

Book a phone appointment by:

- calling Pensions Wise on: **0800 138 3944**
- using their online booking form:  moneyhelper.org.uk/en/pensions-and-retirement/pension-wise/book-a-free-pension-wise-appointment

James King was appointed as Company Nominated Trustee (CNT) in September 2021 following the departure of Tom Tildesley, as reported in the 2021 Annual Review. Tony Dunnage and Lisa Hall have also both been appointed to the Trustee Board as CNTs from June 2022 after Darren Lees and Nick Welby stepped down.

A nomination process is also being held among employed members to seek a replacement for Member Nominated Trustee Sam Miller, who left the company in April 2022 and stepped down from the Board.



Imperial Tobacco Pension Trustees
Limited board of directors:

Nominated by Imperial Tobacco:
Helen Clatworthy (chair)
Tony Dunnage (global ESG director)
David Fripp (independent trustee director)
Lisa Hall (head of IT enabling functions)
James King (senior investor relations manager)

Nominated by pensioners and deferred members:
Kirsty Green-Mann
Ken Hill



Nominated by employees:
Vacancy

Pension Fund Office

Jan Killick (pensions manager and secretary)
Leigh Callaghan (deputy pensions manager)

The Trustee Board, from left: David Fripp, Lisa Hall, Ken Hill, Helen Clatworthy (chair), James King, Kirsty Green-Mann and Tony Dunnage

Imperial Tobacco Pension Fund
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uk.imptob.com