

PENSIONS NEWSLETTER

THE YEAR'S FINANCIAL HIGHLIGHTS
To 31 December 2017

The value of the MRA section of the Plan's assets stood at £21.5 million.

Company contributions totalling £995,366 were paid into MRA section.

Pensions and other benefits paid to members amounted to £1.16 million.

A MESSAGE FROM THE CHAIR OF THE TRUSTEE, LEONORA SCAIFE

I am pleased to be able to provide the latest Newsletter for the MRA Section of the AMG UK Group 2006 Pension Plan ("the Plan").

Brexit

The ongoing Brexit negotiations continue to create significant economic uncertainty in the UK (and elsewhere) which in turn has the potential to affect your investments. We are pleased that since we launched new fund choices a couple of years ago, members now have a much wider selection of investment options to help them adapt to different circumstances. For those who choose not to make active selections and instead remain in the default "lifestyle" structure this is designed to deliver better overall outcomes and a 'smoother' journey than the previous default arrangement. Performance of the main MRA funds has generally held up very well over the last 12-18 months and more

information is provided under the Investments section overleaf.

With the help of our advisers, we continue to closely monitor our strategy with a view to providing an appropriate selection of funds and protecting the best interests of the Plan and the members as far as possible.

Member communications

Member communications remain a key area of focus for the Trustee. To build on the Road to Retirement service already introduced from age 50, we have now fully launched the Pension Decision Service (PDS) trialled in last year's Newsletter. This is an "at retirement" support service that members have already been using for some months now. Under PDS you have access to a "Retirement Relationship Manager" who is able to give guidance (but not advice) to help you navigate the choices about how to access your benefits. Full details are included

within retirement quotations from our administrators, JLT. Further information is provided later in this Newsletter.

General Data Protection Regulation (GDPR)

The enormous amount of member data held by UK pension trustees and related third parties to run pension schemes means that GDPR is a very important issue for the Trustee. Accordingly, the Trustee Governance Sub-committee (which met for its first annual meeting in Autumn of 2017 and subsequently in September 2018) has spent a lot of time ensuring that the Plan meets these new requirements. So, although GDPR represents yet another layer of compliance and regulation, it has helped the Plan to further improve its data protection policies and procedures in a world where data risk is ever present and growing. We have included some more information on GDPR later in this Newsletter.

We hope you find the Newsletter useful and informative and would welcome any feedback that you may have on its content. If you should have any comments on the report or questions for the Trustee, you should contact the Secretary to the Trustees, Charles George at Jardine Lloyd Thompson, The St Botolph Building, 138 Houndsditch, London, EC3A 7AW.

Pension Scams

We wanted to take the opportunity to warn you again about pension scams. You will see advertisements encouraging you to transfer your pension benefits to receive cash or promoting investment opportunities. These are often expensive ways to access your money or in some cases highly risky. Pension liberation can result in tax charges and penalties of more than half the value of your pension savings, and those being targeted are usually not being told about these potential tax implications. If something sounds too good to be true, it probably is!

Scam tactics can include:

- contact out of the blue
- promises of high /guaranteed returns
- free pension reviews
- access to your pension before age 55
- pressure to act quickly

To reassure you, JLT, the Plan's administrator, is alert to this danger and has introduced additional safeguards to its procedures to help identify potentially fraudulent activity. If you are considering transferring your pension benefits out of the Plan, please make sure you seek independent financial advice.



The Trustee

The Trustee Company, AMG UK Group Pension Trustee Limited, has a responsibility for ensuring that the Plan's assets are held and managed independently of AMG.

The number of Trustee Directors is six and three of the six Trustee Directors are nominated by the members.

The current individual Trustees Directors are as follows:

Leonora Scaife – Employer Nominated Director

Emily Webster – Employer Nominated Director

Sam Scarfe – Employer Nominated Director

John Murrie – Member Nominated Director

John Bradbury – Member Nominated Director

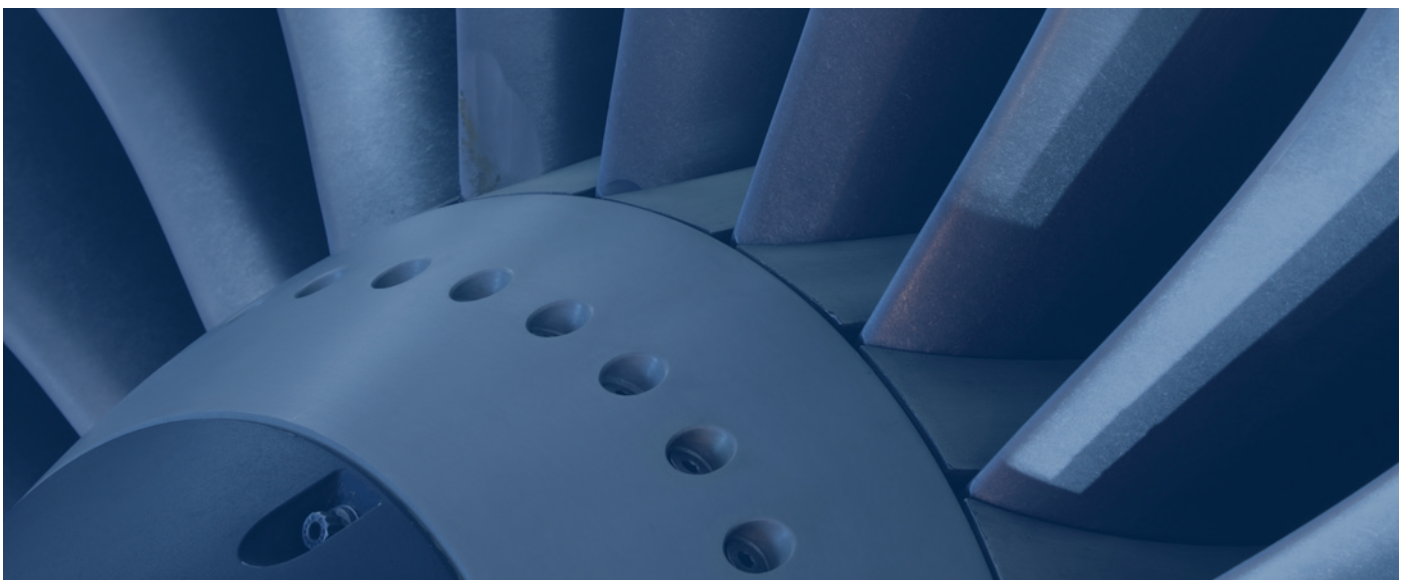
Steve Wordsworth – Member Nominated Director

Running the Plan

The Trustee Directors are responsible for managing the Plan in accordance with the Plan's governing documents and prevailing law. They also have a duty to act in the interests of all members of the Plan which includes former employees with deferred accounts and pensioners.

To meet these responsibilities the Trustee Company meets with the Plan administrators, consultants and other advisers at least three times each year. The Trustee Directors also meet amongst themselves on a regular basis.

In order for the Trustee Directors to manage the Plan correctly, they have appointed a number of professional advisers to whom they have delegated certain duties. These include auditors and legal advisers.



How many members?

At the end of the accounting year 31 December 2017 the MRA had 308 active members and 261 deferred members. Comparative figures as at 31 December 2016 were 292 and 231.



An active member is a current employee who is continuing to pay contributions. All other members of the MRA section of the Plan are deferred members because pensionable service has ceased and no further contributions are payable. Deferred members retain a right to their benefits which will come into payment in the future.

Salary Exchange – normal contributions

The Trustee would like to remind members of the benefits of Salary Exchange for all your contributions.

Salary Exchange is the default arrangement whereby members give up part of their salary in exchange for an equal contribution to the Plan from AMG UK. This results in potentially significant National Insurance savings for both you and AMG UK. What's more, AMG UK gives back half of its own savings into your MRA account. The net effect is that your take home pay may rise and your pension will be enhanced.

Members are able to opt out of Salary Exchange if they wish and in certain limited circumstances it may be in their interests to do so.

Remember if you opt out of Salary Exchange you will forgo the National Insurance tax saving and supplementary AMG UK contribution.

Pension Top-Up

Your Benefit Statement shows the pension and other benefits that you are building up in the Plan, but you may wish to build up extra benefits.

One tax-efficient way of doing this is by making Additional Voluntary Contributions (AVCs). AVCs are regular contributions that you may make, and they are invested in the same way as your normal contributions to the Plan.

Don't forget that you can contribute to a Personal Pension arrangement as well as, or instead of, making AVCs. There are many ways to save for retirement and we would always recommend that you speak to a professional independent financial adviser if you require specific advice.

If you have not opted out of Salary Exchange and you pay AVCs these will also be included for Salary Exchange in the same way as your normal contributions.

If you are interested in paying AVCs, please either log on to Sharepoint where you will find a form you can complete and return or contact the HR Department or Payroll in Rotherham.

Benefit Statements

Your annual statement is prepared as at 6 April each year. Your statement explains the funds in which your Member Retirement Account was invested as at the previous 6 April. Your statement also includes a projection of what your pension is likely to be when you retire, expressed at today's value; **please be aware that this figure is not guaranteed.**

We continue to provide members with a six monthly investment performance commentary to help members better understand how the investment managers looking after their money are doing.

Members are reminded that the way in which contributions are invested is critical to the benefits they will receive at retirement. The eventual value of your MRA benefits is dependent on the amount of contributions paid in and the investment growth achieved on those contributions. If a member chooses to take their benefits as an annuity (a regular pension income for life), it will also depend on applicable annuity rates available at retirement (the rates used by insurance companies to convert retirement savings into a pension).

Some Key Pensions matters

What options will the Plan provide?

There are practical constraints in the way that pension schemes such as ours are administered which means that offering full flexibility is not realistic. However, the Trustee is able to provide access to the new flexibilities on a limited basis and we summarise below what options the Plan provides:

Ways to take Pension	Plan provides?
Pension (annuity) and Cash	Yes
Single Lump Sum payment	Yes
Multiple Lump Sums (UFPLS)	Yes (see below)
Flexi-Access Drawdown	No

Please note that, within the Plan, the UFPLS option is restricted to a maximum of 5 payments with a minimum of £4,500 per payment and a maximum of 1 payment per year.

In order to take advantage of the Flexi-Access Drawdown option you will need to transfer your pension savings into your own separate pension arrangement.

Retirement Guidance

Retirees must make important and sometimes complex decisions about what to do with their pension savings and how to make sure the money lasts for the rest of their lives.

All members are entitled to receive from the government free impartial guidance at the point of retirement about their benefit options. For more information, please visit www.pensionwise.gov.uk

Pension Freedoms – Retirement options

As a reminder, we set out below a summary of the options available **for all individuals aged 55 or over**. Please note that not all of these are currently provided from the Plan; see the table above for details:

1 Pension and Cash

Firstly, as you have always been able to do, you may use your pension savings to purchase an annuity which provides an income for the rest of your life, and the additional option of taking 25% of the account as a tax free lump sum.

2 Single Lump Sum Payment

Sometimes dubbed "the Lamborghini Option", since April 2015, you can now withdraw the full value of your pension savings as a one-off lump sum payment with 25% of this paid tax free and the remaining 75% subject to tax at your marginal rate. However, if you are thinking of doing this it is very important that you are aware of the implications, both from a tax and a future provision and income point of view. The Trustee would strongly advise any employee considering this option to seek independent financial advice.

3 Multiple Lump Sums

You can withdraw multiple lump sums (formally known as "Uncrystallised Funds Pension Lump Sums" or UFPLS) from the Plan. 25% of each withdrawal will be tax free with the remaining 75% subject to tax at your marginal rate.

4 Flexi-Access Drawdown

Finally, you can take 'Flexi-Access' Drawdown which allows you to withdraw lump sums as often as you like without restriction on the amounts. Using this option, you can choose to take up to 25% of your pension account as a tax free lump sum. The rest is then moved into one or more funds that allow you to take a taxable income at times to suit you.

Additional Support – Road to Retirement and the Pension Decision Service

As mentioned in the introduction, the Plan now offers two means of supporting member decision-making. Firstly, the "Road to Retirement" service which supports members with regular communications in the run up to normal retirement age, helping and encouraging you to "think ahead".

Secondly, the "at retirement" Pension Decision Service (PDS) which provides access to a "Retirement Relationship Manager" who is able to give you guidance (but not advice) to help you navigate the choices about how to access your benefits. Full details are included with retirement quotations from our administrators, JLT.

You should be aware that guidance is not the same as financial advice. Guidance is less specific to you, whereas advice takes into account all your personal circumstances. You can find an independent financial adviser in your area by visiting www.unbiased.co.uk

Pensions Advice Allowance

Finally, the Pensions Advice Allowance has been introduced by the Government to try to help more savers access regulated financial advice in relation to their pension savings. You can withdraw £500 from your MRA savings to contribute to the cost of financial advice.

Your Data

A new EU regulation on data protection came into effect on 25 May 2018. The General Data Protection Regulation (GDPR) replaces the existing EU regulation, which was over 20 years old, and it comes into force despite Brexit.

The Trustee can confirm that, in line with the requirements, any personal data it holds about the Plan's members is used only for the purposes of record keeping and paying benefits in accordance with the Rules and relevant legislation.

For the purposes of GDPR the Trustee, the Scheme Actuary and the Employer are regarded as 'data controllers'. JLT Benefit Solutions Limited are regarded as 'data processors'.

Your personal data will be held only for as long is necessary for the proper and compliant governance and administration of the Plan.

A Privacy Notice has been sent to all members explaining your rights under the new Regulation.

Annual Allowance

The Annual Allowance is a limit on the amount that can be contributed to your pension each year, whilst still receiving tax relief. This has been progressively reduced over recent years and is now £40,000.

In addition to this, as a DC member, if you choose to access your pension savings using the new flexibilities described above, the annual allowance that any further contributions into a DC pension will be tested against reduces to £4,000. Finally, in the unlikely event you are still contributing to a DB pension arrangement, these contributions will be tested against a reduced annual allowance of £30,000.

Lifetime Allowance Limits

The Lifetime Allowance is a limit on the amount of pension benefit that can be drawn from pension schemes overall without triggering an extra tax charge. The Lifetime Allowance is £1.03million for the 2018/19 tax year.

For Lifetime Allowance purposes the calculation of the value of your benefits will depend on whether you are referring to MRA or legacy Retirement Benefit Plan (RBP) benefits. For the MRA, the calculation is simply the value of the pension pot when benefits are drawn. If you built up benefits in the RBP before it closed in 2006, or in a previous employer's scheme, you will need to undertake a calculation of the likely value of that benefit – put simply **the 'value' of the RBP pension is 20 times the annual pension payable from the RBP.**

Here is an example of the calculation for an individual with both RBP and MRA entitlements

Value of individual Member Retirement Account: £150,000

Pension expected from RBP: £15,000pa

so £15,000 *20 = £300,000

Total value of benefit to be compared to the current Lifetime Allowance of £1.03m is £450,000.



Investments

Asset Value

The market value of the MRA's assets increased over the accounting year from £19.2 million as at 31 December 2016 to £21.5 million as at 31 December 2017. Please note this figure is different to that given in the Summary MRA Accounts below as this figure does not include external AVC values. The market value of the MRA's assets was £22.3 million as at 31 August 2018.

Investment Strategy

The MRA Lifestyle Strategy, has been designed to reflect the implications of the post April 2015 pension reforms and in particular on the type of benefits that are expected to be drawn from the MRA i.e. it is expected that members will no longer use their pot to buy an annuity, and that many members will leave a portion of their fund invested and adopt some form of drawdown approach.

The MRA also makes a range of alternative funds available, so that members can choose to invest in higher or lower risk funds, or tailor their own life-styling as they approach retirement.

If you wish to alter your investment choices, or would like more information on the funds available that are provided with this Newsletter, please contact Christine Allen in Rotherham (see contact details at the end).

The Trustee continues to review the sustainability of the MRA Lifestyle Strategy and will make changes if new trends or regulations emerge that mean the design is no longer appropriate.

Contributions, investment and choice

The Trustee encourages all members to understand the design of the Plan, how it operates if you take no actions, and how you can influence the outcome by assessing your contributions and fund selections.

No two members have the same circumstances and requirements in retirement so it places a great deal of responsibility upon you to review your situation on a regular basis. The MRA Member Guide will help you to understand your investment options.

The decision over which fund or funds to invest your contributions, and those of your employer, can be a difficult one. The Trustee cannot provide personal advice on the adequacy of the contributions or on investments. We reiterate that you should consider consulting with an Independent Financial Adviser. It would be appropriate to consider advice if, for example, you are planning ahead for your retirement, to determine appropriate contribution levels or investment choices, or are considering a transfer either into or from the MRA. Independent financial advice is also likely to be appropriate when you come to set up your retirement income, or in the run up to your retirement to ensure that your investment choices are reflective of the benefits you expect to draw. In this, you should utilise the support available to you from the Plan via the Road to Retirement and Pension Decision Services.

If you would like details of local IFAs you can find these on www.unbiased.co.uk.



Investment Performance

Below we show investment performance of the funds available to members.

It should be noted that a fund's performance over a particular time period is no predictor of what returns it will achieve in the future. Investment decisions should be driven by considering the types of assets that are invested in, the levels of risk expected and which are more suitable for your own attitudes to risk and retirement plan.

	Year ending 30/06/2018		Year ending 31/12/2016	
	Fund (%)	Index (%)	Fund (%)	Index (%)
Global Equity 50:50 Index	8.3	8.4	21.8	21.7
UK Equity Index	1.7	1.7	16.8	16.8
UK Smaller Companies Index	0.7	1.0	14.4	14.3
Ethical Global Equity Index	1.9	2.1	27.6	27.5
North American Equity Index	5.0	5.1	34.1	34.1
Europe (ex UK) Equity Index	-1.2	-1.2	19.4	19.4
Property	2.3	3.9	2.1	2.6
Cash	0.2	0.2	0.4	0.3
Over 5 yr index linked Gilts	-1.1	-1.0	27.4	27.4
Over 15 yr Corporate Bond	-2.5	-2.4	18.3	18.1
Over 15 yr Gilts	1.0	1.1	18.5	18.5
Japan Equity Index	0.4	0.5	22.7	22.7
Asia Pacific (ex Japan) Equity Index	-2.2	-2.1	31.7	31.5
MRA Diversified Fund	-0.1	1.8	N/A	N/A

Please note that performance for the MRA Diversified Fund is not shown for the year ending 31 December 2016, as it was launched in December 2016

Summary MRA Accounts for the year to 31 December 2017

The following is an extract from the accounts for the year ended 31 December 2017. A full version is available upon request. Figures for the year ended 31 December 2016 are also provided for information.

	2017 (£)	2016 (£)
VALUE OF THE PLAN AT THE START OF THE YEAR	19,785,478	15,936,716
INCOME		
Contributions:		
<i>Company's:</i>		
Normal	995,366	902,050
<i>Members':</i>		
Normal	477,503	431,963
Additional Voluntary Contributions	46,336	38,107
Investment Income (interest on bank accounts)	17	21
Other income	264,346	-
Transfers in	30,026	-
Transfers between sections	(13,011)	(56,869)
Claims on Term Insurance policies	-	-
Compensation receipt	-	-
Total Income	1,800,583	1,315,272
EXPENDITURE		
Benefits Payable	506,347	328,277
Payments to and on account of leavers	658,797	398,160
Fees and Expenses	-	-
Total Expenditure	1,165,144	726,437
FUND BALANCE		
Income <i>less</i> Expenditure	635,439	588,814
Change in Market Value of Investments	1,643,762	3,259,927
VALUE OF THE PLAN AT THE END OF THE YEAR	22,064,679	19,785,478

General Information

State Pensions

Membership of the MRA does not affect your State pension entitlements. If you reached state pension age up to 6 April 2016, the State provides a flat rate Basic State Pension, and on top of this an earnings-related pension, the State Second Pension (S2P). It is no longer possible for members to contract out of the S2P. If you reach state pension age after 6 April 2016 the State provides the New State Pension.

It may be that you have gaps in your National Insurance contribution record. If this is the case, and you are concerned that your State pension will not be payable in full, then you should know that it is possible to make voluntary National Insurance contributions to increase your State benefits.

To request a Pension Statement you will need to use form BR19 which can be obtained from your local Department for Work and Pensions Office or can be obtained online at:

<https://www.gov.uk/government/publications/application-for-a-state-pension-statement>

From 6 April 2016 the State Pension changed for men born after 6 April 1951 and women born after 6 April 1953. The 'single-tier' state pension and from 6 April 2018 is £164.35 per week.

For those already in receipt the full old Basic State Pension the weekly pension payment is £125.95 from 6 April 2018.

State Pension Ages

The increase to State Pension Age for women commenced in 2010 in order to equalise with men. For women their State Pension Age is due to rise to 65 from 60 between 2010 and 2018. This affects women born after 6 April 1950.

Under current legislation, State Pension Age for both men and women is planned to increase to:

- 66 between November 2018 and October 2020
- 67 between 2026 and 2028
- 68 between 2044 and 2046

The government has also introduced a regular review of State Pension Ages. The first review took place in May 2017 and proposes an accelerated timetable for the rise in State Pension Age to age 68 taking place between 2037 and 2039. This change would affect everyone born between 6 April 1970 and 5 April 1978, whose State Pension Age is currently 67.

The proposed change would have to be approved by Parliament and the Government will also have to carry out a further review by July 2023, before legislating the proposed changes for the rise to age 68.

You can find out when your State Pension Age is, by going to: <https://www.gov.uk/state-pension-age>

The Pensions Advisory Service and the Pensions Ombudsman

From 1 April 2018, the Pensions Advisors Service's dispute resolution function was consolidated within the Pensions Ombudsman's offices. This means members will now be able to access all pension dispute resolution, previously handled by two services, in one place.

Contact with The Pensions Ombudsman about a complaint needs to be made within three years of when the event(s) the member is complaining about happened – or, if later, within three years of when they first knew about it (or ought to have known about it). There is discretion for those time limits to be extended.

The Pensions Ombudsman can be contacted at:

10 South Colonnade, Canary Wharf

London E14 4PU

T 0800 917 4487

E enquiries@pensions-ombudsman.org.uk

www.pensions-ombudsman.org.uk

Members can also submit a complaint form online:

www.pensions-ombudsman.org.uk/our-service/make-a-complaint/

The Pension Advisory Service continues to be a point of contact for any general requests for information or guidance concerning their pension arrangements and they can be contacted here:

The Pensions Advisory Service

11 Belgrave Road, London SW1V 1RB

T 0300 123 1047

www.pensionsadvisoryservice.org.uk

Pension Tracing Service

This Service enables members who lose contact with any previous employing company, to trace their pension benefits. The address is:

The Pension Service 9

Mail Handling Site A

Wolverhampton

WV98 1LU

(Tel No. 0345 6002 537)

www.gov.uk/find-pension-contact-details

Additional documents available on request

The **Statement of Investment Principles**. This explains how we (the Trustee) invest the money paid into the Plan.

The **Annual Report and Financial Statements**. This shows the Plans' income and expenditure for the last Plan year.

Internal Disputes Procedures

If you have a complaint, you should contact Christine Allen at AMG UK who will make sure that your complaint is addressed in accordance with the procedures set out in the Internal Disputes Resolution Procedure.

Expression of Wish form

Your Expression of Wish form tells the Trustee Directors who you would like to receive any lump sum death benefits payable in the event of your death. Although the Trustee Directors have ultimate responsibility for deciding to whom the payment of the lump sum death benefits should be made, they will always try to take account of your wishes.

It is important for you to keep your Expression of Wish Form up to date. You should complete a new form if there is any change in your personal circumstances, which may affect your nomination, for example if you marry or have any children. Forms may be obtained from the Payroll Department or are available on Sharepoint under the Payroll tab. Completed forms should be placed in a sealed envelope (showing your name and the current date) before being returned.

Please note that your Expression of Wish Form is confidential and will only be opened by the Trustee in the event of your death.

Further Information

For more detailed information regarding any aspect of your Plan, please refer, in the first instance, to your Members' Booklet. However, if you have a particular question you would like answered, please contact:

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Or

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