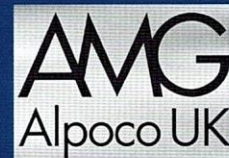


November 2015



PENSIONS NEWSLETTER

For members of the Member Retirement Account (MRA) section of the AMG UK Group 2006 Pension Plan ("the Plan")

A Warm Welcome

The Trustee is pleased to present the latest edition of the AMG UK Group 2006 Pension Plan ("the Plan") Newsletter.

It's been a year where pensions have been in the spotlight with the surprise budget announcement in March 2014 leading to sweeping changes being implemented from April this year. These "freedom and choice" reforms affect primarily defined contribution, or "DC" pension savings such as provided by the MRA Section of the Plan. Accordingly, we have again included a separate section in the Newsletter this year, covering the changes from April 2015.

The Trustee continues to actively monitor the Plan and consider ways of improving it. In last year's newsletter we referred to the Trustee's intention to introduce improvements to the investment choices for members. In the event further regulatory changes announced towards the end of 2014, together with the practical requirements of implementing a new Plan-wide investment strategy (i.e. to include the legacy sections of the Plan as well as the MRA), has resulted in some delay. However, we are pleased to confirm that the Trustee is now in a position to implement the changes and that announcements should follow before the end of the year.

Having regard to the increased complexities post April 2015, the Trustee has been looking at ways of better supporting members when deciding how to take their benefits. You may have heard of the Government's recently launched "Pension Wise" information service for DC members. It is fair to say that this has received a fairly muted reception given that it cannot practically provide much more than very limited, general guidance. The Trustee is looking to introduce something a little more comprehensive and, hopefully, more helpful to members of the MRA. Our advisers, JLT, have developed a structured guidance and support service called "Pension Decision" which we are planning to introduce in the fourth quarter of this year for those employees coming up to retirement and those aged 50 or over looking to access their benefits.

As always, we hope you find the Newsletter interesting and informative. If there are other topics or issues that you would like covered in future editions, the Trustee would welcome your suggestions, which should be addressed to:

Charles George
JLT Benefit Solutions
The St Botolph Building,
138 Houndsditch
London EC3A 7AW

The Trustee

In last year's Newsletter we noted the Company's proposal to change the constitution of the Trustee Board from individual Trustees to a corporate body. This change has been completed and the Trustee is now AMG UK Group Pension Trustee Limited. The Directors of the Trustee Company have exactly the same duties and responsibilities as individual Trustees.

The former individual Trustees have all been duly appointed as Directors of the Trustee Company:

Leonora Scaife – Employer Appointed Director

Dr Paul Cooper – Employer Appointed Director

John Murrie – Member Nominated Director

John Bradbury – Member Nominated Director

The Trustee Directors have overall responsibility for the Plan and the current arrangements allow for two of the four Trustee Directors to be nominated by the members. The rules governing member representation on, and the structure of, the Trustee Board are under review and an announcement about this is expected later this year.

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.

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 including auditors and legal advisers.

How many members?

At the end of the accounting year 31 December 2014 the MRA had 284 active members and 214 deferred members. Comparative figures as at 31 December 2013 were 287 and 179.



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.

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.**

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.

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 contact the HR Department or Payroll in Rotherham.

Members are reminded that the way in which contributions are invested is crucial to the eventual benefits they will receive at retirement. This is because the eventual value of the AVCs is dependent on the contributions paid in, the investment growth the fund achieves, and applicable annuity rates available at retirement (the rates used to convert a Member's Retirement Account into a pension).

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.

Some Key Pensions matters

Budget Changes 2014 introduced April 2015

In March 2015 the Trustee Directors issued a communication covering the 2014 Budget announcement and the new pension flexibilities from April 2015. Please let Christine Allen know if you would like another copy (contact details at the end of this Newsletter).

We set out below a summary of the options now available under the legislation from April 2015 **for all individuals aged 55 or over**. Please note that not all of these are currently provided from the Plan; see the table below 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"(!), from 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 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.

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 some access to the new flexibilities on a limited basis and we summarise below what options the Plan is now able to provide.

WAYS TO TAKE PENSION	PLAN PROVIDES?
Pension 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.

Where to find out more

If you are starting to think about your retirement we would recommend that you seek independent financial advice at an early opportunity. The Trustee and the Company cannot give you personal financial advice but you can find a Financial Adviser or a Personal Tax Adviser in your area through the following online address:

<http://www.unbiased.co.uk/find-an-adviser>

Or, you can telephone: 0330 1000 755

The Government has recently launched the "Pension Wise" information service which gives free and impartial guidance to DC members who are aged 50 and over. You can have a look at the service offered and book an appointment through the following online address:

<https://www.pensionwise.gov.uk/>

As already mentioned, the Trustee is planning to introduce some additional support for members at retirement. More details will follow.

Since the original announcement was issued to members, the Government has introduced some further changes affecting the limits on ongoing contributions to pension schemes:

Annual Allowance Changes

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 the last few years and has reduced further from 6 April 2015 from £50,000 to £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 £10,000. In addition, 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.

Finally from 6 April 2016 the Government is introducing a tapered reduction in annual allowance. Anyone fortunate enough, that their adjusted income in any tax year, including their own and their employer's pension contributions, is more than £150,000 will be affected by the taper. However, anyone whose threshold income (excluding the value of any pension contributions) is £110,000 or less cannot be subject to the taper regardless of their adjusted income.

The taper will reduce the annual allowance by £1 for every £2 of income received over £150,000, down to a minimum annual allowance of £10,000. Any pension savings made in excess of an individual's personal annual allowance will then be subject to a tax charge at the individual's marginal income tax rate. Unused relief from the previous three tax years will be available to offset any excess savings.

From the same date the annual allowance will be tested against contributions made in the tax year.

Lifetime Allowance Changes

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. Again this has been progressively reduced over the last few years and will reduce further at 6 April 2016 from £1.25 million to £1 million.

For lifetime allowance purposes the calculation of the value of your benefits will depend on whether you are referring to MRA or 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: £15,000 pa
so £15,000 *20 = £300,000**

Total value of benefit to be compared to the Lifetime Allowance of £1.25m is £450,000

Short Service Refunds

Members who join DC schemes and subsequently leave having completed less than 2 years membership are given the option of a refund of contributions (short service refund).

Members joining DC schemes from 1 October 2015 will no longer be allowed the option of a short service refund if they have completed more than 30 days membership.

Pensions Liberation Fraud

Pensions liberation remains a hot topic in the pensions world, especially in view of the increased ease of access to pension benefits following the Budget.

The Trustee Directors take the issue of pension liberation fraud very seriously. The Pensions Regulator has published guidance for pension schemes and their members which is intended to help protect members from activity that may be fraudulent and/or result in considerable loss of funds due to a significant tax charge and high fees. This activity is known as "pension liberation fraud" and is on the increase in the UK. The guidance can be found through the following online address:

<http://www.thepensionsregulator.gov.uk/pension-scams>

Typically, cash incentives are being used alongside misleading information to entice pension scheme members to transfer their pension benefits out of their scheme and into a fraudulent arrangement. In rare cases (such as terminal illness), it is possible for an individual to access their pension funds before age 55 but, in most cases, such actions suffer a very heavy tax penalty.

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.

Investments

Asset Value

The market value of the MRA's assets increased over the accounting year from £13.6 million as at 31 December 2013 to £14.4 million as at 31 December 2014. 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 £15.1 million as at 31 July 2015.

Investment Strategy

Important Note: : *What follows is a summary of the current MRA investment strategy. As already mentioned, the Trustee is looking to make changes to the strategy which will result in more and better investment options for the members.*

All the MRA's assets are managed on behalf of the Trustee by Legal & General (L&G) in index-tracking funds. An index tracking fund is one which aims to track the average market return for specific asset classes. L&G is one of the largest "index-trackers" and has an excellent reputation.

The Trustee offers a selection of ten funds for the investment of contributions and you are responsible for choosing which funds to invest in.

Alternatively the MRA has a default "Lifestyle" programme, which automatically switches members' funds from equities to more protective funds and cash during the ten years prior to retirement. This programme aims to provide you with a balance between growth and security as you approach retirement.

For example, the Annuity Protection Fund aims to protect the amount of annuity pension your Member Retirement Account can buy. If the value of your Member Retirement Account goes down, annuities generally become cheaper. If annuities become more expensive, your Member Retirement Account will generally perform better. The Cash Fund aims to stabilise the effect on your Member Retirement Account if you decide to take the cash option.

With the changes effective from April 2015 described on page 4, employees now have additional options in the way that they can access their benefits. It is important that you consider these options when deciding whether or not the lifestyle programme is appropriate to you. If given the new flexibilities you do not think that an annuity is the right choice then the lifestyle may not be suitable.

Investment Performance

The performance for the main MRA funds for the years ending 31 December 2013 and 31 December 2014 are as follows:

	YEAR ENDING 31 DECEMBER 2013		YEAR ENDING 31 DECEMBER 2014	
	Fund %	Index %	Fund %	Index %
Global Equity	22.3	22.3	4.4	4.5
50:50 Index				
UK Equity Index	20.8	20.8	1.2	1.2
Over 5 yr index linked Gilts	0.5	0.6	21.3	21.4
Property	9.0	6.7	16.4	16.8
Cash	0.3	0.4	0.3	0.3

If you require any more information on any funds (including those not shown) please contact the Payroll department in Rotherham. Alternatively, you can view basic fund and performance information via the L&G website:
<https://www.lgim.com/private/framework/security/login.jsp>

The login details are as follows:

User ID: **LSM_member**

Password: **LSM06513**

If you wish to alter your investment choices, the appropriate forms can be obtained from Christine Allen in Rotherham (see contact details at the end).

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. The advice you require may, for example, relate to a transfer either into or from the Plan. Another occasion will arise when you come to set up your retirement income.

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

Summary MRA Accounts for the year to 31 December 2014

The following is an extract from the accounts for the year ended 31 December 2014. A full version is available upon request. Figures for the year ended 31 December 2013 are also provided for information.

	2014(£)	2013(£)
VALUE OF THE PLAN AT THE START OF THE YEAR	14,086,451	11,133,624
INCOME		
Contributions:		
<i>Company's:</i>		
Normal	865,995	836,883
<i>Members':</i>		
Normal	417,994	388,362
Additional Voluntary Contributions	30,595	55,223
Investment Income (interest on bank accounts)	43	34
Transfers in	32,947	15,647
Transfers between sections	(5,967)	(47,257)
Claims on Term Insurance policies	301,880	–
Compensation receipt	444	–
Total Income	1,643,931	1,248,892
EXPENDITURE		
Benefits Payable	1,360,076	360,290
Payments to and on account of leavers	308,332	46,295
Fees and Expenses	–	–
Total Expenditure	1,668,408	406,585
FUND BALANCE		
Income <i>less</i> Expenditure	(24,477)	842,307
Change in Market Value of Investments	871,052	2,110,520
VALUE OF THE PLAN AT THE END OF THE YEAR	14,933,026	14,086,451

General Information

State Pensions

Membership of the MRA does not affect your State pension entitlements. The State currently provides a flat rate Basic State Pension, and on top of this an earnings-related pension, the State Second Pension (S2P). It is possible for members to contract out of the S2P on an individual basis by taking out a personal pension or stakeholder pension. This is a personal decision and one on which you should obtain independent financial advice. Neither the Trustee, the Company nor JLT is able to provide any advice on this matter.

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.

Form BR19 can be obtained from your local Department for Work and Pensions Office or can be obtained online at: <https://www.gov.uk/browse/working/state-pension>

From 6 April 2015 the Basic State Pension is as follows:

- For a single person is £6,029.40 per annum
- For a married couple is £9,643.40 per annum.

Changes from 6 April 2016

From 6 April 2016 the State Pension will change to a simpler, single-tiered pension for everybody reaching State Pension Age from 6 April 2016.

The amount of the new pension will not be decided until nearer the time, but the Government has provided an illustrative full single-tier rate of £144 per week as long as you have sufficient qualifying years in your National Insurance Contribution record. If you reach State Pension Age before this date, your State Pension will be unaffected by this change.



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: 0845 600 2537

or visit the 'Find a lost pension' section of
www.gov.uk/browse/working/workplace-personal-pensions

Additional documents available on request

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

The Schedule of Contributions – This shows how much money is being paid into the Plan by AMG UK and the members, and includes a certificate from the actuary showing that it is sufficient.

The Annual Report and Financial Statements – This shows the Plan's 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.

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:

Christine Allen
AMG Superalloys UK Limited
Fullerton Road
Rotherham
South Yorkshire
S60 1DL
Tel: 01709 833 754
Email: payroll@amg-s.com

Or

Karen Taylor
JLT Benefit Solutions
St James's Tower
7 Charlotte Street
Manchester
M1 4DZ
Tel: 0161 253 1174

Expression of Wish form

Your Expression of Wish form tells the Trustee 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.