



Kingfisher Pension Scheme

Money Purchase Section



MEMBER GUIDE

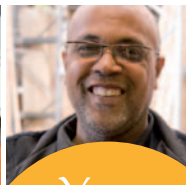
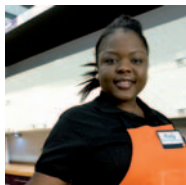
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The Kingfisher Pension Scheme Money Purchase Section (the KPS-MP) has been set up by the Company to help you save for your retirement.

By joining the KPS-MP you are making a valuable saving towards your retirement and receiving additional help from your employer through the contributions that it makes into the KPS-MP for you. As an employee, you can join the KPS-MP once you have worked for the Company for one year.

A pension is one of the best ways to save for retirement because of the tax relief you receive. Any money you contribute to the KPS-MP is taken from your pay before income tax is deducted. Any gains that are made through your investments are also largely free of tax.

You could rely on State benefits, but they are unlikely to provide you with the income you would want to live on in retirement. We have tried to make this member guide easy to follow so you can decide whether joining the KPS-MP is right for you. Words that begin with capital letters have special meaning, and are explained on pages 26 & 27. You need to read this member guide so that you understand what you are committing yourself to by joining the KPS-MP and then keep it safe for future reference.



Your
Pension
Your
Future

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This member guide is only intended to be a guide to your pension. Full details of how the Kingfisher Pension Scheme Money Purchase Section works are contained in the Trust Deed and Rules - the legal documents governing the KPS-MP. In the event of any inconsistency between this member guide and the Trust Deed and Rules, the terms of the Trust Deed and Rules will apply.

How does the KPS-MP work?

The KPS-MP is a 'money purchase' or 'defined contribution' scheme. Money is paid into the KPS-MP by you and by the Company.

This pot of money is in your name and you choose where you would like it to be invested from the options that are available.

Once you come to retire, this pot of money called your Retirement Account will typically be used to buy you an Annuity that will provide you with an income in the form of a pension. How much your pension will be will depend on things like how much money has been invested, how the investments grow and how much it costs to buy an Annuity when you retire. You may normally choose to take up to 25% of your Retirement Account as a Pension Commencement Lump Sum and the remaining amount will be used to buy an Annuity.

The Trustee has appointed Zurich Assurance Ltd (Zurich) to administer the KPS-MP and to provide access to the investment funds on behalf of the Trustee.

Please note that it is your responsibility to make sure you are saving enough for your future by reviewing how much you are paying into the KPS-MP and how your investments are performing. You should remember that the value of an investment may go down as well as up and if investments go down, the value of your Retirement Account may be less than the contributions you have made.

The main benefits of being in the KPS-MP are:

- ➔ it's a tax-efficient way of saving for your retirement
- ➔ the Company makes a contribution into your Retirement Account
- ➔ you can make your own investment choices from the range of funds on offer
- ➔ you can choose to use part of your contributions to increase the lump sum paid to your beneficiaries if you die whilst still employed by the Company
- ➔ you can choose to use part of your contributions to increase the benefit you would receive should you become too ill to work
- ➔ the KPS-MP is set up as a trust which means that all the money held within the KPS-MP is completely separate from Company finances.

How do I join?

You can join if you are a full-time or part-time employee, have worked for the Company for one year and are over age 16. There is no upper age limit on joining the KPS-MP, though you should read the section on tax information if you are considering joining beyond age 75.

You will be sent a Joining Form once you have been working for the Company for one year. All you need to do is to complete it and send it to Kingfisher Group Pensions Department.

If you decide not to join, you will still need to find some way of saving for your retirement and the Company will not contribute towards any other pension scheme you may have. You may be able to join at a later date, but only if the Company agrees.

Can I have a personal pension as well?

Yes you can but the Company will only contribute to the KPS-MP.

Can I transfer pension benefits into the KPS-MP?

There is usually no problem for the KPS-MP to receive a transfer from another pension arrangement, although the Trustee must agree to accept the transfer. If you want to do this, please contact Kingfisher Group Pensions Department with information about your other pension arrangement.

We recommend that you seek independent financial advice before deciding to go ahead with any transfer:

Keeping track of your pension

Once you've joined you will become what is called an Active Member of the KPS-MP. Zurich will send you access details for the secure internet site where you will be able to review how much you are contributing to the KPS-MP, where you're investing your Retirement Account and how well those investments are performing.

You will also be sent an annual benefit statement which will show what contributions have been paid into your Retirement Account, your investment return and an estimated forecast of the potential pension you might receive when you retire (based on today's money).

You can join if you are full-time or part-time and are over age 16.



What contributions are made to the KPS-MP?

What do I contribute to the KPS-MP?

You contribute 3% of your Salary into the KPS-MP. This is your Core Contribution.

The Company also contributes 3% of your Salary into the KPS-MP for you. So that's a total of 6% of your Salary being paid into your Retirement Account.

Remember, the real cost to you is less than you think because you receive tax relief on your pension contributions.

The real cost to you is less than you think because you receive tax relief on your pension contributions.

Example:

If your basic annual salary is £12,000:

3% contribution (£30 a month)	£360 a year
Less tax relief * (-£6 a month)	-£72 a year
Real cost to you (£24 a month)	£288 a year

The amount paid into your Retirement Account is:

Your contribution	£360 a year
Company contribution	£360 a year
Total into your Retirement Account	£720 a year

*Tax relief at 20% based on 2011/12 tax allowances. Tax rules may change in the future.





Can I contribute more into the KPS-MP?

Yes, you can choose to contribute more than the Core Contribution. This is your Additional Core Contribution and it must be a whole percentage of your Salary.

After you've been continuously working for the Company for 5 years, the Company will match up to a further 2% of your Salary into the KPS-MP if you decide to make Additional Core Contributions. So, for instance, if you choose to contribute a total of 4% or 5% into the KPS-MP, the Company will also contribute 4% or 5%.

You can still contribute more than this into the KPS-MP, but your contributions will not be matched by the Company.

You can start to pay Additional Core Contributions at any time and change the amount you are contributing at any point during the year.

The other option is to pay Additional Voluntary Contributions (AVCs) which also receive tax relief but are not matched by the Company. These are different from Additional Core Contributions because they can be a fixed monetary amount (rather than a percentage) and you can make single one-off contributions. Your AVCs are added to your Retirement Account and invested in the same way as your other contributions.

You can contribute as much as you like towards your pension whether in the KPS-MP or any other registered pension scheme but there is a limit to the tax relief available. This is known as the Annual Allowance and is explained in the Tax Information section.

Increasing your ill-health pension

You can choose to allocate part of your Core Contribution to provide you with an extra benefit in the event that you have to retire due to Total Incapacity whilst employed by the Company. This is subject to the Trustee's agreement and to you satisfying certain conditions before cover can start.

0.25% of your Salary would be deducted from your Core Contribution. The remainder of your Core Contribution will be paid into your Retirement Account.

The extra benefit that you would receive should you become too ill to work is paid into your Retirement Account and is a multiple of your Salary depending on your age. For example, if you are aged 22 a lump sum of 16 x your Salary will be paid to your Retirement Account. You can then use your Retirement Account to buy an Annuity.

Your age	Payment (x your Salary)
Under age 25	16 x
25-29	14 x
30-34	12 x
35-39	10 x
40-44	8 x
45-49	6 x
50-54	4 x
55-59	2 x
60-64	1 x
65 +	Not available

You will not be able to apply for extra ill-health benefit cover after the age of 65.

What contributions are made to the KPS-MP?

Increasing your lump sum

You can choose to have part of your Core Contribution into the KPS-MP allocated to increase the lump sum that would be paid out if you were to die whilst employed by the Company. This is subject to the Trustee's agreement and to you satisfying certain conditions before cover can start.

0.25% of your Salary will be deducted from your Core Contribution and used to provide this extra payment. The rest of your Core Contribution will be paid into your Retirement Account.

The table below shows how your lump sum would increase with these payments based on your age. For example, if you died aged 22 a total lump sum of 10 x your Salary will be paid (2 x standard payment plus 8 x extra payment).

Your age	Payment (x your Salary)
Under age 25	8 x
25-29	7 x
30-34	6 x
35-39	5 x
40-44	4 x
45-49	3 x
50-54	2 x
55-59	1 x
60-64	0.5 x
65+	0.25 x

Contributions and family leave

If you take maternity, paternity or adoption leave, you will continue to be a member of the KPS-MP.

For as long as you are being paid by the Company, even if you are being paid less, the Company will continue to pay contributions to the KPS-MP based on the Salary that you would receive were you working normally. Your own contributions are based on the actual Salary you receive during this time.

Any incapacity or death benefits that become payable whilst on family leave would still be based on the Salary you would receive were you working normally.

Contributions and other leave

For any leave other than family leave, you will continue to be a member of the KPS-MP.

For this period all contributions paid into the KPS-MP by both you and the Company will be based on the actual Salary that you receive.

Any incapacity or death benefits that become payable whilst on other leave would still be based on the Salary you would receive were you working normally.

Where can I invest?

Choosing where to invest your Retirement Account is a very important decision, as the amount of pension you could receive in retirement will partly depend on the investment returns achieved.

Bear in mind that this is a long-term investment as it could be over 40 years before you need the money in your Retirement Account to buy your Annuity.

Investments are all about trying to make the most of your savings and balancing the risk of investments going down with the potential reward of the investments doing well. Different investment types have different levels of potential risk and reward. Usually, funds with more potential for growth carry more risk.

All investment funds carry risk which can include:

Investment: the risk that the value of your investments will fall in value. The longer there is until you retire, the less concerned you may be about short-term falls in your investments and therefore you may be more willing to take a higher investment risk for the opportunity of a higher return.

Opportunity cost: the risk that you may miss out on potential returns by investing in lower risk funds, at a time when you could consider taking a greater investment risk. This may lead to a smaller pension. For example, if a member is fully invested in a money market or cash fund, the downside is potentially limited but so is the growth.



If that member had a long time before retirement it could be argued that he/she is missing out on the growth that could be achieved through investing in a fund which targets a higher return by taking on greater volatility, because of the impact of opportunity cost risk.

Inflation: the risk that your investments will not grow at the same pace as inflation. If your investment returns are lower than inflation then the value of your Retirement Account falls in 'real' terms. This could happen if you invest in lower risk funds which may produce lower returns.

Conversion: when you retire, you may want to buy an Annuity with the funds in your Retirement Account. The cost of buying an Annuity fluctuates and moves broadly in line with the price of bonds. You can help protect against this risk by investing in funds that invest in bonds as you approach retirement.

Where can I invest?

You have a number of choices for where to invest your Retirement Account. You can;

A Invest in one of the Lifestyle options

or

B Invest in a mix of the individual funds available

If you fail to choose an investment option, contributions will be invested into the Lifestyle 10 year, which is the default fund for the KPS-MP.

When you join the KPS-MP, you will be able to access the secure area of the pensions website where you can change your investments, review your fund value and see what contributions have been paid in.

Please note that, by law, neither the Trustee, the Company, nor Zurich can advise you on your investment choices. If you are in any doubt about how you want to invest your Retirement Account we recommend that you seek advice from an independent financial adviser. You can find a local independent financial adviser by contacting IFA Promotions at www.unbiased.com.

The amount of pension you could receive in retirement will partly depend on the investment returns achieved.

Charges

Each investment option available to you has a cost, which is made up of a number of charges and expenses. The charges shown are the total charges that will be deducted from your Retirement Account.

The total charge is made up of an annual management charge taken by Zurich for managing your Retirement Account which is taken monthly by automatic deduction of units (a unit represents your share of all the fund's assets). It is also made up of other administrative costs associated with investing in each fund and these charges are deducted from the fund every day before fund prices are calculated. Please note that these administrative costs can change and all charges will vary depending on the funds you choose.

As well as varying by fund, there are two levels of charges:

1. **Scheme charges** - the level of charges payable while you are a member of the KPS-MP, either as an Active Member or a Deferred Member;
2. **Individual policy charges** - the level of charges payable for those members who are transferred to an individual policy with Zurich (refer to the section 'What happens if I leave?' for more information about when this will occur).

The annual management charges for each fund and level are detailed in the investment fund table on pages 12 and 13.

A Lifestyle options

Lifestyling involves moving your investments automatically from higher to lower risk funds the closer you get to retirement. This is done to try to protect your Retirement Account from the ups and downs of the stock market in the run up to retirement.

Moving your investments is done automatically for you free of charge and assumes that you will be retiring at 65. So, if you invest in this option and are not planning to retire at 65 you will need to fill in your Target Retirement Date on the Investment Option Form.

There are two Lifestyle options for you to choose from. The difference between them is

when the transition is made from higher risk funds investing mainly in company shares (accumulation phase) to the lower risk funds investing in gilts, corporate bonds, cash and money market instruments (pre-retirement phase).

Lifestyle 5 year begins the transition from higher risk to lower risk investments 5 years before retirement.

Lifestyle 10 year begins the transition from higher risk to lower risk investments 10 years before retirement.

The funds that the Lifestyle option invests in are:

Lifestyle phase	Lifestyle 5 year	Lifestyle 10 year
Accumulation Phase	50% Passive Global Equity (inc. UK) 50% Diversified Return	50% Passive Global Equity (inc. UK) 50% Diversified Return
Pre-Retirement Phase	75% Pre Retirement 25% Money Market	75% Pre Retirement 25% Money Market
Transition Start Date	5 years before retirement	10 years before retirement
Cash Transition Date	2.5 years before retirement	5 years before retirement

If you choose one of the Lifestyle options, all of your Retirement Account in the KPS-MP will be invested in this way and you will not be able to choose any other investment funds. You can, however, switch out of lifestyle at any time.



Where can I invest?

B Investing in a mix of funds

There are two different approaches to investments.

PASSIVE MANAGEMENT (also known as index tracking) aims to reduce the risk of poor share selection in individual companies and instead invest in most of the companies within a market/index (e.g. the FTSE All-Share Index). In this way they aim to deliver returns that are close to the overall market returns.

ACTIVE MANAGEMENT aims to use analysis of the markets to achieve above-average returns. The investment manager will do this by choosing shares that are either undervalued (to buy) or overvalued (to sell) and choosing the right time to do this. Actively managed investments have the potential to bring in higher returns than passively managed investments but they also carry a higher risk of underperforming if the investment manager's decisions prove unsuccessful. Actively managed funds usually incur higher charges.

The table shows you the investment options you have with the KPS-MP, whether they are passively or actively managed and where each fund invests. Please note that Zurich is not a fund manager, but does make the funds available to the KPS-MP. The funds available may change in the future.

*The annual management charge shown for each fund is explained in more detail on page 10. The charge for each fund is taken monthly by automatic deduction of units and is current at the date of publication. For the latest information on the annual management charge, as well as detailed fact sheets for each fund, please refer to the pensions website.

Asset class	Fund name	Investment approach	Fund description
Global Equity	Passive Global Equity (inc. UK) Fund	Passive	This fund invests in stocks from around the world to generate long-term capital growth. It also invests in UK companies to benefit from the impact of the UK economy and currency exchange rates.
Global Equity	Active Global Equity (inc. UK) Fund	Active	This fund invests in shares of UK and international companies to generate long-term capital growth.
Multi-Asset	Diversified Return Fund	Passive	This fund invests in a mix of company shares, bonds and commodities to generate long-term capital growth.
Corporate Bond & Fixed Interest	Pre-Retirement Fund	Combination of Active and Passive	This fund invests in UK and international corporate bonds and UK government bonds to generate a steady stream of income over the long term.
Index-Linked	Pre-Retirement Inflation Linked Fund	Passive	This fund invests in UK government inflation-linked bonds to generate a steady stream of income that rises with inflation over the long term.
Cash	Money Market Fund	Active	This fund invests in short-term government and corporate bonds and fixed deposits to generate a steady stream of income. It also invests in small cash deposits.
UK Equity	Ethical Fund	Active	This fund invests in UK companies that meet ethical criteria to generate long-term capital growth.
Global Equity	Shariah Fund	Passive	This fund invests in global companies that comply with Shariah principles to generate long-term capital growth.

Description	You may want to invest in this asset class if you are concerned about	Annual management charge*	
		Scheme charges	Individual policy charges
Invests in a combination of funds which track stock markets around the world. To reduce the effect of currency movements on the returns generated by the fund, 75% of its non Sterling exposure is hedged back to Sterling.	Opportunity cost, inflation risk	0.35%	0.52%
Invests approximately 30-40% in the shares of UK companies and the remainder in the shares of overseas companies.	Opportunity cost, inflation risk	0.92%	1.09%
Invests in a wide range of assets, including equities, high yield bonds, property, infrastructure and specialised alternative assets.	Opportunity cost, inflation risk	0.50%	0.67%
Invests in UK government bonds (gilts) and corporate bonds with an average maturity of 5 years or longer.	Conversion risk	0.35%	0.52%
Invests in UK government bonds (gilts) where the interest payable on the bond is linked to inflation.	Conversion risk	0.35%	0.52%
Aims to provide a high level of security by investing in short-term money market instruments such as deposits. While this is a low risk fund, no investment strategy is without risk. As such there is a possibility this fund could have a negative return.	Investment risk	0.33%	0.50%
Invests in shares of companies that meet a set of ethical criteria.	Opportunity cost, inflation risk	0.53%	0.70%
Invests in shares of companies around the world whose practices are consistent with Shariah law.	Opportunity cost, inflation risk	0.63%	0.80%

Where can I invest?

Some of the investment terms explained

Equities are shares in companies traded on stock markets in the UK or overseas. They are affected by rises and falls in their respective markets and their value can go up or down on a daily basis. Historically investment in equities has produced the best returns in the long term. An equity fund can invest in many different companies (and the global funds in different countries) and in several business sectors.

Gilts are Government bonds - loans issued by the Government where the Government borrows an amount of money for a specific fixed period. Interest is paid on the amount borrowed and the capital is repaid at the end of the fixed period. They rise and fall in value over their lifetime, but the price of gilts moves in a similar way to the cost of buying a pension and so they are useful in protecting the purchasing power of your Retirement Account in the run up to retirement.

There are two types of gilts: fixed interest where the interest and capital repayment are fixed in pound amounts; and index-linked gilts where both interest and capital repayments move in line with the price of goods as measured by the retail prices index.

Corporate bonds are loans issued by companies or non-government agencies and work in the same way as gilts, although they tend to give a slightly higher return than gilts as the risk of companies failing to repay the loans is higher. They rise and fall in value over their lifetime, but the price of corporate bonds moves in a similar way to the cost of buying a pension and so they are useful in protecting the purchasing power of your Retirement Account in the run up to retirement.

Money market funds invest in short-term money market instruments and fixed deposits. They are expected to provide lower returns over the long term than equities or gilts. Whilst money market instruments are low risk, no investment is without risk and as such there is small chance these funds could provide a negative return.

Property involves investing in UK offices, retail and industrial properties where the return is generated from rental income and the upward or downward price of property.

Shariah funds are designed to offer investors the opportunity to invest in a manner which is consistent with Islamic Shariah principles in line with the Dow Jones Islamic Titans Index. The fund invests in company shares from around the world.

Ethical funds are those that limit their investments to securities of firms meeting certain social standards. For example, an ethical fund might exclude securities of companies that are known to practice discrimination, that operate in poor labour or social standards, or that produce specific products.

An alternative investment is an investment product other than traditional investments such as equities, bonds or cash. This term encompasses any non-traditional asset class, and could include investment vehicles such as venture capital, hedge fund beta (which seeks to replicate the return you may generate from hedge funds), private equity, infrastructure and hedge funds.

What do I get in retirement?

The KPS-MP has been designed around a Normal Retirement Age of 65. However, you can take your pension from the KPS-MP after age 55 provided that you have completed at least two years in the KPS-MP and the Trustee and the Company consent. If you stay in the KPS-MP beyond age 65, you must usually take your pension when you leave the Company, or at age 75 (if earlier).

You do not have to stop working for the Company in order to take your pension from the KPS-MP. This is called flexible retirement, and is subject to the consent of both the Trustee and Company.

When you do retire you can use your entire Retirement Account to buy an Annuity, which is a pension paid by an insurance company. Alternatively, you can choose to take up to 25% of your Retirement Account as a Pension Commencement Lump Sum, which is paid tax-free. You would then use the balance of your Retirement Account to buy an Annuity.

How much pension you receive from your Annuity will depend on:

- › the value of your Retirement Account at the time you retire
- › the cost of buying an Annuity from an insurance company
- › the type of Annuity you buy
- › your age when you buy your Annuity – the younger you are when you retire, the less you will receive
- › your sex.

How much is in your Retirement Account when you retire will depend on the amount of contributions that have been paid into the KPS-MP over the years and the level of investment returns achieved.

How you buy an Annuity

You have a choice about who provides your retirement income when you retire. You can ask Zurich for an Annuity or you can shop around to choose the Annuity that best suits your needs. Shopping around using what's called the open market option helps you to:

- › find out how the cost may vary between different providers
- › identify different features which may help you find the Annuity that best suits your circumstances
- › potentially find a higher Annuity if you are in poor health or if your lifestyle may affect the cost of the Annuity. If you suffer from high blood pressure, high cholesterol, diabetes, are overweight or a smoker (or suffer from any of a large number of other conditions), you may be able to benefit from better rates. Shopping around will help to identify the highest income for your circumstances.



What do I get in retirement?

Using the open market option to shop around can make a big difference to the pension that you end up receiving.

The Trustee has appointed an independent firm called Hargreaves Lansdown to help you find the most competitive quote for buying an Annuity on the open market. Alternatively, you could go to an independent financial adviser of your own choice.

Whichever way you choose to buy your Annuity, you will have a choice about what type of pension you want to receive. You could:

- ▶ take all of your Retirement Account in the form of an annual pension
- ▶ take up to 25% as a Pension Commencement Lump Sum and the rest as a pension
- ▶ take a pension that increases each year
- ▶ have a guaranteed minimum payment period for your pension so that your pension is paid for a minimum number of years even if you die within that period, or
- ▶ provide a pension for your spouse, civil partner or any dependants after your death.

You do not have to make any decisions now. When you come to take your benefits, these options will be explained to you in more detail and you will receive further information about how to contact Hargreaves Lansdown.

Tax considerations

The Lifetime Allowance is the maximum value of pension benefits that you can accumulate without incurring a tax charge. If the value of your benefits from all sources (i.e. other pension arrangements as well as the KPS-MP) is above the Lifetime

Allowance, this amount will be subject to additional tax. If you think this is likely to apply to you, you should seek independent financial advice.

Once your pension is being paid the income is taxable as earned income.

For further information refer to the section on tax information.

Lump sums for smaller pension pots

If the value of your benefits from all sources (i.e. other pension arrangements as well as the KPS-MP) is less than £18,000 in the 2011/12 tax year, you may be able to take all of your benefits as a lump sum. This is called Trivial Commutation. One quarter of your lump sum will be tax-free with the rest subject to income tax.

You can take this option between the ages of 60 and 75 but the rules are complex. You should contact Kingfisher Group Pensions Department in the run-up to retirement if you think this may be relevant to you.

State benefits

The State provides a two-part pension – the Basic State Pension and the State Second Pension.

Basic State Pension

The full Basic State Pension is paid to everyone who has a complete National Insurance contribution record. If you do not have a complete record, you may be entitled to a proportion of the full amount.

State Second Pension

As well as the Basic State Pension, the State also provides an additional pension for those who are eligible which is based on earnings – the State Second Pension.

The KPS-MP is not 'contracted out' of the State Second Pension. This means that, if you are eligible, you will build up a State Second Pension in addition to building up benefits under the KPS-MP.

State Pension Age

State pensions are payable from State Pension Age, which is currently 65 for men and 60 for women but which is set to become 65 for both. This change will be phased in by 6 December 2018.

You can find out your State Pension Age by using the online calculator at www.direct.gov.uk.

State pension forecast

You can obtain an estimate of your State pension entitlement by completing Form BR19, available from your local Benefits Agency. You can also apply for a State pension forecast by telephone 0845 3000 168, or online at www.direct.gov.uk.

The KPS-MP
has been designed
around a retirement
age of 65.



What happens if I die?

Before you retire

The value of your Retirement Account will be paid as a lump sum to your beneficiaries. However, they could choose to have this paid as a pension.

In addition, should you die whilst still working for the Company, your beneficiaries will receive a lump sum of 2 x your Salary, along with any additional lump sum benefit you have purchased.

Your beneficiaries for this purpose are chosen by the Trustee. The Trustee can choose from a wide range of people including:

- › your family and their spouses
- › your dependants
- › a cohabiting partner
- › anyone with an interest in your estate and
- › anyone specifically nominated by you in writing – you can use a Beneficiary Form for this purpose.

It's important to fill in the Beneficiary Form when you join the KPS-MP and keep it up to date so that the Trustee knows who you would like the lump sum benefit to be paid to. The Trustee will take into account those you put on the form, but is not obliged to follow your wishes.

Lump sums will normally be paid tax-free.

After you retire

This will depend on the type of Annuity you buy when you retire. Some common options include:

- › providing a pension on your death for your spouse, civil partner or other dependant
- › selecting a 'guarantee period' that will ensure that your pension is paid for a minimum number of years (usually five or ten) even if you die within that period.

Full details on these options will be given to you when you retire.

What happens if I leave?

Leaving the Company

Your pension options if you leave the Company before reaching retirement age will depend on how long you have been a member of the KPS-MP.

Less than 3 months' membership

You may only take a refund of the value of your contributions less tax*.

Between 3 months' and 2 years' membership

You can transfer your benefits in the KPS-MP to another registered pension scheme (provided you choose to receive a transfer within 3 months of leaving)**.

Or you can take a refund of the value of your contributions less tax*.

More than 2 years' membership

You can transfer your benefits in the KPS-MP to another registered pension scheme (provided you choose to receive a transfer within 12 months of leaving)**.

Or the Trustee will transfer your benefits in the KPS-MP into an individual policy with Zurich, and you will no longer be a member of the KPS-MP (this will not occur until 12 months after you have left)***.

*You may not be able to take a refund of your contributions if you have transferred any benefits into the KPS-MP.

**The transfer amount will reflect the value of your chosen investments at the date the transfer is made.

***Zurich will write to you at least 30 days before the proposed transfer to confirm that this transfer is to take place.



What happens if I leave?

If your benefit is transferred to an individual policy with Zurich, Zurich will become responsible for all matters relating to your benefits. The rules and options for taking your benefits will reflect the rules and options under the KPS-MP. The Trustee carries out these transfers from time to time, and will notify you in advance if a transfer of your benefits is proposed.

You can expect to receive details explaining your options shortly after you leave the Company.

Leaving the KPS-MP but not the Company

You can opt out of the KPS-MP by giving notice to the Trustee. If you opt out of the KPS-MP you will have the same options as if you had left the Company but you will not be able to take your benefits until you leave the Company (unless the Company and the Trustee agree). You will still be covered for the life assurance benefit of 2 x your Salary should you die whilst still working for the Company.

If you want to re-join at a later date you may still be able to do this but you may need to provide medical information and the Company will need to agree to you re-joining. Your Company service will be retained for contribution purposes should you re-join the KPS-MP. The Trustee or Company may change this policy in the future.

Leaving due to ill-health

If you have to retire (at any age) due to Incapacity, you can use your Retirement Account to buy an Annuity and/or take a Pension Commencement Lump Sum as if you were retiring normally. In addition, if you are still employed by the Company and are below Normal Retirement Age, the Company will increase your Retirement Account by paying in an extra sum of money that is equal to the value of the contributions the Company has paid into your Retirement Account throughout your membership. However, this may be restricted if your health condition existed before you joined the KPS-MP.

If you have opted for extra cover and are suffering from Total Incapacity, additional benefits may be payable – see page 7.

If the medical adviser for the KPS-MP considers that you have less than 12 months to live, you may be able to receive your Retirement Account as a lump sum.

Tax information

The KPS-MP is registered with HM Revenue & Customs for tax purposes. As a result, contributions, investment returns and benefits enjoy favourable tax treatment, as outlined elsewhere in this guide.

HM Revenue & Customs has established allowances for the amount of benefits an individual can build up in a tax-efficient way in each tax year as well as over their whole working life.

Tax relief on contributions

Your pension contributions usually receive tax relief at the same rate that you pay income tax, up to the limit imposed by the Annual Allowance. This tax relief will stop once you reach age 75.

Annual Allowance

If, in any tax year, the total payments into all your pension arrangements exceed the Annual Allowance, an annual allowance tax charge on the excess amount will be payable. The Annual Allowance for the 2011/12 tax year is £50,000 and will remain at this level until 2015/16 when it may be reviewed.

Tax on investments

Pension funds pay less tax than many other types of investment. Your Retirement Account will benefit from this tax efficiency.

Tax on retirement benefits

Under current tax legislation, if you choose to take a Pension Commencement Lump Sum upon retirement, this will be paid to you tax-free. Generally, you can take a Pension Commencement Lump Sum of up to 25% of the value of your Retirement Account.

Any income that you receive in the form of a pension will be taxed as earned income.

Lifetime Allowance

If the value of all your pension arrangements exceeds the Lifetime Allowance at the time you take your benefits, a tax penalty will be payable on the excess amount. The Lifetime Allowance for the next two tax years is:

2011/12	£1.80m
2012/13	£1.50m

If you think you might be affected by the Lifetime Allowance, you should speak to a financial adviser as soon as possible.

Legal information

Divorce

In divorce cases, the Court may take pension rights and benefits into account and may order part of your benefits to be paid to your ex-spouse. We will provide the Court with the information that they require, and we may charge for this service.

Assignment of your benefits

You may not sell or assign your KPS-MP benefits nor may you use them as security for a mortgage or loan.

How the KPS-MP is managed

The KPS-MP has been set up as a trust and the Trustee is responsible for making sure the KPS-MP is run according to the Rules. The Trustee is Kingfisher Pension Trustee Ltd (KPTL). As the Trustee is a company there must be directors, and the directors of KPTL form the Trustee Board.

The assets of the KPS-MP are kept separate from those of the Company in order to provide security for the benefits of the KPS-MP members and their dependants.

The KPS-MP publishes a Report and Financial Statements on an annual basis. This is available from the pensions website. Alternatively you can request a copy by writing to the Kingfisher Group Pensions Department.

You will also receive an annual benefit statement which will show what contributions have been paid into your Retirement Account, your investment return and an estimated forecast of the potential pension you might receive when you retire (based on today's money). The Trustee has appointed Zurich to administer the KPS-MP. If you have any questions about your benefits in the KPS-MP, you should contact Zurich.

Advisers

The Trustee employs the services of solicitors, bankers, auditors, investment managers and other advisers as appropriate.

Amendment or discontinuance

Although the Company intends to continue the KPS-MP indefinitely, future conditions cannot be foreseen. It reserves the right, therefore, to amend or discontinue the KPS-MP at any time in the future. In the unlikely event of the KPS-MP being discontinued, the Trustee would use your Retirement Account to provide benefits for you and your dependants, in accordance with the provisions of the Rules.

Data Protection Act 1998

Information about present and former members of the KPS-MP is held by the Company and the Trustee for the purposes of administration. The Trustee is registered as a data controller and complies with the requirements of the Data Protection Act, which allows you to check that personal details held are correct (there may be a fee to do this.) Your personal data is kept secure and only used for purposes relating to the KPS-MP. Information may be disclosed for those purposes to the Company, the Trustee's advisers, the administrators of the KPS-MP or insurance companies. It is important that you tell the Trustee of any changes in your personal details to ensure the information held is accurate.

Changes to this member guide

This member guide is based on current understanding of legislation, which may change in the future. The member guide may be amended from time to time to reflect changes in legislation or the Rules of the KPS-MP.

Help and advice

Complaints

The Trustee aims to run the KPS-MP in line with best practice, but there may be times when you are unhappy about something concerning your benefits or the KPS-MP in general. Most queries can be sorted out informally by Zurich who can be contacted at the address at the back of this member guide.

However, if your complaint is not resolved to your satisfaction, you may wish to consider making a formal complaint through the Internal Dispute Resolution Procedure (IDRP). Should you wish to make a complaint, you should write to the Kingfisher Group Pensions Department and request an IDRP Stage 1 Application Form. You should then outline your complaint on the form provided and return it to the Kingfisher Group Pensions Department.

Other sources of help

The Pensions Advisory Service (TPAS) is an independent voluntary service that provides free help and advice to members and other beneficiaries of occupational and personal pension schemes. TPAS is available at any time to assist members and other beneficiaries of the KPS-MP in connection with any pensions query they may have or any difficulty they have failed to resolve with the Trustee or administrators of the KPS-MP.

TPAS can be contacted at:
11 Belgrave Road, London SW1V 1RB
Telephone: 0845 601 2923
www.pensionsadvisoryservice.org.uk

The Pensions Ombudsman may investigate and determine any complaint or dispute of fact or law in relation to an occupational pension scheme made or referred to him. However, the Pensions Ombudsman normally insists the matter is first dealt with through the KPS-MP's Internal Dispute Resolution Procedure (where available) and that TPAS is consulted (in all cases).

The Pensions Ombudsman can be contacted at:
11 Belgrave Road, London SW1V 1RB
Telephone: 020 7630 2200
www.pensions-ombudsman.org.uk

The Pensions Regulator (TPR) is the body which oversees the running of pension schemes. TPR can intervene where the trustees, employers or professional advisers have failed in their duties and in certain other circumstances.

You can contact TPR at:
Napier House, Trafalgar Place, Brighton
BN1 4DW
Telephone: 0870 606 3636
www.thepensionsregulator.gov.uk

Hargreaves Lansdown is the independent firm appointed by the Trustee to help you find the most competitive quote for buying an Annuity on the open market.

You can contact Hargreaves Lansdown's Retirement Service Helpline on:
Telephone: 0845 345 3501
www.h-l.co.uk

Help and advice

Independent financial advice

You can search for a local independent financial adviser (or IFA) on the unbiased website. This website is run by an organisation that promotes independent financial advice for consumers – log on to www.unbiased.co.uk.

Pensions Tracing Service

The Trustee has given information about the KPS-MP, including details of an address at which it can be contacted, to the Pension Tracing Service. This service is run by the Department for Work and Pensions and may be of help to you if you need to contact the trustees of a previous employer's pension scheme and cannot trace them yourself.

The service may be contacted at:
The Pension Service
Tyneview Park, Whitley Road
Newcastle-upon-Tyne NE98 1BA
Telephone: 0845 600 2537
www.direct.gov.uk

Department for Work and Pensions

The Department for Work and Pensions (DWP) provides electronic versions of all DWP leaflets, brochures, and forms via its website at www.dwp.gov.uk. The information is clearly explained and sets out the options for retirement funding, along with an impartial overview of all pension arrangements in existence, the benefits and suitability of each.



Additional information for Management Grade Employees

There are some differences to the KPS-MP for management grade employees. If you are unsure whether you are a management grade employee, please refer to your HR adviser.

How do I join?

As a manager, you can join the KPS-MP as soon as you start working with the Company.

You will receive a joining pack from your HR adviser when you join the Company. You will need to complete the Joining Form and send it to Kingfisher Group Pensions Department.

Contributions to the KPS-MP

You pay Core Contributions, which are 3% of your Salary, in the same way as described in this member guide. The Company matches these contributions from the day you join the KPS-MP.

If you pay Additional Core Contributions the Company will match these too, up to a maximum of 2% of your Salary, from the day you join the KPS-MP.

In addition, if you pay Additional Core Contributions, the Company will extend its matching contributions up to a maximum (including Core Contributions) of 8% of your Salary once you have completed five continuous years with the Company.

For example:

If you pay 5% into the KPS-MP when you join, the Company will match this, so a total of 10% of your Salary would be paid into your Retirement Account.

After you have been with the Company for five continuous years and you choose to pay 8% into the KPS-MP, the Company will match this, so a total of 16% of your Salary would be paid into your Retirement Account.

If you choose to pay more than 8% into the KPS-MP, the Company will only pay 8%.



As a manager,
you can join the
KPS-MP as soon
as you start
working with the
Company.

Definitions

Active Member

A member of the KPS-MP who is still employed by the Company and is paying contributions.

Additional Core Contributions

Extra contributions you can pay into the KPS-MP. The Company will match up to 2% of your Additional Core Contributions once you have five continuous years' Company service.

Annual Allowance

The yearly limit set by the Government on the amount that you and the Company can pay towards your pension before you have to pay tax. For the 2011/12 tax year it is £50,000.

Annuity

A contract with an insurance company designed to provide you with regular payments in return for an initial lump sum payment. Part, or all, of your Retirement Account is used as this initial lump sum payment and in return the Annuity will provide you with a pension.

Additional Voluntary Contributions (AVCs)

Additional Voluntary Contributions can be paid either as a lump sum or as a set monetary amount each month to provide additional benefits when you retire.

Beneficiary Form

The form on which you tell the Trustee who you would like to receive the lump sum death benefits if you die.

Company

A company within the Kingfisher group that is a participating employer in the KPS-MP.

Core Contributions

The basic contributions you pay to the KPS-MP. These are 3% of your Salary and are matched by the Company.

Deferred Member

A member of the KPS-MP who has either opted out or has left the Company after being a member for at least 2 years.

Incapacity

Ill-health or disability which in the Trustee's opinion permanently prevents you from performing both your normal employment and any other employment for which you have suitable experience, training or education.

KPS-MP

Kingfisher Pension Scheme Money Purchase Section.

Lifetime Allowance

Tax advantages are allowed on pension and death benefits within limits set by the Government each year. The Lifetime Allowance applies to all the benefits you build up over your entire life – from every pension scheme you join. It has been set at £1.8m for the 2011/12 tax year and will be £1.5m for the tax year 2012/13 onwards. If the value of your benefits is over this amount, the excess will be subject to an additional tax charge. This limit also applies to any benefits that are payable tax-free on death in service.

Normal Retirement Age

Your Normal Retirement Age is age 65.

Pension Commencement Lump Sum

A lump sum paid from your Retirement Account when you retire. Under current legislation this can be up to 25% of your Retirement Account, and is not subject to tax.

Retirement Account

The individual account within the KPS-MP into which both your contributions and the Company's are paid.

Salary

Your basic annual salary.

State Pension Age

The age at which you can receive the State pension.

Target Retirement Date

Your Target Retirement Date is important if you have chosen a Lifestyle investment option. It will be assumed to be age 65 unless you inform Zurich otherwise.

Total Incapacity

Ill-health or disability which, in the Trustee's opinion, permanently prevents you from performing any employment whatsoever.

Who to contact

If you have a general question about the KPS-MP or you want to access information about your Retirement Account and your investments, please contact Zurich who run the KPS-MP on a daily basis:

Telephone:

0800 500 3144

Monday – Friday 9am - 5pm

Or email Zurich at:

supportcentre@uk.zurich.com

If you have a more complicated question or there are special circumstances relating to your membership of the KPS-MP, please contact the Kingfisher Group Pensions Department.

Telephone:

08456 80 70 60

Monday – Friday 9am - 5pm

Or write to:

**Group Pensions Department
Kingfisher Pension Trustee Limited
3 Sheldon Square, Paddington
London W2 6PX**

The website for the Kingfisher Pension Scheme is:

www.kingfisherpensions.com

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