

# talking PENSIONS

KINGFISHER

For all Kingfisher Employees & Pension Scheme Members

NOVEMBER 2008

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The new Kingfisher Group Pensions Department phone number is: **08456 80 70 60**

# Talking Pensions



Tony Stanworth

Charles Woodward

Val Struthers

Terry Hartwell

Helen Jones

## Welcome & Introduction

On behalf of the Trustee Directors, welcome to the 2008 edition of Talking Pensions. Following Colin Hately's departure last year, I would like to introduce myself. I joined Kingfisher in October 2007 as the Head of Group Pensions, having spent the last 12 years working in the pension industry with Towers Perrin and the Royal Mail Group.

Talking Pensions aims to give you an update on what has been happening in the Kingfisher Pension Scheme over the last 12 months. This issue will feature the outcome of our call for member-nominated Trustee Directors, a summary of the Scheme Valuation results and the 2008 Annual Report and Accounts. It will also outline changes that may affect you if you are over the age of 75 and comes with a booklet from the Financial Services Authority that I hope you will find useful.

Dermot Courtier  
Secretary to KPTL



## The Trustee Board

The assets of the Kingfisher Pension Scheme are held in trust on behalf of its members and their beneficiaries. The Trust is managed by Kingfisher Pension Trustee Limited (KPTL), a company that was established specifically to act as Trustee. As the Trustee is a company there must be directors, and the Directors of KPTL form the Trustee Board and are generally referred to as the "Trustees".

### What do the Trustees do?

The Trustees are responsible for running the Kingfisher Pension Scheme in accordance with the Trust Deed and Rules of the Scheme as well as current legislation. They meet regularly to discuss investment issues and other matters, often with their specialist professional advisers in attendance.

The Trustee Board oversees the Scheme through four Committees, which focus on specific aspects of the Scheme's day-to-day operations. The Committees are the Accounts & Audit Committee, the Benefits Committee, the Investment Committee and the Sealing Committee, and each reports back to the Trustee Board at every meeting.

When Trustees are first appointed they undertake specific training about their role, and are required to maintain a sufficient level of knowledge and understanding throughout their period in office.

“we're working for





Alison Fellows

Karl Lidgely

Tony Williams

Naomi Wagner

For all Kingfisher Employees  
& Pension Scheme Members

## Your Trustee Director's

The Pensions Act 2004 introduced new requirements for the nomination and selection of Member-Nominated Directors (MNDs) for the Scheme. To comply with the new requirements, Kingfisher plc and the Trustee Board decided to seek nominations and appoint 4 MNDs. The new Trustee Board is now in place following a very successful election process.

### Directors of the Trustee Board as at 1 June 2008

**Tony Stanworth (employer nominated)**, who is Chairman of both the Trustee Board and the Benefits Committee and is a member of the Sealing Committee.

**Charles Woodward (independent)**, who is Chairman of both the Investment Committee and the Accounts & Audit Committee.

**Val Struthers (member nominated)**, who is a member of the Investment Committee, the Benefits Committee and the Sealing Committee. Val was re-elected.

**Terry Hartwell (employer nominated)**, who is a member of the Investment Committee

**Helen Jones (employer nominated)**, who is Chairman of the Sealing Committee and a member of the Accounts & Audit Committee and the Benefits Committee.

**Alison Fellows (member nominated)**, who is a member of the Investment Committee. Alison was re-elected.

**Karl Lidgely (member nominated)**, who is a member of the Accounts & Audit Committee. Karl was re-elected.

**Tony Williams (employer nominated)**, who is a member of both the Investment Committee and the Accounts & Audit Committee.

**Naomi Wagner (member nominated)**, who was appointed following the election. We would like to welcome Naomi on to the Board.

**Dermot Courtier**, who is Secretary to Kingfisher Pension Trustee Ltd.

## Your Pension Contacts

The "Final Salary Section" of the Kingfisher Pension Scheme is administered by the Kingfisher Group Pensions Department.

The "Money Purchase Section" of the Scheme is administered by Standard Life.

### Who to contact:

Kingfisher Group Pensions Department



By writing to:  
Kingfisher Pension Trustee Limited  
3 Sheldon Square  
Paddington  
London W2 6PX

By emailing:  
pensions@kingfisher.com

By telephone:  
08456 80 70 60

You can also visit  
the Pensions Website at  
[www.kingfisherpensions.com](http://www.kingfisherpensions.com)

Standard Life



By writing to:  
Standard Life  
Group Pensions  
Standard Life House  
30 Lothian Road  
Edinburgh EH1 2DH

By telephone:  
08452 72 88 01

## Stop Press

With the recent turmoil in the financial market please visit our website regularly for updates.



you and your retirement

# Talking Pensions

## Report & Financial Statements

The Kingfisher Pension Scheme saw the market value of its investments increase in the year 2007/08. Total income continued to exceed total expenditure, and with the increase in the value of investments, this has increased the fund value to £1,483.1m at 31 March 2008.

The investment objective for the Final Salary Section is to achieve full funding on a gilts-basis by 2024, achieved through a combination of payments into the Scheme and investment returns. The Scheme received an additional contribution from the employer in September of £60m resulting in the appointment of Wegelin Asset Management as an additional investment manager and an allocation to the Goldman Sachs Asset Management I30/30 Fund. Rogge Global Partners were appointed in February as a result of a re-distribution of assets.

The year was dominated by headlines concerning the global credit crunch. This created volatility in both investment markets and economic expectations. The Final Salary Section underperformed its Scheme specific benchmark by 1.1% during the year, but only by 0.1% over the three year period, which is more relevant to the Scheme's long-term objectives.

You can view the full Report and Financial Statements for 2008 on our website.

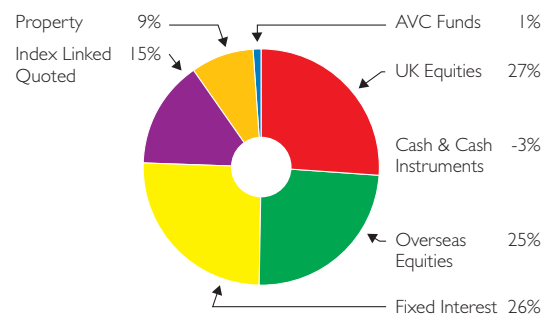
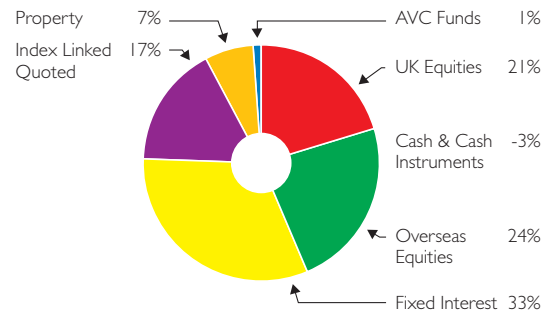


## Auditor's Statement

KPMG LLP have audited the Scheme's financial statements and in their opinion show a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the financial transactions of the scheme during the scheme year ended 31 March 2008 and of the amount and disposition at that date of its assets and liabilities (other than liabilities to pay pensions and benefits after the end of the scheme year).

## Distribution of Scheme Assets

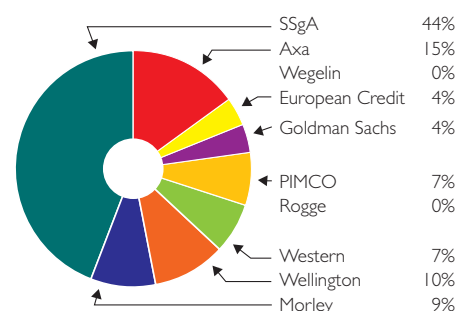
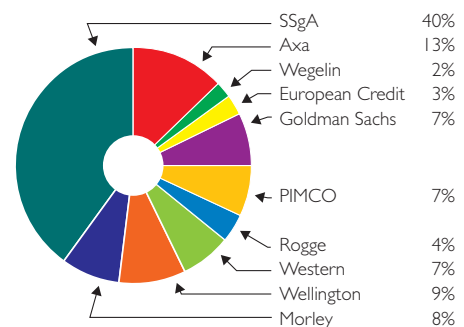
2008



2007

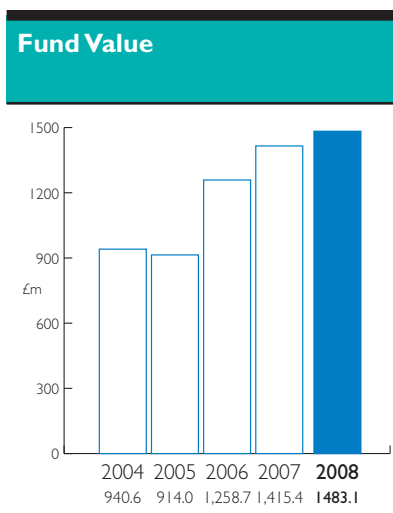
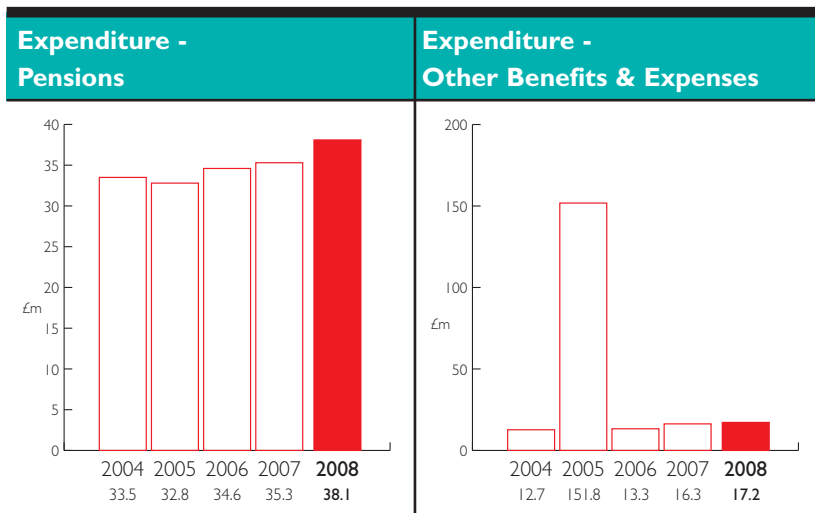
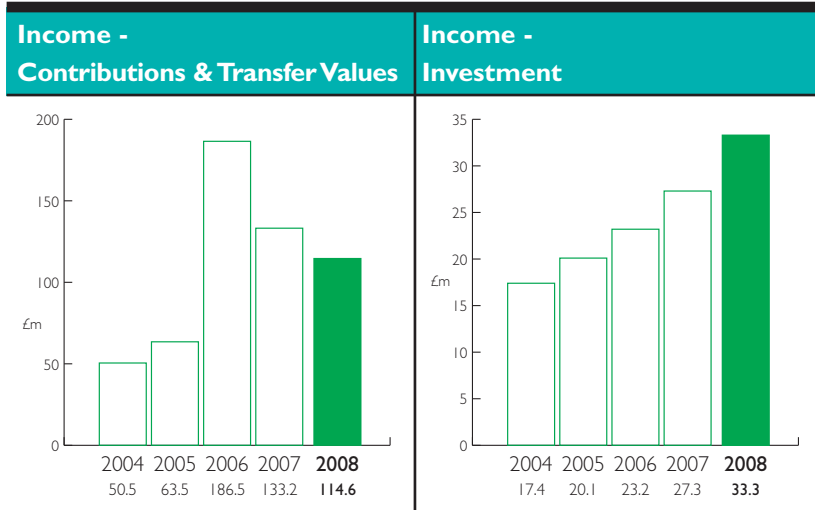
## Distribution by Investment Manager

2008



2007

## 5 Year Summary at 31 March



## Scheme Valuation

The financing of the Final Salary Section of the Kingfisher Pension Scheme is regularly reviewed by the Scheme Actuary. The main purpose of the review is to assess how adequately the Scheme is funded and what level of contributions are needed to maintain the financial soundness of the Scheme. These reviews normally occur every three years. The most recent review of the Scheme was conducted in March 2007.

The main ongoing funding target is that the Scheme should at any time have sufficient assets to meet its accrued liabilities. The results of the valuation show that the Scheme has a small surplus of assets over its liabilities, as it is funded to a level of 102%. If the Scheme was to be discontinued and all benefits secured with policies from an insurance company, then the level of coverage would be approximately 67% of benefits. Both of these funding levels are an improvement on the results of the previous valuation which was conducted in March 2004.

Following the valuation, the Company and Trustees agreed a new funding plan together with new investment objectives and a strategy designed to achieve these. From 1 April 2008 the Company has agreed to increase its level of contribution to £45 million per year, and this is subject to review at the next valuation.

If you are a member of the Final Salary Section of the Scheme you should have already received a Summary Funding Statement. This presents the results of the latest valuation in greater detail. The Summary Funding Statement is also available on our website should you wish to view an online copy.

# Talking Pensions

## Not a Member of the Pension Scheme?

### You Need to Consider Planning for Your Financial Future Today

#### Why should I start planning now?

No matter how many jobs and employers you may have between now and when you finish working, you can be sure your final employer will stop paying you your salary on your last day of work. Unless you make a decision and take action **now** it is likely you will have less income to live on when you retire.

#### But the Government will help?

Yes, you are promised a regular income from the Government, but for most this is likely to be from age 65 and you may not want to work to age 65. The Basic State Pension is only designed to help pay for the minimum level of food, heating and clothing that you need to survive. This is much less than you are likely to need!

Telephone 0845 300 0168 to find out how much the Basic State Pension pays.

#### Does this really affect me?

Many people regret not taking action when they had the very first opportunity to do so. If this is your first job, a part time or temporary job, or if you are in your 20s, 30s, or even 40s it is likely you will need to take action now. Just consider what you may need to finance a comfortable retirement where you have more leisure time?

Let's say you were starting your first job at age 20. Finishing work may seem a long way off, but let's say you are now 60 and you decide, "that's it, I don't want to work anymore". You will have worked for 40 years. It sounds like a long time, but take it from those enjoying life at 60 now, the time will flash by.



If you had average earnings and average pay rises you will have earned around £2.3 million over 40 years! For those 40 years you would have been receiving pay from your employer. The day you leave your last job, your pay will stop. At 60 you will probably be looking forward to another 20 to 30 years of 'life after work'. You are likely to be fit, healthy and active in retirement and will expect to enjoy your free time to the fullest.

So, will you have put enough aside over your 40 years of working life to provide your own income for the next 20 to 30 years? It is likely it will take you 40 years to build up these funds.

People retiring today find about half to two thirds of their final income is sufficient to maintain their lifestyle in retirement.

#### What action can I take now to avoid this problem?

The usual way to fund your lifestyle in retirement is through a pension plan. Like savings, you pay money on a regular, tax-efficient basis over time. Your payments are invested for long-term potential growth to build up a lump sum. At

“you need to consider planning for your financial future today”

retirement, you can use this lump sum to provide a regular income for the rest of your life.

Your employer and the Government will help, but in return the Government normally restrict the age at which you can draw your money. This ensures you will not spend the pension fund before you really need to. When you finish work, the pension fund must be used to provide for your financial needs.

### What will my Employer contribute?

Your Employer will add to your own contributions within the Money Purchase Section of the Kingfisher Pension Scheme. They will add up to 3% of your salary to the Scheme each month once you join the Scheme. Just think, 3% pay rise towards your financial future later in life. The Government will also help once you start contributing, as you receive tax relief on the contributions you pay into the Scheme.

### How do I join?

After one year of service you can apply for your own retirement account and start saving for your pension. We will send you a Joining Pack and all you need to do is complete the Application Form and Investment Choices Form inside and send them to the Kingfisher Group Pensions Department or hand them to your Payroll or HR contact. Further copies of forms can be downloaded from our website, along with the Scheme Booklet and other important information.

## Your HR & Payroll Contacts

If you need to change your personal details or for further information about the Kingfisher Pension Scheme and other Company benefits, you can contact your Employer's HR/Payroll Department on one of the telephone numbers below:

**B&Q**  
023 8081 8122



**Screwfix**  
019 3541 4100



**Kingfisher**  
020 7644 1180



**Trade Depot**  
023 8038 3838



**KITS**  
023 8081 8551



## Important Updates

### Have you reached age 75?

If you die while employed by Kingfisher plc a tax free lump sum of two times your annual salary would be payable from the Kingfisher Pension Scheme. However, the Scheme is only allowed to pay this benefit for those under the age of 75.

Following Government legislation introduced from April 2006, lump sum payments paid following the death of a member over age 75 are classed as "unauthorised payments" and are subject to tax charges of up to 70%. As these payments are "unauthorised" the legislation allows the Trustees to withhold the payment, and they have decided to do so.

However, we are pleased to advise that your Employer has agreed to continue providing this benefit for those over age 75, though the lump sum will be subject to tax at the marginal rate.

### Keeping your beneficiaries up to date

Have you had a change in personal circumstances, or have you not updated your nomination in a number of years? Perhaps you should consider completing a Beneficiary Form.

Death benefits are paid at the discretion of the Trustees. This means that they decide who receives these payments. You can help the Trustees decide who should receive this benefit by completing a beneficiary form.

Even if you are not a member of the Scheme you should still consider completing a Beneficiary Form because if you die while working for the Company the Scheme will pay a lump sum benefit of two times your salary.

You can download a Beneficiary Form from our website, or request one from the Group Pensions Department or your HR or Payroll advisor.

## Local Rate Pension Information

We have changed our telephone number to 08456 80 70 60, so now you can phone us from anywhere in the UK for the cost of a local call. Calls from mobiles and abroad will be charged at a higher rate, so please check the cost with your service provider.

## Financial Services Authority

### "Making the Most of Your Money booklet"

In a world where you are increasingly required to take responsibility for your own personal financial affairs, you need to be able to manage your money well.

The Financial Services Authority (FSA) has produced a booklet to give some basic information in this area. We have taken the opportunity to include a copy of this publication with this year's edition of Talking Pensions. This booklet contains the main facts about many of the financial products and services that you may need at some point in your life. And because the FSA is the UK's financial watchdog, there is no selling, no jargon, just the facts!

They also provide free impartial information on their website [www.moneymadeclear.fsa.gov.uk](http://www.moneymadeclear.fsa.gov.uk).

