

talking pensions

FOR ALL KINGFISHER EMPLOYEES

October 2004 - Issue 1

a pensions newsletter



Dear Colleagues

Welcome to the first edition of Talking Pensions. The newsletter provides general information about the Kingfisher pension schemes, including highlights of the annual Trustees' Report and Accounts for 2003-04. If you are already a member of the Pension Scheme, the accompanying benefits statement provides a detailed account of your benefits within the Scheme. I hope you will find the newsletter useful and informative, but should you need further information about the Scheme, you can obtain a copy of the full Trustee's Report and Accounts either from the Kingfisher Group Pensions Department at the address on page 7 or from the pensions website www.kgbd.co.uk.

The year to March 2004 was one of enormous change and challenge for Kingfisher's Pensions Department. As part of the Company's wide-reaching business transformation programme, it announced proposals for significant changes to its UK pension schemes. Although the changes didn't actually impact until the current scheme year, the foundations for the future success of the new arrangements were laid during the scheme year just past. Before implementing the changes, all 38,000 of our current UK-based employees and pension scheme members were given the opportunity to join or remain a member of the Pension Scheme and to select final salary or money purchase pension benefits for the future. For many of you, the biggest change was the closure of the Kingfisher Retirement Trust, but special terms of membership of the Pension Scheme were offered, and many took the opportunity to join. Also, although (final salary) Pension Scheme members were asked to pay more to maintain the existing level of pension benefits, most of you elected to do so.

Leaving aside the April changes, I am pleased to report that the year saw the membership and fund values of both the Pension Scheme and Retirement Trust grow during the year, assisted by the return of more favourable investment conditions. Coupled with the Company's continued commitment to funding the Pension Scheme, I am confident of the continuing security for your future pension benefits. I hope you will find the financial information on pages 10 to 12 both useful and reassuring.

The year also saw a significant change in the composition of the Trustee Board. New proposals by Kingfisher for the appointment of Trustee directors, and the ending of active participation by Comet members following the de-merger last year; saw a number of retirements and the appointment of several new trustee directors. I would like to extend my thanks to the retiring Trustees for their hard work and commitment to the management of our pension schemes, and to welcome the new members of the trustee board with whom I look forward to working. Find out more about the new Trustee Board on page 4.

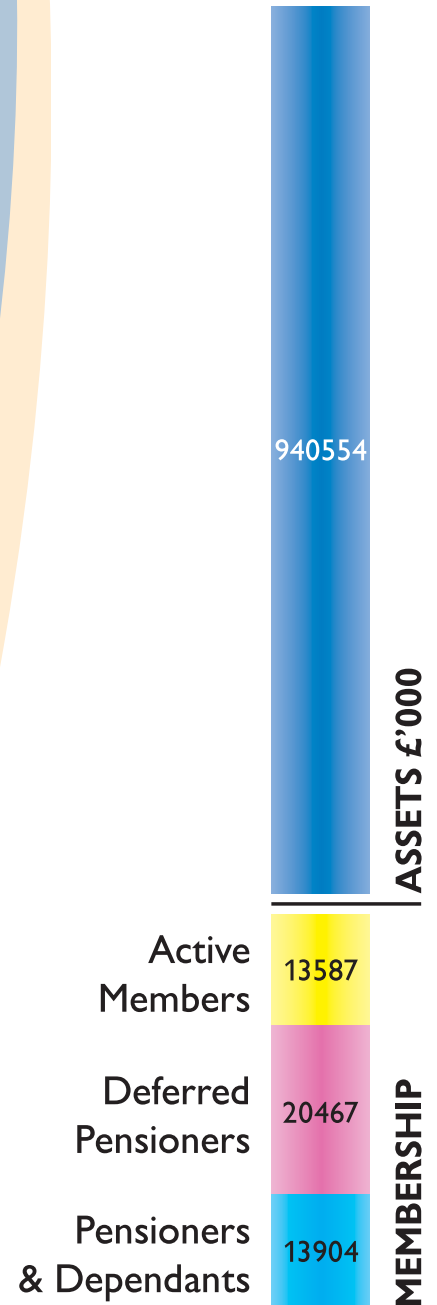
Best wishes



Colin Hately
Head of Pensions



Pension Scheme Summary



Final Salary Statistics
at 31 March 2004

Pension Scheme changes from 1 April 2004

As you know, Kingfisher and its operating companies provide employees with the opportunity to save for a more financially secure retirement through membership of an occupational pension scheme. Prior to 1 April 2004, pension provision was made for employees over the age of eighteen through membership of either the Kingfisher Pension Scheme (KPS) or the Kingfisher Retirement Trust (KRT). These arrangements stood employees in good stead over a number of years, but as many of you will be aware from the media, the rising cost of providing good pensions and the uncertainty of the financial commitment of doing so, especially through final salary pension schemes, had become a cause of concern. It had also become clear that most of Kingfisher's pension costs were directed towards a relatively small proportion of the group's employees. Therefore Kingfisher decided to alter the pension arrangements both to gain better control over pension costs and to enable more employees to make better provision for retirement.

During the period between January and March, all employees were consulted about the changes, and given the opportunity to select either final salary or money purchase pensions for the future.

Employees joining a Kingfisher company after 31 March 2004 have access to the money purchase section of the Pension Scheme (known as KPS-MP).

As mentioned opposite, KRT was closed at 31 March 2004 as part of the overhaul of Kingfisher's pension arrangements. At the time of writing, the Trustees are considering the options for securing benefits, and when they have decided how to proceed, they will write to all members of KRT individually, explaining what is happening to their benefits. If you retain benefits in KRT, you will be given an opportunity to choose how your benefits will be secured until you retire.



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Saving for Retirement

What would you do if your mortgage was cleared, the children were off your hands, and you got two-thirds of your usual salary without even having to get out of bed? Odds on, you'd give up work and throw yourself into enjoyment

For lucky people, that's what retiring is like. Having worked hard for thirty or forty years, they can look forward to an exciting retirement with maybe twenty or thirty years of fun. Wonderful, providing that is you can afford it... And here, unfortunately, a lot of us today hit a big snag because our pension arrangements just aren't enough for a long comfortable retirement. It's a very serious concern and the reason is simple. With most company pension schemes, to generate a pension of more than, say, half of your final salary each year from age 60 onwards, both you and your employer need to contribute for several decades to allow your pension to grow. Anything less than this – changing employers, taking time off to raise a family, delaying saving for a pension until later in life or retiring early – could cause an alarming shortfall. And while you may be counting on a basic State pension, and perhaps the State Second Pension and the Pension Credit too, sadly the real value of these is falling and they might hardly touch the problem.

Brighten your future!

An easy way to begin saving for retirement is to join the Kingfisher Pension Scheme. It offers you a tax efficient way to save for retirement - and the Company helps too by matching your core contributions to the Scheme (or if you joined the final salary section before 1 April 2004, by meeting the balance of the cost (over your own contributions) of paying your pension). Simply by making payments while you're working, you will be building up income to help protect your lifestyle after retirement and for the rest of your life. Not only will you protect your lifestyle after retirement, but you will also help protect your

dependants if you should die while working for the Company.

Increasing your pension savings

You can increase the benefits you receive at retirement by paying Additional Voluntary Contributions (usually known as AVCs). Like your ordinary contributions, AVCs are a tax-efficient way of providing extra benefits - if you are a standard rate taxpayer, for every £100 you pay, the overall cost to you is just £78, and the saving is even more if you pay higher rate tax. Of course, these tax concessions are limited by the Government and your total pension contributions in any tax year cannot exceed 15% of earnings.

If you are already paying AVCs or are considering your options, it is important to choose the right long-term investment fund for your particular circumstances. This will depend on:

- Your age now
- How many years until you want to retire
- How much you can afford to pay
- Your attitude to the amount of risk you are prepared to take.

Money purchase (KPS-MP) AVC investment choices

Like your normal core contributions AVCs are credited to a retirement account. However, they won't be matched by the Company. AVCs must be invested in the same way as your core contributions. More information about these options is provided in the investment options leaflet you were (or will be) given before joining the pension scheme. Additional copies are available on the pensions website at www.kgbd.co.uk.

What would you do if your mortgage was cleared, the children were off your hands, and you got two-thirds of your usual salary without even having to get out of bed?



Another option for increasing your Kingfisher pension

If you are a member of KPS-MP, then instead of paying AVCs, you can increase your Kingfisher pension by paying additional core contributions. Normally, additional core contributions won't be matched by Company contributions, but once you have been in continuous membership of a Kingfisher pension scheme for 5 years (earlier in some circumstances) matching amounts will be credited to your retirement account of up to 2% of your basic salary, depending on how much extra you are paying.

Additional core contributions are invested in the same way as your core contributions and AVCs.

So what's the difference?

As we have said, AVCs won't be matched by extra payments on behalf of the Company, whilst additional core contributions may be matched up to a certain level. AVCs are very flexible, being payable either monthly or as a one-off annual payment and can be altered at any time (although your payroll department will generally require one month's notice of any change). Additional core contributions on the other hand must be made by regular monthly payments and the amount you pay can only be altered once a year. At retirement, AVCs must (under current law) be used to provide additional pension and cannot be taken as tax

free cash whereas, if you have paid additional core contributions, your choice of retirement benefits from them will be exactly the same as for your main benefits.

Final salary (KPS-FS) AVC investment choices

- A With-Profits Fund, currently invested with the Prudential Assurance Company, which aims to provide steady growth with a guarantee that if the monies are left in the Fund until retirement, they will only increase in value.

To find out more about the With-Profits Fund and saving for retirement with AVCs, please turn to the feature article specially prepared for us by Prudential on page 8.

- Unit-linked funds, where the value of the funds are directly linked to stock and bond markets. Unit-linked funds are currently invested with two AVC providers, Merrill Lynch Investment Managers and the Legal and General Assurance Company, who offer a range of investment funds.

Details of these AVC arrangements can be found in the explanatory booklet *The KPS AVC Guide* available online at our website www.kgbd.co.uk or from your personnel department. Details of the value of members' AVC funds are included in personal benefit statements.





TONY STANWORTH
 Company: Kingfisher
 Committees: Benefits (Chairman)
 Sealing
 Based: London
 Appointed: 30 March 1992



TERRY HARTWELL
 Company: Kingfisher/B&Q
 Committees: Investment
 Based: London
 Appointed: 6 November 1998



HELEN CHANDLER
 Company: B&Q
 Committees: Accounts & Audit
 Benefits
 Based: Loughborough
 Appointed: 4 March 1988



VAL STRUTHERS
 Company: Pensioner
 Committees: Investment
 Sealing
 Benefits
 Based: Southampton
 Appointed: 13 March 1997



HELEN JONES
 Company: Kingfisher
 Committees: Sealing (Chairman)
 Accounts & Audit
 Based: London
 Appointed: 1 September 2003



CHARLES BAKER
 Company: B&Q
 Committees: Investment
 Based: Middlesex
 Appointed: 1 April 2004



ANGELA TAYLOR
 Company: B&Q
 Committees: Accounts & Audit
 Based: Chandlers Ford
 Appointed: 1 January 2004

**Your
 Trustee
 Board**



CHARLES WOODWARD
 Company: Independent
 Committees: Accounts & Audit
 (Chairman)
 Investment
 (Chairman)
 Based: Dorset
 Appointed: 30 May 1992



COLIN HATELY
 Secretary to the Trustees



ROGER BLUNDELL
 Company: Kingfisher
 Committees: Accounts & Audit
 Investment
 Based: London
 Appointed: 1 April 2004

Both the Kingfisher Pension Scheme and the Kingfisher Retirement Trust are managed by Kingfisher Pension Trustee Limited, a company established specially to act as Trustee. As the Trustee is a company, there have to be directors; the directors of this trustee company form the Trustee Board and are generally referred to as "Trustees".

As you may recall from the consultation exercise carried out last year, Kingfisher proposed that new arrangements should be put in place for the selection of trustees. Following acceptance of these proposals, the Trustee Board was re-organised. Later, after Comet members ceased to actively participate in the Scheme and Trust, there were further changes to the Trustee Board.

As a result of these changes, Roger Jones (Chairman), Liz Wright, John Martin Ian Edwards and Brian Venters resigned (at various dates) from the Trustee Board, and Helen Jones, Angela Taylor, Charles Baker and Roger Blundell were appointed.

What do the Trustees do?

The Trustees are responsible for managing the Pension Scheme and Retirement Trust. They meet regularly to discuss investment issues and other matters, often with their specialist advisers in attendance.

The Trustee Board oversees both the Scheme and the Trust through committees, which focus on specific aspects of day-to-day operations. The four committees, Accounts & Audit, Benefits, Investment and Sealing, report separately to the Trustee Board at each meeting.

Kingfisher appoints all of the Trustees. Four are drawn from senior management three from the general membership, one is an independent pensions expert and finally, one of the Trustees is drawn from the pensioner membership.

Although most of the Trustees are experienced in business and financial matters, they nevertheless draw

on expert assistance from a range of advisers – for example, the Scheme Actuary, investment consultants and fund managers and specialist pensions lawyers. In addition, all Trustees undertake specific training about their role and duties as trustees both when they become a trustee and throughout their period of office.

Senior management Trustees:

Tony Stanworth, who is Chairman of the Trustee Board and the Benefits Committee and also a member of the Sealing Committee;

Terry Hartwell, who is a member of the Investment committee;

Helen Jones, who is chairman of the Sealing Committee and a member of the Accounts and Audit committee; and

Roger Blundell, who is a member of the Investment Committee and the Accounts and Audit Committee

Membership Trustees:

Helen Chandler, who is a member of the Benefits Committee and the Accounts and Audit Committee;

Angela Taylor, who is a member of the Accounts and Audit Committee;

Charles Baker, who is a member of the Investment Committee.

Pensioner Trustee:

Val Struthers, who is a member of the Investment Committee, Benefits Committee and the Sealing Committee.

Independent Trustee:

Charles Woodward, who is the chairman of both the Investment Committee and the Accounts and Audit Committee.

The Trustees are responsible for managing the Pension Scheme and Retirement Trust. They meet regularly to discuss investment issues and other matters, often with their specialist advisers in attendance.

Who administers the Pension Scheme and Retirement Trust?

The day to day administration of both the Pension Scheme and Retirement Trust is carried out on behalf of the Trustees by the Kingfisher Pensions Department, and they are pleased to answer general queries about the Scheme or your benefits. However, if any of the details shown on your personal benefits statement are incorrect, you should inform your usual payroll contact, and they will automatically pass the information to the Pensions Department. More recently, the Trustees have appointed Standard Life to administer the new money purchase section. At Standard Life, there is a special team dedicated to Kingfisher, and, usually, they will deal with any queries related to that section. Standard Life will work in conjunction with the Kingfisher Pensions Department, and if you are a member of the money purchase section, you may contact Standard Life direct to inform them of any changes to the personal information held by them.

The Kingfisher pensions department is managed by Colin Hately and consists of four teams – administration, finance, systems and compliance. The table below shows what each team does.

Both administration teams will ensure that your pension queries are dealt with in an efficient and timely manner. Sometimes, an issue requires further information from an external provider, and if this is the case, the Pensions Department will liaise with that party in order to assist your enquiry.

Contacting the Pensions Department

When you write to the Pensions Department, please remember to tell us:

- Your full name, company and current home address
- Your National Insurance number
- If you're a member of the final salary section, your employee or membership number (and if you have more than one period of membership, you will need to tell us all your membership numbers)
- If you're a member of the money purchase section, your Standard Life membership number as well.

You should contact your HR or payroll department if you receive any documents (like your Benefit Statement) from us that show the wrong personal details. They will let us know about any changes to be made to our records.

However, if we haven't got your right date of birth or if your name has changed on marriage, you will need to contact us (as well as your HR or payroll department) and send a copy of the birth or marriage certificate – we always send original certificates back via registered post.

You can contact us either by telephone or by writing. If you contact us by telephone, please remember to have the above identification details to hand, as you will be asked to provide them by way of identification.

Administration	This is the biggest team. The administrators look after the routine running of the pension schemes, and normally your pensions queries will be directed to them. In addition, the administration team liaises with the Standard Life team, ensuring that a co-ordinated service is provided, especially important where members have benefits in both sections of the pension scheme.
Finance	In addition to maintaining the scheme bank accounts and preparing the pension scheme accounts, the finance team monitors the work carried out by the investment managers, ensuring that the pension scheme investments are made in accordance with the Trustees' overall instructions.
Systems	The systems team installs and maintains the membership record keeping systems, electronic filing facilities and automates the production of many of the letters used by administrators in their day to day work.
Compliance	The compliance team ensures that the pension scheme is operated in accordance with the trust deed and rules and current legislation. It also keeps the pensions department up to date with changes in the law, and prepares booklets and other information for members.



The Kingfisher pensions team

How to contact us:

By telephone: 020 73728008 or
 By writing to:
 Group Pensions Department
 Kingfisher plc
 3 Sheldon Square
 Paddington
 London
 W2 6PX

Members of the money purchase section
 can also contact Standard Life
 By telephone: 0845 60 60 086 or
 By writing to:
 Standard Life Assurance Company
 Group Pensions 03
 Standard Life House
 30 Lothian Road
 Edinburgh
 EH1 2DH

**Contacting your Company HR/payroll
 department**

You can also contact the person listed below for your
 company if you need to change your personal details
 or for further information about pensions and other
 company benefits:

	<p>Ericka Gray 02380 818122</p>
	<p>Caroline Higgins 01935 41400</p>
	<p>Sarah Bater 020 7644 1112</p>

Planning Makes Perfect



PRUDENTIAL

The freedom to live life without planning is one afforded only the very young.

A two year old can wake in the morning secure in the assumption that someone else is in charge of his health, his welfare, his activities and arrangements, his food and his home. But as surely as we gather responsibilities for ourselves and others as we journey through our lives, so planning is a central part of those lives, as indispensable to stability and contentment as parental care is to that two year old. Given that most people don't set off for the supermarket without a plan of sorts, it is all the more remarkable that so many fail to plan properly for their retirement. Recent research carried out by Prudential (i) indicates that the income people expect to have in their retirement is 40% higher than what they will have. There is a significant gap between what people think they need to save for retirement and what they actually need to save in order to provide them with the average income of £18,053 they want when they retire. Additionally, a striking 50% of people had no idea of the amount they need to save for retirement. Even after allowing for the basic state pension, the gulf between what people think they need to save and reality is evident across all age groups.

(i) Research: 1,011 people were interviewed between 6th and 8th February 2004.

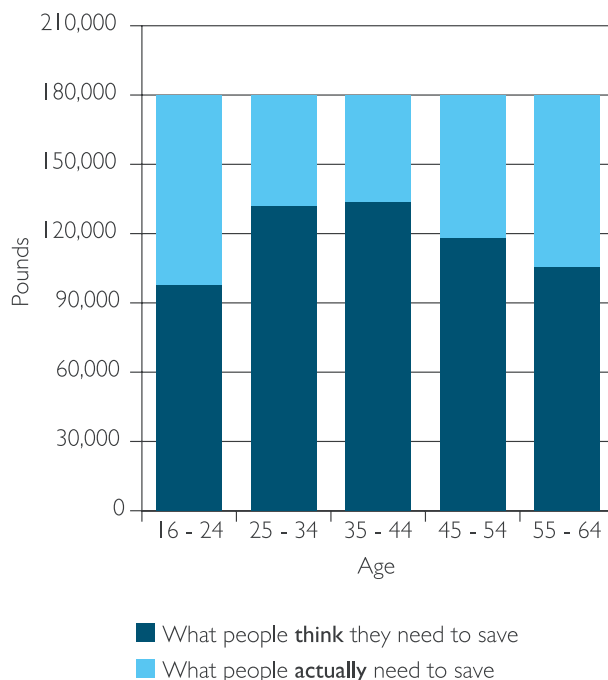
Making it happen

The good news is that Kingfisher offer you membership of their pension scheme but changing employers, taking time off to raise a family, delaying your contributions until later in life or retiring early could all cause a significant shortfall. The answer could be to make Additional Voluntary Contributions (AVCs) into your pension.

The Government encourages people to save appropriately for their retirement. It has made pensions one of the most tax-efficient ways to save for the future by giving tax relief on your contributions. For every £1 you pay into your AVC you receive tax relief at your highest marginal rate, this has the effect of making a £1,000 contribution only cost £780 for a basic rate tax payer or potentially as little as £600 for a higher rate tax payer

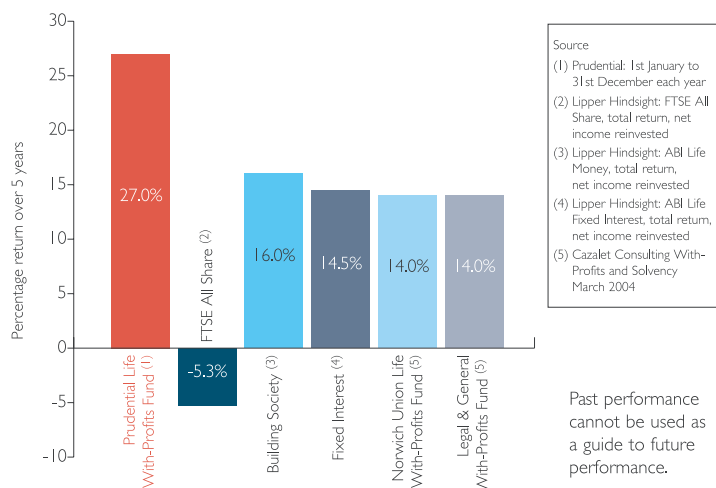
For more information talk to your financial adviser, or call the Pru on 0845 6051185.

HOW MUCH DO YOU THINK YOU NEED TO SAVE IN YOUR PENSION TO BE ABLE TO PROVIDE AN ANNUAL INCOME OF £18,000*?



* including the Basic State Pension of £4,139 (£79.60 per week)

HOW PRUDENTIAL PERFORMED - 5 YEAR RETURN TO THE END OF 2003



Pensions

The trustees of the Kingfisher Pension Scheme have chosen the Prudential's with-profits fund as one of the investment options for investment of your Additional Voluntary Contributions. You will find that the with-profits fund offers good flexibility, allowing you to increase, decrease or even stop the contributions you make without additional charge or penalty.

If you have chosen the Pru to manage your money we at Prudential believe you have made a wise choice.

If you have yet to invest in a Prudential AVC it is even more important that you read on

The really good news is that our 4.5 million With-Profits customers will benefit from £1.9 billion in bonuses that are being added to the value of plans in 2004. This reflects the strong performance of the Prudential With-Profits Fund, increasing in value by 27% over the last five years, as shown in the chart opposite. Investors have had a torrid time in recent years. Stockmarket fell dramatically between 2000 and 2002, resulting in the worst market performance for a generation – we haven't seen such share price falls since the 1970s. This volatility is a stark reminder of the need to focus on investing for the longer term. We've also seen interest rates at some of the lowest levels in over 40 years and, while there have been recent increases, they're likely to stay low as long as inflation does not pick up.

Prudential with-profits investors, however, have not suffered the full effect of either volatile Stockmarket or falling interest rates.

Smoothing the ride

To help your investment enjoy a less turbulent ride we use a concept known as "smoothing" – a key principle of with-profits. By holding back some of the returns in good years, we build up a reserve to pay out to you when Stockmarket returns fall. That way, the peaks and troughs of stockmarket movements are smoothed for you – a reassuring prospect, particularly if markets fall as you get close to retirement. You may have been concerned about seeing a reduction in the value of plans over the last few years, but this reflects the fluctuations in the stocks and shares that the With-Profits Fund has been invested in. However, the severity of these falls has been smoothed in a way that you would not have experienced had you invested directly in the stockmarket.

In praise of With-Profits

Over the last couple of years newspaper headlines about with-profits have, unfortunately, been for the wrong reasons. However, recent coverage has been

more positive – and Prudential investments have been singled out for praise. An article in Investment Week (12 April 2004) by Ned Cazalet, one of the UK's leading insurance analysts, demonstrated the benefits you get from being with Prudential. In it he praised the consistent and solid performance of our With-Profits Fund and the fact that it achieved the highest return for 2003 of the 17 with-profits funds Investment Week compared, with a rise of 16.5%. He also pointed out that over the last three years, Prudential was the only company to generate a positive return, beating the average by 11% in the process. This is a good reflection of the benefits you gain from our investment philosophy of investing for the long term and taking a 10 to 15 year perspective – an approach that many of you will adopt with your own investments. It is important to remember that past performance cannot be used as a guide to future performance, and please note that the rate of future bonuses cannot be guaranteed.

The article also highlighted how our asset allocation – our decisions on where to invest funds – had helped to generate such marketleading performance. Again industry comment about with-profits helps to explain the importance of effective asset allocation. You can rest assured that Prudential's investment team constantly reviews the choice of investments in our With-Profits Fund to make the most of investment conditions. That's why we didn't suffer the full impact of the stockmarket decline between 2000 and 2002 and why we have continued to add bonuses to plans.

Prudential's Strength – What it means for you

In today's uncertain world, you want to ensure you invest your money with a company that is financially strong and committed to providing the best possible returns on your money.

We have more than £150 billion under management worldwide and we hold about 3% of the UK stockmarket

Financial Expertise

Prudential were one of the first to move out of shares before the stock market fall, increasing our investment in property and fixed interest, and spreading the risk for you. We have an AA+ financial strength from Standard & Poor's. No other UK Life company has a higher rating.

Property

We have invested wisely in bricks and mortar for 125 years. We are one of the biggest owners of shopping centres in the UK, with interests in assets including Bluewater, Manchester Arndale and 'The Centre' at Milton Keynes.

Investment of assets

One of the Trustees' principal responsibilities is the investment of the schemes' assets. For each scheme, they draw up a Statement of Investment Principles which is reviewed regularly, and sets out details of the investment objectives and the investment process. For the Retirement Trust, all of the assets (other than cash required for transaction purposes) are presently invested in the range of funds managed by Eagle Star, while for the money purchase section of the Pension Scheme they are invested in a range of funds managed by Standard Life. Although the general comments about scheme investments apply to all of our pension arrangements, the more specific comments about funding and investment returns apply mainly to the final salary section of the Pension Scheme.

Briefly, the investment objectives are to achieve a return on the Scheme's assets over the longer term that exceeds the growth of the Scheme's liabilities consistent with an acceptable degree of risk. A copy of the Statement of Investment Principles can be obtained by writing to the Group Pensions Department at the address shown on page 7.

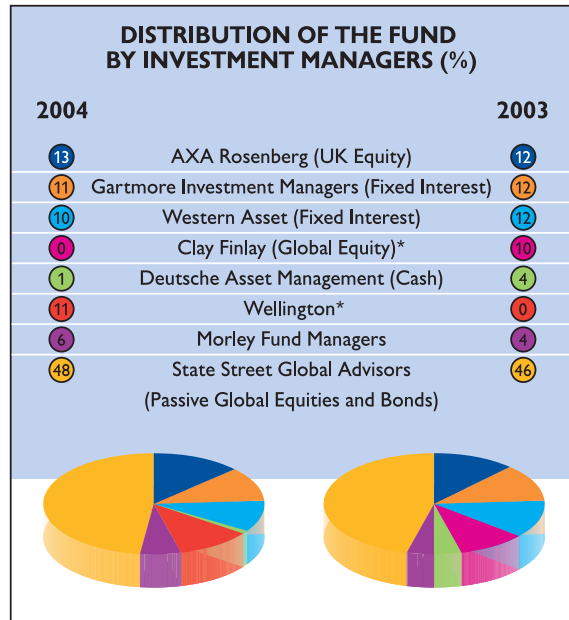
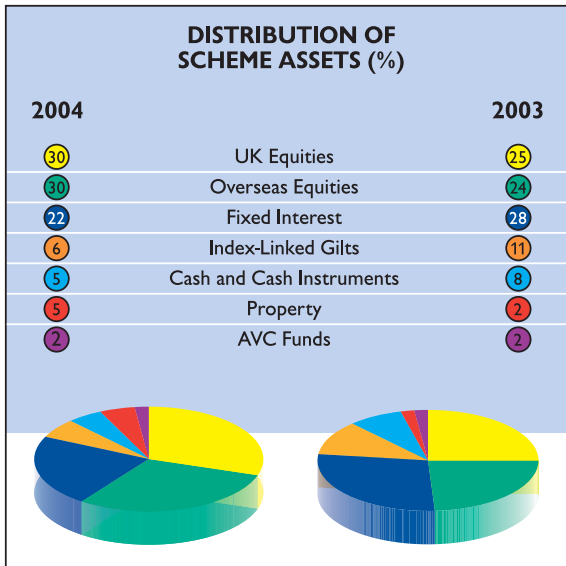
The strategy to achieve the investment objectives involves the Scheme's assets being spread across a number of asset classes and geographic areas. The Investment Committee selects the appropriate managers for each particular asset class who are given specific objectives to achieve. The type of managers employed include both "passive" (index-tracking) managers as well as active managers (who are expected to produce higher investment performance than the index-tracking managers over the longer-term, but with greater fluctuations in their returns over the shorter term)

Taking all portfolios together, the return achieved by the Scheme during the year to 31 March 2004 was 19.2%. Over three and five year periods, the annual returns were -0.5% and 0.8% respectively.

Accounts

Another of the Trustees' principal responsibilities is to keep accounts for the pension schemes. We show opposite a summary of the Annual Accounts of the Pension Scheme which have been audited by KPMG.



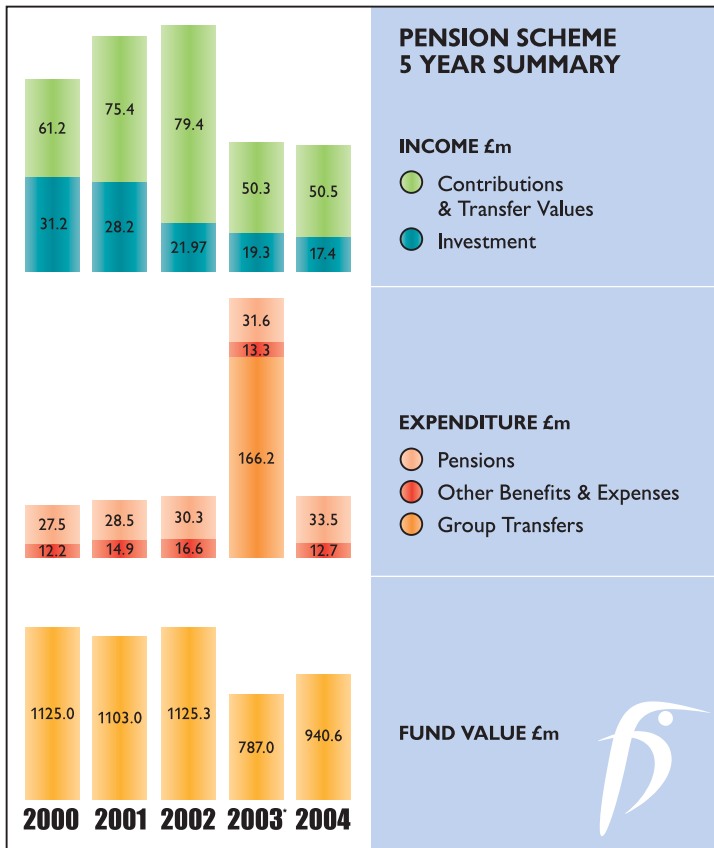


	Pension Scheme	
	2004	2003
	£'000	£'000
Fund Value at start of year	787,035	1,125,325
Plus income		
Contributions	48,537	48,747
Transfers in	1,968	1,524
Investment income/bank interest	17,385	19,348
Change in market value of investments	131,803	(196,856)
Age related rebates		
Total income	199,693	(127,237)
Less Expenditure		
Benefits payable	(40,381)	(38,396)
Leavers' benefits	(2,090)	(168,503)*
Administrative expenses	(1,762)	(2,356)
Investment expenses	(1,941)	(1,798)
Release of deferred income		
Total expenditure	(46,174)	(211,053)
Fund value at end of year	940,554	787,035

* This figure includes bulk transfers in respect of members formerly employed by Woolworths Group, Superdrug and Time Retail Finance.

...the investment objectives are to achieve a return on the Scheme's assets over the longer term that exceeds the growth of the Scheme's liabilities consistent with an acceptable degree of risk.

Money Matters



- 2003 figures reflect the completion of bulk transfers in respect of former members employed by Woolworths Group, Time Retail and Superdrug.

Actuarial Review

The financing of the Pension Scheme (but not the Retirement Trust) is subject to regular review by the Scheme Actuary. The main purpose of the review (also known as an actuarial valuation) is to assess the adequacy of the fund and the level of contributions necessary to maintain the financial soundness of the Scheme in relation to benefits that have accrued and will accrue to members and their dependants. These reviews normally occur every three years.

A valuation was carried out at 31 March 2002 which showed a small surplus of assets over the cost of benefits earned to the valuation date, and the employer contribution rate was maintained at the level of 13.5% (except for B&Q at 13.9%) of pensionable earnings for the three year period to the next valuation. Members (except those covered only for the lump sum death benefit) contributed 5% of pensionable earnings to the Scheme.

Although a valuation was carried out at 31 March 2002, the Trustees have decided that an additional valuation should be carried out at 31 March 2004 following the bulk transfer out of Comet members. Until the results of the valuation are known, the employers have agreed to increase their contributions to 20% of pensionable earnings.





Why select Standard Life?

Investment choice, value, service

Earlier this year Standard Life were delighted to be appointed as the Kingfisher Plc, money purchase pension provider. So how did the Kingfisher board of Trustees make this decision?

The Trustees went through a rigorous tender and selection process, considering a number of pension providers along the way. The final decision was made based on the providers' ability to deliver in 3 areas:

1. Investment choice

Whilst it was always the Trustees' intention to offer a small number of suitable funds for scheme members to choose from, the ability of the Trustees to select the fund range from a wide choice of internally and externally managed funds, was very important. In addition, the ability to tailor the selection of funds so they were suitable to the needs of the members was essential.

The Standard Life **sigma** pension fund range gives access to over 60 such funds from 14 fund managers. This level of choice plus the ability to add a 'UK Gilt Tracker' fund to the range on the Trustees' request was an important factor in the selection process.

2. Value

Standard Life's strong brand and reputation as a pensions provider was also considered. The scale of Standard Life's operation also allowed special terms to be set, which means that more of each member's money goes towards their retirement fund.

Standard Life is also able to offer a range of technology based solutions for Kingfisher and their members. All members will have the opportunity to view general information about Standard Life's investment funds on line and also to request information about their individual pension funds by phone.

3. Service

Since Kingfisher administers its other pension arrangements 'in house', Kingfisher had to be absolutely sure that the new provider could work closely with them to implement the new arrangement within some pretty tight deadlines. A Standard Life Customer Relationship manager was appointed to draw up a project plan that took us through the implementation stage and onto a 'business as usual' basis.

The Kingfisher Trustees had confidence in the Standard Life proposition and that confidence has been repaid with a smooth implementation of the new arrangement within the deadlines agreed.

Moving on from here, ongoing communication with the members will be important, ensuring that everyone understands the benefits of being a member of their employer sponsored pension plan and the importance of reviewing how individual plans are progressing in line with their retirement income requirements.

Our employee communication consultants are liaising with Kingfisher Plc to establish the most appropriate means of doing this.

What does this mean for members?

Standard Life places a great deal of importance on getting members' money to work hard for them and providing:

- Investment solutions in an accessible format
- First class customer service
- Flexible, tailored administration
- A financial future in good hands
- A flexible, competitive charging structure

For further information contact us at:

www.standardlife.co.uk

The Standard Life Assurance Company* is a mutual company registered in Scotland (no SZ4) Head Office Standard Life House 30 Lothian Road Edinburgh EH1 2DH Tel (0131) 225 2552 Standard Life may record and monitor telephone calls to help improve customer service.

The Standard Life group includes Standard Life Pension Funds Limited* SLTM Limited* Standard Life Investments (Mutual Funds) Limited*

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Kingfisher pensions at a glance

Money Purchase Section

Standard section	
For members joining at/after 1 April 2004 and for employees who selected this option between January and March 2004	
Core contributions and benefits:	You will contribute 3% of Pensionable Salary An additional amount is payable on behalf of the Company equal to 3% of Pensionable Salary
Pension at retirement	A pension will be purchased from an insurance company. The amount will depend on the value of your retirement account and annuity rates available at the time.
Normal Retirement Age	Age 60
Lump sum death in service benefit	2 x Pensionable Salary, plus your accrued retirement account
Incapacity early retirement benefit	Additional credit to retirement account equal to the total contributions already credited on behalf of the Company
Options: <i>Contributions</i>	You may contribute more, up to 12% of Pensionable Salary Depending on service or grade, a higher matching company contribution may be payable
<i>Additional death benefit</i>	You may redirect 0.25% of salary towards an additional age-related death benefit to provide dependants benefits
<i>Additional Total Incapacity benefit</i>	You may redirect 0.25% of salary towards an additional age-related benefit in the event of ill-health early retirement.
Leaving Service	A deferred pension or transfer value. If you have less than 2 years' total membership, you will receive a refund of your contributions less tax.
Participation in the State Second Pension (S2P)	You will participate in S2P. Therefore standard rate NI contributions are payable, and you will receive S2P in addition to your Kingfisher pension at State Pension Age.

Non-contributory Section	
For employees who selected this option between January and March 2004	
Core contributions and benefits:	You will not be required to pay towards the cost of your benefits. 1% of your Pensionable Salary is payable on behalf of the Company.
Pension at retirement	A pension will be purchased from an insurance company. The amount will depend on the value of your retirement account and annuity rates available at the time.
Normal Retirement Age	Age 60
Lump sum death in service benefit	2 x Pensionable Salary, plus your accrued retirement account.
Leaving Service	A deferred pension or transfer value. If you have completed less than 2 years' membership, no benefit will be payable.
Participation in the State Second Pension (S2P)	You will participate in S2P. Therefore standard rate NI contributions are payable, and you will receive S2P in addition to your Kingfisher pension at State Pension Age.

Final Salary Section

(Available from 1 April 2004 only for employees who selected this option between January and March 2004)

	For Contributions of 7% of Pensionable Salary from 1 April 2004	For Contributions of 5% of Pensionable Salary from 1 April 2004
Pension at Normal Retirement Age	$1/60 \times \text{Final Pensionable Salary} \times \text{Pensionable Service}$	$1/60 \times \text{Final Pensionable Salary} \times \text{Pensionable Service to 31 March 2004}$ plus $1/80 \times \text{Final Pensionable Salary} \times \text{Pensionable Service from 1 April 2004}$
Normal Retirement Age (NRA)	Age 60	Age 60
Lump sum payable following death in Pensionable Service	4 x Pensionable Salary plus return of contributions with interest	4 x Pensionable Salary plus return of contributions with interest
Dependants' pension paid if you die in Pensionable Service	Half the pension you would have received at NRA assuming continuation of 60ths pension accrual to NRA.	Half the pension you would have received at NRA assuming continuation of 80ths pension accrual to NRA
Leaving Service	A deferred pension or transfer value. If you have less than 2 years' membership, you may have a refund of your contributions less tax and the amount to reinstate you in S2P	A deferred pension or transfer value. If you have less than 2 years' membership, you may have a refund of your contributions less tax and the amount to reinstate you in S2P
Participation in the State Second Pension (S2P)	You will be contracted-out of S2P. This means you will receive benefits from the Pension Scheme instead of S2P benefits, and you will pay lower rate NI contributions.	You will be contracted-out of S2P. This means you will receive benefits from the Pension Scheme instead of S2P benefits, and you will pay lower rate NI contributions.

Although care has been taken to ensure that the Summaries of contributions and benefits set out above are accurate, all entitlements are subject to the terms of the Pension Scheme Trust Deed and Rules, including terms allowing for amendment, closure or termination (with or without the provision of a replacement scheme). Further details about the arrangements can be found in the appropriate Member Guides.





The profile of pensions has continued to rise in the media over the last year, with widespread concern about funding shortfalls and the losses suffered by members when their pension scheme wound up. A number of proposals have been made, and measures taken, aimed at restoring faith in company pension schemes.

Stopping employers walking away from their pension promises

A funding shortfall in a company final salary pension scheme need not be a problem, provided the parent company is committed to making good the deficit over a reasonable time span and can continue to promise its ongoing support for the fund. However, members, and in particular, non-pensioners can lose out if the pension scheme begins to wind up.

A recent change to legislation means that a solvent employer who wants to close its pension must ensure that the fund has enough money to pay all of the benefits in full.

Where pension schemes have already begun to wind-up causing their members to suffer a loss to their expected benefits, the Government has promised financial assistance for their members to the tune of £400 million spread over 20 years. Details of how the payments will be made and which members will qualify for compensation are still being worked out.

Changing the priority order

When a final salary pension scheme winds up, a statutory priority sets out how the money is shared out. Until May 2004, pensioners generally had their entitlements paid in full before other members' benefits were met. For schemes beginning to wind up after May 2004, pensioners' entitlements will still be met first, but future increases will not be allowed until other members' benefits are provided.

Further measures to improve security

Further measures for improving security for pension scheme members - and not just for schemes winding up - were proposed in the recent Pensions Bill, now in the final stages of making its way through Parliament. Most of the measures for protecting pensions should be with us by April 2005.

Among other measures, we will see:

- A new Pension Protection Fund (PPF) which will assume responsibility for providing the pensions of the members of pension schemes whose sponsoring employer has become insolvent where the scheme is unable to provide full benefits to its members.
- A new Pensions Regulator to protect the benefits of pension scheme members and to promote and improve the good administration of pension schemes

The profile of pensions has continued to rise in the media over the last year, with widespread concern about funding shortfalls and the losses suffered by members when their pension scheme wound up.

- A new funding standard for pension schemes to ensure schemes have sufficient and appropriate assets to meet future benefits and for the Trustees and the Company to maintain a statement of funding principles.
- Employers will have to consult active members before making major changes to future benefits accrual.
- Changes to the system of electing member nominated trustees.
- Measures to improve Trustee training

Tax Simplification

Alongside the changes to be made under the Pensions Bill a radical change will be made to the system of restricting contributions and benefits that can be paid to and from a tax approved pension scheme, coming into effect from April 2006

OUT will go

- the pension restriction of 2/3rds of salary;
- the complicated calculations of tax-free cash sums
- the employee contribution limit of 15% of earnings

IN will come

- A life-time funding allowance of £1.5 million in 2006 (so not many of us affected!)
- An annual allowance for pension accrual of £215,000 (again not many of us affected!).
- Flexible retirement – the possibility of taking partial benefits before actual retirement.

- Retirement tax-free cash sum of 25% of the value of the pension benefit.

As ever, not everything will be welcome to all:

- From 2010, the minimum age for early retirement will increase from 50 to 55.

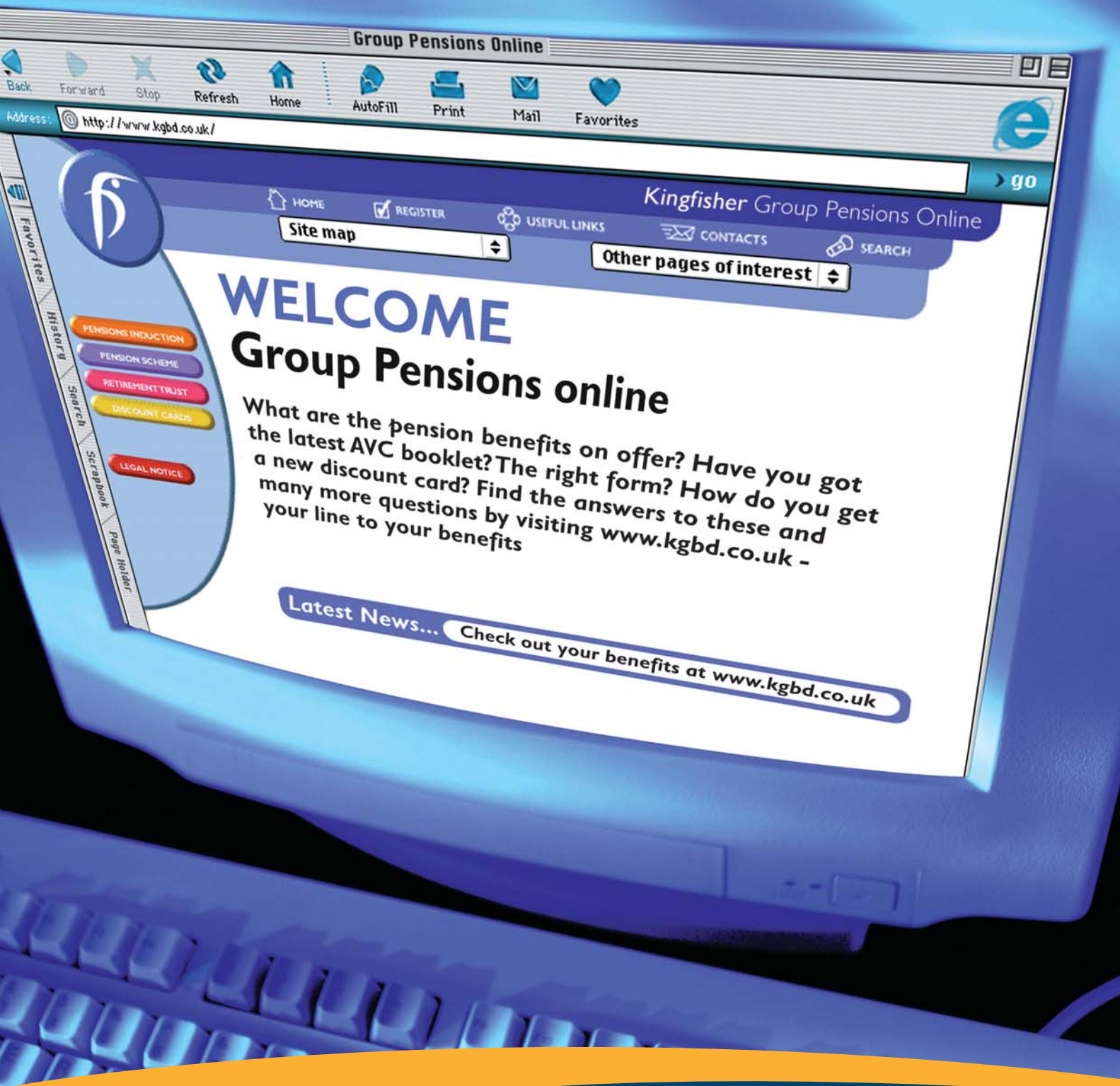
As we write, much of the detail of these measures still isn't known. Therefore, neither the Company nor the Trustees have had an opportunity to consider how the new measures will affect the Kingfisher Scheme. Therefore, please don't phone or write to the Pensions Department for more information, as we will be writing to members in due course.

Pension Credit

The Government introduced the Pension Credit on 6 October 2003 as a replacement for the Minimum Income Guarantee. The Pension Credit is available in two parts. The first is called a Guarantee Credit which guarantees everyone aged 60 years and over a weekly income of at least £105.45 or £160.95 for a couple.

The second part is called the Savings Credit and can be paid to anyone over the age of 65 who has saved for their retirement, perhaps having a small second pension. Pensioners with modest savings of up to £16,000 should qualify for all or part of the Pension Credit.

The Government will write to people aged 60 and over to help them decide whether to apply. The new credit will be administered through the Pension Service, a part of the Department for Work and Pensions. If you think you might be entitled to Pension Credit, you can call the free telephone service 0800 99 134 for advice.



For your online guide to your
pension benefits visit the Kingfisher website at

www.kgbd.co.uk

GROUP PENSIONS ONLINE