

Outlook

Looking to your pensions future

Spring 2013



Welcome

Welcome to the Spring 2013 edition of Outlook, the newsletter for members of Northern Foods Pension Builder (Pension Builder). In this issue, you will find a brief summary of the accounts for Pension Builder, as well as an update about Government changes affecting pensions.

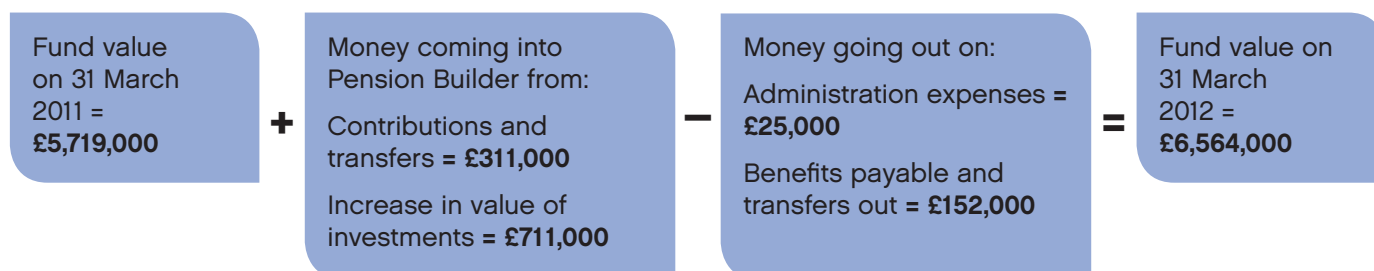
The past year has been another busy one for the Trustee, as the actuarial valuation was carried out as at 31 March 2012. A full actuarial valuation must be carried out at least every three years, to assess the financial security of Pension Builder. This is a complex process and the Trustee is currently discussing the results with the Company. You will receive details of the valuation results once these are available.

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The Financials

Here is a brief summary of the money coming into and going out of Pension Builder over the year to 31 March 2012.



Investments

The Trustee's investment policy is to invest 100% of Pension Builder's assets in corporate bonds. Corporate bonds are issued by companies and earn interest at regular intervals.

The Trustee has appointed Legal & General as the investment manager and the assets are invested in a passively managed tracker fund. Legal & General achieved a return of 12.7% against a target return of 12.3% for the year ended 31 March 2012.

Members' Additional Voluntary Contributions are invested with Clerical Medical.

Members

At 31 March 2012, there were 290 deferred members and 16 pensioners in Pension Builder. Following the closure of Pension Builder to future pension accrual on 31 October 2011, there are no longer any active members.



Pensions news

Financial update

In the last edition of Outlook, we reported on the takeover of Northern Foods plc by Boparan Holdings Limited in early 2011. Since then, there have been a number of changes to the business which have improved its financial outlook. In October 2012, it was announced that the business had made a profit of £42.5m for the year to 28 July 2012, compared with a loss of £19.2m the previous year, with like-for-like sales up by 9.5%.

Administration

The decision has been taken to outsource pension administration. This means that an external company will provide administration services for the Trustee on a day-to-day basis. The Trustee will still be responsible for making key decisions and ensuring Pension Builder is properly managed. It is expected that this transition will take place in the second half of 2013. We will write to you once the details have been finalised, to let you know how this will affect you and how to contact the new administrator.

State Pension update

The Government has recently proposed some changes to the State Pension which come into effect from April 2016. In this article, we summarise the changes and how they could affect you. Please note that some of the finer details have not yet been agreed; we will keep you updated in future newsletters.

Currently, someone retiring with 30 years of National Insurance (NI) contributions can qualify for a Basic State Pension worth £110 a week (for a single person). They may also have built up entitlement to an Additional State Pension through paying higher NI contributions. The Additional State Pension is also known as the State Second Pension (S2P) and was previously known as the State Earnings Related Pension (SERPS).

What's changing?

In the future, there will be a single tier system. Rather than paying two separate sums, the Government will offer a single pension worth up to £144 a week (in today's terms). The length of time you need to pay National Insurance contributions in order to receive the full amount is also increasing to 35 years. These changes will be introduced in April 2016.

What does it mean for me?

The changes mean that if you reach State Pension Age after April 2016, you will receive a single payment of £144 a week in retirement as long as you have paid NI contributions for 35 years or more.

However, there is some protection for people who have already built up a combined (Basic and Additional) pension of more than £144 a week. If this applies to you, you will keep the level of State Pension you have already built up, but you will not continue to build up further Additional State Pension benefits in the future.



If you reach State Pension Age in April 2016 or before

The changes will not affect your State benefits (even if you delay taking them beyond April 2016). Only people reaching State Pension Age (SPA) from April 2016 are affected.

Finding out more

If you would like further details of the changes and how they could affect you, please visit www.gov.uk and click on 'Working, jobs and pensions' and 'State Pension'.

Changes to State Pension Age

As reported in the last edition of Outlook, the State Pension Age for both men and women is to rise to 66 by 2020. However, the Government has now announced that it will review the State Pension Age every five years, in order to keep the retirement age in line with increases in life expectancy. There will be at least ten years' notice for any change. Further rises to 67 (and eventually 68) are expected in the future but as yet no timescales have been agreed for these.

Please note that if you are already receiving your State Pension, you will not be affected by any of the changes outlined in this article.

Your Trustees

Pension Builder is run by Northern Foods Trustees Limited. The Trustee Board is made up of nine Trustee Directors. As at 31 March 2012 the Trustee Directors were as follows:

Trustee Directors

R F Boyes (Independent Chairman)
K S Derry
S Ellis
M T Gribbin*
S Imeson

V Patel
G H Pearson*
C Tomkinson
A C Wadley (Vice Chairman)*

*Nominated by members

Where can I get more information?

If you have any questions, or would like to see any of the Pension Builder documents, such as the full Report and Accounts, please contact the Pensions Department using the following details:

Northern Foods Trustees Limited

Unit 32
Priory Tec Park
Saxon Way
Hessle
East Yorkshire
HU13 9PB

Tel: 01924 831395

Email: pensions@2sfg.com

Website: www.nfpensions.com



Warning: pensions fraud on the increase

Pension fraud is becoming more common. Although there is no evidence of Pension Builder members being targeted, we wanted you to be aware of the dangers of such fraud. 'Pensions liberation' happens when a member's benefits are transferred out of a pension scheme and turned into cash before retirement. These arrangements can seem attractive as they allow early access to pension benefits as cash. Members who are affected by this will lose their entitlement to benefits on retirement and will also receive a large tax bill of 40-55% of any payment received. Please read the enclosed leaflet from the Pensions Regulator for further details and advice on how to avoid becoming a victim.

Remember to let the Pensions Department know if you change address, otherwise important correspondence might not reach you.