



Integrate (Preston and Chorley) Limited
[Integrate]

Dear Colleague,

Please find below some important information which you need to read and consider as it refers to proposed changes to the present Pension Scheme which is available to permanently contracted employees of Integrate. These proposed changes may affect your present pension provision or if you are considering future enrolment into the pension scheme. Please do not be intimidated by any of the terminology as full explanations to your questions will be available to you during the period of consultation. Do not hesitate to contact me should you need my assistance.

Jim Leaver – H.R. Manager. 01772 333802 or jiml@integrateprston.org.uk

THE GROWTH PLAN

CONSULTATION ON PROPOSED CHANGES

INFORMATION AND REPLY FORM

April 2013

Summary of Key Points

1. Integrate is a member of The Pensions Trust's Growth Plan and our employees may join this pension scheme if they wish, and if they join we make pension contributions on their behalf;
2. Over the years, the Growth Plan has changed in response to changes in legislation. Growth Plan Series 1 and Series 2 closed some time ago; Growth Plan Series 3 started in 2001 and Growth Plan Series 4 was introduced from 1 October 2008.
3. The Trustee Board of The Pensions Trust (the Trustee) has agreed to close Growth Plan Series 3 to new contributions from 30 September 2013. All employers that currently participate in Growth Plan Series 3 will either have to switch to Growth Plan Series 4 for new contributions from 1 October 2013 at the latest or cease to participate in Growth Plan. If an employer ceases to employ any active members in Growth Plan this will trigger its debt on withdrawal.

There are three principle reasons for closing Series 3 to new contributions:

- i. As it only has a cash based fund and offers no alternative investment options, it is an unsuitable product for the majority of members.
 - ii. Now that Series 3 is considered to be a defined benefit scheme, continued participation increases employers' exposure to a debt on withdrawal.
 - iii. As it is now a defined benefit scheme, Series 3 will not qualify as an auto-enrolment scheme.
4. Growth Plan Series 3 will be closed to new contributions with effect from 30 September 2013. The only Series available in Growth Plan will be Series 4.
5. Employers must choose whether to continue to offer Growth Plan via Series 4, or exit the Growth Plan altogether. Employers cannot offer Series 3 after 30 September 2013. Exiting the Growth Plan will trigger an employer's debt on withdrawal.
6. Integrate has considered this very carefully and: proposes to offer Growth Plan Series 4 instead of exiting the Growth Plan from 1st July 2013. The primary reason for this decision is to avoid triggering debt in withdrawal, a substantial payment that Integrate would be required to pay into the plan – currently estimated at £456,019.53 . However, this is subject to the outcome of consultation with Staff Representatives and 'affected members' – that is, current Growth Plan members, and employees who are eligible to join Growth Plan but have not yet done so.

7. Consultation runs from 1st May 2013 until 10th June 2013. During this time you should study the information provided and may direct questions and comments to Andy Guthrie. Reply Forms should be submitted to Jim Leaver, HR Manager by no later than the closing date of 10th June 2013. Integrate will then consider the comments, feedback and decide whether or not to join Growth Plan Series 4 from 1st July 2013.
8. Please read the rest of this document together with the leaflet “Important Information for Members” which is attached to your payslip, and also available on the news section of our website (www.integratepreston.org.uk) and on The Pensions Trust’s website www.thepensionstrust.org.uk > Document Library > Growth Plan Series 4 > Consultation Documents. Additional paper copies can also be obtained from Jim Leaver, HR Manager.

Growth Plan Series 4 – Information for Members and Prospective Members

Integrate is a member of The Pensions Trust's Growth Plan and this pension scheme is part of the pay and benefits package we offer and our employees may join the scheme if they wish to. If employees choose to join the scheme we make pension contributions on their behalf.

Over the years, the Growth Plan has changed in response to changes in legislation. Growth Plan Series 1 and Series 2 closed some time ago. Growth Plan Series 3 started in 2001 and Growth Plan Series 4 was introduced from 1 October 2008.

Series 3 is closing from 30 September 2013 and Integrate must decide if it will switch to Growth Plan Series 4 for future contributions or exit the Growth Plan. This communication provides you with information about Series 4 so we can gather your opinions on whether we should offer this instead of exiting the Growth Plan, and offer an entirely different product.

Please read the rest of this document together with the leaflet "Important Information for Members" which is attached to your payslip, and also available on the news section of our website (www.integratepreston.org.uk) and on The Pensions Trust's website www.thepensiontrust.org.uk > Document Library > Growth Plan Series 4 > Consultation Documents. Additional paper copies can also be obtained from Jim Leaver, HR Manager.

Consultation runs from 1st May 2013 until 10th June 2013. During this time you should study the information provided and may direct any questions and comments to Andy Guthrie (you can e-mail him on andy.g@integratepreston.org.uk). If you feel it necessary, you should obtain independent financial advice.

Reply Forms should be submitted to Jim Leaver by no later than the closing date of 10th June 2013. Integrate will then consider the comments and feedback and decide whether or not to offer membership of Growth Plan Series 4 from 1st July 2013. Integrate will notify The Pensions Trust of the decision.

It is very important that you understand that neither Integrate, nor any of its staff are authorised to give financial advice. Financial advice is regulated by the Financial Services Authority (FSA) and only appropriately qualified individuals may provide financial advice. Therefore, it is important that you take your own independent financial advice on the information contained within this document and the options that are open to you.

We have tried to anticipate some of the questions you may have, and some detailed responses are given below. Please also see the Important Information for Members leaflet for more details.

Why has Series 4 been introduced?

Growth Plan Series 3 featured a 'capital guarantee' which means that members' fund values will not decrease. The Pensions Trust was concerned that the capital guarantee demands a very conservative, cash-based investment strategy – a bit like putting money in a deposit account with a bank or building society. It looks very safe but when the effects of inflation are taken into consideration, the 'real' returns are quite low. This is not a suitable long-term investment strategy for most members. Growth is likely to be lower, over the long-term, compared to the returns that could be expected from a less conservative and more diverse investment strategy.

In addition, Growth Plan Series 3 is not allowed as an auto-enrolment scheme.

The Trustee has considered the position and has decided to close Growth Plan Series 3 to new contributions with effect from 30 September 2013. The only Series available in Growth Plan will be Series 4.

Do you think Series 4 sounds like a good idea compared with Series 3?

Yes, Integrate agrees with The Pensions Trust that Growth Plan Series 3 may not offer the best long-term investment prospects for most members. In any case, it simply will not be possible to remain in Growth Plan Series 3 after 30 September 2013. We have to choose whether to continue to offer Growth Plan, via Series 4, or leave the Growth Plan and offer alternative pension arrangements. We cannot continue to offer Series 3, and leaving the Growth Plan will mean our employer debt on withdrawal will become payable. This is estimated at £456,019.53 and would become payable by Integrate on withdrawal from the plan after September 2013.

What are you proposing?

Integrate has considered this very carefully and proposes to offer Growth Plan Series 4 instead of leaving the Growth Plan from 1st July 2013.

However, this is subject to the outcome of consultation with Staff Representatives, current Growth Plan members, and employees who are eligible to join Growth Plan but have not yet done so.

Why are you consulting?

Consultation is required by law because Integrate has 50 or more employees and we are doing this because we believe it is good practice to consult on important changes to employees' pensions.

What is the timescale for change?

Integrate would like to change to Growth Plan Series 4 for contributions collected on or after 1st July 2013, in reality this means the July payroll.

What will it mean for me if Integrate decides to change to Series 4?

There are a few differences between Series 3 and Series 4. More detailed information is provided in the leaflet 'Important Information for Members' this will be attached to your May 2013 payslip, and also available on the news section of our

website (www.integratepreston.org.uk) and on The Pensions Trust's website www.thepensionstrust.org.uk > Document Library > Growth Plan Series 4 > Consultation Documents. Additional paper copies can also be obtained from Jim Leaver, HR Manager but as a brief summary:

Your contributions will stay the same, and they will be collected from your pay as normal.

You will automatically be placed in the default fund within Growth Plan 4, details of which can be found in the leaflet 'Important Information for Members'. You have the option to self select your own investment within the funds available. Details of the additional funds can also be found in the above leaflet.

The investment charges will reduce from the existing 0.7% a year, to 0.45% a year with the exception of the SmarterPensions Ethical Target Date Fund, which will be at 0.6% per year

Your fund value is not guaranteed as it is in Series 3, fund values can go down as well as up. If you have chosen to provide for dependants' pensions and you die before retirement, then arrangements will be made to provide for a lump sum benefit instead. Your dependants would then be able to choose whether to take a lump sum or use it to buy a pension.

At retirement your fund value will be used to buy a pension from an insurance company or similar external provider. Many pensions from Series 3 funds are bought from insurance companies already – but all pensions in respect of Series 4 contributions will be bought outside The Pensions Trust. Don't worry that you will have to shop around yourself – help will be provided.

If we change to Series 4 will I have to move all my Growth Plan benefits into Series 4?

No. This will be your decision, and you might want to take independent financial advice, but the opportunity to transfer your Series 3 benefits into Series 4 will be available.

What will happen if Integrate decides to join Growth Plan Series 4 and I don't want to change?

Unfortunately you will have to leave the scheme. The only Growth Plan series we will be able to offer is Series 4.

What will happen if Integrate decides not to join Growth Plan Series 4?

Integrate will have to exit the Growth Plan and offer alternative pension schemes to staff. We will have to notify The Pensions Trust of this decision.

Exiting the Growth Plan will trigger Integrate debt on withdrawal. This is currently estimated at £456,019.53 and would become payable on withdrawal from the plan after September 2013.

**Growth Plan Series 4 Consultation
REPLY FORM**

Integrate wants to hear your views on the proposed changes to the Growth Plan. *Please put a tick in the box of your choice.*

Name:

Member Number:
(if applicable)

Comments	
Please tick one box	
I am in favour of changing to Growth Plan Series 4 for future pension contributions.	<input type="checkbox"/>
I will support whichever decision Integrate makes	<input type="checkbox"/>
I am not in favour of changing to Growth Plan Series 4	<input type="checkbox"/>

Name:

Location:

Signed:

Date:

Please return this form to **Jim Leaver, HR Manager** by no later than **10th June 2013**, indicating your preference.