

Private & Confidential

22 April 2020

The DDD Limited Pension Fund (“the Scheme”)

You may be aware that your employer, or former employer, became insolvent on **28 February 2020** and this will have an impact on your pension with that employer.

Firstly, let me reassure you that if you attained the Scheme’s Normal Retirement Age before **28 February 2020**, or you retired on the grounds of ill health or you are receiving a spouse’s or dependant’s pension, your pension payments are not expected to reduce from their current level.

If you attain the Scheme’s Normal Retirement Age on or after **28 February 2020** (including members who retired early) then your pension payments will be reduced to broadly 90% of your current pension. This letter and supporting material provide more information on these changes.

What happens next?

Your Scheme may now become part of the Pension Protection Fund (PPF). The PPF was set up to provide you with Compensation if your employer, or former employer becomes insolvent and your pension Scheme does not have sufficient assets to pay your pension to at least the level of PPF Compensation. Details of PPF Compensation levels are explained in this member announcement and in the attached booklet.

The next step is that the Scheme will enter what is called the PPF ‘assessment period’. This determines, among other things, what assets there are in the Scheme, and whether these assets are sufficient to pay a pension to you of at least PPF Compensation levels. Assessment periods generally last between 12-24 months.

If there are sufficient assets, the Scheme will buy benefits from an insurance company to continue to pay your pension at a level the Scheme can afford which may be either at or above the PPF Compensation level. If not, the Scheme will transfer to the PPF and you will receive PPF Compensation. Either way, you will still receive benefits at no lower than PPF Compensation levels.

What do you need to do?

You don't need to do anything at this time, but we would encourage you to read the enclosed booklet, 'What is the Pension Protection Fund ... and what do we do?' alongside the attached member announcement.

These explain the 'assessment period' and the levels of Compensation that the PPF pays to its members.

Data Protection

The PPF assessment process involves passing personal data about Scheme members to the PPF to help with the scheme review. Additionally, data is supplied for statutory reasons and, depending on whether the PPF assumes responsibility for the Scheme, data may be needed to pay Compensation to members. In order to carry this out, the PPF may need to pass data to appropriate third parties. If you are concerned about this, please contact the Trustees using the contact details provided in the attached announcement. This communication also contains a copy of the Privacy Notice that sets out which parties have access to your personal data during the Schemes PPF Assessment period.

Covid-19

Please refer to the "Notice to Members Regarding Coronavirus" enclosed, which confirms the decisions made to adapt in these unusual circumstances.

Further queries or concerns

The PPF has a comprehensive website which has a separate section for members of pension schemes and the PPF. The address of this website is:

<http://www.ppf.co.uk/>

Please contact us if you have any more questions or concerns about your pension. Full contact details for the PPF, Scheme Trustees and Scheme Administrators are included on page 10 of the attached member announcement.

We will keep you regularly updated so you know what is happening while the Scheme remains in the PPF 'assessment period'.

Yours sincerely

Kyle Homer
For Quattro Pensions acting on behalf of the Trustee of The DDD Limited Pension Fund

Enclosures

- **Member Announcement dated 22 April 2020**
- **What is the Pension Protection Fund... What we do and how we protect pensions**
- **Privacy Notice dated April 2020**

MEMBER ANNOUNCEMENT

THE DDD LIMITED PENSION FUND

The date of this Member Announcement is 22 April 2020.

In this Member Announcement, The DDD Limited Pension Fund will be known as the “Scheme”.

This Member Announcement covers the following:

- **Section 1** - Pension Protection Fund FAQs
- **Section 2** - Members who were receiving a pension at 29 February 2020
- **Section 3** - Members who were **not** receiving a pension at 28 February 2020
- **Section 4** - Contact details

Please retain all the details in this Member Announcement in a safe place.

Note

This Member Announcement provides a summary of some of the changes to members’ benefit entitlements that will occur once the Scheme has entered a Pension Protection Fund assessment period. It is a summary guide only and does not seek to set out all of the implications or provide a definitive statement of what members will receive. The Rules of the Scheme and the law relating to the Pension Protection Fund will govern the benefits or Compensation that you will receive.

MEMBER ANNOUNCEMENT

SECTION 1 – PENSION PROTECTION FUND FAQs

1.1 What is the PPF?

The PPF was set up in April 2005 to protect you if your employer or former employer becomes insolvent and the Scheme can no longer afford to pay your promised pension. The PPF's purpose is to provide benefits to members of eligible schemes where the scheme has insufficient assets to provide members with pension benefits at PPF Compensation levels, details of which are set out in Sections 2 and 3 of this Member Announcement.

1.2 What is the PPF Assessment Period?

This is a process that your Scheme goes through during which specialist advisers, appointed by the Trustee, will carry out a number of important checks to ensure that all the information the Scheme holds is accurate and up to date, so that members are paid the right benefits. The assessment period allows the PPF establish the 'funding level' of the Scheme which is explained below. At the end of the assessment period the PPF can then determine whether or not it is required to take responsibility for the Scheme and for the payment of PPF level of Compensation to members.

1.3 What is Compensation?

Benefits payable by the PPF are generally referred to as Compensation. PPF Compensation is the amount payable to you in place of the pension that you would have received from your pension Scheme.

1.4 What is the PPF Compensation Cap?

The Compensation Cap is a statutory limit that applies to the amount of Compensation the PPF can pay to certain members. These conditions apply if you are under Normal Pension Age (NPA) at the assessment date (28 February 2020).

1.5 What is Normal Pension Age (NPA)?

This is the age specified in the rules of your Scheme as the earliest age at which a member may receive his/her pension without reduction and without requiring the consent of the employer or the Trustee, disregarding any special provision for early payment on the grounds of ill health or otherwise.

1.6 Who is responsible for the Scheme during the Assessment Period?

On entering an assessment period the PPF will normally recommend the appointment of a specialist trustee to replace the existing trustees in order to discharge the duties of the trustee during the assessment period. PSGS Trust Corporation Limited (the Trustee) was appointed as Director of Trustee Company for the Scheme prior to the commencement of the assessment period and is one of the PPF's specialist trustees. Therefore, there will be no change to the current Independent Trustee of the Scheme. The current Trustee Directors are PSGS Trust Corporation and David James. It is intended that PSGS Trust Corporation will shortly be sole trustee to the Scheme.

The Trustee will continue to be supported by professional advisors and where a specialist PPF administrator is not already involved with the scheme, the PPF will recommend to the trustees the appointment of a specialist administrator to assist with the work required during the assessment period. Quattro Pensions has been appointed to carry out this role for your scheme.

1.7 How does the PPF determine if it will take responsibility for the Scheme?

During the assessment of the Scheme, the funding level (see 1.9 below) is calculated as at the day before the assessment date. If the 'funding level' is found to be below 100 per cent of the PPF level of benefits, then the PPF will accept responsibility for the Scheme.

1.8 What is the assessment date?

The assessment date is the day the Scheme starts its assessment period, which is the date your employer/former employer became insolvent.

1.9 What is the funding level of a pension scheme?

An actuary is appointed to value the liabilities of the scheme; this is the value of all of the benefits payable to members now and in the future based on PPF benefit levels. This value is then compared to the assets of the scheme, which is all the money invested on behalf of the scheme. The comparison of these is called the 'funding level' of the scheme. For example, if the value of the liabilities is £100m and the value of the assets are £80m, then the funding level of the scheme is 80 per cent. As this is below 100 per cent, in this example, the PPF would accept responsibility for the scheme.

MEMBER ANNOUNCEMENT

SECTION 2 – MEMBERS WHO ARE RECEIVING A PENSION

This section provides information and answers to frequently asked questions for those members who were being paid a pension from the Scheme at the PPF Assessment Date of 28 February 2020.

2.1 Will my pension stop being paid?

No. You will continue to receive your pension.

2.2 Will my pension be reduced?

Your pension may be reduced if you were below your Scheme's Normal Pension Age (NPA) at the assessment date. If you were above your Scheme's Normal Pension Age (NPA) at the assessment date, or if you retired early on ill health grounds or you are receiving a spouse's or dependant's pension, your pension is not expected to reduce from its current level. NPA is explained in Section 1.5.

2.3 When will my pension be reduced?

If your pension needs to be reduced, you will receive advance notification of the reduction. As the change needs to be backdated to the assessment date, please be aware that initially there may be a further reduction to your PPF Compensation to take account of any overpayment between the assessment date and date your pension is actually reduced. You will be notified of any such changes.

2.4 How will my pension be reduced?

If you are over your Normal Pension Age at the assessment date or if you retired early due to ill health or you are receiving a spouse's or dependant's pension you will be paid 100 per cent of your pension currently in payment

Otherwise, you will be paid 90 per cent of your pension currently in payment. Additionally, a cap on your pension is applied. This cap is known as the Compensation Cap and is explained in Section 1.4. These conditions apply if you are under NPA at the assessment date.

2.5 I took a pension based on my Additional Voluntary Contributions (AVCs). Will my pension be affected?

The details of any adjustments to your pension will be notified to you. Benefits from AVCs which were secured by purchasing a policy in your own name with a pensions provider such as an insurance company are not reduced. If the pension based on your AVCs is being paid by the Trustee along with your main pension, or if they have purchased a policy in their own name, then it will generally be subject to the usual PPF compensation rules.

2.6 Will my pension continue to increase annually?

If part of your pension was earned on or after 6 April 1997, this part will increase each year in line with the statutory basis (currently the Consumer Prices Index) up to a maximum of 2.5 per cent. No other part of your pension will increase. This may be less than the increases you currently receive from the Scheme.

Pension increases will be applied at each 1st January which may be different to the current increase date for the Scheme. The first increase will be applied on 1st January following the start of the assessment period. Please note that the first increase will be applied on a proportionate basis from the assessment date to 1st January. You will be notified prior to each 1st January if your pension will increase and what your new pension will be.

2.7 I took my pension due to early retirement. Will my pension be affected?

As mentioned in section 2.2, this depends on your age at the assessment date. A review of your pension benefits will be undertaken and you will be notified if any adjustment is to be made to your pension.

2.8 I took my pension due to ill-health. Will my pension be affected?

In most cases your pension will not be reduced. A review of your pension benefits will be undertaken and you will be notified if any adjustment is to be made to your pension.

2.9 I am receiving a spouse's or dependant's pension. Will my pension be affected?

No. You will continue to receive your pension and it will not be reduced.

2.10 What benefits are payable on my death?

During the assessment period, lump sum death benefits are no longer payable. Generally, a spouse's or dependant's pension will be payable of 50 per cent of your pension being paid at the date of your death. This may be a different basis than you are currently entitled to under the Scheme.

2.11 Will I be paid on the same day of the month?

The PPF pays benefits on the first of each month. If you currently receive your pension on any other day of the month, during the assessment period your pay date will be changed to the first of the month. Before this happens you will be notified as to how this will be dealt with.

2.12 Can I transfer out my benefits to another pension arrangement?

Transfers are not permitted during the assessment period except to comply with a pension sharing order on divorce. Transfers are not permitted following any transfer to the PPF.

MEMBER ANNOUNCEMENT

SECTION 3 – MEMBERS WHO WERE NOT IN RECEIPT OF PENSION PAYMENTS

This section provides information and answers to frequently asked questions for those members who were **not** being paid a pension from the Scheme at the PPF Assessment Date of 28 February 2020.

3.1 When will I receive my pension?

At the Scheme's Normal Pension Age (NPA) which is explained in Section 1.5 of this document. From the Assessment Date Compensation is re-valued each year up to your retirement date in line with the Consumer Prices Index. This annual increase will be subject to a cap of 5% for compensation linked to pensionable service prior to 6 April 2009, and a cap of 2.5% in respect of compensation linked to pensionable service on or after 6 April 2009.

3.2 Will my pension be reduced?

Yes, if you were below your Normal Pension Age (NPA) as at the assessment date. The adjustment to your pension will reflect PPF Compensation levels and will be applied at the time you take your retirement.

3.3 How will my pension be reduced?

The adjustment to your pension will reflect PPF Compensation levels. Generally, this means you will be paid 90 per cent of your pension. Additionally, a cap on your pension is applied. This cap is known as the Compensation Cap. The Compensation Cap is explained in Section 1.4 of this Member Announcement. Additionally if you choose to give up part of your benefits and receive a tax free cash sum when you take your benefits, your PPF Compensation will be reduced.

3.4 When will my pension be reduced?

At the time your pension comes into payment.

3.5 Can I still take a tax free cash sum when I retire?

Yes this option will still be available. If you choose to give up part of your benefits and receive a tax free cash sum when you take your benefits, your PPF Compensation will be reduced.

3.6 I am over age 55. Can I take my PPF Compensation early?

You will be able to take your benefits early. You should contact Quattro Pensions in writing to make your application. Contact details are shown in section 4. If you decide to take your benefits early your pension will be reduced further to reflect the fact that your pension will be paid for a longer period of time.

If you were a member of a pension Scheme on 5 April 2006, and under the rules of that Scheme you were entitled, without requiring the permission of your employer, to retire under age 55, you may retain the entitlement to retire before reaching age 55.

3.7 Do I have the option to take my PPF Compensation at a later age than my Scheme's NPA?

You may be able to retire at a later age than your Scheme's pension age. If you defer taking your compensation, it will receive an actuarial adjustment to reflect the period it is postponed.

3.8 Will my pension increase annually in payment?

Your pension may increase annually. If part of your pension was earned on or after 6 April 1997, this part will increase each year in line with the statutory basis (currently the Consumer Prices Index) up to a maximum of 2.5 per cent. No other part of your pension will increase.

Pension increases will be applied on 1 January each year which may be different to the current increase date for the Scheme. The first increase will be applied on 1st January following the date you take your pension benefits. Please note that your first increase will be applied on a proportionate basis from your retirement date to the following 1st January.

3.9 I paid Additional Voluntary Contributions (AVCs). What happens to these?

Money purchase AVCs invested with a pensions provider such as an insurance company will still be used to secure additional benefits for you outside of the PPF.

You will receive additional PPF compensation in respect of any non-money purchase AVCS.

3.10 What benefits are payable on my death?

Once the assessment period starts, lump sum death benefits or refunds of contributions are no longer payable. If provided for under the Scheme rules generally, a spouse's or dependant's pension will be payable of 50 per cent of the PPF benefit you are entitled to at the date of your death. This may be less than or more than the benefit that your pension Scheme would have paid you.

3.11 Can I transfer out my benefits to another pension arrangement?

Transfers are not permitted during the assessment period except to comply with a pension sharing order on divorce. Transfers are not permitted following any transfer to the PPF.

3.12 What happens if I was an active member of the Scheme at the assessment date?

Your date of leaving the Scheme will be the day before the assessment date and you will receive a deferred benefits statement from the Trustee as soon as your benefits have been calculated.

**MEMBER ANNOUNCEMENT
SECTION 4 – CONTACT DETAILS**

PPF SPECIALIST ADMINISTRATOR

For pension benefit queries or changes in your personal information, you can contact:

Kyle Homer
Quattro Pensions Consulting Limited
Prospect House
Fishing Line Road
Redditch
Worcestershire
B97 6EW

Tel: 01527 912169

Email: info@quattropensions.com
