

TRUSTEE ELECTIONS 2011.

The opportunity to elect two Pensioner Trustees and one Employee Trustee presents itself at the end of this year. This is a very important event for all Fund Members and the IMPAC membership will be given details of the Pensioner Nominees that National Council consider most suitable to represent us on the Board of Trustees. Timetable on page 3.

NATIONAL ANNUAL GENERAL MEETING

The Twentieth AGM was held in Nottingham on the 17th May 2011 and was well attended. Some photographs are shown in the centre pages. There being no other nominations all the current National Officers were re-elected en bloc.

The Guest Speaker was Elected Pensioner Trustee, Robin Aspinall who is a member of the London & South East Region and serves on their Committee. Robin spoke about the role of a Trustee serving on the ITL Board of Trustees. Robin gave details of his background and knowledge, which assist him in his role as elected Pensioner Nominated Director of Imperial Tobacco Pension Trustees Limited, colloquially known as a "Trustee" of the Pension Fund. He gave details his responsibilities of and the number of meetings and training days which he has to attend. Basically the duties of the "Trustee" are to:-

1. Safeguard the Pensions of members.
2. Make sure that the rules of the Fund are followed.
3. Prevent practices which might adversely affect pensions
4. Monitor the administration of the Pension Fund, which to date is described as immaculate.
5. Keep up with Legal changes.
6. Assess the Covenant of the Company, as the Fund's sponsor, on a regular basis, and take appropriate action if it should fall below a certain standard.

He reported on the closure of the Defined Benefit (Final Salary) Scheme to new members from the 1st October 2010 and stated that the Defined Contribution Scheme started from that date, can be said to be a very good replacement scheme. The question of surplus funds of the Defined Benefits Scheme being used to finance the Defined Contributions Scheme had been very fully investigated. After detailed discussions with the Trustee's legal advisor, it was accepted, but, in reality, the financial circumstances that would make a surplus available are extremely unlikely. He commented on the valuation of the Pension Fund at 31st March, 2010, and stated that he found the Actuary had been methodical and dependable in her approach.

He observed that the investment mix of the Fund in that Index Linked Gilts at present give a very low return and so the Fund remains relatively overweight in equities, which for our Fund,

in normal circumstances, would seem to be a little risky, but it is different because of the strong Covenant of the Company. From this picture, were there to be a surplus in the Defined Benefit Scheme, it would be primarily applied to reduce the investment risk in the fund. A question was raised about whether the company could require the investment of funds in more risky/ higher yield areas, and the reply was that the Trustee would be able to stop this.



For the fifth year in succession the Midland Region won the President's Trophy for the highest percentage of recruitment over the past year. IMPAC President, Michael Smedley presented the Trophy to Neil Tilson the Midland Region Recruitment Officer at the AGM.

CHAIRMAN'S CORNER

It is now mid-June and in contrast to when I last wrote the 'Corner' in sunny mid-March the central heating is back on! It also rather looks as if the UK economy is again cooling off – hopefully temporarily.

The last three months have been particularly active for IMPAC commencing with the publication of last year's Triennial Valuation of our Fund. This publication initiates a series of meetings with IMPAC's various professional advisers and the resulting scrutiny of responses to questions. That accomplished now the time has come to produce some broad conclusions for your reading.

You all have received the Summary of the Valuation results that informed us of the need for the Company to contribute to our Fund. Contributions actually started in April 2010, at a rate of £31m. per annum (being backdated from May). These annual payments are considered sufficient to cover the benefits accruing each year to current employees. The overall effect of this is that on an 'on-going' basis and on assumptions similar to other pension funds our Fund has sufficient assets to take care of current predicted liabilities, i.e. it is 100% funded. Almost uniquely, however, our rules demand adequate funding on a 'winding-up' basis, i.e. the assets should be sufficient to cover the cost of purchasing benefits in the open market should the need arise. As I illustrate below this target is extremely expensive. Our Fund Actuary has decided that the Company therefore will provide our Fund with a further £181m. by way of a guarantee from a consortium of major Banks.

It can be difficult to grasp the meaning of multi-million numbers so I have had a look at the current cost of £1,000 per annum of annuity for a couple both aged 70, with a ITPF widow's pension, and with RPI linked increases. The approximate answer is a staggering £24,000 per annum. Incidentally if we had no RPI linking it falls to £15,000! For a newly retired couple from our Fund both aged 60 the figure is around £33,000

per annum.

So what does all this mean for our Fund? Perhaps it is best to quote the very independent views of IMPAC's own Actuary. In his Summary he was 'pleased to see that the Trustees and the Company are taking a conservative approach to the issues around funding the promises made to employees past and present.' The main issue he raised, and which we have followed up, is the quality checks made by the Trustees to establish the covenant strength of ITL's parent company and how it is applied by way of guarantee to our Fund. This is ongoing but to date we are reassured by responses.

I can only apologise if this is all rather heavy reading. It is however what IMPAC is all about – yours and my ongoing pension security and we are indebted to many people, both past and present. At the end of June our Fund says good-bye to Will Mather who I believe is the longest ever serving senior officer of the Fund – impressive for a fund going back to 1929. He will be sorely missed, not least by IMPAC, where his wise counsel and link with the strong traditions of service of the past have been much appreciated. From all at IMPAC we wish him a long and happy retirement.

I will end by also thanking our hard working elected Trustees Robin Aspinall and Allan Russell. Page 1 carries a summary of Robin's address at the 2011 AGM which gave a valuable insight into the workings of our Fund. Many of you will also be aware of Allan's tireless work addressing Regional meetings around the UK. We all give many thanks to both of them.

A warm and happy summer to all.

Norman Ferguson

NEXT COUNCIL MEETING

The next council meeting will be held on 24th August 2011 in Bristol.

BRAIN TEASER No. 15

Do peacocks lay one, two or three eggs at a time?

INSIDE ITG

ITG's CEO Alison Cooper announced the half yearly results on the 10th May and reported increased revenues from loose tobacco and Cuban cigars. She is reported as saying that "consolidation with BAT was not impossible but difficult in terms of mechanics". ITG shares shot up 67p on the day.

However the current cigarette price war in Spain with BAT and Philip Morris will depress ITG's annual profits and is adversely affecting ITG's share price. Having said that tobacco is still a safe investment and it is vital that our Fund has a strong Sponsoring Company to ensure stability; so ITG's continuing success is imperative.

Much more ITG information is always there to see on their web site that can be accessed directly from the IMPAC web site www.impac.org.uk/links.

TRUSTEE ELECTIONS.

Later this year there will be the Trustee elections. Nominations will be open for both Employee and Pensioner candidates.

Both the current Pensioner Elected Trustees are willing to stand for re-election. IMPAC will support these nominations and will be issuing campaigning leaflets nearer the date. Your vote is very important in these elections.

The election time table is:

End of September – Electoral Reform Society alerted to prepare the Election.

First week November – Nominations close and Ballot Papers issued.

Voting closes at the end of 2011.

Results announced early 2012.

2011 PFCC MEETINGS

Towers Watson's Kathryn Armitstead presented the Report on our Fund's Triennial Valuation on the 10th May 2011 to a specially convened PFCC Meeting in London. IMPAC posed many questions based upon the observations of our professional Actuarial and Legal advisers; Nick Salter and Giles Orton respectively.

The next regular PFCC Meeting of 2011 will be on the 13th September.

The Group Pensions Executive, Will Mather regularly attends PFCC Meetings providing

useful financial information. He is due to retire and the April PFCC was his last. IMPAC wishes him well in his retirement.

Members having any questions for the PFCC should contact their Regional Chairman.

THE LIFE OF O'REILLY?

Miss O'Reilly answered the door following a rather loud knocking early one morning. She had been interrupted reading a news item about everyone's energy bills masking government subsidies for alternative energy sources. Ensuring that the security chain was engaged she cautiously opened the door. A young man stood at the door. He was working at the house next door and asked permission to park his van across her driveway. Neither Miss O'Reilly nor sister Tilley owned motor cars so there was no problem. Thanking the young man for his courtesy she removed the security chain and enquired what he was about next door. He explained that solar panels were being fitted on the roof to generate electricity. Filled with curiosity Miss O'Reilly asked how this would benefit her neighbour. The young man further explained that once connected up the panels could provide free green electricity to the house maybe reducing domestic consumption up to 50%. Not only that but a Government backed scheme linked to RPI allowed any excess generated on installations capable of generating 3.9kw or more to be sold to the National Grid. He suggested that it might be possible to earn up to £1,500 tax free over the next 25 years.

Miss O'Reilly was intrigued and enquired how much she might have to pay for such an investment in solar panels. The young man then became hesitant as he suggested that she should speak to a Sales Representative but it would be in the thousands. Miss O'Reilly thanked the young man and closed the door. Perhaps she should enquire of her neighbour she pondered but secretly thought that fitting these panels would be very expensive and given her life span not worth the investment. Wandering back into the kitchen Miss O'Reilly wondered how she was going to explain to Tilley that their fuel bills had helped to fund the solar panels soon to adorn the roof of their rather well off neighbour. The mention of RPI had reminded Miss O'Reilly of the letter her sister Tilley had

received from her occupational pension fund. It would appear that a decision had been taken to use the September value of CPI in future rather than RPI, to determine her annual pension increase. This did not mean a lot to Tilley who by now was out of touch with such statistics but as usual nephew Oswald had come to the rescue. He explained that the liabilities that Tilley's pension fund carried were perhaps excessive and increasing. To reduce these liabilities the Trustees had agreed the switch to CPI that was a lower value than RPI. He reminded Miss O'Reilly that Tilley's occupational pension was made up of other components and only one was subject to the occupational pension fund increase. However with the switch to the lower CPI value Tilley's occupational pension would now represent less value year on year. Miss O'Reilly reflected upon the escalating cost of living. Fuel and food costs seemed out of control and were particularly worrying. Facing these increases against a reducing income was going to be a struggle. Perhaps she should discuss downsizing with Tilley. They had lived in the house all their lives and really couldn't face the upheaval. It was full of family memories and any move to something smaller would take them well away from an area they knew well. Better to face some hardship for the years they had left. Her biggest fear was for either of them to go into care. That would be the end. Their meagre savings would soon go and the house would have to be sold. Better to put the kettle on and not think about it.

THOSE WINNERS AND US LOSERS!

Currently it's not difficult to compile a list of winners and losers as any UK applicant for tickets for the estimated £12bill 2012 Olympic Games will know. Nothing to do with level of interest in the Games it's all about who you are and who you know. So who is paying for all these seats?

Whatever your slant on alternative energy sources, the subsidies for financing wind farms and the like are buried in our energy bills. Moves are afoot to identify these in future on everyone's gas and electric bills.

This subsidy detail should enable us to measure the 'value for money' of this fast growing

industry.

Anyone aged or with responsibility for an elderly relative with expectations of the NHS, providing a Rest Home is likely to have a bumpy ride. Both these sanctuaries are increasingly lacking in availability and offer decreasing in levels of care.

Despite Lords and MPs being locked up over false expense claims others still do not get it. While we are all tightening our belts they are now looking for refunds and increases in expense allowances. Climate Change Minister, Chris Huhne, for example managed to spend £46,000 on taxis and chauffeur driven cars during in one year in office. Finally with Cabinet Minister Francis Maude pledging to cut £10bill of Whitehall annual spending 'waste' just what is the total annual amount? A career in politics must be the dream of anyone with a taste for the high life. Whatever happened to public service?

MISSING OUT?

Life today seems bound up in Twitter, Facebook, emails and 'visit our web site at www' etc. There is no doubt that the future is bound up in computers. The last Labour government vowed to have a computer in every home by 2007.

Well if you do not have a computer do not despair. They are no doubt useful tools but not essentials. You can get by without one.

Owning and using one brings much responsibility if you are not to be at the mercy of the modern day crooks who are becoming more and more skilled at computer crime. After all it is their living.

However IMPAC has to move with the times and having a web site and using internet communications is 'par for the course'. Having said that IMPAC will always continue to keep a foot firmly in both camps and serve those who prefer to avoid computers whilst accepting the need to keep up with technology.

PAYMENT BY CHEQUE

As from 30th June all Banks will stop using cheque cards to guarantee payment. Traders therefore may well stop accepting payment by cheque for instant sales since any assurance will have been removed. This policy change by Banks has not been widely publicised.

PENSIONS DEBATE.

There is much debate about Public Sector Pensions v Private Sector Occupational Pensions. Public Sector employees grimly hang on to their pension rights that include retiring at 50, two thirds salary and annual increases being linked to RPI. The amount that Public Sector employees pay towards their pensions varies from one public sector employer to another. In theory every employee should expect the opportunity to make provision for retirement. The fundamental differences for Public Sector employees is that there is no Fund. Like State Pensions the money goes 'hand to mouth'. The 'Gold Plated' label includes the fact that Public Sector Pensions are underwritten by the Treasury; in effect the tax payer. Unless Great Britain plc goes bust they will receive their pensions. Not so for those whose in the private sector whose Pension Fund is dependent on a Sponsoring Company. If the Company goes bust then usually so does the Fund. Today the Pension Protection Fund (PPF) will step in but 'how much and when – if ever' become real issues. Thousands of members of Occupational Pension Funds have suffered untold hardship over the years many dying before any compensation is forthcoming.

The Occupational Pension Fund world can be a precarious one and IMPAC strives to ensure that all members of our Fund retain the pension security that has been in place for many years.

RECRUITMENT FLYER.

The National Council agreed to approach our Pension Fund Office about including an IMPAC Recruitment Flyer in the 2010 Pension Fund Report. This will arrive with you sometime in July. The last Flyer was sent out in 2008 and it is hoped that once again others will decide to join us and support the work that we do on behalf of all members of our Fund.

LETTERS TO THE EDITOR

Your views on pension matters and any new ideas for IMPACT, are always welcome. Contact the Editor, Tony Lowe at The Cedars, 7 Leahurst Road, West Bridgford, Nottingham NG2 6JD. You can fax on 01159147337 or email tony@impac.org.uk.

ELECTRONIC MAIL.

There was an encouraging response to the flyer in the AGM notification with an increase in the number of members opting to receive communications electronically. IMPAC thanks those responding which reduces printing and postal charges. IMPAC fully appreciates that many members do not have internet access and thanks them for their continued support. To sign up you need only to access the IMPAC web site impac.org.uk and contact BPI Associates at impac@bpiassociates.co.uk. To protect your privacy email addresses are not disclosed in email communications.

QUIZ ANSWERS

The answers to the Quiz in IMPACT 46.

1. 36 Square of Six
2. 40 Life begins at
3. 50 Ways to Leave your Lover
4. 50 Golden Anniversary
5. 54 Cards in a Deck (including Jokers)
6. 57 Heinz varieties
7. 64 Squares on a Chess board
8. 76 Trombones in the Big Parade
9. 88 Keys on a Piano keyboard
10. 90 Degrees in a Right Angle
11. 90 Top of the Shop
12. 100 Centilitres in a Litre
13. 100 Squares on a Snakes & Ladder board
14. 144 Twelve times Twelve
15. 180 Top score with Three Darts
16. 212 Boiling Point of Water in Degrees Fahrenheit
17. 366 Days in a Leap Year
18. 640 Acres in a Square Mile
19. 1001 Cleans a Big, Big Carpet
20. 1001 Arabian Nights
21. 1919 First Woman in Parliament
22. 2000 Perforations in a Tetley Tea Bag
23. 2240 lbs in a Ton
24. 3600 Seconds in an Hour
25. 5280 Feet in a Mile

OCCUPATIONAL PENSIONERS' ALLIANCE

The OPA have sought legal advice on the rights of a Pension Fund to switch to CPI as a measure of annual increases which adversely affects the benefits of the Fund membership. The legal position is not clear cut and any legal action against a Fund's Trustees must be brought by a member of that Pension Fund who can clearly demonstrate resulting financial hardship.

If you want to follow pension issues visit the OPA web site www.opalliance.org.uk.

BRAIN TEASER NO. 15 ANSWER:

Neither; peahens, not peacocks, lay eggs.
Our thanks to Johnston Hall.

IMPAC WEBSITE www.impac.org.uk

The IMPAC web site offers up to date information on National and Regional matters. Regional Chairmen are able to access the web site and post 'Latest Information.' You can contact your Regional Chairman via the web site to check for local news, bulletins and any other matters. It is a source of information and the occasional visit is always worthwhile. Your comments, favourable or otherwise, are always appreciated.

NATIONAL INFORMATION

President – Michael J. Smedley
email michaelj@impac.org.uk.

Chairman – Norman W. H. Ferguson
tele. 01275 372535

email norman@impac.org.uk

Secretary – Michael Staal tele. 0208 9522838.
email lmstaal@impac.org.uk.

Treasurer – Victor H Smithson
tele. 0115 9250358
email victor@impac.org.uk

Pensioner Elected Trustees :

Robin Aspinall tele. 0208 9691639
email robin@impac.org.uk

Allan Russell tele. 01764 664805
email allan@impac.org.uk

Pension Fund Office:

tele. 0117 9530000
fax. 0117 9632860

Inland Revenue Office (ref. 794/BIT3)
tele. 0845 302 1483

Membership Agency:

IMPAC c/o 106a High Street, Codicote,
Hertfordshire SG4 8XE.

Tel: 0845 5050118

Email: impac@bpiassociates.co.uk

REGIONAL NEWS.

Eastern Region has a new Chairman. Eddie Mason has stepped down and Richard Hedley has taken up the reins.

London & SE Region's Barry Lewis has stepped down as Chairman and John Smith has agreed to act as Chairman until the Regional AGM. IMPAC thanks both Eddie and Barry for their contributions at National Council.

REGIONAL INFORMATION

Eastern Region – Chairman

Richard L Hedley tele. 01652 655548
email richard@impac.org.uk.

If you have any questions about our Pension Fund or IMPAC contact Richard or Secretary David Dukes tele. 01652 6232137 or email david@impac.org.uk.

Ipswich based members can contact Committee member Terry Hiskey tele. 01473 424280

London & South East Region – Chairman – John D Smith tele. 01444 483107

email john@impac.org.uk

If you have any questions about our Pension Fund or IMPAC contact John or Secretary Brian Fox tele. 01580 830849 email brian@impac.org.uk.

Midland Region – Chairman

Derrick Wragg tele. 01773 789435
email derrick@impac.org.uk

The next Committee Meeting is on Tuesday 12th July. The next Open Meeting will be held on Thursday 15th September 2011 to receive a report on the September PFCC Meeting. All members welcome.

If you have any questions about our Pension Fund or IMPAC contact Derrick or email Secretary Tony Lowe at tony@impac.org.uk.

North East Region – Chairman

Leslie T Rome tele. 01661 871509
email les@impac.org.uk.

If you have any questions about our Pension Fund or IMPAC contact Les or Secretary Bill Richmond on tele. 01661 842143.

North West Region – Chairman

Anthony Macadam tele. 0151 7 22 4807
email anthonymac@impac.org.uk.

If you have any questions about our Pension Fund or IMPAC contact Anthony or Secretary Warren Ryland, tele. 0151 426 2685
email warren@impac.org.uk.

Scotland Region – Chairman Simon Andrews tele. 01334 828779

email simon@impac.org.uk.

Reports on IMPAC activities were given by Colin Martin and Simon Andrews at both the AGM and the Local Centre Meetings. Elected Trustee Allan Russell also addressed these

meetings on recent Trustee activity. Such meetings provide social/reunion events for members and help with recruitment of new members. The good attendance at these events provides encouragement for extending Regional activities reports Simon Andrews. If you have any questions about our Pension Fund or IMPAC contact Simon, or Secretary Colin Martin tele. 0141 7793796 or email colin@impac.org.uk.

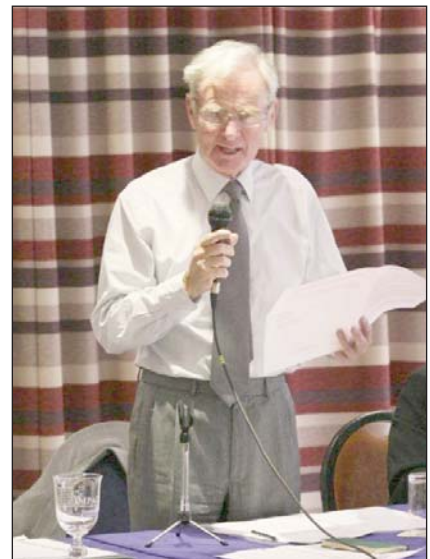
Western Region – Lady Chairman Helga Hincks. tele. 01458 210024 email helga@impac.org.uk.

If you have any questions about our Pension Fund or IMPAC contact Helga or Secretary Alan Bowering tele. 01179 502434 email acbimpacwr@sky.com.

Overseas - Brian Fox is the UK co-ordinator for all our Overseas Members Brian’s email address is brian@impac.org.uk



Attentive Members await the start of the Twentieth AGM



National Chairman Norman Ferguson addresses the Meeting.

Photographs by courtesy of Midland Region Members Michael and Jean Severn.



National Secretary Michael Staal diligently records the proceedings of the 2011 AGM.



National Treasurer Victor Smithson delivers the 2010 Accounts.



Pensioner Elected Trustee, Robin Aspinall, addresses the 2011 AGM.



IMPAC President Michael Smedley and National Chairman Norman Ferguson exchange views



IMPAC Members exchange greetings before the start of the 2011 AGM.

QUIZ CUBICLE

Answers will be published in the next IMPACT. If you can't wait - visit the IMPAC web site www.impac.org.uk or contact the Editor.

BRITISH TOWNS & CITIES ARE IN THESE CLUES.

- 1. A MODERN FORTRESS
- 2. FAMOUS FOR HIS 'BLUE BOY'
- 3. WITCHES SCORE AT RUGBY
- 4. SPOIL AN ENTRANCE
- 5. SECURE FIRMLY
- 6. A SHIP'S COMPANY
- 7. NEEDED FOR DOG WALKING
- 8. MUM'S NOW RECOVERED
- 9. A BAD DRIVER DOES THIS TO CARS
- 10. SURROUNDS A FACTORY
- 11. THE BODY OF A SHIP
- 12. BILL'S CASTLE
- 13. LITERARY PASTIMES
- 14. COMMUNIST TRANSPORT
- 15. PROTECTION FOR SEA CREATURES
- 16. APPLAUD THEM
- 17. A BANK ROBBER SAYS THIS
- 18. A NOVEL WAY TO OPEN A LOCKED DOOR
- 19. PEOPLE'S ROCK
- 20. SKULL IN A RABBIT HOLE

IMPACT is the official Newsletter of IMPAC. The Editor reserves the right to edit any contribution or letter. Particular views expressed by individual members may not reflect IMPAC's policy as agreed by the elected Council.