



ACCORDING TO THE OFFICE OF NATIONAL STATISTICS THE RATE OF INCREASE IN THE COST LIVING HAS RISEN AGAIN AND THE DECEMBER 2009 INCREASE IN RPI WAS 2.4%

The expected ITPF pension increase in April 2010 will be 2.4%. After a few months deflation due to lower VAT in 2009 increases in retail prices and living costs are now causing renewed inflation. VAT was still 15% in December but come January 2010 it was back to 17.5% and may well go higher. By the time you read this the 2010 March Budget will be revealed and who knows what that will contain. The expected 'horrors' will no doubt be saved until after the election.

The level of Government borrowing is frightening and somehow this has got to be paid off in the years to come. It's near impossible to imagine any new ways that the Government can tax us but rest assured there are civil servants paid to beaver away looking for the next tax hike. So what is scheduled to come into force in April this year?

Well State Pensions, excluding the SERPS element, goes up by 2.5%. Also, to qualify for a state pension, those at the age of 60 for ladies and 65 for men only need 30 years NI contributions as opposed to 39 and 44 years respectively. Well that's a step in the right direction for those at or approaching the state pension era of life.

For Bingo players the gaming duty is cut by 2% to 20%. Don't get excited. A year ago it was 15%. On the downside: A broadband tax on telephone landlines at 50p per month comes in. Income from any Trusts will be taxed at 50%. Anyone out there with an income of £150,000 also gets taxed at 50%, Anyone using a car registered after January 1973 is looking at yet a further increase in vehicle excise duty.

If you have your own wind turbine on your property and/or solar panels you are in business. You can sell your surplus energy to the National Grid. Any annual earnings up to £900 are tax free. For those able to save the ISA limit for everyone rises to £10,200.

You didn't know all this? Well that's government small print for you! Other things are already announced and in the pipeline right up to June 2011; plus what ever happens on budget day.

THE PENSIONS BATTLEFIELD

There is not a day go by without reports of yet another occupational pension fund in trouble. Even Cadbury's fund has been an issue in the recent Kraft takeover. We had our moment in October 1990. Since then ITL Pensioners have felt relatively safe that their rights were being honoured. Not so for so many others out there.

Both employees and pensioners alike have seen their dreams shattered whilst constantly in the background is that massive responsibility for public sector pensions. Both government and trade unions alike have stuck to their guns over the pension rights of public servants. As a consequence there is and ever will be the great divide between private sector and public sector pensioners. Current estimates from the National Audit office put an annual cost of £516 on every taxpayer just for teachers, NHS employees, civil servants and the armed forces. There are still thousands of others with an average annual pension of £7,388. To put that into perspective the average occupational pension paid to the private sector worker fortunate to have one is £1,835. This still leaves thousands with no pension at all other than a state pension when the required age is reached. With over 50% of the workforce in the public sector and growing – just where are we going?

CHAIRMAN'S CORNER

A year ago in the first week of March the world appeared to be falling apart. Opinion was divided as to whether we were headed for an outright depression or some form of inflationary disaster. On our uniquely strict valuation basis our Pension Fund was less than 67% covered by assets. The similar figure for other funds at that time, particularly the major banks, was too frightening to contemplate.

The world, and in particular China, has flung every effort into reviving economic activity, so much so that China is now finding events difficult to control on the monetary front. Global stock markets including our own are up around 50 or 60%. It is chilling to realise that many consider the balance sheet strength of global companies preferable to that of sovereign governments such as our own with their huge need to borrow.

After a period when politics was subsidiary to economics we are now suffering from uncertainty on that front both here and in USA. Inevitably in the run up to an election in May parties are just concentrating on being elected. Irrespective of the result, we all know that a budget deficit which brackets us with Greece and Ireland means that we are in line for the tough medicine that has been imposed on those countries.

Our company is indeed fortunate that the 3-yearly valuation of our Fund is this year rather than last. Our assets clearly will have recovered strongly. Sadly the story of the liabilities remains the same as real interest rates remain low. The Government needs to raise huge sums of money via the gilt market and this may well push up yields on long gilts. At some point this should push up real yields, but not in time for our valuation!

It would be pointless at this stage to speculate on how much the company will need to put in to strengthen our Fund as at end March. The deliberations that decide this stretch through to next December. At that time your IMPAC National Council will take independent professional advice

on the valuation outcome. Our only consolation is that the sums involved are relatively insignificant for Imperial Tobacco, spread as they will be over many years.

You will now be aware that inflation has proved persistent and that as a result our pension increase of 2.4% is better than expected. Experts assure us that inflation will soon fall, but the weakness of sterling and the temptations to a Chancellor of VAT increases make one wonder! At some point mortgage rates which have been kept deliberately low, much to the disadvantage of savers, must rise and will impact RPI. Given that ITL pensioners tend to have repaid their mortgages, this would be to our advantage.

Your National Chairman has lived in the same house in a village in North Somerset just over the Brunel Suspension Bridge for 42 years. We have had more snow and ice over the last twelve months than ever before. But the really bad news is that the lights in our village pub have gone out after several centuries. One suspects that the aftermath of the credit crunch and of over zealous regulation will be with us for some time and we have more financial suffering to come.

You will read elsewhere the details of our AGM which is back in Bristol this year. Group Pension Executive Will Mather is coming along to talk to us and will take the opportunity to introduce Pensions Manager Phil Hughes, who has now succeeded Mike Paige. This is an important point in the history of the Fund so please do make an effort to be there!

Norman Ferguson

NEXT COUNCIL MEETING

The next Council Meeting will be on 19th May 2010. This will precede the AGM held on the afternoon of that day. There are several on going matters for discussion at the Council Meeting including planning the measures needed to effectively respond to the Triennial Valuation Report.

INSIDE ITG

ITG share price continues to climb steadily but is still subject to the buffets of the free market. The ITG Annual General Meeting was held on the 2nd February 2010. Several IMPAC members attended and took the opportunity to meet Alison Cooper the CEO in waiting.

The current Chief Executive Officer, Gareth Davis, told the meeting that ITG had made a good start to the year with trading in line with their expectations despite the weak economic environment.

We all at IMPAC wish Gareth well in his forthcoming retirement from ITG.

2010 PFCC MEETINGS

The first PFCC Meeting of 2010 was held on the 24th March. There will be a report in the next IMPACt but no doubt the forthcoming Triennial Valuation was a topic for discussion. The next PFCC Meeting will be held on 16th September 2010.

If you have any questions for that meeting please contact your Regional Chairman before the above date.

THANK YOU FROM THE TREASURER

In saying thank you to all those who have maintained their subscriptions I would like to add special thanks to those who made additional donations.

When you receive the 2009 Accounts next month you will see that Subscriptions and Donations have increased from £44,450 to £48,053 despite a small reduction in membership during the year. That is due to £12,638 of donations being added to subscriptions or roughly 35%. That has been particularly important at a time when the interest received on our investments has dropped dramatically.

As you are all aware the IMPAC annual subscription rates haven't changed since IMPAC was formed and support the annual running costs. The generosity of many members who feel able to contribute a donation each year is well received and provides that extra income to boost

IMPAC's 'war chest' better placing us in the event of any future challenge that affects our pension rights.

It is as important now as it ever was to keep IMPAC as financially strong as possible. We live in very uncertain times. We recently received a legacy from one former member who died in 2008 and who thought IMPAC was so important he left 1% of his estate to it, for which I would like to express our appreciation.

It would be a major task to write to all those who contribute over and above their basic subscription so please accept the thanks of the IMPAC membership for your generosity.

So adding a bit extra at the time of membership renewal is as important as it ever was.

Keep up the good work!

Victor Smithson

Honorary Treasurer

BRAIN TEASER No. 11

A man stopped his car in front of a hotel. He knew immediately he was bankrupt. Why?

REGIONAL REFLECTIONS

THE INFAMOUS FIVE

While it was obviously planned as a follow-up to the Copenhagen Summit, for the Government to run its TV campaign asking us to cut our weekly motoring by five miles at the very time when weather conditions meant we would be fortunate to use the roads at all, was somewhat incongruous.

Rather than asking law-abiding motorists like us to cut our mileage shouldn't the Government be using its existing powers to confiscate and crush all of the unlicensed, uninsured (or both) vehicles on our roads? More than 5% of vehicles are thought to be using the roads illegally and getting rid of these vehicles would achieve a similar emission reduction to a five mile cut in motoring by legal road users. Most of these illegal vehicles are readily identifiable from Government databases, so why is no

action taken? Could it be that prior to confiscating each unlicensed or uninsured vehicle a "risk assessment" would need to be carried out or is there a danger that the owner's "human rights" might be infringed?

In the unlikely event that every motorist cuts their weekly motoring by the five miles suggested, or in the even more unlikely event that illegal vehicles are removed from our roads, then we will all end up paying higher fuel prices as the Government will not want to reduce its overall tax take from motorists.

So will I be cutting my motoring as the Government suggests? Not on your Nellie!

Petra L Head London & SE Region

TAKEOVER TARGET ACHIEVED?

When Imperial Group was taken over in 1986 one of the attractions was the opportunity to use the surplus that then existed in the Imperial Tobacco Pension Fund (ITPF) to benefit shareholders rather than the beneficiaries. The 1990 High Court case effectively prevented this happening but by this time of the 2010 Actuarial Valuation any surplus in the ITPF could have disappeared with ITPF beneficiaries having received no more than what is guaranteed under the Trust Deed.

In early February it was generally accepted that ITPF could be in deficit on all three of the actuarial valuation bases to be used at March 2010. Imperial Tobacco Group (ITG) September 2009 accounts showed only a minimal ITPF surplus on the accountants' basis of valuation, which is less rigorous than the least demanding actuarial valuation known as the Statutory Funding Objective. The final result of the SFO will be influenced by the level of the FTSE 100 which has risen sharply in late February/early March possibly eliminating the SFO deficit.

Without any surplus in ITPF the Actuary will be obliged to recommend future contributions from Imperial Tobacco Limited (ITL) and these could feasibly be in the region of £30m per annum. In the 2007 Actuarial Valuation the "cost" of providing pension benefits was given as 38% of ITL's payroll and in 2010 this percentage may be even greater For both ITL

and parent company ITG this level of payment into ITPF will be as welcome as having a mole at the counter when stationary on the M25 and could well lead to the consideration of alternative options for funding pension provision.

One of the overriding strategies of ITG and ITL is "cost optimisation", in essence choosing the least costly option where alternatives exist. With the retirement of Gareth Davis in May and the imminent retirement of Graham Blashill, there will shortly be no ITG directors with direct experience of the pre 1986 era who would remember a time when cost was not the overriding factor in making provision for retirement benefits,

The Irish writer, wit and pinch of snuff Oscar Wilde, described a cynic as "knowing the price of everything and the value of nothing" and a similar description could be applied to those who follow the strategy of "cost optimisation". Once ITPF is in deficit it ceases to have any "value" to ITG and ITL as the "contribution holiday" they have enjoyed for 18 of the last 21 years comes to an end. At this point the willingness of ITG and ITL to unconditionally support ITPF into the future could be brought into question. While the battle for "ownership" of ITPF's historical actuarial surplus may have been lost, the war to protect our pensions is far from over and IMPAC will have a critical role to play in any discussions on ITPF's future.

In the next newsletter I hope to be able to return to the less controversial subject of Britain's forgotten waterways.

Barry Lewis, Chairman, London & SE Region

THE LIFE OF O'REILLY?

Miss O'Reilly patted her nephew, Oswald's, arm then offered him another slice of home made bread and jam. Fortunately Oswald had been present during the visit of the 'expert' giving Miss O'Reilly and sister Tilley advice on a whole new modern heating installation. Admittedly he was there at their invitation having succumbed to the lure of a free boiler installation. However this heating 'expert' was no match for Oswald who better understood the impact of a major disruption on older people

just to meet government carbon footprint targets that they blissfully chose ignore when it doesn't suit them.

The 'expert' exalted the praises of the new breed of gas boilers along with many devices to control the use of this expensive fuel. The fact that the whole house would be turned upside down with re-siting of the new boiler to an outside wall in the pantry and the fitting of a condensate drain, vents and the like was of little concern to him. There were targets to meet! Furthermore a new larger gas pipe was required which would be run around the outside of the house. There was talk of a new hot water cylinder and wireless thermostats that need batteries. To cap it all this would be done in a day starting at 7 o'clock in the morning. Miss O'Reilly's head was now spinning and Tilley was completely lost.

Then Oswald stepped in challenging the need for any of this disruption. "What was wrong with the existing boiler?"- "Well nothing". "Were spares still available?" – "Well yes".

All radiators had thermostatic valves, so heating was efficiently controlled, plus the loft and walls were lagged.

Miss O'Reilly thanked Oswald, dismissed the 'expert' and decided to continue to enjoy the comfort of her boiler sitting in the kitchen fire place providing heat to dry off her washing, continue to use the pantry and leave the major disruption of a new installation to whoever lived there when Tilley and she had long gone.

PROBATE

We are of an age where most of us are looking after a close friend or a relative. When death strikes sometimes we are involved in sorting the estate of that close friend or a relative. Invariably you will enlist Her Majesty's Court Services help in seeking a Letter of Administration from a Probate Officer. Initially one may be put off with the thought of pursuing the winding up of an estate because of the complications of probate. Well don't be. The average person can easily find their way through the labyrinth of legal jargon and procure the right to administer someone's estate without paying a massive legal bill.

Just put Probate into Google and head for the hmmhcourts-service.gov.uk and hmrc.gov.uk/inheritancetax web sites. Everything is there including the necessary forms in pdf format.

Unfortunately the UK is not littered with Probate Offices. There are 11 main offices with 18 sub Offices. You have to put in an appearance to swear an oath so there may well be a journey time involved.

The choice is yours; pay expensive legal fees or find your way through the form filling and feel a sense of achievement at the end.

LIGHT BULBS

Visiting my local Electrical Wholesaler the other day to buy some old fashioned electric light bulbs I was told to try Wilko's. Moving on to B&Q I was told to try my local hardware store. Not to be out done I went home and put 'light bulbs' into Google. Bingo! There were numerous companies selling just what I was after. Good old fashioned 60mm diameter bulbs to suit all those applications that make our house into a home. Why should I be dictated to by a Government that wastes billions and regards the average person with disdain. Some may prefer these expensive so called environmentally friendly miniature neon tubes that emit virtually no light and have limited applications. Do you?

TRIENNIAL VALUATION

It doesn't seem like 3 years since our Fund was undergoing the scrutiny of the Actuary. With the retirement of Hugh Chambers from Watson Wyatt Kathryn Armitstead is now the Scheme Actuary.

The valuation is of at our Fund's standing on 31st March 2010. In effect it is a snapshot to determine the financial ability of our Fund to meet it's future liabilities on that day. It is likely that this will take until December 2010 and publication of the Report will be in January 2011. By then of course the financial world could have changed considerably.

Should the valuation report our Fund in deficit we shall look to our sponsoring company, ITL to meet it's obligations to commence contributions.

THOSE WINNERS AND US LOSERS!

It would appear that the top paid civil servants face no pay rise this year. On the other hand MPs are awarded £1,000 increase. The initial challenges to the long list of claims they might be entitled to appear to be evaporating. So one might assume after that it will soon be 'business as usual'.

Desperate to reap in even more taxes the government appear determined to tax the elderly with any assets. The debate about who pays for care in old age still rages. They are several options but it's little doubt that the government and local authorities will not be paying unless you have no assets. Will I need external care in old age? It's the \$64,000 dollar question.

Whether you pay up front via insurance or take a chance, there's only one conclusion. The government want your money!

IMPAC WEBSITE www.impact.org.uk

The IMPAC website continues to be improved on a regular basis. The website is now the main source of recruitment and the About Joining page has undergone some changes. The addition of Colin Martin's 'Value of IMPAC' is now posted helping would-be recruits to make up their minds. As a matter of interest of the 39 members of OPA only 19 have websites.

Whilst we keep updating the website your comments, favourable or otherwise, are always appreciated.

ELECTRONIC MAIL

With another increase in postage due in April 2010 we would welcome more members opting for electronic communications. To date we have 222 in the UK and 16 Overseas. You need only contact SAMAX at samax@impact.org.uk or the Editor at tony@impact.org.uk to be placed on the list. To protect your privacy email addresses are not disclosed in communications.

BRAIN TEASER No.11 Answer

He was playing Monopoly.

Our thanks to Johnston Hall.

SUBSCRIPTIONS.

With the decision of Banks to cease to issue cheque books in 2018 many of us are facing the loss of a popular method of paying bills. One bill may well be your IMPAC subscription. The National Council are well aware of this and are looking at alternatives. Standing Orders have been available for some time now and do provide an alternative method. It is likely that the Banks will come up with a new system within the next seven years but it most probably will be electronic. Rest assured we shall continue to accept cheques as long as we are able but the expected loss of this facility does present us with all kinds of payment problems.

If you feel strongly about this decision by the Banks why not write to your MP?

Please keep your Pension Fund Numbers and names of Spouse or any nominated Dependant flowing in. For those on the Internet this can be done via the IMPAC website www.impact.org.uk or write to IMPAC c/o 42 Queens Road, Coventry, CV1 3DX.

QUIZ ANSWERS.

The answers to the Quiz in IMPACt 42.

I suspect that many found the Christmas Quiz too easy. The answers were:

- 1 Babes in the Wood
- 2 Cinderella
- 3 Mother Goose.
- 4 Dick Whittington
- 5 Aladdin
- 6 Peter Pan
- 7 Jack and the Bean Stalk
- 8 Robinson Crusoe
- 9 Snow White
- 10 Puss in Boots

OCCUPATIONAL PENSIONERS' ALLIANCE.

IMPAC is a member of the Occupational Pensioners' Alliance (OPA). The web site www.opalliance.org.uk is always worth a visit for list of membership and daily updates on pension related matters.

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@impact.org.uk.

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

Ipswich based members are now represented by Committee member Terry Hiskey tele. 01473 424280

London & South East Region – Chairman – Barry Lewis tele./fax. 020 84646054.

Any questions or comments on Pension Fund or IMPAC matters to Barry or Secretary Brian Fox tele. 01580 830849
email brian.r.fox@btinternet.com.

The Committee next meets on 12 April at the Plumbers' Arms, Lower Belgrave Street when any member's concerns about the state of our Pension Fund or comments on IMPAC's organisation and effectiveness can be considered. Suggestions from all members as to how we can recruit new members will be especially welcomed.

Midland Region – Chairman
Derrick Wragg. tele. 01773 789435
email derrick@impac.org.uk

The AGM due to be held on Thursday 7th January was cancelled due to the bad weather. It will now be combined with the Open Meeting on 8th April 2010 at our new venue The Wollaton Community Centre. For those attending the National AGM in Bristol in May there will be a coach provided. See insert. 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
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If you have any questions about our Pension Fund or IMPAC contact Les or Secretary Bill Richmond on tele. 01661 842143.

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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
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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.r.fox@btinternet.com

QUIZ CUBICLE

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

ADD THE NAMES OF THE FOOTBALL TEAMS BELOW TO COMPLETE THIS STORY.

ARSENAL - AYR - BLACKBURN - BLACKPOOL - BOLTON - BRIGHTON - BRECHIN -
CARDIFF - CHESTER - COVENTRY - CREWE - DONCASTER - DUMBARTON -
FALKIRK - FORFAR - FULHAM - LEEDS - LUTON - HEARTS - HULL - LINCOLN -
MEADOW BANK - MILLWALL - MONTROSE - MOTHERWELL - NEWCASTLE -
NORWICH - OLDHAM - ORIENT - PALACE - PRESTON - QUEEN OF THE SOUTH -
READING - SOUTHEND - STOCKPORT - SUNDERLAND - VILLA - WALSALL -
WATFORD - WEDNESDAY - WREXHAM

The sun shone _____ the day my sister, mother and myself set sail for the _____ in a very old ship, its _____ already riddled with holes. Before we could board, the customs officer said he must stamp our _____ we were leaving the country. The four _____ members were Don, Mont, Kirk and Bart (who unfortunately couldn't speak). Not having been paid _____ too long, they were unhappy and on the second _____ of the voyage, they stole guns from the _____ and mutinied. Although they treated _____ they didn't like my sister at all and _____ adrift on a raft. I was terrified and hid in my cabin, keeping the _____ the door and hoping they would not _____. They raided the larder and found nothing but a smelly _____ but they were so hungry that they ate almost the _____. Seeking to quench their thirsts, they forced open the drinks cabinet, and finding that we did not _____ they drank whisky instead. "Right" said Kirk, "I'll climb the rigging to see if I can see land". _____ to stop him. "Watch you don't _____", he cried, meanwhile the others had found some money. At this moment the ship began to sink. "Quickly, get _____ deck to give me a hand", he shouted, and together they lifted their _____ to a raft. "The tide is lethal around here and carries ships onto the rocks and _____". With mother and me with them, they drifted for days before seeing an island. We found a _____ and paddled through the water to get ashore. The island appeared to be uninhabited but someone had been there recently because a _____ had been built to guard the harbour. There had obviously been a fire as _____ marks were seen on the wall, and a smell of smoke hung in the _____. "This _____ ruined by the fire", said Don sadly, and it broke our _____ to see the disarray. As we explored, we saw in the distance a tall, shiny building reflecting the sun, and at the _____ of the island we found a deserted _____ which had recently been lived in. We came to a river and a waterwheel, and attached to the _____ was a map. "There must be treasure" Mont said, "but we don't know whether it _____ or in the river". The map made clear that the shiny building was the royal _____ of the _____. There were no bridges and we didn't know _____ to cross. At a crossroads we knew neither the direction _____ way to go. "I wonder where this road _____?" said Kirk, and although we were tired, we _____ with our search. The map showed a large area of grass with a huge ridge at one end. On this _____ we found a _____ treasure. It was easy to open as the chain securing it had only one _____. As it was getting dark, we carried on, but we suddenly found ourselves falling into a deep, dark pit with a _____ of water at the bottom. At this moment, I woke up !!! Alas, it had all been a terrible nightmare, caused, I think by _____ Treasure Island before I went to sleep.

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.