



The Annual RPI Increase for December 2006, The Basis For Trustee Approval Of Our Annual ITL Pension Increase From April 2007, was 4.43%.

Following high increases in everyday commodities during 2006 the Annual RPI increase for December was 4.43%. This increase benefits all members but particularly those finding the recent price increases affecting their standard of living. Pensions are seldom out of the news and whilst we can count ourselves fortunate amongst pensioners in general we should not feel shy about this jump in RPI. We were employed by a successful business, and busy making our individual contributions. We all enjoyed a good standard of wage and salary as employees still do today. We paid our dues into a well managed pension fund that has honourably discharged its obligations to us all. Everyone has received incomes in retirement as per the 'rule book'. However, some other pensioners have suffered unimaginable hardship through membership of ill managed schemes. The blame is wide spread and the government, for many reasons, must accept the lion's share. Some companies have neglected their schemes and trustees have failed to protect their memberships. Those at the top are seldom affected by pension fund failures as their nest eggs may lie elsewhere. However our Fund portrays best practice and is a model for nearly all others. So if we are told that we should count our blessings remember that it is others that have failed for whatever reason and not that we should necessarily represent anything out of the ordinary.

Since December 2006 inflation fell back and then rose again to 4.8% in March. But, as we all know, these are just statistics and do not really reflect life on the ground. Utilities are costly and services can be extortionate. Many of us are not as capable as in the past and call upon others to do jobs that we would have taken in our stride - even putting a curtain rail up. For those owning their own home, although perhaps mortgage free, maintenance and council tax are ever present; particularly the latter since it carries a jail sentence if ignored. We may get free prescriptions but really - who wants to be ill or take tablets every day. On the whole pensioners really do want to just carry on life as normal without the need to struggle with aging and face decisions about what cuts are necessary to pay for those essential overheads. The NHS is failing and more people opt to pay for treatment out of their own pocket or savings.

I'm sure the government welcome this as it helps with meeting targets and reduces NHS expenditure. Care in nursing homes is a lottery and seizing of an individual's assets by local authorities is not unusual - unless you happen to live in Scotland.

Ample finances are just as essential in old age as in mid life. The outings might be dissimilar but so are incomes and it is a fact that disposable income reduces exponentially as we journey from the day we retire into old age.

Early in 2007 Philip Morris, who are owned by Altria, were looking at Imperial Tobacco Group as a possible take over. ITG's share price reflected this interest. At the same time a cash rich ITG were assumed to be looking at Altadis, a Spanish Tobacco Company. However it would appear that ITG sprung a surprise on the market by acquiring Commonwealth Brands in America, as then owned by Houchens Industries Inc., for £974m. Commonwealth Brands are only a few years old but have made successful inroads into the USA tobacco markets. Consequently Philip Morris now had to reconsider since, if they acquired ITG, then there would be a monopolies question of ownership of another American Tobacco Company. It is unlikely that Philip Morris have given up and ITG may well be faced with a hostile bid during 2007.

Now ITG are seeking to acquire Altadis but with the two 'friendly' offers rejected it's obviously it's not going to easy. Who knows what will have happened when you eventually read this?

CHAIRMAN'S CORNER.

I write this on the 28th March with only two trading days left to our 'big' Valuation date. On the basis that no major financial crisis erupts in the near future, it looks as if the asset side of the balance sheet will produce a favourable result. I understand that the total return for calendar 2006 for the Fund was excellent, especially in relation to the relatively cautious asset mix. Markets have recovered well from a recent shakeout, so more progress should have been made in the first quarter of this year.

As I have so often said in earlier articles, the really difficult factor for our Trustees is the level of long-term real interest rates. Using 15-year rates as an illustration, these plunged down to just over 1% early last year, but then reached 1.7% in June. Swings of that amount have a dramatic effect on the discounted value of liabilities. The Actuary will apply 'smoothing' but cannot ignore the market. At least the situation seems to have improved over the past year when we last had an estimate of funding.

One factor operating in the opposite direction will be the likelihood that the Actuary will assume we are all living longer. Nevertheless there appears to be a reasonable possibility that a distributable surplus may occur. Your National Council has therefore put together a submission to the Pension Fund Consultative Committee (PFCC) on how such a surplus might be applied. In my last letter I quoted some figures indicating how our pensions, in spite of enjoying RPI linking, have fallen behind the general prosperity of the working population. We have asked that some formula be devised, compatible with laws on age discrimination, which meets our long-stated ambition to help the longer retired.

Our paramount priority remains of course security. The recent major takeover proposal by our Company seems to have fairly universal support, as being a rational

consolidation of the industry and deserves our backing. It may however lead to counter-bid situations which need to be carefully analysed from a Pension Fund viewpoint. Past studies have led us to believe that our Trustees benefit from a strong voting procedure with good built-in protective mechanisms. Recent discussion at PFCC has been reassuring. We will however keep an open mind.

At the AGM in May we hope to have an update from the Company at a time when events will have moved on and the subject should be highly topical. Please do make an effort to join us in Nottingham on Thursday 17th May.

Norman Ferguson

INSIDE ITG.

Our parent company Imperial Tobacco Group PLC issued the following statement on the 2nd April 2007 on the completion of the acquisition of Commonwealth Brands.

Imperial Tobacco Group PLC is pleased to announce that, with all conditions precedent having being satisfied, it has duly completed the acquisition of CBHC Inc, trading as Commonwealth Brands.

Commonwealth Brands, based in Kentucky, is the fourth largest cigarette manufacturer in the United States of America, with 3.7 per cent of the 376 billion US cigarette market. The Company employs around 720 people and has a factory in North Carolina which currently manufactures around 14 billion cigarettes a year.

Gareth Davis, Chief Executive of Imperial Tobacco Group, said: "I am delighted that we have concluded the approvals process for our acquisition of Commonwealth Brands.

"We are targeting around £50 million additional profit in the US in 2009 through the launch of further brands and products. As well as providing an enhanced operating platform, the acquisition provides us with access to the North American Free Trade Agreement region which will help us to be more competitive when

developing our presence in Canada and Mexico, where we have recently launched Davidoff cigarettes."

Commonwealth Brands manufactures and sells five high quality discount cigarette brands across the US and in Puerto Rico, which together account for 13.2 per cent of the discount segment. The two key brands are USA Gold and Sonoma. USA Gold is the eighth best-selling cigarette brand in the US and Sonoma the fourteenth. Commonwealth Brands' other cigarette brands are Montclair, Malibu and Riviera.

Commonwealth Brands is also the exclusive distributor of Bali fine cut tobacco and McClintock make your own products in the US, which are manufactured by Peter Stokkebye in Denmark.

Imperial Tobacco Group is now the world's fourth largest international tobacco company. The Group manufactures and sells a comprehensive range of cigarettes, tobaccos, rolling papers, filter tubes and cigars in over 130 countries worldwide. It has around 14,500 employees and 31 manufacturing sites. Imperial Tobacco Group currently sells papers and tubes in the US through its subsidiary Robert Burton Associates, based in New Jersey.

The ITG web site is well worth a visit to keep abreast of Group activities. However finding the Pension Fund page on the web site is not straight forward. You will find it listed under 'Investors'.

THE IMPAC CONSTITUTION.

When IMPAC was formed out of the merging of BPIG and IMPAC in 1990/91 the creation of Constitution was necessary to provide the ground rules that would govern the behaviour of the organisation into the future. The notion of a 'bible' providing a reference and determining procedure and behaviour is vital for any organisation. Constitutions can only be changed by the membership of any organisation usually by vote at an AGM or special meeting. Invariably the wording of a Constitution is such that it can stand the test of time but occasionally time can overtake the meaning or value of some content.

A copy of the Constitution is issued on joining IMPAC providing a newcomer with an insight into the rules by which IMPAC functions. The content of the Constitution is in the public domain. One can find it on the IMPAC website. In that respect this document allows the reader to form an image or impression of the organisation. A valuable document for any prospective recruit and anyone bent on recruiting. So the next time you are challenged as to what IMPAC are about, our Constitution should provide a useful aide memoir. The latest issue was printed in 2006. If you require one contact the National Secretary.

NEW NATIONAL TREASURER.

At last we have a volunteer for National Treasurer. Victor Smithson has stepped forward and relieved Michael Staal of the day to day management of IMPAC's finances. Victor is no newcomer to a National role. He served as National Secretary for many years and has 'come out of retirement' to help out. He will be standing for election at the National AGM in May. Victor also serves on the Midland Region Committee as does the National Secretary, Robert Gledhill and the Public Relations Officer, Tony Lowe. Michael Staal retains the responsibility for investing IMPAC's substantial assets. These will enable us to engage the best legal counsel should we ever need to revisit the High Court again. Michael is Secretary of the London and South East Region.

PFCC MEETING REPORT.

This PFCC Meeting was held on 22nd March 2007. In the absence of Kathryn Brown the ITG Human Resource Director the meeting was chaired by Roger Speakman the Human Resource Manager based at the Nottingham Factory.

At almost every Pension Fund Consultative Committee meeting a request is put forward for an increase in pensions.

On the occasion of this meeting it was put forward more formally to coincide with the Triennial Valuation that commenced on 31st March 2007 and the Fund may be found to be in a much stronger position than it was three

years ago. There will be no reply to this request until this Valuation is presented early next year and it is expected that an increase in pensions will only be considered if the Fund is in surplus. Apart from the annual increases based up the RPI there has been no improvement in pensions over the last ten years.

The government has issued for consultation a deregulatory review of defined benefit schemes. They appear concerned that if more Occupational Pension Schemes close it may impose increased costs for the government in the future. The damage this government has done over the last 10 years to Occupational Pension Schemes may come back to haunt them. The Consultation Document makes concerning reading but the current ITPF Trust Deed is such it is not possible to reduce benefits in payment. The only option to the Trustee Board is to change the terms for new entrants to the fund.

Our Fund paid a premium of £367,000 to the government's Pensions Protection Fund that's designed to help those whose Occupational Pension Scheme has collapsed. Changes to the rules could mean a higher premium this year.

The £974m purchase of Commonwealth Brands, based in America and reported in the Pensioners Gazette, does appear to be a very useful purchase. The attempted takeover of Altadis by ITG has been in the news - but might the opposite happen? Perhaps Altria, who own Philip Morris, or BAT will take an interest in ITL. But any such takeovers are at an embryonic stage. It was reassuring to hear that the Trust Deed will protect our pensions in any takeover situation. Within the Company the smoking ban in public places in Scotland has resulted in a 50% drop in sales from vending machines. With the ban due in Wales in April and England in July, Sinclair Collis is already being restructured with a loss of seventy jobs.

The closure of Ogdens programme continues with the loss of handrolling and pipe tobacco. The report on our Fund performance was very positive and Fund assets were valued at £2.913b. at the end of February 2007. Due to under performance one of our portfolio of Investment Management Company, Fidelity Pensions Management, has lost it's contract.

Another Manager is being sought. Currently the ITL Pension Fund still remains one of the top performers in the UK. Good news for all of us!! The next PFCC meeting is on Tuesday 11th September 2007.

BRAIN TEASER No.2

A tennis tournament for the men's singles title attracts 91 entries. If the matches are played on a straight knock out basis (i.e. man A beats man B and therefore goes through to the next round) how many matches are played altogether? See Quiz Answers.

WINNERS AND LOSERS!

More and more evidence is available to demonstrate how pensioners continue to lose out in the money stakes that drive our economy. The longer retired are becoming worse off daily. Companies, who can influence the benefits to their pensioners, tend to forget the contribution these people made to the longer term prosperity of the business. It's true that when you retire you are soon forgotten as an individual but surely the collective effort should be remembered.

Some Companies are better than others. John Lewis is a prime example; even providing an internal department at all department stores to keep in touch with their individual retirees.

There was a time when we all received a turkey for Christmas but, as we are reminded occasionally, times have changed.

THE LIFE OF O'REILLY?

A rather old Miss I T L O'Reilly casts a last look at the headlines of her pensioner's newspaper No 53 before disposing of it into her designated wheelie bin. She wishes that the recent council tax bill could also be disposed of so easily but the law wields a mighty fist. She then struggles to get her two wheelie bins up the path to the curtilage of her property. She's lived there all her life having inherited with her older and more frail sister, Tilley, the house from her parents when they died years ago. She waves to Harold from the big house down the road as he speeds off to the airport yet again in his shiny new Mercedes; or is it his wife's BMW (since they all look the same) and returns down the path. He too is retired, albeit

recently, having worked for the same company as Ivy. She remembers him starting as a management trainee.

Ivy's short stay hospital appointment is for 7 am tomorrow morning. Unfortunately her bus pass cannot be used before 9:30 so she has had to dig into her purse for a rather expensive taxi. She painfully admits to being secretly relieved that her dog, Gordon, passed last month after a long life because as things are she could not rely upon her sister to look after him. With kennel costs now £15 a day, plus the costs of getting him there and back, this would really have dented her budget.

Ivy is becoming increasingly concerned about government edicts on carbon free homes. The fuel allowance given to them last year is all but spent but they were very sparing with the heating; careful that as little CO₂ was sent up her flue as possible. The new fangled energy saving light bulbs just would not look right in her little chandelier, even if she could afford them. But with the Co-op now deciding not to stock tungsten ones in future and no local shops; the matter is now out of her hands. The £10 Christmas gift from Gordon and hopefully another heating allowance next year will help to buy the 20 or so light bulbs she will need. If only the internet had appeared 10 years earlier she might be proficient in it's use to buy more cheaply, as the RPI figures suggest, but she has no credit card and was born too early.

Flying holidays went away years ago but she can draw some comfort that nobody can point a finger at her and accuse her of polluting the upper atmosphere. Never mind Harold can make more trips to use her 'carbon allowance'. The impending threat of digital broadcasting has her very worried as this means a new aerial at £200 to guarantee a good picture via the new set top box she will be forced to buy for her analogue TV since she cannot afford a Digital TV complete with freeview even though it might be in the 'RPI basket'. Perhaps the TV will have to go? As she enters her house and puts the kettle on the gas stove she wished she had held on to her ITG shares but they had to go to help with the cost of a hip replacement 10 years ago. She couldn't afford to wait the 18 months stipulated by the NHS.

Never mind a nice cup of tea will make the world a better place and she does have the 4.43% increase on her modest pension to help with the 5% increase on the Council Tax. She reflects, that whoever outlives the other, she or her sister Tilley, the survivor may benefit from a 25% reduction in Council Tax but will face the huge problem of inheritance tax. After all the other Gordon will want his money back for all that financial help with the heating and the £10 Christmas bonus.

RECRUITMENT.

All members of our Fund are eligible for IMPAC membership. All Regions are seeking to recruit new members. The National AGM in May will reveal which Region has succeeded in recruiting the highest percentage of new members. Scotland appear determined to retain the Recruitment Trophy yet again. But how's your Region doing?

The offer of a first year subscription free is still available and nearly all taking it up go on to remain members.

The standing order facility is now issued with all renewal notices and is becoming the preferred method of annual subscription payment. Please consider completing yours and return with your current subscription.

Membership cards should be looked after since these might be needed as proof of membership to gain access to any National or Regional Member only meeting.

REGIONAL ACTIVITIES.

Members are reminded that Local Regional Activities are encouraged in the Constitution. IMPAC can form the framework for members to get together socially within a specific geographical area. Section 7 of the Constitution reads as follows:

7. LOCAL CENTRES:

Each Local Centre shall be responsible for its own organisation according to the wishes of its registered members under the leadership of a nominated member consistent with this Constitution.

This means that IMPAC members can form groups to enjoy some social pleasures like dancing, walking or just a cup of coffee. If you wish to start a group and require a list of members in your area apply to your Regional Chairman or Secretary.

THE VALUE OF IMPAC

Colin Martin of the Scottish Region has compiled a very useful document headed 'The Value of IMPAC'. This gives an insight into the achievements of IMPAC over the last seventeen years and a copy is enclosed with this issue of IMPACt. Read it and keep it to hand as it may help you to convince a doubtful non-member into joining us.

DON'T DO AS I DO.....?

Who can we believe about global warming? Are we bigger than nature and the cosmos thus able to influence our climate? It's becoming big business and now we are all obliged to take sides. Believe it or not we all must have zero carbon homes by 2020. The move to make tungsten light bulbs illegal by 2011 is a blow. Apparently the very expensive, rather ugly CRT alternatives cannot be used with a dimmer switch, cookers, fridges and security lights. More importantly what will that chandelier look like and how are we going to balance small lamp shades on these odd shaped bulbs in the wall lights? Life is about to change!

Well; as long as Tony and Gordon are leading the way at number 10 and 11 respectively and the House of Commons doesn't have a conventional tungsten bulb in sight I guess we should gird our loins, bow our heads, dig deep in our pockets and just fall inline.

TRIENNIAL VALUATION.

The end of March 2007 signalled the beginning of the Triennial Valuation of our Fund by Hugh Chambers of Watson Wyatt Limited. The last valuation saw our Fund in deficit.

The Trustee Board will meet in September to agree the content for publishing in December 2007. Prior to that it is hoped that IMPAC will see a copy and be given time to familiarise ourselves with the detail to enable preparation of questions and a sensible discussion at the special PFCC Presentation Meeting early in 2008.

OVERSEAS MEMBERS.

Brian Fox of the London & South East Region is the UK co-ordinator for all our Overseas Members except those who have opted for regional affiliation. Brian's email address is brian.r.fox@btinternet.com

OCCUPATIONAL PENSIONERS' ALLIANCE

At the last Council Meeting on 28th February it was agreed that IMPAC continue with membership of the Occupational Pensioners' Alliance. Annual subscription is based upon membership. Michael Staal, the London & South East Region Secretary, attends OPA Meetings on behalf of IMPAC. His email feedbacks to Council are most useful.

The OPA web site www.opalliance.org.uk is always worth a visit.

NATIONAL AGM.

As you will be aware the National AGM is to be held on the 17th May 2007 in Nottingham. If you do not live in the Nottingham area your Regional Chairman or Secretary may be able to organise a coach providing there are sufficient numbers wishing to attend. Contact your Regional Chairman to enquire about availability and register your name.

QUIZ ANSWERS.

Here are the answers to the Quiz in IMPACt 33.

- 1.Panda 2.Guinea Pig 3.Goat 4.Giraffe
- 5.Chair 6.Dormouse 7.Pig 8.Mouse
- 9.Pony 10.Turtle 11.Wolf 12.Crocodile
- 13.Elephant 14.Gopher 15.Hedgehog
- 16.Badger 17.Ounce 18.Donkey 19.Stoat
- 20.Fox 21.Pig 22.Horse 23.Zebra 24.Bed
- 25.Rabbit 26.Sloth 27.Jaguar 28.Chamois
29. Jackal 30.Tiger 31.Bull 32.Beaver
- 33.Reindeer 34.Teledu 35.Lions 36.Otter
- 37.Table 38. Shrew 39.Frog 40.Hare

Brain Teaser Answer: 90. The simple way to work it out is that to have one winner there must be 90 matches to produce 90 losers.

VIEWS TO THE EDITOR.

I continue to seek profiles of Members for publication. If you have an interesting background, pastime, whatever, please send a submission with a passport size photo to the Editor, Tony Lowe at The Cedars, 7 Leahurst Road, West Bridgford, Nottingham NG2 6JD. Fax on 0115 9147337 or Email the-cedars@ntlworld.com. Your views on pension matters and any new ideas for IMPACt, are always welcome.

Copies of previous IMPACt publications are available from the Editor for a basic charge of 50p to cover printing and postage.

www.impact.org.uk

The IMPAC website is currently being re-vamped and will link to the ITG web site.

There will be new features and the current IMPACt will be available in Adobe format. Copies can therefore be printed off. If your membership details change you can notify us on line via the 'Contact Us' page. The current quiz answers will be posted on the web site in the usual way.

Why not go on line and look at the performance of your MP?

INSIDE INFORMATION.

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IMPAC MEMBERSHIP

The membership bureau's address is IMPAC c/o 15 Nell Gwynn Avenue, Shepperton, Middlesex TW17 8HS. The bureau's email address is impact@p900.freerve.co.uk. Alternatively any changes in status or membership details can be notified to your Regional Chairman by telephone.

A reminder! In the event of a member dying, surviving spouses are eligible for continued membership.
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REGIONAL INFORMATION

Eastern Region - Two members, Mr D L Dukes and Mr J E Mason have volunteered to manage the affairs of this region. More at the National AGM and in the next IMPACt.

London & South East Region - Chairman

Barry Lewis tele./fax. 020 84646054

To learn more about the activities in this Region contact Barry, or Secretary Michael Staal tele. 0208 9522838.

email mandm@mstaal.wanadoo.co.uk

Midland Region - Chairman

Derrick Wragg. tele. 01773 789435

email derrick.wragg1@ntlworld.com

Next Open Meeting at the Hillside Club is 25th September 2007 at 10:30 am.

To learn more about the activities in this Region contact Derrick or email Secretary, Tony Lowe, at the-cedars@ntlworld.com

North East Region - Chairman

Leslie T Rome. tele. 01661 871509

email lesrome@btinternet.com

To learn more about the activities in this Region contact Les or Secretary Bill Richmond on tele. 01661 842143.

North West Region - Chairman

Anthony Macadam. tele. 01517 224807

email aembusiness@aol.com

The Membership Secretary is Monica Thomas tele. 0151 3399490 email Monvorn@aol.com

To learn more about the activities in this Region contact Anthony or Secretary, Warren Ryland, tele. 01514 262685

email hr001e9741@blueyonder.co.uk.

Scotland Region - Chairman

Simon Andrews. tele. 01334 828779

email andrews556@btinternet.com

To learn more about the activities in this Region contact Simon, or Secretary Colin Martin tele. 0141 7793796 or email cmartinimpac@hotmail.com

Western Region - To learn more about the activities in this Region contact Secretary

Alan Bowering tele. 01179 502434

email acbimpacwr@sky.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.

The answers to the 40 clues below are all names of fish.

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|-----------------------------------|---|
| 1. Cape or War..... | 21. Party Game..... |
| 2. Nursery rhyme Jack | 22. Battle, 12th February 1429..... |
| 3. English lutanist | 23. Find fault..... |
| 4. Mimic..... | 24. Diving position..... |
| 5. Ground, washed chalk..... | 25. Chatterton's creation, 1938..... |
| 6. Guard..... | 26. Swindler, extortionist..... |
| 7. Extract metal from ore..... | 27. Singer at the brewery ?..... |
| 8. 198 inches | 28. Prickly catch for Jeremy Fisher..... |
| 9. Unmarried woman..... | 29. Cold and cheerless..... |
| 10. Troy Tempest's craft..... | 30. Slide smoothly..... |
| 11. Prickly pear cactus..... | 31. Dublin's cockle purveyor..... |
| 12. Inspector Frost's boss..... | 32. Fingerprint (slang)..... |
| 13. Flat bottomed boat..... | 33. U.S. veterinary surgeon, d.1914..... |
| 14. Patterned sky..... | 34. Former fairground prize..... |
| 15. H or B are types..... | 35. Astronomer or astrologer..... |
| 16. Schubert quintet..... | 36. Mix chip with lard..... |
| 17. Move with difficulty..... | 37. Sounds like an English locksmith..... |
| 18. Shipping area..... | 38. Windmill in W.Bucks..... |
| 19. Theatrical investor..... | 39. David _____, leg adviser..... |
| 20. "I hunt for _____ eyes" | 40. Fastest fish in the world, 68 mph |
| (Carroll) | |

IMPACT is the official Newsletter of IMPAC. The Council 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.