



# SPOT LIGHT

**Dow Services  
UK Pension Plan  
2022**



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## Manage your pension online

**If you are a member of the Dow Services Section, you can manage your pension online via the secure Hartlink website portal. Registering is easy, and we can collect your personal email address to keep in touch with you digitally for more timely and environmentally friendly communications.**

Once you have registered, you can update your personal information and calculate how much pension you could get at retirement.



Follow the link to register or login:  
[www.hartlinkonline.co.uk/mydowpension](http://www.hartlinkonline.co.uk/mydowpension)



For members of the DCL Section, you can opt in to digital communications by emailing your details to [DCLPensions@aon.com](mailto:DCLPensions@aon.com)



Don't forget to visit our new pension website, which now covers all the Sections, to find out more information about your pension and retirement options. You can now also make use of our Chatbot function to get answers to your questions instantly.  
[www.mydowpension.co.uk](http://www.mydowpension.co.uk)

# Chair's introduction

You will no doubt be aware of the current geopolitical tension and its far-reaching effects, especially the impact on the rising prices of fuel and food, and the financial markets are not immune.

At the same time, inflation is soaring at rates not seen for decades – partly due to breaks in the supply chain, but also as a result of moving out of the COVID-19 pandemic.

As we did throughout the pandemic, we are monitoring how the unrest in Europe might impact the Plan and will make any changes we feel are necessary to protect it in the best interests of you, the members.

Inside, you can read how the Plan's investment strategy is developing, along with the usual updates from the accounts and investments. I am pleased to report that, despite the challenges of the last couple of years, the effects of the pandemic have had limited impact on the Plan's finances to date. Through careful management of the assets, both Sections of the Plan have seen their funding positions improve, so much so that the Trustee has been able to take further steps to reduce the risk in the investment portfolio by allocating around 45% of the assets of the Dow Section to "Liability Driven Investments" which protect the Plan against movements in interest rate and inflation. Furthermore, in late 2021 the Trustee was able to secure a buy-in policy with Rothesay to underpin the members' benefits in the DCL Section.

We have also been working hard with our team to improve our members' online experience – we now have one website for all Sections of the Plan. The new and refreshed website covers the Dow Services and DCL Sections and has lots of information about the Plan. Please go and have a look around at [www.mydowpension.co.uk](http://www.mydowpension.co.uk)

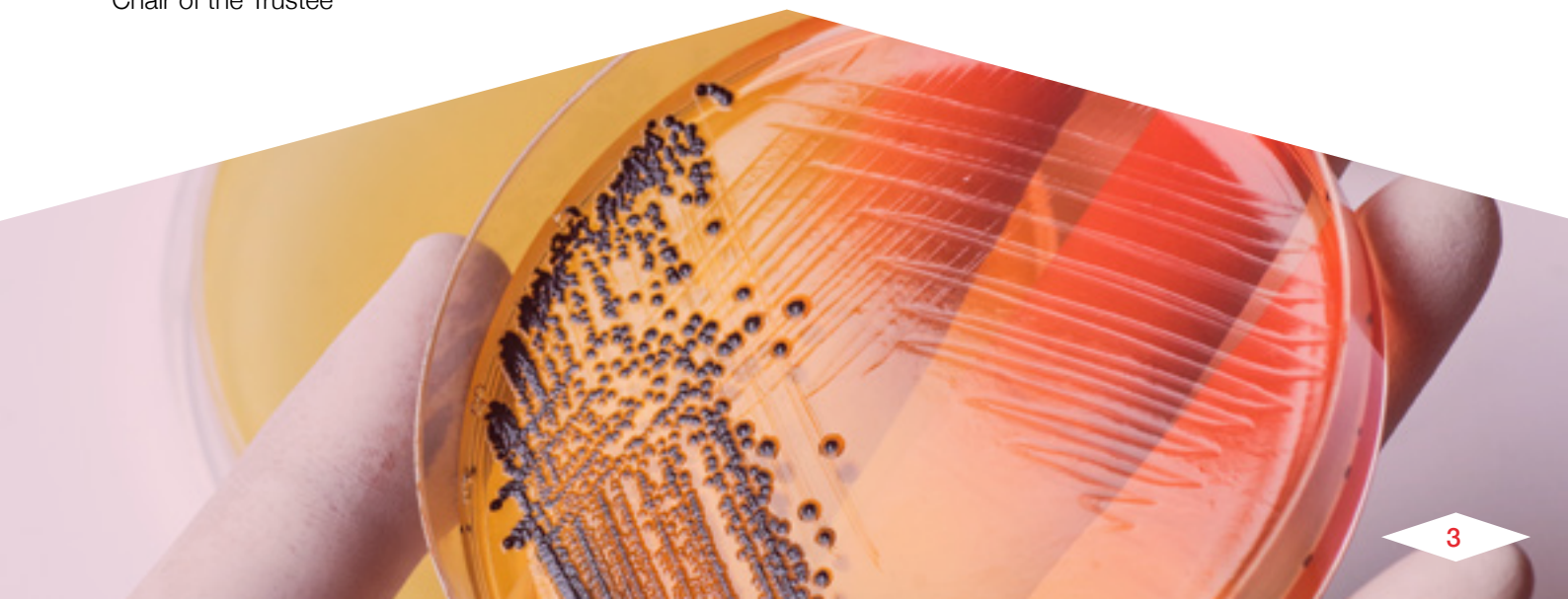
We are considering running some webinars for deferred members to provide general pension education and some information on how to prepare for your retirement. Before organising these sessions, we are looking to assess if deferred members would be interested in joining any such sessions. If this is something you would be interested in, please email [dowservicesukpensionplantrusteesecretarialmailbox@aon.com](mailto:dowservicesukpensionplantrusteesecretarialmailbox@aon.com) to be kept up to date about the webinars.

We would normally include information from the Summary Funding Statement, but this year work is ongoing on the triennial actuarial valuation as at 31 December 2021. The Trustee and Company are working together on this important project, and the results are expected to be available by 31 March 2023. More information will be included in next year's Spotlight.

In wider pensions news, we look at the Spring Statement 2022, pension scams and transfer regulation changes over the year. We have also included some information in relation to the change to the minimum retirement age. Alongside this, there is a short jargon buster section for the Lifetime Allowance and Annual Allowance, both important topics when thinking about pensions taxation. Finally, we have provided an update on the Trustee Board and the updating of member booklets.

Please do get in contact if you have a query about the Plan or your benefits. Contact details are on page 12.

Andrew Jones  
Chair of the Trustee



# Investment update

When we wrote to you last year about the impact of COVID-19, we mentioned how we were working closely with our advisers and the Company to consider the appropriate actions to take for the Plan and closely monitor the Plan's assets and the performance of the investment managers. In last year's Spotlight, we were pleased to report that the assets of the Plan had continued to perform well.

For more information on the current investment strategy please see the updated Statement of Investment Principles on the website [www.mydowpension.co.uk](http://www.mydowpension.co.uk)

During the year to 31 December 2021 the market value of the assets continued to grow, as you can see in the table below.

Investment manager performance is no longer monitored in the DCL section following the buy-in with Rothesay. The benefits are now backed by an insurance contract and the requirement to monitor returns is no longer relevant. There are therefore no performance figures available for period ending 31 December 2021.

## Value of assets

	At 31 December 2020	At 31 December 2021
Dow Section of the Plan	£1,136m	£1,156m
DCL Section of the Plan	£625m	£633m*

\*Including Bulk Annuity Policy

## Performance of the assets

	Year %	3 Years % p.a.	5 Years % p.a.	Since Inception % p.a.
Dow Section DB Assets	6.1	9.9	6.8	8.5

## How the assets are allocated

As mentioned in the Chair's introduction, with the improvements in the funding level for both Sections, the Trustee and Company agreed to reduce the investment risk within the portfolio so that the Plan is better able to withstand volatility in the assets. This is an important step for the Plan and demonstrates that the funding and investment decisions taken in the past have delivered as planned. The changes to the asset portfolio are nearly complete and the charts below illustrate the asset allocations for both Sections.

## DCL Section - December 2021

	%
Cash	0.6
Illiquid Alternatives	0.4
AVCs	1.3
Annuity Policies	97.7
<b>Total Value</b>	<b>100</b>

## Dow Services Section

	Previous target %	New target %
Equity	7.5	7.5
Reinsurance	2.5	2.5
Global Real Estate	2.5	2.5
Cash Plus	17.5	17.5
Credit Alternatives	5	5
Infrastructure & Private Equity	2.5	2.5
Investment Grade Credit	17.5	17.5
UK Fixed-interest Gilts	35	-
UK Inflation-linked Gilts	10	-
Liability Driven Investment	-	45
<b>Total Value</b>	<b>100</b>	<b>100</b>

### Do you have Defined Contribution (DC) Funds in the Plan?

If you have DC funds it's important to keep them under review. Your choice of investment funds will have a big impact on the money available when you retire and these should be reviewed regularly. If your circumstances change, for example you plan to retire earlier than you thought you would, check that your fund choice is still appropriate. On your annual benefit statement, issued by Capita, you will be able to see fund values, estimates at your selected retirement age and how your DC funds are currently invested.

If you do not want to manage your own funds you can opt for the "default" investment arrangement – here the managers allocate your funds and they look to reduce the risk as you get closer to your selected retirement age. There are also a number of "self-select" funds available under the Plan. This is where you can decide how your savings are invested over time. It's your responsibility to pick the funds and make any changes you think appropriate.

There is more information about all the fund options on the website at and in the investment booklet at [mydowpension.co.uk/dow-services-section/document-library](https://mydowpension.co.uk/dow-services-section/document-library) including recent performance and investment manager costs. If you need any help making decisions about your pension savings we would recommend you take independent financial advice - [www.fca.org.uk/firms/financial-services-register](https://www.fca.org.uk/firms/financial-services-register) will help you find a registered adviser.

# DCL buy-in

As you will know from our recent editions of Spotlight, the Trustee has been working to reduce risk in both Sections of the Plan.

The ultimate aim of these efforts is to ensure that members receive all the benefits they are entitled to under the Plan. The aim is also to reduce or remove the impact on the Dow Corning Limited (DCL) Section in the event that investment markets do not perform as expected or members live longer than expected, and so to reduce the chance of needing to rely on Dow Silicones UK Limited (“the Company”) for further contributions.

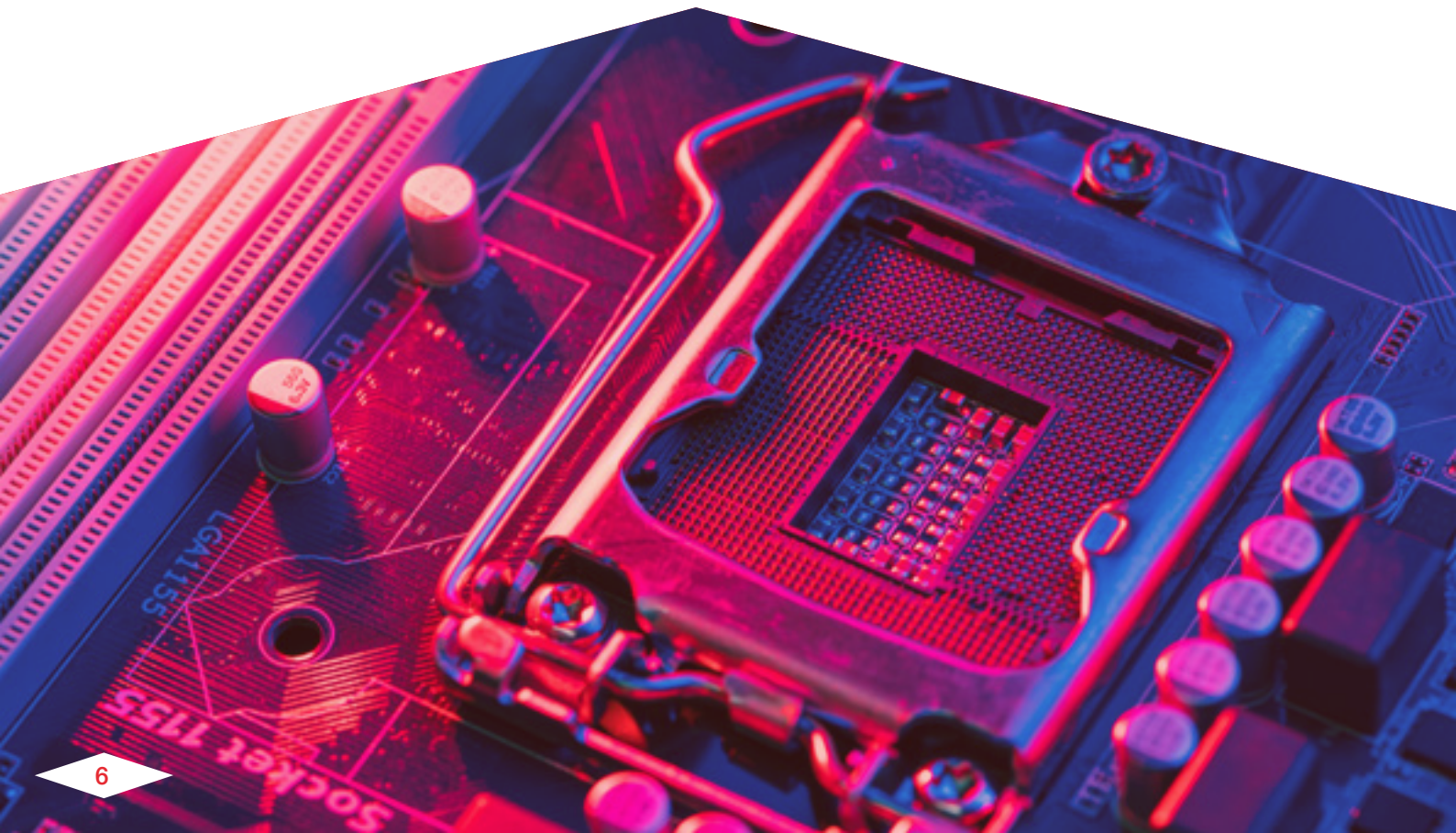
A period of positive asset returns and favourable market conditions towards the end of 2021 meant the funding level of the DCL Section significantly improved, which allowed the Trustee to take the additional step in its risk reduction strategy to purchase an insurance contract with Rothesay Life Plc (“Rothesay”), following a thorough review of the market and a competitive tender process. Under the terms of this contract, which is known as a “buy-in”, Rothesay will provide the Plan with sufficient funds each month to meet payments due to members of the DCL Section. The contract meets the aims listed above: it removes the risks that investment markets do not perform as expected and that members live longer than expected, and it removes all but a negligible requirement for future reliance on the Company. As such, the contract ensures that the Trustee is able to pay the benefits that members are entitled to under the DCL Section.

The DCL Section continues to be administered by the Trustee and Plan’s administrator, Aon. If you are currently receiving a pension from the DCL Section, this continues to be paid in the normal way by Aon on behalf of the Trustee each month. If you are due a pension from the DCL Section in the future, the deferred pension you have accrued in the DCL Section is unchanged and will be paid when you choose to retire.

In June, the DCL Section members received some further information regarding the buy-in including some FAQs. Included in this mailing was a form to complete and return if some key member data held by the Plan is incorrect.

It is important for DCL members to get in touch if that data is not correct. If you did not receive this mailing then please contact Aon via the details on page 12. If a DCL Section member wishes to re-read this document, it can be accessed via the following link: [www.mydowpension.co.uk/dcl-section/document-library](http://www.mydowpension.co.uk/dcl-section/document-library)

The Trustee will continue to monitor the funding level of the Dow Services Section to assess whether a similar transaction will become viable. The Plan’s long term funding target is set to ensure all members, benefits are secured. If similar opportunities arise, the Trustee and advisers will again convene to decide if this would be in the best interests of the members.



# Update from the Trustee Report & Accounts

Every year the Trustee must prepare the Trustee Report & Accounts. This includes information about the Trustee, their advisers, and details about the assets of the Plan alongside an analysis of the contributions paid to the Plan and payments made from the Plan. The full document is available on the Plan website at [www.mydowpension.co.uk](http://www.mydowpension.co.uk) but we have also included a summary below.

The Trustee Report & Accounts is independently audited by Deloitte.

## Membership

At 31 December 2021, the Plan's membership looked like this:

### Dow Services Section

Active members <sup>1</sup>	Deferred members <sup>2</sup>	Pensioner members <sup>3</sup>	Total
43	2,531	3,422	5,996

### DCL Section









Active members <sup>1</sup>	Deferred members <sup>2</sup>	Pensioner members <sup>3</sup>	Total
N/A	517	728	1,245

<sup>1</sup> Members who are currently building up pension benefits through their company employment.

<sup>2</sup> Members who have left company employment but keep the right to pension benefits when they retire.

<sup>3</sup> Members who are currently receiving their pension benefits.

## Contributions and Benefits

Values of assets at year end (31 December 2021)			
 DCL	£633m	 Dow Services	£1,156m
Net increase in asset value during the year			
 DCL	£8m	 Dow Services	£20m
Company contributions during the year			
 DCL	£0.1m	 Dow Services	£3.1m
Expenses/benefits/transfer values during the year			
 DCL	£24.6m	 Dow Services	£38.7m

## Pensions Dashboard

The Pensions Dashboard is an online service, facilitated by the Government, which will allow people to see information from multiple pensions, all in one place. It's still in the making, but here are five things you need to know before it launches:

### 1. Pension schemes will join in three waves.

Starting with schemes with over 1,000 members, schemes will join the dashboard over three years between 2023 and 2026.

**2. Your State Pension will be included.** You will be able to view your State Pension as well as your workplace pensions all in one place.

**3. It will be regulated by the Financial Conduct Authority (FCA).**

**4. Advisers will be able to access clients' dashboards.** Regulated financial advisers and guidance specialists will be given access to their clients' dashboard with permission from the member.

**5. Schemes will be given time to collate pensions data.** Schemes will be able to use information provided within the last 12 months.

It's important that you always keep your personal details up to date so that once the Pensions Dashboard is launched, your records can easily be matched and you see the most accurate information. If you are a Dow Services Section member, you can check if we have the most up-to-date details by logging into your personal pension account: [www.hartlinkonline.co.uk/mydowpension](http://www.hartlinkonline.co.uk/mydowpension)

If you are a DCL Section member please contact the Aon administration team at [DCLPensions@aon.com](mailto:DCLPensions@aon.com)

You can find out more about the launch of the Pensions Dashboard by visiting [www.pensionsdashboardsprogramme.org.uk](http://www.pensionsdashboardsprogramme.org.uk)

## Future change to normal minimum pension age

The normal minimum pension age (NMPA) is the earliest age at which most members can take their benefits from an occupational pension scheme (other than on ill-health grounds). The NMPA is set to increase from 55 to 57 in April 2028, to coincide with the rise in the State Pension Age to 67, the Government's policy intention being to maintain a 10-year gap between NMPA and State Pension Age.

This change will generally impact Plan members who, at the time of the change, are under 57 and yet to take their Plan benefits.

A limited number of Plan members will retain what is known as a 'protected pension age' of less than 57 – for example an ability to draw benefits at the earlier age of 55, or in some cases age 50. If this is the case for you, you will receive a separate communication in due course and your situation that will be reflected in your retirement communications. We plan to write to the members who have a protected pension age by next summer.

If you are considering taking early retirement (i.e. retirement before Normal Retirement Age) after April 2028, you should take into account the upcoming change to NMPA. If you do have a 'protected pension age' then we recommend you take advice before making any decisions about your benefits, so you do not inadvertently lose any protection.

## High inflation

As you may have read in the media, the rate of inflation is expected to remain high for the rest of 2022 and into 2023. Pensions generally have some protection against inflation, but the way this works can be different before and after you retire, and different parts of your pension may increase at different rates. Due to the complexity of our pension Plan, it is not possible to summarise the increase rates but please rest assured that your pension will be treated in line with the Plan Rules.

## Staying safe from pension scams

The last two years have seen an increase in pension scam activity. Scammers are looking to take advantage of people's fears and uncertainties during the COVID-19 pandemic and current cost of living crisis, by making false promises with unrealistic guarantees.

Here are a few tips to help you stay safe from pension scammers:

- **Know who you're talking to.** Genuine organisations won't contact you out of the blue. And even if you've approached an adviser directly, you should still check their credentials. You can use the IFA register at [www.fca.org.uk/firms/financial-services-register](http://www.fca.org.uk/firms/financial-services-register) to check that they are registered. You can also confirm that an individual adviser definitely works for the company they say they're part of by checking the details on the register to confirm.
- **Know your pension.** Take time to understand your pension options and the associated rules. Pensions aren't usually accessible until you're 55 (set to increase to 57 from 2028), but a common scam involves fraudsters claiming they can help you access your benefits earlier. Heavy tax charges can apply if you claim your pension earlier than the minimum retirement age, so make sure you understand the options available at retirement and familiarise yourself with the rules that HMRC sets out.



- **Take your time.** Don't feel rushed or pressured into making a decision. Read and digest all the information you're given and take the time to speak to a regulated financial adviser.

You can find out more information by going to the ScamSmart website – an FCA hub for information on how to avoid investment and pension scams. Visit [www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart) for more information.

You can report a scam to the FCA by contacting their Consumer Helpline on 0800 111 6768 or by using the reporting form at [www.fca.org.uk/consumers/report-scam-us](http://www.fca.org.uk/consumers/report-scam-us)

## New transfer regulations

Due to the increased risk of pension scams, new rules came into place on 30 November 2021 that require trustees and pension providers to prevent pension transfers if they believe the circumstances to be suspicious.

To help protect you from pension scams, this new legislation now allows pension providers to express their concerns about your transfer under two categories, red flags or amber flags.

### Red flags

If your pension provider identifies any red flags while carrying out additional checks, they can now prevent the transfer from going ahead. This helps to protect your pension benefits from being lost.

### Amber flags

This means you could be at risk of being scammed, so you'll be referred for a free Pension Safeguarding appointment with **MoneyHelper**

Examples of when either a red or amber flag may be raised, are a member:

- Not providing sufficient information in relation to the transfer when requested to do so
- Being given financial advice from a company without the appropriate regulatory permissions
- Receiving an unsolicited request to transfer funds from their pension or feeling pressured to do so
- Wanting to transfer to a receiving scheme with high-risk, unregulated investments and/or which charges fees that are unclear or noticeably high

It's important to remember that these regulations have been introduced to make transfers safer. The extra checks involved may also make transfers slower, so please be patient if you're going through the process.

## Booklets

We are in the process of updating the booklets for the main legacy sections of the Plan. The booklet for the Dow UK section has been updated and is available on the website at [www.mydowpension.co.uk](http://www.mydowpension.co.uk)

The booklets for the DCL Section, Rohm & Haas and Hyperlast sections are also being updated and will be available in the coming months. You can view the existing booklets for these sections at [www.mydowpension.co.uk](http://www.mydowpension.co.uk)

## Jargon busting - Annual and Lifetime Allowance

One of the advantages of saving into a pension scheme is that you receive tax relief on the contributions you make. There's an Annual Allowance, which gives the maximum for tax-free contributions you can make in a given tax year – any contributions above that level will trigger an additional charge.

There's also a Lifetime Allowance which limits the total value of all the pension savings you can build up in your lifetime without incurring additional charges.

For more information on the Lifetime Allowance (or other pension guidance) try the Money Helper website at [www.moneyhelper.org.uk](http://www.moneyhelper.org.uk)

**Here are the numbers you need to know:** the current Annual Allowance for most people is £40,000 and the Lifetime Allowance for 2022/23 is £1,073,100.

# Trustee Director **update**

**There have been a number of changes to the Trustee Board since last year. Jonathan Godfree resigned from the Board and a Member Nominated Director Election has taken place to select a new Trustee Director.**

That process has just been completed and we are pleased to confirm that Kevin Blackwell has been appointed to the Trustee Board.



## **Kevin Blackwell: Member Nominated Director**

Kevin has over 40 years' experience in engineering sales, the majority of which have been spent in overseas markets. Kevin was previously a Trustee for the Kennametal Pension Scheme for five years and is also a Trustee for a charity dedicated to re-homing Rhodesian Ridgeback dogs. He enjoys beekeeping, walking and following his favourite football team.

Following the completion of the buy-in of the DCL Section it was agreed that Simon Upcott, who is the DCL Member Nominated Director, would continue as a Trustee on the Board beyond his four-year period of office. This is to provide continuity and maintain access to his historic knowledge of the DCL Section as the Section continues on its de-risking strategy.

There has also been a recent change to one of the Company Nominated Trustee Directors. Gary Dunsford's retirement from the business was postponed to March 2022 when he also stepped down as a Trustee Director. The Company has now appointed John Case as his replacement.

The Trustee would like to thank both Jonathan and Gary for their contributions whilst Trustee Directors and wish them all the best in the future.



## **John Case: Company Nominated Director**

John is Regional President for Dow UK and Ireland, heading up all operations across the region. He is also a member of Dow's Packaging & Specialty Plastics (P&SP) leadership team across EMEA, as Sales Director for North Europe. During his 22-year career at Dow, John has held multiple roles across business units including Technical, Sales, Marketing and Product Management roles, working in the UK, Switzerland & United States. Outside of Dow, within the Chemical Industry, John is a Board member for the CIA (Chemical Industry Association), which represents 190 companies within the Chemical and Pharmaceutical sector.

The current Trustee Directors are:

<b>Company Nominated</b>	<b>Member Nominated</b>
Andrew Jones (Chair)	Kevin Blackwell
John Case	Mark Bradford
Carmen Floristan	Simon Upcott
Julie Roberts	
Rob Sparling	

# Keep us updated

It's important to keep your personal details up to date, especially in light of the introduction of the Pensions Dashboard.

You can find copies of the 'Update your contact details' form for members of the Dow Services Section on our website: [www.mydowpension.co.uk](http://www.mydowpension.co.uk)

## Expression of wish forms: a reminder

We would like to remind members of the importance of completing an expression of wish form. In the event of your death, the Trustee has discretion about how to distribute any lump sum death benefits. An up-to-date expression of wish form will help the Trustee in deciding how to make those payments. The benefits are not subject to inheritance tax.

**Members of the Dow Services Section** can update their expression of wish form through [www.hartlinkonline.co.uk/mydowpension](http://www.hartlinkonline.co.uk/mydowpension) or request a paper copy of the form from:

Dow Services UK Pension Plan  
Capita Pension Solutions  
PO Box 555  
Stead House  
Darlington  
DL1 9YT

**For members of the DCL Section**, in the event of your death prior to drawing a pension, any benefits related to AVCs which you paid would be assigned at the discretion of the Trustee. For this reason, it is important that an up-to-date expression of wish form is available. This can be found on the Plan website [www.mypensionline.com/dowcorning](http://www.mypensionline.com/dowcorning) and, once completed, should be returned to the Plan Administrator. Completed forms will be scanned and held securely as an electronic copy rather than in paper form.

**Members of the AON MasterTrust** can update their expression of wish form through the personal pension page: [aonmt.tbs.aon.com](http://aonmt.tbs.aon.com) and return this to AON. This expression of wish form will also be used in case of death for paying out the lump sum.



## Get in **touch**

Finally, we hope that you find this edition of Spotlight useful. If you have any questions about your benefits, or any of the topics covered in this document, please get in touch.

Lars Strijdonk is the main point of contact for active Plan members who are still building up pension benefits through their employment with the Company. If you would like to get in touch with Lars, please email him at **feuhrtr@Dow.com**

If you have a specific question about your deferred or pensioner benefits, please visit the Plan website at: **www.mydowpension.co.uk**

Alternatively, you can contact the administrators who can help you with a range of things including:

- Requesting a retirement quotation
- Requesting a transfer quotation
- Updating your address
- General queries about the Plan

### Members of the Dow Services Section

 **Email:** [dowpensions@capita.co.uk](mailto:dowpensions@capita.co.uk)

 **Phone:** 0114 289 3377

 **Post:** Dow Services UK Pension Plan, Capita Pension Solutions, PO Box 555, Stead House, Darlington, DL1 9YT

### Members of the DCL Section

Members of the Segregated DCL Section of the Plan, can contact Aon by:

 **Email:** [DCLPensions@aon.com](mailto:DCLPensions@aon.com)

 **Phone:** 0345 602 9505

 **Post:** Dow Services UK Pension Plan, Aon, PO Box 196, Huddersfield, HD8 1EG