# Plan Booklet

February 2019

**This booklet applies to all individuals (and their dependants) who, as at 31 December 2013, had an entitlement to a pension from the Plan.**

**Please note that any terms in the text that are in red are explained further in the Glossary at the back of this booklet.**

If you are reading an electronic copy of this document:

- You can access the Glossary section by simply clicking on the 'Glossary button' on the bottom left hand corner of each page.
- To return to the page you were reading, press the button marked 'R'– R
- The 'Contents button' will take you to the Contents page and the arrow buttons will take you to the previous page or the next page.
- Click on the Contents entries to take you to that page in the document.

## Your members' booklet

This booklet applies to members of the Segregated DCL Section of the Dow Services UK Pension Plan ('the Plan'). For the avoidance of doubt, prior to the merger with the Dow Services UK Pension Plan with effect from 1 February 2018, the Plan was formerly known as the Dow Corning Limited Pension Plan. If you are on a long-term overseas assignment, you should contact the Human Resources Department for details of any special conditions that may apply to you.

The Plan offers a range of benefits to provide financial security for you and your family, both during and after your career with Dow Silicones UK Limited ('the Company'), formerly Dow Corning Limited and after you retire.

The Plan closed to the accrual of further accrued benefits on 31 December 2013 and there are no longer any contributing members.

Please note this booklet is only intended as a summary of your benefits under the Plan. Although every care has been taken to ensure the accuracy of this booklet, it is not intended to cover every detail of your Plan benefits. The full details are set out in the Plan's Trust Deed and Rules, which are the formal legal documents governing the benefits payable from the Plan. If there were any discrepancy between this booklet and the Plan's governing documents, the governing documents would prevail.

Please note that throughout this booklet a range of factors are used to illustrate how your benefits might be calculated.

The Plan's factors are reviewed regularly and may be subject to change in the future. While the Plan Trustees will endeavour to keep this booklet up to date, the factors used to calculate your benefits will be those in force at the appropriate time, irrespective of whether this booklet has been updated to show those factors. Please contact the Plan Administrator, Aon Hewitt, if you require up to date values.

For the avoidance of doubt, any Plan member who elects to transfer their entitlement to benefits out of the Plan to a separate pension arrangement would, from the point of transfer, no longer have the right to any benefits from the Plan. Following transfer, this Plan booklet would no longer apply to any such individual.

### More information

For further information about any aspect of your Plan, please contact the Administrator of the Plan, Aon Hewitt:

Aon, PO Box 196, Huddersfield HD8 1EG

Phone 0345 602 9505

or email **DCLPensions@aon.com**

You can also contact the UK Pensions Manager at:

**fpensuk@dow.com**

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Your Plan will pay

- A pension for your Spouse for life, or
- (In some circumstances) a cash sum, and
- A pension for your eligible children, and
- Additional benefits for your dependants in respect of any Additional Voluntary Contributions.

## When you retire

### You will receive

- A pension for life, or
- A tax-free lump sum, plus a lower pension.

### On your death

Your Plan will pay

- A pension for your Eligible Spouse for life, plus
- A pension for your eligible children.

## (If applicable) After you leave employment with the Company, but before you retire

### If you die

Your Plan will pay

- A pension for your Spouse for life, or
- (In some circumstances) a cash sum, and
- Additional benefits for your dependants in respect of any Additional Voluntary Contributions.

## Other benefits

### Your Plan also provides

- Annual increases to all pensions in payment.

### And gives you options to

- Retire early.
- Transfer the cash value of your Plan pension rights to another pension arrangement if you leave your Plan with the right to a pension.

# Financial protection during your career with the Company

This section applies to you if:

- you were an actively contributing Plan member on 31 December 2013, when the Plan closed to future accrual; and
- you have been, and remain, in continuous employment with the Dow group of companies since that date.

## Introduction

Members who were actively contributing to the Plan when it closed on 31 December 2013 may, for as long as they remain continuously employed by one of the Dow group of companies, be entitled to the following benefits.

## If you die during your career with the Company

**Additional Voluntary Contributions**

Your Plan will use any Additional Voluntary Contributions (AVCs) you have paid to provide additional benefits for your dependants. This may include a lump sum benefit. (Any AVC contributions paid by the Company will be used to increase benefits for your beneficiaries as tax effectively as possible). To ensure that it can be paid promptly and, under current law, free of Inheritance Tax, the Trustees have discretion to decide to whom the lump sum is paid. You are asked to guide the Trustees by stating on your Pension Nomination Form to whom you would like them to consider paying the lump sum. Although the Trustees will take your wishes into account, they are not legally obliged to do so. To help the Trustees, you should complete a new Pension Nomination Form if there is a change in your personal circumstances.

**A pension for your Spouse**

If you die during your career with the Company and before you start to draw your pension, the Plan will provide a pension for your Spouse. This pension is equal to 50% of your own pension, increased from the Plan closure date to the date of your death in line with the Plan rules for deferred pensions (for further details please refer to the section of this booklet entitled '*Inflation protection for your deferred pension*' (on page 4). The State Adjustment is also deducted immediately. If your wife, husband or Civil Partner is more than ten years younger than you, their pension will be reduced to allow for the fact that it is likely to be paid over a longer period. The reduction to their pension is 2% for each year of age difference over ten years, up to a maximum of 50%.

Special terms apply for those members with service prior to 27 October 1997 whereby a lump sum may be paid instead of all or part of the pension.

**A pension for your children**

The Plan will provide a pension for any of your children who are aged less than 18 (or under 23 if in full-time education) and were financially dependent on you at the time of your death. The pension for your children is calculated as a percentage of your own pension, increased from the Plan closure date to the date of your death in line with the Plan rules for deferred pensions (for further details please refer to the section of this booklet entitled '*Inflation protection for your deferred pension*' on page 4). The State Adjustment is also deducted immediately.

The pension for your children is allocated as follows:

| **Total children's pension as a percentage of your pension** | | | | |
|---|---|---|---|---|
| Number of eligible children | 1 | 2 | 3 | 4 or more |
| If a pension is being paid to your Spouse | 25% | 50% | 50% | 50% |
| If no Spouse's pension is payable | 40% | 60% | 80% | 100% |

# Your deferred pension

This section applies to you if you have not yet drawn your Plan pension (whether or not you remain employed by the Company).

## Entitlement to a deferred pension

You will have previously received a statement showing the Plan benefits you had accrued as at the date that you left Pensionable Service. This is known as a deferred pension. For a brief summary of how the entitlement to Plan benefits shown in your leaving service statement was calculated, please refer to the section of this booklet entitled '*Benefits when you retire*' on page 6.

## Inflation protection for your deferred pension

Your deferred pension will be increased (or 'revalued') annually from the date you left the Plan to your Normal Retirement Date in line with legal requirements. Note that if you remained in Pensionable Service until the date the Plan closed to the accrual of future benefits your date of leaving is 31 December 2013.

Following the Government's change to the statutory inflation measure for revaluation in deferment from the Retail Prices Index (RPI) to the Consumer Prices Index (CPI), deferred pension accrued before 6 April 2009 (less any Guaranteed Minimum Pension (GMP) which has its own treatment) is revalued between the date of leaving and Normal Retirement Date, in line with the increases in RPI before 2011 and then CPI from 2011 onwards, subject to an overall maximum of 5% per annum for the total period.

Deferred pension accrued after 6 April 2009 is revalued in the same way between the date of leaving and Normal Retirement Date, except that it is subject to an overall maximum of 2.5% per annum for the period.

The Company has discretion to award further increases.

The State Adjustment applied to your pension is increased prior to your retirement in the same way as your pension, as set out above.

## Additional Voluntary Contributions (AVCs)

While you were a contributing member you had the opportunity to boost your pension by paying Additional Voluntary Contributions (AVCs). Please note that following the closure of the Plan to accrual on 31 December 2013 members are no longer able to contribute to the Plan AVC arrangements.

As a deferred member, any AVCs you have paid will remain invested to provide extra benefits when you retire. Prior to retirement, your AVCs will receive deposit interest or investment returns (depending upon which provider they are held with) and are subject to tax relief.

Members' AVCs are invested separately from the Plan assets, in one or more of the following places:

- An interest bearing account, currently invested with the Principality Building Society
- A variety of funds currently with Aviva (formally Norwich Union)
- Equitable Life (no transfers in allowed)
- Clerical Medical (no transfers in allowed)

It is important to be aware that AVCs are long-term savings and cannot be drawn upon until you retire. However, you have a choice of AVC investment options which can be changed at any time. Members can move their AVCs between the choice of available funds with their current provider (if applicable), or may be able to transfer their AVCs to one of the other providers listed above (subject to availability and the provider's agreement). For further information please contact the Plan Administrator (see page 1 for details).

The value of your AVCs can also be transferred along with your other benefits if you leave the Plan.

Details of how you can use your AVCs at retirement are set out in the '*Benefits when you retire*' section of this booklet on page 6.

## Changes following the Plan closure

Please note that prior to 31 December 2013, members were able to use any AVCs paid to the separate Standard Life Group Self Invested Pension Plan (GSIPP) as part of their overall Plan retirement benefits, but following the closure of the Plan to the accrual of benefits, this option is no longer available. Any such benefits remaining with the GSIPP must be drawn according to the rules of that separate pension arrangement.

## Transferring your benefits

If you choose to transfer some or all of your benefits, including any AVCs you have paid, to another pension arrangement, the Plan Actuary will calculate their value for you using guidelines set by the Government. This is done by assessing the current cash value of your guaranteed Plan benefits, including guaranteed increases to pensions for each year up to and during retirement, based on current investment conditions. As investment conditions change, so do transfer values – they can therefore increase or decrease.

Transfer values for your Plan benefits (excluding any AVCs you have paid) are guaranteed for three months from the date on which they are calculated (known as the 'guarantee date'). The transfer value of your AVCs will be calculated at the point that they are transferred. You may request details of the transfer value available to you at no charge to you, provided you have not previously done so within the last twelve months.

Discretionary benefits are not taken into account in calculating transfer values.

## Additional note regarding transfer values

The following information is only applicable for members who meet the following criteria:

- you joined the Plan before 1 February 1989; and
- you were an active Plan member at the point when it closed to future accrual on 31 December 2013, and you have remained in continuous employment with the Dow group of companies since that date.

Your Plan pension continues to be linked to a special benefit known as the 'Rule of 85' in recognition of long-serving members. There are some specific considerations in relation to how transfer values are calculated for such members. These are summarised below.

- For the purposes of calculating your transfer value, your entitlement to retire early (without reduction) under the 'Rule of 85' will be based on your eligible service up to the date of the transfer value quotation (the 'guarantee date') and will not take into account any actual or potential future employment with the Dow group of companies after that date. This means that your Rule of 85 age may be higher than that quoted on the leaving service statement you received following the Plan closure.
- The more generous eligibility to any other benefits to which continuing employees of the Company are entitled (for example a spouse's or children's pensions on death) will not be reflected in the transfer value calculation. Instead the benefits valued will be those payable had you left employment with the Company on your 'guarantee date'.

# If you leave employment with the Company

This section applies to you if:

- you were an actively contributing Plan member on 31 December 2013, when the Plan closed to future accrual; and
- you no longer work for, or expect to leave employment with, the Company.

## Changes to your benefits on leaving employment

If you leave employment with the Dow group of companies then your entitlement to a number of Plan benefits will change.

**'Rule of 85' benefit**

For members that joined the Plan before 1 February 1989, your Plan features a special benefit known as the 'Rule of 85' in recognition of long-serving members. This relates to the earliest age at which you can elect to draw your pension without an early retirement deduction (please refer to the Glossary for further information).

Although the Plan closed to the accrual of additional pension on 31 December 2013, providing you were an actively contributing Plan member on that date you will have continued to accrue further service towards the 'Rule of 85' until you left continuous employment with the Company. This will be taken into account when determining the earliest age at which you can elect to draw your pension without an early retirement deduction.

Please see the section *Early and late retirement in other circumstances* on page 9.

**Early Retirement benefit**

If you were an actively contributing Plan member on 31 December 2013, your entitlement to Plan early retirement benefits will change after you leave continuous employment with the Company.

Please see the section *Early and late retirement in other circumstances* on page 9.

**Benefits for your family if you die**

If you were an actively contributing Plan member on 31 December 2013, the entitlement of your dependants' to benefits from the Plan on your death may change after you leave continuous employment with the Company.

Please see the section '*Benefits for your family when you die*' on page 10 for more information.

# Benefits when you retire

This section applies to all members.

When you retire you will have the option to:

- receive your benefits in the form of a pension for life, or
- exchange part of your pension for a tax-free cash sum, leaving a reduced pension.

## Your lifetime pension at Normal Retirement Date

If you retire at Normal Retirement Date, your Plan pension (ignoring any additional Temporary Pension – see below) will be based on the information set out in your leaving service benefit statement. Broadly, these benefits, measured at your date of leaving Plan service, will be equal to:

| | | | | | | |
|---|---|---|---|---|---|---|
| 19/1,000 | x | your Pensionable Salary at date of leaving | x | your Pensionable Service at date of leaving | – | the State Adjustment at date of leaving |

If you were a member of the Dow Corning Industrial Staff Pension Plan before 1 January 1992, the pension you earned up to that date will be equal to:

| | | | | | | |
|---|---|---|---|---|---|---|
| 17/1,000 | x | Your Pensionable Salary at date of leaving | x | your Pensionable Service up to 1 January 1992 | – | the State Adjustment at date of leaving |

If you were a member of the Hansil Plan prior to the merger of the two schemes, benefits for your period of Hansil Plan service are calculated differently to that shown above. For further information please contact the Plan Administrator.

Please refer to the Glossary for definitions of Pensionable Salary and Pensionable Service.

Please note that your date of leaving is the earlier of the date that you left the Plan, or 31 December 2013 when the Plan closed to the future accrual of benefits.

If you worked part time, your Pensionable Service is on a pro-rata basis for these periods.

The benefits above will be increased over the period from your date of leaving to your retirement to broadly keep pace with price inflation, in line with the Plan rules. More information on how your benefits will increase before retirement can be found in the '*Your deferred pension*' section on page 4.

## State Pension Age

In addition to your Plan pension, you are eligible to receive an income from the State from State Pension Age. There have been a number of changes to the State Pension recently, further information on which can be found at **https://www.gov.uk/new-state-pension**. You can find out in advance how much State Pension you may expect to receive from State Pension Age via the website.

Up to date State Pension Age information can be found at **https://www.gov.uk/state-pension-age.** A summary of this information, which was correct at the time this booklet was produced, can be found in the Appendix.

## The State Adjustment

Your Plan was integrated with the Basic State Pension. During your time as a contributing member, your contributions were based on your earnings above a level which was broadly equal to the Basic State Pension and a State Adjustment is deducted from your Plan pension when you retire to take into account the Basic State Pension you were expected to receive.

The State Adjustment is calculated using the following set formula, as defined under the Plan rules:

| | | | | |
|---|---|---|---|---|
| 1/40 | x | your Pensionable Service at date of leaving | x | the Basic State Pension for a single person at date of leaving |

If you were a Plan member between 6 April 1978 and 5 April 1988, the State Adjustment will also allow for the pension you earned from the State Earnings-Related Pension Scheme (SERPS) between these dates. There are no changes to the State Adjustment on account of the introduction of the new State Pension from April 2016.

Please note that your date of leaving is the earlier of the date that you left the Plan, or 31 December 2013 when the Plan closed to the future accrual of benefits.

The State Adjustment will be increased over the period from your date of leaving to your retirement to broadly keep pace with price inflation, in line with the Plan rules. More information on how the State Adjustment will be increased before retirement can be found in the '*Your deferred pension*' section on page 4.

## Additional Temporary Pension

If you are below State Pension Age when you retire, your Plan will pay you an additional Temporary Pension. This is equal to the State Adjustment and is payable until you become eligible to receive your State pension. This extra benefit was designed to ensure that your income remained at a broadly constant level throughout your retirement and is increased each year in line with normal pension increases.

## Additional Voluntary Contributions (AVCs)

The Trustees have discretion as to how you can use your AVCs on retirement. You will be allowed to take all of your AVCs as cash (provided that this does not exceed your maximum tax-free cash entitlement). Any AVCs that are not taken as cash can be used to buy a pension in the Plan or you can buy a pension from another provider. Note, these are the policy intentions of the Trustees but they can change in the future.

Currently, on retirement at age 60, each £1 of annual pension bought with your AVCs will cost £22.59. These factors may be subject to change in future. On your death, your Spouse will receive a pension equal to half of the pension bought with your AVCs. This will be paid in addition to the main Plan pension payable for your spouse. If you do not wish to buy a spouse's pension, then each £1 of annual pension will currently cost £20.99.

# A tax-free cash option at retirement

This section applies to all members.

At retirement you will have the option to exchange some of your pension (over and above the GMP part) for a tax-free cash sum. Please note that all of the rates of conversion shown in this section may be subject to change in the future.

The rate at which you can exchange pension for cash depends on your age when you retire. For example, on retirement at age 60, you would currently receive £20.99 in cash for each £1 of annual pension exchanged. In this example, the 'commutation factor' is 20.99.

The amount of tax-free cash you can take is restricted by the Revenue (HMRC).

The calculation of the maximum cash sum depends on the rate at which the Plan converts pension into cash.

The table opposite illustrates the approximate maximum cash sum at retirement as a multiple of your initial pension (before any pension is given up for cash). As noted above, these terms can change and therefore, the maximum cash you may receive is subject to change.

| Age | Equivalent maximum cash sum as a multiple of initial pension | Plan Commutation Factor (CF) |
|---|---|---|
| 55 | 5.20 | 23.62 |
| 56 | 5.17 | 23.11 |
| 57 | 5.15 | 22.59 |
| 58 | 5.12 | 22.06 |
| 59 | 5.09 | 21.53 |
| 60 | 5.06 | 20.99 |
| 61 | 5.03 | 20.45 |
| 62 | 4.99 | 19.91 |
| 63 | 4.96 | 19.37 |
| 64 | 4.92 | 18.83 |
| 65 | 4.89 | 18.28 |

You will also be able to take additional cash if you have paid AVCs. The Trustees also have discretion as to how you can use your AVCs on retirement. Assuming that you take your AVCs as a tax-free cash lump sum (up to the maximum allowed and assuming the Trustees' current policy applies at retirement), your new maximum tax-free lump sum becomes:

| | Approximate cash at retirement including AVCs |
|---|---|
| If AVC fund is greater than or equal to Initial Plan Pension (excl AVCs) x 6.67 | ((Initial Pension x 20) + (AVC fund)) x 0.25 |
| If AVC fund is less than Initial Plan Pension (excl AVCs) x 6.67 | ((Initial Pension x 20 x CF) – (AVC fund x 3 x CF))/(20 + (3 x CF)) PLUS AVC fund where CF = Plan Commutation Factor for age at retirement (see table above) |

# How pensions are paid and increased

This section applies to all members.

After you start to draw your pension, it is payable monthly for life by the Trustees and is subject to income tax. Payment will be made directly to a UK bank or building society account.

Pension increases are normally applied to pensions in payment annually in April in line with the increase in Retail Prices Index (RPI) for February (except for increases to any GMP, which increase in line with statutory orders).

The Plan guarantees to increase your pension in retirement (over and above any GMP where applicable) by the rate of RPI up to 5% a year.

Following the Government's change to the statutory inflation measure for pension increases, if you have GMP, from State Pension Age your GMP earned after 6 April 1988 will be increased by the rate of CPI up to 3% a year. The State no longer provides further increases when CPI is higher than 3% in any year.

# Early & late retirement

Your entitlement to benefits on early and late retirement depends on your employment status at your chosen retirement date.

## Early and late retirement while in continuous employment with the Company

This section applies to you if:

- you were an actively contributing Plan member on 31 December 2013, when the Plan closed to future accrual; and
- you have been, and remain, in continuous employment with the Dow group of companies since that date.

If this does not apply to you, see the '*Early retirement in other circumstances*' section on page 9 for the benefits which will apply to you.

### Early retirement

You may retire early and draw your benefits at any time from age 55. Trustee and/or Company consent may be required but currently such consent is being granted. Please note that if you are an employee of the Company at the time, drawing your pension in this way is separate from, and does not affect, your employment.

Your pension is calculated in the same way as at Normal Retirement Date, but allowing for increases to the date of your early retirement. Then the pension is reduced at a rate calculated by the Plan Actuary to allow for the longer period over which it is likely to be paid.

For members that were actively contributing to the Plan when it closed on 31 December 2013 and have remained in continuous employment with the Dow group of companies since then, the current early retirement reduction factor is 4% for each year (1/3% for each month) between the date you retire and age 60. Based on these factors, if you were to retire at age 55, your pension would be reduced by 20%. These reduction factors are subject to change.

For members that joined the Plan before 1 February 1989, your Plan features a special benefit known as the 'Rule of 85' in recognition of long-serving members. Under the Rule of 85, your early retirement pension will not be reduced if, at retirement, the total of your age plus your Rule of 85 service equals 85 or more. Your Rule of 85 service is the period of time that you were in Plan Pensionable Service. In addition, for members who were actively contributing when the Plan closed to future accrual on 31 December 2013, the period of your continuous employment with the Dow group of companies after 31 December 2013 will also count towards the accrual of your Rule of 85 service.

**Example (a)**

For example, if you:

- had actively contributed to the Plan for 25 years up until 31 December 2013;
- then remained in continuous employment with the Company for a further 3 years until your 57th birthday;
- then, on your 57th birthday, wanted to draw your Plan pension;

the sum of your age (57) and Rule of 85 service (28) would be 85 so there would be no reduction to your pension, even though you would be choosing to draw your pension 3 years early.

If the sum of your age and Rule of 85 service is slightly less than 85 at the date you wish to retire, the Rule of 85 can still be advantageous. The reduction in your pension will be calculated according to the number of years to go before you would qualify under the Rule of 85 if this is less than the number of years before your 60th birthday.

**Example (b)**

For example, if you:

- had actively contributed to the Plan for 23 years up until 31 December 2013;
- then remained in continuous employment with the Company for a further 5 years until your 55th birthday;
- then, on your 55th birthday, wanted to draw your Plan pension;

the sum of your age (55) and Rule of 85 service (28) would be 83. There would therefore be 1 year to go before you would qualify under the Rule of 85 (at which point your age would be 56 and you would have a total of 29 years' Rule of 85 service had you remained in employment with the Company, totalling 85 as required), so your pension would be reduced by 4% rather than the usual full early retirement reduction of 20% (5 x 4%).

If you work part time, accrual of Rule of 85 service is on a pro-rata basis for these periods.

After 31 December 2013, if you return to work immediately following a period of Statutory Maternity/Paternity Leave there will be no interruption in your Rule of 85 service. If you do not return to work immediately following any such leave (or at all), your Rule of 85 service will cease on the date your Statutory Maternity/Paternity Leave finished.

## Late retirement

If you continue working for the Company beyond your Normal Retirement Date you may elect to defer the commencement of your pension. Your pension is calculated in the same way as at Normal Retirement Date and is then increased at a rate calculated by the Plan Actuary to allow for the shorter period over which it is likely to be paid. The late retirement factors may be subject to change.

# Early and late retirement in other circumstances

This section applies to you if:

- You no longer work for the Company; or
- You still work for the Company, but the section above does not apply to you.

## Early retirement

You may be able to retire early and draw your benefits at any time from age 55 subject to Trustee and/or Company consent. Your pension is calculated in the same way as at Normal Retirement Date, but allowing for increases to the date of your early retirement. Then the pension is reduced at a rate calculated by the Plan Actuary to allow for the longer period over which it is likely to be paid. The current early retirement reduction factor is 5% compound for each year between the date you retire and age 60. Based on these factors, if you were to retire at age 55, your pension would be reduced by 23%. These reduction factors are subject to change.

For members that joined the Plan before 1 February 1989, your Plan features a special benefit known as the 'Rule of 85' in recognition of long-serving members. Under the Rule of 85, your early retirement pension will not be reduced if, at retirement, the total of your age plus your Rule of 85 service equals 85 or more. Your Rule of 85 service is defined as the period of time that you were actively contributing to the Plan. In addition, for members who were actively contributing when the Plan closed to future accrual on 31 December 2013, the period until you ceased continuous employment with the Dow group of companies after 31 December 2013 will also count towards the accrual of your Rule of 85 service.

**Example (c)**

For example, if you:

- had actively contributed to the Plan for 26 years up until 31 December 2013;
- then remained in continuous employment with the Company for a further 1 year, before leaving the Company;
- then spent several years away from employment with the Company;
- then, on your 58th birthday, wanted to draw your Plan pension;

the sum of your age (58) and Rule of 85 service (27) would be 85 so there would be no reduction to your pension, even though you would be choosing to draw your pension two years early.

If the sum of your age and Rule of 85 service is slightly less than 85 at the date you wish to retire, the Rule of 85 can still be advantageous. The reduction in your pension will be calculated according to the number of years to go before you would qualify under the Rule of 85 if this is less than the number of years before your 60th birthday.

**Example (d)**

For example, if you:

- had 20 years of Plan Pensionable Service (some part-time) up until 31 December 2013;
- then remained in continuous employment with the Company for a further 6 years, before leaving the Company;
- then spent several years away from employment with the Company;
- then, on your 55th birthday, wanted to draw your Plan pension;

the sum of your age (55) and Rule of 85 service (26) would be 81. There would therefore be 4 years to go before you would qualify under the Rule of 85 (at which point your age would be 59 and you would have a total of 26 years' Rule of 85 service, totalling 85 as required), so your pension would be reduced by 19% rather than the usual full early retirement reduction of 23%.

If you worked part time, accrual of Rule of 85 service is on a pro-rata basis for these periods.

After 31 December 2013, if you return to work immediately following a period of Statutory Maternity/Paternity Leave there will be no interruption in your Rule of 85 service. If you do not return to work immediately following any such leave (or at all), your Rule of 85 service will cease on the date your Statutory Maternity/Paternity Leave finished.

## Late retirement

If you wish to defer the commencement of your pension, you will need the agreement of the Trustees. If late retirement is permitted your pension is calculated in the same way as at Normal Retirement Date and is then increased at a rate calculated by the Plan Actuary to allow for the shorter period over which it is likely to be paid. The late retirement factors may be subject to change.

# Benefits for your family when you die

## If you die in retirement

This section applies to all members.

The Plan continues to protect your family on your death after retirement by providing:

**A five-year guarantee**

If you die within five years after starting to draw your pension, your pension will continue to be paid to any Eligible Spouse until the end of that period. At the end of the five-year period, your Eligible Spouse will receive the usual spouse's pension (see below). If you are not married or in a Civil Partnership when you die, the outstanding balance of your pension payments to the end of the five-year period will be paid as a lump sum. The Trustees have discretion to decide to whom this benefit is paid. To help them make a fair decision when paying this benefit, you should keep your Pension Nomination Form up-to-date.

**A pension for your Eligible Spouse**

The Plan will provide a pension for your Eligible Spouse. This pension is equal to 50% of your Plan pension, less the State Adjustment, but including the value of any increases since you retired and ignoring any reduction made at retirement in exchange for tax-free cash. This pension is payable to your Eligible Spouse for life.

If you are married at your date of death but do not satisfy the conditions of an Eligible Spouse, then your spouse will not be eligible for the spouse's pension discussed above. However, under legislation your spouse may be entitled to a different spouse's pension, dependent on your circumstances, as a consequence of the Plan being contracted out of the State Second Pension, and prior to that, SERPS. It is not possible within the booklet to summarise the benefits and the eligibility. If you think that this may apply to you please contact the Plan Administrator (see page 1 for details).

If your wife, husband or Civil Partner is more than ten years younger than you, their pension will be reduced to allow for the fact that it is likely to be paid over a longer period. The reduction to their pension is 2% for each year of age difference over ten years, up to a maximum of 50%.

**A pension for your children**

Your Plan will provide a pension for any of your children who are aged less than 18 (or under 23 if in full-time education) and were financially dependent on you at the time of your death. The pension for your children is calculated as a percentage of your own pension, less the State Adjustment, but including the value of any increases since you retired and ignoring any reduction made at retirement in exchange for tax-free cash.

The pension for your children is allocated as follows:

| Total children's pension as a percentage of your pension | | | | |
|---|---|---|---|---|
| Number of eligible children | 1 | 2 | 3 | 4 or more |
| If a pension is being paid to your spouse | 25% | 50% | 50% | 50% |
| If no spouse's pension is payable | 40% | 60% | 80% | 100% |

## If you die during your career with the Company

This section applies to you if:

- you were an actively contributing Plan member on 31 December 2013, when the Plan closed to future accrual; and
- you have been, and remain, in continuous employment with the Dow group of companies since that date.

If this does not apply to you, see the '*If you die before retirement after leaving employment with the Company*' section below for the benefits which will apply to you.

If you die during your career with the Company please see '*Financial protection during your career with the Company*' on page 3.

## If you die before retirement after leaving employment with the Company

This section applies to you if:

- you no longer work for the Company; or
- you still work for the Company, but the section above does not apply to you.

**Additional Voluntary Contributions**

Your Plan will use any Additional Voluntary Contributions (AVCs) you have paid to provide additional benefits for your dependants. This may include a lump sum benefit. (Any AVC contributions paid by the Company will be used to increase benefits for your beneficiaries as tax effectively as possible). To ensure that it can be paid promptly and, under current law, free of Inheritance Tax, the Trustees have discretion to decide to whom the lump sum is paid. You are asked to guide the Trustees by stating on your Pension Nomination Form to whom you would like them to consider paying the lump sum. Although the Trustees will take your wishes into account, they are not legally obliged to do so. To help the Trustees, you should complete a new Pension Nomination Form if there is a change in your personal circumstances.

**A pension for your Spouse**

If you die before you start to draw your pension, the Plan will provide a pension for your Spouse. This pension is equal to 50% of your own pension, increased from the date you left Pensionable Service to the date of your death in line with the Plan rules for deferred pensions (for further details please refer to the section of this booklet entitled '*Inflation protection for your deferred pension*' on page 4). The State Adjustment is also deducted immediately. If your wife, husband or Civil Partner is more than ten years younger than you, their pension will be reduced to allow for the fact that it is likely to be paid over a longer period. The reduction to their pension is 2% for each year of age difference over ten years, up to a maximum of 50%.

Special terms apply for those members with service prior to 27 October 1997 whereby a lump sum may be paid instead of all or part of the pension.

**Children's benefits**

For this category of member, the Plan does not provide benefits for your children if you die before retirement.

# Contributions

## Contributions

The Plan closed to future accrual on 31 December 2013. Members are no longer able to contribute to the Plan. The Company continues to contribute to the Plan in line with its obligations to ensure that the Plan can pay benefits as and when they fall due. The Plan finances are reviewed by the Actuary at least once every three years to determine the cost of the benefits. As a result, the Company's contribution may vary over time.

## Benefits from other sources

HM Revenue & Customs ('the Revenue') sets overall limits on the pension benefits you can receive, so it is important that you give details of any pension you are entitled to receive from another source.

Following the closure of the Plan on 31 December 2013, the transfer of members' benefits from other pension arrangements into the Plan is no longer accepted.

# Divorce

If you are party to divorce proceedings, or dissolution proceedings in the case of a Civil Partnership, you may be required to provide information in respect of your finances. Included as part of this will be information in respect of the pension benefits you have accrued as a member of the Plan and any other pension arrangements you have.

It is expected that the value of your pension benefits would be taken into account as part of divorce proceedings.

Your pension benefits will be valued at the divorce date as if you had asked for a transfer value of the benefits at that time.

There are three main ways in which the Courts may take account of your pension benefits:

1. 'Offsetting' The courts could simply offset the value of your pension benefits against other assets, leaving your pension benefits with the Plan intact.
2. 'Attachment' (or 'Earmarking') For proceedings that start on or after 1 July 1996, the Courts can make an 'earmark' order against your pension benefits. Broadly speaking, the order is to direct the Trustees to pay part of your pension benefits to your former spouse, once they come into payment.
3. 'Pension Sharing' For proceedings that start on or after 1 December 2000, the Courts have the power to order the sharing of your pension rights with your former spouse. 'Pension sharing' enables the Courts to direct part of the value of your pension rights to be paid, at the time of the divorce, to your former spouse, this being used to provide a pension for your former spouse in their own right when they retire. **Please note that any funds allocated in this way by the Courts cannot be retained within the Plan. Instead they must be transferred to a separate pension arrangement.**

## Initial provision of information

The initial part of divorce proceedings will include providing your solicitor or the Court with information in respect of the Plan and your pension benefits accrued.

If you become party to a divorce and require such information, the Trustees of the Plan are permitted to make charges for work undertaken in respect of divorce proceedings. If you require the Trustees to undertake such work on your behalf, you will be issued in the first instance with a 'Schedule of Charges'. This schedule details what would be charged for and the scale of charges that would be levied to you and/or your spouse and is based on the standard scale of charges set out by the Pensions and Lifetime Savings Association.

# Other information

## Your benefits are not assignable

Your Plan benefits are strictly personal and cannot be assigned to any other person or used as security for a loan. Any attempt to do so may result in loss of benefits.

Please note however, that should you divorce, the court has certain powers to allocate a proportion of your Plan benefits to your ex-spouse.

## Tax and Social Security

Your Plan is approved by the Revenue under Section 150(2) of the Finance Act 2004. This provides special tax treatment for your benefits within certain allowances. With effect from the 2016/17 tax year, changes were made to the tax free allowances, and you are advised to read this section carefully.

**Annual Allowance**

The 'Annual Allowance' is an overall limit on pension contributions and benefits earned in any tax year (6 April to 5 April).

Following the closure of the Plan to future accrual of benefits on 31 December 2013, Plan benefits will not normally count towards a member's Annual Allowance usage.

**Lifetime Allowance**

The Lifetime Allowance is the tax-free limit on the total value of pension savings, at retirement, from all sources. The value of each benefit is added together and measured against the Lifetime Allowance.

For final salary schemes, the value of benefits will be 20 times the pension payable.

Pensions already in payment before 6 April 2006 will be valued as 25 times the pension payable.

Any benefits you receive at retirement in excess of the limit will be subject to additional tax at 25% if paid as a pension (income tax is payable in addition) or 55% if paid as cash.

The Lifetime Allowance for most people for the tax year ending 5 April 2019 is £1,030,000. This will be indexed annually in line with the Consumer Prices Index (CPI).

The new allowances will only affect you if you exceed them and the majority of people will not be affected.

If tax charges are incurred you will have the responsibility for paying these.

The Plan also meets the contracting-out requirements as set out in the Pension Schemes Act 1993 and Pensions Act 1995.

## Winding-up your Plan

The Company and Trustees aim to maintain a high level of security for your benefits and the Plan finances are kept under regular review.

In the unlikely event that at some point in the future the Company is no longer able to support the Plan (for example, because it becomes insolvent), the Plan's assets would be used to provide benefits for members and their families. If the Plan's assets on winding-up were insufficient to pay all benefits in full, the shortfall would become a debt on the Company.

If, in such circumstances, the Plan was ultimately left with insufficient money to pay pensions in full, the Pension Protection Fund (PPF) may step in and take on responsibility for paying the Plan's pensions (although there are upper limits on the amount of pension/ compensation the PPF can provide). The cost of running this protection scheme is met by pension schemes nationally, including the Plan. For more information about the Pension Protection Fund and the benefits it would provide, go to **www.pensionprotectionfund.org.uk.**

If you have any concerns about the security of your Plan, please contact the Plan Administrator (see page 1 for details) or the Human Resources Department. Copies of the latest actuarial valuation and the Trustees' Annual Report and Accounts can be provided.

## Data protection

The Trustee holds personal details about you that are essential for running the Plan. From 25 May 2018, new EU regulation, the General Data Protection Regulation ('GDPR') replaced the Data Protect Act. The aims of the new regulation are:

- To give people more say in how their personal information is used; and
- To improve security by standardising the way organisations throughout the UK store and use personal information.

The Trustees and some of the Trustee's advisers are Data controllers under the new regulations and members and dependants can view the Data Controllers' Privacy Notices, which explain how data is processed and how the Data Controllers' obligations are met, at

**www.mypensionline.com/dowcorning**

**www.willistowerswatson.com/personal-data**

**www.aon.com/unitedkingdom/products-and-services/human-capital-consulting/aon-hewitt-actuarial-services-privacy-statement.jsp**

# General pension contacts

## Pension plan registration

Details of the Plan have been forwarded to the Department of Work and Pensions (DWP). If in the future you should wish to contact the DWP (for example, if you leave and lose touch with the Company), you can write to:

Pension Tracing Service
Mail Handling Site A
Wolverhampton
WV98 1LU

## The Pensions Regulator

The Pensions Regulator is responsible for supervising and enforcing the laws governing the running of UK company pension plans. The Pensions Regulator has wide ranging powers, including the authority to intervene in the running of plans where trustees, employers or professional advisers have failed in their duties.

The Pensions Regulator may be contacted by writing to:

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW

## Help with pension problems

The Trustees aim to ensure that you do not have cause for complaint in your dealings with your Plan. Pension queries or problems can usually be resolved quickly on an informal basis via the Administrator (see page 1 for details) or through the Human Resources Department. However, a formal procedure is in place for resolving disagreements that cannot be settled informally.

The formal Internal Dispute Resolution Procedure is available on request from the Administrator or the Human Resources Department. There are several stages to the formal dispute resolution procedure. The first involves raising the issue formally with the Human Resource and Communications Department at the address shown below. You can, if you wish, refer your query to The Pensions Ombudsman. The Pension Ombudsman deals with complaints and disputes which concern the administration and/or management of occupational and personal pension schemes.

The Pension Ombudsman operates an Early Resolution Service in addition to its Adjudication Service. The Early Resolution Service is available to members to raise concerns, or just to discuss a potential complaint with a member of their team. The aim of the service is to provide a quick, informal and streamlined process and does not expect you to first use the Scheme's Internal Dispute Resolution Procedure.

Alternatively, the Pensions Ombudsman may investigate and determine any complaint or dispute of fact or law in relation to occupational pension schemes, providing you have been through the Internal Disputes Resolution Procedure in the first instance.

Both can be contacted at 10 South Colonnade Canary Warf, London E14 4PU Tel: 0800 917 4487

## Full details and further information

This booklet is your guide to the current benefits and conditions of membership for members of the Plan as at November 2018. More detail about the Plan is given in the Trust Deeds, which are the legal documents governing the running of the Plan. Each year the Trustees produce a formal Report and Accounts for the Plan. Highlights from the accounts are included in a newsletter.

If you wish to inspect the Trust Deeds, or request a copy of the formal Report and Accounts for your Plan, please contact the Scheme Administrator or the Human Resources Department (see page 1 for details). You can also ask them to provide a statement of your individual Plan benefits and guidance on AVC contributions.

# Glossary

## Career

The period of your continuous employment with the Dow group of companies.

## Civil Partner

A partner legally recognised under the Civil Partnership Act 2004.

## Eligible Spouse

**For members that left Plan service before 31 December 2013:**

The spouse or Civil Partner to whom you are legally married to at your date of death, provided that your marriage took place before the earlier of:

- the date you left service in the Plan; and
- the date of your retirement.

If you are married at your date of death but do not satisfy the conditions of an Eligible Spouse, then your spouse will not be eligible for the spouse's pension discussed in this booklet. However, under legislation your spouse may be entitled to a different spouse's pension, dependent on your circumstances, as a consequence of the Plan being contracted out of the State Second Pension, and prior to that, SERPS. It is not possible within the booklet to summarise the benefits and the eligibility. If you think that this may apply to you please contact the Plan Administrators.

**For members that ceased Pensionable Service when the Plan closed to the future accrual of benefits on 31 December 2013:**

The spouse or Civil Partner to whom you are legally married to at your date of death, provided that your marriage took place before the earlier of:

- the date that you cease continuous employment with the Dow group of companies; and
- the date of your retirement.

If you are married at your date of death but do not satisfy the conditions of an Eligible Spouse, then your spouse will not be eligible for the spouse's pension discussed in this booklet. However, under legislation your spouse may be entitled to a different spouse's pension, dependent on your circumstances, as a consequence of the Plan being contracted out of the State Second Pension, and prior to that, SERPS. It is not possible within the booklet to summarise the benefits and the eligibility. If you think that this may apply to you please contact the Plan Administrators.

## Guaranteed Minimum Pension ('GMP')

This is the minimum pension which the Plan must provide as one of the conditions of contracting out for pre 6 April 1997 service.

While you were a contributing member you paid reduced National Insurance contributions because your Plan was 'contracted-out' of the State Second Pension (S2P), previously the State Earnings Related Pension Scheme (SERPS). Your S2P benefit was replaced by a pension from the Plan. As a condition for contracting-out of S2P, the Plan provided benefits at a higher rate than a 'reference scheme'. The level of reference scheme benefits is set by the Government. Prior to 6 April 1997, the terms for contracting out were different. Those members who were actively contributing between 6 April 1988 and 5 April 1997 receive a pension of at least the value of their Guaranteed Minimum Pension ('GMP'). This benefit is broadly equivalent to the benefit SERPS provided.

## Normal Retirement Date

The last day of the month in which your 60th birthday falls.

## Pensionable Salary

Your Reference Salary (your Basic Salary prior to NICE Pensions) is increased by 5%, plus any permanent shift allowance you receive.

At retirement, your benefits will be based on your highest Pensionable Salary in any 12 month period of Plan membership in the 60 months before the earlier of:

- the date you retire, or
- the date that you leave your Plan, or
- 31 December 2013 when the Plan closed to the future accrual of benefits.

If you have worked shifts for at least 15 years and come off shift at the Company's request prior to 31 December 2013 and within 5 years of retirement, a proportion of the current shift allowance will normally count towards your Pensionable Salary at retirement.

## Pensionable Service

The number of continuous years and complete months you are a member of the Plan, up to a maximum of 40 years. Service with the Dow group of companies after 31 December 2013 will not count towards your Pensionable Service. Any continuous Pensionable Service completed as a member of the Albright & Wilson and Midland Silicones pension arrangements will also count.

## Pension Nomination Form

You are asked to complete and keep up-to-date your Pension Nomination Form. In the event of your death this will be used to guide the Trustees to whom you would like them to consider paying any lump sum death benefits that you may be eligible to from the Plan. These benefits may include:

- If you die during your career with the Company your Plan may provide a cash refund of any Additional Voluntary Contributions (AVCs) you have paid.
- If you die within five years of starting to draw your pension and are not married when you die, then your Plan will pay the balance of your pension payments to the end of the five-year period as a lump sum.

For the avoidance of doubt, the Pension Nomination Form relates only to Plan benefits. Any other death benefits you may receive which are linked to your employment with the Company will be dealt with by a separate nomination form. You should contact HR if you are unsure of what is required in relation to such separate benefits.

## Retire

References in this booklet to 'retirement' should be interpreted as drawing your pension from the Plan. This may be at a different date to your retirement from employment.

## Rule of 85

This benefit only applies to members that joined the Plan before 1 February 1989.

Your Plan features a special benefit known as the 'Rule of 85' in recognition of long-serving members. Under the Rule of 85, your early retirement pension will not be reduced if, at retirement, the total of your age plus your Rule of 85 service equals 85 or more. Your Rule of 85 service is the period of time that you were actively contributing to the Plan. In addition, for members who were actively contributing* when the Plan closed to future accrual on 31 December 2013, the period of your continuous employment with the Dow group of companies after 31 December 2013 will also count towards the accrual of your Rule of 85 service, for as long as you retain benefits within the Plan.

Please note that service towards the Rule of 85 is different to Pensionable Service. All remaining Pensionable Service in the Plan ceased on 31 December 2013 as a result of the closure of the Plan to accrual of benefits.

** Please note that there are some Plan members based overseas who, prior to 31 December 2013, were not actively contributing to the Plan but continued to accrue Rule of 85 service during that time. For such members, the period of your continuous employment with the Dow group of companies after 31 December 2013 will also count towards the accrual of your Rule of 85 service, for as long as you retain benefits within the Plan (in the same way as other members).*

## Spouse

The spouse or Civil Partner to whom you are legally married at your date of death.

The definition of Spouse is different to the separate definition of Eligible Spouse, which applies in certain circumstances. Please see the separate definition of Eligible Spouse for further details.

# Appendix

## State Pension Age

Up to date State Pension Age information can be found at **https://www.gov.uk/state-pension-age.**

**If your date of birth is before 6 December 1953, currently:**

For men born prior to 6 December 1953, State Pension Age is 65.

For women born prior to 6 April 1950, State Pension Age is 60. From April 2010 the State Pension Age for women started to increase to age 65 to bring it into line with that for men. The Government has since increased the pace of that change, and a woman born on 6 November 1953 will now have a State Pension Age of 65. The table below shows how women born between 6 April 1950 and 6 November 1953 will be affected:

| Woman's date of birth | State Pension Age | Year State Pension is payable |
|---|---|---|
| 6 April 1950 | 60 yrs 1 mth | 6 May 2010 |
| 6 October 1950 | 60 yrs 7 mths | 6 May 2011 |
| 6 April 1951 | 61 yrs 1 mth | 6 May 2012 |
| 6 October 1951 | 61 yrs 7 mths | 6 May 2013 |
| 6 April 1952 | 62 yrs 1 mth | 6 May 2014 |
| 6 October 1952 | 62 yrs 7 mths | 6 May 2015 |
| 6 April 1953 | 63 yrs 3 mths | 6 July 2016 |
| 6 October 1953 | 64 yrs 9 mths | 6 July 2018 |
| 6 November 1953 | 65 yrs 0 mth | 6 November 2018 |

**If your date of birth is after 5 December 1953, currently:**

From December 2018, the State Pension Age for both men and women will then start to increase to reach 66 by October 2020, as shown in the table below:

| Date of birth | State Pension Age | Year State Pension is payable |
|---|---|---|
| 6 December 1953 | 65 yrs 3 mths | 6 March 2019 |
| 6 April 1954 | 65 yrs 7 mths | 6 November 2019 |
| 6 October 1954 | 66 yrs 0 mths | 6 October 2020 |
| 6 April 1955 onwards | 66 yrs 0 mths | Your 66th birthday |

From May 2026, the State Pension Age for both men and women will rise again to reach 67 by March 2028, as shown in the table below:

| Date of birth | State Pension Age | Year State Pension is payable |
|---|---|---|
| 6 April 1960 | 66 yrs 1 mth | 6 May 2026 |
| 6 May 1960 | 66 yrs 2 mths | 6 July 2026 |
| 6 June 1960 | 66 yrs 3 mths | 6 September 2026 |
| 6 July 1960 | 66 yrs 4 mths | 6 November 2026 |
| 6 August 1960 | 66 yrs 5 mths | 6 January 2027 |
| 6 September 1960 | 66 yrs 6 mths | 6 March 2027 |
| 6 October 1960 | 66 yrs 7 mths | 6 May 2027 |
| 6 November 1960 | 66 yrs 8 mths | 6 July 2027 |
| 6 December 1960 | 66 yrs 9 mths | 6 September 2027 |
| 6 January 1961 | 66 yrs 10 mths | 6 November 2027 |
| 6 February 1961 | 66 yrs 11 mths | 6 January 2028 |
| 6 March 1961 onwards | 67 yrs 0 mths | Your 67th birthday |

From May 2044, the State Pension Age for both men and women will rise again to reach 68 by March 2046, as shown in the table below:

| Date of birth | State Pension Age | Year State Pension is payable |
|---|---|---|
| 6 April 1977 | 67 yrs 1 mth | 6 May 2044 |
| 6 May 1977 | 67 yrs 2 mths | 6 July 2044 |
| 6 June 1977 | 67 yrs 3 mths | 6 September 2044 |
| 6 July 1977 | 67 yrs 4 mths | 6 November 2044 |
| 6 August 1977 | 67 yrs 5 mths | 6 January 2045 |
| 6 September 1977 | 67 yrs 6 mths | 6 March 2045 |
| 6 October 1977 | 67 yrs 7 mths | 6 May 2045 |
| 6 November 1977 | 67 yrs 8 mths | 6 July 2045 |
| 6 December 1977 | 67 yrs 9 mths | 6 September 2045 |
| 6 January 1978 | 67 yrs 10 mths | 6 November 2045 |
| 6 February 1978 | 67 yrs 11 mths | 6 January 2046 |
| 6 March 1978 | 68 yrs 0 mths | 6 March 2046 |
| 6 April 1978 onwards | 68 yrs 0 mths | Your 68th birthday |

However, the Government is considering how the State Pension Age should change in the future. This may mean that the timetable for increases to 68 will be revised.