



SPOT LIGHT

**Dow Services
UK Pension Plan
2021**



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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



And for members of the DCL Section, you are unable to manage your pension online but you can opt in for digital communications by completing the contact form on the DCL website **www.mypensiononline.com/dclsection/forms.aspx**



Don't forget to visit our website to find out more information about your pension and retirement options:

For Dow Services Section:
www.mydowpension.co.uk

For DCL Section:
www.mypensiononline.com/dclsection

Audio version

To help our visually impaired members, we now provide audio versions of Spotlight on our website: **www.mydowpension.co.uk**

Chair's Introduction

The COVID-19 pandemic continues to dominate our lives as the UK's vaccination programme rolls out. The economy continues to recover, but our role as Trustee remains the same – to monitor the Plan's development and to make any changes we feel are necessary to protect the Plan and all members' best interests.

Inside, you can read how the Plan's funding position is developing in our latest Summary Funding Statement. I am pleased to report that, despite the challenges of the last couple of years, the effects of the pandemic have had little 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 a decision to reduce the risk in the investment portfolio by lowering the allocation to equity holdings and increasing the allocation to cash and fixed interest investments, and further risk reduction is likely to occur if the opportunity arises. We also include the usual updates from the accounts and investments.

In wider pensions news, we look at the ongoing threats of cybercrime and pension fraud; announce the introduction of a late retirement process alongside our new retirement guide; give notice of an MND election in 2022; and provide an update on where to find out more about the Plan on the websites and in the 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 take appropriate actions for the Plan and monitor the Plan's assets and investment managers' performance. In last year's Spotlight we were pleased to report that the assets of the Plan had recovered well.

For more information on the investment strategy please see the Statement of Investment Principles, located under Trustee documents on the website www.mydowpension.co.uk/useful-documents

During the year to 31 December 2020 the market value of the assets continued to grow as you can see below.

Value of assets

	At 31 December 2019	At 31 December 2020
Dow Section of the Plan	£1,076m	£1,136m
DCL Section of the Plan	£549m	£625m

Performance of the assets

	Year %	3 Years % p.a.	5 Years % p.a.	Since Inception % p.a.
Dow Section DB Assets	8.7	6.0	8.3	8.7
DCL Section DB Assets	18.2	10.0	12.4	-

Figures for the DCL Section assets for 3 and 5-year performance include the period returns prior to the transfer date. The investment performance of the two Sections will fluctuate independently as the Sections have developed different investment strategies over time (particularly prior to the merger).

How the assets are allocated

As mentioned in the 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 market volatility. 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 tables below illustrate the changes.

DCL Section Asset Allocations

	Previous target %	New target %
Equities	26%	7.5%
Hedge funds	9%	-
Property	7%	5%
Insurance-linked securities	4%	-
Fixed income	12%	27.5%
Liability Driven Investments	42%	60%

Dow Services Section Asset Allocations

	Previous target %	New target %
Developed equities	13.3%	5.5%
Emerging equities	4.2%	2%
UK fixed interest gilts	37%	35%
UK inflation linked gilts	10%	10%
Investment grade credit	18%	17.5%
Global real estate	5%	2.5%
Infrastructure & private equity	2.5%	2.5%
Credit alternatives	5%	5%
Reinsurance	5%	2.5%
Cash Plus	-	17.5%



Summary Funding Statement

The formal triennial actuarial valuation as at 31 December 2018 was agreed and signed in March 2020.

Dow Services Section

The 2018 actuarial valuation report showed that the funding level of the Dow Services Section was 92.8%. The Trustee and Company agreed a recovery plan to remove the 7.2% deficit by 28 February 2024. This plan includes an annual review of the funding position that triggers contributions from the Company. These contributions will be at least £5m a year but could increase to £30m a year until the funding level reaches 100%. The funding update at 31 December 2020 disclosed a funding level of 101% with the DB assets valued at £1,100m and the Section's liabilities calculated by the Scheme Actuary at £1,092m. As the fund currently has sufficient assets to pay all anticipated pension liabilities, the need for company contributions has been removed for the time being. Further information can be found at www.mydowpension.co.uk/news

DCL Section

The funding level of the DCL Section disclosed in the 2018 actuarial valuation report was 99%. The funding update at 31 December 2020 showed a funding level of 115% with the DB assets valued at £616m and the Section's liabilities calculated by the Scheme Actuary at £538m.

Following the 2018 actuarial valuation report, the Trustee and Company agreed a funding-based contribution plan. The position is reviewed every 3 months and Company contributions are triggered if the Section has a deficit. Further information can be found at www.mypensionline.com/dclsection/documents.aspx

The funding of both Sections has improved since December 2018 due to positive investment returns over the course of 2020, combined (to a much lesser extent) with the positive impact of contributions from the Company. Please note that it is expected both Sections' funding levels will vary over time, as both economic and investment market conditions change.

Funding level

	At 31 December 2018	At 31 December 2020
Dow Section of the Plan	93%	101%
DCL Section of the Plan	99%	115%

Market value of DB assets

	At 31 December 2018	At 31 December 2020
Dow Section of the Plan	£915m	£1,100m
DCL Section of the Plan	£483m	£616m

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/news

We have included the summary of the membership at 31 December 2020 and the analysis of contributions paid to, and the payments made from, the Plan during the year to 31 December 2020.

The Trustee Report & Accounts is independently audited by Deloitte.

Membership

At 31 December 2020, the Plan's membership looked like this:

Dow Services Section

Active members ¹	Deferred members ²	Pensioner members ³	Total
45	2,567	3,465	6,077

DCL Section











Active members ¹	Deferred members ²	Pensioner members ³	Total
N/A	557	730	1,287

¹ Members who are currently building up pension benefits through their company employment.

² Members who have left the Plan but keep the right to pension benefits when they retire.

³ Members who are currently receiving their pension benefits.

Contributions and Benefits

The value of assets at 31 December 2019			The value of assets at 31 December 2020		
	Dow Services Section	£1,076m		Dow Services Section	£1,136m
	DCL Section	£549m		DCL Section	£625m
The net increase in the value of the assets over the reporting year					
	Dow Services Section	£88.2m		DCL Section	£95.3m
The total value of Company contributions paid to the Plan plus Transfers In during the year					
	Dow Services Section	£10.7m		DCL Section	£1.8m
The total value of expenses/benefits plus Transfers Out paid to members during the year					
	Dow Services Section	£39.2m		DCL Section	£21.2m

Pension scams: our new scam site for staying alert and keeping safe

To help you and your pension stay safe, we have launched our new webpage to help you combat pension scams. It can be found at www.mydowpension.co.uk/pension-scams

The last year has seen an increase in pension scam activity. The tactics that scammers use are evolving all the time, but there are some red flags which you can easily look out for to avoid falling victim to a pension scam:

- Reject unexpected offers - If you're contacted out of the blue about a pension opportunity, it's likely to be high risk or a scam.
- Always check who you are dealing with - Check the Financial Services Register, which will tell you if the company who is contacting you is registered by the Financial Conduct Authority (FCA).
- Get help and advice - If you are seriously considering transferring your pension arrangements then consider getting financial guidance or advice before you do, either from MoneyHelper via the website www.moneyhelper.org.uk or an independent financial adviser.

State Pension and tax allowances

The State Pension for 2021/22 is £179.60.

You can read more about the State Pension at www.gov.uk/state-pension. If you haven't yet reached your State Pension age, you can find out whether you're eligible and when you'll be able to claim it.

In April's budget, the Chancellor announced that the Lifetime Allowance for pension savings would be frozen for five years at the current level of £1.073 million. The Lifetime Allowance limits the amount of pension you can build up before being subject to an additional tax charge.

There's also an Annual Allowance that limits how much you can pay into pension schemes in a year and still receive tax relief. This remains at £40,000 for 2021/22 unless your taxable income is over £200,000, in which case your allowance might be reduced. You can find out more about this at www.mydowpension.co.uk/im-an-active-member/limits-on-what-you-can-save

Retirement process and the new late retirement policy

Who will contact me?

As you approach your Normal Retirement Age for the Plan, you will be contacted by the administrator – for the Dow Services Section that is Capita and for the DCL Section it is Aon.

It's important to keep them informed of any changes to your home address so that they can contact you and make sure your benefits can be paid on time.

When will it happen?

We appreciate that any decisions about your pension are important and to make sure you have enough time, the process will begin about six months before your Normal Retirement Age. If you are not sure when that is, check your latest Annual Benefit Statement or have a look at the booklets on the Plan website:

For Dow Services Section: www.mydowpension.co.uk/useful-documents

For DCL Section: www.mypensiononline.com/dclsection/documents.aspx

If you have not heard from your administrator about two or three months before your Normal Retirement Age, please get in touch – the contact details are on page 12.

What will I need to do?

When they write to you there will be a number of steps to follow. If you need help at any stage, please contact the administrator. The administrator will set out your benefits and any choices you have about how they are paid to you. You may also be asked to provide documents to verify that you are a member of the Plan, along with your current address and bank details. This may include documents such as your birth and marriage certificates.

What choices will I have?

In most cases one of the main decisions will be whether to take your full pension or give up part of that pension for a one-off tax-free lump sum. Your quotation will show the full pension figure – your Dow Services pension is payable as an annual pension for your lifetime and will be paid monthly.

Your quotation will also show the maximum tax-free cash lump sum you can take and how that affects your annual pension. You can opt to take any amount of cash up to the maximum tax-free allowance and your pension would then be reduced accordingly. If you have DC benefits or AVCs, see last year's Spotlight for more information about your choices at retirement: www.mydowpension.co.uk/useful-documents

Can I take my benefits earlier?

For most, the answer will be yes, but it's not always straightforward. At the moment, the law allows you to take your benefits at age 55* or over, but remember that your pension will be reduced to reflect this earlier payment. For more information on early retirement please contact your administrator – Capita for Dow Services members and Aon for DCL Section members.

**The Government has confirmed that the minimum retirement age will rise from 55 to 57 in 2028, to coincide with the rise in the State Pension Age to 67. If you are considering taking early retirement in 2028 or later, you will need to take this into account.*

Can I delay the payment of my benefits after Normal Retirement Age?

The Trustee has just agreed a formal "late retirement policy". The highlights of this policy are:

- You can delay the payment of your benefits twice – but you need to tell your administrator
- Your benefits will be adjusted to reflect late payment
- The latest age for payment will be 70
- If you die after your Normal Retirement Age, but before benefits are put into payment, the benefits paid to your dependants will be calculated as though you were a deferred member
- If you are an active member still employed by Dow and defer your retirement, the benefits on death will be different. For more information, please contact Capita for the Dow Services Section and Aon for the DCL Section.

Can I take a transfer value before retirement?

If you are thinking about transferring out your benefits, please bear in mind that it can be a lengthy process taking six months or more to complete. It may take longer if you are based outside the UK. Also, the Plan, in most cases, cannot transfer out benefits after your Normal Retirement Age, so it is very important to start the process early if you are approaching retirement. You should contact the pension administrator to request a transfer value. Contact details can be found in the 'Get in touch' section on page 12.

If your transfer value is £30,000 or more, and you wish to transfer your benefits, you must take advice from an independent financial adviser who is authorised and regulated by the Financial Conduct Authority (FCA).

Where to get financial information and guidance

MoneyHelper offers a single place for you to find out about your money and pension choices. All the information and guidance is free to use, impartial and backed by government. This includes links to further, trusted support if needed. Visit the MoneyHelper website for more information: www.moneyhelper.org.uk

Trustee Director **update**

There has been a recent change to one of the Company Nominated Trustee Directors. Saltanat Weiss has stepped down to enable her to concentrate on her role within Dow's Portfolio Investments team, where she helps manage the Plan's investments.



Carmen Floristan

The Company has now appointed Carmen Floristan as her replacement. Carmen works within Finance as EMEA Strategic Planning Director in Horgen. Carmen is already somewhat familiar with the UK Pension Plan from her experience in Portfolio Investments from 2008 to 2014. In addition, she also has pension-specific experience as board member of the Dow Iberica's Pension Plan (2008-2015), of the Dow International Service Trust (2020-present) as well as Chairman of the International Pension Plan (2020-present). In 2021, she has also been appointed Chairman of the Investment Committee as well as Board Member of the Stichting Dow Pensioenfond in the Netherlands. This, combined with her general knowledge and experience, made Carmen an ideal candidate to bring a wide range of expertise to the UK Pension Plan.

The full list of Trustee Directors is detailed below:

Andrew Jones (Chair)	Company Nominated
Rob Sparling	Company Nominated
Julie Roberts	Company Nominated
Jonathan Godfree	Member Nominated
Gary Dunsford	Company Nominated
Simon Upcott	Member Nominated
Mark Bradford	Member Nominated
Carmen Floristan	Company Nominated

Gary Dunsford is retiring from the business next year and as a result will step down as a Trustee. Gary has been a Trustee of the Plan and the previous Dow Corning Scheme for over 10 years and we would like to thank him for his contribution. The Company are planning to appoint John Case as a replacement Trustee. We will include more information in next year's Spotlight.

Please keep an eye out next year for information on the re-selection of the Member Nominated Director (MND) from the DCL Section of the Plan. Simon Upcott's four-year period of office will come to an end in the summer and we will be contacting members of the Segregated DCL Section about the nomination and selection process.

For more information on becoming an MND, please see the summary of the MND arrangements for the Plan under Trustee documents on our website: www.mydowpension.co.uk/useful-documents

The Pensions Regulator also has lots of information on being a Trustee. For more details visit their website: www.thepensionsregulator.gov.uk/en/trustees

Keep us **updated**

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 Section of the Plan can update their expression of wish form through www.hartlinkonline.co.uk/mydowpension or request a paper copy of the form from 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/dclsection/forms.aspx 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: <https://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.

Communicating online

We would like to communicate with you digitally, as we see this as the most efficient and environmentally friendly way to keep you informed about your pension and the Plan.

What do I need to do?

We will notify members via email once documents are available to view so if you haven't already done so, please provide us with your private email address*.

For members of the Dow Services Section this can be done through www.hartlinkonline.co.uk/mydowpension

For members of the DCL Section this can be done by completing the contact form on the DCL website: www.mypensionline.com/dclsection/forms.aspx

**this will enable us to keep in contact should you leave Dow in the future.*

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 websites at:

Dow Services Section members:
www.mydowpension.co.uk/

DCL Section members:
www.mypensionline.com/dclsection

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**

 **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

 **Email:** **DCLPensions@aon.com**

 **Phone:** 0345 602 9505

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