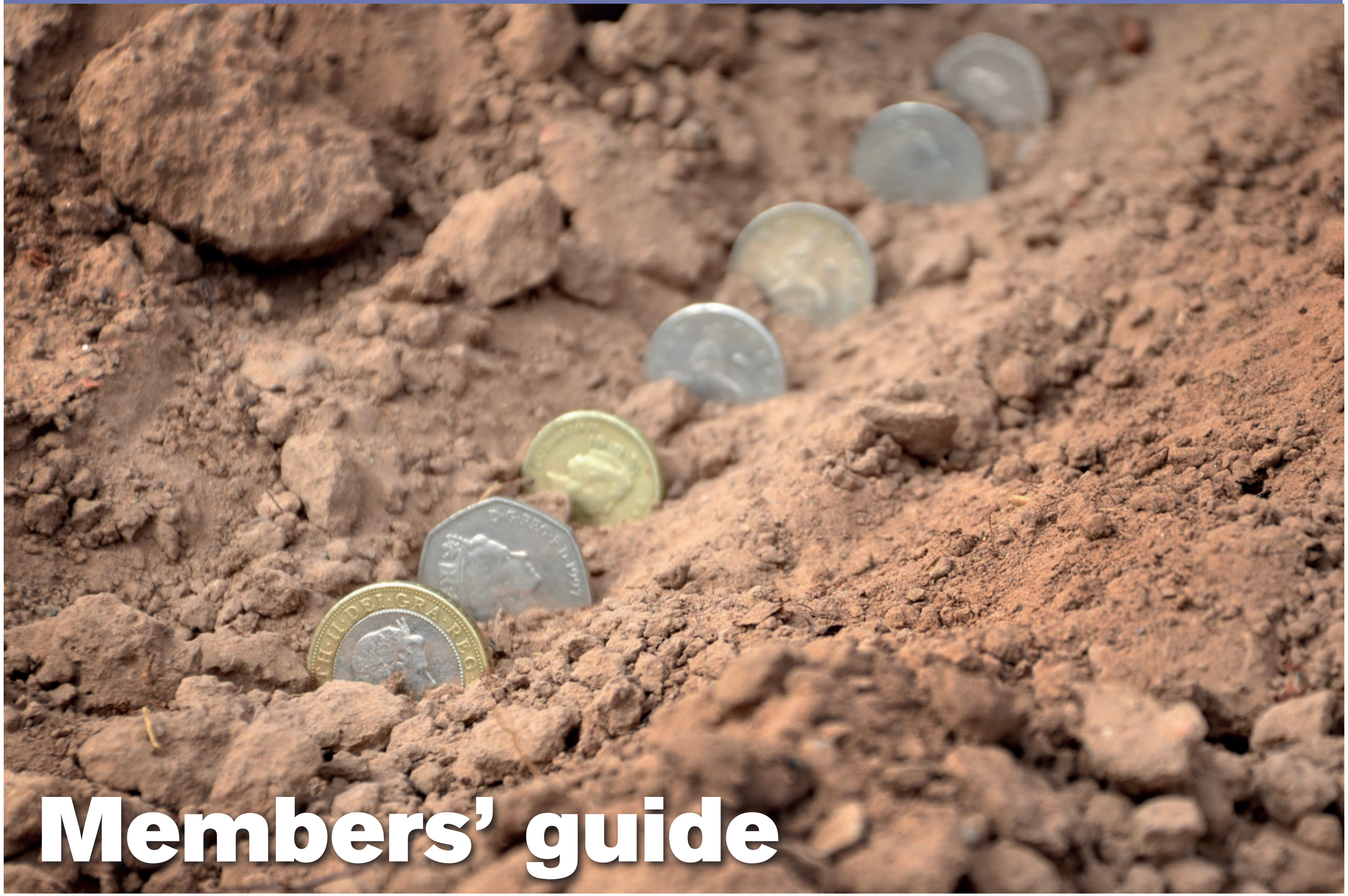

Members' guide

Defined contribution (DC) section

A valuable benefit

As a Hanson UK employee you have the opportunity to join the Hanson Industrial Pension Scheme (HIPS) defined contribution section (the scheme), which provides valuable benefits. It is a money purchase arrangement, which means it operates like a long-term savings plan for you to enjoy in your retirement – and it has been designed to give you choice and flexibility.

From 1 August 2013, the company was required by law to enrol certain workers into the scheme automatically, although these workers have the right to opt out during the month following their automatic enrolment and be treated as never having been a member of the scheme.

Those whom the company is not required to enrol automatically may still choose to join the scheme unless they were automatically enrolled but opted out within the previous 12 months. The company has circulated information setting out its automatic enrolment obligations and those workers to whom they apply.

There are two types of members in the scheme: *Basic auto-enrolment* and *Enhanced DC*. If you joined the section before May 1, 2013 and have remained a member since then, you are an *Enhanced DC* member. If you were automatically enrolled or chose to join the section on or after May 1, 2013, you are a *Basic auto-enrolment* member. You can apply to become an *Enhanced DC* member, but the company has complete discretion as to whether to allow you to do so. As at the date of this publication, any person aged 16 or over but under state pension age may apply to become an *Enhanced DC* member.

Your contributions and the company's are invested in your pension account in the way you choose. If you do not wish to choose an investment approach there is a default fund which will automatically apply. Your account becomes available to purchase the type of pension you choose at the time you decide to retire, provided you have passed your 55th birthday or have had to retire due to incapacity. This pension will be in addition to your state pension.

This publication is a summary of how the scheme works and answers key questions. It does not go into as much detail as the legal document governing the scheme – its "trust deed and rules". If there are any differences between the trust deed and rules from time to time in force and this publication, the trust deed and rules will apply.

The publication does not give any right to particular levels of contributions or benefits. The company reserves the right to change the scheme.

Please read this publication carefully – if you have any further questions, contact the scheme administrator Capita Employee Benefits (**see page 27**).

Terms used in your publication

Some of the terms used in this publication have specific meanings

- **Basic auto-enrolment member** – a person who is not an *Enhanced DC member*.
- **Enhanced DC member** – a person who has been a member of the DC section since before May 1, 2013 or who the company has invited to become such a member and has applied to do so.
- **Normal retirement date** – your 65th birthday, although you can choose to retire at other ages subject to agreement from the company and the trustees.
- **Pensionable salary** – your basic salary plus any items declared by the company to be pensionable, such as overtime etc.
- **Pensionable service** – your last (or only) period of membership of the DC section.
- **Incapacity** – a physical or mental illness which the company considers is serious enough to prevent you from doing your normal job, or which seriously impairs your earning ability. You will not be treated as suffering incapacity if you do not submit to such medical examination or provide such medical evidence as the company or the trustees may require. If you are below age 55, you will have to provide evidence from a registered medical practitioner that you are, and will continue to be, incapable of doing your normal job because of your physical or mental illness.
- **Lifetime allowance** – the overall limit set by the government as the amount of benefits which can be paid to you from all the pension schemes of which you are a member without having to pay additional tax. The lifetime allowance for the 2013/14 tax year is £1.5m and, for the 2014/15 tax year, is £1.25m.
- **Salary link member** – an *Enhanced DC member* who, when the final salary sections of the scheme closed to accrual on September 30, 2010, chose to keep the link between his or her accrued final salary benefits and any future pay increases.
- **Final pensionable salary** – your highest pensionable salary in any period of 12 consecutive months within your last three years' service.
- **Smart Pensions** – where you agree to a reduction in your gross salary equivalent to your member pension contributions and the company pays your contribution. If you participate in Smart Pensions your pensionable salary is not reduced.

Main features of the scheme

Basic auto-enrolment members

Your regular contributions and those of the company will be phased in (as permitted by the legislation) as follows:

Date	Member	Company
1 August 2013 – 30 September 2017	1%	1%
1 October 2017 – 30 September 2018	3%	2%
1 October 2018 onwards	5%	3%

The actual cost is less than this because you receive tax relief on your contributions at the time you make the contribution. Your contribution is calculated before tax is paid on your earnings.

Enhanced DC members

Your regular contributions and the company's contributions will be the same as those of a *Basic auto-enrolment* member until you have worked for the company continuously for six months. On reaching six months' service, your contributions and the company's will change to the *Enhanced DC* member rate you have chosen.

You can choose the level of your regular contributions between 3% and 5% of your pensionable salary. However, the actual cost is less than this because you receive tax relief on your contributions at the time you make the contribution. Your contribution is calculated before tax is paid on your earnings.

You will be credited with company contributions between 5% and 10% of your pensionable salary (between 3% and 5% if you are a *Salary link* member) as set out below.

Salary link members

member	company
3%	3%
4%	4%
5%	5%

All other *Enhanced DC* members

member	company
3%	5%
4%	7.5%
5%	10%

Payment of your contributions

Unless you have opted out, you will make your contributions using the Smart Pensions arrangement. This means you agree to a reduction in your gross pay and in return the company makes the contributions for you.

- You can also choose to pay extra voluntary contributions in excess of 5%, but the company contribution will not be more than 10% (or 5% if you are a *Salary link* member).

Benefits provided

- There are a range of investment options available, including 'lifestyle' which makes the investment decisions for you.
- There is also a choice of benefits on retirement – you can take a cash sum and/or a spouse's pension to start on your death.
- You can choose protection against inflation for pensions in payment.
- If you are an *Enhanced DC* member, you receive free life cover for the duration of your pensionable service in the scheme

equal to four times your final pensionable salary. This benefit is provided as soon as you apply for and are granted membership of the section, even though the contribution tiers applicable to *Enhanced DC* members will not apply until you have been employed by the company for six months. For *Enhanced DC* members who have worked for the company continuously for six months, there is also a pension for your spouse or civil partner of up to 30% of your final pensionable salary if you die in pensionable service.

- If you die as a *Basic auto-enrolment* member, the value of your account will be used to provide a benefit for one or more of your dependants.
- You have the option to transfer the value of your account if you leave.

Contents

1 Membership

How do I join?

The company will automatically enrol you into the scheme if you are eligible. If you are not eligible to be automatically enrolled, you may opt to join, provided you have not previously been automatically enrolled and then left the scheme within the previous 12 months. You can opt to join by contacting Capita Employee Benefits (**see page 27**).

If you join or re-join the DC section, you will do so as a *Basic auto-enrolment* member unless you accept the company's invitation to apply to become an *Enhanced DC* member and complete an application form as explained below. Currently, all UK employees aged 16 or over but under state pension age are invited to become *Enhanced DC* members.

When you join the scheme as a *Basic auto-enrolment* member, you should complete the expression of wish form. This will inform the trustees to whom you would like any benefit to be payable in the event of your death. This form will be sent to you when you join the scheme but is also available from Capita Employee Benefits. You can also find the form, together with the application form to become an *Enhanced DC* member on the Hanson UK intranet under HR/pensions or on the new pensions website.

Alternatively, please contact HR Services at The Ridge, Chipping Sodbury, Bristol BS37 6AY ukhr.adminteam@hanson.com 01453 316000

Before you complete the application form it is important that you read the investment section of this booklet (**see page 14**). As soon as you apply to Capita Employee Benefits for *Enhanced DC* membership, you will be provided with life cover.

Can I transfer in benefits from previous schemes?

Yes, if you have benefits in other pension schemes you can normally arrange to transfer the cash value into the scheme. You will have to choose how you want this invested and there may be an administrative charge. For further details, contact Capita Employee Benefits (**see page 27**).

Can I continue with my existing pension arrangements?

Yes. It is possible for you to pay contributions into other pension schemes while you are a member of the scheme, but you should inform the provider of any other arrangement that you are a member of the Hanson scheme and you should also inform Capita Employee Benefits that you are a member of the other arrangement.

Can I opt out of the scheme while still remaining in employment?

Yes, you can leave the scheme at any time and make your own pension arrangements. You will need to request an opt-out form from Capita Employee Benefits and follow the instructions on the form.

- If you are automatically enrolled into the scheme and opt out within one month, you will be treated as having never been a member of the DC section. The same may apply if you choose to opt into pension scheme membership but opt out within a month, depending on which category of worker you fall into for the automatic enrolment requirements.
- If you have been a member for more than one month, your options will generally be the same as described on **page 20** (as if you were leaving employment). You should bear in mind that the company will not make any further contributions to the scheme on your behalf and, if you are an *Enhanced DC* member, your life cover and the right to a spouse's pension payable on your death will stop. You should also consider where your retirement income will come from.

If I opt out of the scheme can I rejoin at a later date?

Yes, but the company will decide whether to offer you *Enhanced DC* or *Basic auto-enrolment* membership.

2 Contributions

See pages 5 and 6 for membership contributions

Can I change my regular contributions?

Enhanced DC members can choose to pay one of the other rates shown in the table and the company's contributions will automatically switch to the rate shown against it. You can make only one change a year, which will become effective on January 1. So, if you want to change your regular contributions you must tell Capita Employee Benefits by November 1 of the previous year.

Can I pay more?

Yes, you can pay additional voluntary contributions (AVCs) and these, together with your regular contributions, can be up to 100% of your pensionable salary. If you want to pay AVCs (or a one-off AVC at any time) please contact Capita Employee Benefits. Note that the company does not increase its contributions as a result of your AVCs.

Will I receive tax relief on my contributions?

Yes. If you have opted out of Smart Pensions, your contributions will be deducted from your pensionable salary before tax so you will automatically receive income tax relief at your highest rate. This tax credit is automatically provided by the PAYE system, so you do not need to do anything. Smart Pensions contributions are made free of both income tax and National Insurance. In each case, the investment gain on your pension account is free of capital gains tax.

What happens to the contributions?

Your contributions, together with those from the company, are paid into a pension account which the trustees hold on your behalf. The account is then invested by a professional firm of investment managers who are independent from the company and the trustees. All funds in the scheme are entirely separate from the assets of the company and cannot be loaned to or used by the company in any way.

Will I receive regular updates?

Yes, you will receive an annual benefit statement so you can see how your account is progressing. This will show the contributions made, the value of your account at the date the statement was issued and your projected pension at your normal retirement date or other chosen retirement date. These projections are based on the market annuity rates in force at the time of the projection. The pension you will be able to secure at retirement will depend on the market annuity rates in force at your retirement, which may secure a higher or lower pension than that contained in your projections. You should remember that the value of your pension account can fall as well as rise and that past performance is not a guide to future performance.

What happens if I work part time?

Your contributions are based on your actual pensionable salary irrespective of the hours worked.

What happens to my benefits if I am on maternity or paternity leave?

Your membership of the scheme will continue. The company will continue to credit your fund (for as long as you are in receipt of maternity or paternity pay) based on the pensionable salary you would have received had you remained in service: this is your 'notional pensionable salary'. If you have opted out of Smart Pensions, your contributions will be based on the actual pensionable salary you receive. The company will not pay contributions to make up the difference in your own contributions between your actual and notional pensionable salary. If your contributions are made through Smart Pensions, the company will continue to credit your fund based on your notional pensionable salary. Life cover, if applicable, will continue to be provided throughout your leave.

If you do not return to work at the end of your maternity or paternity leave, you will be treated as leaving service and benefits will be payable as described on **page 20**.

What happens to my benefits if I am absent from work due to illness?

If you are still being paid as if you were working normally (including through a permanent health insurance arrangement), your pension contributions and those of the company will continue as normal. If your pensionable salary is reduced, your pension contributions and those of the company will be based on your reduced pensionable salary.

If you are not paid during your absence, no company contributions will be payable and you will not be required to contribute. You will cease to be an active member of the DC section and will not be entitled to death in service benefits.

3 Investment

What are my options for investing my pension account?

You have a choice of funds into which your contributions can be invested. If you do not wish to make a choice, they will be invested in the default option for the scheme. The default option and investment options available to members are explained in the investment guide (as amended from time to time). To obtain a copy of the investment guide, please contact Capita Employee Benefits.

The investment options that you choose will have a direct impact on the amount of money available when you retire. You should note that because HM Revenue and Customs will not allow your pension to start before you are 55 (unless you are suffering from incapacity), your pension account may be invested for a long time. It is, therefore, very important that you make the investment choices that are right for you. The company and the trustees are not responsible for the choices you make and cannot advise you on them. If you wish to seek financial advice before making an investment decision, you can find advice on how to find a financial adviser in your area at:

www.moneyadviceservice.org.uk/en/articles/when-and-where-to-get-pensions-help-and-advice

4 Retirement

When you reach your normal or chosen retirement date, you will use your pension account to provide a benefits package to suit your particular needs. If you continue to work for the company after age 65, you may continue to pay contributions and the company will also continue to contribute. Not everyone wants to continue working to age 65 so there is the option to retire from age 55 onwards, provided the company agrees.

What will I receive at retirement?

The scope and level of your benefits package will depend on the funds available in your account. This will be affected by a number of factors:

- **how much has been paid in** – a member who has paid additional voluntary contributions will have a larger account than a member who has not.
- **how long you have been a member** – an individual who has been a member over a long period is likely to have a larger account than one who joined the scheme only a short while before retirement.
- **how well the investments have performed** – consistently good performance will boost the value of a member's account.
- **how old you are at retirement** – a member retiring early will need a larger account to buy the same level of pension as one retiring at normal retirement date.
- **how much the pension costs** – the level of interest rates at the time a member retires affects the cost of purchasing a pension. The lower they are, the higher the cost.

What benefit options will I have at retirement?

When you retire you have to choose how to take your benefits from the scheme. Currently, you have to choose to buy the type of pension that best suits your personal circumstances. In addition to a pension for yourself, you may (but don't have to) choose one or more of the following options:

- to take up to 25% of your account as a tax-free cash sum.
- a pension when you die for your dependants.
- increases to your pension each year.
- a five-year pension guarantee period so that if you die within the first five years of retirement, a cash sum equal to the balance of five years' pension, based on the amount of your pension at date of death, will be paid. Under current legislation, this cash sum is tax free.

A change in the law is expected to take place on 6 April 2015 to give more flexibility to take DC benefits as cash or as a "drawdown" fund, rather than in the form of a pension. It is likely that at retirement you would be able to exercise a drawdown option (should you choose to do so) by transferring the proceeds of your account from the scheme to a different arrangement. At the time of this publication, the change to the law has not yet been finalised and so the trustee and the company have not yet decided what – if any – changes to make to the DC section as a result. This publication will be updated following any such changes and you will be informed of your options at retirement.

You alone are responsible for the consequences of your benefit choices. You choose the insurance company which will provide the type of pension you want. Insurance companies offer different rates so it will pay to shop around. If you do not choose the insurance company, the scheme's trustees may choose an insurance company for you. They cannot be held responsible if the pension they organise for you and your family is not on the best terms then available or most suitable for you.

Can I retire before normal retirement date?

Yes, provided your employer agrees, you will be able to retire from age 55 onwards. Obviously, your account balance will be smaller than if you had continued membership until normal retirement date. Early retirement pensions are also more expensive to buy as they will be paid for longer.

What happens if I retire due to ill health?

If you retire after age 55 due to incapacity and if the company consents, you will immediately be able to use your pension account to purchase a benefits package to suit you.

If you retire before age 55 due to incapacity, you will be able to retire only if you provide evidence from a registered medical practitioner that you are and will continue to be incapable of doing your normal job because of your incapacity. The company will also need to give its consent.

Will my pension be increased after retirement?

There is no legal requirement for your pension to be increased once in payment, but you may choose to have a lower starting pension which will increase in an agreed way, typically in line with inflation up to a limit (eg 2.5% or 5%).

How will my pension be paid?

Your pension is payable for life. It will normally be paid monthly direct to your bank or building society account and will be taxed under the PAYE system.

5 Death

What happens if I die in employment?

If you die while in employment as an *Enhanced DC* member, the following benefits will be paid:

- a cash sum equal to four times your final pensionable salary at date of death. Your final pensionable salary will be calculated as if you had not been making contributions through Smart Pensions.
- a cash sum equal to the value of your own contributions plus any part of your account which you have transferred into the scheme from another pension arrangement, plus any Smart Pensions contributions.
- a pension payable to your spouse or civil partner equal to 30% of your final pensionable salary, which will be calculated as if you had not been making contributions through Smart Pensions. If you were a member in pensionable service under the scheme's final salary sections, or in the Castle Pension Scheme or Castle Supplementary Pension Scheme when they closed to future accrual on 30 September 2010, the amount of the pension payable to your spouse, civil partner or dependant under the DC section will be reduced by the amount of any pension payable under the final salary sections, or the Castle schemes. If there is no spouse or civil partner, the pension may be paid at the trustees' discretion to one or more of your dependants.

Provided that you have sufficient unused lifetime allowance, the cash sums payable if you die while a member of the scheme will be paid free of tax.

If you die in employment as a *Basic auto-enrolment* member, a tax-free cash sum equal to the balance of your account will be payable.

Who receives the tax-free cash sum?

The trustees are responsible for deciding who will receive the cash sum payment. This means that any payment would currently be free of inheritance tax.

You can help the trustees in making their decision by completing an expression of wish form on which you state the people you would like to receive the benefit. The trustees will try to follow your wishes but cannot be legally bound by them.

All members should complete an expression of wish form and return it to Capita Employee Benefits. If your circumstances change in the future (for example, if you get married or divorced), you should complete a new form. Forms are available from Capita Employee Benefits (**see page 27**). It is important to ensure that an expression of wish is in place if it is someone other than your next of kin you wish the trustees to consider for receipt of any benefits.

What happens if I die after retirement?

This depends on the decisions you made when you retired as to how you wanted to use your accumulated fund (**see page 16**). If you made provision for a spouse's or dependant's pension on your death, this will now become payable.

6 Leaving

If you leave the company before benefits can start to be paid from your pension account, you have to decide whether to transfer your pension account or leave it in the scheme. A transfer may be possible to the pension scheme of your new employer or to a personal pension or stakeholder pension arrangement. You will be given a statement of your pension account, usually within two months of the date your pensionable service ended.

If you have completed less than two years' pensionable service when you leave and have not had transferred into your pension account a payment from a personal pension or stakeholder scheme, you will (until 2015) be given a refund of the value of your own contributions (but not Smart Pensions contributions) less tax (currently at the rate of 20%). In 2015, the law is expected to change to prohibit refunds of contributions from the scheme where there has been a short period of service. As an alternative, you will have the option of having a cash transfer sum (which would include company contributions and Smart Pensions contributions) paid to another scheme of your choice, perhaps a pension scheme operated by your new employer.

If you have completed two years' or more pensionable service or have had a transfer from a personal pension or stakeholder scheme, your pension account, including the company contribution, will remain in the scheme and:

- you will be given an annual statement about your account so you can still make investment choices about your account (**see page 14**).
- your account will be available to purchase a pension on your chosen retirement date or, with the trustees' agreement, at any earlier date after your 55th birthday which you request (or earlier still if you are suffering from incapacity).
- the choices about the type of pension which will apply are the same as those described on **page 16**.
- no further contributions can be added to your account.
- you can ask for a transfer of your account to another arrangement at any time before the date which is one year before your normal retirement date and you can ask for a free transfer value quote once every 12 months; and

- if you die before benefits start to be paid from your account, the value of your pension account will be paid as a tax-free lump sum (**see page 18**) or alternatively to purchase a pension for your spouse or civil partner or, if you have no spouse or civil partner, for one or more of your dependants as the trustees choose. You should notify the trustees about your wishes for the recipients of the lump sum and dependant's pension by completing an expression of wish form, which is available from Capita Employee Benefits.

You must tell Capita Employee Benefits if you change your address or marital status. You should from time to time consider whether to update your expression of wish form.

Pension Tracing Service

If you have changed jobs in the past, or a former employer has been taken over, you may have money in pension schemes that you have difficulty in locating. The government's Pension Tracing Service can help you claim your pension rights. You can contact the Pension Tracing Service at:

The Pension Service 9
Mail Handling Site A
Wolverhampton
WY98 1LU
Telephone: 0845 6002 537
www.gov.uk/find-lost-pension

7 The state pension

Will I still receive a pension from the state?

Yes, provided you have made sufficient National Insurance contributions.

- currently, two different types of state pension are available: the basic state pension and a state second pension (which used to be called SERPS). Both pensions are payable from state pension age, which is currently increasing for both men and women depending on their dates of birth.
- in April 2016, the current state pension arrangements are due to be replaced with a new single-tier state pension, which will apply to people who reach their state pension age after that date.

For more information on National Insurance contributions, visit
www.hmrc.gov.uk/ni/intro/index.htm

8 General information

Who runs the scheme?

The scheme is looked after by trustees who are responsible for protecting members' interests and for ensuring it operates according to the trust deed and rules. The trustees, some of whom are nominated by members, employ several professional advisers to assist them in the smooth running of the scheme. Capita Employee Benefits is the scheme administrator. The trustees also produce an annual report and accounts. A copy is available on request from Capita Employee Benefits.

What is the scheme's tax status?

The scheme is a registered pension scheme. This brings the following tax advantages:

- you receive income tax relief on your contributions
- the cash sums paid on retirement or death are currently tax free, subject to the lifetime allowance
- gains made within the fund are free of capital gains tax and income from gilts (UK government securities) is free of tax.

In return for these valuable concessions, HM Revenue & Customs imposes overall limits on benefits (your lifetime allowance) and the annual contributions that can be paid to regulated pension schemes (your annual allowance) without attracting further taxation. This means that there may be circumstances where benefits and contributions under the scheme may have to be restricted to avoid further taxation. It is unlikely that these limits will affect members of the scheme and Capita Employee Benefits would inform you if this happened.

Can the scheme be altered?

Yes. While it is hoped it will always be available, future conditions and future legislation cannot be foreseen, and the company reserves the right to change or terminate the scheme. Your rights in such circumstances are set out in the trust deed and rules. These are the formal legal documents which govern your entitlement under the scheme. They override this publication, which is intended only as a guide.

9 The Pensions Advisory Service/Pensions Ombudsman

If you have a query about the scheme, Capita Employee Benefits should be able to resolve it quickly and informally. However, in the unlikely event that this is not the case, the trustees have put in place a formal procedure for resolving complaints or disputes. You may request a copy of the formal disputes procedure from Capita Employee Benefits.

The Pensions Advisory Service (TPAS) is available at any time to assist members and other beneficiaries with any issues and can be contacted at any time, even before you have made a formal complaint through the scheme's internal dispute resolution procedure. There is no charge for this service.

If you are dissatisfied with the outcome of the dispute procedures, you may make a complaint to the Pensions Ombudsman who will investigate and determine any complaint or dispute of fact or law. The Pensions Ombudsman will normally not investigate a complaint until you have gone through the scheme's internal dispute resolution procedure. There is no charge for this service.

The Pensions Advisory Service and the Pensions Ombudsman may be contacted at:

TPAS
11 Belgrave Road
London SW1V 1RB
Telephone 0845 600 0707
or
www.pensionsadvisoryservice.org.uk/contact-us.aspx

Pensions Ombudsman

Telephone 0207 630 2200
or
enquiries@pensions-ombudsman.org.uk

The Pensions Regulator is able to intervene in the running of schemes where the trustees, employers or professional advisers have failed in their duties. The Pensions Regulator may be contacted at:

Napier House
Trafalgar Place
Brighton
East Sussex BN1 4DW
Telephone 0845 600 0707
or
www.thepensionsregulator.gov.uk/contact-us.aspx

10 Your contact

If you need further information, please contact the scheme administrator:

Capita Employee Benefits Limited
Hanson Pension Team
Hartshead House
2 Cutlers Gate
Sheffield S4 7TL

Email: **hanson@capita.co.uk**

Tel: **0845 6000 591**

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