Kimberly-Clark

DB newsletter

Kimberly-Clark Pension Scheme
Defined Benefit (DB) Section



December 2021

Welcome...

to this year's newsletter for members of the Defined Benefit Section of the Kimberly-Clark Pension Scheme.

You'll notice that we've got a new look for our newsletter, which we hope you like. It ties in with the design for our new Scheme website – a key step in our journey to go digital. If you haven't seen it yet, you'll find it at **www.kcpensions.co.uk**. It's got everything you need to know about the Scheme and your benefits. You can read the latest pensions news and find Scheme information without having to log in, but if you do need to make changes to your personal information, you can log into your pension account from here. Find out more about our new website on page 4.

It's been an unusual 18 months for us all and a busy time for the Trustee. Once again, I'm pleased to confirm that the effects of the pandemic on the day-to-day running of the Scheme have been minimal. The Trustee, our advisers, and our administrator, Equiniti, all responded well to the new ways of working to ensure continued good service to members.

We've started work on the latest actuarial valuation of the Scheme, looking at the position as at 5 April 2021. We'll bring you the results of this next year, but in the meantime, you can read more about what's involved in the valuation on page 12.

Finally, I hope you enjoy reading our newsletter and find it useful and informative. If you've got any comments or there's a topic you'd like to see more about in future newsletters, please let us know using the contact details on the back page.

Adam Robertson
Chair of the Trustee

Scheme highlights

On 5 April 2021, the DB Section's assets were worth **£1.3 billion**

You are one of the DB Section's **5,477 members**

Last year, the Scheme paid benefits to members totalling **£44.1 million**

During the year, the Scheme's investments achieved a return of **5.5%**

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Have you seen our new Scheme website?

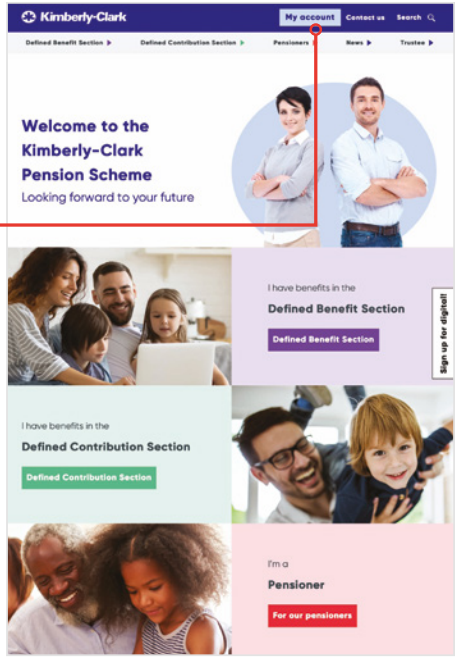
Have a look at **www.kcpensions.co.uk**

Our new website

Using our new website, you can find lots of information about the Scheme and your benefits. You can now also access your personal pension information.

It's as easy as **1**-**2**-**3**:

1. Simply go to **www.kcpensions.co.uk**
2. Select the **My account** tab at the top of the page
3. Then choose the **Login** button at the top right and enter the username and password supplied to you by Equiniti to access your pension account.



My account

Once you've logged in, you can:

- see your Scheme benefits
- view and update your personal details
- access a retirement quote
- see your annual benefit statement (KC employed members only)
- update your nomination of beneficiaries online
- view your payslips and P60s (pensioners only).

Trouble logging in?
If you've forgotten or lost your login details, contact Equiniti's website team at **member.web@equiniti.com** or call **0203 890 2160**.

Your pension needs you!

Going digital – have you given us your email address?

Thank you to everyone who's already responded to our recent communication asking for your email address. Over 1,000 members have already signed up to go digital and will now get most communications via email.

This is great news as we're trying to reduce the Scheme's carbon footprint as much as possible and be mindful of our environment. If you haven't given us your email address yet, you can still sign up to go digital at **www.kcpensions.co.uk**

Update your nomination online

Have you reviewed your nomination this year? In the past, you've probably completed a paper nomination form, but you can now update your wishes in a couple of minutes by going to the Scheme website and logging into your pension account.

Please note that your online pension account doesn't show a record of any nomination you made using a paper form, although that's still held by Equiniti, the Scheme administrator.

However, once you've updated your nomination online, this will replace any previous version, and you'll be able to see the latest record. This is much more secure than holding a paper form and makes it easier for you to review.

It's a good idea to check your nomination of beneficiaries every year so that the Trustee has an up-to-date record of your wishes. This is particularly important if your circumstances change, if for example, you get married or divorced, enter or leave a civil partnership, or have a child.

Although the Trustee makes the final decision about who to pay any benefits to on your behalf, it takes your wishes into account. Your up-to-date nomination form means benefits can be paid easily and without additional delay or distress to your beneficiaries.

Get a pension quote

If you're thinking about your options at retirement, a good place to start is with an up-to-date pension quote. You can get one by logging into your pension account from the Scheme website, where you'll also find more information about the choices available to you.

Scheme noticeboard

Could you help to run our Scheme?

Next year, the five-year term for two of our Member Nominated Directors (MNDs) comes to an end, so we'll be running an MND selection exercise.

MNDs are people just like you, who understand the importance of a good pension scheme. Although it's a big responsibility, it's also very rewarding. An interest in pensions is key, and full training is provided. The Trustee board is keen to welcome nominations from all members regardless of your age, background, location or level of experience.

If you'd be interested in putting yourself forward for selection as an MND, keep an eye out for more details next year.

Equality in pensions

As reported in previous newsletters, Guaranteed Minimum Pension (GMP) benefits for men and women must be equalised. This means we need to recalculate some members' pensions, which is a complex process that will take time. If this affects you, we'll be writing to you, although this probably won't be until 2022/23.



Thinking of transferring your benefits?

If you aren't already getting your Scheme pension, you might be considering transferring your benefits to an alternative pension arrangement to take advantage of flexible retirement options.

While a transfer can be attractive to some members, it's not suitable for everyone. If you're thinking about transferring out of the Scheme, please make sure you seek independent financial advice. Your benefits in the DB Section of the Scheme are valuable to you and your family, so it's important to understand how a transfer will affect you. If you still work for Kimberly-Clark and you transfer out of the Scheme, you'd no longer be eligible for the safeguarded death-in-service and ill-health retirement options that were agreed when the Scheme closed.

Please note: if your transfer value is higher than £30,000, it's a legal requirement for you to take financial advice before a transfer can proceed.



Do you have AVCs?

If you held only unit-linked AVCs with Utmost or Standard Life, these have now been transferred to the Kimberly-Clark Retirement & Wealth Savings Plan, administered by Fidelity. You'll have received communications about this already.

If you held both unit-linked and With Profits AVCs with Standard Life, these continue to be held by Standard Life, and your holdings can be viewed by logging into your pension account via the new Scheme website at **www.kcpensions.co.uk**. The Trustee continues to review these investments on an annual basis.

Scheme finances

The tables show the money paid into and out of the Scheme during the 12 months to 5 April 2021.

The information is a summary taken from the Scheme's formal report and accounts. If you'd like to see a copy of the full report, you can request one from the Scheme administrator, Equiniti.

Financial highlights	£'000
Value of the DB Section on 6 April 2020	**1,260,180**
Money in less money out	(64,551)
Change in market value of investments	95,771
Transfers between sections	(122)
Value of the DB Section on 5 April 2021	**1,291,278**

Payments into and out of the Scheme

Money in	£'000
Employer contributions	2,450
Investment income	2,709
Transfers in	106
Total	**5,265**

Money out	£'000
Benefits payable	44,149
Payments to leavers	22
Transfers out	21,169
Administration expenses	1,788
Investment manager fees	2,688
Total	**69,816**

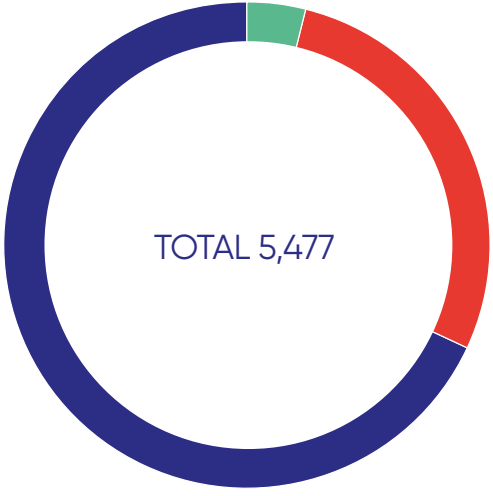
Membership

You're one of the DB Section's 5,477 members. A breakdown of our membership as at 5 April 2021 is shown below.

Current employee members
(known as active deferred members)
223

Deferred members
(who've left the Scheme but not yet taken their pension)
1,532

Pensioners
(including spouses and dependants)
3,722





Investment update

The Trustee invests the Scheme's assets so that there's enough money in the Scheme to pay members' pensions now and in the future.

The Trustee has to balance the aim for long-term growth with managing the level of investment risk. The investment strategy for doing this is set out in a formal document called the Statement of Investment Principles (SIP).

A new law requires pension scheme trustees to make an annual Implementation Statement available to members. The statement must show how the Trustee has fulfilled its investment responsibilities during the year and include details of any changes to or deviations from the policy set out in the SIP. It also describes the voting behaviour by the Trustee or its investment managers.

If you'd like to know more about the Scheme's investment strategy, both the SIP and the Implementation Statement are available on the Scheme website.

Changes to the investment strategy

During the year, the Trustee took the opportunity to de-risk and rebalance the Scheme's assets, following a sustained increase in the funding level. The target allocation to growth assets was reduced from 20% to 15%; and the allocation to matching assets was accordingly increased from 80% to 85%. This long-term strategy was put in place after considering the future projections of the Scheme's assets and liabilities.

How are the assets invested?

The Scheme's assets target a split between growth assets (15%) and matching assets (85%). The chart shows the actual allocation of assets as at 5 April 2021.

Growth assets

Global equities	17.2%
Emerging markets equities	1.5%

Matching assets

UK corporate bonds	33.9%
Liability Driven Investment (LDI)	25.1%
Buy-in policies	20.8%
Cash	1.6%
TOTAL	100%

NB: total does not sum to 100% due to rounding.

Investment performance

The table shows the performance of the DB Section's investments over the one year, three years and five years to 31 March 2021, compared with the benchmark set by the Trustee.

	Scheme return	Benchmark
1 year %	5.5	5.5
3 years % (p.a.)	6.5	6.8
5 years % (p.a.)	8.0	8.1

Actuarial valuation

The latest valuation of the Scheme, looking at the position as at 5 April 2021, is currently in progress. This is a complex process, which takes time to complete. We'll update you when the results have been finalised and agreed with the Company.

What is an actuarial valuation?

Every three years, the actuary carries out a detailed investigation of the Scheme's finances. This involves comparing the amount of money held by the Scheme (its assets) with the estimated cost of providing members' benefits (its liabilities). The funding level is the percentage of the liabilities that can be covered by the assets. If there are fewer assets than liabilities, the Scheme is said to have a shortfall; if there are more assets than liabilities, it's known as a surplus.

What the future will bring

To complete the valuation, the actuary has to make some assumptions about what will happen in the future, such as:

- how long members will live
- how the Scheme's investments will perform
- what inflation will be.

If any of these assumptions turn out to be different, the funding level will change.



Pensions news

Watch out for scams: 22 years of pension savings gone in 24 hours

The Pensions Regulator's Scamsmart campaign has discovered that victims of pension scams could lose 22 years' worth of savings in 24 hours. Analysis shows that the average amount victims lost to scams in 2018 was £82,000 – money that's been built up over a long time.

In the wake of the pandemic, scams in general are on the increase. Unfortunately, pension savers continue to be a target for scammers, who are ever more sophisticated in their approach and more determined. Pensions are a long-term investment and decisions don't need to be made in a hurry. Common pension scams include early pension release or pension reviews. You should:

- reject any unsolicited contact about investments
- check the Financial Conduct Authority's warning list
- avoid being rushed into making a decision
- get impartial advice.

Scammers don't just target the vulnerable, and anyone can be deceived. Not only can you lose your pension fund (benefits you've built up over a long period of time), but you'll also be landed with a significant HMRC tax bill that could be more than half your fund size. The tax for an unauthorised payment is 55%.

Example:

- David's been saving for many years and his pension account is worth £100,000.
- He's targeted by scammers, agrees to transfer his £100,000, and gets a lump sum of £25,000.
- The remaining £75,000 is transferred to an overseas pension scheme and 'disappears'.
- David gets a tax bill from HMRC for £55,000.

If you're thinking about a transfer, please be very careful and take independent financial advice about your options. You can find out more about pension scams and how to avoid them from the FCA's website at **www.fca.org.uk/scamsmart**

Pensions news continued

Supporting the pledge

The Pensions Regulator is asking administrators and trustees of pension schemes to pledge to combat pension scams by following the Pension Scams Industry Group code of good practice. This includes providing regular warnings to members about scams, encouraging members asking for a transfer to take independent financial advice, carrying out checks on pension transfers and reporting suspected scams to the authorities.

Equiniti, the Scheme administrator, has made the pledge to combat pension scams.

A freeze on the Lifetime Allowance

The Lifetime Allowance, which is the maximum amount of pension savings you can have at retirement from all pension schemes without incurring an additional tax charge, has been frozen at £1,073,100 for the next five years until 2026.

MoneyHelper

MoneyHelper, a new government service, is an easy way to get free, trusted help for your money and pension choices. It combines the services previously provided by the Money Advice Service, the Pensions Advisory Service and Pension Wise, bringing everything together in one place.

Offering free, impartial help that's quick to find and easy to use, MoneyHelper is available online or over the phone, providing clear money and pensions guidance, as well as pointers to trusted services, if you need more support.

It helps people to clear their debts, reduce spending and make the most of their income to build up savings and pensions and know their options.

Go to **www.moneyhelper.org.uk**

Pension savings - view them all in one place

The Pension Schemes Act 2021 covers a wide range of issues, including bringing in criminal and civil offences for pension funding negligence. It also lays the groundwork for the pensions dashboard, which aims to provide a single point of reference for members to view the information about all their pension savings in one place. It's planned that the first pensions dashboards will be available to members by 2023.



Planning ahead – minimum pension age to change

The State pension age is rising to age 67 in 2028, with a further increase planned to age 68 between 2037 and 2039. Corresponding with this rise is an increase to the minimum age at which you can start taking benefits from a workplace or personal pension, going up from age 55 to age 57 in 2028. The minimum pension age usually tracks the State pension age at 10 years younger.



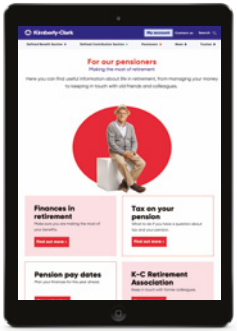
For our pensioners

Go online – making the most of retirement!

Our new Scheme website has a section dedicated to our retired members, full of useful information about life in retirement, from managing your money to keeping in touch with old friends and colleagues.

Go to **www.kcpensions.co.uk/pensioner**, where you'll find:

- pension pay dates for the year ahead
- information about the State pension or tracking down a lost pension
- details for the tax office
- useful links to websites you might find interesting
- details about the K-C Retirement Association.



Unclaimed pensions

An estimated £400 million of State pension goes unclaimed each year by over 100,000 over-80-year-olds, who are mistakenly living on no State pension. From the age of 80, everyone is entitled to an £82.45 weekly State pension, regardless of their National Insurance contributions.

The only condition for receiving the money is that pensioners must have lived in England, Scotland or Wales for at least 10 years out of the previous 20. To find out more, call The Pension Service on 0800 731 0469 or go to **www.gov.uk/over-80-pension**

Find your old pensions before they're given away

A new Bill has been introduced in the House of Lords to extend the Dormant Assets Scheme to include insurance and pensions. It currently redistributes money from dormant bank and building society accounts to social and environmental initiatives across the UK, if the provider has been unable to contact the owner and the assets haven't been touched for 15 years. The proposed extension is a useful reminder to track down any old pensions you may have. The government has a free pension tracing service to help people find their lost pensions at: **www.gov.uk/find-pension-contact-details**

Suspending the triple lock

The government has announced that the 'triple lock' used to adjust the State pension is being suspended for one year to exclude average earnings growth figures from the calculation. Instead, pensioner incomes in 2022/23 will be uprated by the higher of inflation or 2.5%.

This is because the pandemic has skewed the growth in the average earnings figure as people return to work after furlough, which would have resulted in a State pension increase of around 8%, costing an extra £4-5 billion in State pension expenditure, compared with an increase based on inflation or 2.5%.

The government says this is a one-year response to exceptional circumstances and that it plans to return the earnings element of the triple lock next year.

K-C Retirement Association

The Kimberly-Clark Retirement Association has around 950 members. With the Covid restrictions that have been in place, there have been limited activities over the past 18 months. The committee is now looking forward to 2022 with the first meeting, the AGM, on 26 April between 2pm and 5pm at Cobdown.

Your committee member contacts

Derrick King (Chair)
Tel: 01580 212346
Email: chairman@k-cra.co.uk

Maurice Hayes
Tel: 01732 849166

Chris Holt
Tel: 01747 560632
Email: membership@k-cra.co.uk

Andy Matthews
Tel: 01892 838761

David Northcroft
Tel: 01622 844888

Sandra Foden
Tel: 07703 774028

Clive Jeffery
Tel: 07801 045 831

North West branch
Peter Taylor
Tel: 07825 876358

Pensioner Trustee
Paul Morgan
Tel: 01652 635094

Website: www.k-cra.co.uk
Email: admin@k-cra.co.uk

K-C news

K-C UK sustainability focus 2021

While Kimberly-Clark's global goal is to reduce our plastics footprint by 50% by 2030, the Consumer team here in the UK has committed to a 60% reduction. Here are some of the highlights this year:

Andrex

- 100% recyclable paper packaging in Andrex Gentle Clean 4 roll
- 100% recyclable packaging in Andrex Washlets
- Move to 30% PCR (post-consumer recycled) across entire portfolio.

Kleenex

- Move to 30% PCR in Kleenex multipack compact boxes
- Kleenex Eco box's new format delivers more tissues in less packaging and 100% plastic free.

Huggies

- 30% PCR in DryNites packaging
- Launch of new Huggies Natural biodegradable baby wipes – plastic free.

Andrex launches paper packaging in the UK

In the UK, Andrex® Gentle Clean 4 Roll has launched in 100% recyclable paper packaging. This means that 15 tonnes of plastic will be removed from the Andrex® portfolio per year, the equivalent of 1.5 million plastic bottles!

Following a successful run of the paper packaging in Tesco stores last year, Andrex® is extending this to other UK retailers. This is an important move for our Andrex® brand, helping our consumers to reduce their plastic usage and recycle easily at home without any compromise on product quality.

It is a key step forward in ensuring Andrex® contributes towards achieving Kimberly-Clark's 2030 sustainability target of reducing our global plastic footprint by 50%.

A hive of activity at our UK mills

Our UK mills have shown un-bee-lievable commitment to our sustainability strategy with the installation of two beehives at Northfleet Mill, and the adoption of seven beehives on behalf of Barrow and Flint Mills.

The idea came about during discussions with employees as part of World Environment Day, with several suggestions to install beehives. The Barrow and Flint Mills have partnered with Black Mountain Honey (near the mill in Flint) to adopt some beehives, impressed by their proactive approach to beekeeping and supporting the bees in the local area.

The team at Northfleet Mill have installed their own beehives on site. This follows a biodiversity project by the Mill, which used effluent cake for composting to grow lavender plants. Employees were encouraged to take a plant home to attract bees and butterflies. The two beehives are based on the effluent plant, which works well due to its low traffic area on the site.

James Corcoran, Environmental Advisor, Safety & Environment at Northfleet Mill, grew the lavender for the project.

"We get a lot of questions about waste from our site and people assume most things go to landfill, but nothing from our UK sites goes to landfill. This was a good way of showing what happens to one of our biggest waste streams and doing something positive for the environment at the same time."







Get in touch

If you've got a question about the Scheme or your benefits, please contact the Scheme administrator, Equiniti.

Website:
www.kcpensions.co.uk

Call us:
0203 890 2160

Email us:
kimberlyclark@equiniti.com

Write to us:
Kimberly-Clark Pension Scheme
Pension Administration Services
PO Box 556
Crawley
West Sussex RH10 1WS

Let us know!

Please remember to tell us if you move home or if your contact details change, so we can keep you updated with information from the Scheme and pay your benefits when they're due.

Secretary to the Trustee
If you have any comments for the Trustee, please contact the Scheme Secretary.
Email: kimberly-clark@psgovernance.com
Write to: Punter Southall Governance Services, Forbury Works, 37-43 Blagrave Street, Reading RG1 1PZ