Pensions Bulletin

Your newsletter from the Trustees of the Tensar International Limited Retirement Benefits Plan August 2009

A Message From Your Trustees

Welcome to your annual newsletter to members of the Tensar International Limited Retirement Benefits Plan. The purpose of the newsletter is to update members on the progress of the Plan and also inform members of matters of interest in the wider field of pensions. This newsletter covers the year ended 5 April 2008.

Since our last newsletter, an actuarial valuation of the Plan has been finalised and the results are summarised in the article "Results of the actuarial valuation as at 5 April 2006", which is included in this newsletter.

If you have any questions on the Plan, or your individual benefit entitlement under the Plan, or any of the articles and issues we cover in this newsletter, please don't hesitate to get in touch. Contact details are on the last page.

The Trustees
August 2009

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Money Matters

Income & Expenditure

The chart below shows the flow of money into and out of the fund over the Plan year under review.

	£
Value of the fund at 5/04/07	**38,026,463**
Income	
Employer contributions	614,789
Employee contributions	240,984
Members' AVCs	1,920
Other income	4,624
Total income	**862,317**
Expenditure	
Pensions paid	934,944
Lump sums on retirement	112,251
Refunds of contributions on death	5,615
Purchase of annuities	1,505
Life insurance premiums	36,211
Miscellaneous expenses	2,072
Total expenditure	**1,092,598**
Investment income	938,940
Investment Manager rebates	46,153
Change in the value of investments	(1,301,463)
Net return on investments	**(316,370)**
Value of the fund at 5/04/08	**37,479,812**

Membership

	5/04/07	**5/04/08**
Active members	147	136
Pensioners	210	221
Members with preserved and deferred benefits	207	205
Total membership	**564**	**562**

Investment Report for the year ended 5 April 2008

Overview

The Trustees have overall responsibility for the sound investment of the Plan's assets, but they delegate the day to day management of the Plan's investments to BlackRock Investment Management (UK) Limited.

Investment commentary

Over the period markets were affected by a number of conflicting forces. At the beginning of the period, strong corporate performance and continued merger and acquisition activity provided much of the impetus for strong market growth. However, during the months of July and August 2007 global capital markets became extremely volatile, as concerns over rising default rates in the US sub-prime mortgage market and the implications for associated structured products spread to the broader global market, resulting in general re-pricing of risk by investors. Consequently, some markets were not behaving as expected and a number of central banks intervened to provide liquidity to domestic money markets, although not in the UK at that time. Confidence was not helped by a number of banks and insurers announcing a second round of sub-prime related write-offs, or discovering additional losses shortly after having announced their financial results. Nervousness was further increased by the revelation of a major fraud at Societe Generale in January, major write downs from Citigroup and Merrill Lynch and the nationalisation of Northern Rock. Over the year, the Pacific Basin produced the highest returns at 10.2% to the Sterling investor followed by Europe (ex UK) 0.6%, US (-4.3%), UK (-5.6%) and Japan (-12.1%)

The gilt market performed strongly over the year due to the de-risking in the global markets. The biggest fall in yields (and hence rise in prices) was in respect of short and medium dated maturities.

Asset allocation

As at 5/04/08 the Plan's assets were invested as follows (%):

UK equities	60.7
Overseas equities	27.9
UK Property	4.2
Index Linked gilts	4.8
AVC investments	1.5
Cash	0.9

Investment Performance

The Trustees measure the performance of each of the Plan's investment funds by comparing them to 'benchmark funds'. The return on all the Plan's assets is also calculated and compared to a composite benchmark return. The benchmark used by the investment managers (which has been accepted by the Trustees on advice from their investment consultant) is a benchmark that is relevant to the assets being monitored. For example, the "CAPS Trustee Service Median UK Equities" is the benchmark used for the UK equities. The performance of the overall fund is shown below (as supplied by BlackRock), together with the benchmark.

	1 year (%)	**3 years (% a year)**	**5 Years (% a year)**
Plan	(1.7)	12.2	16.4
Composite Benchmark	(5.2)	9.2	13.7

Pension Update

Results of the actuarial valuation as at 5 April 2006

The last formal actuarial valuation of the Plan was undertaken as at 5 April 2006. The valuation was based upon the Pension Regulator's new funding regime and the results were finalised in the summer of 2008.

In general, the assets need to grow for a pension scheme to be successful, but more importantly they need to outpace changes in liabilities. For example, increasing life expectancy means that the assets may need to work harder in future to deliver benefits for members who are living longer.

Despite the steady growth in assets since the last valuation to April 2006, detailed discussions with the Company and updating of the provisional results the valuation showed that at 5 April 2006 the Plan had a deficit of £3.3 million. However, this was an improvement on the previous valuation which revealed a deficit of £8.7 million.

Following discussions between the Trustees and the Company it was agreed that the Company would pay contributions at a rate of 12.1% of pensionable earnings for benefits accruing in the future plus an amount of £350,000 per annum (payable monthly) from May 2008 to May 2013 to rectify the deficit. The Company has also paid a £1.8 million lump sum into the Plan in June 2006. Members will continue to contribute 6% of pensionable earnings.

What is a deficit?
A deficit occurs when a pension plan's liabilities (the cost of the benefits) are larger than the value of its assets (its investments).

What can be done?
Many of the benefits members build up in a plan are not due to be paid for many years. This should give time to balance out a deficit without affecting members' benefits.

The important thing is for the Company and the Plan's Trustees to take action to eliminate the deficit over a reasonable period of time, which could be a considerable number of years.

The Plan's actuary
The actuary is a professional adviser employer by the Trustees to calculate the Plan's funding position.

The Trustees in particular, as part of their legal duty to protect members' interests, will continue to review and monitor the Plan's funding through regular reports from:

- the Plan's investment managers, which include information on investment performance and the overall investment environment, and
- the Plan's actuary on the state of the Plan's assets and liabilities. The last such report as at 5 April 2008 showed that the financial security of the Plan had deteriorated, primarily as a result of stock market falls but also due to increasing inflationary pressures.

The Trustees and the Company will continue to take the advice of the Plan's actuary on setting a level of Company contributions which is not only sustainable, but which also aims to continue to reduce the deficit. Further details will be provided via the Summary Funding Statement which the Trustees post on the Company's website annually – latest one dated November 2008.

Role of the Pension Tracing Service

Throughout your working life you may have changed jobs and subsequently lost contact with a previous employer and their pension plan. If you think you may have a pension with one of these employers but have lost touch, the Pension Tracing Service (formerly the Pension Scheme Registry), part of the Department for Work and Pensions, may be able to help.

With a database of over 200,000 occupational and personal pension schemes, the Pension Tracing Service can try and match any information that you provide to any of the schemes on the database. If there is a match you will be provided with the current contact details, which you can then use to contact the current Trustees to see whether you have any pension entitlement in the Plan.

The service is free to use and can be contacted as follows:

Pension Tracing Service
The Pension Service
Tyneview Park
Whitley Road
Newcastle upon Tyne
NE98 1BA

Telephone: 0845 600 2537
Website: www.thepensionservice.gov.uk

Changes to State Benefits

The Pensions Act 2007 has set out changes to the State pension system. The majority of the reforms are not immediately effective, but Plan members should be aware of the changes as they may affect the benefits you are to receive from the State.

Between 2024 and 2046, the State Pension Age (SPA) will rise to 68 for both men and women. This is to reflect increased life expectancy and to encourage people to work for longer. A summary of these changes is as follows:

Date of Birth	State Pension Age
Before 6 April 1959	65
6 April 1959 to 5 April 1960	Between 65 and 66
6 April 1960 to 5 April 1968	66
6 April 1968 to 5 April 1969	Between 66 and 67
6 April 1969 to 5 April 1977	67
6 April 1977 to 5 April 1978	Between 67 and 68
After 6 April 1978	68

In addition, the Pensions Act 2007 reduces the number of years of contributions (or credits) a person must pay in order to be entitled to the full Basic State Pension (BSP). People attaining their SPA on or after 6 April 2010 will only need 30 qualifying years for full BSP entitlement. Anyone who has less than 30 ‘qualifying years’ will be entitled to a proportion of the full BSP amount, based on their number of ‘qualifying years’. The full BSP is £4,716.40 for a single person and £7,542.60 for a married couple in the 2008/09 tax year. You can obtain a forecast of your State Pension by using the following link http://www.thepensionservice.gov.uk/atoz/atozdetailed/rpforecast.asp.

The BSP will be up-rated in line with National Average Earnings rather than a measure of price inflation from 2012 at the earliest.

Trustees and Professional Advisers
The Trustees

The current Trustees are:

Professional Advisers
The Trustees are ultimately responsible for the efficient and effective running of the Plan; however, they delegate some of the day to day responsibilities to professionals and take the advice of experts when making decisions. The Trustees' advisers during the year were as follows:

Actuary
J D Ferns F.I.A
Mercer Limited

Auditor
PricewaterhouseCoopers LLP

Investment managers
BlackRock Investment Management (UK) Limited
(formerly known as BlackRock Merrill Lynch Investment Managers)

Legal adviser
Taylors Solicitors

Administrator and consultant
Mercer Limited

Life assurance company
UnumProvident

More Information
If you would like more information on any of the areas covered in this report, or a copy of the full Plan Report & Accounts, please contact David Johnstone at Tensar International Limited, Cunningham Court, Shadsworth Business Park, Shadsworth, Blackburn, BB1 2QX.