

THE DESIGNERS GUILD
Group Personal Pension
IMPORTANT INFORMATION



Mark Sessions

Shoal

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THE DESIGNERS GUILD GROUP PERSONAL PENSION PLAN

This Notice is to inform you that your employer has made arrangements for you to join the Designers Guild Group Personal Pension administered in conjunction with AVIVA.

The Plan adviser is Mark Sessions of Shoal who will make arrangements so that you can join the Designers Guild Group Personal Pension Plan in order for you to continue to make provision for your retirement.

Shoal is authorised and regulated by the Financial Services Authority (FSA Number 516380), and has been appointed by Designers Guild to provide you with information on this Plan.

You should be aware that Designers Guild also provides a Group Stakeholder Pension Plan. However, the charges are higher on this plan than for the AVIVA plan. Furthermore, Designers Guild will only make a contribution to the new Group Personal Pension Plan.

This Notice provides a brief guide to the plan. More details about the plan are given in the literature prepared by AVIVA and are enclosed in this pack on a CD, which includes:

- a guide to your pension
- a Key Features document
- a guide to investing
- general terms and conditions
- an expression of wish form

An application form together with Shoal's Initial Disclosure Document is also enclosed in the pack.

Please carefully read the enclosed literature, which provides full details and information about the plan available. Please also refer to the illustration for information of the potential benefits available and details of the charges, expenses and commission amounts involved, based on the figures used.

Some of the more important features of the plan are highlighted below.

Please contact Mark Sessions if you have any questions after reading the information.

WHEN CAN I JOIN?

You may join with effect from

You will need to complete the enclosed application form and return it to Anna-Lisa Moon as soon as possible. Upon acceptance of your application AVIVA will issue you with your own personal policy.

HOW MUCH WILL IT COST ME?

Designers Guild will contribute a percentage of your salary. This contribution is on top of your basic salary and there is no obligation for you to make personal contributions.

If you do decide to contribute to your plan then there is a minimum premium of £20 per month (net) as well as an upper limit on how much you can pay in any one tax year. These limits are described in the AVIVA literature, along with details of the tax relief you can obtain on your contribution.

Your contributions will be eligible for tax relief up to the greater of £3,600 or 100% of your annual earnings up to a maximum of the Annual Allowance. For the tax year 2011/12 tax year the Annual Allowance has been set at £50,000.

If your total personal and/or employer contribution exceeds the Annual Allowance you will be personally taxed on the excess at a variable rate up to 50%.

Please see the enclosed illustration for details of the potential retirement benefits available.

HOW ARE MY CONTRIBUTIONS INVESTED?

The contributions paid into your Designers Guild Group Personal Pension Plan are invested in one or more of the various investment funds offered by AVIVA.

Under current legislation (which may, of course, change) the funds in which these contributions are invested are considered to be tax efficient.

DO I HAVE A CHOICE OF INVESTMENT?

You can select the fund(s) in which you want your contributions to be invested. The AVIVA brochure will give details of the various choices open to you, along with how you can subsequently change your choice of investment funds and if any charges will apply. Your choice will depend on your attitude to investment risk, and whether you take an active interest in investment matters.

Please note that if you do not select a fund(s), then contributions will be invested using a selfstyle approach selected by Designers Guild. Contributions will be invested in the cautious managed fund until 10 years before the selected retirement date. At this point future contributions will be invested in the defensive managed fund with existing units in the cautious managed fund being switched into the defensive managed fund on a monthly basis. With three years left to retirement 75% of future contributions will be invested in the Retirement Protected Fund and the remaining 25% into the deposit fund. Monthly switching of existing units takes place so that a month before your selected retirement age 75% of the fund will be invested in the Retirement Protected Fund and 25% in the Deposit Fund. This is the nominated approach.

A number of specialist funds are also available investing in very specific sectors of the market (e.g. a defined geographical area or particular market sector). If you should decide to choose one of these specialist funds, you should only proceed if you are prepared to accept the increased level of risks that are ordinarily associated with them.

Details of all funds, their associated risks and their charges are included in the guide to investing brochure on the CD provided.

WHEN CAN I TAKE MY PENSION?

The plan is written to your 65th birthday although you may take your benefits at any time after the age of 55 without penalty.

Whatever age you select you will have the option to take up to 25% of your total pension fund in this plan as a tax free cash lump sum. You no longer need to take all your benefits by the time you are 75, however, after this age, you can only take the benefits as income and not as a tax free cash lump sum.

If the total values of all your pension benefits exceed your "Lifetime Allowance" you will be subject to a tax charge of up to 55%. For the 2011/12 tax year the Lifetime Allowance has been set at £1.5 million. It will therefore be important for those with substantial pension funds to ensure they avoid breaching this ceiling.

HOW CAN I TAKE MY PENSION?

The way in which you may take your retirement benefits is described in the AVIVA literature.

However, you should be aware that many of the decisions regarding your pension benefits do not have to be made until you reach retirement. You will therefore make your choices based on your personal and financial circumstances at the time.

WHAT HAPPENS IF I DIE BEFORE TAKING BENEFITS?

The value of the fund which has been built up to provide you with retirement benefits will be payable as described in the AVIVA brochure. The maximum that may be paid as a lump sum will equal the lifetime allowance currently £1.5 million. Any excess lump sum will be subject to a 55% tax charge. Survivors' pensions can be provided as well as a lump sum but these will not be tested against the lifetime allowance. Survivors' pensions will be liable to income tax.

There are certain benefits in using a trust or nomination. By doing this you can ensure that your fund is paid to the trustees/individual(s) you nominate in the event of your death without unnecessary delay. There will be no need to wait for probate to be granted and the benefits payable will not normally form part of your estate for inheritance tax purposes.

We have enclosed the necessary paperwork on the CD should you wish to consider nominating beneficiaries.

WHAT HAPPENS IF I AM ILL?

It is possible to purchase a special type of insurance called Contribution Protection that will continue to pay your pension contributions for you in the event of your incapacity due to accident or sickness, until you are able to return to work. This benefit cannot be incorporated directly into an AVIVA Group Personal Pension Plan.

WHAT HAPPENS IF I LEAVE DESIGNERS GUILD?

Designers Guild will cease contributing to the plan. Your pension remains yours and you can continue to contribute to it if you wish. You can be a member of as many Stakeholder/Personal Pensions as you like, providing you do not exceed the maximum contribution level (see the AVIVA brochure for details).

Alternatively, you may choose to arrange for the fund value of the plan to be transferred to another pension provider or to an Occupational Pension Scheme of a new employer (provided such schemes accept transfers) to provide you with benefits under that alternative plan.

CONTRACTING OUT

'Contracting-out' occurs when you give up part of the benefits that you would have been entitled to under the State Second Pension scheme in favour of accruing benefits under your own Personal Pension Plan. In return

for not accruing S2P, the Department for Work & Pensions will rebate part of the National Insurance contribution paid by you and your employer to a Personal Pension Plan of your choice.

Whether 'contracting-out' is advantageous will depend on your personal circumstances. You should bear in mind that S2P is to provide a more generous additional State Pension for low and moderate earners, and certain carers and people with a long-term illness or disability.

The benefits payable from a Stakeholder Pension Plan/Personal Pension Plan will depend on the amounts invested, investment returns within the plan and interest rates at retirement. S2P, on the other hand, is dependent only on your earnings history and employment record.

You should note that you are only permitted to have one Stakeholder/Personal Pension Plan which can accept the National Insurance rebates in any one tax year.

Please request specific literature covering this aspect if you are considering 'contracting-out'.

WHAT IF I ALREADY CONTRIBUTE TO A PENSION PLAN?

If you already have a Stakeholder or Personal Pension Plan then you can continue to pay contributions to that plan as well as joining the Designers Guild Group Personal Pension Plan, subject to the HM Revenue & Customs limits on the combined contributions in any one tax year.

If you already contribute to a Stakeholder or Personal Pension Plan you may be able to transfer this to the Designers Guild Group Personal Pension Plan on favourable terms. However, it is also possible in the case of Personal Pension Plans that the other Provider may apply a transfer penalty or that you may be giving up valuable guarantees. You should seek professional independent financial advice before taking any such action.

In order to keep the administration of the Designers Guild Group Personal Pension Plan as simple as possible, your employer will only make contributions to this AVIVA plan. Designers Guild will not contribute to any other arrangements that you may have.

NATIONAL EMPLOYMENT SAVINGS TRUST (NEST)

NEST is the name of the new national workplace pension scheme starting in 2012 that is designed to meet the needs of low-to-moderate earners and their employers. NEST will be one of the schemes employers can use to fulfill new duties under the workplace pension reforms due to come into effect from 2012. The Government intends that from 2012 all employers will have to provide a workplace pension, automatically enroll all of their employees who meet certain criteria and contribute a minimum of 3% of salary. Employers will be phased into their new duties between October 2012 and September 2016 as will the minimum employer contribution which will eventually rise to 3% of salary (between a lower and upper limit).

Some of the detail surrounding the National Employment Savings Trust (NEST) has yet to be finalised so there is still some uncertainty about how the scheme will eventually work (although the aim is for NEST to be a low cost, easy to use, online pension scheme open to any employer).

It is therefore important that any arrangements made today are reviewed regularly in the light of changing circumstances/legislation AVIVA are committed to ensuring that any of their schemes will fulfill the NEST criteria.

PENSIONS CREDIT

On 6th October 2003 the government introduced Pension Credit as a replacement for the Minimum Income Guarantee (MIG). Pension Credit is in two parts: the guarantee credit, which tops up the weekly basic state pension to a prescribed level and the savings credit which has been introduced as a reward to those who make additional savings.

Pension Credit is a means-tested benefit, whereby amounts of capital are converted into 'income'. Savings below £6,000 are disregarded. Every £500 or part thereof above £6,000 is counted as £1 'income'. All personal and occupational pension benefits, as well as lump sum investments (such as ISAs, Bonds, Unit Trusts) would be included, and it is virtually impossible to be sure of the fund values and resulting pension levels in advance.

We have no way of knowing what your income/savings will be at the point of retirement, or indeed the qualifying criteria at the time (since governments over the years have, and will no doubt continue to, change benefit levels and structures) and therefore cannot ascertain whether the Pension Credit will work for or against you.

FINANCIAL ADVICE

This Notice, together with the relevant enclosures, does not represent personal advice and is not confirmation that the Designers Guild Group Personal Pension Plan matches your financial requirements.

If you should have any doubts about whether this product meets your own needs you should seek independent financial advice so that your individual circumstances can be considered.

Independent financial advice is available from Mark Sessions of Shoal if required and he will contact you, at your request, to discuss how the Designers Guild Group Personal Pension Plan will affect your pension provision, or alternatively he will complete a full personal analysis of your overall financial position to ensure any recommendation is both relevant and appropriate to your own circumstances.

Shoal will fully disclose in writing any additional fees or charges for detailed personal financial planning, before undertaking any specific work on your behalf, and any such fees or charges will be payable by you should you decide to proceed in taking advice.

Alternatively, you can seek financial advice from your own adviser. However, you must be made aware that the cost of seeking this advice will be borne by you.

ARE THERE ANY RISKS?

The figures within the AVIVA illustration are only examples and are not guaranteed.

- What you will get back depends on how your investments grow and on tax treatment of the investment.
- Your retirement fund could be more or less than illustrated.
- Your pension income will also depend on interest and annuity rates at the time you retire.
- This investment is intended as a long-term investment and under current HM Revenue & Customs practice it is not normally possible to access the fund(s) prior to the age of 55.
- Please remember that transferring between pension providers can be a lengthy process, the existing and new fund prices may fluctuate according to market conditions and a loss may be suffered as a result.

- The value of your fund can go down as well as up and the value will depend on how much you save, the charges you pay and the rate at which your investment grows.
- All statements concerning the tax treatment of products and their benefits are based on our understanding of current tax law and HM Revenue & Customs practice. Levels and bases of tax relief are subject to change.
- If you contract out the income you get back in retirement will depend on interest and annuity rates available at that time, and may be less than S2P would have provided.

Please refer to the AVIVA literature for further information on the risk factors, charges and full details of your cancellation rights.

APPENDIX

- Projection for the Designers Guild Group Personal Pension Plan administered by AVIVA on the enclosed CD
- Client Agreement on the enclosed CD
- Key Features, guide to your pension, a guide to investing, general terms & conditions and Expression of wish form on the enclosed CD
- Application form

Please note that if you require a paper copy of any of the information contained on the enclosed CD then this can be arranged by contact Mark Sessions at Shoal.