

B Pensions Wise

Bacardi-Martini UK Pension Scheme Defined Contribution Section

February 2011



BACARDNATION

Get ready for the

BIGGEST

event of your life

your investment
in the spotlight

your (pension) travel stories

How to holiday in the
Bahamas with your pension

What to pack for your pension

Flashback
to the

80's



A message from Mark de Witte



Welcome to the 2011 edition of PensionsWise, our newsletter for members of the Bacardi-Martini UK Pension Scheme (“the Scheme”).

In last year’s edition I spoke about the turbulent year the economy had experienced and 2010 has been equally as daunting. The budget deficit has never been far from the financial and political headlines. The Government has announced major cuts in public spending and increases in VAT and excise duty - consumer confidence has been affected and this has resulted in very difficult trading conditions. However, our Company has continued to improve its market share of the majority of its core brands and I am very hopeful that we will once again achieve all of our financial targets. We are fully on track with regards to our very ambitious transformational growth journey and I am convinced that we will accelerate our growth in FY12 despite ongoing challenging market conditions.

I am very pleased to tell you that the Scheme assets have also had a very good year (see page 9) and the investment returns achieved have greatly improved the health of the DB Scheme and had a very positive impact on individual member “Pension Pots” in the DC Scheme. The Government has also introduced a number of new measures which impact on pensions and the Trustees will be communicating these to you throughout the coming year.

This edition of PensionsWise focuses on what you want for your retirement and how you can make it happen. You may feel that your retirement is a long way off, but the decisions you make today about your pension contributions could mean the difference between travelling the world, like our retired member George Nelson (see page 6) or living a more basic lifestyle. Bacardi makes a very significant contribution towards your pension but the management of your pension is your responsibility - the more money that goes into your pension scheme the greater the chance that you will have a comfortable retirement – the earlier you start and the more you contribute the greater your pension should be.

I hope this edition of PensionsWise encourages you to start, or to continue, planning for your retirement and how you are going to make it “the biggest event of your life”. If you have any comments, suggestions or questions please do not hesitate to contact me or Adrian Devlin, the Secretary to the Trustees, at the address shown on page 10.

Kind regards

Mark de Witte, Chief Executive Officer

Did you know?

Since January 2010 we’ve had 302 members visit our website b-pensionswise.co.uk and 70 people have logged into the Member Online section.

b-pensionswise online

Get smarter before you get older. Visit b-pensionswise.co.uk for more information on:
the terms used in this newsletter | your investment options and performance | details on the Trustees and Advisers



Pensions news

Flashback to the '80s

Back in the '80s you could get a Bacardi and coke at a bar for less than a pound, but these days it's more than £3. Over time, you will see price rises in almost all parts of your life – from rent to shopping and cocktails – as this is just a natural part of our economy.

While none of us likes paying more for everyday expenses, it's important to remember that these rising prices will decrease the value of your pensions savings. The money that you saved a few years ago won't buy as much today and, as we're all living longer, it's important to keep this in mind when you're planning your retirement.

Keeping pace with the cost of living

To help keep up with the rising cost of living, many pensions (including the State pension) increase each year.

Up to now, the measure used to make these increases was the Retail Prices Index (RPI). However, earlier this year the Government announced its intention to change this to the Consumer Prices Index (CPI). Although the CPI and RPI measure the change in the price of goods and services over time (called inflation), CPI is generally lower than the RPI and this will impact how much pension payments increase each year. If the Scheme has to adopt this, it may also impact our pension increases next year.

The calculation these two measures adopt is similar, but the CPI is lower because it does not include some things like housing costs and council tax. It also looks at a different population base for its calculation and, unlike the RPI, does not exclude the highest earners.

The Government's proposals are not yet final, so we will update you when more details are announced.

Changes to pension tax relief for higher earners

Topping up your pension can be a great way to save for retirement because you get tax relief on your contributions. However, if you're someone who contributes a lot to your pension, keep in mind that the Government has proposed some restrictions:

- From 6 April 2011, the annual allowance will reduce from £255,000 to £50,000. Tax relief up to the annual allowance will still apply, but anything above this will be taxed at your marginal rate – making pension saving above this threshold less tax efficient.
- If you exceed the annual allowance in a particular year, any unused allowance from the previous three years can be used to offset the excess.
- From April 2012, the lifetime allowance will also be reduced from the current £1.8m to £1.5m.

Rules are also in place to prevent people affected by the changes from increasing their contributions before April 2011. For more information, visit the HM Revenue & Customs website at www.hmrc.gov.uk

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Some more trophies for the cabinet

It was another successful year for the Scheme and once again showed pension communications don't have to be boring!

At the Financial Times Adviser Communication Awards 2010, we won the awards for Best DC Strategy and Best DC Newsletter. Then, at the Engaged Investor Awards 2010, we managed to defend our Best DC Newsletter title and win for the second year in a row.

PensionsWise was also highly commended by the Pensions Research Accountants Group and we were also nominated by Professional Pensions for the best DC Communication Strategy – making 2010 our most successful year yet!

pension age increases

When you reach a certain age, the Government will provide you with a regular payment to help supplement your income in retirement. This is called the State pension.

The Government recently announced that the age you can start receiving the State pension will increase and reach 66 by 2020. This increase is expected to be phased in starting from 2015.

This change only applies to the State pension. You can still take your Scheme pension at any time once you reach your normal retirement age.



How to holiday in the **Bahamas** with your pension

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You might think retirement is all about gardening and looking after the grandchildren, but it doesn't have to be! When you retire, you have the freedom to travel the world and do all of the things you always wanted to do. So rather than thinking about old age, picture yourself on a beach in the Bahamas, watching the sun set, with a Mojito in hand...

So, how could you save enough to travel when you retire? The key is planning for your retirement as early as possible:

- STEP 1** Think about the lifestyle you want in retirement.
- STEP 2** How healthy is your current pension fund and how much will you need to fund your lifestyle? Use our online calculator to find out.
- STEP 3** Consider what you could do to make your dreams a reality – like increasing your contributions, changing your investments or putting off retirement for a little longer.

Think about what you want from retirement and start working towards those tropical sunsets!

Where will your pension take you?

If you want to know where your pension savings could take you, jump online to b-pensionswise.co.uk and use our online modeller. Based on what you've saved to date, it will show you how much you could get when you retire.

If you don't think it's enough to get you to the Bahamas you can see how your situation could improve by pulling a few simple levers.

We'll help you get there

Bacardi wants to help you live the most exciting life possible in retirement. That's why the Company contributes to your pension savings and provides you with valuable information to help you make the most of your pension:

- b-pensionswise.co.uk – everything you need to know about your pension at your finger tips 24/7.
- PensionWise newsletter – an annual update to keep you up to date with your pension.
- Annual benefit statements – an annual reminder of how much you've saved.

Tells us what you think and win!

Want to be in the running to win a bottle of Grey Goose vodka? Simply visit www.b-pensionswise.co.uk/GreyGooseCompetition and tell us what you think about our latest edition of PensionWise.



The changing pension world

Owen Sekree is an Independent Financial Adviser and following the success of Owen's article in last year's PensionsWise, we invited him back to give you an independent view on why you should think about saving more. While the Trustees do not endorse any particular adviser, his details are provided at the end of the article.

The penny has dropped, the world has woken up. The bell has been rung. Everyone now knows what industry insiders have understood for 20 years. Without some serious money behind you retirement at 60 or 65 is not going to happen. Already the State pension age for men and women under 50 is 66 (and up to 68 for those much younger). And by the time you get to 68 you may just find the retirement age has changed again.

Does it have to be like this? Of course not – we all have choices and the most basic choice is between immediate consumption and deferred benefit. What does this mean? We can spend every penny we have on maintaining our day-to-day lifestyle and make no reserve for the future, or we can put aside a percentage of our income today to enhance our lifestyle in later years.

It's hard to know how much you will need to put away, but the sooner you get going the better. The FSA (Financial Services Authority) suggests you only need to put away 10% of your salary if you start from 20, but this jumps to 16% if you leave it to 30 and then rockets to 29% if you don't get going until 40. These may be big figures but they are totally manageable if you take the responsibility yourself and get serious about saving.

Bacardi is already helping you by providing a pension and contributing to it on your behalf, but the world of pensions is changing at an alarming rate and no company can do everything for their staff any longer – everyone is now responsible for their own future.

Independent Financial Adviser, Owen Sekree, is a Senior Partner at 3-S Financial Management and he can be contacted on 023 8022 2410 or by email owen@3-sfinancial.com

Drink responsibly – save responsibly

You're in control of your future. So while we always encourage the Bacardi Nation to drink responsibly, we hope you're saving responsibly for your future too.

If you think you need to save more, you can increase your contributions to your pension using the attached Additional Voluntary Contributions (AVCs) form.



(pension) Your travel stories

Planning a world tour

In his role as Supply Chain Controller at Bacardi, Mark Scott recently travelled to Italy and Germany with work. He plans to see more of the world when he retires, and an extended trip to Australia and New Zealand is top of his wish list.

Mark doesn't think he has the necessary savings plan for his retirement yet and he knows that he will probably have to do more. He's already started paying AVCs as a part of that plan. "I chose an amount that I thought I could reasonably afford. But I feel that I could be even more structured."

"When I see my benefit statement from the Scheme, I don't take a great deal of comfort from the projections. I know I'm doing something, but I'm aware that it might not be enough."

Ultimately, he knows he has focus on what he wants and how he can achieve it. "I want to retire as soon as it's viable and my circumstances allow it," he says. "I'll also want to play golf even more when I'm retired and hopefully I'll be able to focus on my game, comfortable in the knowledge that I'm financially stable!"

The road to retirement

Thinking about the future and what you're going to do when you retire isn't easy according to Head of Research, Nicola Gibbs. She started working at Bacardi 12 years ago, but found it hard to take an interest in her finances and only started to pay AVCs a year ago.

"With pensions there's always going to be a barrier, because it doesn't affect me now," she says. "Retirement seems such a long way off. I have heard for years that you should be paying AVCs, but I didn't do anything until I went to one of the Trustee road shows."

"The road shows were great – they took us right back to the basics. That was really helpful because a lot of people didn't have a clue. An illustration they showed of the pension you could end up retiring on if you didn't pay AVCs was really powerful. When I saw that, I started paying AVCs the next month!"

Nicola says choosing how much to pay was a case of thinking how much she could spare, and then pushing it a bit. She doesn't miss the money anymore, and with her savings being put aside each month, Nicola is now on the road to a healthy retirement.



Mark relaxes in Italy

Retirement on the road

With an around the world trip to Hawaii, Los Angeles, Fiji and Singapore, and more recent trips to Maritius, Dubai, the Turkish coast and Egypt, George Nelson is leading the life that most pensioners can only dream about. But life after retirement can get more exciting, if you save enough along the way!

George Nelson retired five years ago and hasn't stopped travelling since. His most recent trip was to Sharm El Sheikh in Egypt for some winter sun and his next trip will be a cruise through the Baltic Sea to St Petersburg.

"It all sounds busy when you put it together," he admits.

The State pension, and his pension from the Scheme (which he topped up with AVCs), has helped him to afford his current lifestyle. "I'm very glad that I paid AVCs. A little bit each month makes a big difference in the end. When you're in your 30s, being 70 seems a long way away – but it pays in the end!"

George on a recent trip to Egypt



Nicola just chilling



It's a global
Bacardi Nation



Here are some of the exotic places your former colleagues have relocated to:

- Alicante, **Spain**
- Auckland, **New Zealand**
- Texas, **United States**
- Mosman, **Australia**
- Amsterdam, **Netherlands**
- Aix-En-Provence, **France**
- Rhône-Alpes, **France**
- Azerables, **France**
- Miami Beach, **United States**

Tracking down missing members

Can anyone help?

The following members have moved address and have not told us their new details. Do you know where they are now? Please contact Adrian Devlin (using the contact details on page 10) if you have details on any of the following:

I Wood	Malcolm Bontes	Susan Ward
Eileen Brown	J Wootton	A M Wilcock
Angela Weaver	Peter James Lowe	Andrew Elliott
Emma Hesketh	Jullie Smith	Peter Gray
M Smart	John Allen McAllen	Hugh Muir
Barbara Hughes	John Greenwood	E Lindsay
Helen Killington	Jacqueline Stevens	Keith Jones
Stephen Turner	Michael Parsons	Louisa Ennals
Raymond Powell	John Murphy	Alicia Delfin
Fiona Strickland	A Von Specht	Kerstin Connor

Obituaries

Sadly, four members of the Scheme have passed away since the last issue of PensionsWise:

Emma Keane Peter Bates
Timothy Salt Joseph Mark Farrell

New retirees

The following five members have retired since the last issue of PensionsWise – we hope you're enjoying yourselves:

David Leslie Wood
R G Wyatt
Philip Simnett
Bonnie Avery
Ian Sharp

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Keeping watch on the Scheme

Nick Blomfield, Caroline Parkes and Ian Taylor recently became Trustees of the Scheme. In their new roles, they will look after the interests of all members of the Scheme. They will make sure that the right benefits are paid to the right pensioner members at the right time, and continue to ensure that our active members' contributions are invested appropriately. Allison Campbell also resigned as a Trustee on 11 February, and we would like to thank her for her valuable service and commitment.

Vital statistics

Over the past year, more of your colleagues have signed up to become members of the Scheme and start saving for their future. Here's how membership of the Defined Contribution Section of the Scheme has grown.

31 March 2009 31 March 2010

Active members	480	516
Deferred members	335	349

your investments in the spotlight

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What to pack for your pension

Don't you hate it when you reach your holiday destination and realise you've left something vital behind?

Without proper preparation, the same thing could happen to your pension. So when you're choosing your investment strategy, take the time to pick the right funds for your journey to retirement. Here are some things you should think about.

Equities

If you're planning a big trip overseas, you wouldn't want to forget your plane tickets. And if you're trying to increase the value of your pension, equities should be on the list of investments to consider for your journey to retirement. Equities are shares in public companies traded on the stock market. While equities are expected to grow in value over the long term they carry a higher level of risk than gilts or cash – share prices can go down as well as up.

Cash

Having some sunglasses on hand can shield you from a powerful sun... just as cash can provide another layer of protection from investment market volatility. Cash is less risky than equities or gilts, but unlike gilts it doesn't come with a guarantee of interest being paid. And keep in mind that investing in cash when you're young comes with its own risk – the risk that your savings may not grow sufficiently over time.

Gilts

Sun cream can help if you're worried about getting burned... just as gilts can be used to help protect the value of your pension savings. Gilts are a form of loan made to a government. They are generally seen as lower risk than equities, but the investment return is also likely to be lower. If you're approaching retirement and thinking of buying an annuity, investing in gilts could help you protect the buying power of your account.

The Lifestyle Option

If you'd rather leave the packing to someone else, you may want to consider the Lifestyle Option. If you invest in the Lifestyle Option, your investments will be moved from equities into bonds and cash as you get to within 10 years of your Normal Retirement Date. In doing this, the option targets a high long-term rate of return by investing in equities in your earlier years, and then gradually switches your investments into less volatile and lower risk investments (bonds and cash) as you approach retirement.

What now?

1. Review your investments in the Member Online section of b-pensionswise.co.uk
2. Decide whether they are right for you (and seek help if you need it).
3. Change your investments - if you think you need to.

Trip advisor

Before choosing your investments, make sure you've made the right choice for your circumstances. You can visit www.b-pensionswise.co.uk for more information on your investment options. And if you're not sure what option is right for you, you can find an independent financial adviser at www.unbiased.co.uk

What's been happening in the markets?

Thankfully, we've seen a much better year in the financial markets. Although economic activity has been slow, over the past year we've seen the global economy move out of the worst financial crisis in many decades.

By the March quarter of 2010, things were looking up, with government stimulus packages strengthening domestic economies. However, in the June quarter economic uncertainty returned, with investor concerns about debt in Greece, Spain, Portugal and Eire continuing.

Recent economic indicators have been mixed, and the mood of the markets has been described as 'bearish'. US, UK and German governments have announced plans to cut their deficits and tighten the regulation of financial markets. Commentators hope that this will provide the necessary stability for economic growth to continue and we remain cautiously optimistic about the future.

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How our investments have performed

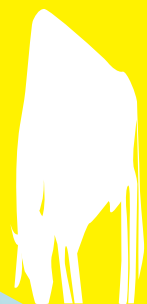
If like most members you are investing in the Lifestyle Option and have more than 10 years to retirement, you'll be pleased to hear that your returns improved significantly over the past year. Earlier in your career, the Lifestyle Option invests in equity markets and although these investments can be volatile over short periods, they can outperform other assets over the longer term, as we have seen recently.

The tables below summarise the returns for the Defined Contribution Section investment funds during the last one and three years to 31 March 2010 and 31 December 2010. This is measured against the index return (the target return each fund is trying to achieve) and the corresponding Retail Price Index ("RPI").

Entering the bull ring

If you've ever wondered why people describe markets using bears and bulls, you're not alone.

These terms come from the way they attack. Whereas the bull drives its horns up representing optimism and growth in the markets, the bear claws downwards describing pessimism and a fall in performance



	1 Year to 31 Mar 2010		3 Years to 31 Mar 2010	
	Fund return (% per year)	Index return (% per year)	Fund return (% per year)	Index return (% per year)

BlackRock Global Equity	50.2	49.9	1.8	1.6
BlackRock Index-Linked Gilts	10.4	10.4	6.8	6.8
BlackRock Cash	0.5	0.5	3.5	3.2
Santander AVCs	0.5		3.0	
Prudential Cash Fund	0.5		3.5	
Retail Price Index	4.3		2.4	

	1 Year to 31 Dec 2010		3 Years to 31 Dec 2010	
	Fund return (% per year)	Index return (% per year)	Fund return (% per year)	Index return (% per year)

BlackRock Global Equity	14.8	14.8	2.6	2.4
BlackRock Index-Linked Gilts	9.0	9.1	5.9	6.0
BlackRock Cash	0.5	0.5	2.1	1.9
Santander AVCs	0.5		1.7	
Prudential Cash Fund	0.5		2.1	
Retail Price Index	4.0		2.4	

Please note:

- The Santander fund is only available to those who are currently contributing to it. Members wanting to start paying cash AVCs are able to use Prudential Cash Fund.
- If you have investments in an Equitable Life With Profits fund, the information on performance is less readily available. For details, please contact the administrators using the contact information on page 10.

The Scheme's finances

At 31 March 2010, the value of the Scheme's assets had increased to £14.4 million. The Trustee Annual Report, which includes the financial statement for the Scheme year to 31 March 2010, has been signed off by the Trustees. The Auditors, PricewaterhouseCoopers LLP, gave their opinion that the financial statement gave a true and fair view of the financial transactions of the Scheme.

Money in and out of the Scheme

The following diagram summarises the value of the Scheme's assets (including members' AVCs) at the start and at the end of the latest full Scheme Year, including income and expenditure during the period.

Value at
31 March 2009
£8,586,000

Company contributions and AVCs:

£1,824,000

Returns on investments:

£4,171,000

Retirements and other payments:

£218,000

Value at 31 March 2010

£14,363,000



Your Trustees

Nick Blomfield
Company Appointed

Adrian Devlin
Company Appointed

Caroline Parkes
Company Appointed

Ian Taylor
Company Appointed


Cain Ashworth
Member Nominated

Bruce Ray
Member Nominated

Contact

If you would like to suggest topics for future issues of PensionsWise please contact Adrian Devlin:

 **01962 762100**
ext **2124** or

 **adrian_devlin**
@bacardi.com

For details about your pension please contact the Bacardi Administration Team at Hymans Robertson LLP by

 **020 7082 6184** or

 **bacardi-martini**
@hymans.co.uk

What do I do now?

So now you've found out how you can start focusing more on your future lifestyle and retirement holidays. If you want to top up your savings and give yourself a better chance of reaching your goals, use the attached Additional Voluntary Contributions form.

Application to pay Additional Voluntary Contributions



When your salary increases, don't forget to increase your AVCs too!

If you're thinking of topping up your savings with AVCs, visit www.b-pensionswise.co.uk and:

- use the modeller to see the difference AVCs could make to your savings; and
- read the 'Increasing pension savings' section to find out what tax relief you could receive.

Your name:

Your National Insurance number:

Please complete Part 1 and/or Part 2 to tell us how much you want to pay. You must then complete Part 3 to tell us how to invest your voluntary contribution(s) and sign the declaration.

Part 1 How much do you wish to pay each month?

I want to pay regular AVCs of £ each month starting on

Use our online modeller to see how this amount could boost your savings

Part 2 How much do you wish to pay as a single AVC lump sum?

I want to pay a one off lump sum AVC of £

Part 3 How do you want to invest your AVCs?

Default investment – the Lifestyle Option (see page 8)

Self-select fund options

BlackRock Global Equity Fund	_____	%
BlackRock Index Linked Gilts Fund	_____	%
BlackRock Cash Fund	_____	%
Prudential deposit account	_____	%
Total investment		100%

I also want to move my existing AVC funds to the funds stated above

Declaration

I understand that the choice of investments under the Scheme is entirely mine. I also understand and accept that, although the Trustees review the choice of funds periodically with their advisors, they cannot guarantee either the performance of individual investment funds or managers or the value of my Retirement Account or the benefits it will ultimately purchase.

Signed

Date

Please return this form to the HR Department

Please note that at least one month's notice must be given

