



PANNEWS

XEROX PENSIONERS' ASSOCIATION

MARCH 2003 NUMBER 65

Settling in...

Paul Hopkins, Head of Pensions

I have had a few months to settle into my new rôle and I now welcome this opportunity to thank Tony Phillips for his help in achieving a smooth transition and to greet all XPA members for the first time as Head of Pensions.

In my years with Xerox, I have come to know and value the work done by the officers of the XPA and the Association itself and I greatly look forward to a closer involvement in the future. I count myself fortunate to have taken over at a time when there is so much more positive news to tell you about the Company. We still have a way to go but we have turned the corner and the future looks promising. You can read a synopsis of recent reports on page 6.



Your pension increase

As we said in the last newsletter, this issue has been brought forward to coincide with the announcement of this year's pension increase. Calculating the increase is a complicated process and one that, I know, has led to a lot of questions in the past. I thought it worthwhile to give some space to explain the process on pages 4 and 5. I hope that this will answer all of your questions.

New timing for future newsletters

The new timing seems to make sense and we now propose to send out a newsletter in the Spring and

Autumn, doing away with the need for an August bulletin. A personal message will come to you from me at Christmas, enclosed with the Pension Scheme Annual Report. We plan to make room once more for *Life After Xerox*, which, I know, is a popular item, as well as the usual articles on health and financial matters. Also, I received a very good idea from an XPA member, suggesting that you might like to contribute amusing anecdotes relating to your time at Xerox as well as what you have been doing since you retired.

This newsletter is your forum, your chance to keep in touch with the Company and each other, so please make full use of it and send in your news, views and memories for future issues. To enable Barbara to concentrate on her rôle as XPA President, please send your contributions to Margaret Brooks (*contact details on page 3*).

Malaysian Memories

Barbara Keach writes:

Our October 2002 holiday began with a few days in Kuala Lumpur, situated at the confluence of the Gombak and Klang rivers. 130 years ago K.L. was merely a tin-miners' shanty town in a small clearing in the jungle; now it is a thriving metropolis where ancient really does meet with modern. Beneath the soaring skyscrapers, you will find neo-Gothic styles of architecture – all enhancing the experience of this exciting city.

Among the most famous sights are the National Museum, the Menara communication tower and the Petronas Towers with its soaring twin spires, one of the highest buildings in the world.

report continues on back page



*Left: A traditional Malay house
Above: The Petronas Twin Towers*

Inside this issue...

Places to Go	2+3
XPA	3
About your Pension	4+5
About the Company	6
Pension Matters	7
Competition	7
Visits Past	8

PLACES TO GO, THINGS TO SEE

Skipton and Worth Valley train trip Saturday 5th July

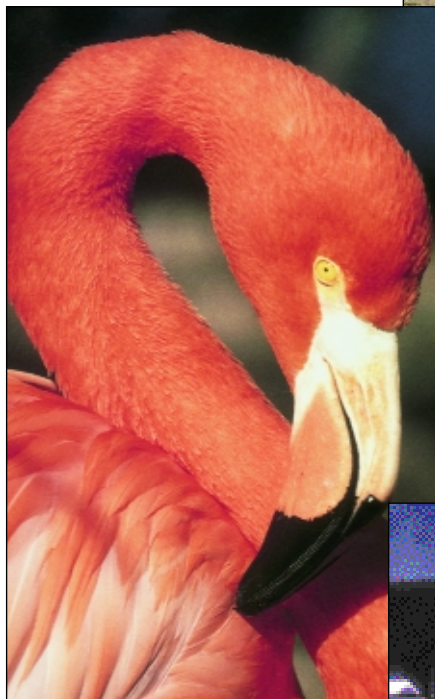
A day with three options – something for everyone!

- Take the train to Skipton, with its 11th century castle at the top of the broad High Street, and have four hours to explore the town and visit the Saturday morning market;
- Alight at Keighley and enjoy reduced fares on the Worth Valley steam trains linking the town with charming villages such as Haworth (Brontë Museum) and Oxenhope.
- Visit White Scar Cave in the Yorkshire Dales National Park, with an 80-minute guided tour, passing by cascading waterfalls, through galleries of stalactites and stalagmites.



Wildfowl and Wetlands, Slimbridge Wednesday 11th June

The artist and naturalist Sir Peter Scott founded the Wildfowl and Wetlands Trust in 1946. It has over 300 hectares designated as a Site of Special Scientific Interest, a Special Protection Area and a Ramsar site. In 2002 over 30,000 wild birds visited the reserve – in particular, the white-fronted geese and Bewick's swans that travel thousands of miles from Siberia to spend the winter here. The WWT's mission is to conserve the wetlands and their biodiversity and the Trust takes direct action for threatened wetland birds, restoring habitats and undertaking captive breeding programmes.



Our day will include coffee on arrival at the Water's Edge Restaurant, a guided walk with commentary, and lunch. We will visit the hides and view the habitat of the various species that live at Slimbridge, including the popular kingfisher, and view the Downy Ducklings during a behind-the-scenes tour.

Weston Park – Wednesday 30th July

Weston Park, situated in the village of Weston-under-Lizard in Shropshire, has been the home of the Earls of Bradford since the 12th century. Our day there will include coffee on arrival and lunch in the restaurant.

Weston Park house includes a fine collection of paintings. Pictures by Holbein, Van Dyke and Gainsborough blend with the beautiful furniture, fine books and priceless antiques to give the house a unique ambience. The beautiful gardens, now restored to their former glory, include an 18th century Italian broderie garden and a magnificent arboretum. There is also a miniature railway. For the more energetic, there are a number of woodland walks with trails sculpted by Capability Brown.



Summer Walk – Sunday 13th July

We shall meet at Whitechapel Station (District and Hammersmith Lines) at 2.30pm for our afternoon walk, entitled Jack the Ripper - the Whitechapel Murderer. We will travel back to the 1880s and discover how, blow by blow, his murders became progressively more brutal. Our walk takes us to the very heart of his territory and enables us to begin to understand the true nature of the Jack-the-Ripper murders.



Visit to the Globe Theatre

Wednesday 13th August

This year's visit to the Globe will be for the matinée performance of Shakespeare's 'The Taming of the Shrew' written in 1592 and set in Padua. This is a comedy of boisterous humour about Katharina, the Shrew and her suitor Petruchio.

Sailing Days

Wed 28th/Thurs 29th May, Mon 23rd /Tues 24th June

Once again we are invited to sail on "Xepha", the Xerox Sailing Association's 34ft yacht moored at Lymington on the South coast. A day cruise involves introduction to the crew and boat, safety instruction and a sail over to Yarmouth, Hamble or perhaps Cowes to soak up the atmosphere of the sailing environment and enjoy a spot of lunch at one of the yacht clubs.

You can book for one or two days, staying overnight on the boat, or we can recommend a good B&B or hotel locally. The cost per day is still £35 per person for members, with an additional £10 associate member fee for friends.

Please complete and return the form to Margaret Brooks and she will liaise with the Xerox Sailing Association. For more information, the Association has a page on the XPA website or you may access www.xepha.co.uk.



XPA Golfing Society

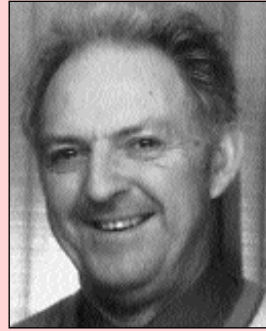
Paul Donegan has done his usual sterling work organising our matches, in spite of moving house just before Christmas. The dates are:

- **Monday 12th May & Friday 11th July at Weston Turville, Nr Aylesbury**
- **Monday 23rd June & Monday 1st September at Mentmore.**

All golfers on Paul's database will automatically be notified, but any other interested pensioner golfers should contact Paul on e-mail pauldonegan@waitrose.com or telephone **01727 862004**.

Goodbye and thank you to Ron Greenland

Our thanks go to Ron Greenland, who has been a valuable member of our Pensioner Visitor team in the South Region for nine years. Ron has had to give up his visiting rôle as he is moving to Dorset. Many of you will know Ron from his 24 years with the Company as well as his years as a Pensioner Visitor. His sense of humour and dedication will be sorely missed. We wish him every happiness in his new home.



URGENT!

We need a Visitor for Middlesex. Please contact **Anne Cain – 01895 231420** – if you are able to help.



Xerox Pensioners' Association

XPA website:
www.xpa.org.uk

All Xerox pensioners are automatically members of XPA

AIMS

1. To establish and maintain a two-way personal link with all pensioners.
2. To be informed about pensioners' needs and problems in order to assist where possible.
3. To help pensioners keep in touch with each other.

XPA President

Our President, **Mrs Barbara Keech**, is available on telephone and fax **01895 814226 – 9 am to 5 pm Monday to Friday**. Barbara's address is 84 Swakeleys Drive, Ickenham, Uxbridge, Middx UB10 8QG.
Email: barbara.keech@btinternet.com

XPA Administrator

You may telephone **Margaret Brooks**, the XPA Administrator, on **01494 615159, Mondays, Tuesdays and Wednesdays only**. Margaret's address is Xerox Pensions Ltd, 20-24 Temple End, High Wycombe, Bucks HP13 5DR.
Email: margaret.brooks@gbr.xerox.com

Regional Co-ordinators

West Region John Court

Stockwell Farm, Aylburton, Lydney, Glos GL15 6DN
Tel: 01594 843651 Email: john@courtjb.freereserve.co.uk
The West Region is based on Mitcheldean and covers: Avon, Cornwall, Devon, Gloucestershire, Herefordshire, Shropshire, Somerset and Wales.

East Region John Handscombe

Town Farm House, 51 High Street, Henlow, Beds SG16 6AA
Tel: 01462 814009 Email: johnhandscombe@onetel.net.uk
The East Region is based on Welwyn and covers: Bedfordshire, Cambridgeshire, Essex, Hertfordshire, Lincolnshire, Norfolk and Suffolk.

South Region Anne Cain

24 Maygoods Lane, Cowley, Uxbridge, Middlesex UB8 3TE
Tel: 01895 231420
The South Region is based on Bridge House, Uxbridge and covers: Berkshire, Buckinghamshire, Dorset, Hampshire, Kent, London, Middlesex, Oxfordshire, Surrey, Sussex and Wiltshire.

North Region Sheila Webb

18 Kennerleigh Crescent, Leeds, West Yorkshire LS15 8RS
Tel: 0113 2646979
The North Region covers: Cheshire, Cumbria, Derbyshire, Durham, Lancashire, Leicestershire, Northamptonshire, Northumberland, Nottinghamshire, Staffordshire, Warwickshire, Worcestershire, Yorkshire, Scotland, Northern Ireland and the Isle of Man.

NEW MEMBERS & ABSENT FRIENDS

If you would like to see a list of new members and/or pensioner deaths occurring since our last issue, you may obtain both from our Administrator, Margaret Brooks (*contact details above*).

Pension increases

– your questions answered

Over the past 32 years, pensions paid by the Xerox Final Salary Scheme have been fully increased in line with inflation every year except one – an extremely good record. Nonetheless, we still get many questions every year about pension increases - how they are worked out, how our own increases compare with those awarded by the State and by other companies, why we don't pay more and so on. It's a complicated area ... but here we try to answer some of the points which are raised most frequently.

How much will this year's increase be?

The increase payable from 1st April 2003 will be 2.9% for those who retired on or before 1st April 2002.

If you retired after this date, you'll receive a proportion of the full annual increase.

How does Xerox decide how much to increase pensions each year?

Xerox pensions in payment are *guaranteed* to be increased on 1st April each year in line with the Retail Prices Index (RPI), up to a maximum of 5% a year. This means that, if the RPI rises by **up to 5%** in any year, Xerox pensions are guaranteed to increase by the **same** percentage.

If the RPI rises by **more than 5%** in any year, Xerox pensions will receive the maximum *guaranteed* increase of 5%. Thereafter, further *discretionary* increases may be awarded by the Trustees (after consulting with the Actuary, who monitors the financial position of the Scheme) up to the level required to match the rise in the RPI. However, such increases cannot be guaranteed.

The basic policy is, therefore, quite straightforward. However, putting the policy into practice is a

bit more complicated and, to fully understand how we work out the pension increase each year, there are two very important things you need to be aware of:

1. What measure of inflation we use

The **Retail Prices Index** is the Government's official measure of inflation but there are various versions of the Index designed to meet different needs. The version used to calculate the increase in Xerox pensions each year – as specified in the Trust Deed & Rules of the Final Salary Scheme – is the "All Items" version of the RPI, measured from December to December prior to the April increase date. **You should be aware that this measure may produce a different inflation figure from other measures of the RPI which you may see quoted in the papers.**

2. What part of your pension is increased

If you are **below State Pension Age** (currently 60 for women and 65 for men), the annual Xerox pension increase applies to your **full** pension, including any Guaranteed Minimum Pension (GMP)* you are receiving.

However, if you are **above State Pension Age**, the increase applies only to that part of your pension **above the GMP***. In other words, you will find that **the pension increase announced by Xerox each year will not apply to the full amount of your Xerox pension.**

This doesn't mean that your GMP isn't increased beyond State Pension Age – it is. In fact the regulations require that it should be increased in line with inflation. However, only part of the GMP increase has to be paid by Xerox. It is the Government which is responsible for paying the balance of the GMP increase (*see next question*).

As you can see, it's all a rather complicated area. At Xerox Pensions, we are hoping in future to be able to provide more detailed information each year about how the pension increase has been calculated.

In the meantime, if you have access to the Web, check out the Xerox Pensions website which provides more detail about how the calculations are done (www.xeroxpensions.co.uk – click on **Pensioner**, then on **Your questions answered**, then on **How is my pension increased?**). Alternatively, if you have a copy of our **Nearing Retirement** booklet, you'll find more information there – you can also view and print out this booklet on the website.

So how exactly is the GMP part of my pension increased?

From State Pension Age, the GMP part of your Xerox pension is increased each year in line with the RPI. Under the regulations, responsibility for paying the GMP increase is shared by Xerox and the Government, as follows:

- The Final Salary Scheme is required to pay the first 3% of the annual increase on your GMP earned for Pensionable Service after April 1988. This amount is added to your Scheme pension. Xerox fully complies with this requirement.
- The Government is responsible for paying the balance of the annual GMP increase in line with the RPI (i.e. the full increase on GMP earned before April 1988 and any increase above the 3% paid by Xerox on GMP earned after April 1988). These increases are paid **directly** by the Government, along with the member's State Basic Pension.

* The GMP is the minimum amount of pension which the Final Salary Scheme undertakes to pay you for any Pensionable Service which you completed in the Scheme between April 1978 and April 1997. It's broadly equivalent to the pension you would have received from the State Earnings-Related Pension Scheme (SERPS) if the Final Salary Scheme had not been "contracted out" of SERPS.

*(Note: The Government is also responsible for paying increases on any **Protected Rights** relating to pre-April 1997 service, which may have been transferred into the Final Salary Scheme.)*

One important thing to note about the GMP increase is that the Government uses a **different measure of the RPI** to calculate the GMP increase than Xerox does to calculate its own pension increases. Whereas, as we have already seen, Xerox uses the December to December measure of the All Items version of the RPI, the Government bases its increases on a September to September measure. This measure has produced a figure of 1.7% for State pension increases from April 2003 (compared to the Xerox figure of 2.9% already mentioned).

I gave up part of my pension when I retired for a tax-free cash sum – do I still get increases on that part of my pension?

Once again, the answer is not completely straightforward! It all depends on when you joined the Final Salary Scheme and on the particular set of Inland Revenue rules applying at the time. There are three different sets of rules:

1. The “old rules”, which apply to members who joined a Xerox Pension Scheme **before 17th March 1987**.
2. The “87-89” rules which apply to those who joined **between 17th March 1987 and 31st May 1989**.
3. The “new rules” which apply to those who joined **on or after 1st June 1989**.

(Note: If you first joined a Xerox Pension Scheme before 1st June 1989, you may have elected, when you retired from Xerox, to switch to the “new rules” – i.e. as though you had first joined a Scheme on or after 1st June 1989.)

If you are subject to the “**old Inland Revenue rules**” or the “**87-89 rules**”, the annual Xerox pension increase will apply to the total amount of your Xerox pension, including any pension that you exchanged for a cash sum at retirement.

If you are subject to the “**new**” **Inland Revenue rules**, the increases awarded will apply to the actual amount of Xerox pension you are receiving, excluding any pension you exchanged for a cash sum.

You’re always telling us how healthy the Final Salary Scheme is – surely you can afford to pay higher pension increases?

Under the Trust Deed & Rules of the Final Salary Scheme, the Trustee Directors are not permitted to award increases above the rise in the RPI. Any above-inflation increases require the approval of the Company, Xerox Ltd.

When the Actuary examines the Scheme’s finances and recommends the rate at which the Company should contribute, he provides for pension increases in line with the normal policy of the Scheme (*see the second question on the previous page*). However, above-inflation increases are **not** planned for. If unplanned increases were awarded, this would undermine the financial strength of the Scheme.

What’s more, the Inland Revenue limits the maximum pension which can be provided - this is based on a pension which increases in line with the RPI.

Why do State pensions sometimes increase by more than my Xerox pension?

As we’ve already seen, State pension increases are calculated using a different RPI measure than we use to calculate the Xerox increases. Inevitably, this sometimes produces different pension increases.

Moreover, the Chancellor sometimes decides to award above-inflation increases, as he did last year. At Xerox, we are bound to follow the policy for increasing pensions enshrined in the Scheme’s Trust Deed & Rules. Sometimes – as this year – this produces a higher increase than the State provides; sometimes the figure comes out lower.

I’ve got another company pension which has given me a bigger increase this year – why is Xerox so mean?

As explained in the introduction, for the past 32 years Xerox has increased pensions in line with inflation in every year except one - even when we had double-digit inflation. This gives Xerox one of the best track records in the private sector. Other companies may be making up for what they didn't do in the past.

Pension Dates 2003	
Your Xerox pension will be paid into your account as follows:	
PENSION	PAID IN
April	Tues 1st April
May	Thur 1st May
June	Fri 30th May
July	Tues 1st July
August	Fri 1st August
September	Mon 1st September

GOOD NEWS – rise in tax allowance higher than inflation

From April this year, pensioners aged 65 to 74 will see a rise in the amount of income payable free of tax from £6,100 to £6,610. Pensioners of 75 or over will see an increase from £6,370 to £6,740.



Company News

Xerox returns to full-year profitability

Delivering another quarter of improved performance, on 28th January this year, Xerox announced a return to full-year profitability and 2002

fourth-quarter earnings that reflected increased demand in key markets and strong operational results.

'Xerox's aggressive efforts in transforming its business is all about building value for customers and shareholders,' said **Anne Mulcahy**, Xerox Chairman and Chief Executive Officer. **'We continue to demonstrate through precise execution and market focus that this strategy is working. Our customers are responding, our leaner, faster business model is delivering positive performance and Xerox is building momentum in the marketplace. Xerox's fourth quarter results demonstrate exceptional operational performance and increased revenue in important markets.'**

Anne Mulcahy noted that the Company's investment in advanced colour technology resulted in a 10% year-on-year increase in total colour revenue, largely due to the success of Xerox's DocuColor 1632, 2240, and 6060 production colour series. Accelerated demand for Xerox's Document Centre 500 series contributed to a strong revenue increase in the growing market of office digital multifunction devices. And, the Company's DocuTech family – Xerox's flagship production publishing system – continued to lead the market, driving an increase in Xerox's monochrome production publishing business.

Looking forward, Anne Mulcahy outlined the five critical objectives for 2003 – improving customer loyalty, revenue growth, improved profitability, improved cash flow and living the Xerox values. Said Ms Mulcahy, **'I wish I could tell you that our work is over ... The truth is that we've saved our Company, but we have not yet returned it to greatness. That is the next phase of our journey and it begins in earnest this year.'**

Xerox optimistic about sales in Europe

Xerox Europe's **Jean-Noël Machon** told journalists in February that he was satisfied with orders for its high-end digital printers and that the launch of new products would help the Company's recovery in Europe.

"For example," said Machon, **"the DocuColor 1632/2240 – known to us as Carrera – was an extraordinary success during the second half of 2002 and the ground-breaking DocuColor iGen 3 is now being installed across Europe."**

The iGen 3 digital production press (priced at over \$500,000) is capable of printing 100 pages per minute and producing 6,000 full-colour impressions an hour.

Machon defined it as a key growth product. He added that, after the Company's recent success in cutting costs and restructuring, it was on the road to a recovery in Europe in the current business year.



Do you remember?



"All work and no play..."

John Smith (back row, second from left) remembers that the highlight of the year for C.S.G. (Central Strategy Group) in the 1970s was the Annual Sports Day at Hampstead Cricket Club. *"A variety of sports was on offer – tennis, boules and welly-throwing were popular, but the main event was a cricket match, played with the same fervour as a Test Match, well almost, but not so high on style and skill."*

"Who will forget Bernie Horn, a Xerox Director fresh from the USA, standing at the crease and holding his bat baseball fashion and smiting every ball as if he was hitting home runs for the Dodgers? At the end of the game Bernie was made 'Man of the Match' and presented with a cricket bat, which, we are told, adorned his office wall when he returned to the States."

PENSION MATTERS – The Pension Credit

Judy Wildey, Pensions Consultant, writes:

The Government has published its proposals to replace the Minimum Income Guarantee with the Pension Credit from October this year:

- **Now:** you cannot get Minimum Income Guarantee if your savings are above £12,000. Below that limit, you are assumed to have an income of £1 for each £250 of savings that you have between £6,000 and £12,000.
- **From October:** the savings limit of £12,000 is to be scrapped. The allowance for savings over £6,000 will be more generous, with an assumed income of around 50p for every £250 of savings above £6,000.

The Pension Credit will have two parts – the Guarantee and the Savings Credit:

- **The Guarantee**
The Guarantee part of the Pension Credit will be basically the same as the Minimum Income

Guarantee and it is expected that anyone over age 60 with a weekly income of less than £102.10 or £155.80 for couples will be entitled to the Guarantee to top up their incomes.

- **The Savings Credit**

The Savings Credit will be paid on top of the Guarantee for anyone who has saved towards their retirement, for instance in the form of a company or personal pension as well as money in the bank. It is intended to be available to anyone with a weekly income of less than £139 or £204 for couples. The amount of credit payable will depend on how much a person has saved and is expected to be 60p for each £1 saved.

You will be notified of final arrangements about claiming and payment methods in a future edition of the Newsletter.

COMPETITION TIME

It's a bit of a beast!



After receiving very few responses to our last competition, we hope that you will enjoy this animal puzzle more. Can you guess what these five animals are? Take the first letter of each animal and rearrange them to spell the name of another animal.



Answers on a postcard or sealed envelope, to **Barbara Keech** (contact details on page 3), **no later than 31st July 2003.**

First correct answer out of the hat wins £25.



December's competition

Nobody got all the answers correct to our General Knowledge quiz in the December issue of our Newsletter. It was a bit on the difficult side! The answers were:

1 Michael Caine. 2 I.A.T.A. International Air Transport Assoc. 3 Safari. 4 (a) 1893. 5 Eight. 6 The body. 7 Fourteen. 8 The words. 9 £2,100. 10 Mortimer. 11 The oboe. 12 The Guinness Book of Records. 13 The Beverley Sisters. 14 Mars. 15 Saint Christopher. 16 Londinium. 17 Bounce. 18 MM. 19 The Philippines (a hunting weapon). 20 Mae West.

Visits past – Malaysian Memories

continued from front page

We attended a concert at the Cultural Centre, where the gaily-costumed young cast performed a programme of national dances and songs. In our audience was a group of Chinese dancers, present in Kuala Lumpur for a competition. They were soon up on the stage joining in and their enthusiasm had the audience joining in too.



Left: XPA members paragliding off the beach ...

Right: ... and on stage with the stars



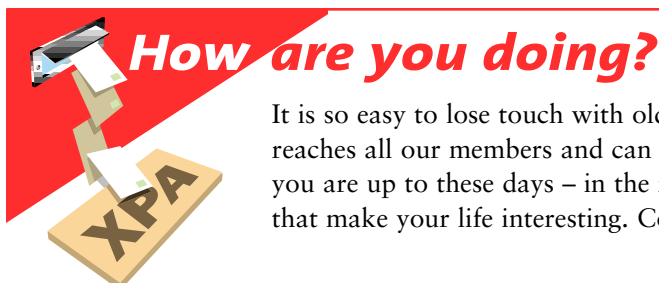
From K.L. we took the short flight to Penang for our 12-night stay on this vibrant island. Our Shangri-la hotel was situated in Georgetown (named after King George III). We visited Colonial parts of Georgetown, the Botanical Gardens and Temple; we took the funicular railway up Penang Hill, and crossed the Channel by the third longest road bridge in SE Asia, then returned on the ferry.

We went several times to the sister Hotel at Batu Ferringhi – the Rasa Sayang Hotel - and spent relaxing days swimming in the pool. The more intrepid of our group also experienced paragliding off the beach. We were blessed with warm weather and were glad of the air conditioning on our return to the hotel. We had one exciting tropical storm during our stay, but within 30 minutes of the rain stopping everything was dry again.

I think our abiding memory of Malaysia is the wonderful people – always a ready smile, courteous and helpful at all times and so gracious. Life there is harmonious and tolerance of your fellow man is the order of the day.

XPA HOLIDAY DISCOUNTS We have renegotiated the holiday discounts now under the name of Bourne Holidays.

Holiday Company	Discount	Bookings hotline	Code	Brochure requests
Warner 7-night holidays June/July/August and other breaks in 2003 brochure	Up to 15% but not on Bembridge Hotel for June/July/August	0870 601 6012	HG640	0870 242 2005
Haven UK holidays self-catering, full/half board Europe	Up to 30% 5% July/August 20% other times	0870 242 2222 0870 242 7777	THC01	0870 242 2007 0870 242 2007
Butlins Family Entertainment Resorts (self-cater) Entertainment Hotels (half-board)	Variable up to 35%	0870 242 0870	Q108X/915	0870 242 2003
Shearings People with special needs	Discretionary discount	01942 824824 01942 496507	Letter from Regional Co-ordinator	



It is so easy to lose touch with old friends and colleagues. A letter or article in XPA News reaches all our members and can bring a heart-warming response. Why not let us know what you are up to these days – in the form of a letter, snaps or an article – and share the things that make your life interesting. Contact details for your contributions appear on page 3.