

AVON PRODUCTS INC
Form 11-K
June 29, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2014

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-4881

Avon Personal Savings Account Plan
777 Third Avenue, New York, N.Y. 10017-1307

(Full title and address of the plan)

AVON PRODUCTS, INC.
777 THIRD AVENUE, NEW YORK, N.Y. 10017-1307

(Name of issuer of the securities held pursuant to the plan
and address of its principal executive office.)



REQUIRED INFORMATION

(a) Financial Statements and Schedule

In accordance with the instructions to this Form 11-K, the financial statements and schedule prepared in accordance with the financial reporting requirements of the Employee Retirement Income Security Act of 1974 (ERISA) are filed herewith in lieu of the requirements of Items 1 to 3. Certain schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting Disclosures under ERISA have been omitted because they are not applicable.

(b) Exhibits

23 Consent of CohnReznick LLP, Independent Registered Public Accounting Firm

Avon Personal Savings Account Plan

Financial Statements
and Supplemental Schedule

Years Ended December 31, 2014 and 2013

Avon Personal Savings Account Plan
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December 31, 2014 and 2013

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*Other schedules required by Section 2520.103-10 of the Department of Labor Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable

Report of Independent Registered Public Accounting Firm
To the Plan Administrator of the Avon Personal Savings Account Plan and
Plan Participants of the Avon Personal Savings Account Plan

We have audited the accompanying statements of net assets available for benefits of Avon Personal Savings Account Plan (the "Plan") as of December 31, 2014 and 2013, and the related statement of changes in net assets available for benefits for the year ended December 31, 2014. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2014 and 2013, and the changes in its net assets available for benefits for the year ended December 31, 2014, in conformity with accounting principles generally accepted in the United States of America.

The supplemental information in the accompanying Schedule H, Line 4i - Schedule of Assets (Held at End of Year) as of December 31, 2014 have been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is presented for the purpose of additional analysis and is not a required part of the financial statements but include supplemental information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion of the supplemental information in the accompanying schedule, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information in the accompanying schedule is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ CohnReznick LLP

Roseland, New Jersey
June 29, 2015

Avon Personal Savings Account Plan
 Statements of Net Assets Available for Benefits
 December 31, 2014 and 2013

(in thousands)	2014	2013
Assets		
Investments (Notes 3, 4 and 5):		
Avon Common Stock	\$24,752	\$58,313
Money Market Fund	77	334
Northern Trust S&P 500 Index (common/collective trust)	34,827	79,612
JP Morgan Fleming Stable Value Fund (common/collective trust)	23,621	84,033
LifePath Index Funds (common/collective trusts)	285,681	—
Mutual funds	79,807	287,505
Total investments at fair value	448,765	509,797
Notes receivable from participants	5,161	6,149
Net assets available for benefits at fair value	453,926	515,946
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(1) (214
Net assets available for benefits	\$453,925	\$515,732

The accompanying notes are an integral part of these financial statements.

Avon Personal Savings Account Plan
Statement of Changes in Net Assets Available for Benefits
Year Ended December 31, 2014
(in thousands)

Additions:

Investment income:

Net depreciation in fair value of investments (Note 4)	\$(5,580)
Dividends	13,614	
Interest	700	
Other income	383	
Total investment income	9,117	

Interest income from notes receivable from participants	232
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Contributions:

Participant	19,295
Rollovers	580
Employer	9,457
Total contributions	29,332
Total	38,681

Deductions:

Benefits paid to participants	99,642	
Administrative expenses	846	
Total	100,488	
Net decrease in net assets available for benefits	(61,807)
Net assets available for benefits		
Beginning of year	515,732	
End of year	\$453,925	

The accompanying notes are an integral part of these financial statements.

Avon Personal Savings Account Plan
Notes to Financial Statements
Year Ended December 31, 2014

1. Summary of Plan

The following description of the Avon Personal Savings Account Plan (the "Plan") provides only general information. Participants in the Plan should refer to the Plan document for more complete information. The committee designated under the Plan is the administrator of the Plan (the "Plan Administrator"). Avon Products, Inc. ("Avon" or the "Company") is the Plan sponsor.

General

The Plan is a defined contribution plan covering all full-time employees of the Company generally from their date of hire and all part-time employees once they have completed one year of eligible service. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). The Plan was fully amended and restated on November 10, 2014, effective as of January 1, 2015, to, among other things, provide for an additional employer contributions for certain eligible employees referred to as Retirement Savings Contributions, to provide for a reallocation of certain funds in participants' accounts, and to prohibit new contributions to the Avon Company Stock Fund on or after January 1, 2015 (other than dividend reinvestments and with respect to acquisition loans).

Prior to the January 1, 2015 amendment and restatement, the Plan was fully amended and restated in December 2009, effective as of January 1, 2010, and through December 31, 2012 had five amendments.

On July 3, 2013, the Company sold its Silpada business, and therefore, Silpada employees no longer participate in the Plan.

Contributions

Participants may contribute into the Plan from one percent to 25 percent of qualified compensation as defined by the Plan. A participant can contribute on a before-tax basis, an after-tax basis, or a combination thereof. Participants who will be age 50 during the plan year may contribute from one percent to 50 percent of qualified compensation as defined by the Plan.

Avon currently makes contributions at a rate of \$1.00 for every \$1.00 of participant contributions up to the first three percent of eligible compensation, and \$.50 for each \$1.00 contributed from four percent to six percent of eligible compensation. These contributions are invested in the same manner as the participant's elections for pre-tax and after-tax contributions.

In accordance with the provisions of Section 415 of the Internal Revenue Code (the "Code"), the annual additions (generally employer and participant contributions) to a participant's account may not exceed the lesser of: (a) \$52,000 in 2014 and \$51,000 in 2013, or (b) 100 percent of a participant's compensation. In addition, the amount a participant can contribute on a before-tax basis was limited to \$17,500 in both 2014 and 2013.

Eligible participants age 50 or over are allowed to make additional catch-up contributions, so long as they have met the annual contribution limit. In both 2014 and 2013, an additional \$5,500 could be contributed on a before-tax basis once the annual limit was reached for a total before-tax contribution of \$23,000 in both 2014 and 2013.

Rollover contributions are assets transferred to the Plan by participants who receive distributions from other qualified plans (i.e., tax-qualified rollovers, pension, profit-sharing or savings plans). These contributions are accepted subject to the consent of the Plan Administrator. Any such rollovers will become part of the participant's account but will not be entitled to any employer matching contribution.

Avon Personal Savings Account Plan
Notes to Financial Statements
Year Ended December 31, 2014

Vesting

Participants are immediately 100% vested in participant and Company matching contributions.

Participant Accounts

Each participant's account is credited with the participant's contribution and receives an allocation of: (a) the Company's contribution; (b) Plan earnings; and (c) administrative expenses. Allocations of administrative expenses are based on participant account balances. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

Investments

Each participant may direct the investment of all of their contributions into various investment options offered by the Plan. At December 31, 2014 and 2013, there were no net assets available for benefits relating to nonparticipant-directed investments.

Payment of Benefits

Upon termination of employment, participants receive their account balances as soon as practicable. Terminated participants who have an account balance in excess of \$1,000 may elect to leave account balances in the Plan and withdraw it at any time up to age 70-1/2. A ten percent tax is imposed by the Code, in addition to the regular income tax, on a participant for certain withdrawals, other than rollovers made before the Plan participant reaches 59-1/2 years of age.

Notes Receivable from Participants

The Plan provides that participants may apply for a loan collateralized by their account. To be eligible, a participant must be a current employee and must not have another loan outstanding from their account. The maximum amount of any loan to an individual is the lesser of: (a) \$50,000 reduced by the highest outstanding loan balance in the last 12 months or (b) one-half of the current value of the vested balance of the participant's account in the Plan. The minimum loan amount is \$1,000. Interest is charged at one percent above the prime rate. Once determined, the interest rate is fixed for the duration of the loan.

Repayment periods generally range from one to five years, with a ten-year maximum repayment period for loans used in connection with the purchase of a principal residence. Loan repayments are made through payroll deductions with principal and interest being credited to the participant's account. Repayment of the entire balance is permitted at any time.

2. New Accounting Standards

In May 2015, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update 2015-07 ("ASU 2015-07"), Disclosures for Investments in Certain Entities That Calculate Net Asset Value per share (or Its Equivalent). ASU 2015-07 amended Accounting Standards Codification ("ASC") 820, Fair Value Measurements and Disclosures, to remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. Disclosures about investments in certain entities that calculate net asset value per share are limited under ASU 2015-07 to those investments for which the entity has elected to estimate the fair value using the net asset value practical expedient.

The amendments are effective for fiscal years beginning after December 15, 2015, with early adoption permitted, and are to be applied retrospectively for all periods presented. This standard is not expected to have a significant impact on the Plan's financial statements, other than presentation and disclosures.

Avon Personal Savings Account Plan
Notes to Financial Statements
Year Ended December 31, 2014

3. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements are prepared using the accrual basis of accounting.

Investment contr