

Bridon Group (2013) Pension Scheme Newsletter

Welcome to your latest Scheme newsletter, keeping you up to date with Scheme developments and wider pensions news.

Autumn 2022

In this issue

Economic conditions

Geo-political tension continues to impact the global economy, pushing inflation higher than it has been for decades and putting pressure on many peoples' finances. The Government's package of support towards energy costs and introduction of an energy price cap until April 2023 aims to help, and the hope is that inflation starts to fall to more typical levels sooner rather than later.

There has been considerable market turmoil in recent months but our Scheme has not been unduly affected due to the risk mitigation actions previously taken by us.

As we did throughout the pandemic, we are monitoring how these external pressures might impact the Scheme and will make any changes we feel are necessary to protect it and the best interests of you, the members.

This newsletter

Inside, you can read how the Scheme's financial position is developing in our latest summary funding statement. We report on the Scheme's funding position as at 31 December 2021.

We also include a summary of the year's accounts and an update on the Scheme's investments.

Pension fraud shows no sign of going away sadly but, as Trustees, we now have new powers to help you avoid pension scams. Read more on page 4.

There is also some important information relating to the increase in the minimum retirement age on page 4.

We also report on new climate-related financial reporting duties in light of the increasing focus on the environment and sustainability.

As always, please do get in contact if you have a query about the Scheme or your benefits, or if there is a topic you would like us to feature in our next issue. The contact details are on page 7.

Susan Anyan (Professional Trustee), representing Capital Cranfield Pension Trustees Limited
Chair of the Trustees

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In numbers

The membership

At 31 December 2021 there were 311 members in the Scheme compared with 316 members at 31 December 2020.

185	Deferred members - no longer building up benefits but have benefits in the Scheme for when they retire.
126	Pensioner members - receiving benefits from the Scheme (and including the dependants of members who have died).

The accounts

Here we show headline figures from the Scheme's Annual Report and Accounts. If you would like more detail, please request a copy of the full report using the contact details on page 7.

The value of the assets supporting the Scheme at 31 December 2020	£98.2M	
The decrease in the value of the assets over the reporting year	(£1M)	
The total value of benefits paid to members during the year	(£2.5M)	
The value of the assets supporting the Scheme at 31 December 2021	£94.7M	

Investment update

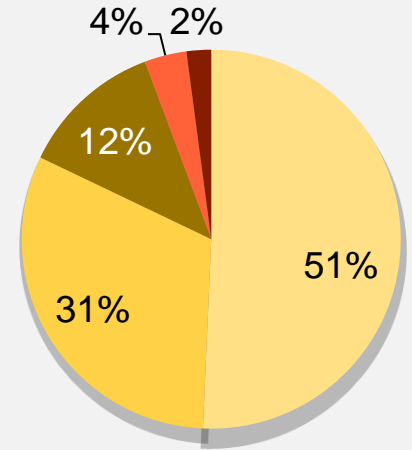
As Trustees, it is our responsibility to decide on the overall investment strategy, and to make changes as and when appropriate. We work closely with our investment advisers and we keep a close eye on how the funds are performing.

Asset allocation

At 31 December 2021, the Scheme held assets of £94.7M compared with £98.2M at 31 December 2020.

The chart adjacent shows how the Scheme's assets (excluding members' AVC benefits) were allocated at 31 December 2021, across asset types.

- Hedging Component
- Bonds
- Equities
- Diversified Growth Funds
- Cash



Performance

The table below shows how the Scheme's investments have performed to 31 December 2021.

	Over the year to 31 December 2021		Since inception* (% per year)	
	Performance	Liability Benchmark	Performance	Liability Benchmark
	-1.0%	-2.7%	+7.9%	+6.2%

*Inception date is 30 April 2019. This is the date that the Scheme's investments were transferred to Aon Investment Limited.

You can see that Scheme's investment has outperformed the liability benchmark over the year to 31 December 2021 and since inception.

During 2021, following strong investment performance experienced by the Scheme, the Trustees took steps to move some of the Scheme's assets to less risky asset classes to help reduce the risk of a deterioration in the Scheme's funding position.

For further details on our investment approach, read our Statement of Investment Principles (SIP) at [Investment | Bridon Group \(bridonpensions.co.uk\)](https://www.bridonpensions.co.uk)

You can also read our Engagement Policy Implementation Statement showing how our policy on engagement activities and voting has been followed during the year.

Support at retirement

New support at retirement

We wrote to deferred members (those who have not taken a pension from the Scheme) in April to tell them about the increased support we are making available to those members who are within 12 months of the minimum retirement age (currently 55) to help with important decisions at retirement. This includes:

- A new look retirement pack: the retirement pack explains the options available for taking Scheme benefits and what members need to do. The refreshed retirement pack will include login details for members to use a free online modelling tool (see next bullet for details).
- New online modelling tool for exploring your options: to help members, we are launching a new interactive online modelling tool, made available by our administration team, that lets members explore their retirement options, both within and outside of the Scheme. It allows members to see the potential income each retirement option could provide.
- Transferring benefits: the retirement pack will automatically include an illustration of the transfer value that would be available, so there is no need to request this separately.
- Paid for Independent Financial Advice: Deciding how to take benefits is an important decision and members may want to take financial advice (and importantly, any transfer out of the Scheme with a total value of £30,000 or more will require independent financial advice).

Independent Financial Advice

We want deferred members to make good retirement choices that reflect their circumstances. So, to help deferred members fully understand their options, we have decided to give UK-based members the opportunity to receive independent financial advice on their options. **This will be paid for by the Scheme and provided by an independent financial adviser called HUB Pension Consulting (or 'HUB', for short).** HUB are fully authorised to provide independent pensions advice and are regulated by the Financial Conduct Authority.

We took great care in deciding which independent financial adviser to select and you can read more about HUB on their website

<https://www.hubpensionconsulting.co.uk>. If you are a deferred member and ask for a retirement quote, your retirement pack will include full details of how you can take up this offer of paid-for financial advice.

Each members based in the UK will be entitled to financial advice on two separate occasions.

Retiring after your Normal Retirement Age

Following agreement with the Company, the Scheme has recently made a change to its rules to allow deferred members to transfer out their benefits after their Normal Retirement Age. This will provide members with greater choice and flexibility.

Please contact the administration team, using the details on page 7, if you would like more information.



New powers to tackle pension fraud

In the ongoing battle to protect people from falling victim to pension fraud, the Government has given pension scheme trustees new powers to put a transfer on hold, or to block transfers out of their schemes completely if certain 'warning flags' suggest fraudulent activity or a scam.

Most transfers are likely to be straightforward and take place without any issues, however, the new regulations require pension scheme trustees to intervene if particular warning flags are raised.

In some situations, the transfer will go on hold until the transferring individual proves that they have taken free, scam-specific guidance from the Money and Pensions Service.

If there are more serious warning flags that indicate possible fraud, trustees are required to block the transfer and prevent it from going ahead.

If you are thinking about transferring your benefits out of the Scheme, there will be more information about this in your transfer pack.

You may find that a transfer may take longer than anticipated due to these new requirements.

For details of the new regulations, go to www.thepensionsregulator.gov.uk and choose Document library > Scheme management detailed guidance > Administration > Dealing with transfer requests.

Planning to retire early?

The Government has confirmed that the earliest age at which most individuals can start receiving their pension benefits will go up from age 55 to 57 in 2028.

This change is set out in the Finance Act 2022. It is designed to coincide with the change to the State Pension Age, which will rise from 66 to 67 between 2026 and 2028.

If you are thinking about retiring early and want to check when you can start receiving your Scheme pension, please get in touch with the administration team.

GMP equalisation

We are carrying out work in respect of GMP equalisation (you may remember we mentioned this in a previous newsletter). This is legally required and is a complex project. We anticipate contacting you next year to update you of the impact this may have on your benefits.



New climate-related reporting duties

There is increasing focus on Environmental, Social and Governance (ESG) factors on investment decisions and the Scheme in general.

In keeping with this, the Task Force on Climate-Related Financial Disclosures (TCFD) has been established to develop best practice guidance for climate reporting in different sectors, including the pension industry.

In December 2021, the Pensions Regulator published a final version of its guidance on the governance and reporting of climate-related risks and opportunities.

This recognises the collective potential that UK pension schemes have as a force for good, and the prospects that a greener future can offer to all stakeholders.

With better climate-related financial information, companies and trustees will be better placed to incorporate climate-related risks and opportunities into their strategies.

This in turn, will raise investors' understanding of the financial implications of climate change. The aim is that this will empower the markets to channel responsible and sustainable investment opportunities.

TCFD reporting is being rolled out in stages, with the largest schemes required to report this year.

We will keep you updated.



Pensions Dashboard: latest

A few years ago, the Government called on the pension industry to develop and launch an online pension dashboard. The aim is to enable everyone to have quick and easy access to information on all their pension savings in one place.

To achieve this, the Money and Pensions Service established a Pensions Dashboards Programme (PDP) team.

It was recently confirmed that the digital build phase is almost complete, and the first volunteer providers are nearly ready to connect to the system to begin testing using data.

This means that the rest of the planned development remains on track with the largest schemes setting up first.

In order to prepare for the release of Pensions Dashboards, between now and when we have to get data ready for it in late 2024 / early 2025, we will be working with our advisers and administrators to make sure that we have the right processes in place to be able to support this initiative.

Consumer testing is also expected to take place during 2023, ahead of moving to widespread public availability from 2024.

To find out more about the PDP go to www.pensionsdashboardsprogramme.org.uk.

You can also read regular updates on their blog as the programme progresses:

www.pensionsdashboardsprogramme.org.uk/category/blog

More information

To find out more about the Scheme, please visit www.bridonpensions.co.uk or scan the QR code to the right.



There are lots of useful websites that can help you understand your options and support you with your retirement planning.

Get to know your pension at www.yourpension.gov.uk. The site has a tool that can quickly generate a retirement checklist to help you assess where you are with your planning. It also has useful links to a pension calculator, a State Pension calculator and more.

Picture your future at <http://www.retirementlivingstandards.org.uk> The retirement living standards show you what life in retirement looks like at three different levels, and what a range of common goods and services would cost for each level.

MoneyHelper

MoneyHelper is a free, impartial guidance service, backed by the Government. It brings together the support that was previously available through the Money Advice Service, the Pensions Advisory Service and Pension Wise.

www.moneyhelper.org.uk

Contact point

Please use any of the methods below to get in touch with the Administration team.

Email: bridonpensions@aon.com

Phone: 0345 268 8476
(lines are open Monday to Friday, 9am to 5pm)

Write to: Bridon Pensions
Aon
PO Box 196
Huddersfield
HD8 1EG

Reminder to keep us up to date

Please let us know if you change your name or address so we can continue to contact you about the Scheme and your benefits.

Please also update your Expression of Wishes form if you need to. This tells us who you would like to receive any benefits that become payable in the event of your death. As the Trustees, we have the final say over who receives the benefits. We will consider your Expression of Wishes form, so if you have never filled one in, or you have not done so recently, particularly if your circumstances have changed, please complete a form and send it to us.

Please use the contact details on the left to request a blank form.

Taking advice

If you would like advice about your retirement plans, we recommend you speak with an independent financial adviser.

As outlined on page 4, to help deferred members fully understand their options, we have decided to give UK-based members the opportunity to receive independent financial advice on their options. This will be paid for by the Scheme and provided by an independent financial adviser called HUB Pension Consulting.

Alternatively, you can find an adviser in your area by searching MoneyHelper's online directory.

Go to www.moneyhelper.org.uk and choose Pensions and retirement > Taking your pension > Find a retirement adviser.

Remember: if you would like more information about the Scheme, you can request a copy of the Trustee's Annual Report & Accounts. Contact the administration team (details to the left).

Behind the scenes

As Trustees we maintain up-to-date knowledge of pensions, investments, and finance. We also attend training courses as and when necessary, for example, when pensions legislation changes. We meet regularly throughout the year to discuss how the Scheme is progressing. Over the past 12 months, Jenny Nightingale-Newton replaced Gareth Cook on the Trustee Board. The current Trustee Board is listed below:

Company-appointed	Member-nominated	Professional
J Nightingale-Newton (appointed 4 November 2021)	G Dallard C Finlay G Peters	S Anyan, Chair, representing Capital Cranfield Pension Trustees Limited

We also appoint professionals to support us on areas of particular expertise. The current advisers are detailed below:

Administrator	Aon Solutions UK Limited (formerly Aon Hewitt Limited)
Actuary	A Shah, Aon Solutions UK Limited
Auditor	Ernst & Young LLP
Investment	Aon Investment Limited
Legal Adviser	gunnercooke LLP

Summary Funding Statement

This section summarises the results of the funding update at 31 December 2021. It also looks at the most recent previous results. These financial health checks are vital for monitoring the Scheme's progress. We hope the information helps you to understand how the Scheme is developing.

The latest position

The table below shows how the funding position has changed since the valuation at 31 December 2019.

	Annual Actuarial Update	Annual Actuarial Update	Actuarial Valuation
Date	31 December 2021	31 December 2020	31 December 2019
The funding level	110%	110%	108%
The funding target	£86.2 million	£89.5 million	£83.3 million
The value of the Scheme's assets (excluding £0.1M AVCs)	£94.7 million	£98.1 million	£90.0 million
The overall position	Surplus of £8.5 million	Surplus of £8.6 million	Surplus of £6.7 million

The latest update shows that the funding level has improved since the 31 December 2019 actuarial valuation.

The next financial check will be based on the Scheme's position at 31 December 2022. We will report on the results once they are complete.

It is important to remember that it is normal for pension scheme funding levels to fluctuate over time. Even when funding is temporarily below target, the Scheme will continue to pay benefits in full as long as it continues.

Reasons for the change

Since the 31 December 2019 actuarial valuation the Scheme surplus has increased by £1.8 million. This is largely the result of outperformance of assets which has offset the increase in liabilities.

Funding Position

While the Scheme has a surplus when valued on an ongoing basis, the Scheme is likely to have a deficit when measured on the full solvency basis (see page 9).

Summary Funding Statement

Financial support

As the Scheme was in surplus as at 31 December 2019 valuation, the Company does not currently need to contribute to the Scheme.

The Pensions Regulator

The Pensions Regulator is the UK watchdog of workplace pension schemes. It has the authority to change the way occupational pension schemes are run though it has not needed to use its powers in this way for our Scheme. You can find out more about the Regulator online at

www.thepensionsregulator.gov.uk.

If the Scheme came to an end

The Scheme's funding level is worked out in two ways.

- The 'ongoing' basis (shown above), which assumes that the Scheme will continue into the future.
- The 'full solvency' basis, which shows the funding position if the Scheme started to 'wind up' at the date of the update. If this happened, all members' benefits would have to be secured without delay by buying insurance policies. This would be more expensive than paying benefits gradually over time, so the full solvency position is generally lower than the ongoing position, even for fully funded pension schemes.

At 31 December 2019, the Scheme full solvency funding level was 77% with a shortfall of £26.5 million.

Please note that we are legally required to report the full solvency position as part of this funding statement. The Company has no current plans to end the Scheme.

We must also tell you if there have been any payments to the Company out of Scheme funds in the last 12 months. There have not been any such payments.

